

City of Wayne
Budget Season Kick-Off
April 11, 2015

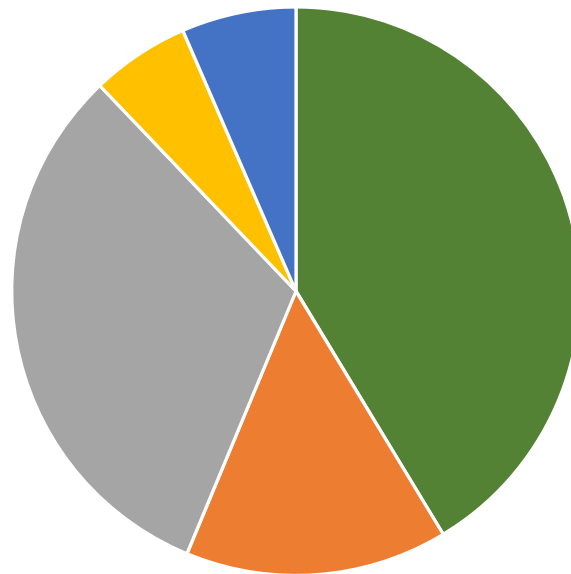


Today's agenda

1. Introduction
2. Wayne's financial history
 - How did we get here?
3. Where are we at now (6/30/2015)
4. Budget for year beginning July 1, 2015
 - Big picture
 - Potential solutions

City of Wayne Who Gets Your Property Taxes?

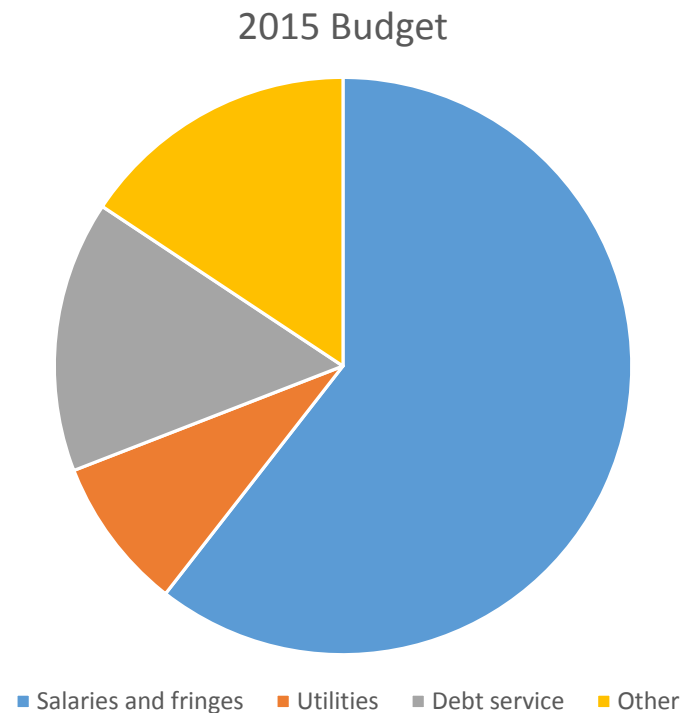
Homestead Millages



■ City ■ County ■ Schools ■ Community College ■ ISD and other

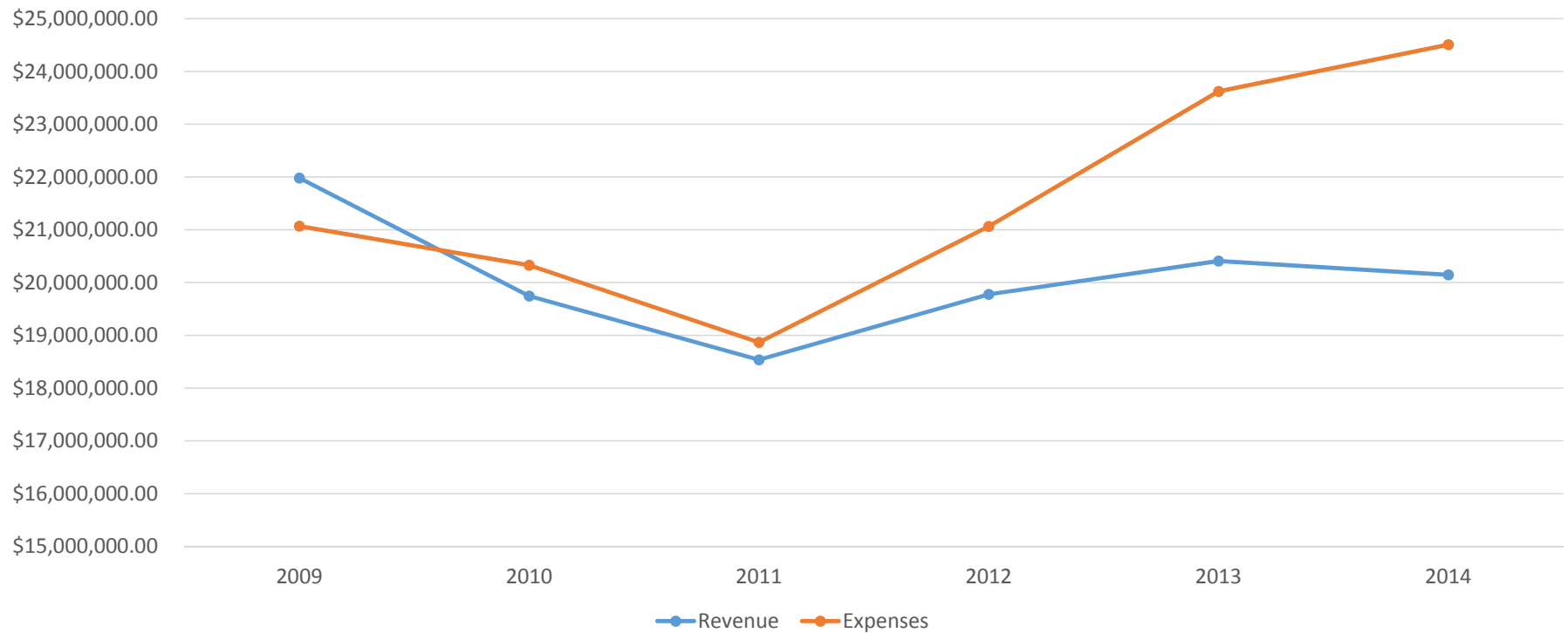
For every dollar a resident of Wayne pays in taxes, only 41 cents goes to the City of Wayne!

City of Wayne Expenditures by Function



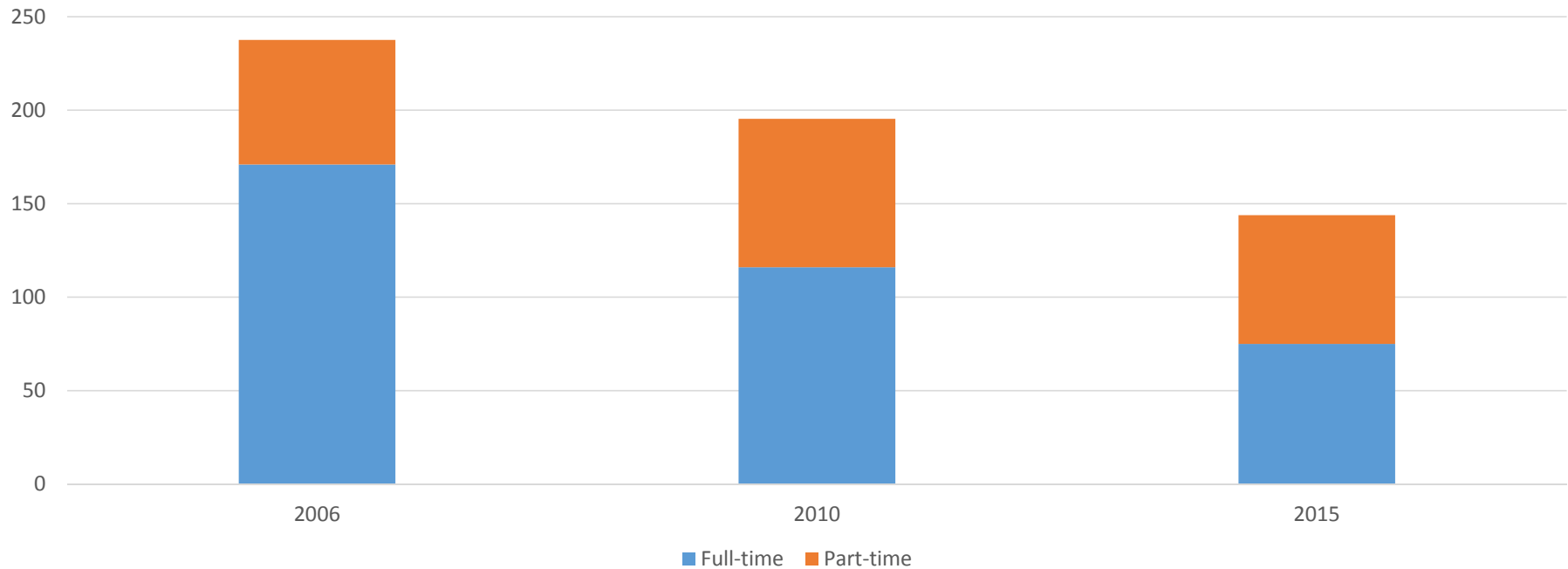
Wages and fringes, including retiree pensions and healthcare contributions, make up 61% of the 2015 budget

City of Wayne Governmental Activities (full accrual) Years ended June 30



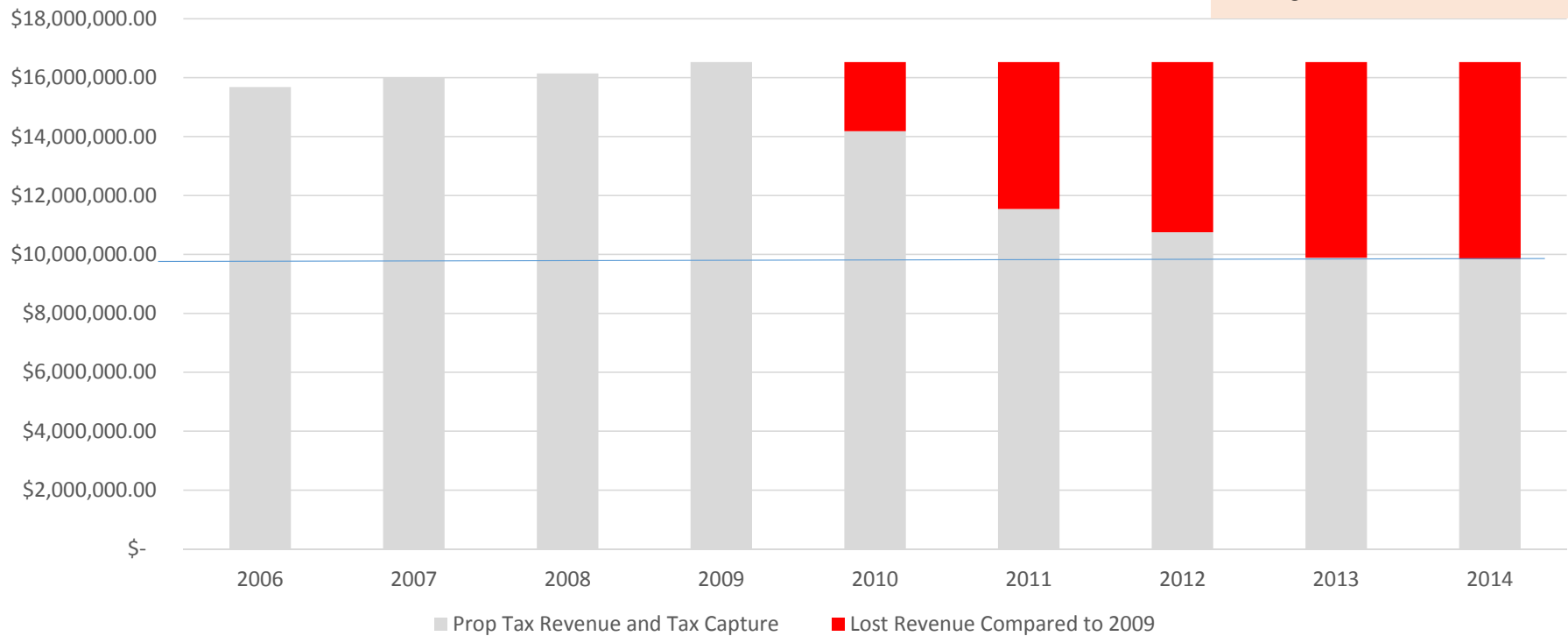
City of Wayne Full-Time Equivalents

Full-time equivalents (FTEs) have decreased 39% since 2006



City of Wayne Property Tax Revenue and Tax Capture For the Year Ended June 30

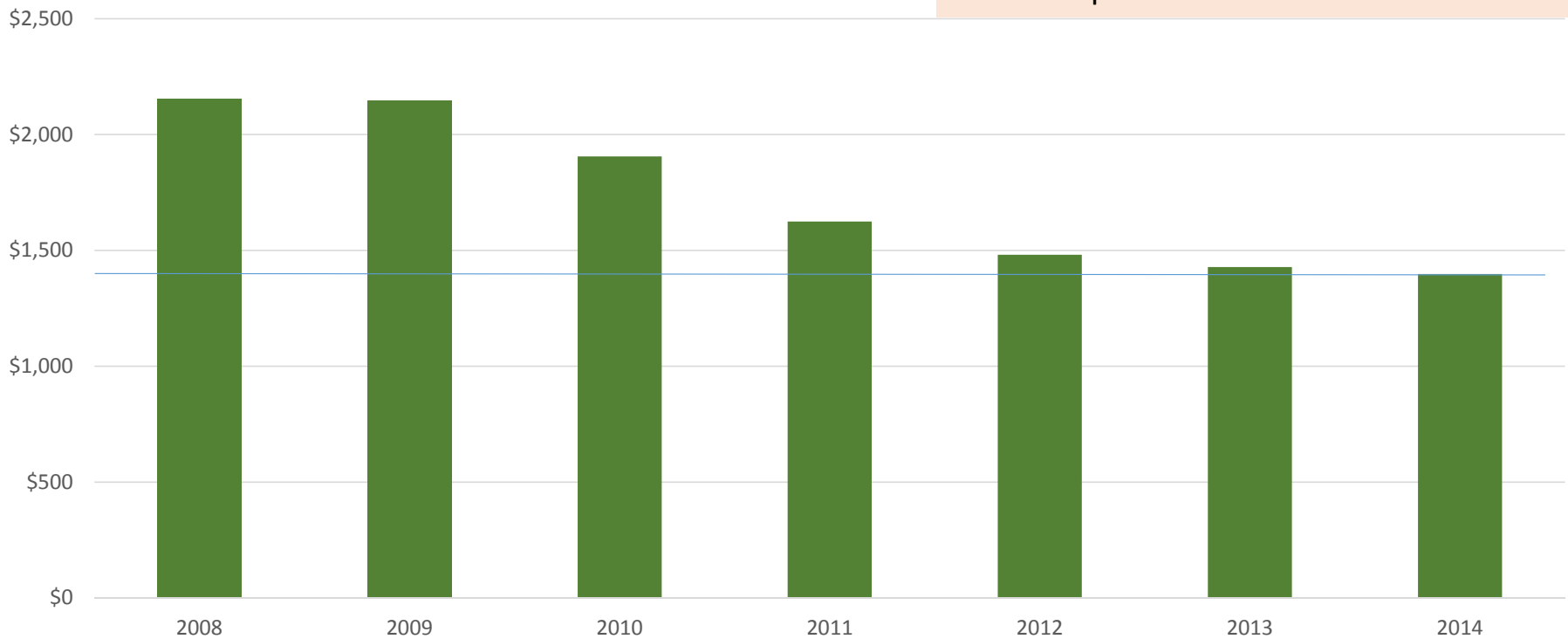
The Great Recession hit Wayne hard. Lost tax revenue from 2010 to 2014 totaled over \$26 Million



City of Wayne Residential Property Tax Example #1 Property Taxes Paid

This house was worth \$92,500 in 2008 and paid \$2,152 in property taxes.

In 2014, it was worth \$50,000 and paid \$1,398 in property taxes. This is less than what was paid in 2008. 35% Decrease!

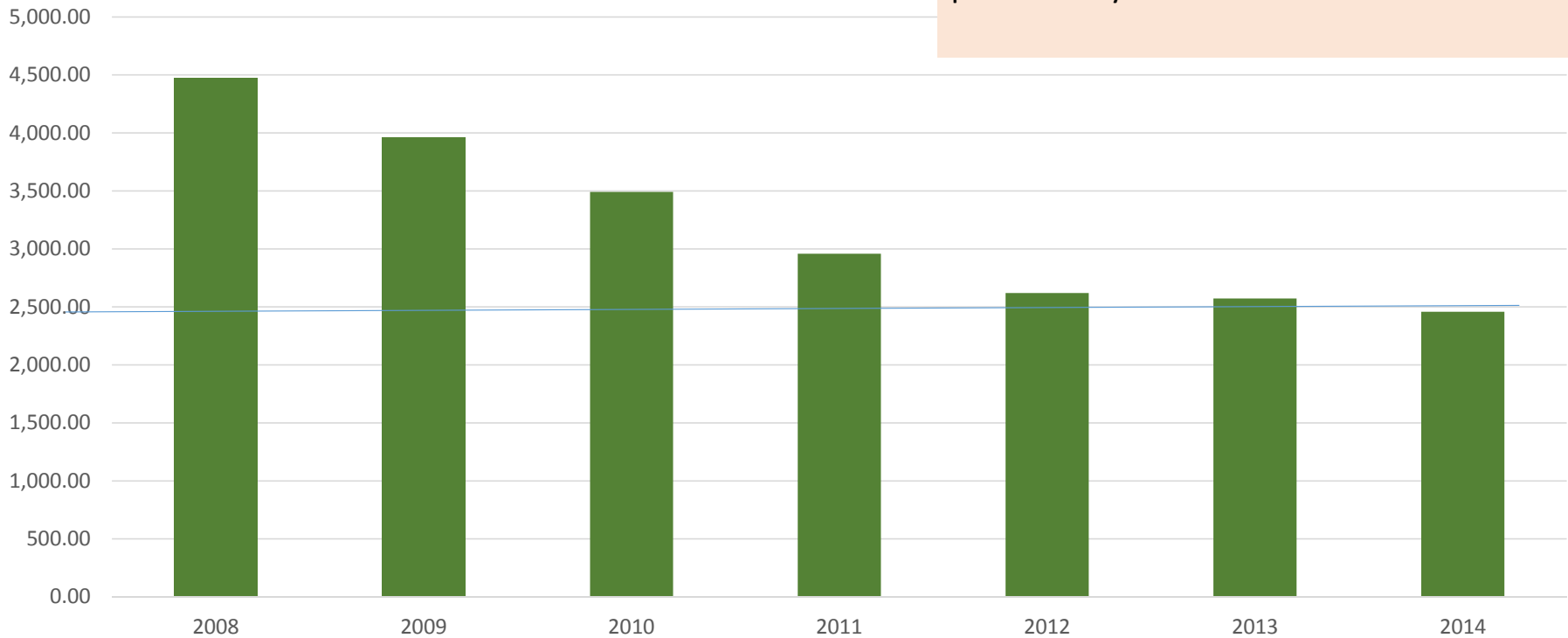


Proposed 345 millage would raise this home's taxes by \$75

City of Wayne Residential Property Tax Example #2

This house was worth \$192,440 in 2008 and paid \$4,475 in property taxes.

In 2014, it was worth \$90,000 and paid \$2,458 in property taxes. This is less than was paid in the year 2000. 45% Decrease!



Proposed 345 millage would raise this home's taxes by \$135

Unfunded Legacy Costs

Legacy Cost	Unfunded Liability
Defined Benefit Pension (per 2013 actuarial valuation)	\$31,802,316
Other Postemployment Benefits (Retiree Healthcare, per 2012 actuarial valuation)	<u>\$44,684,720</u>
Total unfunded legacy costs	\$76,487,036
Divide by number of City of Wayne residents (per 2010 census)	<u>17,593</u>
Unfunded Legacy Costs Per Capita	\$4,347

City of Wayne DDA Tax Capture Paid To City



City of Wayne

Budget for Fiscal Year beginning July 1, 2015

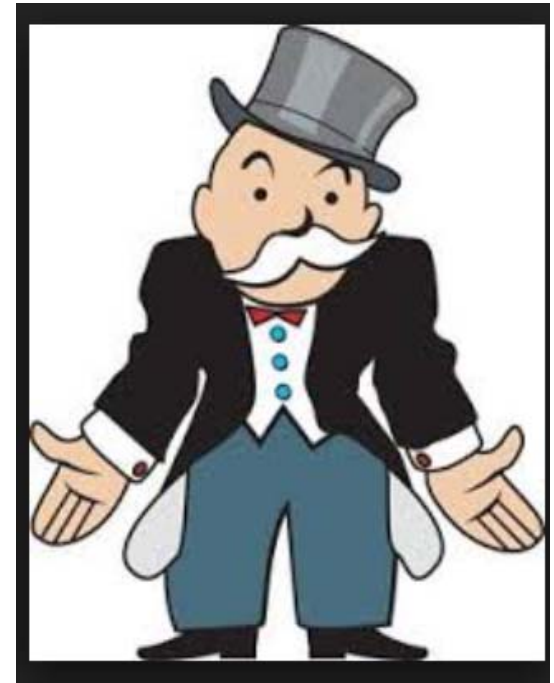
- If the City keeps the status quo, the General Fund will spend \$2.2M more than its revenue.
 - This is a “Structural Deficit”, meaning there isn’t enough “fat” on the budget to cut in order to balance the budget.
- General Fund fund balance will be maybe \$1.4M at 6/30/15.
 - So, on its own, GF would end FY2016 in a deficit
- Water and Sewer Fund – has zero modified working capital
 - DWSD is raising the City’s water cost by 20%!

City of Wayne Budget for Fiscal Year beginning July 1, 2015

The last of the short term fixes

- The internal service funds (motorpool, DPW, risk management) are all being closed as of 6/30/15.
- The OPEB Trust (a savings account for retiree healthcare) is being used to subsidize General Fund, but only has \$2.3M left. Will be gone sometime in FY 2017.

There are NO OTHER “pots of money” left. This is it.



City of Wayne

Budget for Fiscal Year beginning July 1, 2015

Short-term solutions

- PA 345 Millage - \$1M/yr for 5 years
- Reconsider Recreation
- Healthcare
 - Self-insurance model
 - cost sharing for retirees
- Water and Sewer rates



City of Wayne 2016 and Beyond

Long-term solutions

- No magic bullets
- What are your core service offerings?
 - “Do Less with Less”
- Think outside the box
- Enhance revenue wherever possible
- **Everyone** will have to contribute/participate



City of Wayne 2016 and Beyond

Long-term solutions must start NOW!

- Public Safety
 - An Authority?
 - Combined Public Safety?
 - Outsource?
- Recreation
 - Private sector solutions?
 - Joint Authority?
- City owned facilities
- General Government Services
 - Accounting
 - Treasury
 - Building Dept
 - Others
- Economic Development

