



CITY OF CLAWSON

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Date: May 27, 2021

To: Honorable Mayor and City Council

From: Michael Smith, City Manager
Kelly Rau, Finance Director

Re: FY 2021-2022 Budget

Request:

To approve the Fiscal Year 2021-2022 Budget as presented.

Background

Over the past year, we have had to navigate through some tenuous situations within the city. Due to personnel complications and the continued burden of the COVID-19 pandemic, we were forced to take a deeper look at our finances. It has taken quite a few months to get us to this point and the lessons we have learned will guide us through the upcoming years to come. With our new experienced Finance Director in place, we are implementing better internal controls, that are long overdue, and more checks and balances to keep our finances at the forefront. I believe we have righted the ship and we will move forward on a better foot with her in place. During the upcoming year, it is our mission as a whole to follow a true and necessary budget calendar with regards to Capital Planning with the Planning Commission, Quarterly Reports, Budget Amendments, and Training, etc. to continue to provide the services to the residents that they deserve with openness and transparency.

With that in mind, on behalf of the City of Clawson, we have been able to provide you with a balanced budget for the 2021-2022 Fiscal Year. This budget has been prepared using budgetary best practices following Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP). The City is subject to the budgetary control requirements of the State of Michigan Public Act 2 of 1968 known as the Uniform Budgeting Act which requires all local units of government in Michigan to adopt balanced budgets, establish responsibilities and define procedures for the preparation, adoption, and maintenance of the budget, and require certain information for the budget process. Within the framework and policies established by GAAP and GASB, The State of Michigan, and the City of Clawson, this budget has been prepared after analyzing and evaluating detailed requests from each of the City departments.

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This document intends to provide a clear picture of the financial condition of the City and the planning needed to properly manage our financial resources for the upcoming year. The proposed budget has been published on the City's website and public hearings for the budget, the millage rate, and the utility rates are held. After completion of the public hearings, the Council and City Manager would then make any necessary adjustments and the budget is then adopted. Michigan law requires that a budget be adopted before the start of the next fiscal year. In preparing this budget, there was one significant issue that impacted how we developed the 2021-2022 budget, namely, COVID-19. The economic impact of COVID-19 has been felt throughout this past year and as our City and State begin to reopen, we continue to keep a close eye on the effects it will have on our Revenue.

The Total Recommended Budget for the Fiscal Year 2021-2022 is \$22,173,450 Included in the Total is General Fund, Enterprise Funds, Library Fund, Downtown Development Authority Fund, Internal Service Funds, other Governmental Funds, and Debt Service Funds.

The Financial environment and condition of the City of Clawson during FY 2020-2021 saw decreased revenues in several departments as a result of the Pandemic and the mandates of the State of Michigan. The City experienced dramatic revenue reductions in user fees and charge for services. The influx of grant funding related to the CARES Act and other Public Safety funds received offset pandemic expenditures. Unfortunately, the funding received from the CARES Act was not able to be used to recover revenue losses within the FY 2020-2021 Adopted Budget.

The budget for 2021-2022 has been prepared while still keeping in mind the economic impacts Covid-19 has had on our budget this past year and the impacts it will have on our budget in future years. This Budget does not fund any additional Capital Improvement Projects at this time as we continue to review all funding sources available.

Finally, I would like to thank the efforts of all the Department Heads and City Council during the Budget preparation.

We have also included the Public Survey results per your request to view as the complete package presented to you for consideration.

Recommendation

Resolved, the adoption of the City millage rates, Clawson DDA millage, Blair Memorial Library millage, and combined City budgets for fiscal year July 1, 2021 – June 30, 2022 be approved.