

# 2016 Budget

for the

*Charter*  
***Township***  
*of Kalamazoo*

Kalamazoo County, Michigan

*Our mission is to provide government services that promote a safe, healthy accessible,  
and economically viable community to live, work, learn, and play.*

## Charter Township of Kalamazoo

### Board of Trustees

Supervisor .....	Ronald E. Reid
Clerk .....	Donald Z. Thall
Treasurer .....	George E. Cochran
Trustee .....	Pamela Brown Goodacre
Trustee .....	Steven C. Leuty
Trustee .....	Donald D. Martin
Trustee .....	Mark E. Miller

### Department Heads

Assessor .....	James Yonker
Fire Chief .....	David Obreiter
Police Chief .....	Timothy S. Bourgeois

## To the Kalamazoo Township Community

The Charter Township of Kalamazoo Board of Trustees is pleased to present to you the Township's 2016 Annual Budget. This budget was prepared in accordance with the Michigan Uniform Accounting and Budget Act as well as the Charter Township Act of Michigan. The budget is balanced, meaning revenues plus appropriated fund balances equal or exceed expenditures and all funds have positive fund balances.

The funds included in the budget document include:

- General including Fire & Police
- Park/Recreation
- Street Lighting
- Recycling/Rubbish Collection
- Drug Enforcement
- Police Training
- 911 Wireless
- Road Debt Service
- Police Capital Improvement
- Fire Capital Improvement

## 2016 Budget Preparation Calendar

- May-July Develop proposed 2016-2021 Capital Improvement Plan (CIP)
- July Notify Department Heads of Budget calendar & provide budget worksheets
- 03 August Department Heads submit proposed budget requests
- 06 August Planning Commission considers and adopts Township's 2016-2021 CIP
- 10 August During this week, meetings are held with each department regarding budget requests
- Mid-August Supervisor and Assessor prepare SAD assessment roll and submit to Clerk for the following:
  - Fire Protection (Capital) – 1 mill
  - Police Protection (Capital) – .6 mill
  - Police Protection (Operating) – 1.4 mills
  - Street Lighting - .62 mill
  - Solid Waste Collection, Disposal and Recycling - \$60/parcel
- Late August Publish Notice and schedule hearing on the rolls for the Board's first regular meeting in Sept. (14 Sept.)
- 03 September Planning Commission adopts 2016-2021 CIP (back-up date)
- 14 September Board holds public hearings on SAD assessment rolls. Possibly adopt resolution approving SADs.
- 21 September Board holds Budget workshop (Third Monday – special meeting)
- 28 September Board adopts resolution approving each SAD (back-up date)
- 28 September Board adopts 2016-2021 CIP
- 30 September (at the latest) Assessor & Treasurer submit form L-4029 millage levy to County
- 12 October Board schedules public hearing on budget for second Monday in November
- 19 October Board holds Budget workshop (Third Monday – special meeting)

- Late October Publish Notice and schedule hearing on the proposed budget for the Board's first regular meeting in November.
- Late October The proposed budget to be available for public inspection.
- 09 November Board holds public hearing on proposed budget.
- 30 December Board adopts budget resolution.

## **2016 Budget and the Township Strategic Plan**

The Charter Township of Kalamazoo Board of Trustees undertook a thorough strategic planning process starting in early 2015. The strategic plan which, was adopted in June 2015, will guide the Township over the next three years as the Township moves toward meeting its mission to “provide government services that promote a safe, healthy accessible, and economically viable community to live, work, learn, and play.”

This effort included the development of five strategic goals that were adopted by the Board. The 2016 budget process was aligned and incorporated funding to assist in funding strategies and tactics that support the 2015 Strategic Plan. For example:

### **Goal 1: Vibrant strong community and neighborhoods**

2016 budget consequence:

1. Increase of \$38,000 to address demo of blighted buildings account 101-310.811.00
2. Increase of \$10,000 to address Planning & Zoning support account 101-400.811.00

### **Goal 2: Strong community identity and engagement**

2016 budget consequence:

1. Increase of \$4,000 to address blight ordinance review account 101-400.827.00

### **Goal 3: Efficient and effective operations**

2016 budget consequence:

1. Decrease of \$3,500 to Supervisor wages account 101-171.701.00 and related fringe benefit accounts
2. Decrease of \$3,500 to Clerk wages account 101-215.701.00 and related fringe benefit accounts
3. Decrease of \$3,500 to Treasurer wages account 101-253.701.00 and related fringe benefit accounts
4. Increase of \$37,500 to Manager wages account 101-175.701.00 and related fringe benefit accounts

### **Goal 4: Diverse and inclusive neighborhoods and governmental services**

2016 budget consequence:

1. No change of existing budgeted funds but now deployed to support goals.

#### **Goal 5: Financial stewardship**

2016 budget consequence:

1. No change of existing budgeted funds but now deployed to support goals.

#### **Funds 101, 206 & 207 – General, Fire & Police Funds**

These Funds are used to account for all financial transactions not accounted for in another fund. This fund contains the general operating expenditures of the local unit including general government services, tax collections, election administration, public safety (police and fire protection), assessing, and general maintenance for the parks, cemeteries, and buildings expenditures. Revenues are derived primarily from property taxes, State of Michigan distributions, interest revenue, and charges for services. See Table 1 for the itemization of 2016 revenues and expenditures, including its respective percentage of the total revenue or expenditures.

**Table 1 – FY 2016**

Revenues			
	Taxes	\$ 4,062,595	48.9%
	Federal Grants	\$ 35,550	0.4%
	State Grants	\$ 2,201,379	26.5%
	Intergovernmental	-	
	Fines and Forfeitures	\$ 40,300	0.5%
	Licenses and Permits	\$ 253,500	3.1%
	Charges for Services	\$ 521,600	6.3%
	Interest and Rentals	\$ 45,500	0.5%
	Other Revenue	\$ 591,738	7.1%
	Interfund Transfers (in)	\$ 558,353	6.7%
	Total Revenues	<u>\$ 8,310,515</u>	100%
Expenditures			
	Legislative	\$ 86,600	1.0%
	General Government	\$ 1,721,260	20.7%
	Public Safety- Fire	\$ 1,514,150	18.2%
	Public Safety- Police	\$ 4,649,305	55.9%
	Public Works	\$ 215,000	2.6%
	Community & Economic Development	\$ 103,650	1.2%
	Culture and Recreation	\$ 8,500	0.1%
	Capital Outlay	\$ 12,000	0.1%
	Other		
	Debt Service - Principal	\$ 2,460	0.0%
	Debt Service - Interest	\$ 25	0.0%
	Total Expenditures	<u>\$ 8,310,515</u>	100%

**Fund 211 - Park/Recreation**

The Park/Recreation Fund is used to account for funds raised by a tax levy for the purpose of providing parks or recreation activities.

Revenue	0
Expenditures	0
Excess (Deficiency) of Rev over Exp	0

**Fund 219 - Street Lighting**

The Street Lighting Fund is used to account for a tax levy or special assessment levy for the purpose of providing street lighting.

Revenue	209,072
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Expenditures	250,000
Excess (Deficiency) of Rev over Exp	(40,928)

**Fund 226 - Recycling/Rubbish Collection**

The Recycling/Rubbish Collection Fund is used to account for a tax levy or special assessment levy for the purpose of providing recycling, garbage and rubbish collection.

Revenue	428,760
Expenditures	428,760
Excess (Deficiency) of Rev over Exp	0

**Fund 265 - Drug Enforcement**

The revenue is generated from civil forfeiture actions filed in conjunction with criminal narcotics case investigations. Expenditures are restricted by statute (MCL 333.7524) to law enforcement purposes and may not supplant funds otherwise budgeted for law enforcement.

Revenue	0
Expenditures	0
Excess (Deficiency) of Rev over Exp	0

**Fund 266 - Police Training**

Revenue is from a twice-yearly distribution of a traffic citation surcharge governed by PA 302 of 1982 and a transfer from General Fund line item 207-301-960 (Transfer to Police Training). The 302 funds are restricted to specified law enforcement training, must be expended within two years of receipt and are accounted for separately to the state on an annual basis. One of the prerequisites for receiving 302 funds is that a municipality may not diminish the general fund dollars it appropriates for law enforcement training below an established baseline. This fund pays for all police training and training supplies excepting dispatcher training utilizing Emergency Telephone Service Committee funds.

Revenue	19,000
Expenditures	19,000
Excess (Deficiency) of Rev over Exp	0

**Fund 270 - 911 Wireless**

The revenue comes from a state-level surcharge on devices capable of calling 911 (see PA 32 of 1986 and PA 260 of 2012). Originally designed to assist with the influx of wireless devices, the state statute has been revised to include all such devices. Expenditures are restricted to purposes related to the receipt, processing and dispatch of emergency calls. We use these funds for emergency dispatch related hardware and software and other dispatch related expenses.

Revenue	44,000
Expenditures	9,000
Excess (Deficiency) of Rev over Exp	35,000

## **Long Term Debt**

The Township's rating from Standard & Poor's is AA-. This rating was assigned by the S&P Ratings Services in May 2015. This is a high rating and reflects a strong capacity to repay debt. Statutes in the State of Michigan limit the amount of general obligation debt a government entity may issue to 10 percent of its total assessed valuation. Special assessment bonds, revenue bonds, pollution abatement bonds for public health purposes, and water resources commission or court order bonds are not included for purposes of calculating the legal debt margin. The current debt limitation for the Township is \$38,717,028. The net debt outstanding of \$9,750,000 is only 25% of the legal debt limit

## **Key Budget and Financial Policies**

**Investment Policy-** The goal of this policy is to enhance the economic status of the Township while protecting its funds. The Township is to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the Township and in conformance with MCL 41.77, P.A. 20, and all other statutes governing the investment of public funds.

**Capital Assets-** A capital asset is defined as a major project or purchase that is generally not recurring, has a long life expectancy, costs more than \$5,000 and generally fits into one of the following categories:

- Acquisition, lease or development of land
- Construction of new buildings and facilities and/or additions, including design, engineering and other pre-construction costs. This includes major building improvements that are not routine expenses and that substantially enhance the value of a structure by adding capacity or square footage.
- Construction or extension of sewer and/or water systems
- Construction or extension of roads, sidewalks or pathways
- Acquisition of large vehicles/equipment (fire truck, police cars, etc.)

**General Fund Requirements** – The township board shall budget for a general fund balance that equals at least 20% to 25% of projected annual expenditures. The actual 2014 general fund balance is \$3,380,365. The actual general fund revenue for 2014 is \$7,408,756. The fund balance as a percentage of general fund revenue is 45.6% which is in excess of the Board's budget policy. The Board is considering the use of the excess fund balance to undertake needed improvements to the township hall.

**Accounting, Auditing, and Financial Reporting** - The Township will have an independent audit performed annually by an independent certified accounting firm. The firm hired to perform the audit shall provide an annual audit report in accordance with Generally Accepted Accounting Principles (GAAP). These audit reports will be presented to the Township Board by the audit firm.

**Balanced Budget** – Kalamazoo Township operates with a balanced budget as its annual financial plan for all funds and as required by State law. This means that revenues shall equal, or be greater than expenses for all governmental funds. In some years, expenditures may actually be greater than revenues. The difference will be taken from the fund balance. As long as the fund balance remains positive, the budget will continue to be considered balanced.

### General Fund – Fund Balance

The Township’s General Fund balance for the last five years has been as follows:

<b>Fiscal Year Ended</b> <b><u>December 31</u></b>	<b>General Fund</b> <b><u>Balance</u></b>
2014	\$3,380,365
2013	3,048,850
2012	2,377,208
2011	1,850,078
2010	2,051,271

### Services

There are many services provided by the Township. The Township provides fire and police services. The Township maintains one cemetery, seven parks and facilitates public improvements for other agencies including single stream recycling, local roads, sidewalks, and street lights. Planning, zoning, building, and code enforcement are other services provided by the Township.

## Kalamazoo Township Profile

### Mission

Kalamazoo Charter Township’s mission is to provide government services that promote a safe, healthy accessible, and economically viable community to live, work, learn, and play.

### Form of Government

The Charter Township of Kalamazoo (first known as Arcadia Township) was founded April 3, 1832 and is incorporated under the provisions of Public Act 359 of 1947, as amended. It became a Charter Township on April 30, 1979 and is now commonly referred to as Kalamazoo Charter Township and sometimes as Kalamazoo Township.

The Charter Township of Kalamazoo is governed by a seven member board of trustees. Policy-making and legislative authority are vested in the board consisting of a supervisor, treasurer, clerk, and four trustees elected at large.

### Demographics

The Township encompasses approximately 11.8 square miles and has a population of 21,918 in the 2010 census. The cities of Kalamazoo and Parchment have annexed much of land that was formerly within the Township and have resulted in jagged township boundaries with the two cities.

Key highways located within the Township include: Gull Road (M-43), West Main Street (M-43), King Highway (M-96), Business Loop I-94, Business Route US-131, Drake Road, Ravine Road, Nichols Road, Mosel (aka Barney) Road, Nichols Road, East Main Street, Lake Street, and Sprinkle Road. The Kalamazoo River and the Kalamazoo River Valley Trailway also transverse the Township.

**Population**

2010 U.S. Census	21,918
2000 U.S. Census	21,675
1990 U.S. Census	20,976

**History of Property Valuations**

<u>Year</u>	<u>State Equalized Valuation</u>	<u>Taxable Value</u>
2015	\$447,032,750	\$421,806,341
2014	429,102,400	417,590,106
2013	422,444,300	417,073,430
2012	425,361,900	420,288,321
2011	452,769,100	438,469,620
2010	478,058,300	454,003,763
2009	513,462,000	437,136,342
2008	544,006,200	478,689,611
2007	533,629,050	467,610,955
2006	520,809,550	446,011,797

**Major Taxpayers - 2015**

The 2015 State Equalized Valuation and Taxable Value of each of the top 10 Township's major taxpayers is as follows:

<u>Taxpayer</u>	<u>2015 State Equalized Valuation</u>	<u>2015 Taxable Value</u>
Consumers Energy Company	\$8,738,900	\$8,716,996
Kalsec, Inc	7,719,100	7,719,100
Greenhill at Kalamazoo, LLC	6,097,800	5,695,181
LHRET Ascension SW Michigan	5,525,200	4,887,678
Borroughs Corporation	4,455,500	4,190,340
PR Lakeview, LLC	3,978,000	3,697,832
Bri-Val Co.	2,969,700	2,758,743
Country Acres Investors, LLC	2,460,300	2,303,233
Pinewood Glen Limited Partners	2,102,700	2,022,292
Kendall Village Property Corp.	1,973,000	1,843,134

**Economic Statistics**

Kalamazoo Township is the third largest local jurisdiction in population size within Kalamazoo County, following the City of Kalamazoo and the City of Portage.

The per capita income for the Township according to the U.S. Census 2009 – 2013 American Community Survey 5– Year Estimates was \$22,097.

**Age Statistics**

Age groups for the Township's residents, according to the 2000 and 2010 U.S. Census, are as follows:

	2000	2010
	US Census	US Census
	<u>Percentage</u>	<u>Percentage</u>
Under 5 Years	7.2%	6.8%
5 to 19 Years	18.0%	18.1%
20 to 24 Years	11.2%	10.9%
25 to 44 Years	29.8%	28.7%
45 to 64 Years	18.9%	22.6%
Over 65 Years	14.9%	12.9%