

Budget Summary 2010-2011 (Proposed Budget)

To Village Council and Citizens of Elk Rapids,
Re: Budget Message 2010 - 2011

Please find attached the proposed budget for the fiscal year March 1, 2010 through February 28, 2011. The budget is divided into two separate sections.

The **first section** (this section) contains supporting documentation from the manager, staff and commissions.

The **second section** of the budget is our official computer generated budget. This section reveals line item revenues and prior year's expenditures as well as line item expenses. You will see the budget is broken down according to funds (the first set of three numbers), activities (the second set of three number, and account numbers (the third set of three numbers).

As a community we adopt our budget formally by fund and activity. During the course of the fiscal year the council may wish to amend the budget, at which time the fund and activity number amounts may be amended. During the course of the year the manager may amend the account number amounts as long as it does not change the amount in the activity or fund total.

Propose millage rate: 2009-2010 versus proposed 2010-2011

Service/Assessment	09-10 Rate	2010-2011 Millage	Change
Ad Valorem Tax	8.0940	8.2794	+1.1854
Refuse Tax	1.0183	0.8322	-.1861
Street Tax	2.6275	2.6275	.0000
Debt	.4483	.4490	+.0007
Total	12.1881	12.1881	+.0000

Note on taxable value: The final Taxable Value has not been determined as of the date of this report. A preliminary estimate has been made, based on a conversation with the assessor that the taxable value will be reduced by 3%. This proposed budget assumes a 3% reduction in taxable value and a millage rate the same as last year.

General Fund Millage Rate (Ad Valorem Tax)

The same overall millage rate as last year is applied. The amount of millage reduced in the refuse fund is being added to the general fund. However due to the drop in taxable value it is projected there will be a reduction in revenue from last year of \$7,000. In addition the Village is expecting a reduction in state revenue sharing of over \$14,000. In these two categories, we have reduce revenue from two years ago of over \$60,000.

Reductions from initial proposed budget

- Training Conferences (-\$300 Manager, -\$2,000 General Services, -\$1,000 Planning)
- Miscellaneous (-\$250 Manager, -\$1,000 General Services, -\$250 Planning)
- Overtime (Police -\$9,900 include benefits as applicable)
- Police (-\$3,500 Car rental)
- Beautification (-\$3,850)
- Parks and Recreation (-\$1,300)
- Promotion (-\$3,000) EMU Planning

Refuse Tax

Refuse millage is down due to Antrim County assuming responsibility for the recycling program.

Street Tax

The street millage remains the same as last year. By maintaining the same millage as last year we will see a reduction in revenue of a little over \$8,000.

Reduction to proposed budget

Tree Maintenance (-\$4,500 local street, -\$4,500 major street)

Debt Tax

Our debt tax will automatically increase by .0007 of a mill.

Change in tax revenue (projected) from 2009-2010 is (-\$6,830 General Fund, -\$8,095 Street Fund, -\$23,540 Waste Fund; Total equals -\$38,465.

Proposed Utility Rates: proposed 2010-2011

- Water Capital \$8.70 per (flat rate, **no change**)
- Water Rate \$8.80 (flat rate, **no change**)
Each 1,000 gallons (**Increase to 1.04 on March 1, 2010, by ordinance, from 1.00**)
- Sewer Rate \$16.00 / month minimum bill (flat rate, increase of \$4 on 1.1.10)
\$2.07 each 1,000 gallons for O&M. (**increase of .05/1,000 gal.**)
Increase starts March 1, 2010
.72 / 1000 Replacement Cost (**no change**)

The proposed Village budget for the fiscal year March 1, 2010 through February 28, 2011 consists of 27 funds. Funds deriving there revenue directly from taxes and/or fees for direct services include the General Fund, Sewer Funds, Water Funds, Downtown Development Authority Funds, Refuse Fund, Harbor Funds, Municipal Street Funds and River Crossing Debt Fund. While Proposal A will determine the maximum amount of millage that can be levied, the proposed budget is based on the General Fund Millage increasing from 8.0940 to 8.2794. Street millage will remain the same at 2.6275 mills. Garbage millage will decrease from 1.0183 mills to .8322. It is anticipated that the debt millage will increase from .4483 mills to .4490 mills. These rates are based on an estimated decrease of taxable value increase of 3%. The debt levy will be

reduced or increased relative to the taxable value and debt levy for this year. Should taxable value go below the estimated percent then the millage rate could be reduced, likewise, if the taxable value decreases more than the 3% then the millage rate could be increased. Council, pending final formulas for millage rates, may have the option to levy up to nearly 14 total mills. Council will establish millage rates in June. Water and Sewer rates are noted above.

Capital projects, major maintenance and special costs proposed are;

General Fund (101)

\$10,000 EDC support.

General Capital (401):

Sidewalk (re) construction at \$9,200 (location(s) to be determined).

Playground Improvements \$4,000

Paint library bridge (volunteers) supplies \$500

Sewer Funds (405, 590, 592):

\$136,000, sludge removal from two treatment lagoons

Harbor Funds (407)

Dredging, est. cost \$50,000

Storage building cost \$25,000

Cable Installation cost \$6,000

Shower improvements est. cost \$2,000

Signs, est. cost \$2,000

Motor Pool Fund (661):

Pickup truck replacement est. cost \$19,900

DDA Funds (790, 791):

Dam Beach \$70,000 plus grant funding. Actual work in 2012.

Note: It is proposed that a freeze on all salaries be implemented this budget year.