

**DRAFT BUDGET
VILLAGE OF ELK RAPIDS, MI.
FISCAL YEAR 2014 - 2015
ADOPTED 2-03-2014**

INDEX

PAGE

COVER PAGE.....	1
INDEX.....	2
BUDGET SUMMARY.....	3
GENERAL FUND (101).....	6
GENERAL CAPITAL (401).....	6
MUNICIPAL STREET FUND (204).....	7
MAJOR STREET FUND (202).....	7
LOCAL STREET FUND (203).....	7
BRIDGE STREET BOND (394).....	8
RIVER STREET BOND (398).....	8
WASTE COLLECTION FUND (228).....	8
BUILDING OPERATION & REPLACEMENT (296).....	8
WATER OPERATING FUND (595).....	8
RIVER CROSSING DEBT RETIREMENT FUND (301).....	9
WATER CAPITAL FUND (409).....	9
SEWER OPERATING FUND (590).....	9
SEWER EQUIPMENT FUND (592).....	9
SEWER CAPITAL FUND (405).....	10
HAROR ENTERPRISE FUND (594).....	10
HARBOR CAPITAL FUND (407).....	11
HARBOR CONSTRUCTION FUND (794).....	11
HARBOR DEBT FUND (795).....	11
MOTOR VEHICLE FUND (661).....	11
DOWNTOWN DEVELOPMENT AUTHORITY WEST (790).....	12
DOWNTOWN DEVELOPMENT AUTHORITY EAST (791).....	12

PRIOR YEAR ENDING CASH VALUE: In the revenue section of each fund, you will see a line with the third set of numbers being “699” followed by the words “PRIOR YR/ENDING CASH BALANCE.” This number is just an estimate at this time.

Utility Rates 2014-2015

Water Capital	\$8.70 (flat rate, no change)
Water Rate	\$8.80 (flat rate, no change) \$1.20/1,000 gallons (usage inc. of .04/1000 gal. as of 3/1/14)
Sewer Rate	\$25.00/month (flat rate inc. of \$2.00 capital fee as of 3/1/14) \$3.10/1000 gallons (usage inc. of .35/1000 gal. as of 3/1/14 to capital improvement) \$1.25/1000 Eq. Replacement Cost

Note: The sewer rate increases continue to build a cash balance for the Wastewater Treatment Plant Project. Projected balances at the end of fiscal year 2014-2015 for Sewer Cap, #405, and Sewer Op, #590, are \$158,365 and \$76,349 respectively, for a grand total of \$234,714 to apply to the WWTP project funding.

Capital projects, major maintenance and special costs proposed are:

GENERAL FUND (101)

\$2,000 transferred for park picnic tables
\$45,500 transferred for sidewalk work
\$10,000 for new Zoning Code
Additional part-time administrative staff
Tax revenues increased approx. \$35000
\$11,000 transferred for police vehicle
Transfer to Motor Vehicle Pool increased

CAPITAL FUND (401)

\$8,000 reserved for park picnic tables
\$55,000 for sidewalk repair/replacement
\$6,000 engineering study for the “Chute”
\$2,500 security cameras not spent prior year
\$19,600 for accounting software/hardware
\$33,000 reserved for police vehicle
\$4,000 for library bridge improvements

LOCAL STREET (203)

\$40,000 Brand Street paving project
\$8,800 finish Fourth St./Millers Park project

SEWER CAPITAL (405)

\$220,000 engineering for WWTP design
\$30,000 by-pass pump

SEWER EQUIPMENT (592)

\$40,000 Birch Lake grinder pumps
\$3,500 lift station #14 valve at plant
\$7,500 lift station #4 pumps
\$7,500 time mark controller
\$5,000 #5 pump motor controls

WATER CAPITAL (409)

\$7,000 wellhead protection program
\$6,000 fire hydrant painting
\$7,000 Corpro Cathodic protect. Insp.

HARBOR CAPITAL (407)

\$30,000 fuel line replacement
\$9,000 irrigation replacement
\$20,000 Replace bathhouse roof
\$50,000 dredging (sand)

MOTOR POOL (661)

\$23,300 pick-up truck
\$6,500 snowplow repair

HAROR CONST. (794)

\$1,920 dredging (clay) clean-up

DDA

\$20,000 economic development services
\$2,500 publications/promotions

General Fund (101)

The General Fund is the most important fund of the local unit of government since it is used to account for all revenues, expenditures and activities not specifically provided for in other funds. Most of the current activities of the local unit of government are accounted for through this fund, which covers a wider range of activity than other funds. The general fund receives a greater variety of revenues, such as general property taxes, license fees, fines, penalties, permit fees, state aid and grants, federal grants revenues from use of money and property, charges for current services and other revenues.

As noted in the computer budget print out, the majority of revenue in the General Fund comes from ad valorem taxes. We will not know our exact taxable value until later this year. Any percent of increase will include both new constructions; state allowable consumer price increase and sales as well as any allowable deductions. For state revenue sharing, I have used the most recent figures from the Department of Treasury. It is proposed that there be a transfer of revenue from Major Street, Local Street, Water Operation, Sewer Operation, Harbor, DDA, Equipment and Refuse to the General Fund for the purchase of general supplies and materials, and to help fund maintenance costs of the Government Center.

You will note that the proposed income for this budget year balances with expenditures. It is my recommendation that council retain any year-end fund balance for cash flow during this budget year. Prior to tax collection, our cash reserve can drop at times to 25K. After a final determination is made of year-end cash balance, and it is determined that there is excess cash over what is necessary for cash flow, there is a possibility some of those funds could be designated to General Capital for other expenses.

General Capital (401)

The Village of Elk Rapids General Capital Fund is used to account for the receipt and disbursement of monies for acquisition of capital facilities, capital improvements and other major purchases other than those financed by Special Assessment and Enterprise Funds. All revenues come from transfers from the General Fund, receipts from Cable Franchise, METRO fees, rental of the Third Street parcel, and monthly penalty payments from Speedway related to on-going contamination clean-up of that same parcel. We are anticipating total penalty payments this year of \$40,000 if the clean-up is not completed.

Street Funds

The Village of Elk Rapids budget consists of five street funds; they are 204 Municipal Street Fund, 202 Major Street Fund, 203 Local Street Fund, 394 Bridge Street Bond, and 398 River Street Bond. These funds, although separated for specific purposes, make up the operation of the entire street program for the village. The street program is generally a self-supporting fund and is classified as a special revenue fund. The street fund is not entitled to receive revenue from the general fund.

204 Municipal Street Fund:

This fund is self-balancing, and is used for street operations not provided for under the provisions of Act 51. The majority of revenue comes from our street tax. The proposed millage rate is slightly lower than last year. The largest direct expenses will be for street lighting, Bridge street debt and a TIFA transfer.

202 Major Street Fund

This fund is to be used (1) to receive all Major Street revenues paid to villages by the state, (2) to account for construction, maintenance, and winter operations pertaining to all streets classified as "Major" streets within the village, (3) to receive monies from a special tax levied for street improvement purposes. The village presently has 6.36 miles of Major Street.

Most of the activities titled here need no explanation. For gas and weight tax we are using the most recent Department of Transportation figures. A majority of revenue can come from a transfer from the Municipal Street Fund. Most expenses are typical.

203 Local Street Fund

This fund is to be used (1) to receive all Local Street revenues paid to villages by the State, (2) to account for construction, maintenance, traffic services, and snow and ice control on all streets classified as "Local Streets" within the local unit of government (this includes construction done from money raised by special assessing property owners for street improvements) and, (3) to account for special taxes levied for street purposes. There are 11.48 miles of local street.

We are using the Department of Transportation's most recent figures for gas and weight tax revenue. Revenue from Municipal Street is transferred to help balance this budget. Construction is planned to repave Brand Street and finish the Fourth St/Millers' Park project (after a water main improvement project in previous fiscal year).

394 Bridge Street Bond

This fund is used to pay for bonds on the South Bridge Street project. It receives a revenue transfer from fund 204, Municipal Street. Also see attached Debt Retirement Schedule.

398 River Street Bond Debt.

This fund collects money from Municipal Street and Water Capital to pay for River Street Debt. The debt was refinanced in 2013 at a much lower interest rate. Also see attached Debt Retirement Schedule.

Waste Collection Fund (228)

This fund is a self-balancing account, which is used to account for tax dollars which pay for the operation of the Compactor. The fund is classified as special revenue because of the comparatively limited usage of assets. The majority of revenue comes from two different sources: property taxes and compactor fees (bag purchases). The prime expense is for contracting of refuse removal and site maintenance.

Building Operation and Replacement Fund 296

The purpose of this fund is to collect revenue from the village general fund and Elk Rapids Township for the general operation of the governmental center. Cost sharing is for various utilities, building cleaning, snow removal, lawn mowing, etc.

Water Funds

The Village of Elk Rapids budget consists of three water funds: 595 Water Operating Fund, 301 River Crossing Debt Retirement, and 409 Water Capital Fund. These funds, although separated for specific purposes, make up the operation of the entire water program for the village. The water program is a self-supporting fund (Enterprise Fund), which does business with individuals and firms outside other departments.

595 Water Operating Fund:

This fund is the nuts and bolts of the water system. It collects the majority of its revenue (approx. 90% +/-) from water customers for water used. The revenue is expensed out for the general operation and up-keep of the system. Money can be transferred to the other two water funds to help pay for debt or improvements, in the case of the Water Debt Fund or the Capital Fund. A slight increase in water usage fee (\$.04/1000 gallons used) will be in effect as of March 1, 2014. There are no out of the ordinary expenses this year.

301 River Crossing Debt:

This fund is used for debt retirement of the river-crossing water project that was completed in 2000. The revenue is received through a voted tax on the summer tax bill. The tax is adjusted slightly each year to reflect the necessary income needed for that year's debt payment. This millage rate for this fund has been reduced from last year due to the 2013 refinancing of this debt at a much lower interest rate and an accumulation of bank interest in this fund. See attached "Debt Retirement Schedule."

409 Water Capital Fund:

Capital Project Funds are used to account for the receipt and disbursement of monies for the acquisition of capital facilities, other than those financed by Special Assessment and Enterprise Funds. The revenue received by this fund is through a fee placed on the water bill. It will be expensed out as the need arises to replace existing water infrastructure or for building new water facilities. Some of these revenues can be transferred to the Debt Fund. Money is received from benefit charges and the monthly \$8.70 capital charge. In addition, water tower rental receipts go into this fund.

Sewer Funds

The Village of Elk Rapids budget consists of three sewer funds: 405 Sewer Capital Fund, 590 Sewer Operating Fund and 592 Sewer Equipment Fund. These funds, although separated for specific purposes, make up the operation of the entire sewer (generally not storm sewer) program for the village. The sewer program is a self-supporting fund (Enterprise Fund), which does business with individuals and firms outside other departments.

590 Sewer Operating Fund:

This fund is the nuts and bolts of the sewer system. It collects the majority of its revenue from sewer customers. The revenue is expensed out for the general operation and up-keep of the system. Money can be transferred to the other two sewer funds to help pay for debt or improvements.

Our proposed rates as of March 1, 2014 are \$25.00 flat monthly fee per customer and \$3.10/ 1,000 gallons used. These proposed increases are necessary as we begin to build up our cash balance for the replacement of our ailing wastewater treatment facility. One major expense is the loan repayment to fund 592 for the building of the Government Center; this loan will be paid in full in the fiscal year 2015-2016.

592 Sewer Equipment Fund:

This fund was created for the purpose of collecting usage revenues on the monthly utility bills. As of March 1, 2014, the fee will remain at \$1.25/1000 gallons used and is necessary to help replenish the fund balance due to major expenses at the wastewater treatment plant in the past few years. The money is used as a depreciation account to fund major equipment replacement at the sewer treatment facility. Gosling Czubak created an amortization schedule on the majority of equipment and the process was approved by the Department of Environmental Quality. The list is reviewed each year and adjustments made to upgrade the treatment plant infrastructure. We are presently updating this list.

405 Sewer Capital Fund:

Capital Project Funds are used to account for the receipt and disbursement of monies for the acquisition of capital facilities other than those financed by Special Assessment and Enterprise Funds. The revenue received by this fund is through a benefit charge fee placed on new sewer customers, and transfers of recent increases in flat (\$62,640 this year) and usage (\$42,240 this year) fees from Sewer Operation. It will be expensed out as the need arises to replace existing sewer infrastructure or for building the new sewer facility. Some of these revenues can be transferred to the Debt Fund.

Harbor Funds

The Village of Elk Rapids has four harbor related funds: 407 Harbor Capital, 594 Enterprise Harbor, 795 Harbor Debt and 794 Construction. These funds, although separated for specific purposes, make up the operation of the entire harbor operation program for the village. The harbor program is a self-supporting fund and as such receives no tax dollars.

594 Harbor Enterprise:

This fund is a self-balancing and self-supporting fund that does business with individuals and firms outside the local unit departments and is therefore classified as an enterprise. The establishment and authorization of this type of operation is accomplished by a resolution of the local unit or by special vote of the people. Money for harbor operation can be supplied by: (a) a loan or advance from the general fund; (b) bond proceeds from the sale of revenue bonds; and (c) revenues received from use of these facilities. Historically, the only revenue used has been item (b) and (c). Revenue for this fund comes through a multitude of sources; however, the primary source is that of contracts for slips. The State Waterways Commission sets the lower harbor rates; we can go higher, but not lower. Lower harbor fees increased slightly in 2013 while the Upper Harbor fees stayed the same.

Expenses are somewhat typical this year. This fund will transfer \$114,000 to fund 407 (an increase from last year) and \$125,000 to fund 795 (a decrease from last year) for debt repayment.

407 Harbor Capital:

Capital Projects Funds are used to account for the receipt and disbursement of money for the acquisition of capital facilities. The revenue received by this fund is through transfers from Harbor Enterprise. It will be expensed out based on the five-year plan as approved and as funds are available. Revenues received in this fund only become available when Harbor Enterprise and Harbor Debt have been satisfied. In 2014, projects include fuel line replacement, lower harbor irrigation replacement, a new roof on the bath house, and the annual hydraulic dredging.

794 Harbor Construction:

As of this date, the only budgeted item is to finish the clean-up of the mechanical dredging which took place in fiscal year 2013-2014.

795 Harbor Debt:

Harbor Debt is used only for the recording and payment of debt incurred by the Harbor. Revenue is received from seasonal slip fees. See attached "Debt Retirement Schedule".

Motor Vehicle (661)

The Motor Vehicle Fund is a self-balancing group of accounts which are used to account for monies necessary for the operation of a motor vehicle pool. This fund is classified as an intergovernmental service fund because it performs services for and/or provides commodities to other departments. The General Fund, Major and Local Street Funds, Refuse Fund, Waste Fund and Sewer Fund supply money for the operation of this fund. The amount charged to each fund is based on the required need in the Motor Vehicle Fund relative to each fund's past history of actual usage.

These budgeted transfer amounts will be automatically completed over the course of the year. We intend to purchase a pick-up truck, and make necessary repair to the L8000 snowplow.

Downtown Development Authority

The Village of Elk Rapids presently has one Downtown Development Authority Fund - D.D.A. (791). The DDA West (790) expired in fiscal year 2008-2009, and all monies have since been expensed. The new DDA (formerly DDA East) includes two (original D2 and new D3) Tax Increment Finance Districts. The authorities are established by local legislation according to Public Act 197 of 1975. Monies to support D.D.A. projects are generated through the Tax Increment Finance Districts. Authorities may also tax themselves up to and including 2 mills.

791 Downtown Development Authority

TIF revenues are not yet known for 2014. Estimates have been made for budgeting purposes. The DDA will continue, at least temporarily, the EDC funding and provide revenue for administrative costs. In addition, this district will reimburse revenues that are collected over Attachment 16 of the D2 district. (The DDA had its boundaries amended and a new Tax Increment Finance District, D3, implemented in 2011. The base year for the new TIF is December 2010. It is not known yet what revenues this district will see in 2014, although a slight increase over the 2013 amount is expected. When the tax base does increase, it will not automatically include any tax collection from millage levied by Antrim County.)

Attachments:

Debt Retirement Schedule,