



2016 Citizen's Guide

How Forsyth Township Spends Your Money



2016 Citizen's Guide to
Forsyth Township's Financial Health

Prepared by
Lynn Rodgers, Deputy Treasurer



KEY TERMS

There are a few key terms that may be helpful when reading this report. They include:

- **Budget deficit/surplus.** If there is less money received than paid out in a given fiscal year, there is a budget **deficit** or shortfall. If there is more money received than paid during the fiscal year, a budget **surplus** exists.
- **Debt.** Just like a homeowner takes out a mortgage, governments can borrow money to pay for certain types of projects. The state has both short-term debt (paid back within the fiscal year) and long-term debt. Debt can be either **general obligation** debt, meaning that the state pays back the debt with regular tax collections and other revenues, or **special revenue** debt, which is paid off over time with revenue from specified sources beyond the usual taxes and service fees.
- **Fiscal year (FY).** The 12-month period of time during which budgets are allocated or finances are planned. Most households have a fiscal year that runs from January 1 to December 31 (that's the period for which we pay personal income taxes in April), while state government uses an October 1 - September 30 fiscal year. Some local units of government, including public schools, use a July 1 - June 30 fiscal year. Forsyth Township operates fiscal year April 1 – March 31.
- **Fund balance.** Once all the bills for the year have been paid out of a certain fund, whatever is left over is called the fund balance. When a fund balance is less than zero, you'll see the number shown with parentheses around it. Deficits cause fund balances to decrease, while surpluses cause them to increase.
- **Public budget gap.** A novel measure, similar to the deficit, used to measure the extent to which a government is falling short of covering its current and long-term obligations in a fiscal period. The budget gap takes into account the budget deficit, as well as any new obligations that the government has failed to cover such as **employee pensions or retiree health care.**
- **Reserved/Restricted funds.** Some funds are considered to be “reserved” or “restricted” for a specific purpose, and cannot be spent for anything else.

Welcome..... 1

How Governments Use Your Money..... 2

 Where Citizen Dollars Go 2

 Services That Governments Provide 3

How Taxpayer Money Is Spent:

Government Revenues and Expenditures 4

 Public Budgets 4

 Projections for Next Fiscal Year..... 7

 Number of Government Employees 8

Forsyth Township’s Fiscal Health 9

 Reserves and Major Fund Balances9

 Debt Levels 10

 Pension and Other Retiree Benefits 10

How This Report Was Developed 11

Welcome

Greetings,

Forsyth Township serves 6,164 residents and covers a large area of land with almost 200 square miles. Within the boundaries of the township we have several communities including Austin, Gwinn, Little Lake, New Swanzy, Princeton, Sawyer, and an array of lake areas.

The township is fortunate to be able to provide many services to our residents and taxpayers. We offer emergency services, which include a full-time police department and devoted volunteers who serve as EMTs and firemen. We provide programs and recreation opportunities for a range of age groups, from parks to community centers to baseball fields and senior center programs.

There continues to be financial challenges for the township, such as aging equipment and infrastructure, deteriorating roads, unfunded liabilities and mandates, dilapidated buildings, and lost revenues from the state and property taxes. The township took the majority of the former K.I. Sawyer AFB over when the base closed which has stretched the area of services that need to be provided. The Forsyth Township Board and its employees are continually looking for new and innovative ways to control costs and find additional revenue sources so we can continue to provide the services that our residents expect and deserve.

The township has been fortunate that in recent years, the taxpayers have provided additional millage for police services, library operations and ambulance equipment. The township has also been awarded various grants and donations for streets, park improvements, and emergency service vehicles and equipment purchases.

The Forsyth Township Board recognizes the need for the taxpayers and residents to understand how their local government functions. Furthermore, we hope that this will give you a snapshot of the township's finances. We feel strongly that we are providing the best services possible while working to the standards of all applicable requirements and laws that govern our township.

If you have any questions, please do not hesitate to contact any of our board members or one of our dedicated employees.

Sincerely,

Joseph Minelli, Supervisor

Jane Nordeen, Clerk

Judith Roberts, Treasurer

Chris Adams, Trustee

Leonard Bodenus, Jr., Trustee

How Governments Use Your Money

Forsyth Township receives monies from various sources. The main areas are listed below:

Property Taxes are revenue received from properties owned within the township based on millage rates and assessed taxable value of the property.

Grants are applied for to help off-set the cost of upgrading equipment and services for the township's residents. In the past few years, Forsyth Township has applied for and successfully received grant monies for items such as park upgrades, police patrol cars and equipment, a fire truck and equipment, and an ambulance. The township also received a large grant for the boulevard renovation, new sidewalks and street lights which allowed the township to upgrade portions of water and sewer system at a fraction of the cost.

State Funding is received from revenue sharing, penal fines for the library, liquor license fees, etc. Revenue Sharing is a large portion of the township's income. Forsyth Township had received both statutory and constitutional revenue sharing along with right-of-way revenue sharing. The amount of revenue sharing has declined 3.5% in the last ten years when comparing fiscal years ending 2007 and 2016, while the township's population has grown over twenty-seven percent during the same time period. The state has replaced statutory revenue sharing with a program that requires local governments to meet certain criteria and process additional reports or lose substantial revenue.

Water and Sewer Systems Revenue is received from the users of these services. Forsyth Township has a water and sewer system that provides service to a portion of the township. The water and sewer users pay entirely for the operation, repairs and upgrades to the systems. The revenue generated by the systems stay within the specific fund and no other income is used to operate these systems. The water and sewer systems have received low-interest bonds for much needed upgrades and improvements. The bonds will be paid back by the users of the systems.

Charges for Services are essentially user fees. Forsyth Township charges fees for services such as the ambulance or fire department. Fees also apply to various zoning permits as well as interment charges at the cemetery, etc. The user fees are set up to cover the cost of the actual service versus the cost of owning and maintaining the equipment along with having trained personnel required for the various departments.

Other Revenue is received from various areas such as contributions from other governmental entities for shared services, franchise fees, donations, and interest on investments.

SERVICES THAT GOVERNMENTS PROVIDE

Townships, by law, are responsible for assessing property as a basis for county and school taxation, and collecting taxes for all local units of government. Forsyth Township has gone far beyond the minimum requirements and provides a wide array of services to its residents. Examples are as follows:

| | |
|-------------------------------|----------------------------|
| Police Services | Volunteer Fire Department |
| Ambulance Service | Library |
| Cemetery | Planning and Zoning |
| Public Works | Senior Center and Services |
| Street Lighting | Transfer Station |
| Recycling | Water & Sewer |
| Clubhouse/Community Centers | Community Parks |
| Community Baseball Fields | Campground |
| Crossing Guards | Street Signs |
| Road Repairs and Improvements | Swimming Area |
| Various Community Promotions | Ordinances and Compliance |
| Sidewalks | Fire Signs |
| Ice Skating Rinks | Building/Facility Rentals |
| Shooting Range | Full-Time Office Staff |
| Snowmobile & ATV Trails | Canoe Launch |

How Taxpayer Money is Spent:
Government Revenues and Expenditures

FORSYTH TOWNSHIP BUDGETS

Below is a list of the current Fiscal Year 2016-17 amended budgets by Fund. The General Operating budget's revenue is broken down by cost center and expenses by department.

GENERAL OPERATING FUND

| REVENUES | |
|---|------------------|
| Account Description | |
| Property Taxes | 1,229,790 |
| License & Permits | 150 |
| State & Federal Grants/Revenue Sharing | 545,000 |
| Charges for Services | 245,615 |
| Fines & Forfeitures | 0 |
| Other Revenue | 230,475 |
| Interest Income | 5,000 |
| Total Revenues | 2,256,030 |
| Other Sources - Transfer from Other Funds | 364,000 |
| Total Revenues & Other Sources | 2,620,030 |

| EXPENSES | |
|----------------------------|---------|
| Account Description | |
| Legislature | 12,765 |
| Supervisor | 16,035 |
| Audit | 4,500 |
| Assessing | 184,950 |
| Clerk | 13,380 |
| Board of Review | 1,980 |
| Treasurer | 12,230 |
| Tax Office | 16,300 |
| Office | 81,750 |
| Elections | 18,700 |
| Buildings & Grounds | 95,030 |
| Attorney | 10,000 |
| Cemetery | 23,005 |
| Misc | 35,700 |

| | |
|---|------------------|
| Fire Department | 115,560 |
| Sawyer Operations Authority | 1,000 |
| Misc Debris Committee | 1,065 |
| NMIS | 2,060 |
| Public Works | 157,335 |
| Road Work | 120,000 |
| Street Lighting | 120,000 |
| Landfill | 1,000 |
| Transfer Station | 22,675 |
| Ambulance | 144,450 |
| Senior Citizen Center | 184,300 |
| Planning & Zoning | 12,185 |
| Zoning Board of Appeals | 1,630 |
| Other Insurance | 37,210 |
| Contingency | 50,000 |
| Misc Expenses | 19,700 |
| Tax Refunds | 43,000 |
| Capital Outlay | 282,300 |
| Transfers Out | 763,975 |
| Debt Service | 27,320 |
| Total Expenditures | 2,633,090 |
| | |
| Budgeted Net Revenues (Expenditures) | (13,060) |

POLICE FUND

| | |
|--------------------------------------|-----------|
| Revenues | 993,800 |
| Expenditures | 1,024,250 |
| Budgeted Net Revenues (Expenditures) | (30,450) |

AMBULANCE EQUIPMENT FUND

| | |
|--------------------------------------|-----------|
| Revenues | 88,600 |
| Expenditures | 253,600 |
| Budgeted Net Revenues (Expenditures) | (165,000) |

CLUBHOUSE/RECREATION FUND

| | |
|--------------------------------------|---------|
| Revenues | 415,575 |
| Expenditures | 420,550 |
| Budgeted Net Revenues (Expenditures) | (4,975) |

REVOLVING FUND

| | |
|--------------------------------------|-----------|
| Revenues | 72,000 |
| Expenditures | 208,000 |
| Budgeted Net Revenues (Expenditures) | (136,000) |

LIBRARY FUND

| | |
|--------------------------------------|---------|
| Revenues | 163,475 |
| Expenditures | 161,990 |
| Budgeted Net Revenues (Expenditures) | 1,485 |

SEWER FUND

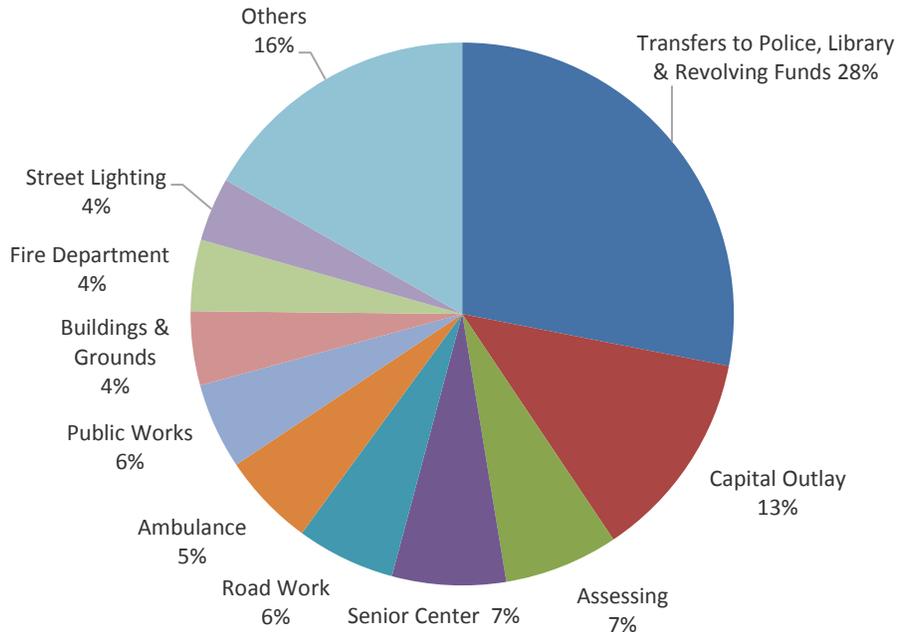
| | |
|--------------------------------------|---------|
| Revenues | 353,800 |
| Expenditures | 351,250 |
| Budgeted Net Revenues (Expenditures) | 2,550 |

WATER FUND

| | |
|--------------------------------------|----------|
| Revenues | 533,860 |
| Expenditures | 562,110 |
| Budgeted Net Revenues (Expenditures) | (28,250) |

Below is a chart representing the top ten budgeted expenditures of the General Operating Fund by percentage for fiscal year 2016-17:

GENERAL OPERATING FY 2016-17 TOP TEN EXPENSES BY DEPARTMENT



PROJECTED FISCAL YEAR 2017-18 BUDGET

Forsyth Township’s General Operating revenue and expenses for next fiscal year are estimated to remain essentially flat when compared to the current year.

| | |
|-------------------|-----------|
| Revenues | 2,430,000 |
| Expenses | 2,275,000 |
| Capital Purchases | 125,000 |

In the past few years, the township has been working on major water and sewer system improvement projects. This project consists of needed repairs to the systems and adding water meters. The water and sewer projects are estimated to be over seven million dollars. The majority of the projects are to be funded with low-interest bonds through United States Development of Agriculture’s Rural Development. The bonds for the water and sewer projects will be repaid only by the users of the systems. The project is expected to be complete during the summer of 2017.

NUMBER OF GOVERNMENT EMPLOYEES

As of November 1, 2016, Forsyth Township has 26 permanent employees. This does not include township officials, volunteers for emergency services, election workers, temporary employees, board members for various required committees, etc.

Assessing/Zoning

Rebecca Stachewicz, Assessor/Zoning Administrator
Rodney Shaw, Zoning Official/Assessing Aide

Library

Leslie Makela, Director
Pat Malashanko
Bonnie Forgette
Leslie Willig
Tammy Castle

Office

Lynn Rodgers, Bookkeeper/Deputy Treasurer
Paula Sirois, Payroll/Billing Specialist/Deputy Clerk
Stacy Filizetti, Board Secretary

Senior Center

Brian Veale, Senior Citizens Director

Police Department

Gordy Warchock, Police Chief
Brian Kjellin, Detective Sergeant
Mike Chevalier, Police Officer
Jesse Cadwell, Sergeant
Stephan Mills, Corporal
Justin Wonch, Police Officer
Daniel Braund, Police Officer
Trevor Boudreau, Police Officer
Evan Leach, Police Officer
Julie Day, Administrative Assistant

Public Works

Eric Jancsi, Superintendent & Water/Sewer
Len Fowler, Lead Man Buildings & Grounds
Michael Jakubowski, Equipment Operator
Paul Sirois, Lead Man Public Works
Daryl Johnson, Mechanic

RESERVES AND MAJOR FUND BALANCES

This is a comparison of fund balances/retained earnings between fiscal years 2014-15 and 2015-16. As a reminder, the term does not represent the amount of money the township has. Fund balance also includes all receivables (monies owed to the township from various sources).

| Fund Balances/Net Assets | FY 2014-15 | FY 2015-16 | Difference | Percentage Change |
|---------------------------------|-------------------|-------------------|-------------------|--------------------------|
| General Operating | 1,608,364 | 1,597,418 | (10,946) | -0.68% |
| Perpetual Care | 183,709 | 185,121 | 1,412 | 0.77% |
| Police | 162,862 | 210,122 | 47,260 | 29.02% |
| Ambulance Equipment | 333,302 | 422,137 | 88,835 | 26.65% |
| Clubhouse/Recreation | 527,732 | 497,225 | (30,507) | -5.78% |
| Revolving | 755,596 | 806,299 | 50,703 | 6.71% |
| Library | 243,866 | 118,804 | (125,062) | -51.28% |
| Sewer | 1,249,113 | 1,314,516 | 65,403 | 5.24% |
| Water | 2,034,632 | 2,164,791 | 130,159 | 6.40% |
| Total for Funds | 7,099,176 | 7,316,433 | 217,257 | 3.06% |

DEBT LEVELS

Below is a list of debt obligations Forsyth Township had outstanding as of March 31, 2016:

| DESCRIPTION OF DEBT | FUND | DEBT OUTSTANDING AS OF 3/31/16 |
|--------------------------|-------------------|--------------------------------------|
| Fire Truck | General Operating | 150,506 |
| | | <hr/> 150,506 |
| Sewer Bond | Sewer | 55,000 |
| USDA Jr. Lien Bond | | 1,000 |
| | | <hr/> 56,000 |
| Water Upgrades | Water | 270,000 |
| USDA Jr. Lien Bond | | 228,000 |
| | | <hr/> 498,000 |
| Total Capital Obligation | | 704,506 |

PENSION AND OTHER RETIREE BENEFITS

All permanent full-time employees (except the Assessor) are enrolled in the Michigan Employees Retirement System (MERS). All participating employees are required a five-percent contribution. Currently, members of the Police Department (except the Secretary) can retire at age 55 or 25 years of service. All new hire employees will be enrolled in a Hybrid Plan. All other participating members are eligible for retirement at age 60 or 30 years of service.

The township will provide \$186.00 per month for those retired employees wishing to remain on the township's health insurance from age 60 to 65, provided they have a minimum of twenty years of service.

The unfunded liability for employee retirement based on MERS actuarial was \$3,321,091 as of December 31, 2015. The unfunded liability for employee insurance was \$1,015 as of March 31, 2016.

How This Report Was Developed

The goal of this report was to provide the public with as much information as possible on the revenues, expenditures, and other financial activities of Forsyth Township. This report is a requirement by the State of Michigan so Forsyth Township can receive funds from the state that were previously provided through statutory revenue sharing. The projections for next year's budget are estimates based on information known today and are subject to change. If you have questions concerning this report, feel free to contact the township office Monday – Friday 7:30am to 4:00pm.