

Table of Contents

Table of Contents.....	1
City Organization Chart.....	5
Reader’s Guide.....	6
Budget Calendar.....	9
Community Profile.....	10
City Vision, Mission, and Values.....	10
City Goals and Objectives.....	12
Budget Policies.....	13
Section 1: All Funds Summary.....	16
Fund Structure.....	16
Section 2: Personnel Summary.....	17
Listing by Department.....	17
Section 3: General Fund.....	19
Legislative.....	19
City Commission.....	19
City Administration Department.....	19
City Administrator, City Clerk, and City Treasurer.....	19
Elections.....	19
Assessing.....	19
Information Technology.....	20
Public Safety.....	20
Public Works Department.....	20
Fleet Maintenance.....	20
Cemetery.....	20
City Development Department.....	20
Building.....	20
Economic Development.....	20
Goose Festival.....	21
Planning and Zoning.....	21
Parks and Recreation.....	21
Engineering.....	21

City Properties.....	21
City Hall and Grounds.....	21
City Parks.....	21
Street Lights.....	21
Section 4: Water and Sewer Fund.....	21
Water Distribution.....	21
Sewage Collection.....	22
Storm Sewer.....	22
Water and Sewer Debt.....	22
United States Department of Agriculture (USDA).....	22
State Revolving Fund (SRF).....	24
Section 5: Special Revenue Funds.....	24
Major Road Fund.....	24
Local Road Fund.....	25
Cemetery Perpetual Funds.....	26
Section 6: Downtown Development Authority.....	26
Revenues, Expenditures, and Fund Balance.....	26
Revenues and Expenditures by Account.....	27
Section 7: Fiduciary Funds.....	28
Fennville Area Ambulance-Emergency Services Committee.....	28
Section 8: Grants.....	28
DNR TF21-0094.....	28
DWAM.....	28
RRC TAC Funding.....	29
School Resource Officer.....	29
Targeted Brownfield Assessment.....	29
Completed Grants with Ongoing Reporting Requirements.....	29
ARPA (American Rescue Plan).....	29
CDBG.....	29
SRF.....	29
USDA.....	29
Grants Applying For.....	30
Section 9: Capital Projects.....	30

Capital Improvements..... 30
Capital Asset Disposals..... 31

Reader's Guide

As you review the City's Budget document, note that it is organized by fund type. In the printed copy of the document, these fund types are distinguished by laminated tabs and include:

- General Fund
- Water and Sewer Fund
- Special Revenue Funds
- Component Unit: Downtown Development Authority
- Fiduciary Funds
- Special Projects: Grants and Capital Improvements

The General Fund is further divided into major divisions or departments, based on function. Each department summary contains a service and mission statement, staff or contracted resources, performance objectives and indicators, and a summary of budget changes from the previous year.

The service and mission statement highlights the types of services each office or activity provide. The performance objectives are specific objectives the office or activity hopes to achieve in the current year, while the indicators provide a listing of key measurements of service, efforts and accomplishments. All performance objectives are referenced and linked to the citywide goals. The staff or contracted resources link what people are tasked with this area of government, to accompany the physical resources that are being purchased with the budget. Finally, the summary of budget changes notes how this department has changed from last year, and in years prior. Each section will provide an overview of the department, the budget, and analysis of the budget.

Q: Your budget contains a lot of information! How can I quickly find summary information?

A: The information behind the All Funds Summary tab provides a quick overview of the City's total budget. It explains how the funds are organized includes total revenue and expenditure trends. The Budget Message and Executive Summary provides a general overview explaining how the City plans to utilize its' resources and highlights some of the more significant changes to the City's budget.

Q: I noticed each office has a Funding Level Summary. How can I get more detailed expenditure information by account within each office.

A: This budget document is more focused on total costs and the results achieved with the dollars spent. A line item budget is included in the appendix, and will be updated on a monthly basis in the City Commission agenda packets. For large budgetary changes, look to the summary of changes within each section.

Q: How can I find information about your Capital Budget?

A: The Capital Budget is adopted on a 10 Year Cycle, and the full 10 years can be found in appendix to this document. Details about this year of capital funding can be found in Section 9. It details the funds appropriated for specific facilities, equipment, vehicles, and improvement projects. Maps of the projects can also be located in this section.

Q: How can I quickly find the location of certain offices within the budget document?

A: The Table of Contents at the beginning of the budget lists all offices in the order in which they appear in the document. The Index at the of the document alphabetically lists each office and the corresponding page number.

Q: Where can I find out how many employees are within each department?

A: The City has six full time employees, and employes a variety of contractors to complete other tasks. A breakdown and summary of each employee and their roles can be found in the Personnel Summary tab.

Q: How much do you spend on salaries for full-time employees?

A: The salary of each employee is listed in their breakdown, along with what percentage of their salary is allocated to each fund/department.

UNIFORM BUDGETING ACT

The City is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statement represent a brief synopsis of the major provision of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. The budgets must be balanced.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed the budget appropriations, except for planned use of reserves.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

BUDGET PROCESS

In establishing the budgetary information within the budget document, the City follows steps and deadlines outlined in the City Charter.

- A. The City Administrator assists the Finance Committee with drafting the budget.
- B. The Finance Committee presents the budget draft to the City Commission before May 31st.
- C. After the Finance Committee has submitted the proposed budget to the City Commission, public hearings are conducted to obtain City Commission input and taxpayer comments.

- D. Prior to June 30th, the budget is legally adopted through the passage of an Appropriations Ordinance for each fund which takes effect the following July 1.
- E. The Appropriations Ordinance is the legislative vehicle which allows for the expenditure of funds throughout the City. The Ordinance is based on the approved and adopted budget and is the final product of the budget cycle.
- F. The City Administrator is authorized to classify approved expenditures within budgetary centers; however, any revisions that alter the total expenditures of any budgetary center must be approved by the City Commission. The City Administrator is authorized to spend any amount under \$1,000, but as is stated in the City Charter will seek bids for any expenditure over \$1,000.

BASIS OF BUDGETING

The adopted Budget is prepared on a basis consistent with Generally Accepted Accounting Principles (GAAP) except that; operating transfers are treated as revenues and expenditures, certain expenditures such as compensated absences are not recognized for budgetary purposes, but are accrued, and capital outlay in the Water and Sewer Fund is recorded as an expense for budgetary purposes as opposed to an adjustment of the balance sheet account. The modified accrual basis of accounting is utilized in the preparation of budgets for all governmental fund types, which are contained in this document. Expenditures, other than accrued interest on long-term debt, are recorded at the time liabilities are incurred, and revenues are recorded when received in cash, except for material and/or available revenues which should be accrued to properly reflect the tax levied and revenues earned. The accrual basis of accounting is utilized in developing the Water and Sewer Fund Budget.

Budgets are monitored carefully with the use of an encumbrance system. In addition, budgets are monitored monthly by City Administration and necessary amendments are approved by City Commission periodically throughout the year to ensure fiscal responsibility, accountability, and financial planning.

The budget document for the City also includes additional information summaries for debt and other non-budgetary funds.

Budget Calendar



Community Profile

Covering just over one-square mile, with a population of 1,745 persons, the City of Fennville is located in Allegan County, in southwest Michigan. Being located within a short distance to the shore of Lake Michigan as well as within close proximity to fertile agricultural land and urban centers, the City of Fennville is located in a unique and prime geographic area that is well-positioned for both residential and economic growth and development.

The City of Fennville is a diverse community, with approximately 50% of the community being Hispanic. The City skews younger, the median age is 29.1 years, compared to the state average of 40.2 years. 10% of Fennville's residents were not born in the United States, and 30% of the population speaks Spanish at home.

The City has a relatively low value of educational achievement, with only 8.1% receiving a Bachelor's degree, with 31.7% receiving a Bachelor's degree in the State of Michigan. However, the school does boast strong enrollment numbers, and is considered to be a quality school.

The City is governed by a City Commission of seven members. Serving in an advisory role to the Commission is the Planning Commission, Downtown Development Authority, Board of Review, Emergency Services Committee, and Fire Board,

City Vision, Mission, and Values

The City of Fennville has adopted a vision, mission and values statements that guide the City in how we view our ultimate goals, what we do to get there, and the approach we will use in getting there. The vision statement adopted by the City Commission is:

The City of Fennville strives to be a diverse and inclusive community, which will grow and prosper through sustainable actions to provide a home for generations.

The mission statement adopted by the City Commission is:

To promote the diversity and growth of Fennville, and the Fennville area, to the community members and guests, for the benefit of all.

Finally, the values statements we have adopted were developed to clearly identify not only the principles upon which the organization is based, but the way in which it treats its employees and residents. The values statements adopted by the City Commission are:

We recognize the importance of transparency in the accomplishment of our mission and hold it as a basic value to act in a manner that is open and visible to community members, customers, and other relevant stakeholders. Information should be fully and equally available to all participants and will be given in a way which leads to or assists in informed decision making.

We recognize the importance of accountability in the accomplishment of our mission and hold it as a basic value to act willingly in justifying and explaining our actions to relevant stakeholders. We will report to others, answer for our performance, in action or inaction, and be judged in relation to the achievement of our goals. City staff, elected officials, and contracted employees will look towards the public interest as the source of our accountability. Leaders should model the process of questioning and of behavior change for the sake of the public.

We recognize the importance of efficiency in the accomplishment of our mission and hold it as a basic value that City staff, elected officials, and contracted employees will respond to a call to action in a timely and holistic manner. We will not hesitate to formulate and execute plans to ensure our effectiveness, including the gathering of potential consequences to our actions. Efficiency is future focused. It is not just what is most efficient currently, but what is most efficient in the complete picture.

We recognize the importance of openness in the accomplishment of our mission and hold it as a basic value to refuse complacency. We are committed to utilizing self-reflection and feedback from stakeholders to constantly evolve the nature of who we are. While we are open to this feedback, we are also open in our self-worth. We are not just Fennville. We are Fennville.

We recognize the importance of creativity in the accomplishment of our mission and hold it as a basic value to seek unconventional methods for innovative community problem solving. While we may know where we want to go, the tools that we use to get there will form through recognizing the unique gifts that our community has to share.

We recognize the importance of respect in the accomplishment of our mission and hold it as a basic value to assure every community member feels acknowledged and dignified when interacting with City staff, elected officials, contracted employees, and in the community at large. We welcome guests and treat them as a part of our own community. We not only respect the people, but we also respect established boundaries of operations and our responsibilities as public servants.

We recognize the importance of inclusivity in the accomplishment of our mission and hold it as a basic value to extend the invitation of participation to our total community and engage them. Our responsibility is to let people in our community know that we hear and understand, that we want people to participate and acknowledge that they already do. Our job is to allow our community members to continue to create, with the resources needed to do so, and to give everyone a seat in our circle of decision-making. We work side by side, not above, with all people to build community. Our responsibility is to focus on the abilities of all persons to express themselves in our community, remove physical barriers to access and attitudinal barriers of myths and stereotypes, and empower all people by including them in the planning and

implementation of our goals. The needs of our community will be a universal language which unites diverse cultures.

We recognize the importance of compassion in the accomplishment of our mission and hold it as a basic value to ensure that every person lives with dignity and has sufficient opportunities for sustenance and growth. Our sense of responsibility and sincere concern for the welfare of others causes us to acknowledge that the source of our compassion is fundamentally tied to our interconnectedness and interdependence as a community. Fennville exists for everyone, because all of us are born with the same worth.

City Goals and Objectives

In keeping with the vision, mission, and values as stated above, the City Commission has adopted the following goals and objectives:

1. To improve City Operations by:
 - a. Improving police operations
 - b. Completing lead service line replacements
 - c. Improving staff development
 - d. Completing a codification, zoning rewrite, and charter review
 - e. Improving DPW Operations
2. To improve City Properties by:
 - a. Completing park projects
 - b. Completing water tower maintenance
 - c. Completing non-motorized transportation planning and improving downtown parking
 - d. Consolidate city buildings
 - e. Complete rehabilitation assessment of the old Fennville dump
3. To improve Regional Collaboration by:
 - a. Looking into opportunities for providing additional recreation opportunities through partnerships
 - b. Looking into offering new public transportation opportunities, and better promoting the public transportation opportunities we already have
 - c. Looking into housing development to offer more housing opportunities
4. To improve communications by:
 - a. Communicating to our community members what is happening in the City and when
 - b. Communicating to staff, elected, and appointed officials what is happening in the City and when
 - c. Communicating to non-residents about what Fennville has to offer as a destination for tourism

Within the [strategic plan](#), the City has outlined the relationship between these goals and objectives and this budget. Near the end of the document, you can see the breakdown of projects, and when they will be done within the fiscal year. All of the

projects in the strategic plan except for the construction on Phase II of the water tower will be completed in FY24. Of the strategic plan items included in this budget, the City will be:

- hiring a school resource officer
- looking into accreditation of the City's police department
- will be completing the DWAM grant and hydro-excavation for the Distribution of Systems Management Inventory that is being required by EGLE
- city staff will attend various trainings
- completing a recodification of City ordinances
- rewrite the City's zoning ordinance
- begin work on rewriting the City Charter
- finish work on phase I of Paradise Park, and beginning work on Phase II
- work on improving other city parks
- completing Phase I of water tower improvements, and beginning Phase II of water tower improvements
- completing construction on City Hall
- completing assessment work on the old Fennville dump
- completing a wayfinding project with the Downtown Development Authority

Other items within this budget support our goals in the strategic plan, but the above projects are the ones directly stated in the strategic plan.

Budget Policies

The City of Fennville's financial policies set forth basic tenets for the overall fiscal management of the City. Operating independently of changing circumstances and conditions, these policies provide a framework to assist in the decision-making process of the City Commission and Administration. These policies provide guidelines for evaluating both current activities as well as proposals for future programs. All financial policies are reviewed annually in conjunction with the preparation of the annual budget to ensure continued relevancy and adherence to legislative mandates and accounting principles.

General Budget Policies

1. The budget will first determine how much money is available, it will then allocate the resources among the highest priority results based on analyses, which determine which programs can best achieve the desired results, and it will use a performance measurement process to annually evaluate the results.
2. Emphasis will be increased on those personnel and management areas of long-term importance: employee relations, work simpler but more effectively, implementation of new technologies, long-term work force planning, and management incentives.
3. Expanding an existing service program or adding a new service program will only be considered when a new revenue source can support all of the ongoing costs; or when the requesting department can identify an existing service which can be reduced or eliminated. Programs financed with grant money

shall be budgeted, and when grant revenues are reduced or eliminated, the service programs shall be adjusted accordingly.

4. The budget is balanced and the City will maintain a balanced budget in which estimated revenues and fund balance reserves are equal to or greater than estimated expenditures.
5. The City will maintain a control system to ensure adherence to the budget and will prepare monthly reports comparing actual revenues and expenditures to budgeted amounts.
6. The City will monitor departmental expenditures on a monthly basis to ensure conformity to budgets and decide on actions to bring the budget into balance, if necessary.
7. The City will integrate performance measurement and productivity indicators within the budget.
8. The City will attempt to avoid layoffs in all actions to balance the budget. Any personnel reductions will be scheduled to come from attrition and where necessary, through bumping actions. Any reductions in positions will be proportionately distributed among various levels of employees.
9. The City will avoid budgetary practices or procedures that balance current period expenditures at the expense of future years' revenues.
10. The budget will provide for the adequate maintenance and orderly replacement of capital facilities and equipment.
11. The City will develop and maintain accounting and budgetary control systems to adequately safeguard the assets held in public trust.
12. The Operating and Capital Budgets will describe the major goals to be achieved and the services to be delivered, based upon the levels of funding anticipated or provided.
13. The City will finance essential City services, which have a City-wide benefit from revenue sources, which are generated from a broad base, i.e., property taxes, State revenue sharing, assessments, and fees.
14. Financing formulas and user-fee rate structures will be reassessed to accurately charge the cost of service provided to the benefiting property owners and customers while considering the needs of low-income residents.
15. In conjunction with the Municipal Improvement Plan (MIP), the City will prepare a three-year projection of operating revenues and expenditures for all major funds. The projection shall be monitored on an ongoing basis and major changes shall be incorporated into the document as they occur.

Revenue Policies

1. The City will attempt to maintain a diversified and stable revenue base to avoid short or long-term fluctuations in any one revenue source.
2. Annual City revenues will be projected by an objective and thorough analytical process.
3. The City will maintain sound appraisal procedures and practices to reflect current property values.

4. The City will establish user charges and set fees for services for its Water & Sewer Fund at a level that fully supports both the operational and capital outlay costs of the activity.
5. The City will annually review fees and charges and will design or modify revenue systems to allow charges to increase at a rate that keeps pace with the cost of providing the service.

Fund Balance and Reserves Policies

1. The City will strive to maintain a minimum General Fund reserve of 25% or in an amount equal to 3 months of operational expenditures.

Accounting, Financial Reporting, and Auditing Policies

1. An annual independent audit will be performed.
2. The City will produce annual comprehensive financial reports in accordance with Generally Accepted Accounting Principles (GAAP), the body of accounting and financial reporting standards, conventions, and practices that have authoritative support from standard setting bodies such as the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

Investment Policies

1. The City will conduct a cash-flow analysis of all funds on a regular basis. Disbursement, collection and deposit of all funds will be scheduled to maximize investment returns.
2. When permitted by law, the City will pool cash from several different funds for investment purposes to maximize potential earnings.
3. The City will analyze market conditions and potential investments to maximize its yield, while maintaining the integrity, diversification, and safety of the principal.
4. The City's accounting system will provide monthly information concerning cash position and investment performance.
5. The City's Investment Officer will quarterly report the portfolio holdings by type, the average maturity, earnings and any other information necessary to allow the City Commission Finance Committee to confirm compliance with the adopted investment policy.

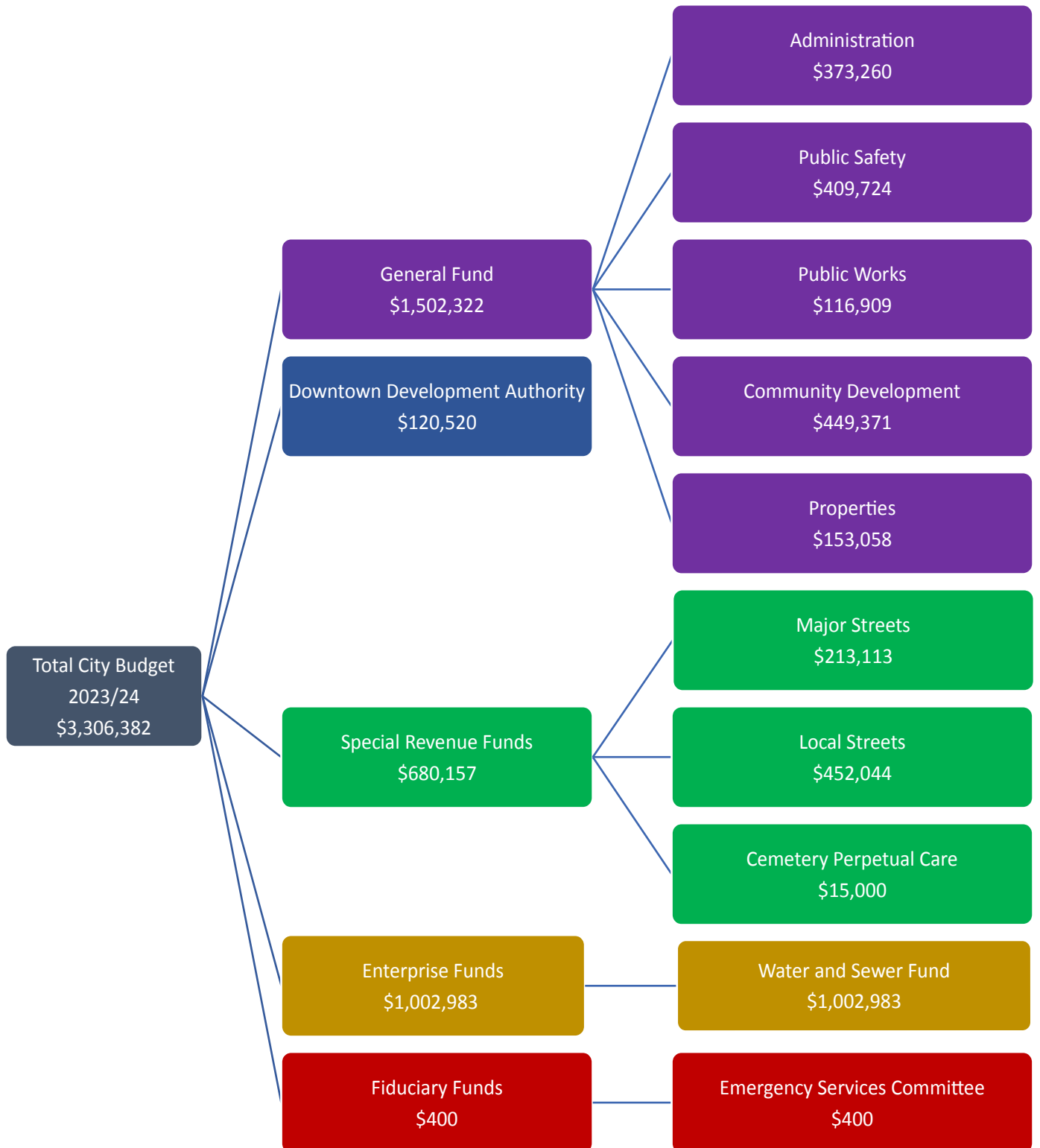
Debt Policies

1. The City will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues. All bonds will be amortized over a period not to exceed the expected useful life of the project.
2. The City will attempt to keep the average maturity of general obligation and all types of revenue bonds at or below 20 years.
3. When possible, the City will use special assessment, revenue, tax increment, or other self supporting bonds. These bonds may be backed by the limited full faith and credit of the City to achieve a lower interest cost.
4. The City should not incur long-term debt to support current operations.

5. The City will maintain a sound relationship with all bond-rating agencies and will keep them informed about our current capital projects.
6. The City will annually review all outstanding debt for potential refunding. Outstanding debt will be refunded only when a net savings greater than 1.5% can be achieved.
7. The City will not issue general obligation debt in excess of 10% of the current state equalized value of real and personal property. Additionally, the City will attempt to maintain the per capita debt, for all types of debt, at or below \$2,500

Section 1: All Funds Summary

Fund Structure

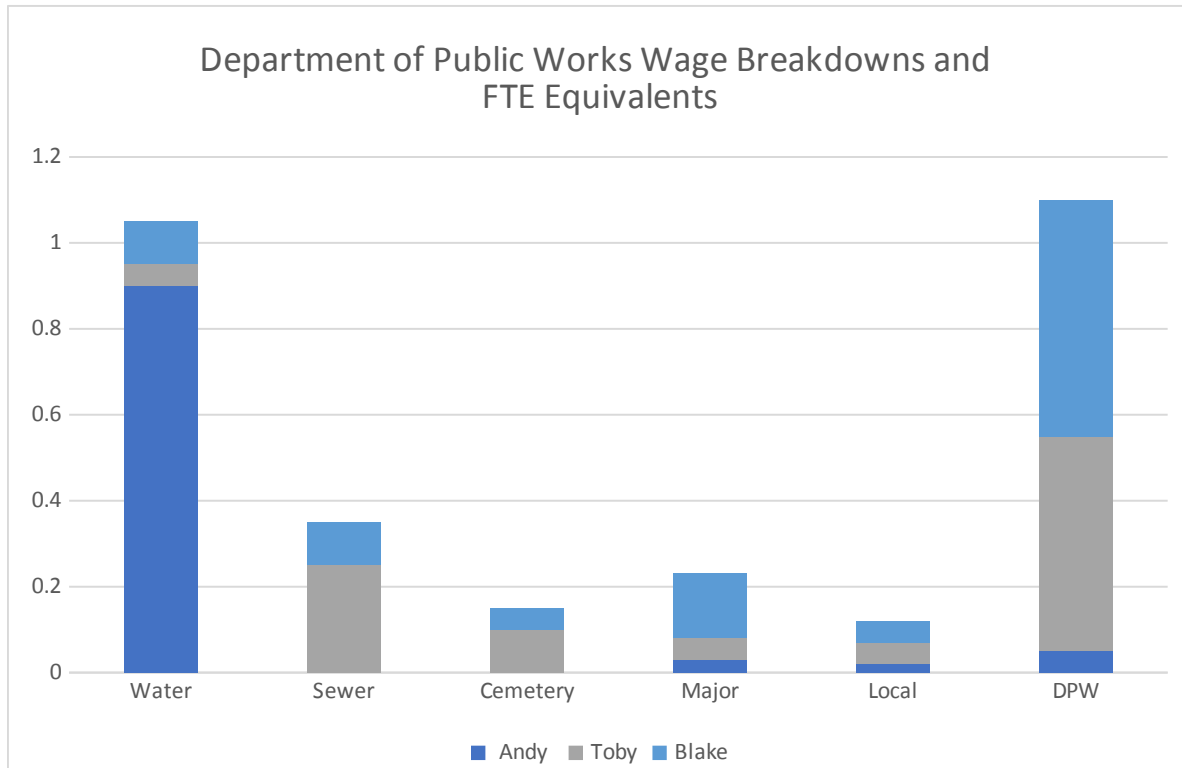


Section 2: Personnel Summary

Listing by Department

There are 3 employees in the Department of Public Works. They work for Water, Sewer, Major Streets, Local Streets, Cemetery, and a general Public Works umbrella in the general fund.

Each of the employees time is broken out based on the work they do each week, but for budgeting purposes is estimated how much time they spend in each category. Each department breakdown is estimated as follows.



The Water Department has just over one full time equivalent (FTE), and all three employees do work in this area. Andy spends about 90% of his time in the water department, and is the operator in charge. Toby spends 5% of his time, and Blake spends 10% of his time. Wages in this category comprise of water testing and safety operations, assisting utility customers, valve turning, cross connections, well maintenance, and more.

The Sewer Department has .35 FTE, and is made up of work done by Toby and Blake. Toby is the operator-in-charge and spends 25% of his time in the Sewer Department. Blake assists him and spends about 10% of his time in the Sewer Department. Wages in this category primarily come from lagoon maintenance, storm sewer maintenance, lift station maintenance, and discharge administration and operations.

The Cemetery has .15 FTE, and is made up of work done by Toby and Blake. Toby is the Sexton of Record and spends about 10% of his time in the Cemetery. Blake

spends about 5% of his time in the Cemetery. Wages in this category primarily come from grave openings and cemetery maintenance.

Major and Local Streets together have .35 FTE, and is made up of work done by Andy, Toby, and Blake. Andy spends about 5% of his time on streets, Toby spends about 10% of his time on streets, and Blake spends about 20% of his time on streets. Wages in this category come from street striping, plowing, right of way maintenance, and street maintenance such as filling potholes.

The general DPW category has 1.1 FTE, and is made up of work done by Andy, Toby, and Blake. Andy spends about 5% of his time on DPW, Toby spends about 50% of his time on DPW, and Blake spends 55% of his time on DPW. Wages in this category are comprised of many things, some of which include park maintenance, downtown maintenance (trash cans, lawn care, etc.), brush pickup, building maintenance, procurement and administration, mowing.

The Downtown Development Authority has started an internship program, and plans to hire one intern per semester.

The City has 3 full time office employees: Katie as City Administrator, Morgan as City Clerk, and Cammy as City Treasurer. Their wages all come out of the General Fund, and their duties are broken down as is stated in the graphic on the right.

For other positions, the City contracts with a number of vendors to provide services. The vendors with ongoing contracts are as follows:

- Policing: Allegan County Sheriff (2 Officers)
- Fire: Fennville Area Fire Department
- Ambulance: Life EMS
- City Attorney: Daniel Martin, Thrun Law
- City Engineer: Steve Bishop and Dannel Smith, Fleis and Vandenbrink
- City Assessor: Tony Maayard, Assessing Solutions



- Accounting: Melanie Crowther, Plante Moran
- Building and Zoning Administrator: Tasha Smalley, Michigan Township Services
- Insurance Broker: Amy Elayyan, Lighthouse Group
- City's Liability and Property Insurance: Jim Newman, Michigan Municipal League
- Cleaning and City Hall Maintenance: Zach, Calico Cleaning
- Cross Connection Program: Hydrocorp

Section 3: General Fund

Legislative

City Commission

Included in this department is \$46,327 in expenditures. \$9,930 of that goes towards wages, taxes, and insurance for City Commission members. \$700 is set aside for supplies, primarily of which is the City Commission email addresses. \$10,197 is set aside for audit fees with Gabridge, which is the determined amount that we are to pay as stated in our letter of engagement. \$12,000 is set aside for accountant of record fees, and \$10,000 is set aside for legal fees. The amount for legal fees is significantly less than last year, but as time has passed, we have used our Attorney less and less and can expect to pay a more reasonable cost this year. \$2000 has been set aside for printing and publishing of minutes, ordinances, public hearings, etc. and \$1500 has been set aside for membership dues with the Michigan Municipal League.

City Administration Department

City Administrator, City Clerk, and City Treasurer

The budgeted amounts in this category are made up of wages and benefits as recommended by the Personnel Committee, notations in the Administrator's contract, and for specialized training for the Clerk and Treasurer. The increases from last year are as determined by the Personnel Committee.

Elections

This department had a significant increase from the previous year. A couple of reasons why.

1. In FY23, we held 2 elections, in FY24, we will be holding 4 elections (August, November, March Presidential Primary, May)
2. In November 2022, Proposition 2 passed in the State of Michigan, which amongst other things required that municipalities hold 9 full days of early in-person voting, which is to be staffed by a minimum of 3 election workers each day. Due to this, the most significant increases are seen in wages.

Assessing

The City has contracts with Assessing Solutions to provide assessment services, the cost of this contract is \$12,000 per year. In addition, the City also puts

approximately \$1500 per year towards assessing related supplies, such as mailing of assessment notices, board of review wages, and software.

Information Technology

The City contracts with IT Right to provide IT services, the cost of which is \$9,600. The City contracts with QSG to provide internet and phone services, the cost of which is \$550 per month. The City leases our printer from DL Gallivan and Wells Fargo, at a contract price of \$187 per month plus a per page fee. The City uses Microsoft 365 for emails and document management, and maintains a variety of software programs for the assistance of staff. Our primary software program in use is BSA, although we also use Adobe Acrobat, Canva (DDA-graphic design/marketing), Mission (for reading water meters), Hach (for the SCADA machine), ESRI (GIS), Pivot Point (Assessing), Miss Dig, Microsoft Power Automate, and Duo. The programs for these are found in the budget sometimes as supplies for an individual employee and sometimes as supplies for a department.

Public Safety

The City contracts with other organizations to provide all public safety services. With Life EMS for ambulance (governed by the Emergency Services Committee), with Fennville Area Fire Department for fire services (governed by the Fire Board) and with Allegan County Sheriff (governed by the Personnel Committee) for policing services. The total contract price for all three is \$409,724.

Public Works Department

The General Fund portion of the Public Works Department is made up of park maintenance, general city maintenance, fleet supplies and maintenance, brush cleanup, spring cleanup, and general care of public areas.

Fleet Maintenance

The City maintains 5 primary vehicles, along with a number of large pieces of equipment, such as our backhoe. Care for this equipment includes regular oil changes, new tires, general fixing, and the buying of gasoline.

Cemetery

The Cemetery budget is primarily made up of wages for funerals, for digging and recovering graves. In addition, the Cemetery utilizes New Life Property Care for mowing the cemetery, and pays some utilities for water/electricity. Each year for Memorial Day, the City purchases flags for all of the graves of the veterans, and we provide other maintenance services as needed.

City Development Department

Building

New this year in the building department is the receiving of revenues from building permits. This revenue will go towards funding planning and zoning related costs.

Economic Development

Economic Development activities are generally paid for by the City; however, many of the following activities fall under the economic development umbrella.

Goose Festival

New last year, the Goose Festival is housed under the General Fund, rather than the DDA. The Goose Festival is entirely self-sustaining, and they cover all of their own costs through user fees and sponsorships. This year's event will be much the same as last year's; with the addition of an additional day of festivities.

Planning and Zoning

The primary projects for planning and zoning this year are to finish the rezoning and codification projects. The rezoning project is on track to be finished in December, and the codification project is on track to be finished sometime in the late spring of 2024.

Parks and Recreation

The primary project for Parks and Recreation this year is finishing the work in Paradise Park, both Phase I and II, although the Phase II funding is not included in this budget, but will be should we receive the grant.

Engineering

Engineering projects are not really included in the general budget, beyond the monthly update meeting held with Fleis and Vandenbrink. All planned projects are being charged to Major or Local Streets, Water, Sewer, or DDA at the moment.

City Properties

City Hall and Grounds

Efforts will be made this year to continue to reduce the costs of the City Hall building and grounds, and other buildings owned by the City. City Staff are planning consolidation of the buildings, which will help to reduce costs associated.

City Parks

The City is covering Paradise Park with the grant funding and match, and the DDA is hard at work on City Square park materials. The Old Dump is still being re-evaluated, with the hopes to eventually turn it into a park. In FY23, the Mary Ann Moeller Wildflower Garden was planted, and in FY24 there are some funds set aside for a simple gazebo for the area.

Street Lights

The City owns 217 street lights, of which many are being converted to LED and thus have a cheaper rate. As we replace them, the City can expect to see our street light bill reduce.

Section 4: Water and Sewer Fund

Water Distribution

The Water Department is much the same as previous years. Some capital improvements included in the Water department include Phase I of the Water Tower Project, a water main replacement for Park St. and additional lead service line replacements.

Sewage Collection

The Sewage Collection department is much the same as previous years. Some capital improvements included in the Sewer department include new fencing for the sewer lagoons ahead of our 5 Year Inspection (takes places this spring), and sewer main replacement on E. 1st. St. In contracted services, of note is the inclusion of funding to televise and jet our storm and sanitary sewer lines. Ideally, this needs to be done every 5 years. We have the City divided up into 5 sections, and will hope to do a section each year. You may notice the large amount set aside for utilities; this is based on the high costs of electricity in powering the aerators. When we added two additional aerators in the SRF project, it also doubled our electricity costs.

Storm Sewer

There are no storm sewer projects planned for FY24.

Water and Sewer Debt

The City of Fennville holds three revenue bonds in long term debt for the water and sewer system, for which we are paying both principal and interest. These three bonds are held for forty years.

While both interest rates are relatively low (1.5% for USDA and 2.25% for SRF), the interest appears to be more at first glance because both agencies frontload the interest towards the beginning of the loan (with a lower principal), and because for the SRF loan involved a large amount of principal forgiveness due to the low-income nature of our community. Because of those two factors, that is why the interest rate is so much of the principal, even with such low interest rates.

City of Fennville Long Term Debt Payments for FY24

	Principal	Interest
USDA Series A	\$ 20,000.00	\$ 14,835.00
USDA Series B	\$ 2,000.00	\$ 1,620.00
SRF	\$ 70,000.00	\$ 56,218.00
Totals	\$ 92,000.00	\$ 72,673.00

United States Department of Agriculture (USDA)

The USDA low-cost loan was taken out to complete a variety of water system improvements in 2020 (See Ordinance 2020-07). The primary water system improvement which took place is that all City water and sewer meters were

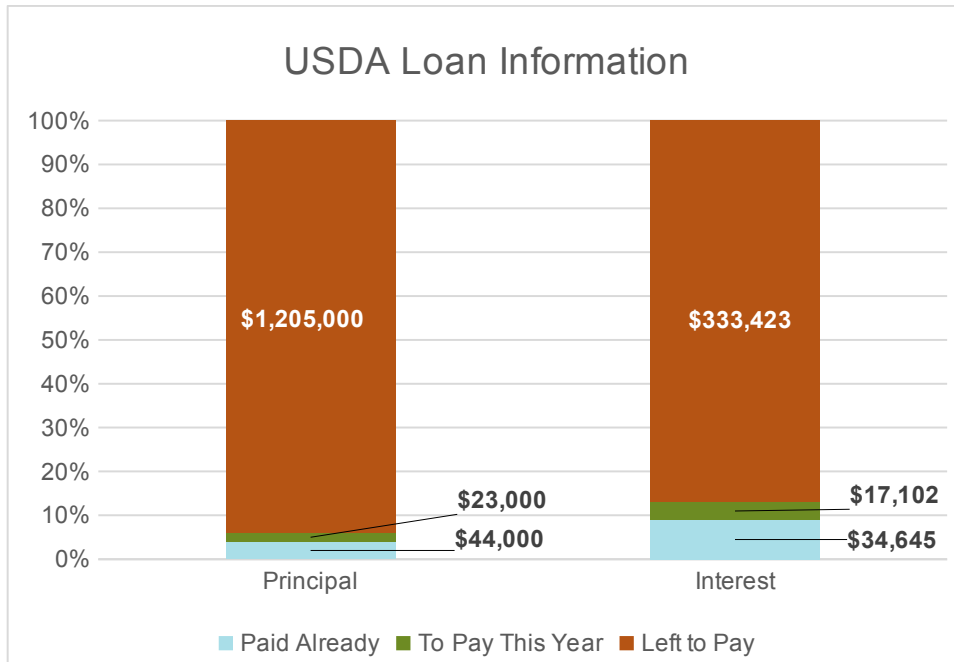
replaced with radio-read meters, which allow for a quicker and more accurate reading. There was also large portions of water main replaced. Because the total amount of the loan changed after initiating the loan process, the loan is divided into a Series A and a Series B. Series A is for \$1,115,000 and Series B is for \$111,000, for a total of \$1,226,000. Both bonds began payments in 2021, and will continue through Fiscal Year 2060, at a 1.5% interest rate.

The USDA loans have a number of annual reporting requirements. One of the conditions of the loan is that we maintain two restricted bank accounts, one as a bond reserve bank account, and one as a repair, replacement, and improvement account. The bond reserve account receives \$1,100 every quarter until it contains \$44,000. For FY24, all \$4,400 will be transferred. The bond reserve account has a FY23 year end balance of \$12,100. The repair, replacement, and improvement account, receives \$3,125 every quarter for the lifetime of the loan. At the conclusion of FY23, it will have a balance of \$34,375, and at the conclusion of FY24, it will have a balance of \$46,875.

On a monthly basis, we must send in the bank statements for the two above bank accounts. On a quarterly basis, we must send in the balance sheet (includes assets and liabilities), and revenue and expenditure sheet for the water system. On a yearly basis, we must send them our rates and fee schedule, budget, insurance verification, a supplemental form with information regarding pumpage, contact information for all elected officials, and our audit.

This year, the payments for the USDA loans will be \$38,455 for the loans, \$4,400 for the restrict bond investment account, and \$12,500 for the repair, replacement, and improvement account. Payments are made in July and January each year for the loans, and January, April, July, and October for the restricted accounts.

The USDA loan can be pictured in the following graph (Table ?). Here, we can see that of the \$1,205,000 in principal between the two Series, the City has already paid \$44,000 (4%), and will pay \$23,000 (2%) this year. That leaves \$1,138,000 (94%) to pay through FY 60. For interest, the City has already paid \$34,645 (9%), and will pay \$17,102 (4%) this year. That leaves \$333,423 (87%) to pay through FY 60.

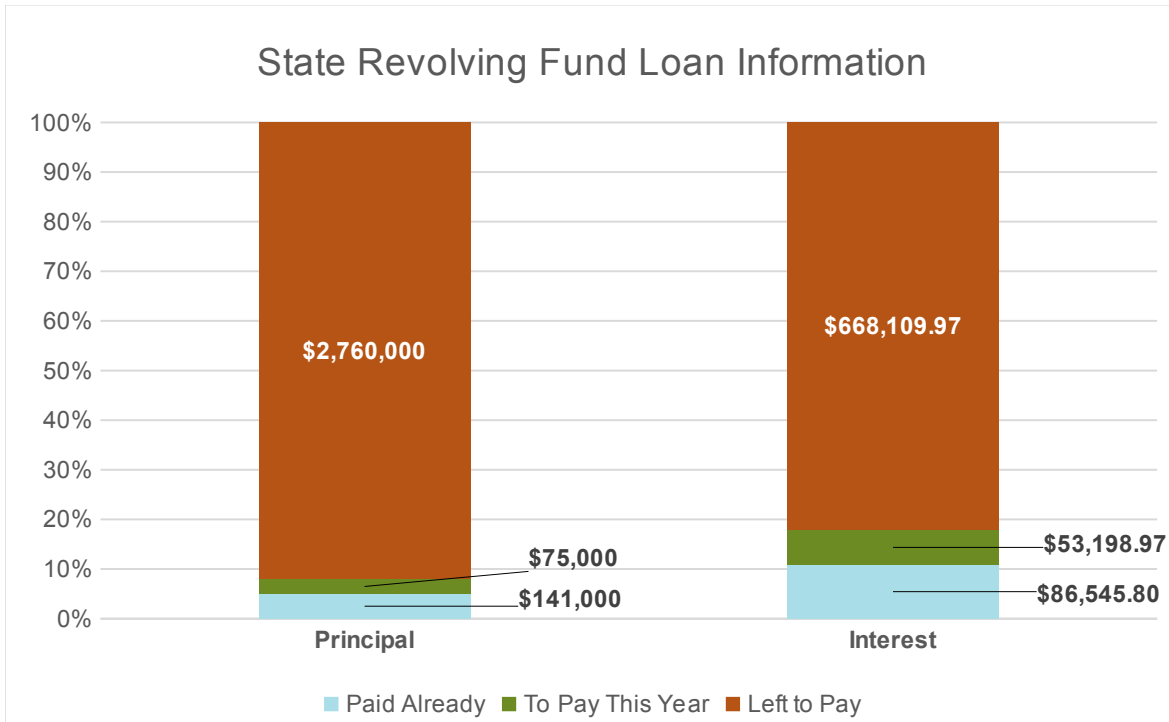


State Revolving Fund (SRF)

The SRF Revenue Bond was also taken out in 2020 for the wastewater system, and included the replacement of pipes, gates, valves, and control structures at the Wastewater Treatment Plant, repairing and improving the City’s wastewater treatment lagoons, replacing the Main Lift Station, and replacing certain sewer mains (and replacement of road above). The total cost of the loan was \$3,430,794, to be paid until 2051. Payments are made in October and April of each year. The interest rate is 2.25%, and the City received \$744,000 in principal forgiveness, which brings down our total paid over the lifetime of the loan by a significant amount.

For annual reporting, the City is required to send a copy of this budget to the Department of Treasury each year so they can ensure we have enough to cover the loan payments.

The SRF loan can be pictured in the following graph (Table ?). Here, we can see that of the \$2,976,000 in principal left after the principal forgiveness, the City has already paid \$141,000 (5%), and will pay \$75,000 (3%) this year. That leaves \$2,760,000 (92%) to pay through FY51. For interest, the City has already paid \$86,545.80 (11%), and will pay \$53,198.97 (7%) this year. That leaves \$668,109.97 (83%) to pay through FY51.



Section 5: Special Revenue Funds

Major Road Fund

Major Streets has \$446,310 currently in reserves. That is before this year’s finalizations, which will likely add another \$140,000 to reserves as we did not do any extensive street improvements this year.

Projected Revenues are \$213,113. This is based on the Gas/Weight Tax Act Statements, MDOT expense replacement, and the Bridge Tax money we receive, as well as a few miscellaneous revenues (such as interest earned).

Wages and Benefits for Major Streets for all departments is estimated to be at \$18,362 for FY24. Expenses for Supplies for Major Streets include street striping materials, new road signs (bought as needed), sand, salt, gravel (for filling potholes), and hot patch (\$10,000 is Major’s portion). Capital Outlay for Sidewalks include \$5,000 in sidewalk spot replacement and maintenance. Last year, we picked 25 sidewalk panels to replace throughout town that had damage, and we would like to do the same again. Contracted Services include street striping of the center lines for \$2,800, and street sweeping (Major Street’s portion is \$3,450).

Planned Capital Outlay for road reconstruction includes half of Park St. (north Park St. is Major classified). This is \$150,760. The sidewalks for this portion of Park St. are an additional \$7,134.50.

All together, the amount budgeted for expenses for Major St. is \$197,506.50. We will also budget \$15,606.50 as a transfer to Local Streets to help cover the costs in that fund of the construction.

Local Road Fund

Local Streets has \$110,076 currently in reserves, with another \$28,000 likely to be added at the end of the FY.

Projected Revenues are \$57,282. This is based on the Gas/Weight Tax Act Statements, Local Road Programming from the County, and interest earned. With the transfer of \$15,606.50, and the hopeful \$250,000 from the TEDF program, that brings total revenue to \$322,888.50.

Wages and Benefits for Local Streets for all departments is estimated to be at \$10,875 for FY24. Expenses for Supplies for Local Streets include street striping materials, new road signs (bought as needed), sand, gravel (for filling potholes) and hot patch (Local Streets portion is \$3000). Contracted services include street striping, of which Local Streets portion is \$1,150.

Planned Capital Outlay for road reconstruction includes half of Park St. (south Park St. is Local classified), and E. 1st St. This is \$377,490. The sidewalks for these are \$22,648.50.

Altogether, this is \$415,163.50 in expenses for Local Streets. This is \$92,275 in expenses over revenue. However, we have not done any Local Streets in a number of years, and staff is recommending that we take the money out of reserves to fund these two projects. While it is a significant investment, these roads have not been fixed in a long time and will not be able to hold on much longer.

Cemetery Perpetual Funds

Traditionally, the Cemetery Perpetual Fund has only been used for capital improvements. However, expenses such as mowing are allowable expenses in this fund. In a previous budget workshop, we discussed using a portion of this money for the mowing contract each year. The mowing contract for FY24 is \$10,308. We can also expect that using the more intense investment structure that the investment fund will grow at a higher rate in FY24.

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BUDGET REPORT FOR CITY OF FENNVILLE

Page: 1/1

Calculations as of 06/30/2023

GL NUMBER	DESCRIPTION	2022-23 AMENDED BUDGET	2022-23 ACTIVITY THRU 06/30/23	2022-23 PROJECTED ADMINISTRATOR ACTIVITY	2023-24 DRAFT FINANCE COMMITTEE BUDGET	2023-24 BOARD APPROVED BUDGET
Function: Unclassified						
151-000-665.000	INTEREST EARNED	3,000	242			
151-000-668.000	INVESTMENT GAINS AND LOSSES				3,000	
151-000-818.000	CONTRACTED SERVICES		3,375		10,308	
151-000-970.000	CAPITAL OUTLAY	3,000				
NET OF REVENUES/APPROPRIATIONS - Unclassified			(3,133)		(7,308)	

Section 6: Downtown Development Authority Revenues, Expenditures, and Fund Balance

The DDA has planned on receiving \$132,100 in revenues for FY24. This is made up of taxes collected, PPT reimbursement from the state, sales of their social district cups, and donations for event series. The DDA is not currently budgeted for any grants received; however, that may change down the road. The DDA is currently a finalist for the Consumers' Energy Put Your Town on the Map competition, and they have applied for the MEDC Revitalization and Placemaking Program. The Convention and Visitors Bureau has also put money aside for each of the municipalities to spend on tourism related capital improvements, but they have not yet decided what to fund. The DDA may also apply for some other microgrants or receive funding for additional public art projects, but does not have current plans in their budget.

The DDA has planned on spending \$120,520 in the next year. This is made up of wages for their internship program, contracted services consisting of landscaping, irrigation, and contractors to assist with visioning for their upcoming capital projects, they've put some money towards basic utilities, membership fees, and licensing expenses. They have also put more money than previously towards event series, such as the Music in the Park, the Fourth Fridays, the Holiday Celebration and more. They have also budgeted money for their wayfinding project and for marketing and promotion of the City in order to increase tourism.

The DDA has \$11,580 leftover in their budget and approximately \$200,000 in fund balance from FY22 that they can use to fund additional capital improvements. The capital improvements they would most like to fund is to develop City Square (the greenspace across the street from City Hall). Depending on what funding comes through, they may begin these projects yet this year.

This DDA budget differs significantly from last years. Last year, the DDA budget included a number of legal fees (the DDA sold and bought some land, and also redid their TIFA agreement), and a number of public art projects. The DDA also made some investments in new materials for community events which will not need to be bought again for several years. Another big change is that the DDA had a debt they were paying, and they redid the Welcome to Fennville signs. This budget is more based on the needs of the DDA at this time. The DDA is spending the most on physical elements, then on economic development, and the least on marketing and promotions; however, all three elements work closely together.

Revenues and Expenditures by Account

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BUDGET REPORT FOR CITY OF FENNVILLE

Page: 1/1

Calculations as of 06/30/2023

GL NUMBER	DESCRIPTION	2022-23 AMENDED BUDGET	2022-23 ACTIVITY THRU 06/30/23	2022-23 PROJECTED ACTIVITY	2023-24 MINISTRATOR DRAFT BUDGET	2023-24 FINANCE COMMITTEE BUDGET	2023-24 BOARD APPROVED BUDGET
ESTIMATED REVENUES							
Revenue							
248-000-403.000	PROPERTY TAX	47,000	65,838		66,000		
248-000-403.020	PROPERTY TAX--PPF REIMBURSEMENT		60,955		60,000		
248-000-642.000	SALES	30,600	612		600		
248-000-667.000	RENTAL REVENUE	18,000					
248-000-671.000	MISCELLANEOUS	5,000					
248-000-673.000	SALE OF FIXED ASSETS		85,763				
248-000-675.000	CONTRIBUTED ASSET		302,999				
248-000-676.000	DONATION	18,000	1,000				
248-000-676.010	MUSIC SERIES DONATIONS		2,200		4,000		
248-000-676.020	HOLIDAY CELEBRATION DONATIONS		2,000		1,500		
248-000-676.051	PUBLIC ART DONATIONS		22,713				
TOTAL REVENUE		118,600	544,080		132,100		
TOTAL ESTIMATED REVENUES		118,600	544,080		132,100		
APPROPRIATIONS							
Expenditure							
248-000-702.000	WAGES				12,000		
248-000-727.000	SUPPLIES		671				
248-000-818.000	CONTRACTED SERVICES	10,000	895		37,595		
248-000-818.220	CONTRACTED SERVICES		372				
248-000-826.000	LEGAL FEES		229				
248-000-830.000	LICENSING		439		500		
248-000-864.000	CLASSES AND CONFEREN	500	217		1,000		
248-000-868.020	INTEREST ON LOAN	12,000					
248-000-880.000	COMMUNITY PROMOTION	5,000			3,000		
248-000-880.010	TUESDAYS IN THE PARK	5,250	5,180		10,000		
248-000-880.020	HOLIDAY CELEBRATION	2,600	11,496		9,375		
248-000-880.049	STREETSCAPE COSTS OTHER	3,000					
248-000-880.051	FENNVILLE ARTS MOVEMENT	6,500	24,447				
248-000-881.220	EVENTS		580		7,500		
248-000-900.000	PRINTING AND PUBLISH		495				
248-000-910.000	LIABILITY INSURANCE		286				
248-000-920.000	PUBLIC UTILITIES	5,000	5,612		4,000		
248-000-920.220	PUBLIC UTILITIES		1,654				
248-000-956.000	MISC EXPENSE		19				
248-000-958.000	MEMBERSHIP DUES	500	409		500		
248-000-959.000	MISC BANK CHARGES		10		50		
248-000-967.000	PROJECT COSTS	4,000					
248-000-970.000	CAPITAL OUTLAY	21,000	7,100		35,000		
248-000-995.000	INTEREST EXPENSE		18,444				
248-000-996.000	GOOSE FESTIVAL	22,963					
TOTAL EXPENDITURE		98,313	78,555		120,520		
TOTAL APPROPRIATIONS		98,313	78,555		120,520		

Approved by State Board of Accounts for the City Of Fennville, 2022

Section 7: Fiduciary Funds

Fennville Area Ambulance-Emergency Services Committee

The Fennville Area Emergency Services Committee has \$20,300 in their bank account. They do not have any spending plans for FY24, other than their annual fee they pay to the City for clerical and treasurer services (\$400/year), but they will continue to grow their fund balance through investments. The primary purpose of the Emergency Services Committee is to supervise the ambulance program, of which each of the municipalities pay into out of their general funds. The fund

balance of the Emergency Services Committee is from an old sale of capital assets, and is used for upgrades to the ambulance station, and other public safety improvements needed as determined by the committee.

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BUDGET REPORT FOR CITY OF FENNVILLE

Page: 1/1

Calculations as of 06/30/2023

GL NUMBER	DESCRIPTION	2022-23 AMENDED BUDGET	2022-23 ACTIVITY THRU 06/30/23	2022-23 PROJECTED ACTIVITY	2023-24 ADMINISTRATOR DRAFT BUDGET	2023-24 FINANCE COMMITTEE BUDGET	2023-24 BOARD APPROVED BUDGET
Function: Unclassified							
705-000-665.000	INTEREST EARNED		58				
705-000-671.000	MISCELLANEOUS		40				
705-000-818.000	CONTRACTED SERVICES				400		
705-000-956.000	MISC EXPENSE		(19,873)				
NET OF REVENUES/APPROPRIATIONS - Unclassified			19,971		(400)		

Section 8: Grants

The City has a number of ongoing grants and reporting requirements related to those grants. Below is a summary of expected funding from those grants, required reporting requirements, and potential grants the City might apply for in FY24.

DNR TF21-0094

This is the grant for Phase I of Paradise Park Improvements, the baseball fields. Construction for this will start in May of 2023, and will conclude in September of 2023. Approximately \$150,000 of the grant funding will be left to use in FY24. During the course of the grant, City Staff will prepare a number of financial and progress reports, but following completion of the grant, there will not be ongoing program requirements.

DWAM

The City began the DWAM project in FY22, and will be wrapping up by December 2023. There is approximately \$190,000 of grant funding left to use in FY24. This will primarily be spent on finishing the water asset management plan and potholing to identify materials used in private water lines. Following the conclusion of the grant, the only requirement will be to turn in our completed Distribution Systems Materials Inventory to EGLE, which will be a complete list of every service line and the materials it is made of in the water system. Staff will continue completing financial and progress reports as needed.

RRC TAC Funding

The City is currently utilizing \$21,000 of Redevelopment Ready Communities grant funding to do our rezoning project with McKenna. This was started in February, and will be expected to conclude by December 2023. There will be \$15,750 of the grant funding used in FY24.

School Resource Officer

The School Resource Officer grant program will be in partnership with the Fennville Public Schools and Allegan County Sheriff. The grant from the state will cover 50% of eligible wages and benefits, the Sheriff will cover 25%, and the School and the City will split the remaining 25%. Additional expenses will be split by the school and the City as determined in the Memorandum of Understanding. Because of this position, the budget of the police department will increase quite a bit because the City will be covering all of the costs of the program upfront, and the school and the State will reimburse us for costs. So, the City's portion of the budget for the police department will actually decrease from the previous year's adopted budget, but it will overall be higher to account for paying those costs upfront. The City is expected to receive \$77,043 in reimbursement from the grant and the School towards the Contracted Services line.

Targeted Brownfield Assessment

The City is participating in a targeted brownfield assessment program with the EPA. The City is not receiving the grant funding directly; but is instead receiving a contractor to do the work that the EPA is paying directly. The work they do may be eligible for capital improvements; however, because the City is not being reimbursed directly, it does not count towards single audit requirements.

Completed Grants with Ongoing Reporting Requirements

ARPA (American Rescue Plan)

The City received \$150,172 in ARPA dollars, of which was activated in FY23. There will be one more round of required reporting for this grant program in March of 2024.

CDBG

The City is closing out this grant in FY23; however will likely have ongoing reporting requirements that respond to the findings associated with this grant in FY24.

SRF

The City is closing out this grant in FY23; however will have ongoing reporting requirements over the lifetime of the loan which are detailed in the debt service section of the Water/Sewer Fund.

USDA

The City closed out this grant in FY21; however will have ongoing reporting requirements over the lifetime of the loan which are detailed in the debt service section of the Water/Sewer Fund.

Grants Applying For

The City applied for two major grant programs, of which the match portion is budgeted for in case the City gets the opportunity to use those grants. The City applied for \$250,000 of TEDF (Transportation Economic Development Funds) to put

towards improvements to E. 1st St. and Park St., and applied for \$1,231,329 of funding for Paradise Park Phase II. The City will apply for other grants as desired. It is our hope to receive these grants to work on these important capital projects.

Section 9: Capital Projects

According to the City's policy, a capital improvement is an item which costs more than \$2000 and has an expected lifespan of at least 2 years. The value of these items is what the City paid for it, and it is depreciated over time depending on the type of item. The City's depreciation schedule is as follows:

- Land: Never Depreciates
- Land Improvements: 15 Years
- Building and Improvements: 10-40 Years
- Equipment: 3-10 Years
- Furniture and Equipment: 5-20 Years
- Vehicles: 5-7 Years
- Roads: 20 Years
- Lagoons: 40 Years
- Water and Sewer Mains: 75 Years
- Meters: 30 Years
- Wells and Pumps: 30 Years
- Water Tower Paint: 15 Years

The amounts that vary are determined by the auditors and are based in part on standard lifespan for any given piece of equipment of improvement.

Capital Improvements

The City is planning on making a number of capital improvements this year.

Of improvements coming out of the water/sewer fund: the City will be investing in Phase I of the Water Tower Improvements, new sanitary sewer under E. 1st St., new water main under Park St, and fencing for the sewer lagoons.

For roads, the Major and Local Streets fund, along with hopefully the TEDF funding will cover reconstruction of roadways and sidewalks for E. 1st and Park St.

The DDA will be purchasing wayfinding signs for the downtown area.

There is a significant amount of money associated with the Paradise Park projects in the General Fund set aside, and additionally, a new concrete materials pad will be poured for the DPW, a new printer will be purchased, a new roof for City Hall, and other improvements to the building to make it more useful. Finally, the City will invest in a new website, most of which will be paid by the Redevelopment Ready Communities program in a new TAC application.

Capital Asset Disposals

For FY24, the only asset disposals currently planned are disposing of the two police cars and surplus policing equipment to be sold back to Allegan County. Currently, it is estimated that we will receive about \$10,000 for these items; however, it may be

more. However, staff plan to do an audit of materials when we move the new policing contract, and throughout organizing the DPW areas. At that time if there are assets we decide to dispose of, we will do so at that time. Staff will also work on forming a more concrete asset disposal system.