

**Alma, Michigan**  
**May 21, 2020**  
**Budget Review Meeting**

A FY 2021 Budget Review meeting was held remotely at 5:30 p.m. via Zoom.

**Present:** Roger Allman, Roxann Harrington, Greg Mapes, Larry Mott, Nick Piccolo, Michelle Pitts, and Audra Stahl.

**Absent:** none.

Others present: Kathy Phillips, Aaron Hale, David Ringle, Brett Baublitz, Mark Williams, Matt Schooley, and Aeris Ripley.

All members of the City Commission having been duly notified of the meeting and the business to be transacted thereat, at least 12 hours before the time of the meeting, in accordance with Section 2.13(b) of the Charter of the City of Alma. Public Notice was also given in compliance with Act 267, of the Public Acts of Michigan, 1976.

The meeting starting with Mayor Mapes asking about general fund numbers and making sure everyone was working with the same information.

Finance Director Kathy Phillips explained there has been nothing definitive about what we would be getting from the federal government. We have set up the budget based on what we do know. Department heads were asked to look to their own budgets and cut 8%. The complete reductions come to about 11%. Department heads have been creative to prioritize their projects, so money is not lost, and projects can move forward.

The plan is to re-evaluate things that were taken out of the budget, when and if we receive grant money or other funding. Phillips called for questions from the Commission.

Commissioner Pitts wanted to confirm that no positions were being eliminated.

Phillips said departments are working to share employees that may have reduced duties in one department but can be utilized in another department. The second part of that is a work share program available through August. If we can reduce hours, but keep employees on staff, unemployment will cover the balance. We are working to make sure no one loses benefits, and at this time, there are no scheduled full lay-offs.

City Manager Matt Schooley added we will also be eliminating a cost of living increase for all employees for FY 2021. If we see revenue coming in, we will add things back in where they are needed.

Mayor Mapes asked about the basis for an increase in personal property tax projection. Phillips explained that increases are expected as a result of the city-wide re-assessment last year, the number will be flexible because of the uncertainty of the pandemic. She is hoping the local businesses will come back strong and we won't have to make changes there.

To answer another question from Mapes, Phillips explained that revenue sharing is based on per capita. We need to make sure everyone fills out their census information, because every person counts in how much we receive. A percentage of sales tax is allocated throughout the state. She just got word that we are to expect a decrease of \$40,000. Discussion followed about the projected amounts for revenue sharing.

Schooley said revenue numbers will be mostly assumptions. We are trying to be as conservative as possible.

Phillips pointed out that wage and salaries have been more properly allocated to departments. For example, her salary will be split between Finance, Treasury, and Transit. Other employees also work in multiple departments, so wages have been adjusted for accuracy. Additionally, in the past, all employee benefits have been lumped together, but they will be broken out and given their own line item, so it becomes easier to understand the costs.

Phillips said they are doing a lot of work in payroll to make sure that all of the processes are working properly. At the end of the month, we should be able to look at the GL accounts and see if there are any problems. This will make it much easier to track any issues that may come up. Also, internal service funds are being eliminated and the funds are being properly allocated to departments.

Mapes commented that years following will be much better, because there will be consistency in the numbers. In the past, it has been very frustrating to look at numbers because there was so much changing all the time.

Discussion followed about the use of fund balance if it becomes absolutely necessary. Schooley said the intention is to keep the Commission fully informed about the situation and work closely with them to make adjustments as necessary based on the numbers. Piccolo suggested having a financial dashboard going forward for the future. Schooley added they will be also be working closely with department heads, but it will take some time for trends to show themselves.

Brief discussion followed about the total expenditures of \$3.8 million. Mapes turned the conversation to the budget for Library, asking for more information about the local unit contribution.

Discussion followed about more specific items in the library budget, including a line item for reference materials, and contract services.

Audra Stahl left the meeting at 6:30 p.m.

Mapes asked about bond payments, and funding depreciation. Phillips said depreciation is always funded as an expense. Mapes asked if that funding could be suspended, and if the city's contribution of \$175,000 could be suspended and moved back to the general fund budget. Pitts disagreed with axing the entire amount and suggested looking at reducing the city's contribution.

Mapes responded saying at this point we are simply increasing their fund balance when we can actually use the money in our own fund balance. He said we were supposed to pull that money back from the city contribution when the millage was voted in and we never did. Further discussion followed.

Mapes also asked about the city's contribution to the airport. Assistant City Manager, Aeric Ripley, explained the airport is receiving a grant from the CARES act for a \$30,000 grant. He said he believes the grant is a big help. It should pay for mowing and airport manager services as well as utilities and weather system. It will make it easier for us to withhold our contribution because the grant will cover much of those expenses we normally pay. From a business standpoint, we have a few businesses that regularly use it, but most of the general aviation folks live out of the City. We have carried this burden for a very long time, and with the county seeing extra revenue from windmills, the burden needs to be more evenly spread around the county. City of Alma has more than paid their fair share, not just from financial standpoint but from resources and administration.