

2022 Citizen's Guide to The Village of Reese's Financial Health

Prepared by:
Tom Raymond, Village Manager
October 2022

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 and at times, the Village, 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 and/or the Village 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, while others operate on a typical calendar year. The Village operates on an April 1 through March 31 basis.
- **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.

To the Citizens of the Village of Reese:

It is with great pleasure that we present to you, the Village of Reese's Annual Financial Report (PAFR), for the fiscal year ended March 31, 2022. The intent of this report is to provide you with our annual financial and operating information in a user friendly manner. We hope that this report is useful in understanding the Village of Reese's financial condition.

The information provided in this report is derived primarily from the 2021 Annual Financial Report. Financial information provided in the report is from the audit conducted by Berthiaume & Company, and was prepared in accordance with generally accepted accounting principles (GAAP). Only the financial data for the primary government is included in this report. Information in this report is condensed and summarized and certain financial statements and note disclosures required by GAAP are not included.

The Village continues to maintain positive fund balances in each of its funds. However, concerns often arise when considering the revenue and expenses during each budget year. We are continuing to plan for the long term, and will continue to balance the budget through spending controls. In spite of fiscal challenges, the Village will strive to provide the Village residents with the same level of service to which they become accustomed.

We hope you find this information interesting and informative. We welcome any feedback and suggestions regarding the information provided in this report. Please feel free to contact me at 989-868-4503 or by email: manager@villageofreese.us.

Respectfully,

Tom Rayond
Village Manager

How Governments Use Your Money

WHERE CITIZEN DOLLARS GO

In addition to village property taxes, our residents pay a quarterly bill for sanitary sewers and solid waste removal services.

SERVICES THAT GOVERNMENTS PROVIDE

The Village provides our residents with police and fire protection, street and sidewalk maintenance, snow removal, brush removal, parks, sanitary sewer service, planning and zoning and general administration of all Village departments.

Revenues and Expenditures

The Village Council adopts an annual operating budget for the Village of Reese as required by State law in accordance with accepted accounting principles, generally accepted in the United States of America applicable to governmental units. The budget includes information about Revenues, Expenditures, Liabilities, and Debt.

PENSION AND OTHER RETIREE BENEFITS

The Village of Reese offers its employees a defined Contribution Pension Plan whereby the Village contributes a percentage of the employee's wages into the employee's retirement account. The Village provides no post-employment benefits to retirees and has **no unfunded liabilities**.

GOAL OF THIS REPORT

The goal of this report is to provide the public with as much information as possible pertaining to the Revenues, expenditures, and other financial activities of the Village including in the infusion of any state and federal funding.

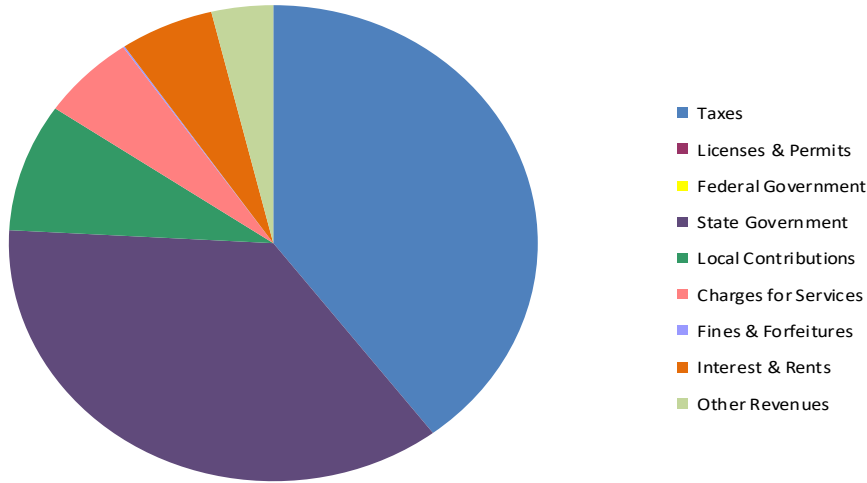
DATA SOURCES AND NOTES

The following data has been compiled from the Annual Financial Statements from the Village of Reese and the Michigan Department of Treasury.

CITIZEN'S GUIDE TO LOCAL UNIT FINANCES - Village of Reese (79-3090)

REVENUES

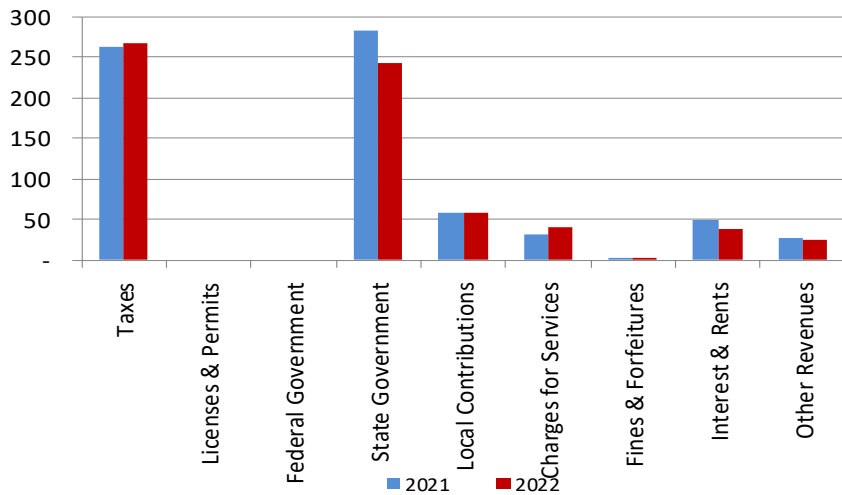
1. Where our money comes from (all governmental funds)



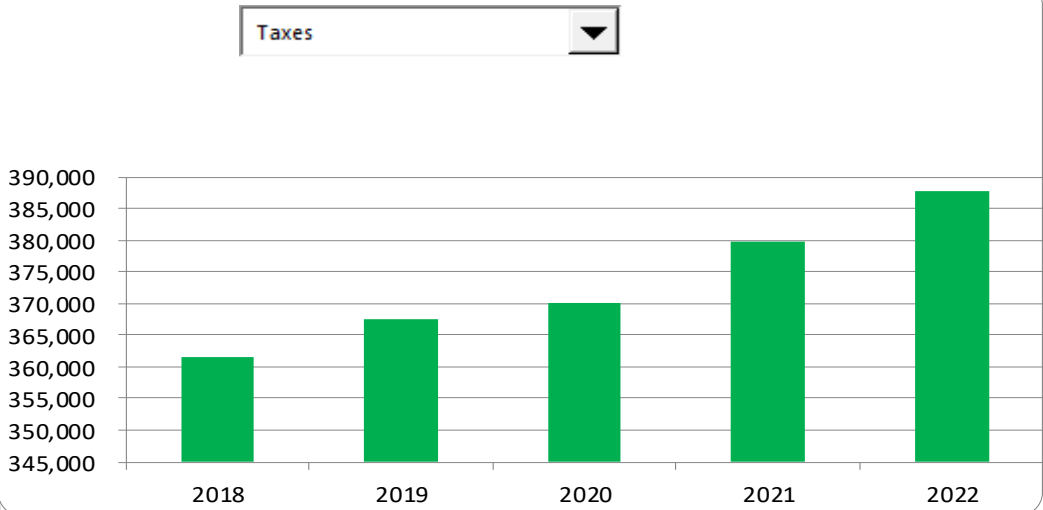
2. Compared to the prior year

	<u>2021</u>	<u>2022</u>	<u>% change</u>
Taxes	\$ 379,855	\$ 387,602	2.04%
Licenses & Permits	-	-	N/A
Federal Government	-	-	N/A
State Government	409,375	353,416	-13.67%
Local Contributions	82,552	85,014	2.98%
Charges for Services	44,389	56,831	28.03%
Fines & Forfeitures	355	936	163.66%
Interest & Rents	70,371	56,067	-20.33%
Other Revenues	40,308	36,825	-8.64%
Total Revenues	\$ 1,027,205	\$ 976,691	-4.92%

3. Revenue sources per capita - compared to the prior year



4. Historical trends of individual sources



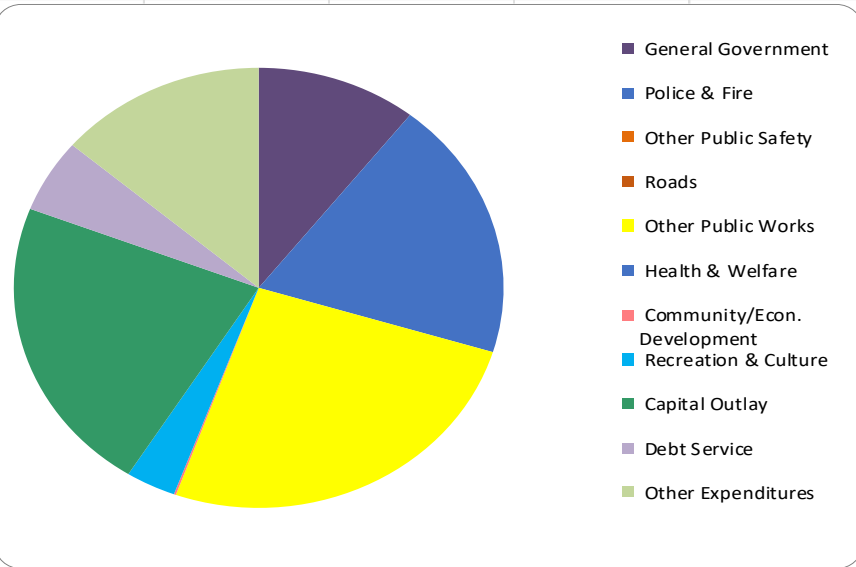
Commentary:

For more information on our unit's finances, contact Courtney Owens at 989-868-4503.

CITIZEN'S GUIDE TO LOCAL UNIT FINANCES - Village of Reese (79-3090)

EXPENDITURES

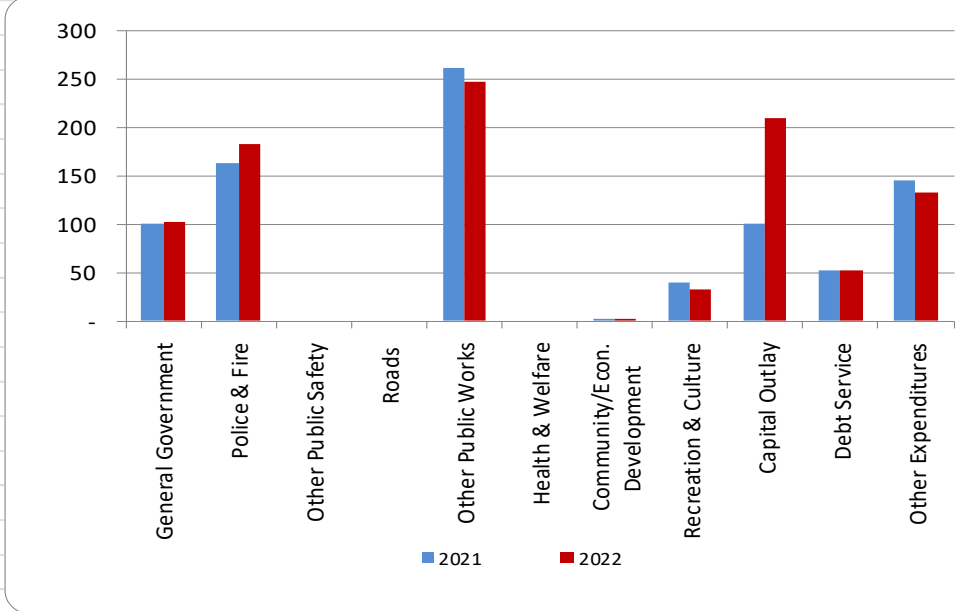
1. Where we spend our money (all governmental funds)



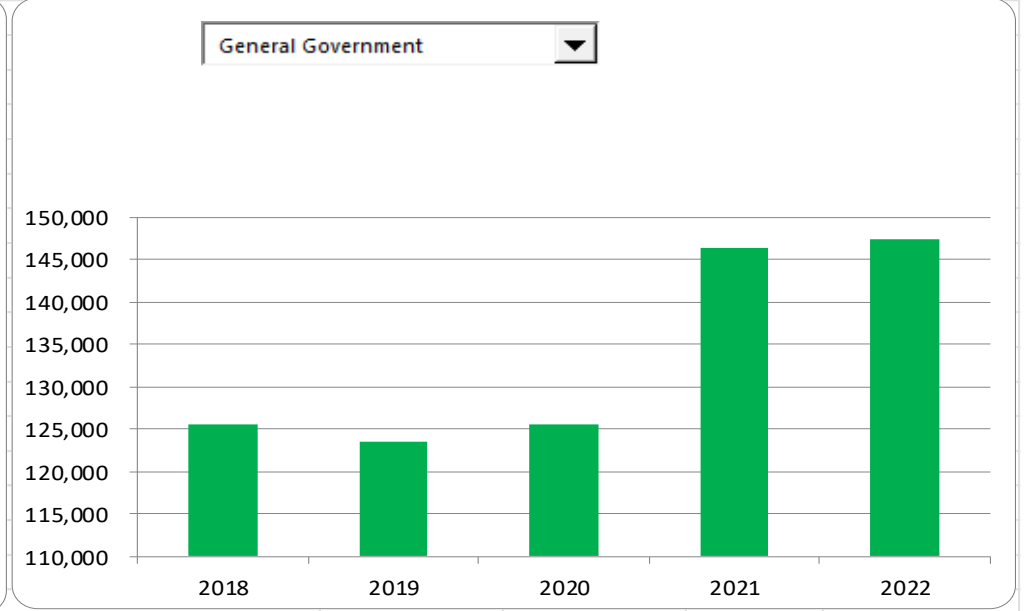
2. Compared to the prior year

	<u>2021</u>	<u>2022</u>	<u>% change</u>
General Government	\$ 146,261	\$ 147,295	0.71%
Police & Fire	236,457	265,157	12.14%
Other Public Safety	-	-	N/A
Roads	-	-	N/A
Other Public Works	379,313	357,737	-5.69%
Health & Welfare	-	-	N/A
Community/Econ. Development	1,500	1,866	24.40%
Recreation & Culture	56,122	45,874	-18.26%
Capital Outlay	145,029	304,080	109.67%
Debt Service	76,143	74,830	-1.72%
Other Expenditures	210,907	191,039	-9.42%
Total Expenditures	\$ 1,251,732	\$ 1,387,878	10.88%

3. Spending per capita - compared to the prior year



4. Historical trends of individual departments:



Commentary:

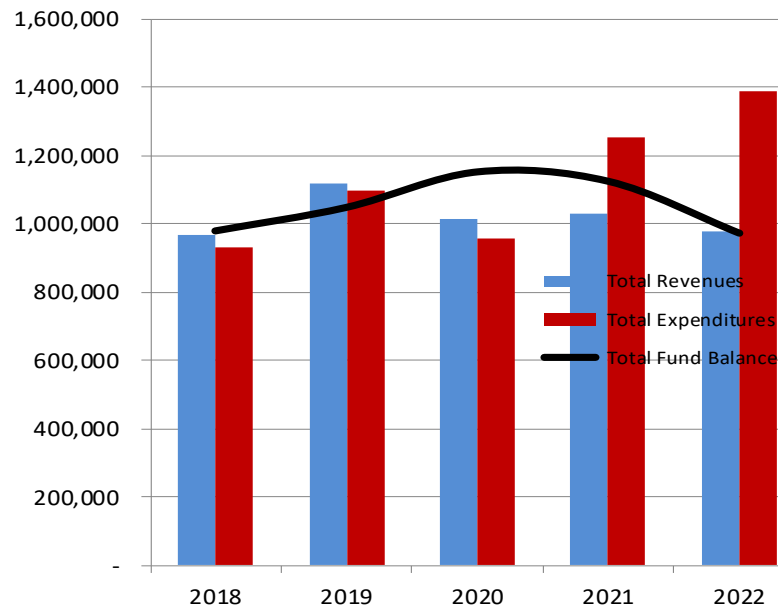
For more information on our unit's finances, contact Courtney Owens at 989-868-4503.

CITIZEN'S GUIDE TO LOCAL UNIT FINANCES - Village of Reese (79-3090)

FINANCIAL POSITION

1. How have we managed our governmental fund resources (fund balance)?

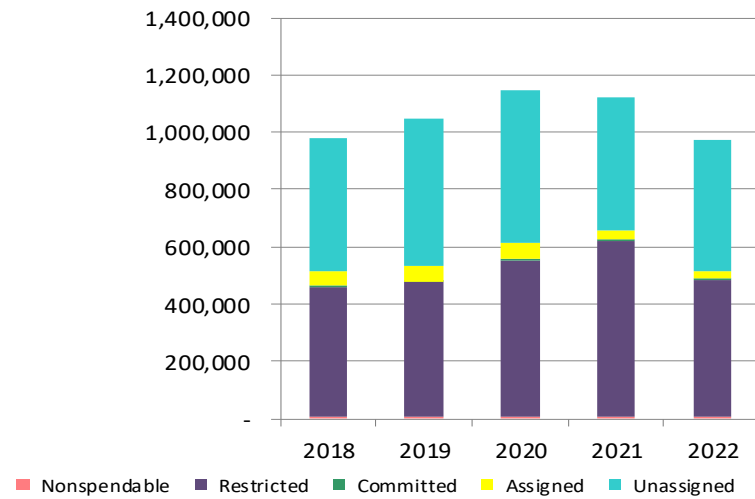
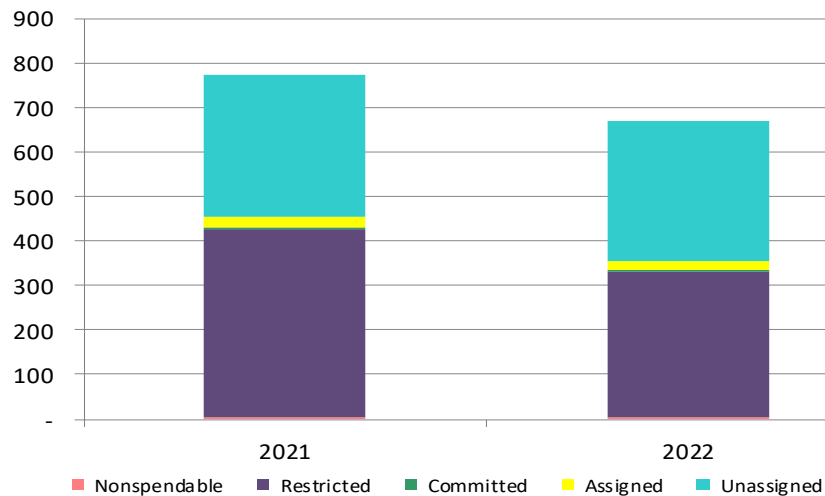
2. Compared to the prior year



	2021	2022	% change
Revenue	1,027,205	976,691	-4.92%
Expenditures	1,251,732	1,387,878	10.88%
Surplus (shortfall)	(224,527)	(411,187)	83.13%
Fund balance, by component:			
Nonspendable	5,534	5,152	-6.90%
Restricted	613,653	478,083	-22.09%
Committed	3,931	4,158	5.77%
Assigned	34,178	25,639	-24.98%
Unassigned	464,854	460,935	-0.84%
total fund balance	1,122,150	973,967	-13.21%

3. Fund balance per capita - compared to the prior year

4. Historical trends of individual components

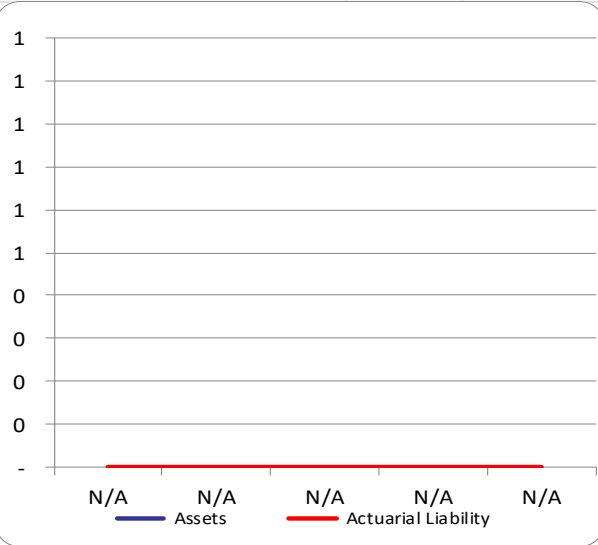


Commentary:

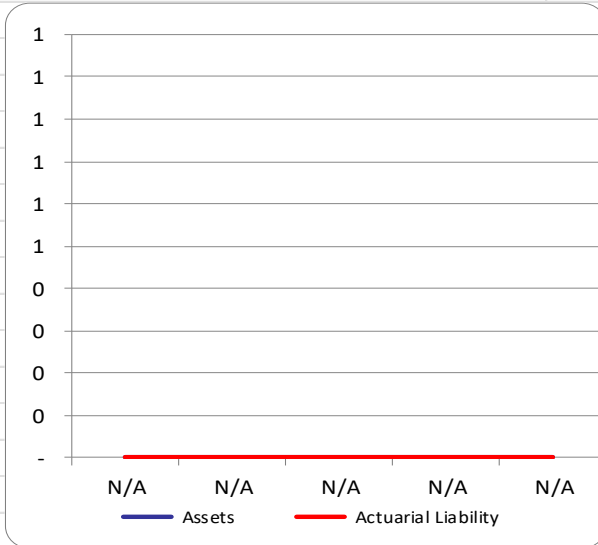
CITIZEN'S GUIDE TO LOCAL UNIT FINANCES - Village of Reese (79-3090)

OTHER LONG TERM OBLIGATIONS

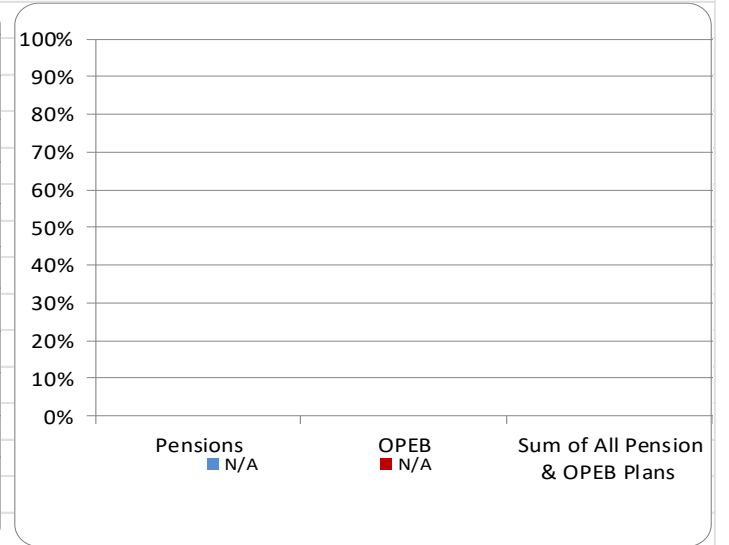
1. Pension funding status



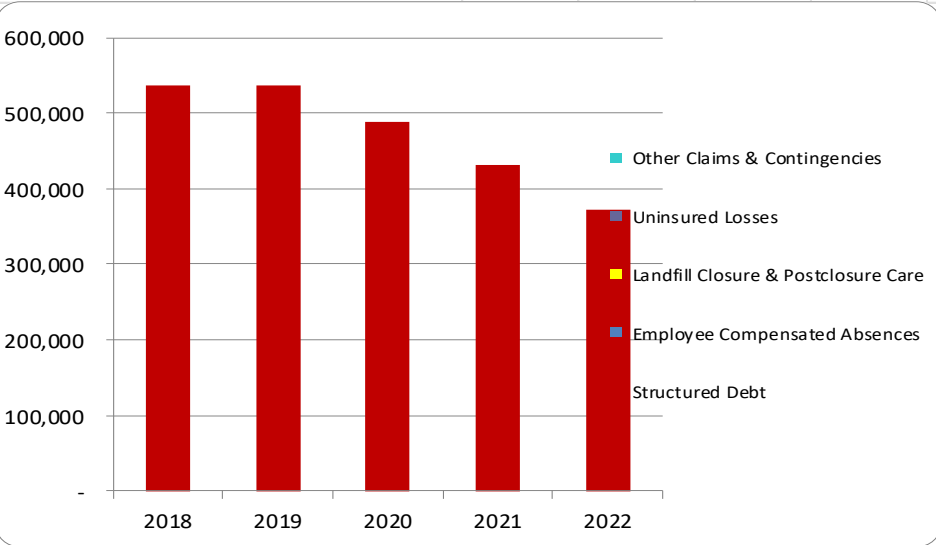
2. Retiree Health care funding status



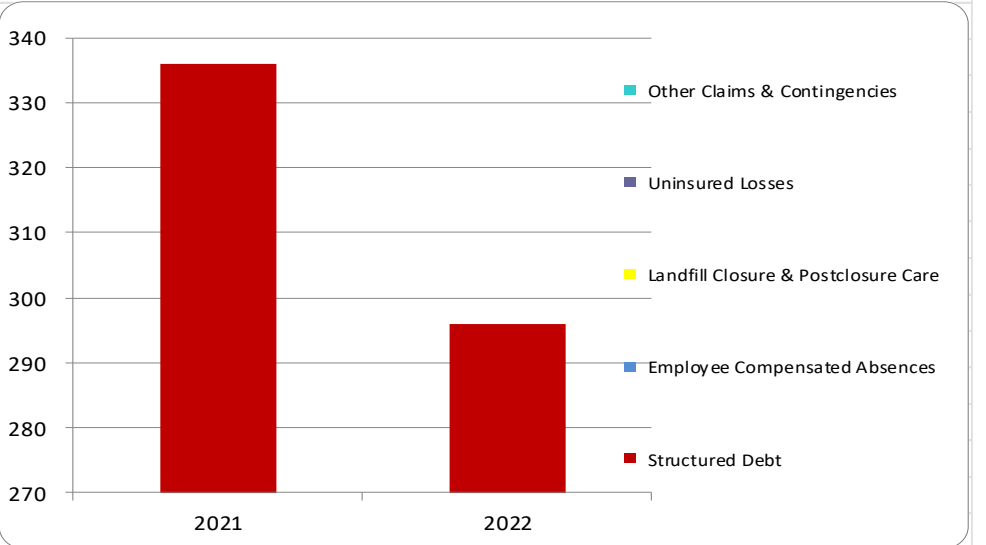
3. Percent funded - compared to the prior year



4. Long Term Debt obligations:



5. Debt & other long term obligations per capita - compared to the prior year



Commentary:

Performance Dashboard

Local Unit Name: Village of Reese
Local Unit Code: 79-3090

	2021	2022	Trend	Performance
Fiscal Stability				
Annual General Fund expenditures per capita	\$1,012	\$1,135	↑ 12.2%	Negative
Fund Balance as % of annual General Fund expenditures	89.3%	70.2%	↓ -21.4%	Negative
Unfunded pension & OPEB liability, as a % of annual General Fund revenue	0%	0%	→ 0.0%	0.0%
Debt burden per capita	\$299	\$283	↓ -5.4%	Positive
Percentage of road funding provided by the General Fund	0.0%	0.0%	→ 0.0%	0.0%
Ratio of pensioners to employees	-	-	→ 0.0%	0.0%
Number of services delivered via cooperative venture	8	8	→ 0.0%	Neutral
Economic Strength				
% of community with access to high speed broadband	100%	100%	→ 0.0%	Neutral
% of community age 25+ with Bachelor's degree or higher	0%	0%	→ 0.0%	0.0%
Average age of critical infrastructure (years)	-	-	→ 0.0%	0.0%
Public Safety				
Violent crimes per thousand	2	5	↑ 204.7%	Negative
Property crimes per thousand	7	8	↑ 12.8%	Negative
Traffic injuries or fatalities	8	4	↓ -50.0%	Positive
Quality of Life				
Miles of sidewalks and non-motorized paths/trails as a factor of total miles of local/major roads & streets	0.10	0.10	→ 0.0%	Neutral
Percent of General Fund expenditures committed to arts, culture and recreation	0.2%	0.2%	↑ 29.2%	Neutral
Acres of parks per thousand residents	6.4	-	↓ -100.0%	Negative
Percent of community with access to curbside recycling	100%	100%	→ 0.0%	Neutral

VILLAGE OF REESE

GOVERNMENTAL ACTIVITIES SCHEDULE OF INDEBTEDNESS

March 31, 2022

GENERAL OBLIGATION LIMITED TAX BONDS, SERIES 2007

Issue dated June 1, 2007 in the amount of	\$	400,000
Less: Principal paid in prior years		(190,000)
Principal paid in current year		<u>(30,000)</u>
Balance payable at March 31, 2022	\$	<u>180,000</u>

Balance payable as follows:

<i>Fiscal Year Ended</i>	<i>Interest Rate</i>	<i>Principal due June 1</i>	<i>Interest due June 1</i>	<i>Interest due December 1</i>	<i>Total Annual Requirement</i>
2023	4.375%	\$ 30,000	\$ 3,937	\$ 3,281	\$ 37,218
2024	4.375%	30,000	3,281	2,625	35,906
2025	4.375%	30,000	2,625	1,969	34,594
2026	4.375%	30,000	1,969	1,313	33,282
2027	4.375%	30,000	1,313	656	31,969
2028	4.375%	<u>30,000</u>	<u>656</u>	<u>-</u>	<u>30,656</u>
		<u>\$ 180,000</u>	<u>\$ 13,781</u>	<u>\$ 9,844</u>	<u>\$ 203,625</u>

Note: This general obligation bond is paid from the Major Street Fund.

VILLAGE OF REESE

GOVERNMENTAL ACTIVITIES
SCHEDULE OF INDEBTEDNESS
March 31, 2022

INSTALLMENT PURCHASE CONTRACT

Issue dated June 14, 2016 in the amount of	\$ 269,000
Less: Principal paid in prior years	(107,575)
Principal paid in current year	<u>(30,230)</u>
Balance payable at March 31, 2022	<u>\$ 131,195</u>

Balance payable as follows:

<u><i>Fiscal</i></u> <u><i>Year Ended</i></u>	<u><i>Interest</i></u> <u><i>Rate</i></u>	<u><i>Principal due</i></u> <u><i>December 1</i></u>	<u><i>Interest due</i></u> <u><i>December 1</i></u>	<u><i>Total</i></u> <u><i>Annual</i></u> <u><i>Requirement</i></u>
2023	3.250%	\$ 31,225	\$ 4,324	\$ 35,549
2024	3.250%	32,254	3,295	35,549
2025	3.250%	33,311	2,238	35,549
2026	3.250%	<u>34,405</u>	<u>1,144</u>	<u>35,549</u>
		<u>\$ 131,195</u>	<u>\$ 11,001</u>	<u>\$ 142,196</u>

Note: This general obligation bond is paid from the Fire Special Fund.

Projected Budget Report

Local Unit Name: Village of Reese
Local Unit Code: 79-3090
Current Fiscal Year End Date: 3/31/2023
Fund Name: Genral Fund

REVENUES	Current Year Budget	Percentage Change	Year 2 Budget	Assumptions
Property Taxes	\$ 335,900	3 %	\$ 344,298	Higher assessed value
Other Taxes	\$ 4,001	-	\$ 4,001	
State Revenue Sharing	\$ 169,390	8 %	\$ 182,941	Projected Increase in State Funding
Fines & Fees	\$ 400	-	\$ 400	
Interest Income	\$ 1,600	-	\$ 1,600	
ACT 51	\$ 17,236	5 %	\$ 18,098	Projected increase in funding
Other Revenues	\$ 36,800	-	\$ 36,800	
Interfund Transfers (In)	\$ 67,439	5 %	\$ 70,811	Projected increase in funding
Total Revenues	\$ 632,766		\$ 658,948	
EXPENDITURES				
General Government	\$ 155,997	-	\$ 155,997	
Police and Fire	\$ 202,732	(15) %	\$ 172,322	No new equipment being purchased
Street Lighting	\$ 53,000	(7) %	\$ 49,290	Switched to LED anticipate lower bills
Saginaw St.	\$ 2,750	-	\$ 2,750	
DPW	\$ 326,938	(40) %	\$ 196,163	No new equipment will be purchased
Insurance	\$ 4,675	%	\$ 4,675	
Drain Assessment	\$ 17,100	%	\$ 17,100	
Recreation & Culture	\$ 2,080	%	\$ 2,080	
Other Expenditures	\$ 9,830	%	\$ 9,830	
Interfund Transfers (Out)	\$ 47,427	%	\$ 47,427	
Total Expenditures	\$ 822,529		\$ 657,634	
Net Revenues (Expenditures)	\$ (189,763)		\$ 1,314	
Beginning Fund Balance	\$ 409,698		\$ 219,935	
Ending Fund Balance	\$ 219,935		\$ 221,249	

Commentary: