

# 2018 Citizen's Guide to The Village of Reese's Financial Health

Prepared by:

Tom Raymond, Village Manager

October 2018

## 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, 2019. 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 2018 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](mailto: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.

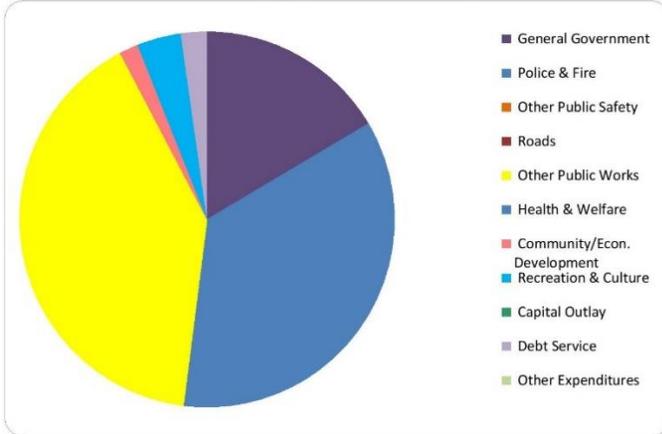
### DATA SOURCES AND NOTES

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

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EXPENDITURES

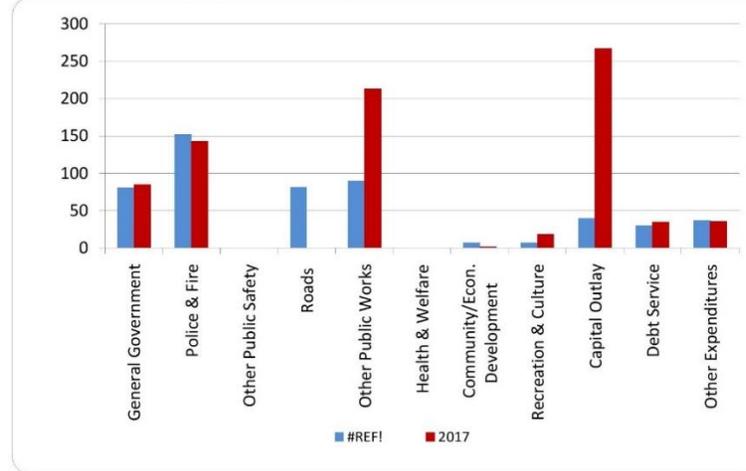
1. Where we spend our money (all governmental funds)



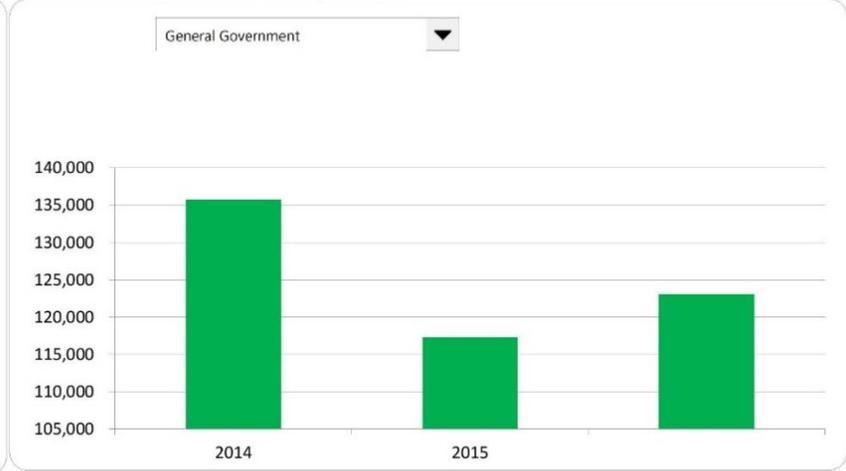
2. Compared to the prior year

	2016	2017	2018
General Government	\$ 123,019	\$ 122,635	125448.00%
Police & Fire	265,162	207,561	222493.00%
Other Public Safety	-	-	N/A
Roads	-	-	N/A
Other Public Works	300,923	309,016	316309.00%
Health & Welfare	-	-	N/A
Community/Econ. Development	12,272	2,343	456900.00%
Recreation & Culture	28,265	25,886	3725200.00%
Capital Outlay	-	388,238	14891100.00%
Debt Service	16,698	50,620	0.00%
Other Expenditures	-	51,318	7415200.00%
<b>Total Expenditures</b>	<b>\$ 746,339</b>	<b>\$ 1,157,617</b>	<b>929134.00%</b>

3. Spending per capita - compared to the prior year



4. Historical trends of individual departments:



Commentary:

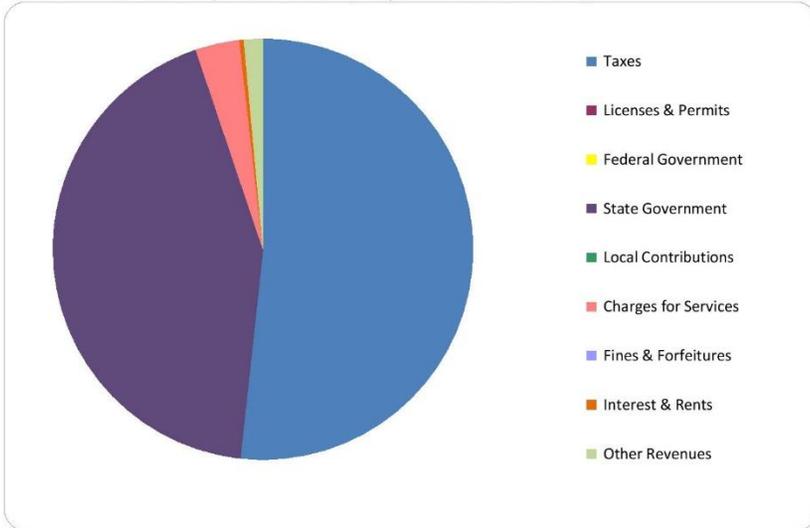
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REVENUES

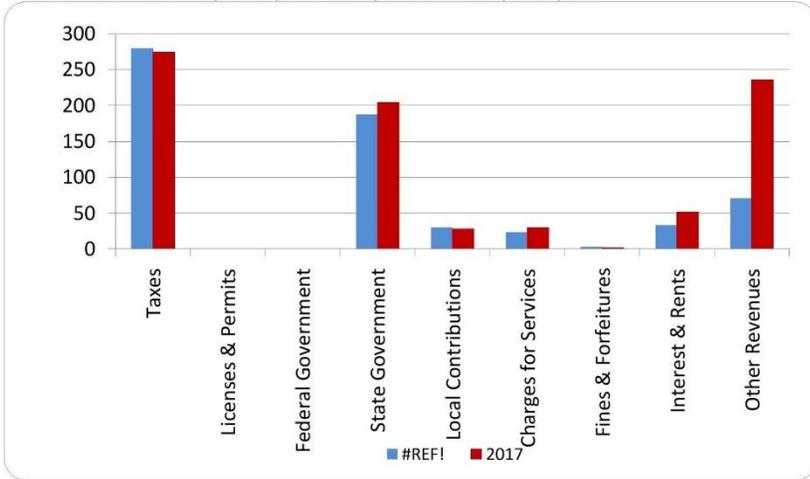
1. Where our money comes from (all governmental funds)



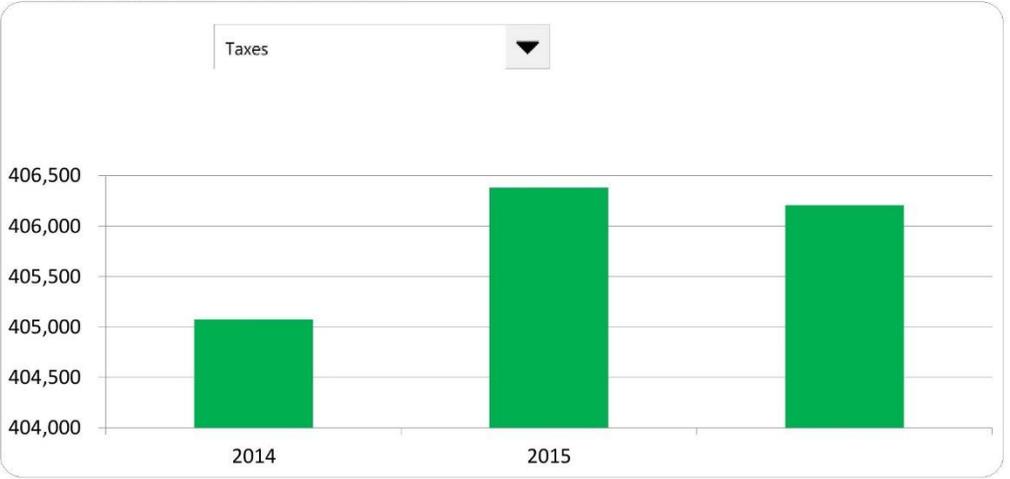
2. Compared to the prior year

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Taxes	\$ 406,204	\$ 399,238	361506.00%
Licenses & Permits	-	-	N/A
Federal Government	-	-	N/A
State Government	338,476	296,619	336929.00%
Local Contributions	-	40,550	83224.00%
Charges for Services	26,577	43,797	52105.00%
Fines & Forfeitures	-	2,441	300700.00%
Interest & Rents	2,671	75,780	74699.00%
Other Revenues	11,396	343,546	53768.00%
<b>Total Revenues</b>	<b>\$ 785,324</b>	<b>\$ 1,201,971</b>	<b>965238.00%</b>

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



4. Historical trends of individual sources

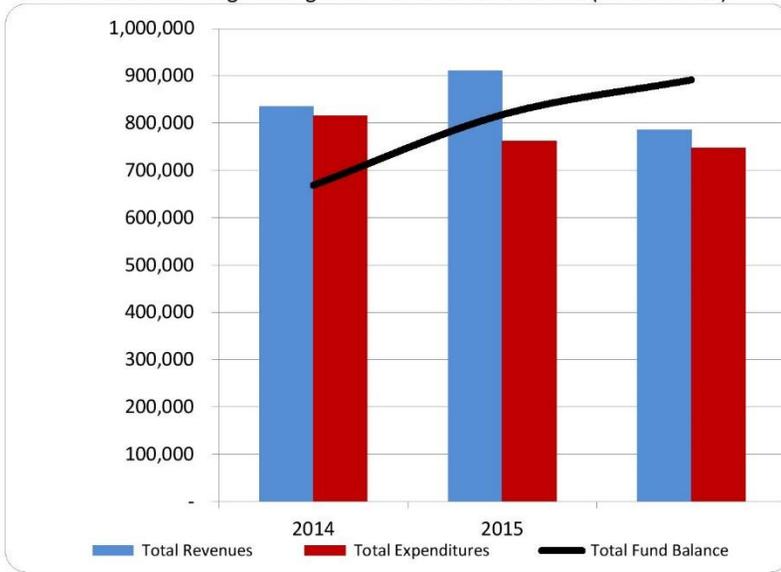


Commentary:

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

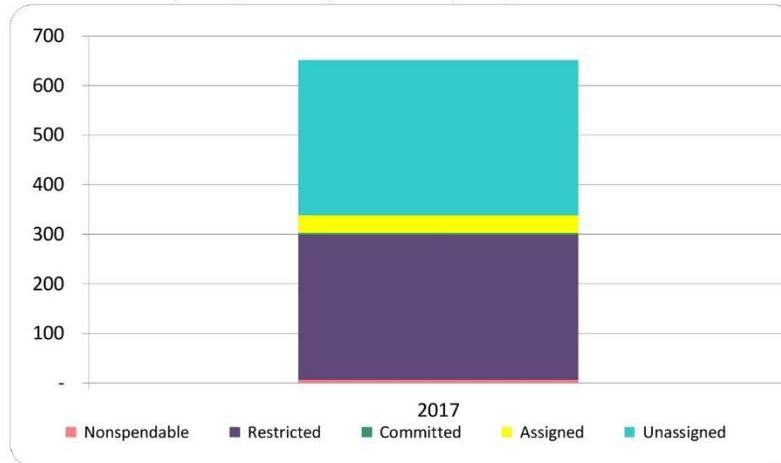


FINANCIAL POSITION

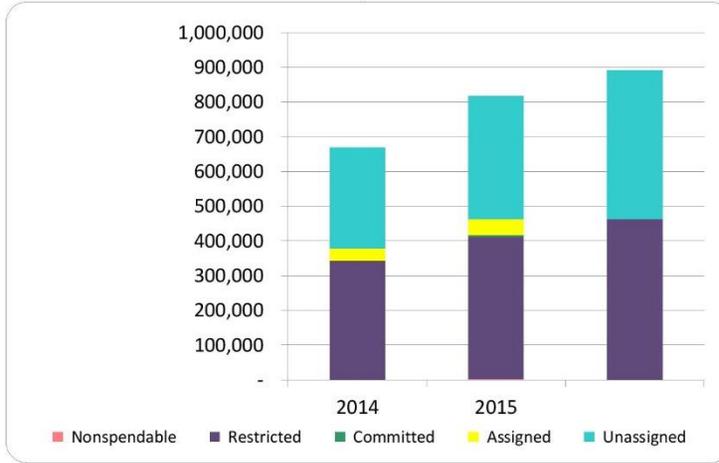
2. Compared to the prior year

	2016	2017	2018
Revenue	785,324	1,201,971	96523800.00%
Expenditures	746,339	1,157,617	92913400.00%
Surplus (shortfall)	38,985	44,354	3610400.00%
Fund balance, by component:			
Nonspendable	-	9,695	604100.00%
Restricted	462,262	426,389	45149700.00%
Committed	-	4,570	474800.00%
Assigned	-	51,108	5042500.00%
Unassigned	428,892	452,622	46777700.00%
total fund balance	891,154	944,384	98048800.00%

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



4. Historical trends of individual components



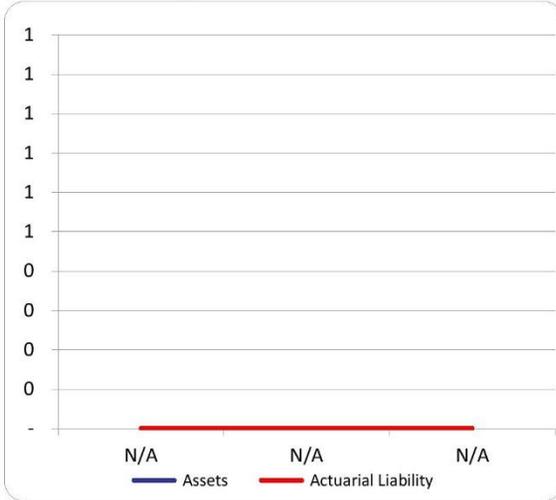
Commentary:

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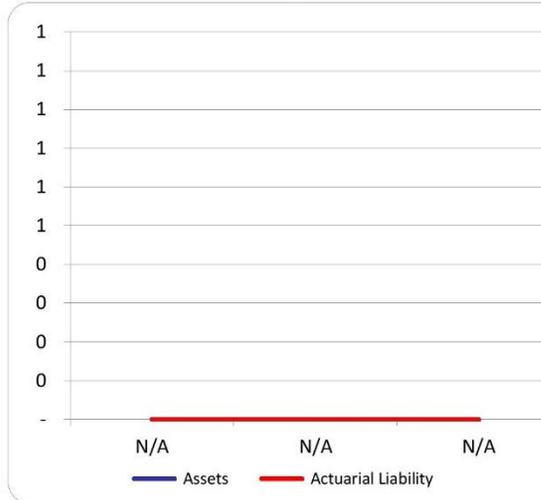
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OTHER LONG TERM OBLIGATIONS

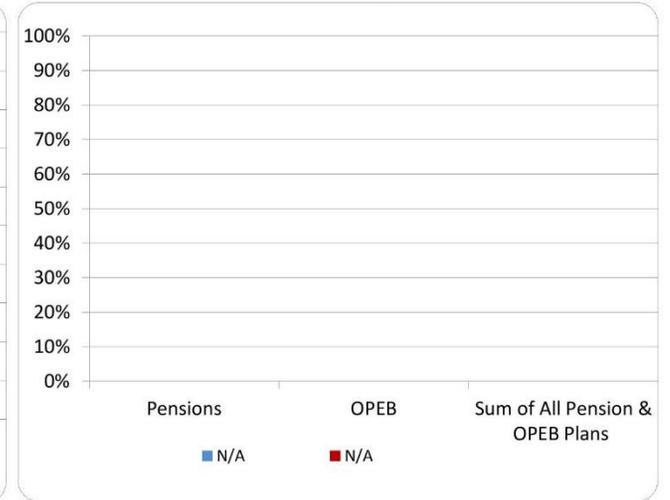
1. Pension funding status



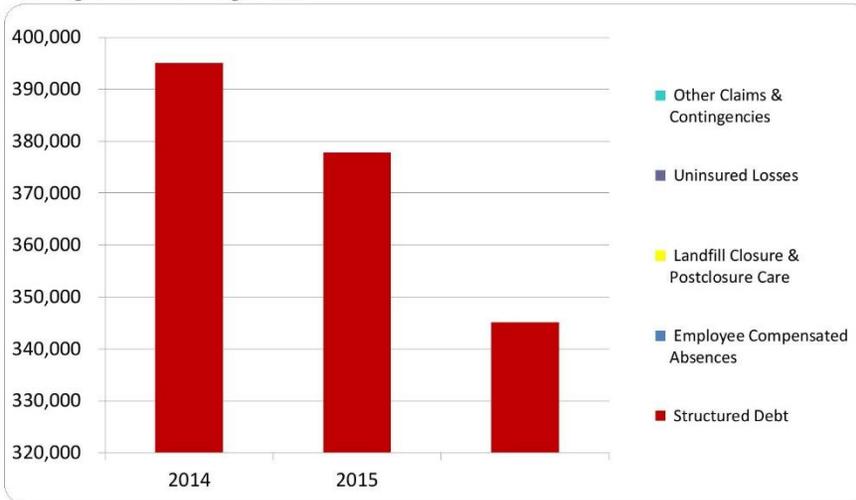
2. Retiree Health care funding status



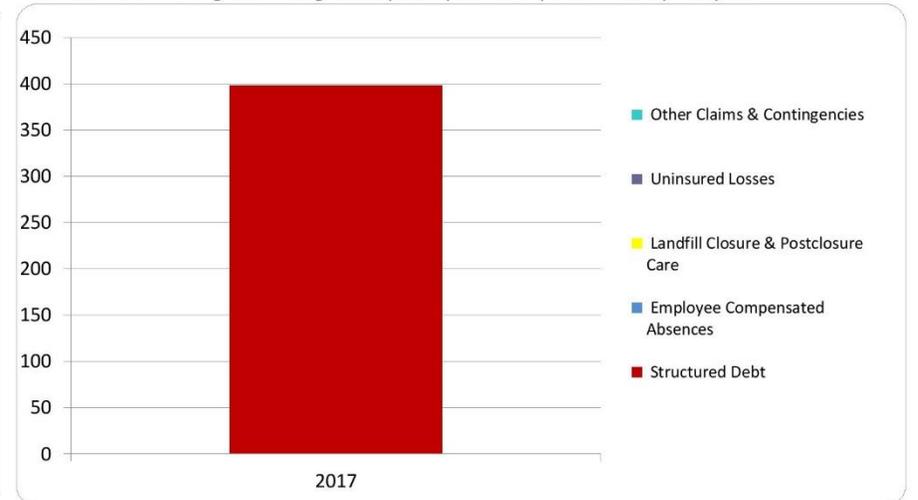
3. Percent funded - compared to the prior year



4. Long Term Debt obligations:



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



No unfunded pension or OPEBs

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