

**BUDGET NARRATIVE**  
**3/28/17**  
**ONTWA TOWNSHIP**  
**PROPOSED FISCAL YEAR 2017-2018**

This document details the development of the proposed FY 2017-2018 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 28, 2017

**REVENUES 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 \$900,900 for FY 2017-2018 vs. last year's projection of \$754,750, an increase of \$146,150. The majority of the change is based on the current revenue estimates for the 2017-2018 fiscal year, real property tax estimate, and cable fees. We also added the \$40,000 ambulance payment as income versus last year as an expense reduction.

Township revenue consists of property taxes, licenses, state shared revenue, interest, rents, cable franchise fees, and miscellaneous income. This increase comes from a combination of factors including an increase in revenue from property taxes, state revenue sharing, building income, and increase in cable fees.

**Past Policy Actions Affecting Revenue Levels**

- Not levying the 1% Tax Administration Fee on Tax Bills. Unlike almost all other townships in Cass County, Ontwa Township has not used its authority to charge the 1% collection fee. For the 2017-2018 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 2017-2018 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 \$410,000 from \$392,000, an increase of \$18,000. 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.

## **Explanation of Changes in Revenues for FY 2017-2018**

- No significant increases in tax revenues due to 'Headlee' rollbacks.
- There is a slight increase in revenue in the two (2) largest sources (State Shared Revenue and local operating millage) of funding township operations. This increase does not represent a tax increase on the individual tax payer.

## **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 \$911,859 for the next fiscal year compared to budgeted expenses \$881,302 for the current fiscal year to end on 3/31/2017. That represents an increase of \$30,557 over the previous fiscal year. The biggest budget increase comes from road repair 101-930 increasing to \$135,000 from a budget of \$105,000 in 2016-2017.

In preparing the expense projection for next fiscal year, the Board has assumed the following:

### **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 power 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 will be investing \$12,000 in updating our computers and server which has been added to the budget.

## **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.

### **Policy Recommendations for Board Action**

A policy and procedures manual has been prepared for the township. The purpose of this manual is to establish Board and Supervisor responsibilities, Township Board and policies and Procedures, Ethics Policy, Financial Administration, Personnel Administration and Records Management.

## **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. Some new voting equipment will be required this year. The total cost of \$12,000 is included in the budget.

## **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 third 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 this 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 should also be 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 all elected officials using the midpoints of all Townships through out the state with similar taxable values. The midpoint for the supervisor is \$26,546, Because of this the supervisors salary of \$21,075 was increased to \$23,604. The clerks salary of \$21,075 was also increased to \$23,604. The treasurers midpoint is \$28,500 and the treasures salary was increased from \$24,075 to \$26, 604. The salary for waste water work for the clerk and treasurer was not changed but was rolled into their regular salaries. This is the third year that the Township has opted out of paying health benefits. The trustees salary of \$3,000 was increased to \$3,360 which is the midpoint for trustees. The Township Deputy Clerk, Treasurer, and Supervisor salaries are being increased from \$11.00 to \$12.25 which is comparable with other Deputy salaries within the State.

### **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. 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.

**Cemetery Activity E10-40** This activity is used to partially fund the maintenance of the Adamsville Cemetery. Increase of \$1,000 was incorporated into last year's budget. This was the first increase in more than a decade.

### **Police-Activity E10-45**

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 represents the single largest expenditure by Ontwa Township representing almost 20% of the available revenue each 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 has maintained the same 90-10 match as FY 2016-2017. This is down considerably from previous years where the township received 30% in matching road funds. This increases the cost to the township for normal road repair

and maintenance. There are no Road Repair Special Assessment Districts in Ontwa at the current time. The CCRC reduction to 10% will force increase costs for Ontwa in the years ahead. The BOT recognize the poor condition of our local roads and the 2017-2018 budget increases the Township commitment from \$89,000 in 2016-2017 to \$135,000 in 2017-2018. Attached is a listing of the local roads that the Township will be repairing.

### **Township Waste Collection-Activity 526**

This is primarily the cost of the two (2) annual “Clean-up Days” for residents to dispose of unneeded items at the and routine trash pickup at the township hall. Because of its growing popularity we are budgeting \$9,000 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.

### **Explanation of Changes in Costs**

The increase in costs reflect the decision for the board to increase meeting to once per month up from every other month to better track on going issues. The ambulance meets on the second Tuesday @ 6:30pm at the Village Hall.

### **Planning Commission-Activity 807 & 410**

This activity, or cost center, is charged with costs related to the long-range planning function of the township.

### **Past Policy Actions Affecting Service Levels or Current Costs**

Prior year funding reflected financial resources made available to implement the Master Plan that was adopted in November 2011. The Master Plan is being updated this year and a public hearing will be scheduled for late spring. The additional cost is reflected in the budget.

### **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 the inspector, 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.

### **Policy Recommendations for Board Action**

The township had a (5) year Parks & Recreation Master Plan for the period 2002-2007. The plan has been updated in 2015. The Michigan Natural Resource Trust Fund will only award grants to municipalities that have a current Recreation Plan that meets State-wide Standards. The state grants can be used for trails, parks, and other recreational areas. Local "matching funds" are almost always required. The Board will consider funding and initiating an update to the prior "Parks Plan", as well as designating restricted funds for future use. We have added complete streets, (\$25,000) which was approved by the board as a restricted fund to be used for bike and hiking trails

### **BUDGET SUMMARY**

The total projected income for 2017-2018 is -- \$900,900.

The total projected expenses for 2017-2018 is- \$911,859.

Difference \$10,959

The difference of \$10,959 is projected in our March 31, 2018 ending fund balance total of \$889,418.

### **Explanation of fund balance**

Estimated General Fund Balance as of April 1, 2017 is projected to be at \$900,377.

The Estimated General Fund balance at the end of March 2018 is projected to be approximately \$889,418.

Jerry Marchetti  
Ontwa Township Supervisor