

MICHIGAN CITY

2027 Proposed Budget

Our People, Our Place, Our Future



Mayor Angie Nelson Deutch | Office of the Mayor

City of Michigan City, Indiana

Every Dollar Tells Our Story

\$78.8M

total city investment for 2027

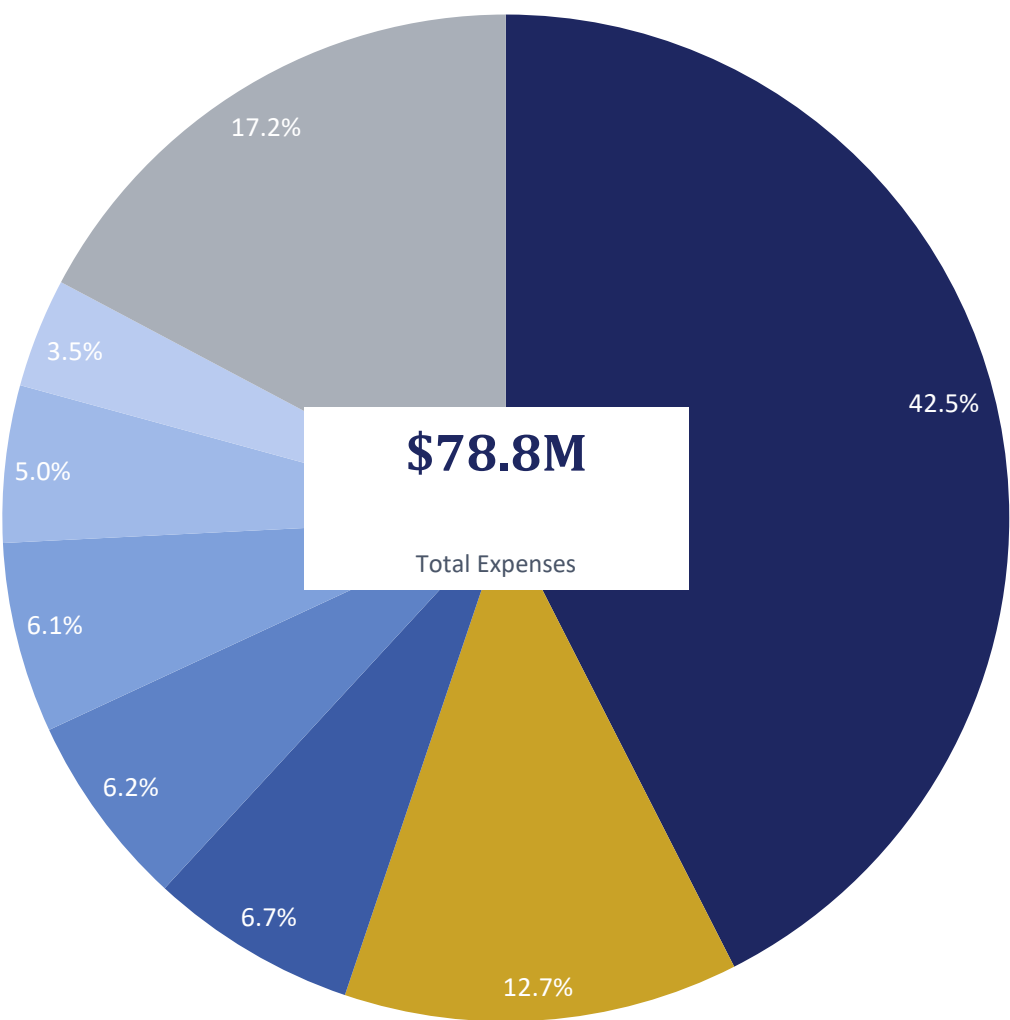
A budget is not just numbers on a page. It is where we decide what we value. Safe streets. Strong parks. A city hall that works for the people who walk through its doors.

This is a budget built to invest, not abandon. To open doors, not close them. To move Michigan City forward, one line item at a time.

What follows is a clear look at where the money comes from, where it goes, and the choices behind it.

2027 Proposed Budget

Where the \$78.8 Million Goes: Total Expenses by Fund

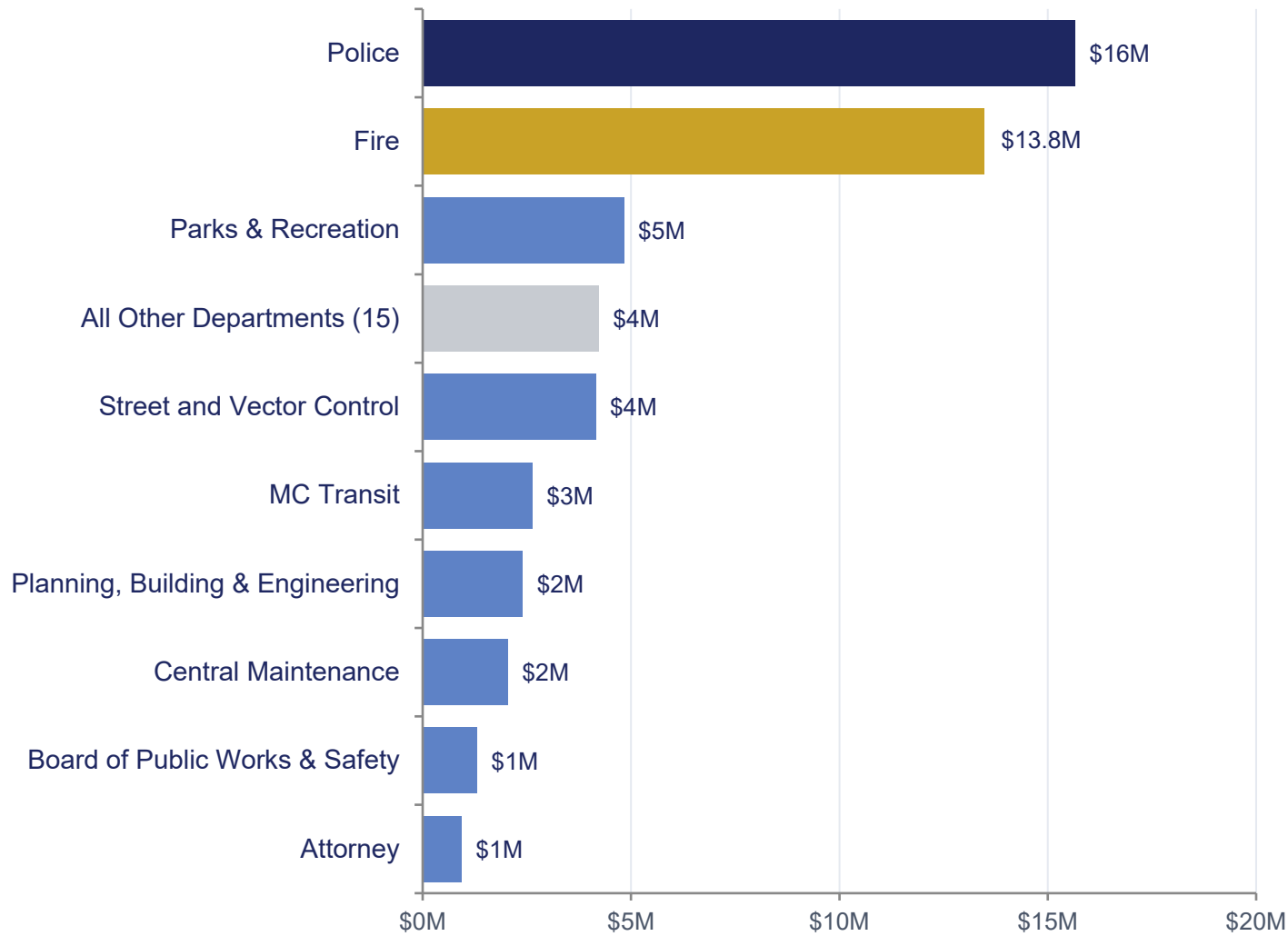


General Fund	\$33.5M (42.5%)
Riverboat Fund	\$10.0M (12.7%)
LIT Public Safety	\$5.3M (6.7%)
LIT Economic Development	\$4.9M (6.2%)
Park & Recreation Operating	\$4.8M (6.1%)
Sanitation Refuse Fund	\$4.0M (5.0%)
Motor Vehicle Highway Fund	\$2.8M (3.5%)
All Other Funds (33 funds)	\$13.6M (17.2%)

The General Fund and Riverboat Fund carry the budget. Together they make up 55.2 percent of every dollar the city plans to spend in 2027, covering public safety, streets, parks and the day to day cost of running Michigan City. Riverboat revenue remains a major lever, which is exactly why we cannot treat it as guaranteed. The remaining 40 plus funds, from LIT dollars to sanitation to pension funds, are each restricted to a specific purpose. That is the story behind the pie. Two funds do the heavy lifting, and dozens of smaller funds keep specific promises to residents, retirees and neighborhoods.

2027 Proposed Budget

Operating Department Spending: Largest to Smallest



What this shows

Police and Fire are the two largest operating departments, together ~ 56.8 percent of the \$52.4 million shown here.

Parks & Recreation combines Park Administration, Recreation, Zoo, Maintenance and the Senior Center. Planning, Building & Engineering combines those three offices into one line. Street and Vector Control combines the Motor Vehicle Highway Fund, the Local Road and Street Fund, and the Vector Control department.

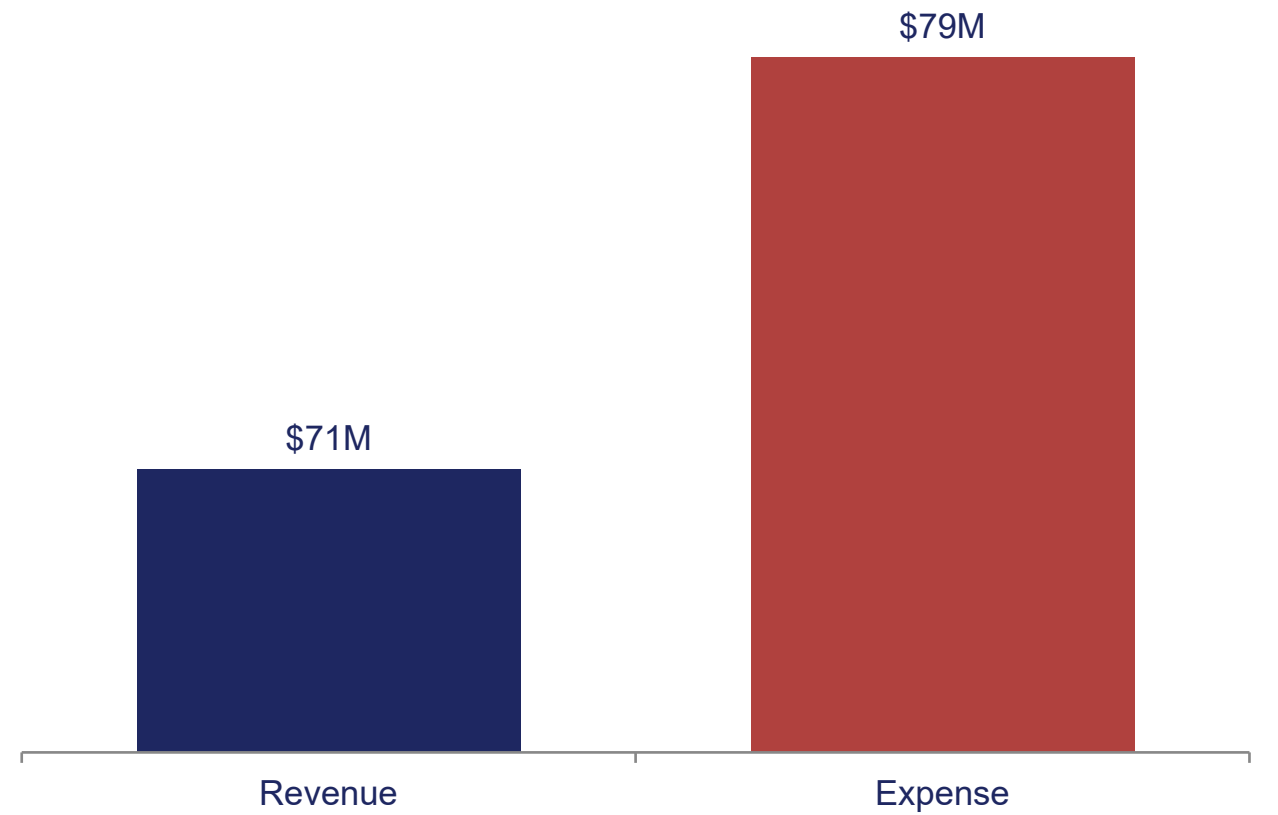
All Other Departments (15) rolls up every remaining office, from Controller and Mayor down to Tree Board, none of which individually clears 1.8 percent.

This view excludes remaining Non-Departmental & Fund-Specific costs: pensions, debt service, transfers, and enterprise funds like Sanitation, Golf and Cemetery.

Source: City of Michigan City Budget Worksheet Report, Fiscal Year 2027, Controller/Mayor recommended expense totals by department, aggregated across all 40 funds. Named departments shown total \$51,605,086 of the \$78,841,300 total budget; the remainder is Non-Departmental & Fund-Specific costs, not shown here. Street and Vector Control combines Fund 2201 (Motor Vehicle Highway), Fund 2202 (Local Road and Street), and the Vector Control department.

2027 Proposed Budget

Revenue, Expense, and the Role of Cash Balances



\$7.6M gap between revenue and expense, covered by cash and fund balances

What this means

The 2027 budget spends more than it collects. Revenue is projected at \$71.2 million. Expenses are budgeted at \$78.8 million. That leaves a \$7.6 million gap, roughly 9.6 percent of total spending.

We close that gap with cash and fund balances built up in prior years, not new debt and not a mid-year cut to services. This is a deliberate, one-time use of reserves, not a permanent funding source.

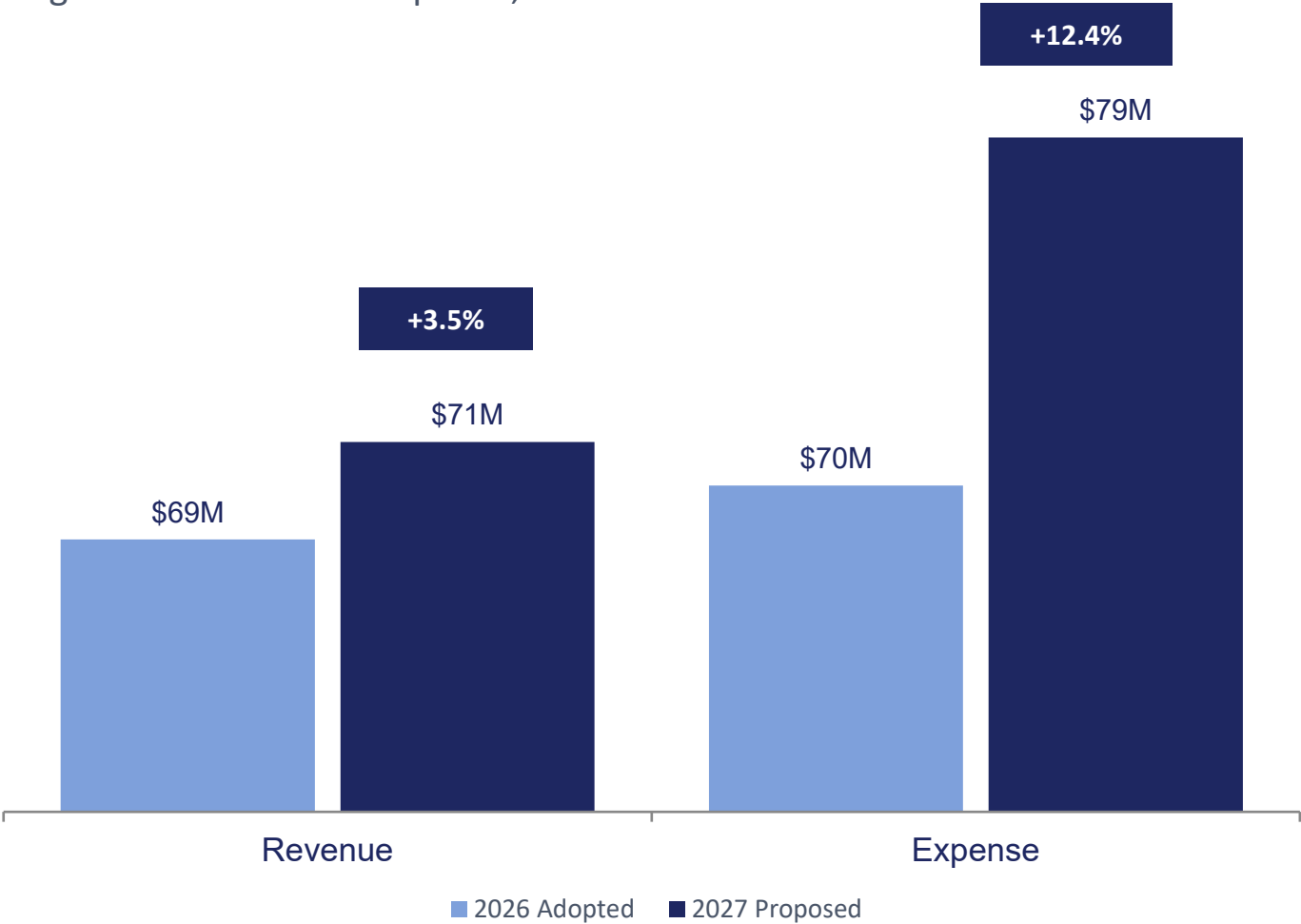
For comparison, the 2026 budget as adopted planned a \$1.3 million gap. The wider gap in 2027 reflects real cost growth and the revenue pressure coming from SEA 1, which is why we continue building reserves now to protect service levels in the years ahead.

This is a bridge, not a habit. Reserves exist for exactly this purpose, and we are using them with intention.

Source: City of Michigan City Budget Worksheet Report, Fiscal Year 2027, Controller/Mayor recommended totals. 2027 Revenue Grand Total: \$71,233,817. 2027 Expense Grand Total: \$78,841,300. 2026 Adopted comparison: Revenue \$68,801,419, Expense \$70,146,050, Net (\$1,344,631).

2026 vs. 2027 Budget

Budgeted Revenue and Expense, Year Over Year



What changed

Revenue is up \$2.4 million, 3.5 percent, from 2026 to 2027.

Expense is up \$8.7 million, 12.4 percent, over the same period, more than three times the rate of revenue growth.

That gap in growth rates is why the funding gap nearly six times over, from \$1.3 million in 2026 to \$7.6 million in 2027.

Costs are growing faster than revenue can keep up. Cash and fund balances bridge the difference this year, but the underlying trend is the real conversation for 2028.

Funding gap: **\$1.3M in 2026 → \$7.6M in 2027**

Why We Are Using Cash Balances

By design, not by accident

1

In several funds, 2027 budgeted expenses are higher than budgeted revenue. That gap is closed by drawing on the fund's own cash balance, not by borrowing or leaving bills unpaid.

2

This is a deliberate choice for the year. It puts resources the City has already set aside to work for residents now.

3

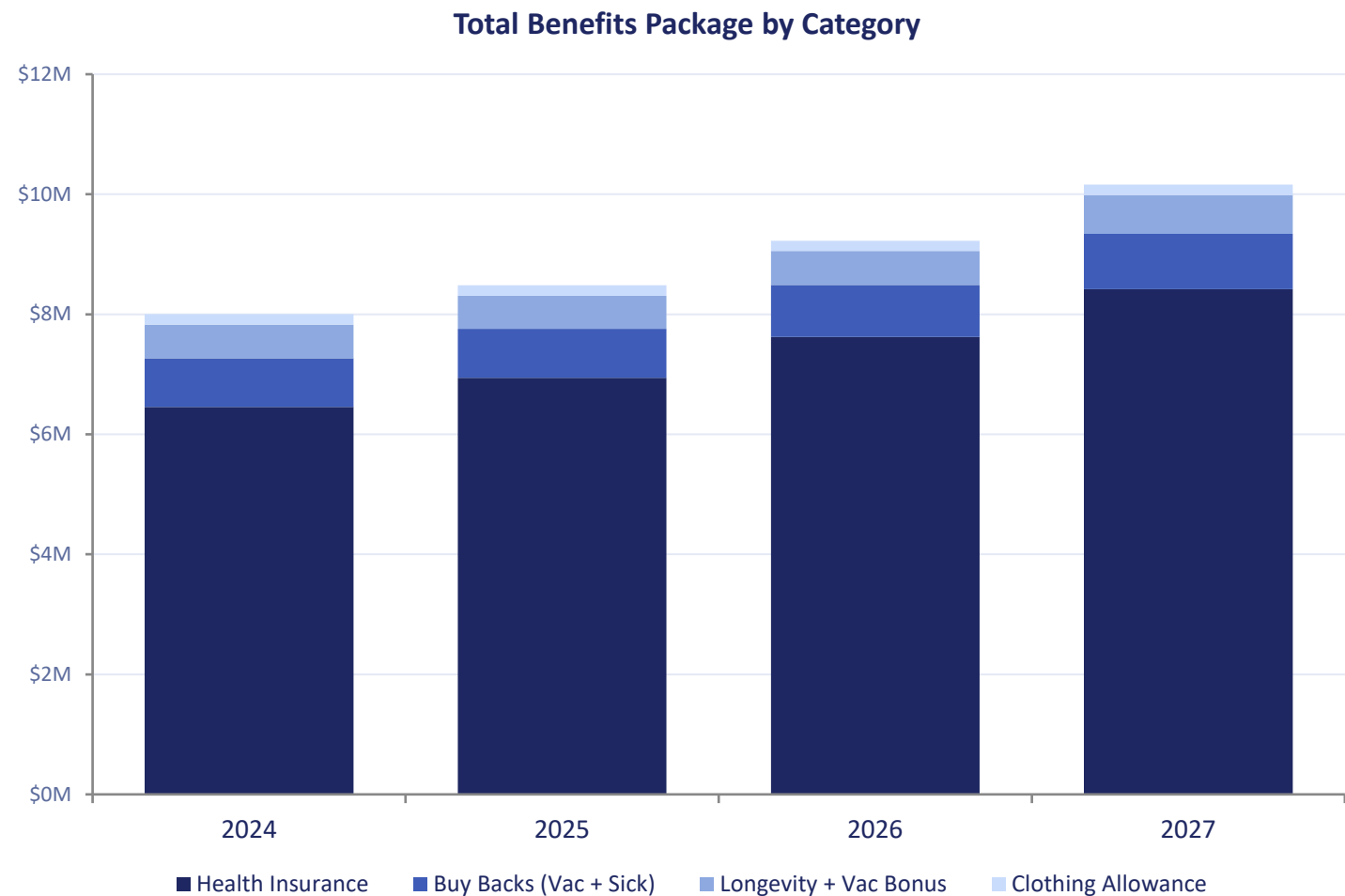
The pages that follow show exactly where this approach is being used, fund by fund, so the choice is transparent from the start.

Major Funds Using Cash Balances

Projected cash balance heading into 2027, and the amount each fund is using

Fund	Projected Cash 12/31/26	2027 Amount Being Used
General Fund	\$19,692,972	(\$3,360,050)
LIT Economic Development Fund	\$3,220,967	(\$241,438)
Fire Pension Fund	\$884,242	(\$465,306)
Sanitation Refuse Fund	\$2,228,919	(\$442,450)
Police Pension Fund	\$667,584	(\$295,071)
Golf Fund	\$936,439	(\$235,037)
Local Road and Street Fund	\$882,923	(\$167,771)
Riverboat	\$3,958,443	(\$1,435,568)

Michigan City's Employee Benefits Package, 2024-2027



27%

Growth in the total benefits package, 2024 to 2027 (\$8.0M → \$10.2M)

91¢

Of every new dollar in that growth went to health insurance alone

What the package covers: health insurance, vacation and sick buy back, longevity, an annual vacation bonus, and a clothing allowance. This is on top of salary.

Source: City of Michigan City Budget Worksheet Reports, 2024-2026 Adopted Budgets and 2027 Controller/Mayor Recommended. 2027 figures are proposed, not yet adopted.

What It Really Costs to Keep Great Employees

AVERAGE TOTAL COMPENSATION
INCREASE THIS YEAR

\$24,500

per employee budgeted for healthcare

*These are benefits most private-sector employees
in Michigan City do not receive on their own jobs.
Offering them is how we keep good people here.*

Base raise 3.5%

Applied across all eligible employees

Longevity pay

For employees with 3 or more years of service

Vacation bonus

3.5% of the employee's prior year earnings

\$1 insurance plan

Covers the employee and their family, plus other plan options

Free prescriptions

Through the city's North Shore contract

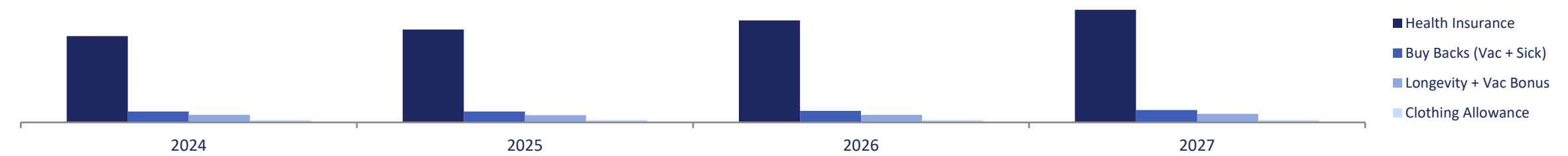
Sell-back and banking

Employees can sell back or bank unused sick and vacation time

THE NUMBERS BEHIND THE CHART

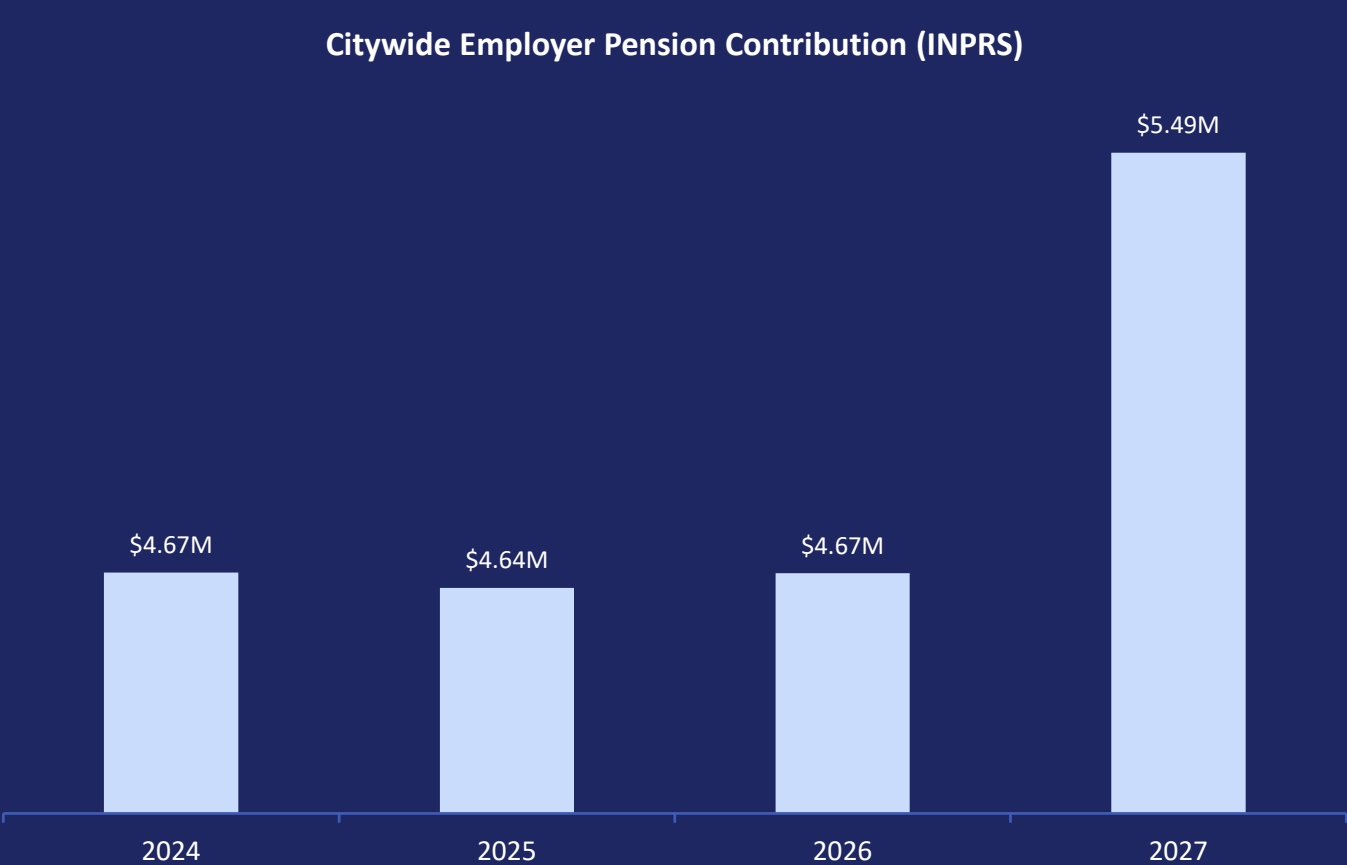
Benefits Package by Category, in Dollars

Category	2024	2025	2026	2027
Health Insurance	\$6,456,000	\$6,942,000	\$7,622,000	\$8,421,000
Buy Backs (Vacation + Sick)	\$810,276	\$816,699	\$869,306	\$917,367
Longevity + Vacation Bonus	\$562,218	\$551,460	\$564,061	\$646,885
Clothing Allowance	\$173,200	\$171,700	\$171,700	\$174,200
Total Benefits Package	\$8,001,694	\$8,481,859	\$9,227,067	\$10,159,452



Source: City of Michigan City Budget Worksheet Reports, 2024-2026 Adopted Budgets and 2027 Controller/Mayor Recommended. 2027 figures are proposed, not yet adopted.

Pension (INPRS): Flat for Three Years, Then a Sharp Rise



2024-2026 held essentially flat, three straight years within 0.6% of each other. 2027 breaks that pattern.

+17.6%

One-year pension increase, 2026 to 2027 (\$4.67M → \$5.49M)

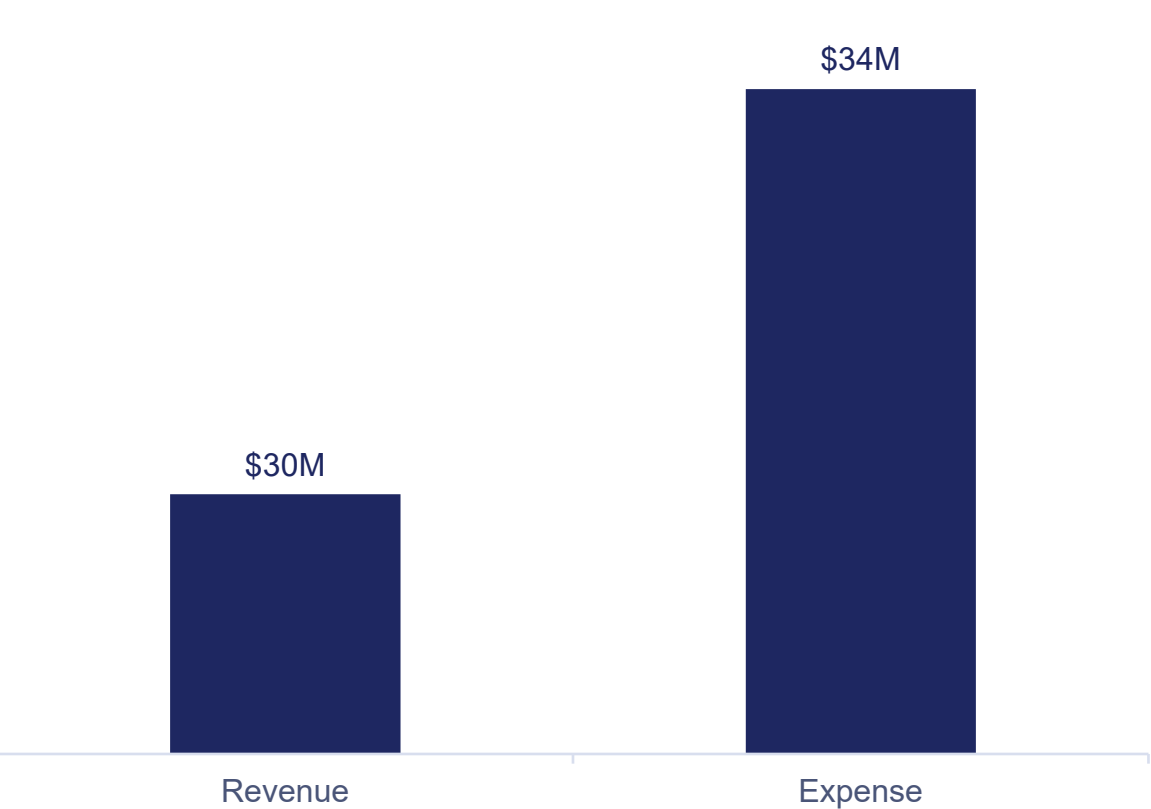
84%

Of 2027 General Fund pension cost is Fire and Police combined

Why it moved: pension contribution rates for public safety (Fire and Police) are set by the state through INPRS, not by city policy. Firefighter pension alone is calculated at a 25.1% employer rate on salary.

General Fund

The City's core operating fund: public safety, transit, engineering, and daily city hall operations



2027 REVENUE

\$30,151,984

2027 EXPENSE

\$33,512,034

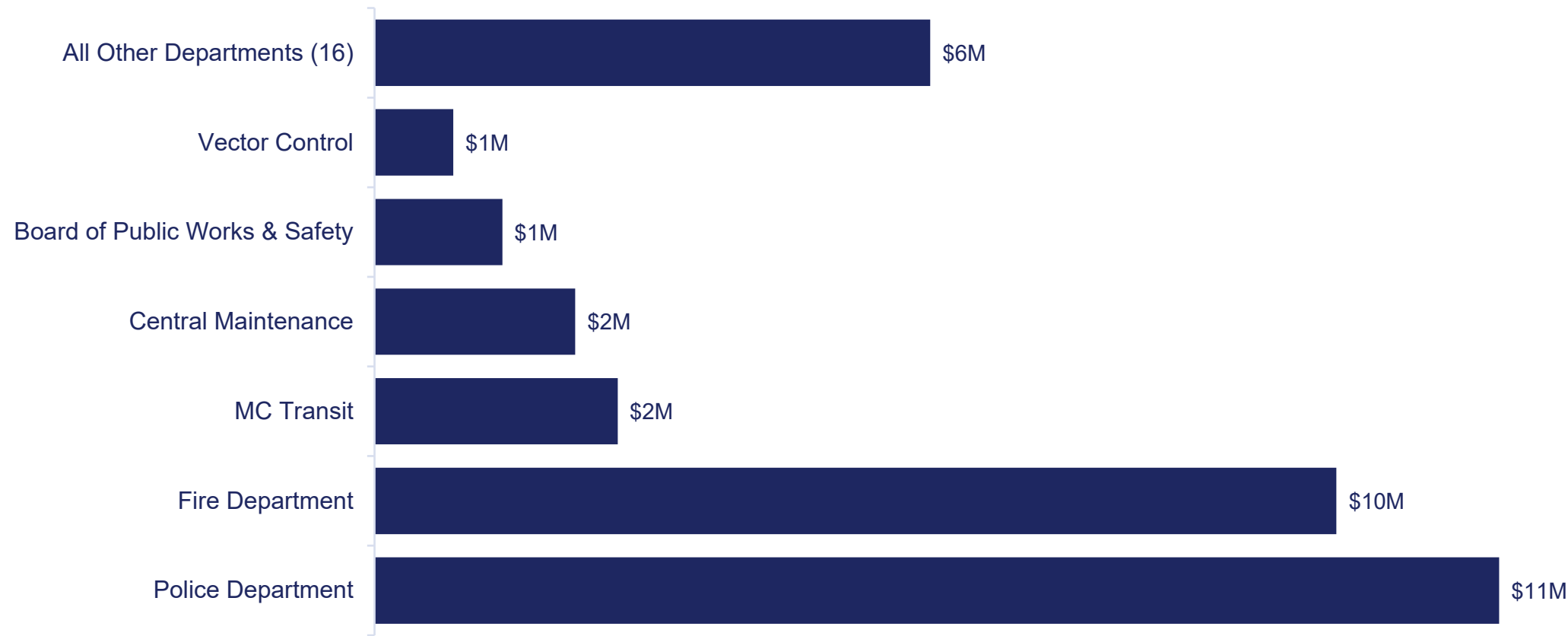
2027 NET (USES RESERVES)

(\$3,360,050)

The largest cash-balance draw of any fund in the 2027 budget.

General Fund: Where the Money Goes

2027 expense by department, largest six plus all others



Total General Fund expense: \$33,512,034

Roads & Infrastructure Funds

Motor Vehicle Highway, Local Road & Street, and MVH Restricted

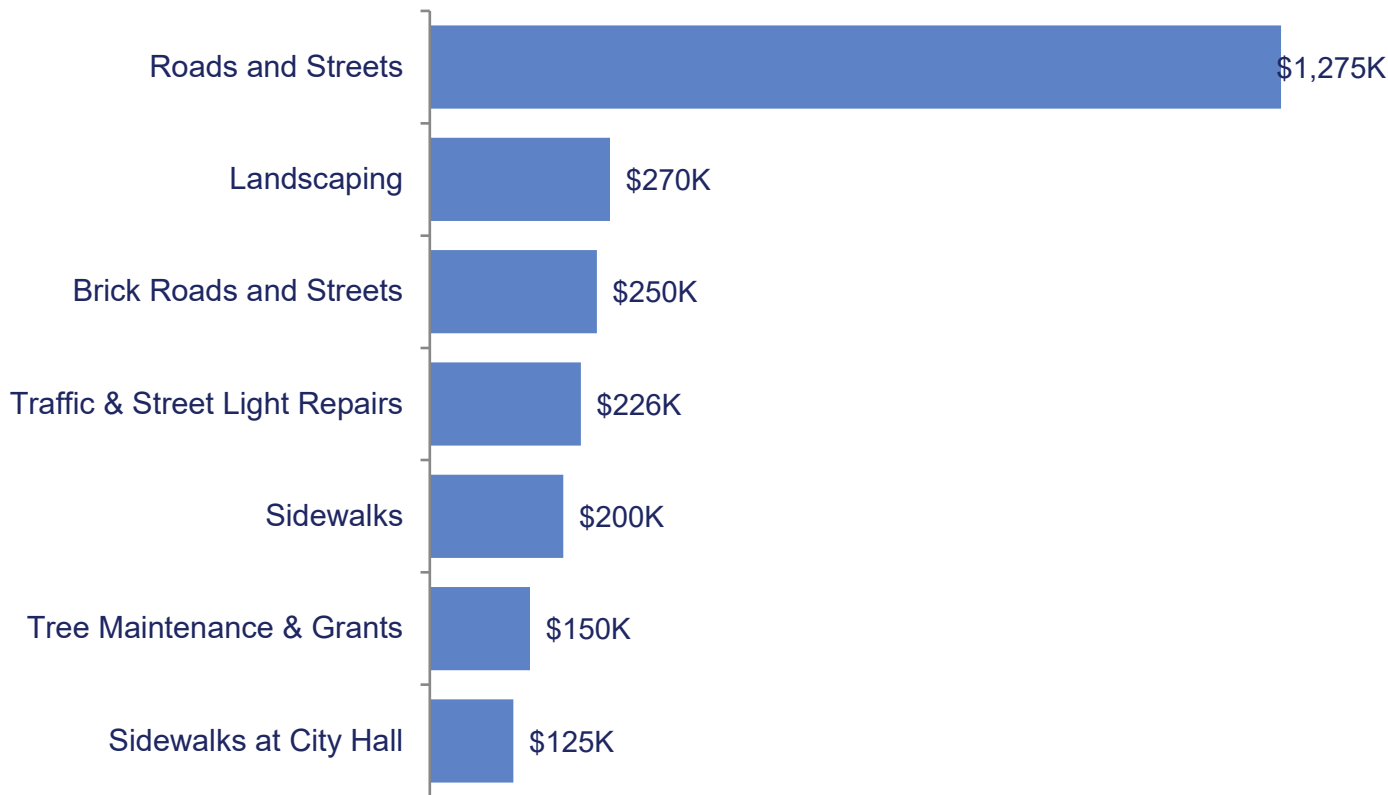
Fund	2027 Revenue	2027 Expense	2027 Net
Motor Vehicle Highway (2201)	\$2,858,377	\$2,768,511	\$89,866
Local Road and Street (2202)	\$586,561	\$579,332	\$7,229
MVH Restricted (2203)	\$682,052	\$650,000	\$32,052

All three road funds are self-sustaining in 2027. Revenue covers planned expense with a small margin to spare, no cash balance draw needed. Includes \$450,000 in Salt.

2027 Proposed Budget

Direct Impact to Neighborhoods

\$2.5 Million invested directly in the streets, sidewalks, and neighborhoods residents live in every day



What Residents Will See

Also pending: a \$1 million CCMG grant match application for roads and streets, not yet awarded, not counted in the total above.

Streets you drive every day.

\$1.275 million for roads and streets, plus \$250,000 to preserve our brick streets.

Sidewalks you walk.

\$200,000 citywide, plus \$125,000 at City Hall.

A neighborhood that looks cared for.

\$270,000 in landscaping, \$150,000 for tree maintenance and grants.

A block that's safe after dark.

\$226,000 for traffic and street light repairs.

Source: City of Michigan City, 2027 Proposed Budget, Office of the Mayor. Figures reflect budgeted amounts across relevant departments and funds for the categories shown. CCMG grant match is pending application; award not guaranteed.

Park and Recreation Operating Fund

Fund 2204



This fund is projected to run a small surplus in 2027. Revenue covers expense with room to spare, so no cash balance is needed to close the year.

Sanitation Refuse Fund

Fund 2223



Budgeted expense runs ahead of budgeted revenue in 2027. The difference is funded from the fund's cash balance. \$365,000 towards Refuse Trucks and \$30,000 for toters included in the budget.

Riverboat Fund

Fund 2235



The Riverboat Fund is one of the City's larger funds and one of the larger cash-balance draws in 2027. It is being used deliberately this year to support the priorities that fund finances. Budget includes annual ESG Payments of \$507,842

Riverboat Fund: Capital Expenses

Fund 2235, 2027 capital outlay by project

2027 CAPITAL OUTLAY

\$2,988,000

About 30% of the fund's total 2027 expense of \$9,990,844 is capital outlay. The rest funds debt service and transfers to other City funds.

Project	Department	2027 Amount
Fire Truck (\$500,000 budgeted in fund 4402)	Fire Department	\$1,000,000
MCPD Fleet Rotation	Police Department	\$600,000
FLOCK — Safe City (Year 1)	Police Department	\$425,000
Updated MCPD IT Infrastructure	Police Department	\$300,000
Dump Truck - Motor Equipment	Central Services	\$413,000
Permanent Brick Streets (Ord 4686)	Engineer	\$250,000

2027 Police Department capital (\$1,325,000) includes FLOCK camera technology and an IT infrastructure upgrade, both new in 2027.

Riverboat Fund: Operating Transfers

Fund 2235, 2027 transfers out to other City funds

2027 TRANSFERS OUT

\$6,495,000

About 65% of the fund's total 2027 expense of \$9,990,844 moves out as operating transfers, supporting core services funded in part by Riverboat revenue.

Transfer Destination	2027 Amount	Share of Total
General Fund Operating	\$3,500,000	54%
Motor Vehicle Highway Operating	\$1,800,000	28%
Park Operating	\$685,000	11%
Cemetery Operating	\$510,000	8%
Total	\$6,495,000	100%

These transfers are down from \$6,946,000 in the 2026 Amended Budget, and up from \$5,858,000 in the 2025 Amended Budget.

LIT Economic Development Fund

Fund 2209



This fund draws on its cash balance in 2027 to continue investing in economic development, a deliberate choice using resources already set aside for this purpose.

- \$100,000 Grant Matching Funds
- \$125,000 City Hall Side Walks
- \$270,000 City Landscaping contracts
- \$315,000 Financial and Payroll System Software

2027 Proposed Budget

Growing Our Team for Strategic Growth

~3500 housing units in the pipeline over the next several years

Where That Growth Puts Pressure on Us Today

Core Services

Trash pickup, policing, and fire protection all scale with rooftops. More households means more calls, more routes, more coverage, starting now, not once the units are finished.

Constituent Requests & FOIA

Public records requests are climbing. Every request pulls staff off the day-to-day work residents are waiting on.

No Dedicated Front Door

The city has no communications, marketing, or constituent services department today. Residents with a complaint, a question, or a need for a resource have no single place to go.

This Is Growth We Can Afford to Support

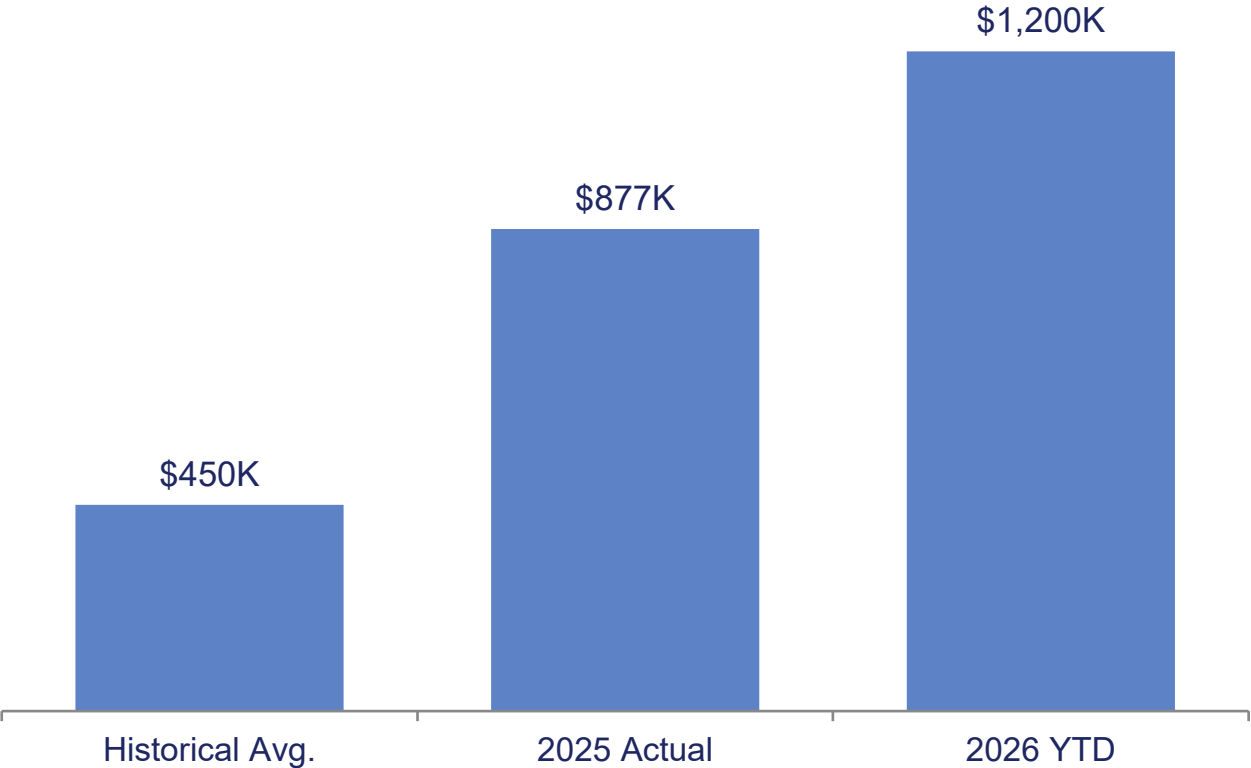
Special Events sponsorship revenue keeps growing. Grant funding keeps growing. We are heading into another America in Bloom season, continuing the beautification work that makes this growth worth having.

These positions are not a blank check. They sustain programs that already bring revenue and recognition back to the city, and they build the front door residents need as this community gets bigger.

2027 Proposed Budget

Why We Need These Positions: Permit Growth & a New Dedicated Fund

Regular Building Permit Fees (excludes data center)



2026 YTD is year-to-date through September, not a full-year total.

Plus: One-Time Data Center Permits

2025: **\$6.8M**

2026: **\$7.4M+ expected this week**

A New State Law Changes How This Money Works

Starting January 1, 2027, House Bill 1001 (2026 session) requires our permit fee revenue to move into its own fund. That money can no longer support the General Fund. It can only be spent on building department operations.

That is the case for these positions. The growth is real, it is documented, and for the first time the revenue that growth generates is legally required to fund the department handling it.

Source: City of Michigan City Controller's Office, permit fee collections. Historical average reflects typical annual permit fee revenue in prior years (\$350K-\$400K). Legislative citation: House Bill 1001, 2026 Regular Session, Indiana General Assembly, "Housing Matters." Confirm specific fund-restriction section before external distribution.

2027 Proposed Budget

Building, Planning & Engineering: 5 Positions the New Fund Was Built For

Engineering Tech City Engineer	Handles ADA compliance, street lights, sidewalks, and CCMG road repairs, work the City Engineer currently has to fit around full-time project review duty.
Project Coordinator Building & Planning	Runs plan review coordination across Water, Sanitary District, Legal, Permitting, Planning, and Zoning, so no project, large or small, falls through the cracks.
Zoning Specialist Planning (Senior Planner level)	Deep code expertise to push code updates forward and clear the review bottleneck created when every planner is multitasking across the full permit surge.
Building Commissioner (Additional) Building Department	Succession planning and added leadership capacity. One commissioner cannot carry a department handling this volume of projects alone.
Code Enforcement Officer (Additional) Building & Planning	Dedicated capacity to enforce garbage and refuse violations, work that competes for time with the department's permit review load today.

Funding: these five positions are proposed against Fund [TBD] — the new dedicated Building Permit Fund required by House Bill 1001 effective January 1, 2027. Salary and total-cost figures to be added once finalized with the Controller's Office.

2027 Proposed Budget

Additional Positions: Other Growing Needs Across the City

Director of Constituent Services Partially Funded by Refuse & Water (Building TBD)	Proactive resident engagement works with neighborhood organizations, connects residents to resources, publishes a monthly newsletter. The city has no communications or marketing department; this is one person doing that job full time.
Grant Administrator Controller's Office	Manages federal and state grant reporting as our grant load grows across Parks, Streets, the Mayor's Office, and Urban Forestry. The Mayor currently writes and tracks most grants personally.
Recreation Director (Part-Time) Park Department	Requested repeatedly by the department. Gives our growing resident and youth programming a dedicated lead and builds a succession plan alongside the Superintendent.
Administrative Assistant, Special Events (Part-Time) Special Events	Permanent part-time support to manage event contracts as the Special Events team takes on a growing calendar.
Field Supervisor Street Department	Dedicated on-site leadership for winter operations (snow and ice response) and the department's expanded support to the City Forester, work that has grown beyond what current supervision can cover during the season.

Funding sources shown are as described; exact fund splits and salary figures to be finalized with the Controller's Office before adoption.

**Our People.
Our Place.
Our Future.**



This budget keeps faith with the people who call Michigan City home. It funds the officers who answer the call, the firefighters who show up in our worst moments, the parks where our kids play, and the roads that get us where we are going.

Opportunity knows no boundaries in Michigan City. Neither does our commitment to the people we serve.