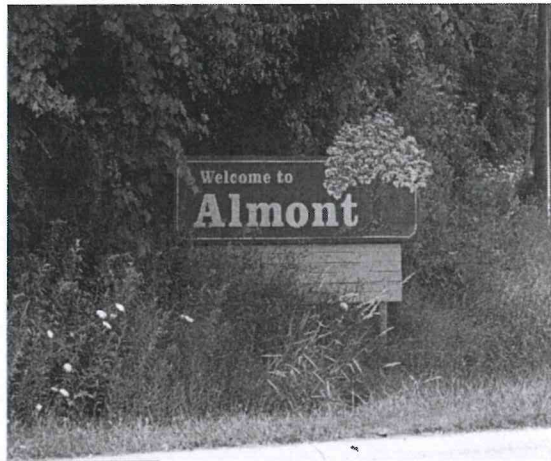
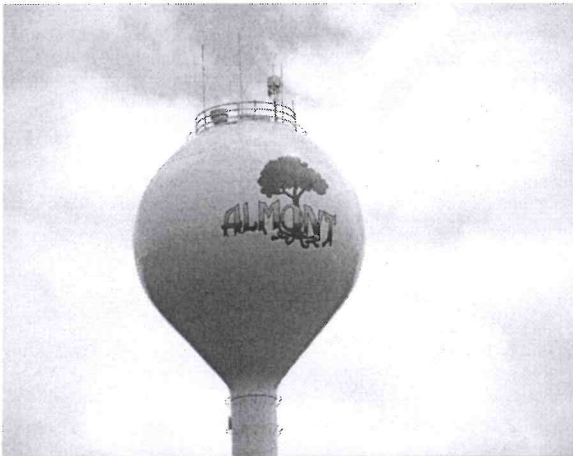


THE VILLAGE OF ALMONT



**ECONOMIC VITALITY INCENTIVE PROGRAM
ACCOUNTABILITY & TRANSPARENCY BUDGET REPORT
2012 - 2013 FISCAL YEAR &
2013 - 2014 FISCAL YEAR**

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This report includes information for the current fiscal year and the immediately following fiscal year. This information includes revenues and expenditures, detailed listings of the Village's debt service requirements, and an explanation of the assumptions used for all projections. The production of this information satisfies all relevant requirements include in Public Act 200 of 2012 [Section 952].

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WELCOME

Greetings.

Welcome to the Economic Vitality Incentive Program Budget Report for the 2012 – 2013 fiscal year and 2013 – 2014 fiscal year for the Village of Almont. As a governmental entity, we continually strive to provide a transparent and responsive government operation and are pleased to present this report to you. Questions concerning this guide may be directed to the Village Manager or Clerk/Treasurer at (810) 798-8528.

Council President – Steve Schneider

Council President Pro-Tem – Tim Dyke

Council Member – Rick Lauer

Council Member – Dave Love

Council Member – Gary Peltier

Council Member – Rick Tobias

Council Member – Tom Umphenour

BUDGET REPORT OVERVIEW

This page highlights the current mill rates and utility rates being levied or charged for each relevant Village activity or fund and the proposed rates for the upcoming 2013 – 2014 fiscal year [which runs from July 1, 2013 to June 30, 2014]:

MILLAGE RATES

	<u>2012-2013 FY</u>	<u>2013-2014 FY</u>
General Operating Mill Rate	13.567 mills	13.567 mills
Water Construction Debt Mill Rate	1.755 mills	1.755 mills
DWRF Water Tower Debt Mill Rate	2.480 mills	2.480 mills
TOTAL MILLS LEVIED	17.802 MILLS	17.802 MILLS

Note: This report assumes that these millage rates will remain unchanged for the 2013 – 2014 fiscal year. However, these rates are also subject to change as new legislation and regulation is passed by the State of Michigan legislature and as new information regarding the overall fiscal health of the Village is obtained. **These rates are only projections, and are subject to change.**

UTILITY RATES

2012 – 2013 FY SSO Rate:	\$1.75 per 1,000 gallons
2013 – 2014 FY SSO Rate:	\$1.75 per 1,000 gallons [Projected]
2012 - 2013 FY Sewer Rate:	\$27.00 Fixed and \$7.95 per 1,000 gallons
2013 - 2014 FY Sewer Rate:	\$27.00 Fixed and \$7.95 per 1,000 gallons [Projected]
2012 - 2013 FY Water Rate:	\$30.00 Fixed and \$5.25 per 1,000 gallons
2013 - 2014 FY Water Rate:	\$30.00 Fixed and \$5.25 per 1,000 gallons
	Plus a proposed 3-6% rate increase based on the assumption Detroit Water will increase rates 8-10%

Note: These utility rates are also subject to change as new legislation and regulation is passed by the State of Michigan legislature and as new information regarding the overall fiscal health of the Village is obtained. In addition, these rates will be affected by utility rate increases levied by the Detroit Water and Sewerage District and by unexpected infrastructure needs that must be met in order to effectively operate the Village water and sewer systems. **These rates are only projections, and are subject to change.**

GENERAL FUND OVERVIEW

The general fund is projecting the following revenues for the 2012 – 2013 fiscal year and 2013 – 2014 fiscal year:

	<u>2012 – 2013 FY</u>	<u>2013 – 2014 FY</u>
Taxes	\$698,890	\$688,285
Licenses/Permits	\$274,389	\$270,784
Township Police Contract	\$297,000	\$297,000
Service Charges	\$181,600	\$161,200
Interest and Rents	\$4,800	\$4,800
Other Revenues	\$29,500	\$29,500
TOTAL REVENUES	\$1,486,179	\$1,451,569

The general fund is projecting the following expenditures for the 2012 – 2013 fiscal year and 2013 – 2014 fiscal year:

	<u>2012 – 2013 FY</u>	<u>2013 – 2014 FY</u>
Governing Body	\$8,630	\$8,630
Management Operations	\$117,625	\$113,375
Clerk Operations	\$120,050	\$119,175
Central Operations	\$325,585	\$311,450
Public Safety	\$656,440	\$663,690
Public Works	\$145,175	\$145,425
Lift Stations	\$46,700	\$45,380
Parks/Recreation	\$25,705	\$18,205
Planning/Zoning	\$17,350	\$11,350
TOTAL EXPENSES	\$1,463,260	\$1,436,680

The **projected** beginning and ending funds balances for the 2012 – 2013 FY and 2013 – 2014 FY follow:

	<u>Beginning Fund Balance</u>	<u>Ending Fund Balance</u>
2012 – 2013 FY	\$143,000	\$170,000
2013 – 2014 FY	\$170,000	\$184,889
TOTAL SURPLUS/DEFICIT	+\$27,000	+\$14,889

GENERAL FUND OVERVIEW

Further detail regarding specific line items of each revenue and expenditure category can be obtained by reviewing the budget report contained within Appendix A. The assumptions used for the specific details contained within each category follow:

- Real property tax collections will decrease by 0.25% for the 13 – 14 FY [they decreased approximately 0.2% for the 12 – 13 FY].
- Personal property tax collections will decrease by 15.0% for the 13 – 14 FY [due to the anticipated restructuring of the personal property tax by the State of Michigan legislature]. **Note:** This is only an assumption.
- State shared revenue funds will be decreased by approximately 2.0%.
- Funding from the Almont Township police contract will remain unchanged.
- Garbage collection revenue will decrease as a result of a new contract with Richfield Equities, LLC [expenses will decrease by a similar amount].
- Verizon lease fee revenues will increase due to an additional sub-letting that will generate an additional \$3,600 in revenues.
- Legal expenses for management operations will decrease, as the 12 – 13 FY presented several unusual situations which incurred legal expenses.
- Health care expenses for all employees covered under the Village plan will increase by 7.0% during the 13 – 14 FY [on top of a 10% increase during the 12 – 13 FY].
- MERS funding expenses for all employees covered by a collective bargaining agreement will increase by 15.0%.
- Electric costs will increase by 3.03%.
- Additional expenses from the 101-536 [lift station fund] will not be transferred over to the 590-257 [sewer fund].
- Planning expenses will decrease for the parks/recreation and planning/zoning categories.

In addition, this report notes that there are no debt service requirements that are drawn from the general fund.

MAJOR STREETS FUND OVERVIEW

The major streets fund is projecting the following revenues for the 2012 – 2013 fiscal year and 2013 – 2014 fiscal year:

	<u>2012 – 2013 FY</u>	<u>2013 – 2014 FY</u>
Act 51 Funding	\$106,000	\$106,000
Other Revenues	\$8,700	\$8,700
TOTAL REVENUES	\$114,700	\$114,700

The major streets fund is projecting the following expenses for the 2012 – 2013 fiscal year and 2013 – 2014 fiscal year:

	<u>2012 – 2013 FY</u>	<u>2013 – 2014 FY</u>
TOTAL EXPENSES	\$109,020	\$109,195

The **projected** beginning and ending funds balances for the 2012 – 2013 FY and 2013 – 2014 FY follow:

	<u>Beginning Fund Balance</u>	<u>Ending Fund Balance</u>
2012 – 2013 FY	\$60,000	\$65,680
2013 – 2014 FY	\$65,680	\$71,185
TOTAL SURPLUS/DEFICIT	+\$5,680	+\$5,505

Further detail regarding specific line items of each revenue and expenditure category can be obtained by reviewing the budget report contained within Appendix A. The assumptions used for the specific details contained within each category follow:

- Act 51 funding levels will remain unchanged.
- Current service levels will remain unchanged.
- Health care expenses for all employees covered under the Village plan will increase by 7.0% during the 13 – 14 FY [on top of a 10% increase during the 12 – 13 FY].
- MERS funding expenses for all employees covered by a collective bargaining agreement will increase by 15.0%.
- Capital improvements projects will be performed at the same rate [this is likely to change once the Village has completed a comprehensive transportation plan].

Note: No debt service requirements are due out of the major streets fund.

LOCAL STREETS FUND OVERVIEW

The local streets fund is projecting the following revenues for the 2012 – 2013 fiscal year and 2013 – 2014 fiscal year:

	<u>2012 – 2013 FY</u>	<u>2013 – 2014 FY</u>
Act 51 Funding	\$47,000	\$47,000
Other Revenues	\$40,300	\$40,300
TOTAL REVENUES	\$87,300	\$87,300

The local streets fund is projecting the following expenses for the 2012 – 2013 fiscal year and 2013 – 2014 fiscal year:

	<u>2012 – 2013 FY</u>	<u>2013 – 2014 FY</u>
TOTAL EXPENSES	\$86,770	\$86,945

The **projected** beginning and ending funds balances for the 2012 – 2013 FY and 2013 – 2014 FY follow:

	<u>Beginning Fund Balance</u>	<u>Ending Fund Balance</u>
2012 – 2013 FY	\$120,000	\$120,530
2013 – 2014 FY	\$120,530	\$120.885
TOTAL SURPLUS/DEFICIT	+\$530	+\$355

Further detail regarding specific line items of each revenue and expenditure category can be obtained by reviewing the budget report contained within Appendix A. The assumptions used for the specific details contained within each category follow:

- Act 51 funding levels and current service levels will remain unchanged.
- Health care expenses for all employees covered under the Village plan will increase by 7.0% during the 13 – 14 FY [on top of a 10% increase during the 12 – 13 FY].
- MERS funding expenses for all employees covered by a collective bargaining agreement will increase by 15.0%.
- Capital improvements projects will be performed at the same rate [this is likely to change once the Village has completed a comprehensive transportation plan].

Note: Installment purchase contract payments for the completion of the Cherry Street Bridge project are currently budgeted from this fund. Information regarding these payments can be found in Appendix B.

DDA FUND OVERVIEW

The Village operates a downtown development authority debt fund for the purposes of tracking salary monies owed to the Village from the DDA, as the Village pays for the salary of the DDA Director and is reimbursed in the same amount by the DDA, which is an independent agency of the Village.

The following revenues, expenditures, and fund balances are projected for this fund for the 12-13 FY and 13-14 FY:

	<u>2012 – 2013 FY</u>	<u>2013 – 2014 FY</u>
Revenues	\$324,913	\$25,913
Expenditures	\$324,913	\$25,913
Ending Fund Balances	\$0	\$0

It should be noted that this is a pass-through account. As such, it is not expected to maintain an active fund balance and is used primarily for reimbursement purposes. The large drop between the 12-13 FY and 13-14 FY will occur due to a one-time grant received by the Village from MSHDA for the rehabilitation of apartments in downtown Almont.

The following assumptions were used for the details contained within this fund follow:

- The salary of the DDA Director will remain unchanged.
- The MSHDA grant will be used entirely during the 12-13 FY.
- No additional grant funds will be received.

Note: No debt service requirements are due out of the DDA fund. However, it should be noted that the DDA does make installment purchase contract payments on a construction project. This information has been included in Appendix B.

WATER SYSTEM CONSTRUCTION IMPROVEMENT FUND OVERVIEW

This fund collects revenues that are used to make interest and principal payments on bonds which were issued in 1996 for improvements to the Village's water system [specific bond repayment information can be accessed in Appendix B].

These revenues are generated from a 1.755 mill rate that is based upon the taxable value of the Village.

The following revenues, expenditures, and fund balances are projected for this fund for the 12-13 FY and 13-14 FY:

	<u>2012 – 2013 FY</u>	<u>2013 – 2014 FY</u>
Revenues	\$88,731	\$87,500
Expenditures	\$87,265	\$87,950
Ending Fund Balance	\$27,500	\$27,050

The following assumptions were used for the details contained within this fund follow:

- Revenues generated from the millage rate will decrease by 1.36% [this is more conservative than the general fund due to the fact that this is collected specifically for the repayment of bond principal and interest payments].
- The principal and interest payments will remain unchanged from Appendix B.

The revenues collected in and expenditures paid from this fund are specifically used to repay bond issuance payments. Specific details regarding these payments can be accessed in Appendix B.

The 1.755 millage rate is subject to change for the 2013 – 2014 fiscal year.

WWTP IMPROVEMENT PROJECT FUND OVERVIEW

This fund collects revenues that are used to make interest and principal payments on bonds which were issued in 2002 for the construction of four 500,000 gallon equalization basins at the wastewater treatment plant [specific bond repayment information can be accessed in Appendix B].

These revenues are generated from the \$1.75 per 1,000 gallons SSO charge levied against users of the Village's sanitary sewer system.

The following revenues, expenditures, and fund balances are projected for this fund for the 12-13 FY and 13-14 FY:

	<u>2012 – 2013 FY</u>	<u>2013 – 2014 FY</u>
Revenues	\$108,034	\$96,900
Expenditures	\$127,969	\$131,118
Ending Fund Balance	\$81,065	\$46,847

The following assumptions were used for the details contained within this fund follow:

- Revenues generated from the SSO rate will decrease between 10.3% [this is more conservative than the general fund due to the fact that this is collected specifically for the repayment of bond principal and interest payments]. The conservatism of the decrease is also based upon how rate payments are collected.
- The principal and interest payments will remain unchanged from Appendix B.

The revenues collected in and expenditures paid from this fund are specifically used to repay bond issuance payments. Specific details regarding these payments can be accessed in Appendix B.

The projected SSO charge of \$1.75 per 1,000 gallons for the 2013 – 2014 fiscal year is subject to change.

DWRF WATER TOWER FUND OVERVIEW

This fund collects revenues that are used to make interest and principal payments on bonds which were issued in 2007 to construct the Village's water tower [specific bond repayment information can be accessed in Appendix B].

These revenues are generated from a 2.4800 mill rate that is based upon the taxable value of the Village.

The following revenues, expenditures, and fund balances are projected for this fund for the 12-13 FY and 13-14 FY:

	<u>2012 – 2013 FY</u>	<u>2013 – 2014 FY</u>
Revenues	\$122,202	\$120,540
Expenditures	\$122,673	\$125,822
Ending Fund Balance	\$37,265	\$31,983

The following assumptions were used for the details contained within this fund follow:

- Revenues generated from the millage rate will decrease by 1.36% [this is more conservative than the general fund due to the fact that this is collected specifically for the repayment of bond principal and interest payments].
- The principal and interest payments will remain unchanged from Appendix B.

The revenues collected in and expenditures paid from this fund are specifically used to repay bond issuance payments. Specific details regarding these payments can be accessed in Appendix B.

The 2.4800 millage rate is subject to change for the 2013 – 2014 fiscal year.

INSPECTION FUND OVERVIEW

The Village operates an inspection fund for the purposes of tracking monies owed to Village inspectors and permit clerks for services rendered during permitting processes.

The following revenues, expenditures, and fund balances are projected for this fund for the 12-13 FY and 13-14 FY:

	<u>2012 – 2013 FY</u>	<u>2013 – 2014 FY</u>
Revenues	\$23,250	\$23,250
Expenditures	\$23,250	\$23,250
Ending Fund Balance:	\$9,000	\$9,000

It should be noted that this is a pass-through account. As such, it is not expected to maintain a large fund balance and is used primarily for reimbursement purposes. However, it does maintain a small fund balance that is used for purchasing office supplies required for the building department. By law this fund balance can not be too large.

The following assumptions were used for the details contained within this fund follow:

- Permit fees will remain unchanged.
- The monthly stipend will be changed to a yearly stipend during the 2013 calendar year.
- The fund will be self-sustaining.

Note: No debt service requirements are due out of the DDA fund.

SEWER FUND OVERVIEW

This fund collects revenues are used to pay for the operation of the sanitary sewer system and the wastewater treatment plant.

These revenues are generated from a fixed quarterly charge of \$27.00 and consumption charge of \$7.95 per 1,000 gallons levied against users of the Village's sanitary sewer system.

The following revenues, expenditures, and fund balances are projected for this fund for the 12-13 FY and 13-14 FY:

	<u>2012 – 2013 FY</u>	<u>2013 – 2014 FY</u>
Revenues	\$534,700	\$519,700
Expenditures	\$536,660	\$521,900
Ending Fund Balance	\$80,600	\$78,400

The following assumptions were used for the details contained within this fund follow:

- Revenues generated from the sewer rate will decrease by approximately 2.8%.
- Current service levels will remain unchanged.
- Health care expenses for all employees covered under the Village plan will increase by 7.0% during the 13 – 14 FY [on top of a 10% increase during the 12 – 13 FY].
- MERS funding expenses for all employees covered by a collective bargaining agreement will increase by 15.0%.
- Capital improvements project expenses will decrease due to the completion of two major infrastructure projects.

Note: The sewer fund is obligated to make payments on bonds issued for the upgrade of the East St. Clair lift station and system-wide installation of an improved alarm system.

Specific details regarding these bond payments can be accessed in Appendix B. This report assumes the following:

- The principal and interest payments will remain unchanged from Appendix B.

The projected sewer rate of \$27.00 fixed and \$7.95 per 1,000 gallons is subject to change for the 2013 – 2014 fiscal year.

WATER FUND OVERVIEW

This fund collects revenues are used to pay for the purchase of water from the Detroit Water and Sewerage District and for the operation of the Village's water system.

These revenues are currently generated from a fixed quarterly charge of \$30.00 and consumption charge of \$5.25 per 1,000 gallons levied against users of the Village's sanitary sewer system.

The following revenues, expenditures, and fund balances are projected for this fund for the 12-13 FY and 13-14 FY:

	<u>2012 – 2013 FY</u>	<u>2013 – 2014 FY</u>
Revenues	\$430,535	\$440,350
Expenditures	\$428,025	\$437,475
Ending Fund Balance	\$32,510	\$40,375

The following assumptions were used for the details contained within this fund follow:

- Detroit Water and Sewerage District will increase the cost for purchasing water by approximately 8 – 10%. In response, the Village is projecting an increase in the water rate ranging between 3-6% [**this is highly subject to any higher or lower rate increases levied by DWSD during the 2013 – 2014 fiscal year**].
- Current service levels will remain unchanged.
- Health care expenses for all employees covered under the Village plan will increase by 7.0% during the 13 – 14 FY [on top of a 10% increase during the 12 – 13 FY].
- MERS funding expenses for all employees covered by a collective bargaining agreement will increase by 15.0%.
- Capital improvements project expenses will remain constant or decrease slightly.

Note: The water fund is not currently obligated to make bond payments.

The projected water rate of \$30.00 fixed and \$5.25 per 1,000 gallons is subject to change for the 2013 – 2014 fiscal year.

EQUIPMENT FUND OVERVIEW

The equipment fund is an internal service fund, which means that it receives revenues from other Village funds. These funds are deposited into the equipment fund based upon the use of Village equipment [based upon State of Michigan equipment charge rates per hour]. Expenses from this account are used to pay upkeep and maintenance costs associated with maintaining working and operable equipment and vehicles.

The following revenues, expenditures, and fund balances are projected for this fund for the 12-13 FY and 13-14 FY:

	<u>2012 – 2013 FY</u>	<u>2013 – 2014 FY</u>
Revenues	\$112,700	\$112,700
Expenditures	\$112,325	\$112,325
Ending Fund Balance	\$105,375	\$105,375

The following assumptions were used for the details contained within this fund follow:

- Additional equipment will be sold, once it is no longer of valuable service.
- Equipment use will remain constant.
- Health care expenses for all employees covered under the Village plan will increase by 7.0% during the 13 – 14 FY [on top of a 10% increase during the 12 – 13 FY].
- MERS funding expenses for all employees covered by a collective bargaining agreement will increase by 15.0%.
- Equipment purchase expenses will remain constant or decrease slightly.

Note: The equipment fund is obligated to make payments on a loan that was used to finance the purchase of a new Village dump truck. Information regarding this loan can be found in Appendix B.