

General Fund

The General Fund is the general operating fund of the City and is used to account for all financial resources of the City except for Special Revenue, Debt Service, Capital Projects and Enterprise Funds. Activities provided by the General Fund include, Legislation, General Government, Public Safety, Public Works, Recreation and Cultural and other miscellaneous activities.

Revenues. General Fund revenues have been projected at \$4,736,659, \$31,486 (.67%) higher than the estimated actual for the current fiscal year. The only new revenue source budgeted this year is \$5,000 for website access fees for property information.

General Fund taxes are budgeted at \$3,036,821, \$29,037 more than 2005-06's estimated actual. Of this \$29,037, \$7,864 is an increase in general operating taxes, \$11,799 is an increase in police and fire pension taxes, and \$9,374 is an increase in the police liaison taxes. The general operating millage is 17.5973, .2016 mills lower than the current year's operating millage. This decrease is attributed to a decrease in the refuse collection millage. The police and fire pension millage increased by .0516 mills, and the police liaison officer millage increased from .15 mills to .20 mills. Mobile Home Fees, Payment in Lieu of Taxes, Taxes Other Than Assessed, and Penalties & Interest have been budgeted at \$47,600, \$1,000 more than the current year's budget. Tax Administration fees are budgeted at \$85,000, the same as the current year's estimated actual.

License and Permits are budgeted at \$125,500, \$4,000 (3.29%) higher than the current year's budget and \$49,000 higher than the current year's estimated actual. Cable TV Franchise Fees and Rental Housing Permits were budgeted in the current fiscal year, but the fees were or will be implemented later in the year than anticipated, causing an estimated actual decrease of \$40,000. Included in licenses and permits are fees for business licenses and permits, cable tv franchise fees, storm water permits, zoning permits, non-business permits, and rental housing permits.

Federal Grants are budgeted at \$6,500, \$28,000 lower than the current year's estimated actual. The current fiscal year's budget included FEMA grants in the amount of \$27,000, whereas the 2006-07 budget only includes public safety grants in the amount of \$6,500.

State Grants are projected at \$890,000, \$12,504 (1.39%) lower than the current year's estimated actual. State Grants include sales tax and liquor fees received from the State of Michigan.

Contribution from Local Units is budgeted at \$42,000, \$6,000 higher than the current year's estimated actual. This revenue is the Iron Mountain Public School's portion of the police liaison officer costs.

Charges for Services are budgeted at \$281,300, \$38,500 (15.86%) higher than the current year's estimated actual. This revenue category includes fire protection, grave openings, garbage fees, sewage collection fees, miscellaneous sales, and sales of cemetery lots. The majority of the increase in the Charges for Services category is the result of increase in cemetery-related fees. The majority of cemetery fees have not been increased since 1993 or before. In addition, \$5,000 has been budgeted here for service charges related to property information access on the city's website.

Fines and Forfeits are projected at \$25,000, \$2,500 (11%) higher than the current year's estimated actual.

Interest and Rents are budgeted at \$90,000, \$47,000 (109.3%) higher than the current year's budget and is mainly the result of increased interest rates and a higher fund balance to invest.

Other Revenues are budgeted at \$10,500, \$5,500 (34.38%) less than the current year's estimated actual. The reason for this decrease is that any BCBS refunds received are now deposited in the Health Insurance Fund, whereas a portion had previously been credited here in the General Fund.

Other Financing Sources is budgeted at \$229,038, \$72,547 (24.06%) lower than the current year's estimated actual. The current year's budget included a higher contribution from TIFA for the payment of computer hardware and software than the 2006-07 budget, and accounts for the majority of the decrease for this revenue source category. Other Financing Sources includes ACT 51 reimbursements from Major and Local Street Funds, interest earnings from the Cemetery Trust Fund, and TIFA administration fee.

Expenditures. General Fund expenditures are budgeted at \$4,706,021, \$267,094 (6.02%) higher than the current year's estimated actual.

Legislative is budgeted at \$17,870, \$1,502 (9.18%) higher than the current year's budget.

General Government is budgeted at \$857,980, \$15,406 lower than the current year's estimated actual, and \$2,210 (.26%) higher than the current year's budget. Included in General Government is the new department Planning and Community Development, which has a budget of \$101,985. Included in this section of the budget is a spreadsheet which shows all General Fund department's percentage increase or decrease for the 2006-07 fiscal year.

Public Safety is budgeted at \$1,921,169, \$39,973 (2.01%) lower than the current year's estimated actual, and \$57,655 (3.09%) higher than the current year's budget. Included in the police department's budget for the first time is an expenditure for animal control services charged by the county in the amount of \$6,700. The current year's budget will need to be amended for Public Safety as the fire training bonuses were originally budgeted in error, and backpay for the fire department was not originally budgeted for.

Public Works is budgeted at \$843,505, \$17,698 (2.14%) lower than the current year's estimated actual, and \$76,165 lower than the current year's budget. The Public Works budget for the current year included \$75,000 for engineering services of which only \$10,000 is estimated to be expended.

Recreation and Cultural is budgeted at \$80,340, \$2,805 (3.6%) higher than the current year's estimated actual and \$5,756 (7.72%) higher than the current year's budget. Wages and benefit increases account for the majority of increases for this function.

Other Functions is budgeted at \$161,675, \$5,665 (3.6%) higher than the current year's budget. The main reason for this increase is the anticipated 5% (maximum) increase in general liability and property insurance premiums.

Other Financing Uses is budgeted at \$823,482, an increase in the amount of \$324,081 (64.89%) over the current year's budget and estimated actual. Of the \$324,081, \$187,000 is attributed to the General Fund's transfer to the Health Insurance Fund to cover the costs of retiree health insurance premiums. It is anticipated that the Health Insurance Fund's ending fund balance at 6/30/07 will be approximately \$79,000 even with this transfer from General Fund. Contribution to the Motor Vehicle Fund has been increased by \$98,800 to cover the principal and interest payments for the year on equipment financed and to pay for small equipment purchases and overhaul parts for the vector. Contribution to the Capital Improvement Fund has been increased by \$26,500 to \$89,000, which is a portion of the city's match on the city park pavilion rehabilitation project.

Fund Balance. The projected unreserved fund balance for the General Fund at the end of the current year is \$1,006,193, and at the end of fiscal 2006-07 is \$1,130,726.

Future Fund Outlook: As can be seen at the bottom of the 2007-08 proposed budget column, the estimated unreserved General Fund balance will decrease from \$1,130,726 to \$831,137. This sharp decrease will be the result of the General Fund's needed contribution to the Health Insurance Fund for retiree health insurance premiums for that year only. Unless another source of funding retiree health insurance is found, this drastic decline in the General Fund's balance will continue.