

*The mission of the general fund is to record all revenue not required by state statute or local law to be reported separately, and to show the legal expenditure of those monies.*

The general fund is typically the largest operating fund of any municipality. The City of Royal Oak is no exception; its revenue exceeds \$47.4 million (including transfers-in from other funds).

Over 97 percent of general fund revenue is from property taxes, state/federal grants, fines and forfeitures, licenses and permits,

and charges for services. Property tax revenue alone makes up approximately 48 percent of revenue. The base operating millage is authorized by the city charter in chapter eight section 4.11(a).

A secondary source of general fund revenue includes interest and rentals, contributions and donations, other revenue.

### GOALS

1. Provide for the proper collection of revenue to defray the cost-of-service delivery for the general-purpose operations of the City of Royal Oak.

### OBJECTIVES

#### Significant Revenue, Expenditure, Staff & Program Notes - Fiscal Year 2022-23:

**Revenues** – Total general fund revenue is budgeted to increase \$8,874,070 / 22 percent relative to fiscal year 2021-22 estimated year-end revenues. Tax revenue is budgeted to increase 4.6 percent / \$924,000 due to the increase in taxable value. The cable franchise fee is budgeted to decrease 6.7 percent / \$60,000 as this has been the trend in the past five years as cable subscriptions are declining. Landlord license is budgeted to decrease 21.1 percent / \$80,000 due to fewer license renewals scheduled every two years. **Federal grants is budgeted at \$4,000,000, as ARPA funds are budgeted as source of revenue to balance the fund.** State shared revenue is budgeted to increase 10.8 percent / \$624,000 relative to the 2021-22 original budget based upon the State of Michigan's projection. Probation court revenue is decreasing 25 percent / \$100,000, criminal/traffic court revenue is decreasing 31.8 percent / \$1,050,000, and civilian court revenue is decreasing 21.9 percent / \$70,000, due to the completion of the (catch-up) aged receivable collection program. Indirect costs revenue (fee charged to other city funds for general fund central/admin service) are budgeted to increase 4.1 percent / \$87,000. **Parking violations are budgeted to increase by \$4,898,000 based upon the new meter contractor's projections, however nearly half of the revenue will be shared with the contractor (offsetting expenditures are in the general fund administration cost center). Violations are anticipated to peak in fiscal year 2022-23 then level off in 2023-24.** Interest income is decreasing 50 percent / \$30,000 based upon estimated \$6.8 million use of fund balance in fiscal year 2021-22. Insurance settlement account is decreasing from \$67,250 to zero due to a non-routine insurance refund in fiscal year 2021-22.

### Significant Revenue, Expenditure, Staff & Program Notes - Fiscal Year 2022-23: (Continued)

**Transfers-in** - \$737,000 is budgeted for the annual transfer from the DDA tax increment fund for the annual payment of the Centennial Park portion of the Royal Oak Civic Center project debt payment.

**Expenditures** – Total general fund expenditures are budgeted to increase 4.4 percent / \$1,993,760 relative to fiscal year 2021-22 estimated year-end expenditures. Transfers-out is the largest portion of the expenditure budget at \$25,410,970 / 53.3 percent. General government is budgeted at \$17,241,090 / 36.2 percent, recreation / culture is budgeted at \$2,003,560 / 4.2 percent, public works is budgeted at \$1,774,620 / 3.7 percent, community / economic development is budgeted at \$816,890 / 1.7 percent, and public safety is budgeted at \$436,740 / 0.9 percent of total budgeted expenditures.

The expenditure budget details are described in the following pages within each cost center.

**Transfers-out** – Total transfers-out of the general fund amount to \$25,410,970, a decrease of 5 percent / \$1,388,900. The details can be found in the significant note section (an orange box) within the transfers-out cost center narrative.

**General Fund and Public Safety fund balance combined** – The fiscal year 2022-23 budget provides for the combined use of only \$497,410 from fund balance as a revenue source to fund expenditures and transfers-out due to using \$4 million from the ARPA grant. The 2022-23 combined ending fund balance level is projected to be 16.7 percent / \$10.4 million, which is within the fund balance policy as the fund balance policy is 10 percent to 25 percent of expenditures. However, the projected forecast shows a continued use of fund balance between \$4 million to \$6 million annually and fund balance going into a negative position.

The city will be evaluating various resolutions for balancing the budget in the future years.

*The balance of noteworthy program information can be found in the significant note section (orange box) within each of the funds/cost centers.*

## Budget Summary

General Fund Summary	2021-2022 Estimated Year End	2022-2023 Adopted Budget	2023-2024 Projected Budget	2024-2025 Projected Budget	2025-2026 Projected Budget	2026-2027 Projected Budget
Unassigned Beginning Fund Balance	14,969,214	8,166,734	7,944,564	4,087,264	(198,666)	(5,211,266)
Revenues	38,150,630	46,724,700	42,323,060	42,923,960	43,716,460	44,379,650
Expenditures	45,690,110	47,683,870	46,917,360	47,946,890	49,466,060	51,007,540
Net	(7,539,480)	(959,170)	(4,594,300)	(5,022,930)	(5,749,600)	(6,627,890)
Transfers from other funds	737,000	737,000	737,000	737,000	737,000	737,000
Net Change in Fund Balance	(6,802,480)	(222,170)	(3,857,300)	(4,285,930)	(5,012,600)	(5,890,890)
Ending Fund Balance	8,166,734	7,944,564	4,087,264	(198,666)	(5,211,266)	(11,102,156)
Fund Balance as a percentage of Expenditures	17.87%	16.66%	8.71%	-0.41%	-10.54%	-21.77%
Public Safety Beginning Fund Balance	2,503,266	2,743,246	2,468,006	1,688,166	1,175,416	891,206
Public Safety Revenues	12,447,080	13,327,990	13,612,460	13,904,040	14,202,910	14,509,270
Public Safety Expenditures	35,247,100	36,143,230	36,932,300	37,956,790	39,027,120	40,126,170
Net	(22,800,020)	(22,815,240)	(23,319,840)	(24,052,750)	(24,824,210)	(25,616,900)
Transfers from other funds	23,040,000	22,540,000	22,540,000	23,540,000	24,540,000	25,540,000
Net Change in fund balance	239,980	(275,240)	(779,840)	(512,750)	(284,210)	(76,900)
Public Safety Ending Fund Balance	2,743,246	2,468,006	1,688,166	1,175,416	891,206	814,306
General Fund and Public Safety combined Fund Balance as a percentage of Expenditures	18.67%	16.84%	9.34%	1.55%	-6.70%	-15.56%

**Projections here are made based on assumptions that may be subject to change and may impact actual numbers.**