

//BUDGET NARRATIVE
3/21/18
ONTWA TOWNSHIP
PROPOSED FISCAL YEAR 2018-2019

This document details the development of the proposed FY 2018-2019 Operating Budget for Ontwa Township, Cass County, Michigan. Adjustments to this proposed budget are possible before the final adoption at a BOT Meeting on or before March 21, 2018

REVENUE BUDGET

The level and quality of services provided by a township are driven directly by the funding the municipality receives. Similar to almost all townships in Michigan, Ontwa Township receives the bulk of its funding via State Shared Revenue Allocations and from a small Township Operating Millage levied on the Winter Tax bill only.

Total projected revenues of \$891,420 for FY 2018-2019 vs. last year's projection of \$900,911 a decrease of \$9,480. The estimate of this decrease comes mainly from a projected decrease of \$50,000 in Real Property Taxes.

Township revenue consists of property taxes, licenses, state shared revenue, interest, rents, cable franchise fees, ambulance loan and miscellaneous income. Without the estimated decrease in Real Property Taxes we actually would be showing an increase of \$40,520 in revenue. This increase comes from a combination of factors including an increase in state revenue, and building income.

Past Policy Actions Affecting Revenue Levels

- Not levying the 1% Tax Administration Fee on Tax Bills. Unlike many other townships in Cass County, Ontwa Township has not used its authority to charge the 1% collection fee. For the 2018-2019 FY, the Board of Trustees has once again decided not to assess this fee on the property owners of Ontwa Township.
- Headlee Roll-Back continues. By law, Ontwa Township is entitled to levy up to a 1.000 millage for Township Operating Costs. Due to the Michigan Constitution Headlee Amendment, the Headlee Roll-back provisions have reduced the millage to approximately 0.7400. If the 1.000 millage was assessed, Ontwa Township would receive about \$60,000/yr more in revenue for improved township services, infrastructure development, roads, and/or parks/recreation programs. Michigan law permits a Township the opportunity to "reset" their Millage back to 1.000 via a Headlee Reset Ballot Initiative. The current Board of Trustees has decided not to initiate a "reset ballot initiative" for the 2018-2019 FY. Although permitted by law this would represent *a tax increase* that is not needed because of our strong financial condition.

- The State Shared Revenue estimate has been adjusted upward to \$430,000 from \$410,000, an increase of \$20,000. We used the State of Michigan website method to estimate the amount of State Constitutional Mandated Shared Revenue and the State Statutory Shared Revenue amounts for the next fiscal year. This increase does not represent a tax increase on the individual taxpayers.

EXPENSE BUDGET

The current Board of Trustees fully embraces its responsibility to spend wisely as it provides quality township services, builds infrastructure development, cares for roads, and/or parks/recreation programs. The township board has worked to develop projected expenses of \$953,713 for the next fiscal year compared to budgeted expenses \$911,859 for the current fiscal year to end on 3/31/2018. That represents an increase of \$41,854 over the previous fiscal year. The biggest budget increases come from road repair increasing to \$175,000 in 2018-2019, from a budget of \$135,000 in 2017-2018 and on repairs/additions/improvements under Building and Grounds from a budget of \$10,000 in 2017-2018 to \$39,000, an increase of \$29,000.

Township Board – Activity 101

The township board is the legislative body of township government. The Board of Ontwa Township consists of seven members, all of whom are elected for four-year terms. The board consists of the supervisor, clerk, treasurer, and four trustees. It has the authority to adopt ordinances and set township policy. It is the duty and responsibility of the township board to formally adopt the township budget after the required public hearing. Expenses include salaries of the trustees, association dues, education and training costs, and miscellaneous expenses as shown on the proposed budget.

Office Management--Activity 104

The Township has added \$10,000 additional dollars in office equipment because of the probable need for a new printer/copier.

Township Supervisor – Activity 171

The supervisor is the elected chief executive of the township. Duties and responsibilities include: chairman of the township board; sign/execute all contracts approved by the board; direct the timely preparation of the township budget; manage the budget after formal adoption by the board; oversee the assessing activity. Expenses include salaries and wages, office supplies, mileage and travel expense, education and training, and miscellaneous expense.

Elections – Activity 191

Elections are the function and are supervised by the township clerk. The township, by statute, must bear the expenses of all general elections, including wages paid to election

inspectors, ballots and supplies, related mileage expense, purchase and servicing of voting machines, printed election notices, etc.

Assessor – Activity 209

The assessor is appointed by the township board and serves at the pleasure of the board. This individual must be certified at the required state level. Responsibilities include annual assessment of all real and personal property of the unit, maintenance of a property assessment record, preparation of assessment and tax rolls, and certification of tax rolls. Expenses include salaries and wages, maps and supplies, printing/mailing of assessment and tax rolls, mileage and travel, education and training and miscellaneous expenses. The increased cost associated with this position reflect the elimination of some benefits and an increase in responsibilities to include physical review of 20% of real and personal property within the township each year. We are in the fourth year of this program. The on-site review of property/parcels is a State of Michigan priority, and it may increase tax revenue in future years. Our Township Assessor has received his level 3 certification in the 2017/2018 budgeted year.

Township Attorney – Activity 101-810, and 210

Policy Recommendations for Board Action

As in past years the firm of Bauckham, Sparks, Thall, Seeber, & Kaufman P.C. continues to act as the Ontwa Township attorney.

Township Clerk – Activity 215 The township clerk is an elected member of the township board. Duties and responsibilities include clerk of the board with responsibility for minutes of meetings, detailed accounting records, preparation of financial reports, supervision of the election function and general record keeper of the township. The clerk is normally the individual contacted by outside sources regarding township business/services, receives bills from vendors, correspondence from the State of Michigan and federal government. Expenses include wages and salaries, office supplies, mileage and travel, education and training, and miscellaneous expenses.

Township Board of Review-Activity 247

The Board of Review (BOR) is a required function and meets during three short periods each calendar year. The BOR handles appeals to Property Tax Classification, Equalized Values, PRE, Hardship Exemptions, and more

Township Treasurer-Activity 253

The township treasurer is an elected member of the township board. Duties and responsibilities include being custodian of all monies and investments belonging to the township, recording cash and investments and funds to where they belong, collecting and distributing annual property tax levies and investing surplus funds in accordance with

township policy. Expenses include salaries and wages, postage and office supplies, mileage and travel expenses, education and training, and miscellaneous expenses.

Policy Recommendations for Board Action

Permit the treasurer to deposit/invest with any bank or lending institution within the county, including banks and credit unions. The treasurer is also permitted to invest in securities of the U.S. Government and/or in prime commercial paper without prior board approval of each transaction. Monthly reports from the treasurer reflecting the status of cash and investments are provided.

Explanation of Changes in Costs

Office Supplies budget reflects tax notices and postage for summer tax collections (costs reimbursable, but must be budgeted). We also are showing the cost of tax roll printing and maintenance. The salary committee has recommended salary increases for elected officials using the midpoints of all Townships through out the state with similar taxable values as a guide. A 2.25% salary increase has been given to the supervisor, clerk, treasurer, and the office manager. This is the fourth year that the Township has opted out of paying health benefits. The trustee yearly salary of \$3,360 was increased to \$3,600. The Township Deputy Clerk, Treasurer, and Supervisor hourly salaries are being increased from \$12.25 to \$13.00 which is below midpoint with other Deputy salaries within the State. Township board members will be receiving a \$5 increase for meeting attendance. The zoning administrator salary was increased from \$13,750 to \$15,000. A new code enforcement position has been established with a salary of \$5,000. This responsibility has been assigned to the zoning administrator.

Township Building and Grounds-Activity 265

This activity, or cost center, is charged with costs related to the operation and maintenance of the buildings and grounds that house the administrative offices of the township and our ambulance service. Expenses include custodial services, trash disposal service, supplies for photocopying machine used by all offices, telephone expenses for all offices, utilities (gas & electric), maintenance and repairs, machinery and equipment necessary for operations of the cost center. We are adding an additional \$30,000 to the budget for major repairs and renovations to the building and grounds.

Cemetery Activity E10-40 This activity is used to partially fund the maintenance of the Adamsville Cemetery. Our annual charge is \$2,000.

Police-Activity E10-45

This activity is used to account for the Township's contribution to the Edwardsburg/Ontwa Police department that is governed by a inter-local agreement between Ontwa Township and the Village of Edwardsburg. A very small portion of this account area is for "pass through funds" like the Liquor License revenue. The Police Department is an independent agency overseen by the Police Board and is comprised of

two members from the township, two from the Village of Edwardsburg and a citizen member at large. The Police Department has its own budget and prepares the required end-of-year audits required by the state. The expenditure for the Police Department of \$157,000 taken from general revenue represents the second largest expenditure by Ontwa Township this year. The inter-local agreement allows for this funding level to be reviewed and adjusted in conjunction with the Village of Edwardsburg that also provides large funding to the Police Department.

Policy Recommendations for Board Action

The \$157,000 provided each year from the General Fund is the result of an agreement reached years ago. This expense means the Police Department is not funded solely via a dedicated millage. This is to be contrasted with the current Ambulance and Fire Services that do operate on a millage basis without agreements to draw from the Township General Fund.

Streets-Activity E-10-50

This activity supports street light and road maintenance throughout the Township. There is a Special Assessment District for street lights in the Regal subdivision.

Past Policy Actions Affecting Service Levels or Current Costs

The Cass County Road Commission is providing matching funds to Townships of 10% to 50% for various services. There are no Road Repair Special Assessment Districts in Ontwa at the current time. The BOT recognizes the importance of maintaining our local roads and the 2018-2019 budget increases the Ontwa Township commitment from \$89,000 in 2016-2017 to \$135,000 in 2017-2018 and \$175,000 in the current 2018-2019 budget.

Township Waste Collection-Activity 265-926

This is primarily the cost of the two (2) annual “Clean-up Days” as a service for residents of Ontwa Township to dispose of unneeded items at the township hall. Because of its growing popularity we are budgeting \$9,000 once again for this line item. Also included is the routine trash removal from township facilities.

Ambulance/Fire Protection-Activity E10-60s

Ambulance and Fire protection for Ontwa Township is supplied by the Edwardsburg Fire Department, and the Edwardsburg Ambulance Service. These are separate Inter-Local Agreement Agencies and are funded almost entirely by a tax millage. Each service has its own budget and prepares required end-of-year Audit Reports for the State. The Fire Department is an all volunteer department that also supplies services for the Village of Edwardsburg, and a portion of Jefferson and Milton Townships through an inter-local agreement. The fire department is overseen by a seven member board comprised of two members from each township and a member at large from the covered areas.

Planning Commission-Activity 807 & 410

This activity, or cost center, is charged with costs related to the long-range planning functions of the township. In 2017 we completed an updated master plan and an amendment on ordinances and rules regulating land.

Building Inspections-Activity 371

This activity is used to account for salary for zoning and building inspections, and pay for electrical, plumbing, and mechanical inspections. Payment for inspectors follows the 80%-20% guidelines from the State of Michigan. 80% of fees collected go to the inspectors, and 20% remain with the township to cover the fixed costs of this service.

Parks-Activity 751

Activity used to account for the salaries, payroll taxes, supplies, maintenance and utilities needed to operate and maintain the Township’s Park system. We continue to support the complete streets investment with a continuing \$25,000 yearly investment in the program. This is a restricted fund only to be used for bike and hiking trails. We also are budgeting \$10,000 for park maintenance compared to \$5,000 the previous year.

BUDGET SUMMARY

The total projected income for 2018-2019 is -- \$891,420
The total projected expenses for 2018-2019 is- \$953,713
Difference \$62,293.00

The difference of \$62,293 is projected in our March 31, 2019 ending fund balance total of \$888,951.

Explanation of fund balance

Estimated General Fund Balance as of April 1, 2018 is projected to be at \$951,244
The Estimated General Fund balance at the end of March 2019 is projected to be approximately \$888,951

Jerry Marchetti
Ontwa Township Supervisor