



2015-16 Kimball Township Proposed Budget

Kimball Township Board of Trustees

Robert Usakowski - Supervisor

George Jackson - Treasurer

Robert Hand - Clerk

Ed Kilroy - Trustee

Tina Ritter - Trustee

John Sturdevant - Trustee

Becky Wrubel - Trustee

Public Hearing:

March 17, 2015

Kimball Township Office

2160 Wadhams Rd.

Kimball, MI 48074



Township Board Members and Residents
Kimball Township
2160 Wadhams Road
Kimball, MI 48074

Dear Board Members and Residents,

On behalf of all departments, it is my pleasure to present to you the FY2015 Annual Budget. The budget addresses the Township's priorities as stated in the Capital Improvement Plan, Strategic Plan and soon to be adopted, updated Master Plan.

The FY2015 Budget is a balanced budget with positive fund balances in all budgeted funds. The General Fund shows an operating surplus of \$1,876.49. All other budgeted funds reflect sufficient revenues to operate each fund and accomplish planned objectives.

The township will also begin construction on an expansion and remodeling project at our main fire station on Allen Road. This will include new bays that will be of sufficient size to meet the standard size requirements of today's fire trucks. We will then remodel the existing bays into useable space, along with asbestos removal and remodeling of the existing structure. Our feasibility study indicated that this was a better option than constructing a new station.

The Township has accumulated several hundred thousand dollars in fund balance and will use \$400,000 of that fund balance for the fire station project. The fiscal restraint shown by Township leadership has allowed for us to do this project without asking taxpayers for a millage to complete the project.

Financial Challenges to the Budget

Kimball Township has maintained solid financial practices over the past several years. This includes reducing expenditures to meet revenues by doing many things such as those below:

- Changing medical insurance carriers to reduce cost
- Bidding for services such as legal, assessing, building related inspection services and

grass cutting services which were all bid on in 2015.

- Shift staffing for the fire department during the daytime hours
- Obtaining grants for large projects such as the Smiths Creek Sewer project
- Partnering with other municipalities such as the St Clair County Road Commission on various projects
- Staff reductions

The Michigan and St Clair County economies have shown some positive signs. This should reduce the some of the economic stress placed on the community. However, funding such as CVT, which allowed for additional revenue sharing is unlikely to be maintained in upcoming State budgets.

Financial Gains

For the first time in four years we will see overall increased real property values and a slight increase in resulting tax revenue. However, it will be many years before property taxes equal what they were in the early 2000's.

The St Clair County Landfill has instituted changes including increased tipping fees and advertising for additional business. The result has been an increase in revenue to Kimball Township. Future increases are uncertain as obtaining additional solid waste has proven to be difficult.

The Township recently signed a new franchise agreement with AT&T to bring in a second cable television provider. AT&T will compete with Comcast/Xfinity. The build out of the infrastructure necessary to provide the service will take some time, but there is a potential of a small amount of increased revenue in the future.

Capital Improvement Plan

In 2012, we finished our first Capital Improvement Plan. Thanks to our planning commission, we can now plan for some of the needed capital improvements to maintain services to our community. In 2014-15 we completed the following projects based on the Capital Improvement Plan:

- Water Line Replacement - Lapeer Rd between Range and Allen
- Sewer Station Monitoring System - currently being installed
- Fire Station Construction - Completed Feasibility Study and hired architect for the project
- Smiths Creek Sanitary Sewer - Obtained easements and permits for the project

Below is a list of items included in the budget for 2015-16:

- Construction of Smiths Creek Sewer (65% funded through grant dollars)

- Improvement of the entry way at G Lynn Campbell Library
- Lift station replacement on Hickory or installation of monitoring on all pump/lift stations
- Expansion of Caswell Cemetery

Strategic Plan

The Strategic Plan guides our board in the development of future service, and improvements of existing services. The Township worked extensively over months in 2013 on this project and adopted the plan in 2014.

Many of the items identified in the strategic plan have been included in the budget. Others we are looking to expand with intergovernmental programs and grants.

- Remodel of the Community Room at the G Lynn Campbell Library
- Senior Card Playing on Thursdays
- Used SEMCOG and MTA data to develop metrics to use in evaluating services and the associated cost. Some of these can be seen in Appendix A of this report
- Increased social media presence and communication opportunities including the new WINS system.
- Community Celebration including drive-in movie

This year we will do several projects:

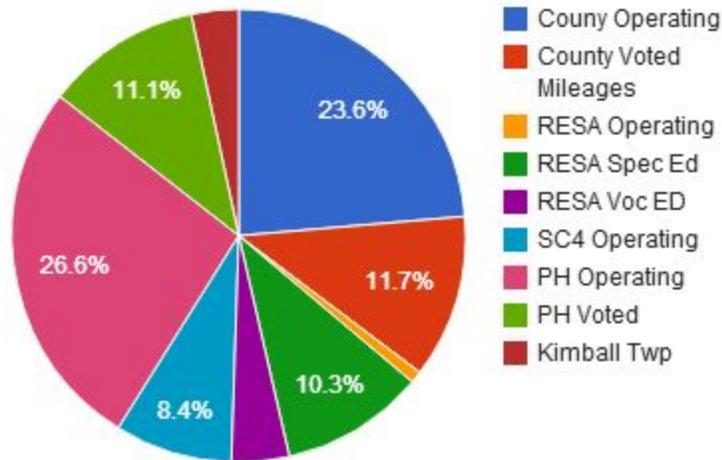
- 5 Year Parks Master Plan
- Continue to update and work on identifiable metrics including MTA's Township of Excellence program
- Additional Community Surveys
- Develop a rental housing inspection ordinance to protect renters.

Tax Rate

Of the thirty municipalities in St Clair County. Kimball Township has the fourth lowest property tax rate for its community. Kimball Township's rate is 0.7599 or less than 1 mil. When factoring in all of the additional taxes including school, county and other voter approved taxes, those living in the Port Huron Area School District in Kimball Township have the 3rd lowest property tax rate in St Clair County.

Years of expenditure control and proper budgeting have allowed for the Township to function on this low tax dollar. The chart below indicates where your taxes go. The small slice at the top of the pie chart is the portion of your paid taxes that stay in Kimball Township.

Where Do Your Taxes Go?



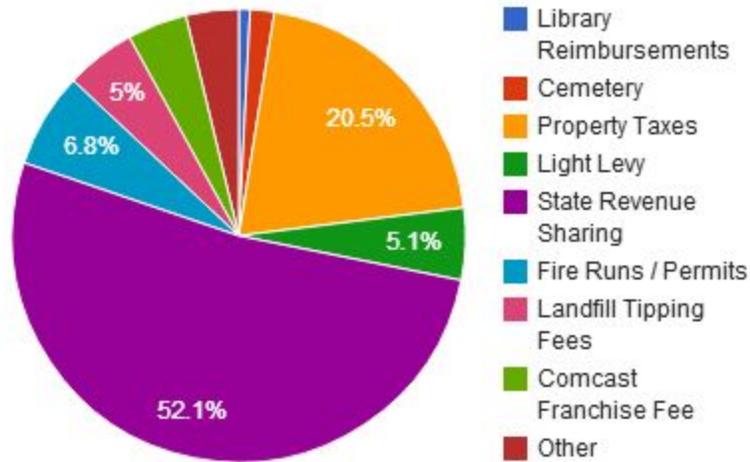
Revenue Sources

Kimball Township gets revenue from a variety of sources. The largest portion is State Revenue Sharing. This is based on a calculation of sales tax paid that comes back to local communities. It accounts for over half of the revenue that comes into Kimball Township. Changes to the gas tax as proposed as a ballot initiative for 2015 will have a direct impact on the township.

The Michigan Constitution dictates that 4% of the first 15% of sales tax collected goes to revenue sharing for municipalities based on their population. Currently, gasoline is charged a sales tax. The proposal eliminates the sales tax on gasoline, which would reduce revenue sharing for municipalities. To compensate, the proposal also changes the formula for revenue sharing from 4% of the first 15% to 5% of the first 15%. The net impact on revenue sharing as indicated by the House Fiscal Agency is about a net 10% increase in revenue sharing. For this reason, Kimball Township officials are constantly monitoring legislation related to revenue sharing.

One quarter of Kimball Township's revenue comes from property taxes. The last quarter comes from a variety of other revenue sources including a portion of the tipping fees at the landfill, Comcast Cables franchise fee, and charges for fire runs. Below is a graph showing those revenue sources.

Revenue Sources

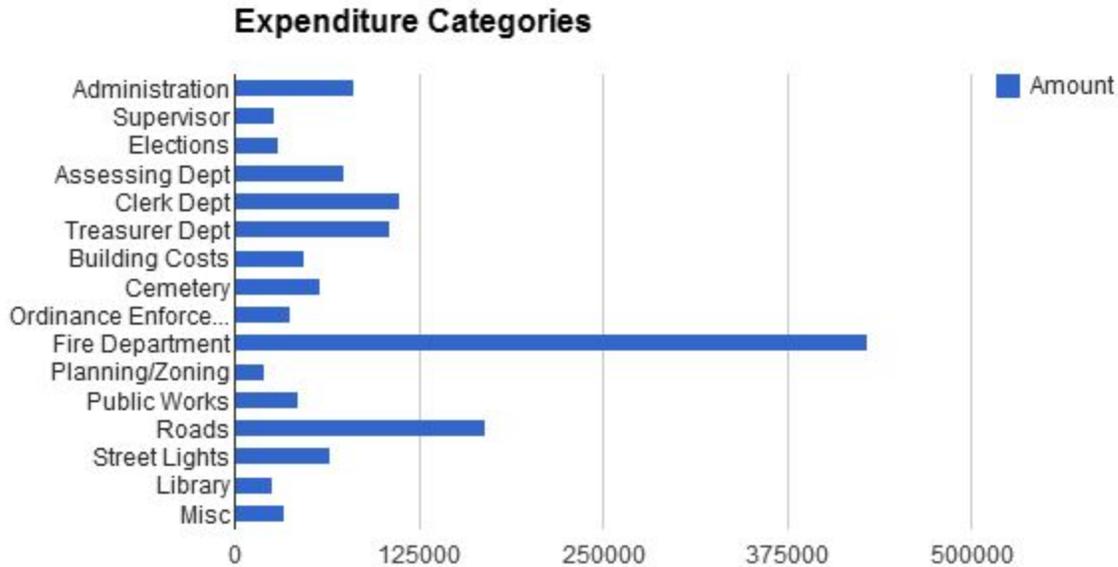


How Are Your Tax Dollars Spent

Your tax dollars are spent in Kimball Township for a variety of services. This included mandated services such as assessing and elections. Other expenditures are not mandated by law such as cemeteries, fire departments, roads and libraries.

It is important for the township's future that the expenditures not exceed the revenues. This allows for us to maintain a healthy fund balance. Currently Kimball Township has a fund balance of nearly \$1,000,000. This is a very healthy fund balance.

Below is a chart of expenditure categories. .



Water / Sewer Fund

One of the areas of concern for the Township is water and sewer. Our system is an aging system with needs of repair and also expansion to complete a water loop as recommended by the DEQ.

The Smiths Creek Sewer project will be completed this summer. This project is 75% funded through a USDA grant. It will resolve sewer related issues in the Smiths Creek area. A force main has already been installed that will connect to the existing sewer system near Allen Rd and Smiths Creek Road.

The Township Board approved the installation of monitoring systems on several of our lift stations in 2014. Those systems will be installed in 2015. This will assist us in troubleshooting system issues including the lift station on Allen Road which has had multiple failures.

Port Huron has stabilized its water rates and is proposing smaller 1.8% - 2.0% increase over the next 3 years. Kimball Township's costs will increase as a result. To maintain a stable fund balance in water and sewer it is necessary that we pass those costs along to the users of the system. It may be to the Township's benefit to have a water rate study completed by an independent third party, to increase customer satisfaction and trust level for the current rates.

Parks Fund

Parks and Recreation are an important factor in quality of life for community residents. The

Township receives a portion of the countywide parks millage passed by voters. Over the years, that millage has been used for a variety of improvements along with park staffing. However, the Township Board agrees that this funding is insufficient to completely fund our parks and accomplish some of the goals of the parks program.

The 2015-16 budget will reflect additional parks funding from the general fund. The funds will be used for picnic table replacements, entryway upgrades at Sutherland Park and leveling of the gazebo at Smiths Creek Park.

Conclusion

Kimball Township is in a unique situation in that it has kept taxes low and been able to maintain a healthy and stable fund balance. The proposed budget will allow for this to continue.

Robert Usakowski
Supervisor
Kimball Township