

CITY OF THE VILLAGE OF DOUGLAS

ANNUAL BUDGET

FOR THE Fiscal Year Ending June 30, 2024



July 1, 2023

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Community & Government

Personnel & Council Summary

City Council

Mayor: Jerome Donovan	Term Ending: Nov. 2023
Mayor Pro Tem: Cathy North	Term Ending: Nov. 2023
Councilperson: Robert Naumann	Term Ending: Nov. 2023
Councilperson: Gregory Freeman	Term Ending: Nov. 2024
Councilperson: Neal Seabert	Term Ending: Nov. 2024
Councilperson: Randy Walker	Term Ending: Nov. 2024
Councilperson: John O'Malley	Term Ending: Nov. 2024

City Hall Staff

City Manager: Rich LaBombard	Started: June 2019
City Clerk: Pam Aalderink	Started: September 2008
Deputy Clerk: Laura Kasper	Started: September 2022
City Treasurer/ Finance Director: Matt Smith	Started: August 2020
City Planner/ Economic Development: Joe Blair	Started: May 2023
Executive Assistant/ Project Manager: Jennifer Pearson	Started: April 2017
City Assessor: Tom Doane	Started: December 2020

Police Department

Police Chief: Steve Kent	Started: August 1986
Corporal: Lori Warsen	Started: January 2006
Police Officer: Anthony Brown	Started: November 2022
Police Officer: Tino Reyes	Started: July 1993
Police Dept. Admin. Assistant: Ashley Janik	Started: August 2013

Public Works

Director: Ricky Zoet	Started: June 2019
Lead Equipment Operator: Greg Salinas	Started: October 2018
Equipment Operator: Vacant	Started:
Equipment Operator: Cody Carpenter	Started: March 2019
Equipment Operator: Kyle Hooker	Started: March 2020
Equipment Operator: Bill Brown	Started: October 2020

Budgeting Policies & Procedures

A Reader's Guide to Budgeting

The budgeting and accounting policies of the City of the Village of Douglas conform to Generally Accepted Accounting Principles (GAAP) as applicable to governmental units. The following are the significant budgetary policies followed by the City.

Uniform Budgeting Act

The City of the Village of Douglas is legally subject to the budgetary control requirements of the State of Michigan P.A. 2 of 1968 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act.

- Budgets must be adopted for the General Fund and Special Revenue Funds.
- A fund balance deficit can not be budgeted.
- The budgets must be amended when necessary.
- Debt cannot be entered into unless permitted by law.
- Expenditures cannot exceed budgeted appropriations.
- Expenditures cannot be made unless authorized in the budget.
- Public hearings must be held before the budget is adopted by City Council.

Basis of Budgeting

The adopted budget is prepared on a basis consistent with GAAP and modified accrual basis of accounting is used for all government fund types. Expenditures on long-term debt are recorded at the time liabilities are incurred and revenues are recorded when cash is received except when accruals of revenues are necessary to properly record the revenues in correct fiscal year.

The full accrual of accounting is utilized in the Enterprise Fund and capital outlay expenses are recorded as an expense for budgetary purposes instead of adjusting balance sheet accounts.

Fund Structure of Approved Budget

The Annual Budgets are adopted according to law under the Uniform Budgeting Act for General Fund and Special Revenue Funds. The Capital Improvement Fund and Enterprise Fund have prepared budgets for financial and project management purposes. The City Council reviews revenue/expenditure and budgetary reports on a monthly basis prepared by management.

Fund Accounting

The accounts of the City of the Village of Douglas are organized by funds and departments. Funds are established to segregate specific activities or objections of a government in accordance with special regulations, restrictions, or limitations for the monies in each fund. The various funds are grouped into generic fund types in three broad categories, Governmental Funds, Proprietary Funds and Fiduciary Funds. Governmental entities use Fund Accounting to segregate the allowable expenditures in conjunction with the revenue received. Each of the three broad fund categories have more specific fund types depending on the revenues or expenditures, below are the different types of funds:

Governmental Funds

General Fund: The General Fund contains the accounting of the ordinary activities of the City. The General Fund expenditures are financed mostly by general operating property tax revenues and some state shared revenues. The General Fund is usually the most commonly used fund and is where expenditures for City Hall, Police and Parks are found.

Special Revenue Funds: Special Revenue funds are used to account for the proceeds of earmarked revenue from financing activities requiring separate accounting because of legal or regulatory requirements. The City's Special Revenue Funds are Major Street Fund, Local Street Fund, and Schultz Park Launch Ramp Fund. The Major and Local Street Funds are the City's largest special revenue funds. The City receives monies from the State from gasoline tax collected. The City receives their amounts based on a state formula that divides the gas tax monies between state road projects, counties and local municipalities.

Debt Service Funds: Debt service funds are used to account for the annual payment of principal and interest concerning long-term debt other than the debt payable from the operations of an enterprise fund. The City does not have any Debt Service Funds.

Capital Projects Fund: Capital Projects Funds are used to account for the development of capital facilities and projects. The City has two capital project funds. The Water and Sewer Fund collects revenue from water and sewer connections to pay for infrastructure improvements to the City's water and sewer system. The Blue Star Corridor Improvement Fund is assigned the adult use marijuana revenues distributed by the State to pay for infrastructure improvements along the blue star corridor.

Permanent Funds: Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings and not principal may be used to support government programs. The City does not have any Permanent Funds.

Proprietary Funds

Enterprise Funds: Enterprise Funds are funds that are accounted for on a full accrual basis of accounting and are used for business-type activities. The City does not have any Enterprise Funds because typically cities account for their water and sewer operations out of an Enterprise Fund. The Kalamazoo Lake Sewer & Water Authority (KLSWA) operates the sewer and water activity for the Tri-Community area and the City records Douglas only revenue from KLSWA in a capital project fund to be spent on future water and sewer infrastructure repairs and improvement.

Internal Service Funds: The City has one Internal Service Fund and that is the Equipment Rental Fund. The Equipment Rental Fund is financed by rental charges to the General Fund, Major Street Fund and Local Street Fund primarily for the use of equipment by the Public Works Department. The rental charges are used to finance the purchase of equipment for the Public Works Department and the rates used are provided by the Michigan Department of Transportation.

Fiduciary Funds

Custodial Funds: Custodial Funds are used to account for the assets held by the City in a trustee capacity or as an agent for individuals, organizations, other governments or other funds. The City has two Custodial Funds.

Pensions Trust Funds: Pension Trust Funds are used to report the resources required to be held for the members and beneficiaries of defined benefit pension plans, defined contribution plans and other post-employment benefits. The City does not have a Pension Trust Fund because Michigan Employers Retirement System (MERS) accounts and records necessary information and resources. Pension information accounted for by MERS is displayed in City's Annual Financial Statements.

Investment Funds: Investment Funds are funds whose legal purpose is to hold separate governments' pool of investments. The City does not have an Investment Fund.

Private-purpose Trust Funds: Private-purpose Trust Funds are used report trust arrangements not reported in other trust funds, which has limited provisions to the monies held in the fund. The City does not have a Private-purpose Trust Fund.

Budgeting Procedures

The annual budget covers a twelve-month period beginning July 1st and ending June 30th. The budget is an ongoing process that includes phases of development, adoption, implementation and oversight throughout the year.

Several goals are associated with the preparation and development of the City's annual budget document. First, the budget is a policy document. The budget should help foster comprehensive community problem solving and policy making. Second, the budget is a financial plan and management tool. The document should help staff in monitoring revenue and expenditures and in evaluating the effectiveness of City programs and services. Third, the budget serves as an important reference document. It should provide the City Council, staff and the public with extensive information on the nature and scope of municipal operations and services.

Strategic Planning Process

The City Council holds multiple workshop meetings throughout the year with the City Manager and department heads to discuss and develop both long and short-term goals and objectives. These workshop meetings give the City Manager and department heads guidance and understanding of the goals the City Council would like to have completed and in a general order.

Budget Review and Analysis

All department heads meet with the City Treasurer for review and evaluation of their respective budgets. The objective of this phase is to:

- Ensure that the intent of all budget requests are understood
- Gain greater understanding of departmental objectives and standards of performance and operations for the upcoming fiscal year.
- Determine how proposed departmental projects and programs are related to the goals and objectives set by Council.
- Balance the needs of each department to the total City needs.

Analysis in this phase include analysis of levels of service, evaluation of historical expenditure trends, projection of inflationary increases, and review of departmental operations.

Building the Proposed Budget

The City Treasurer and City Assessor work towards reasonable estimates of property tax income based on projections and reasonable estimates of property tax values. Property tax revenues generally account for about two-thirds of the City's Revenue.

The Treasurer meets with the different department heads to determine the costs of proposed projects and operating expenditures. The Treasurer then meets with the City Manager to review the budget as a whole and bring a proposed budget to City Council.

The proposed budget is then prepared for Council to review. Workshop sessions are held with the City Council to ensure that the proposed budget is in alignment with the Council's goals and objectives, as well as their vision for the City. The Treasurer adjusts the budget as directed by the City Council and makes a recommended budget document for adoption.

City Council Adoption

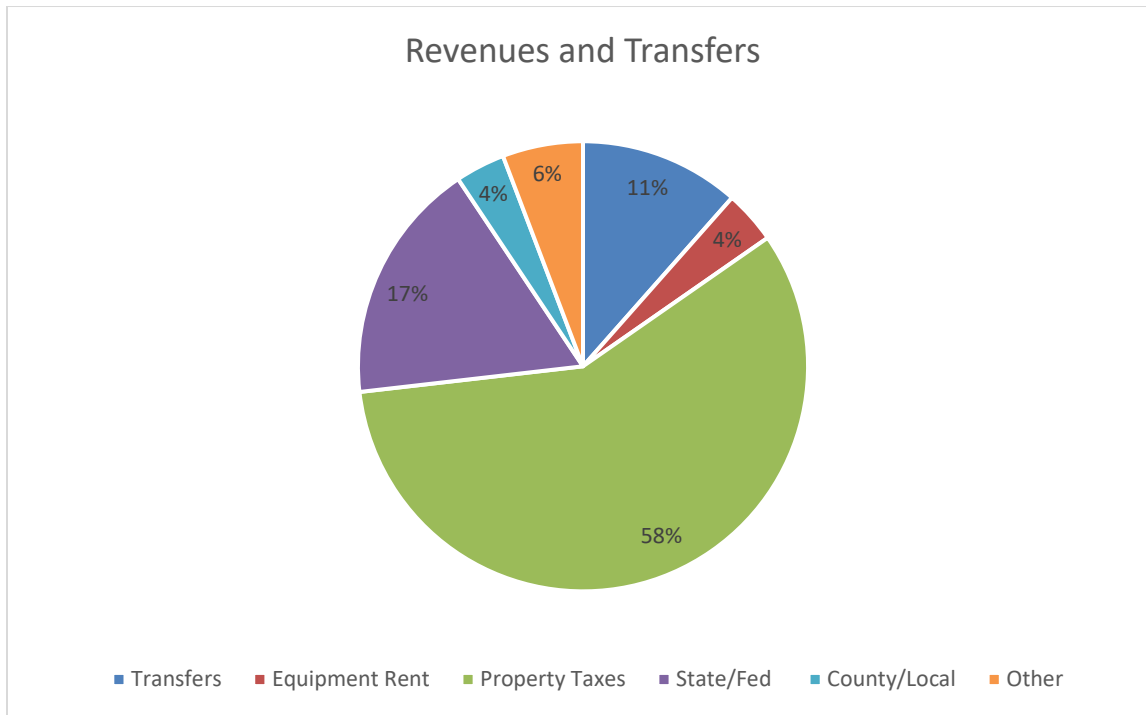
After completion of the budget workshop sessions, the proposed budget is published on the City's website and public hearings are held for the budget and the City's millage rate. After completion of the public hearings, the City Treasurer would make any adjustments as necessary under the direction of the City Council. The budget is then adopted.

Budget Amendment Process

After the budget is adopted, the primary responsibility for managing the budget falls to individual departments and the Treasurer reviews expenditures on a monthly basis. Management is given flexibility to each department of exceeding a line item within a department if it can be compensated for within the same department. Budget amendments that require transfers from fund balance or other departments require approval by the City Council.

Overview of Financial Data

Revenue



The City's revenue and transfers budget for fiscal year 2023-2024 was \$5,338,897. This was up from the prior year as a result of a one year pause on DPW equipment rent, grant revenues, and an increasing taxable value. Highlights of this year's revenue and transfers budget include maintaining the City's property tax rate and the Drinking Water Asset Management Grand funding.

Property Taxes

Property taxes are the largest source of revenue for the City accounting for over half of the City's entire Revenue. This revenue is dependent upon two variables – taxable value and millage rates. The taxable value is determined by the City Assessor and the millage rate is set by the City Council. The formula to determine total property tax revenue is as follows:

$$\text{Taxes} = \frac{\text{Taxable Value} \times \text{Millage Rate}}{1000}$$

The City Assessor maintains two values for every parcel, both real and personal property within the City. The first value is the State Equalized Value, known as the SEV, which is 50% of the true market value of the property. The second value is the taxable value, which came into existence as a result of 1994's Proposal A, the property tax reform law. The taxable value of real property cannot increase higher than the rate of inflation or 5%, whichever is lower, and cannot be higher than the SEV of property.

This formula remains in place until a property is sold at which time the property becomes "uncapped" and changes to match the SEV. The limitations on increases then begin anew from the "uncapped" rate.

The City Council has chosen to not levy the maximum millage rate in order to keep taxes as low as possible. The City has held a consistent millage rate since becoming a city in 2004 even though the City could levy a higher millage rate.

Other Sources of Revenue

While property taxes are the major source of revenue for the City (80% of General Fund Revenues), there are other sources the City relies upon during the year.

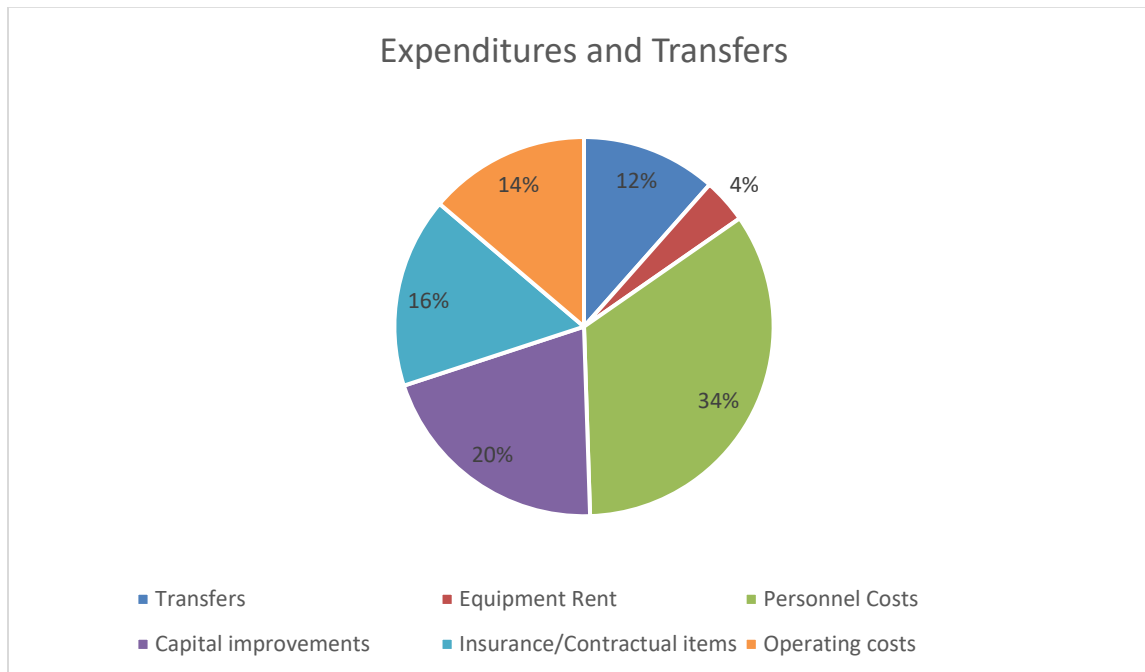
Revenues received from the State of Michigan are a very important source of revenue for the City. State shared revenue estimates, which are determined by a formula based upon population and type of local government (i.e. city, village, township). Street funds come to the City from the Michigan Department of Transportation and they are based upon formulas prescribed by Public Act 51.

Additionally, the City charges residents and other customers for charges for services such as permits, planning fees, business licenses and boat launch passes. Fines are collected from traffic and parking violations and ordinance enforcement.

Expenditures

There are several broad categories of expenditures that can be compared across funds. These are as follows:

- Contracted services such as lawyers, auditors, engineers, assessing and other professional services as needed
- Personnel Costs, which include wages, salaries, payroll taxes, pension contributions, health, dental, life and disability insurance and annual police officers sick time pay outs.
- Operating costs such as printing, postage, maintenance and repairs, utilities, office supplies, dues, publications, uniforms and anything else related to general operations that are not covered under another category.
- Capital improvements, which are items that will last over multiple years. These may include computers, vehicles, equipment and infrastructure improvements.
- Debt Service is the payments that are made on bonds and loans issued by the City.
- Transfers out are operating transfers between funds such as transfers out of the General Fund to the Major and Local Street Funds.



The City's expenditures and transfers budget for fiscal year 2023-2024 was \$5,337,682. Highlights of this year's expenditures and transfers budget include a 4.4% cost of living increase for employees and continued focus on capital improvements primarily for water/sewer infrastructure.

General Fund

The General Fund is the main operational fund for the City. It contains all of the activities of the City that are not required to be accounted for in another fund, such as special revenue or enterprise funds. The main sources of revenue for the General Fund are property taxes, State shared revenue and County road millage. Expenditures that occur from this fund are for administrative activities, community development, parks and recreation, public safety and public works.

Departments

Legislative (101)

The residents of the City of the Village of Douglas elect seven council members to two-year terms. Three terms end odd years and four terms end even years. After the residents elect their council members, the council then elects a Mayor and Mayor Pro Tem to preside over the City Council. The Council has the power to adopt laws, ordinances, and resolutions, adopt a budget, levy taxes, and set policies. The Council appoints the City Manager who is accountable for all administrative functions that are not directed by the charter, ordinances or state law.

Expenditures in this department include City Council member's wages, training, newspaper publishing and supplies.

Manager (172)

The City Manager strives to effectively serve the City Council and the public through responsible administration of all City affairs. The Manager demonstrates and promotes a high standard of ethics, professionalism and integrity throughout the city's organization. The City Manager fosters open and complete communications, actively seeks out and incorporates citizen involvement and participation, and achieves outstanding results through partnerships with other service providers in both the public and private sectors. The City Manager demonstrates through words, actions and policies a commitment to treat all colleagues and citizens with respect and dignity.

Expenditures in this department include City Manager's wages, benefits, training funds, supplies and association dues.

Clerk/Treasurer (215)

The City Clerk holds many responsibilities including maintaining all city records, administering city elections, publishing public notices and manage human resources for City employees.

The City Treasurer is responsible for billing, collecting and disbursing property taxes, maintain accurate financial records, create and administer the City's annual budget and help financially direct the City in accordance with city polices and state laws and as directed by the City Council.

Expenditures in this department include City Clerk, Deputy Clerk and City Treasurer wages and benefits, software and website fees, training, postage, association dues and supplies. The City has budgeted for the review of IT services and for document scanning.

Auditor (223)

The City contracts with an accounting firm to perform an annual audit on the City's financial statements and report to the City Council their findings. The audit consists of determining the accuracy of the City's financial statements, internal controls and financial policies. The City contracted with Siegfried & Crandall.

Assessor (257)

The City Assessor keeps the records of all property located within the City. The Assessor computes and analyzes the property values of all parcels based on sales studies and relevant state laws in correlation with the Allegan County Equalization department.

Expenditures in this department include wages and benefits of the assessor, board of review member wages, software and website fees for the online tax and assessing system, supplies, and postage and printing costs.

Elections (262)

The City elections are overseen by the City Clerk in accordance with federal, state, county and local laws. The Clerk administers elections for federal, state, county, city and school elections ranging from representatives, laws and millage proposals. Also, the City Clerk maintains voter registration records within the City and maintains all City records.

Expenditures in this department include election worker's wages, publishing of notices, voter identification cards, ballots and other election supply costs. The City has budgeted for the purchase of a new tabulator and voter assist equipment this year.

Buildings & Grounds (265)

The Buildings and Grounds department accounts for all expenditures relating to the buildings owned and operated by the City.

Expenditures include repairs and maintenance, utilities and payroll costs of public works employees for time spent working in, on or for the City's buildings. The City has budgeted for the replacement of several AED devices and staff computers.

Attorney (266)

The City contracts attorney services from several law firms to represent and guide the City and its staff to ensure the City operates and moves in a law-biding manner for the good of the public. The attorneys help the City Council and staff with issues including but not limited to union negotiations, employee issues, planning and zoning regulations and guidance on legal issues that arise.

Police (301)

The Police department operates with a Police Chief, a corporal, three full-time officers, and multiple part-time police officers. The Douglas Police department serves the City of Douglas.

All expenditures that are related to the Police department building are expensed in this account instead of the Buildings and Grounds department. Expenditures in this department include all officer wages and benefits, training costs, officer's equipment, prosecuting attorney, liability insurance, utilities, police vehicle repairs and gasoline. The City has budgeted for an additional officer this year replacement of AED devices, an additional speed board, and ballistic vests.

General Streets & Right of Way (463)

The General Streets and Right of Way department operates under the management of the Public Works department and is responsible for the brush and leaf pickup, repairing and maintaining roads and sidewalks and the maintenance and beautification of the downtown.

Expenditures in this department include public works wages and benefits, supplies, street lights, utilities, landscaping services and road and sidewalk maintenance and repairs. The City has budgeted for several storm water projects and wayfinding.

Planning & Zoning (701)

The Planning and Zoning department is also referred to as Community Development. The City Planner works closely with the Planning Commission and the Zoning Board of Appeals and is responsible for directing and managing the physical development of the City in a manner that emphasizes quality, livability and sustainability. The City Planner uses guidance from the City Council, the Master Plan and Tri-Community Master Plan for the decision making process regarding the development of the City.

Expenditures in this department include City Planner wages and benefits, Planning Commission and Zoning Board of Appeals wages, contracted attorney, engineering and building inspector costs, supplies and software fees. The City has budgeted to update the Zoning ordinances and maps, update the master plan, and tri-community parks and recreation master plan.

Parks & Recreation (751)

The Parks and Recreation department operates under the management of the Public Works department. This department is responsible for the maintenance and upkeep of all of the City's parks including Beery Field, Douglas Beach, Veteran's park, and Schultz Park (not including the boat launch).

Expenditures in this department include public works wages and benefits, landscaping services, utilities, City park maintenance, and supplies. The City has budgeted for AED replacements at City parks, wayfinding at Douglas beach, installation of playground equipment, and assessment of the Union Street boat launch.

Community Promotions (802)

Community Promotions account for expenditures pertaining to local organizations to support the community in promoting all the different events around the City and Tri-community area.

Insurance & Bonds (850)

The Insurance and Bonds department accounts for the expenditures related to the City's general liability insurance provided through the Michigan Municipal League (MML).

Transfers Out (966)

Transfers out are transfers of monies from one fund to another to cover operating expenditures because the fund cannot cover operating expenditures from its revenues. The General Fund transfers monies to the Major and Local Street Funds because the ACT 51 monies received from the State of Michigan only cover about one-third of these funds operating costs. Also, the City transfers monies to the Brownfield Authority, Douglas Marina, and Water Sewer fund.

City of the Village of Douglas Fund Balance Policy

The City of the Village of Douglas's policy is to keep a minimum of 30% of General Fund operating expenditures in the General Fund fund balance as adopted by City Council. The Government Finance Officers Association (GFOA) recommends a minimum reserve of 15% in fund balance. Additional fund balance may, at times, be designated by City council for specific purposes such as capital projects.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures made for specific purposes. The City's special revenue funds are:

- Major Street Fund (202)
- Local Street Fund (203)
- Schultz Park Launch Ramp Fund (213)

Major and Local Street Funds (202 & 203)

The Major Street Fund and the Local Street Fund receive revenue from the state through Public Act 51 which uses a formula to share gas and weight taxes to governmental entities at the state, county and local levels. The revenue received from Act 51 only covers about one-third of the operating costs in each of these two funds. The rest of the expenditures are covered by a transfer from the General Fund. These two funds account for the repairs and maintenance of the city streets and sidewalks including snowplowing. The City has budgeted for a new 5 year road plan, improved signage on Water Street, sidewalk improvements, and maintenance cover adjustments.

Schultz Park Launch Ramp Fund (213)

The Schultz Park Launch Ramp Fund receives revenue from the launch fees and requires the revenues to be spent on the repairs and maintenance of the launch ramp, its facilities or other recreation.

Other Funds

Marina Fund (594)

The Marina Fund primarily collects revenue from slip fees at the City's Point Pleasant Marina. The fund accounts for the activities at Point Pleasant, Wades Bayou, and the Douglas Harbor Authority. The City has budgeted aquatic weed control treatments, AED replacement, finger piers, and wayfinding.

Capital Project Funds

Blue Star Corridor Improvement Fund (403)

The Blue Star Corridor Improvement Fund collects revenue from the State related to adult use marihuana and pays for infrastructure improvements along the blue star corridor. The City has budgeted for a welcome sign, wayfinding, and cost sharing with the DDA on a gateway sign.

Water and Sewer Revolving Fund (450)

The Water and Sewer Fund collects revenue from connection fees for water and sewer connections and pays for repairs on the city's water and sewer system. The City of the Village of Douglas collaborates with the Kalamazoo Lake Sewer & Water Authority to administer the day-to-day activities of the sewer and water system. The City has budgeted for lead service line replacement, a Water Asset Management plan, the Drinking Water Asset Management grant, development of municipal utility standards, and water drainage work.

Internal Service Fund

Equipment Rental Fund (660)

The City uses the Equipment Rental Fund to charge rent to the different Public Works Departments for time using equipment in the different locations throughout the city. The City purchases new equipment and vehicles through this fund and plans for equipment purchases. The Equipment Rental Fund expenses repairs, maintenance, depreciation and gas for the vehicles and equipment purchased from this fund.

Internal Service Funds are proprietary funds and are accounted for with a full accrual basis. Internal Service Funds are to be accounted for differently than the General Fund and Special Revenue Funds because their economic factors are different meaning they activities should be accounted for like a standard for-profit business and not a governmental entity. For the 2023-2024 fiscal budget the City has budgeted for the purchase of public works equipment including tractors, mowers, brine tanks, hand tools, and GIS equipment.

Component Units

Brownfield Redevelopment Authority (243)

The Brownfield Redevelopment Authority is charged with revitalization of environmentally distressed areas within the City. The Brownfield Redevelopment Authority Fund accounts for all of the revenue and expenditures for the Brownfield Redevelopment Authority including grants received and monies spent on engineering studies.

Harbor Authority (245)

The Harbor Authority is a joint venture between the City of the Village of Douglas and the City of Saugatuck. The Harbor Authority Fund accounts for all of the revenue and expenditures for the Harbor Authority including grants received and monies spent on engineering studies. The Authority has budgeted for bridge navigation lighting this year.

Downtown Development Authority (248)

The Downtown Development Authority (DDA) is charged with developing the Douglas Downtown. The DDA captures a portion of property taxes to accomplish the goals and projects set forth in the Tax Increment Financing (TIF) Plan, which was established at the creation of DDA. The DDA board is comprised of the Mayor of Douglas and up to eight members appointed by the City council. The DDA budgeted for wayfinding, gateway, and sidewalk improvements.

CITY OF THE VILLAGE OF DOUGLAS

COUNTY OF ALLEGAN

STATE OF MICHIGAN

RESOLUTION ADOPTING GENERAL APPROPRIATIONS ACT

FOR THE FISCAL YEAR JULY 1, 2023 – JUNE 30, 2024

RESOLUTION

WHEREAS, pursuant to Chapter IX of the Douglas City Charter (“Charter”) and the Uniform Budgeting and Accounting Act, P.A. 2 of 1968, as amended (the “Act”), the City is required to pass a general appropriations act; and

WHEREAS, in accordance with the Charter and the Act, the City has provided the required notice and hearing; and

WHEREAS, in order to comply with the Charter and the Act, the City wishes to adopt an appropriation act pursuant to this Resolution.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Title. This Resolution shall be known as the City of the Village of Douglas General Appropriations Act (Fiscal Year 2023-2024).
2. Chief Administrative Officer. The City Manager shall be the Chief Administrative Officer and shall perform the duties of the Chief Administrative Officer enumerated in this Act.
3. Fiscal Officer. The City Treasurer shall be the Fiscal Officer and shall perform the duties of the Fiscal Officer enumerated in this Act.
4. Public Hearings on the Budget. Pursuant to the Act, notice of a public hearing on the proposed budget was published in a newspaper of general circulation as required by law, and a public hearing on the proposed budget was held on June 5, 2023. A copy of the proposed budget was available for public inspection as required by the Charter.
5. Estimated Revenues. Estimated City general fund revenues for fiscal year 2023-2024, including a charter operating millage of 13.0818 mills (inclusive of Headlee rollback), and various miscellaneous revenues shall total \$3,603,224.

6. Millage Levy. The Council of the City of the Village of Douglas shall cause to be levied and collect the general property tax millage against all classes of assessable property, at taxable valuations, as approved by the Board of Commissioners for Allegan County, the State Tax Commission, and any anticipated adjustments of the Michigan Tax Tribunal for the Fiscal Year July 1, 2023 through June 30, 2024 as follows:

Property Tax Millage

<u>Designated Purpose</u>	<u>Rate</u>	<u>Amount</u>
General Operating	13.0818	\$2,870,000

7. Estimated Expenditures. Estimated City general fund expenditures for Fiscal Year 2023-2024 for the various City activities are as shown in exhibit A.
8. Estimated revenues and expenditures by fund for all other funds as shown in exhibit B.
9. Adoption of Budget by Reference. The general fund budget for the City for 2023-2024 is hereby adopted by reference, with revenues and activity expenditures as indicated in Sections 5 and 7 of this Resolution. All other funds budgets for the City for 2023-2024 is hereby adopted by reference with revenues and activities as indicated in Section 8 of this resolution.
10. Appropriation not a Mandate to Spend. Appropriations will be deemed maximum authorizations to incur expenditures. The Fiscal Officer shall exercise supervision and control to ensure that expenditures are within appropriations, and shall not issue any order for expenditures that exceed appropriations.

Exhibit A: General Fund

DEPARTMENT	DESCRIPTION	2021-22 ACTIVITY	2022-23 ACTIVITY THRU 05/23/23	2023-24 RECOMMENDED BUDGET
TOTAL ESTIMATED REVENUES		3,200,334	3,394,682	3,603,224
APPROPRIATIONS				
101.000	LEGISLATIVE	15,507	12,648	22,376
172.000	MANAGER	166,799	153,057	182,590
215.000	CLERK/TREASURER	328,122	296,500	324,615
223.000	AUDITOR	9,300	9,400	7,500
257.000	ASSESSING	60,411	54,762	67,885
262.000	ELECTION	9,459	8,031	16,672
265.000	BUILDING & GROUNDS	140,402	121,951	174,690
266.000	ATTORNEY	14,718	67,502	85,000
301.000	POLICE	703,882	646,758	747,540
463.000	GENERAL STREETS & ROW	309,874	224,169	407,260
701.000	PLANNING & ZONING	281,633	277,362	422,660
751.000	PARKS & RECREATION	446,674	206,093	209,135
802.000	COMMUNITY PROMOTIONS	20,105	11,976	22,500
850.000	INSURANCE & BONDS	38,315	40,772	43,000
966.000	TRANSFERS OUT	708,732	400,000	592,000
TOTAL EXPENDITURES		3,253,933	2,530,981	3,325,423
Surplus(Deficit)		(53,599)	863,701	277,801
PROJECTED BEGINNING FUND BALANCE				2,236,294
ENDING FUND BALANCE				2,514,095

Exhibit B: All Other Funds

DEPARTMENT	DESCRIPTION	2021-22 ACTIVITY	2022-23 ACTIVITY THRU 05/01/21	2023-24 RECOMMENDED BUDGET
MAJOR STREET FUND	ESTIMATED REVENUES	692,013	441,513	340,100
	TOTAL EXPENDITURES	869,742	199,470	390,215
	Surplus(Deficit)	(177,729)	242,043	(50,115)
	PROJECTED BEGINNING FUND BALANCE			154,996
	ENDING FUND BALANCE			104,881
LOCAL STREET FUND	ESTIMATED REVENUES	484,807	418,535	272,950
	TOTAL EXPENDITURES	748,241	424,254	336,485
	Surplus(Deficit)	(263,434)	(5,719)	(65,535)
	PROJECTED BEGINNING FUND BALANCE			145,624
	ENDING FUND BALANCE			82,089
SCHULTZ PARK LAUNCH	ESTIMATED REVENUES	32,296	23,414	25,100
	TOTAL EXPENDITURES	6,718	8,721	28,050
	Surplus(Deficit)	25,578	14,693	(2,950)
	PROJECTED BEGINNING FUND BALANCE			118,079
	ENDING FUND BALANCE			115,129
BROWNFIELD FUND	ESTIMATED REVENUES	65,000	75,000	150,000
	TOTAL EXPENDITURES	135,043	39,986	150,000
	Surplus(Deficit)	(70,043)	35,014	-
	PROJECTED BEGINNING FUND BALANCE			40,221
	ENDING FUND BALANCE			40,221
HARBOR AUTHORITY	ESTIMATED REVENUES	-	-	14,000
	TOTAL EXPENDITURES	800	156	15,000
	Surplus(Deficit)	(800)	(156)	(1,000)
	BEGINNING FUND BALANCE			5,132
	ENDING FUND BALANCE			4,132
DDA	ESTIMATED REVENUES	33,816	49,424	49,942
	TOTAL EXPENDITURES	105,785	29,649	69,800
	Surplus(Deficit)	(71,969)	19,775	(19,858)
	BEGINNING FUND BALANCE			61,586
	ENDING FUND BALANCE			41,728

DEPARTMENT	DESCRIPTION	2021-22 ACTIVITY	2022-23 ACTIVITY THRU 05/01/21	2023-24 RECOMMENDED BUDGET
BLUE STAR CORRIDOR	ESTIMATED REVENUES	140,908	104,255	103,000
	TOTAL EXPENDITURES	-	20,077	50,000
	Surplus(Deficit)	140,908	84,178	53,000
	PROJECTED BEGINNING FUND BALANCE			105,244
	ENDING FUND BALANCE			158,244
WATER/SEWER FUND	ESTIMATED REVENUES	49,075	196,361	444,687
	TOTAL EXPENDITURES	306,877	69,879	567,359
	Surplus(Deficit)	(257,802)	126,482	(122,672)
	PROJECTED BEGINNING FUND BALANCE			156,679
	ENDING FUND BALANCE			34,007
DOUGLAS MARINA	ESTIMATED REVENUES	220,663	44,125	133,000
	TOTAL EXPENDITURES	176,995	72,537	150,850
	Surplus(Deficit)	43,668	(28,412)	(17,850)
	PROJECTED BEGINNING FUND BALANCE			26,614
	ENDING FUND BALANCE			8,764
EQUIPMENT FUND	ESTIMATED REVENUES	390,505	36,543	202,894
	TOTAL EXPENDITURES	276,197	492,811	254,500
	Surplus(Deficit)	114,308	(456,268)	(51,606)
	PROJECTED BEGINNING FUND BALANCE			697,707
	ENDING FUND BALANCE			646,101

Glossary of Budget and Finance Terms

The Annual Budget contains specialized and technical terminology that is unique to public finance and budgeting. To assist the reader of the Annual Budget document in understanding these terms, this budget glossary has been included in the document.

Accrual Basis of Accounting: A method of accounting that recognizes the financial effect of transactions, events, and Interfund activities when they occur, regardless of the timing of related cash flows.

Activity: Cost center within a fund or department to which specific expenses are to be collected.

Ad Valorem: According to value. “A method of taxation using the value of the thing taxed to determine the amount of tax. Taxes can be either “ad valorem” or “specific”. Example: A tax of \$5.00 per \$1,000.00 of value per house is “ad valorem”. A tax of \$5.00 per house (irrespective of value) is specific.

Appropriation: An authorization made the City Council, which permits officials to incur obligations against, and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

Assessed Valuation: The estimated value placed upon real and personal property by the City’s Assessor for the determination of property taxes. Assessed value is required to be at least 50% of the true cash value.

Assets: Property owned by the City, which has monetary value.

Audit: A systematic examination of resource utilization concluding in a written report. It is a test of management’s internal controls and is intended to ascertain whether financial statements fairly present financial positions and results of operations. The audit tests whether transactions have been legally performed; Identifies areas of possible improvements in accounting practices and procedures; Ascertain whether transactions have been recorded accurately and consistently; and Ascertain the stewardship of officials responsible for governmental resources.

Bond (Debt Instrument): A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date) along with periodic interest paid at the specified percentage of the principal (interest rate). Bonds are typically used for long-term debt to pay for specific capital improvements.

Budget (Operating): A plan of financial operations embodying an estimate of proposed expenditures for a given period (typically a fiscal year) and the proposed means of financing them (revenue estimates). Also, the term is sometimes used to denote the officially approved expenditure ceiling under which the City and its departments operate.

Budget Calendar: The schedule of key dates or milestones that the City follows in preparation and adoption of the budget.

Budgetary Control: The level at which expenditures cannot legally exceed the appropriated amounts.

Budgeted Funds: Funds that are planned for certain uses. The budget document that is submitted for Council approval is composed of budgeted funds.

Budget Message (City Manager's): A general discussion of the proposed budget document presented in writing as a supplement to the budget document. The budget message explains principle budget issues against background of financial experience in recent years.

Capital Outlay: A disbursement of money which results in the acquisition of or addition to fixed assets. The item must have a purchase price greater than \$3,000 and have a useful life of more than one year.

CIP: Abbreviation for Capital Improvement Plan.

Contingency: An estimated amount of funds needed for deficiency or emergency purposes. An annual appropriation to cover short falls in revenue and/or underestimation of expenditures. Under Michigan law, to be used, contingencies must be moved to the specific appropriation line by a budget amendment.

Contractual Services: Items of expenditures from services that the City receives from an outside company. Attorney services, engineering services and landscaping services are examples of contractual services.

CPI: Abbreviation for Consumer Price Index.

Current Taxes: Taxes that are levied and due within one year.

Debt Service: The City's obligation to pay the principal and interest of all bonds and other debt instruments according to a pre-determined payment schedule.

Department: An administrative division of the City. Departments are the main groupings with the budget, for example City Manager, Planning & Zoning and Parks & Recreation.

Depreciation: A noncash expense that reduces the value of an asset as a result of wear and tear, age or obsolescence. Most assets lose their value over time and must be replaced at the end of their useful life.

Downtown Development Authority (DDA): Created by Public act 197 of 1975 to promote revitalization and development of existing business districts.

Enterprise Fund: A governmental accounting fund in which the services provided are financed and operated similarly to those of a private business. The rate schedules for these services are established to ensure that revenues are adequate to meet all necessary expenditures. Enterprise funds are established for services such as water and sewer.

Estimated Revenue: The amount of projected revenue to be collected during the fiscal year.

Expenditure: The cost of goods delivered and services rendered, whether paid or unpaid.

Fiscal Year: A 12 month period to which the annual operating budget applies and at the end of which the City determines its financial position as a result of its operations. The fiscal year for the City of the Village of Douglas is July 1 – June 30.

Fund: An independent accounting entity established to account for the assets, liabilities, revenues and expenditures for specific activities. Examples include the General Fund for day-to-day activities, Major Street Funds for activities relating to major streets, etc.

Fund Balance: The excess of an entity's assets over liabilities. A negative fund balance is often called a deficit.

GAAP: Abbreviation for Generally Accepted Accounting Principles.

GASB: The Governmental Accounting Standards Board, which provides direction in accounting and reporting requirements for units of government.

General Fund: The largest fund within the City, the General Fund accounts for most of the day to day operations of the government, such as police protections, finance, public works, parks and general administration. The main source of Revenue for the General Fund is the City's operating millage.

General obligation Bonds: When the City pledges its full faith and credit to the repayment of the bonds that it issues, those bonds are called general obligation (GO) bonds. Issuance of these bonds require an election and they are usually repaid by an ad valorem property tax levy.

GFOA: Abbreviation for governmental Finance Officers Association.

GIS: Abbreviation for Geographic Information System.

Internal Service Fund: A fund used to account for the financing of goods and services provided by one department to other departments of the City on a cost reimbursement basis.

Liabilities: Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed or refunded at some future date. The term does not include encumbrances.

Long Term Debt: Debt with a maturity of more than one year.

Maturities: The date on which the principal or stated values of investments or debt obligations mature and may be reclaimed.

MERS: The Michigan Municipal Employees Retirement System is a multi-employer statewide public employee retirement plan created to provide retirement, survivor and disability benefits to local government employees.

Millage: A rate of taxation expressed as mills per dollar.

Modified Accrual Basis of Accounting: Basis of accounting to which (a) revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for non-matured interest on general long-term debt and certain similar obligations which should be recognized when due.

Per Capita Basis: Per unit population.

Personnel Services: The expenditures within the budget that relate to personnel such as salaries and fringe benefits.

Revenue: An addition to the assets of a fund which does not increase a liability, does not represent the recovery of an expenditure, does not represent the cancellation of a liability without corresponding increase in any other liability or decrease in assets, and does not represent a contribution of fund capital in an enterprise fund.

State Equalized Value (SEV): The assess valuation of property in the City, as determined by the City Assessor and then reviewed and adjusted, if necessary, by the County and the State, to assure that it equals 50% of market value as required by State law.

Special Assessments: Assessments levied on tax bills that are used to fund capital projects that benefit a limited number of properties. The assessments are usually used to repay bonds.

Special Revenue Fund: The fund used to account for the proceeds of specific revenue sources used to finance projects or activities such as the Special Events Fund.

Taxable Value: This is a value used as a base for levying property taxes. It was established by a state constitutional amendment. Taxable values may only be increased by 5% or the rate of inflation, whichever is lower. When property changes ownership, the value returns to 50% of the true cash value equal to the SEV.

Transfers In/Out: A legally authorized funding transfer between funds in which one fund is responsible for the initial receipt and the other fund is responsible for the actual disbursement.

Custodial Funds: these funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, other governments or other funds.