

## AGENDA REPORT

To: Mayor Pat Humphrey and the Clare City Commission  
From: Ken Hibl, City Manager  
Date: June 2, 2016  
Regarding: Adoption of the Fiscal Year 2016/17 Budget

For the Agenda of June 6, 2016

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**Background** The Charter of the City of Clare stipulates that the City Commission shall adopt a budget for the upcoming fiscal year at the first scheduled City Commission meeting in June. In preparation for the approval of the Fiscal Year 2016/17 Budget the Fiscal and Budget Committee met with all Department Heads on May 2<sup>nd</sup> and the Planning Commission on April 13<sup>th</sup> to review and discuss their requested/proposed capital improvement budgets. Following these presentations the full City Commission held budget workshops during the month of May during which each respective department head presented to the Commission their proposed department budget for Fiscal Year 2016/17. During the Fiscal and Budget Committee and the Planning Commission meetings and also during the City Commission budget workshops complete projections of the next four fiscal years (FY2017/18 to FY2020/21) were also presented to assist the Commission in planning for the future.

The City Commission will be provided their budget binders during the meeting which contains the proposed Fiscal Year 2016/17 Budget for their final review and approval (an electronic copy can be sent to you if you desire). Following an overview presentation to the City Commission of the Budget for each Fund and Activity the City Manager and the City Treasurer/Finance Director will collectively answer any questions the Commission or the public may have regarding the proposed budget.

Prior to adopting/approving the budget the City Commission is required to hold a public hearing to receive comment regarding the proposed budget and the proposed tax millage to be collected for the new fiscal year commencing July 1<sup>st</sup>. Notice of the hearing (*copy attached*) has been completed as required.

**Issues & Questions Specified** Should the City Commission hold the requisite public hearing and adopt the proposed budget and tax millage rates?

### **Alternatives**

1. Hold the public hearing and adopt the proposed budget.
2. Do not hold the public hearing, thereby delaying the adoption of the budget.
3. Hold the public hearing and modify or amend the proposed budget.
4. Defer the matter for further consideration and/or deliberation at a subsequent meeting.

**Financial Impact** Conducting the hearing and adopting the proposed budget will allow the City to continue functioning/providing necessary public services during the upcoming fiscal year.

**Recommendations** The City Manager and Treasurer/Finance Director both recommend that the City Commission approve by motion and then conduct a public hearing to receive comments concerning the proposed budget. Subsequent to the public hearing we recommend that the City Commission approve the Fiscal Year 2016/2017 Budget by adoption of Resolution 2016-056. We also recommend that the 2016 property tax millage rates, administration fees, interest, penalties and tax due dates be approved by the adoption of Resolution 2016-057.

**Attachments**

1. Proposed Fiscal Year 2016/17 Budget (provided during the meeting).
2. Public Notice.
3. Tax Millage Request Form.
4. Resolution 2016-056.
5. Resolution 2016-057.

**CITY OF CLARE  
SCHEDULE OF BUDGET WORKSHOPS AND  
NOTICE OF PUBLIC HEARING ON  
PROPOSED 2016-2017 BUDGET**

The City will be conducting budget workshops for the Fiscal Year 2016-17 at the regularly scheduled May 2nd and May 16th, 2016 City Commission meetings. Department heads will be reviewing their various departmental needs and the City Commission will give guidance for capital improvements projects. The public is encouraged to attend or if you have input you would like considered, you may submit written communication to the City Clerk at 202 W. Fifth St., Clare, MI 48617 or verbal communication by calling (989) 386-7541 ext. 106.

**PLEASE TAKE NOTICE** that on June 6th, 2016, at 6:00 p.m. at the Clare City Hall Commission Chambers, 202 W. Fifth Street, Clare, Michigan, the Clare City Commission will hold a public hearing to consider adoption of the City's 2016-2017 budget. A copy of the proposed 2016-2017 budget is available for public inspection during normal business hours in the Office of the City Treasurer, 202 W. Fifth St., Clare, Michigan.

*The City of Clare is an equal opportunity provider and employer.*

Diane Lyon  
City Clerk



**2016 Tax Rate Request (This form must be completed and submitted on or before September 30, 2016)**

**MILLAGE REQUEST REPORT TO COUNTY BOARD OF COMMISSIONERS**

This form is issued under authority of MCL Sections 211.24e, 211.34 and 211.34d. Filing is mandatory; Penalty applies.

**Carefully read the instructions on page 2.**

County(ies) Where the Local Government Unit Levies Taxes	2016 Taxable Value of ALL Properties in the Unit as of 5-23-16
Local Government Unit Requesting Millage Levy	For LOCAL School Districts: 2016 Taxable Value excluding Principal Residence, Qualified Agricultural, Qualified Forest, Industrial Personal and Commercial Personal Properties.

**This form must be completed for each unit of government for which a property tax is levied. Penalty for non-filing is provided under MCL Sec 211.119. The following tax rates have been authorized for levy on the 2016 tax roll.**

(1) Source	(2) Purpose of Millage	(3) Date of Election	(4) Original Millage Authorized by Election Charter, etc.	(5) ** 2015 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(6) 2016 Current Year "Headlee" Millage Reduction Fraction	(7) 2016 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(8) Sec. 211.34 Truth in Assessing or Equalization Millage Rollback Fraction	(9) Maximum Allowable Millage Levy *	(10) Millage Requested to be Levied July 1	(11) Millage Requested to be Levied Dec. 1	(12) Expiration Date of Millage Authorized

Prepared by	Telephone Number	Title of Preparer	Date
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**CERTIFICATION:** As the representatives for the local government unit named above, we certify that these requested tax levy rates have been reduced, if necessary to comply with the state constitution (Article 9, Section 31), and that the requested levy rates have also been reduced, if necessary, to comply with MCL Sections 211.24e, 211.34 and, for LOCAL school districts which levy a Supplemental (Hold Harmless) Millage, 380.1211(3).

**Local School District Use Only. Complete if requesting millage to be levied. See STC Bulletin 3 of 2016 for instructions on completing this section.**

<input type="checkbox"/> Clerk	Signature	Print Name	Date
<input type="checkbox"/> Secretary			
<input type="checkbox"/> Chairperson	Signature	Print Name	Date
<input type="checkbox"/> President			

Total School District Operating Rates to be Levied (HH/Supp and NH Oper ONLY)	Rate
For Principal Residence, Qualified Ag, Qualified Forest and Industrial Personal	
For Commercial Personal	
For all Other	

\* Under Truth in Taxation, MCL Section 211.24e, the governing body may decide to levy a rate which will not exceed the maximum authorized rate allowed in column 9. The requirements of MCL 211.24e must be met prior to levying an operating levy which is larger than the base tax rate but not larger than the rate in column 9.

**\*\* IMPORTANT:** See instructions on page 2 regarding where to find the millage rate used in column (5).

# Instructions For Completing Form 614 (L-4029) 2016 Tax Rate Request, Millage Request Report To County Board Of Commissioners

These instructions are provided under MCL Sections 211.24e (truth in taxation), 211.34 (truth in county equalization and truth in assessing), 211.34d (Headlee), and 211.36 and 211.37 (apportionment).

**Column 1: Source.** Enter the source of each millage. For example, allocated millage, separate millage limitations voted, charter, approved extra-voted millage, public act number, etc. Do not include taxes levied on the Industrial Facilities Tax Roll.

**Column 2: Purpose of millage.** Examples are: operating, debt service, special assessments, school enhancement millage, sinking fund millage, etc. A local school district must separately list operating millages by whether they are levied against ALL PROPERTIES in the school district or against the NON-HOME group of properties. (See State Tax Commission Bulletin 3 of 2016 for more explanation.) A local school district may use the following abbreviations when completing Column 2: "Operating ALL" and "Operating NON-HOME". "Operating ALL" is short for "Operating millage to be levied on ALL PROPERTIES in the local school district" such as Supplemental (Hold Harmless) Millages and Building and Site Sinking Fund Millages. "Operating NON-HOME" is short for "Operating millage to be levied on ALL PROPERTIES EXCLUDING PRINCIPAL RESIDENCE, QUALIFIED AGRICULTURAL, QUALIFIED FOREST AND INDUSTRIAL PERSONAL PROPERTIES in the local school district" such as the 18 mills in a district which does not levy a Supplemental (Hold Harmless) Millage.

**Column 3: Date of Election.** Enter the month and year of the election for each millage authorized by direct voter approval.

**Column 4: Millage Authorized.** List the allocated rate, charter aggregate rate, extra-voted authorized before 1979, each separate rate authorized by voters after 1978, debt service rate, etc. (This rate is the rate before any reductions.)

**Column 5: 2015 Millage Rate Permanently Reduced by MCL 211.34d ("Headlee") Rollback.** Starting with taxes levied in 1994, the "Headlee" rollback permanently reduces the maximum rate or rates authorized by law or charter. The **2015** permanently reduced rate can be found in column 7 of the **2015** Form L-4029. For operating millage approved by the voters after April 30, 2015, enter the millage approved by the voters. For debt service or special assessments not subject to a millage reduction fraction, enter "NA" signifying "not applicable."

**Column 6: Current Year Millage Reduction Fraction.** List the millage reduction fraction certified by the county treasurer for the current year as calculated on Form 2166 (L-4034), *2016 Millage Reduction Fraction Calculations Worksheet*. The millage reduction fraction shall be rounded to four (4) decimal places. The current year millage reduction fraction shall not exceed 1.0000 for 2016 and future years. This prevents any increase or "roll up" of millage rates. Use

1.0000 for new millage approved by the voters after April 30, 2016. For debt service or special assessments not subject to a millage reduction fraction, enter 1.0000.

**Column 7: 2016 Millage Rate Permanently Reduced by MCL 211.34d ("Headlee") Rollback.** The number in column 7 is found by multiplying column 5 by column 6 on this 2016 Form L-4029. This rate must be rounded DOWN to 4 decimal places. (See STC Bulletin No. 11 of 1999, Supplemented by Letter of 6/7/2000.) For debt service or special assessments not subject to a millage reduction fraction, enter "NA" signifying "not applicable."

**Column 8: Section 211.34 Millage Rollback Fraction (Truth in Assessing or Truth in Equalization).** List the millage rollback fraction for 2016 for each millage which is an operating rate. Round this millage rollback fraction to 4 decimal places. Use 1.0000 for school districts, for special assessments and for bonded debt retirement levies. For counties, villages and authorities, enter the Truth in Equalization Rollback Fraction calculated on STC Form L-4034 as TOTAL TAXABLE VALUE BASED ON CEV FOR ALL CLASSES/TOTAL TAXABLE VALUE BASED ON SEV FOR ALL CLASSES. Use 1.0000 for an authority located in more than one county. For further information, see State Tax Commission Bulletin 3 of 2016. For townships and cities, enter the Truth in Assessing Rollback Fraction calculated on STC Form L-4034 as TOTAL TAXABLE VALUE BASED ON ASSESSED VALUE FOR ALL CLASSES/TOTAL TAXABLE VALUE BASED ON SEV FOR ALL CLASSES. The Section 211.34 Millage Rollback Fraction shall not exceed 1.0000.

**Column 9: Maximum Allowable Millage Levy.** Multiply column 7 (2016 Millage Rate Permanently Reduced by MCL 211.34d) by column 8 (Section 211.34 millage rollback fraction). Round the rate DOWN to 4 decimal places. (See STC Bulletin No. 11 of 1999, Supplemented by Letter of 6/7/2000.) For debt service or special assessments not subject to a millage reduction fraction, enter millage from Column 4.

**Column 10/Column 11: Millage Requested to be Levied.** Enter the tax rate approved by the unit of local government provided that the rate does not exceed the maximum allowable millage levy (column 9). A millage rate that exceeds the base tax rate (Truth in Taxation) cannot be requested unless the requirements of MCL 211.24e have been met. For further information, see State Tax Commission Bulletin 3 of 2016. A LOCAL School District which levies a Supplemental (Hold Harmless) Millage shall not levy a Supplemental Millage in excess of that allowed by MCL 380.1211(3). Please see the memo to assessors dated October 26, 2004 regarding the change in the collection date of certain county taxes.

**Column 12: Expiration Date of Millage.** Enter the month and year on which the millage will expire.

**RESOLUTION 2016-056**

**A RESOLUTION OF THE CLARE CITY COMMISSION ADOPTING THE FISCAL YEAR 2016/2017 BUDGET.**

**WHEREAS**, the Clare City Commission has reviewed and discussed the proposed Fiscal Year 2016/2017 millage rates, fee and rate schedules for City services to include any rate changes and recommended appropriations during budget workshops held during the month of May 2016 pursuant to State Statutes and the City Charter and discussed and reviewed the final proposed 2016/2017 City Budget during the course of a regularly scheduled meeting of the Clare City Commission on the 6<sup>th</sup> day of June 2016; and

**WHEREAS**, the City Commission held an appropriately noticed public hearing to receive public comment prior to the adoption of this resolution pertaining to the Fiscal Year 2016/2017 Budget; and

**NOW, THEREFORE BE IT RESOLVED THAT** the Clare City Commission hereby approves the Fiscal Year 2016/2017 Budget Appropriations for the City of Clare as stipulated herein and itemized as Attachment A to this Resolution:

	Operating Expenditures	Non-Operating/Capital/ Transfers Out
General Fund	\$ 2,390,014.01	\$ 384,960.84
Cemetery Perpetual Care	-0-	5,000.00
Major Street Fund	155,657.66	349,059.44
Local Street Fund	182,579.84	2,000.00
Fire Department Fund	317,495.22	42,335.00
Parks & Recreation Fund	378,167.11	332,000.00
Downtown Development Authority	86,040.75	-0-
Sidewalk Replacement Fund	668.70	-0-
Brownfield Redevelopment	-0-	-0-
Drug Forfeiture Fund	3,322.17	-0-
Law Enforcement 302 Training	1,500.00	-0-
Debt Service – Public Safety Fund	52,800.82	-0-
Sewer Fund	788,270.55	53,000.00
Water Fund	593,181.03	853,298.00
Data Processing Fund	48,850.00	16,000.00
Mobile Equipment Fund	296,800.92	60,500.00

**BE IT FURTHER RESOLVED THAT** the Clare City Commission hereby approves the millage rates as outlined on the attached Michigan Department of Treasury Form 614, a copy of which is attached to this Resolution as Attachment B.

**BE IT FURTHER RESOLVED THAT** the City Manager is hereby authorized to make budgetary transfers within the appropriation for each specifically identified fund within the City’s adopted 2016/2017 budget. However, increasing the total fund appropriation shall require the specific approval of the Clare City Commission by properly introduced and approved resolution during a publicly held meeting.

**ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INSOFAR AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCICNDED.**

**The Resolution was introduced by Commissioner Swanson and supported by Commissioner Murphy. The Resolution declared adopted by the following roll call vote:**

**YEAS:**

**NAYS:       None**

**ABSENT:    None**

Resolution approved for adoption on this 6<sup>th</sup> day of June 2016.

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Diane Lyon, City Clerk

**RESOLUTION 2016-057**

**A RESOLUTION OF THE CLARE CITY COMMISSION ADOPTING THE 2016/17 MILLAGE, ADMINISTRATION FEES, PENALTIES AND TAX DUE DATES.**

**WHEREAS**, the Clare City Commission has reviewed and discussed the proposed Fiscal Year 2016/17 budgets based on proposed millage rates at workshops during the month of May 2016 pursuant to State Statutes and the City Charter; and

**WHEREAS**, the City Commission held a requisite public hearing to receive comment prior to the adoption of this resolution pertaining to Fiscal Year 2016/2017 Property Tax Millages.

**NOW, THEREFORE BE IT RESOLVED** that the millage rates listed herein are hereby adopted for Fiscal Year 2016/2017:

Operating	17.5000
Parks (Voted)	<u>.7500</u>
	18.2500

**BE IT FURTHER RESOLVED** that the City of Clare shall add a 1% penalty to the 2016 Unpaid Summer Taxes on September 1, 2016 and 1/2% interest on the first of each month thereafter until paid or turned over to the county as delinquent with a total of 6% interest due in February 2017; and

**BE IT FURTHER RESOLVED** that the Clare City Commission approved an administrative fee of 1% for both Summer and Winter Property Taxes; and

**BE IT FURTHER RESOLVED** that said administrative fee of 1% shall continue to be levied; and

**BE IT FURTHER RESOLVED** that the Clare City Commission hereby confirms the 1% penalty on the Summer Taxes and the 3% penalty on the Winter Taxes with a minimum fee of \$1.00 to be assessed on all unpaid property tax as of September 1, 2016 for Summer Taxes and February 15, 2016 for Winter Taxes; and

**BE IT FURTHER RESOLVED** that the Clare City Commission hereby sets the due date for 2016 Summer Taxes as August 31, 2016.

**ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INSOFAR AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.**

**The Resolution was introduced by Commissioner \_\_\_\_\_ and supported by Commissioner \_\_\_\_\_. The Resolution declared adopted by the following roll call vote:**

**YEAS:**

**NAYS:**       **None**

**ABSENT:**   **None**

Resolution approved for adoption on this 6<sup>th</sup> day of June 2016.

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Diane Lyon, City Clerk