



2015 CITIZEN'S GUIDE To the Village of Birch Run, Michigan's Financial Health

Dollars and Sense:

How the Village of Birch Run spends your money

Presented by: Office of DDA Director/Village Manager



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DPW Dump Trucks



Welcome

Dear Citizens,

Welcome to the Village of Birch Run's 2015 Citizen's Guide. The purpose of this Citizen's Guide and the associated Performance Dashboard is to give readers a better understanding of our government's financial activities. This Citizen's Guide was prepared using information from the audited financial statements for the most recent two fiscal years ended June 30, 2015 and June 30, 2014. It presents the information in a summarized, less technical format. Unlike the financial statements, the Citizen's Guide is unaudited, and does not include the same level of detail or disclosures as do the financial statements.

This Citizen's Guide provides definitions of key financial terms, and gives an analysis of how our government has received and spent resources. In addition, this report includes information on our government's pension liability and debt, available reserves, as well as comparative statistics. Finally, the report includes information on our government's component unit, the Downtown Development Authority.

I hope you enjoy reading this report and welcome any comments or questions you may have.

Sincerely,

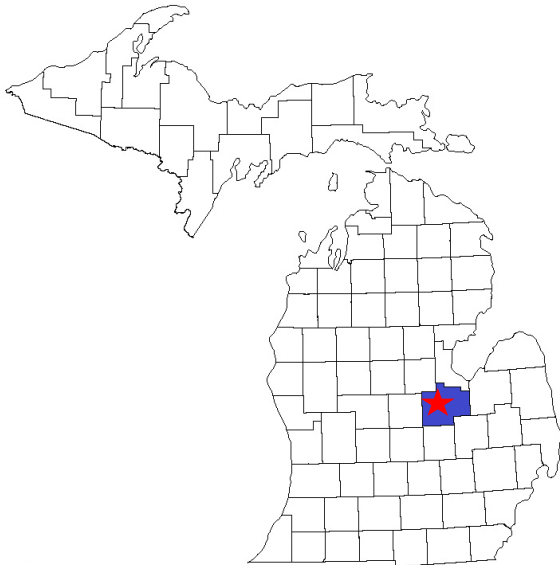
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Paul T. Moore, CPM
DDA Director/Village Manager



About Our Village

The Village of Birch Run, located in Saginaw County, MI, is a community that is beautiful, historic, culturally diverse, affordable, safe, and well planned. The Village government is committed to providing exemplary public services, making the Village an ideal place for residents, businesses, and tourists.



Notable Attractions and Events

- ♦ [Birch Run Blues, Brews & Barbeque](#)
- ♦ [Wilderness Trails Zoo](#)
- ♦ [Birch Run Premium Outlets](#)
- ♦ [Dixie Motor Speedway](#)
- ♦ [Birch Run Expo Center](#)
- ♦ [Baja Acres](#)

At a Glance

Education

Birch Run Area Schools

Colleges

University of Michigan-Flint (17 miles)

Mott Community College (17 miles)

Kettering University (18 miles)

Saginaw Valley State University (21 miles)

Transportation

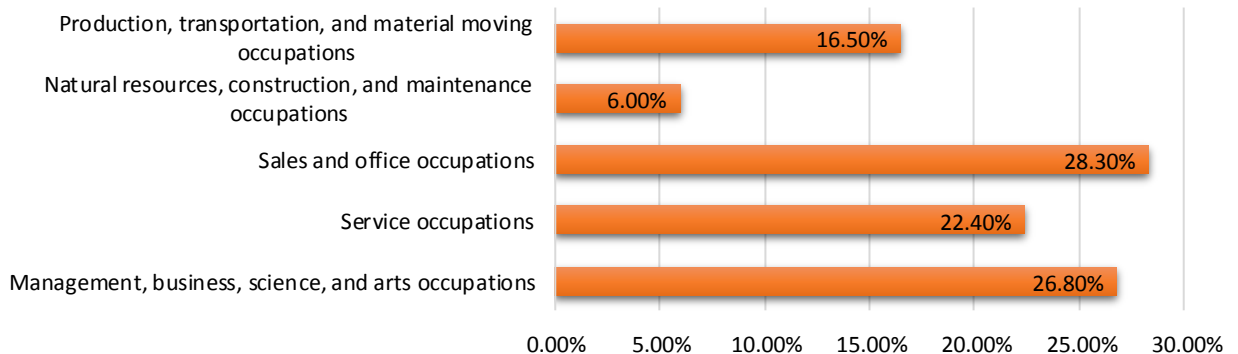
Amtrak Station (18 miles)

Bishop International Airport (22 miles)

Library

Thomas E. Fleschner Memorial Library

Village Resident Employment by Industry



Source: U.S. Census Bureau, 2010-2014 American Community Survey



Key Terms

Below are a few key terms which may be helpful when reading this report.

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 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 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. The Village of Birch Run uses a July 1 - June 30 fiscal year.

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.

Restricted funds: Some funds are considered to be "restricted" for a specific purpose, and cannot be spent for anything else.



Primary government: The Village of Birch Run is the primary government.

Governmental funds: Governmental funds include the General Fund, the chief operating fund, and include most of the basic services of the Village.

Net Position: The net position of a governmental entity equal its assets minus its liabilities.



How Governments Use Your Money

WHERE CITIZEN DOLLARS GO AND SERVICES THAT GOVERNMENTS PROVIDE

The Village of Birch Run uses revenue from utilities, property taxes, and charges for services to provide public services such as police, highway and street maintenance, administrative services, building inspections, refuse collection, planning and zoning, and utility services like water and sewer. This report will first look at financial measures of the primary government, then of the component unit.

2015 FINANCIAL HIGHLIGHTS



Below are selected financial highlights from fiscal year ended June 30, 2015.

- ◆ The total assets of the Village exceeded its liabilities at the end of the 2014-2015 fiscal year by \$8,687,313. Of this amount, \$2,963,248 is unrestricted, which means this amount can be used by the government to meet its ongoing obligations to citizens and creditors. Another \$3,647,085 is invested in capital assets. The government's total net position increased by \$342,079 during the 2014-2015 fiscal year.
- ◆ At the close of the 2014-2015 fiscal year, the Village's governmental funds (the funds used to account for most of the government's activities except utilities)

reported combined ending fund balances of \$741,167, an increase of \$194,502 from the prior year. Approximately 39% of this amount, or \$288,904, is available for spending at the government's discretion.

- ◆ At the end of the 2014-2015 fiscal year, the fund balance for the Village General Fund was \$306,769. The General Fund accounts for most of the governmental fund transactions except those related to street maintenance.
- ◆ The Downtown Development Authority, a component of the Village government has a debt of \$1,050,000, a reduction of \$130,000 from the previous year.





How Taxpayer Money Is Spent

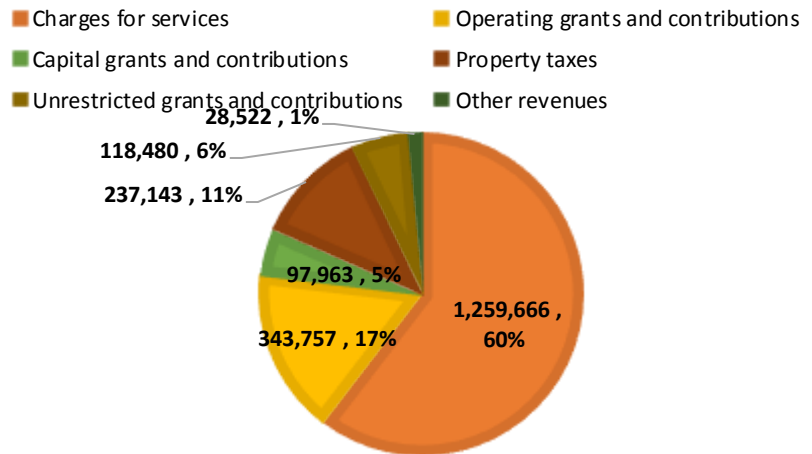
REVENUES: WHERE THE MONEY COMES FROM

Primary government revenue sources:

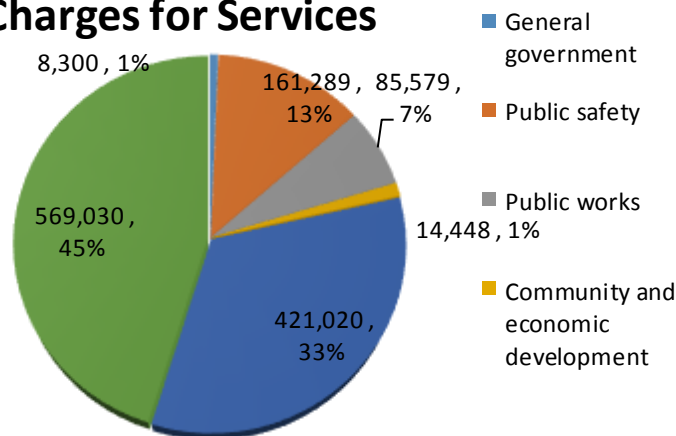
Charges for services: Fees charged for licenses, permits, fines and forfeitures, penalties, utility services, and other government services.

Operating grants and contributions—Program: Aid from local, state, and federal sources designated for operating use by a specific program.

PRIMARY GOVERNMENT REVENUES



Charges for Services

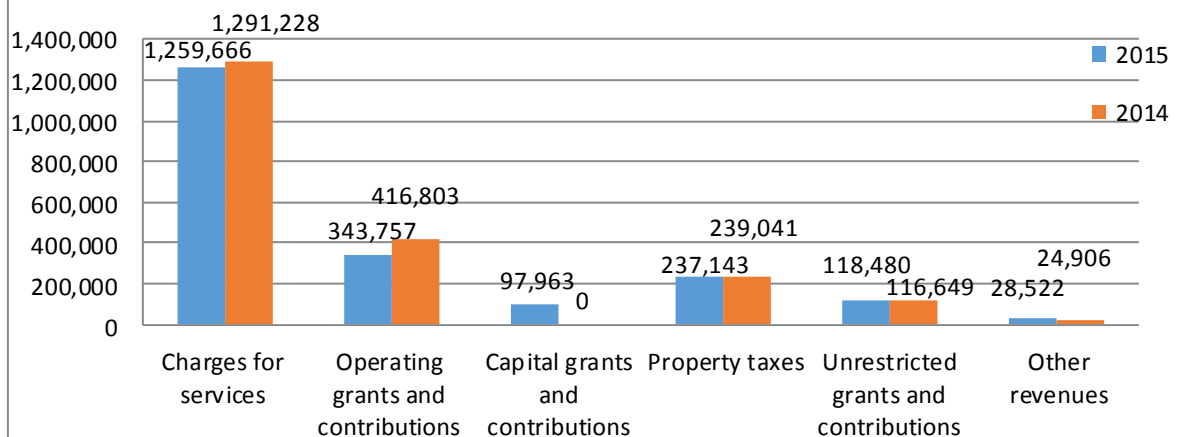


Property Taxes: Taxes levied by the government based on the value of property.

Unrestricted investment earnings: Earnings on investments which can be spent on any government program.

Unrestricted grants and contributions: Contributions which can be spent on any government program.

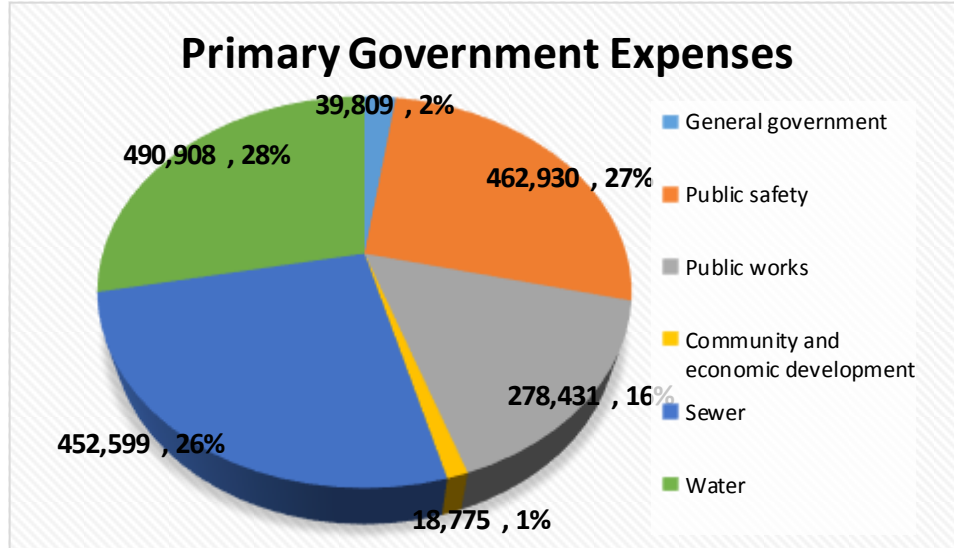
Revenue sources-compared to prior year





How Taxpayer Money Is Spent

EXPENSES: WHERE THE MONEY GOES



General Government expenses go toward government operations such as legislative, treasurer, clerk, assessing, judicial, elections, and finance functions.

Public Safety expenses include police, fire, and building inspections.

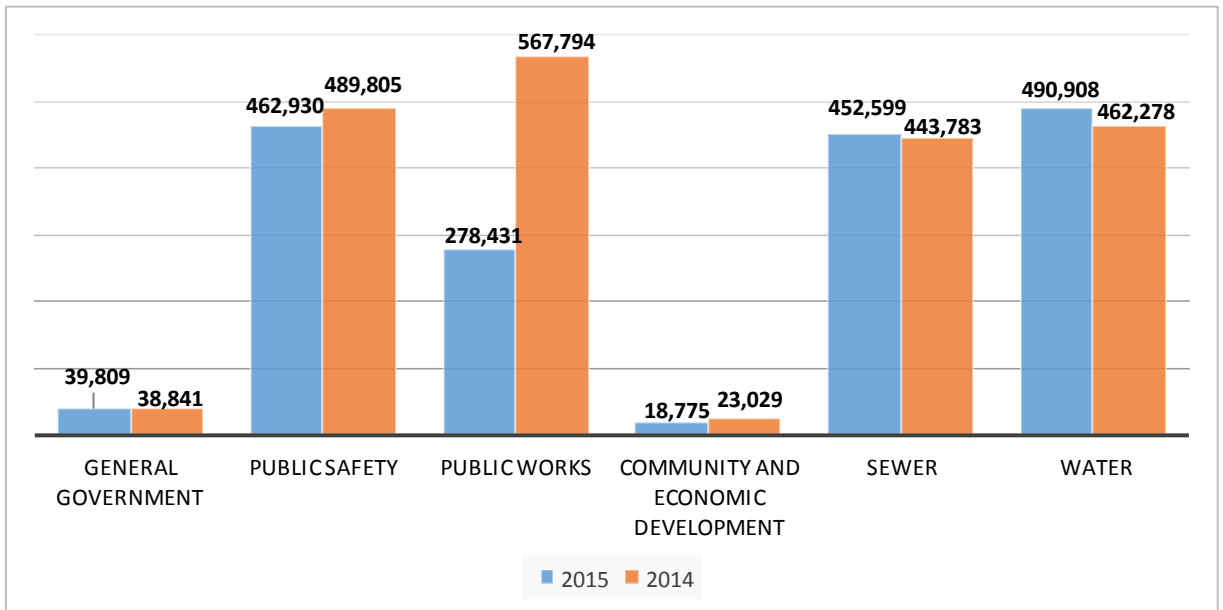
Community and Economic Development expenses include activities such as planning and zoning.

Public works expenses include building and maintenance of streets, highways, street lights,

sidewalks, and refuse collection.

Sewer expenses go toward activities of the sewer disposal and treatment utility.

Water expenses go toward operating the water distribution and treatment utility.

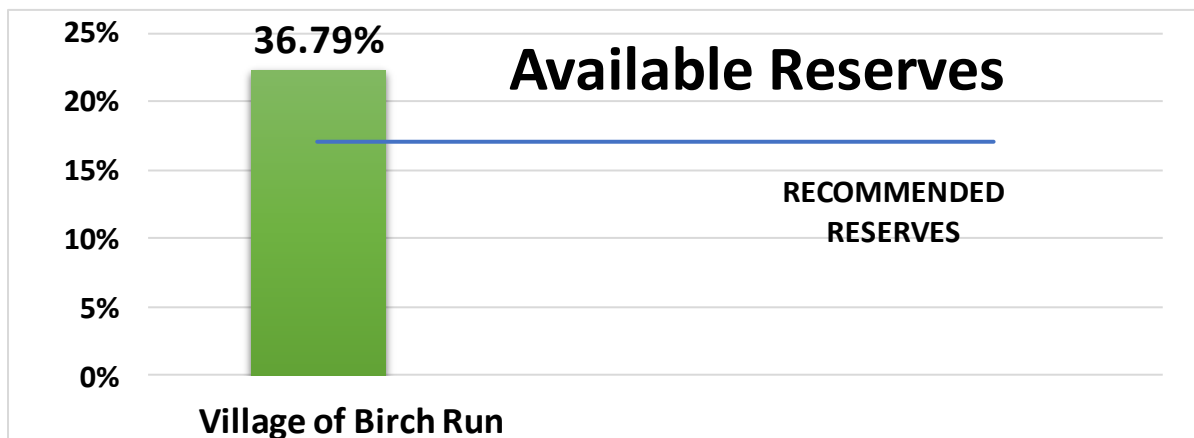




The Village's Fiscal Health

AVAILABLE RESERVES, GOVERNMENTAL FUNDS

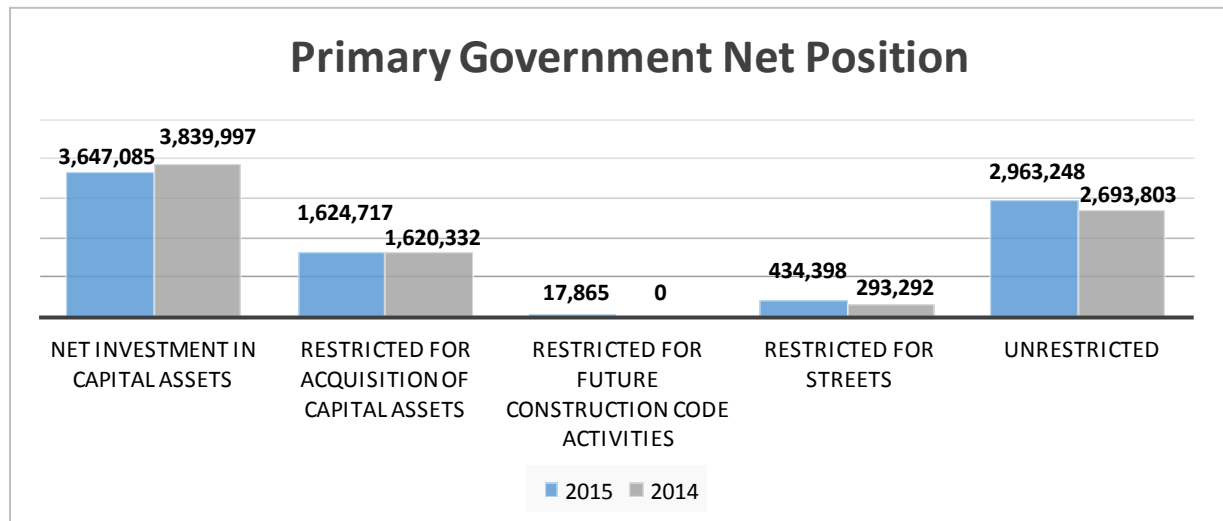
The graph below gives information about the Village of Birch Run's available governmental fund reserves, which is cash not designated or restricted for any purpose. The Government Finance Officers Association (GFOA) recommends 2 months (or approximately 17%) of annual operating expenditures in unassigned fund balances to cover unexpected expenses or unanticipated drops in revenues. The percentage of available reserves to total annual governmental fund expenditures is 36.79%, and is above the recommended reserves level of 17%.



FINANCIAL POSITION, PRIMARY GOVERNMENT

Source for Michigan and Michigan School data: State of Michigan

This graph shows the status of the Village's net position. The net position is the difference between the Village's assets and liabilities. The left columns represent total capital assets less depreciation less related debt. The middle columns represent funds which are set aside to buy capital assets. The right columns represent funds which are available to be used for any government purpose.





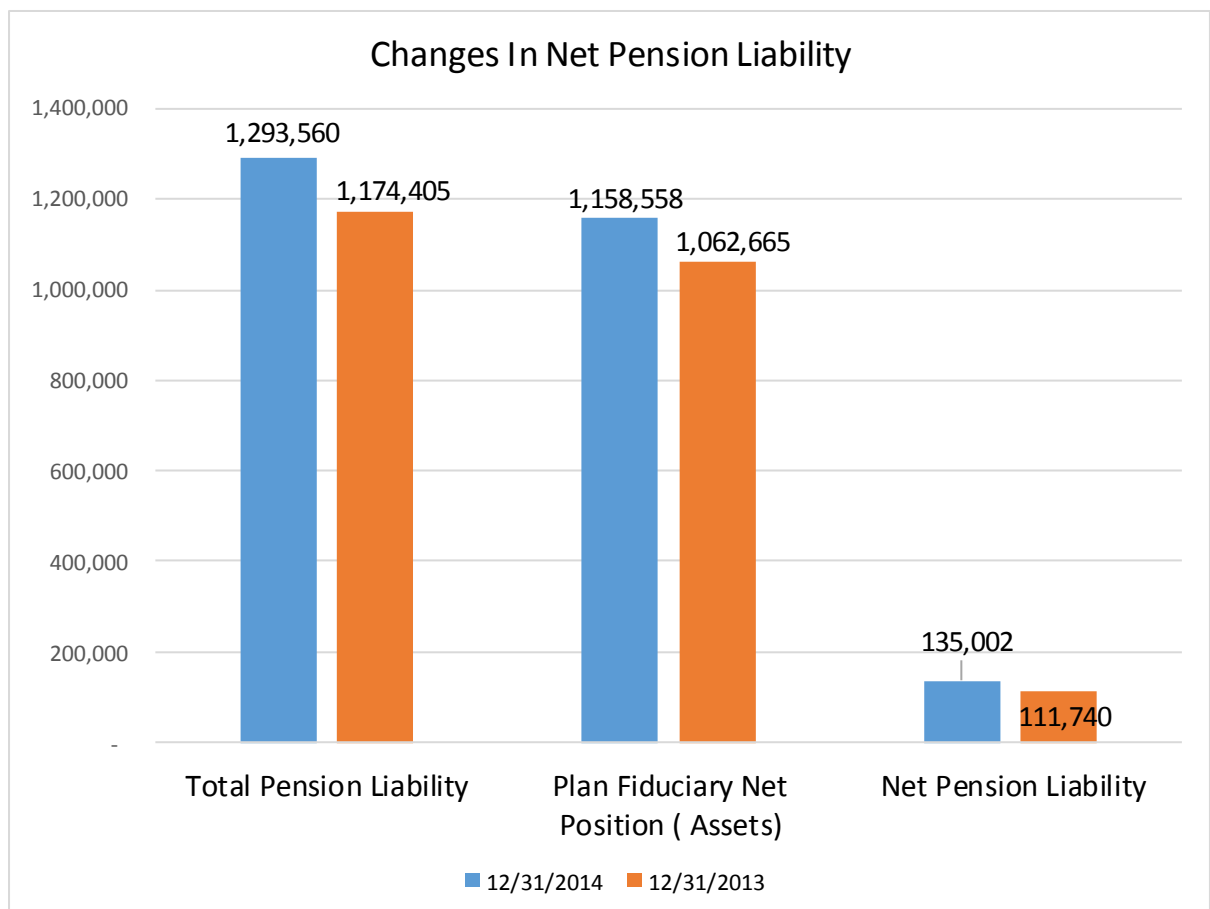
The Village's Fiscal Health

PENSION AND OTHER RETIREE BENEFITS

The Village of Birch Run's defined benefit pension provides retirement, disability and death benefits to plan members and beneficiaries. Birch Run participates in the Municipal Employees Retirement System (MERS), a statewide multiple-employer plan administered by the MERS Retirement Board.

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. Employer contributions, for the current fiscal year, range from 2.92% to 3.98% based on annual payroll for open divisions based on the December 31, 2012 valuation.

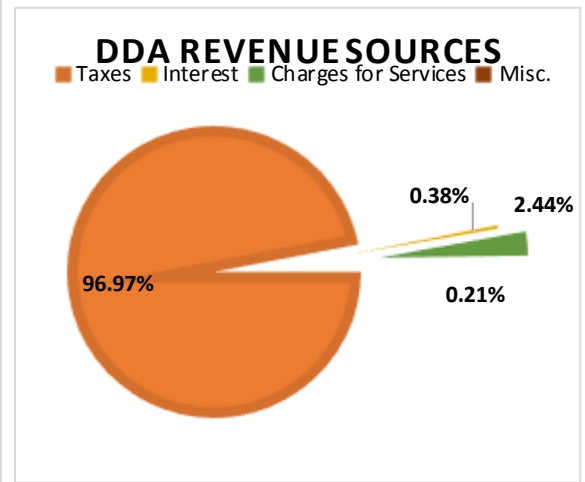
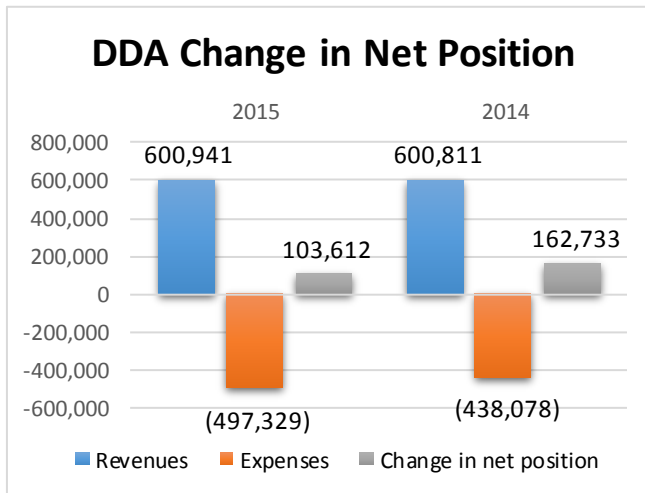
Changes in net pension liability during the measurement year were as follows:





Component Unit

The Downtown Development Authority (DDA) is a component unit of the Village of Birch Run. The DDA promotes economic growth, development, and improvement of downtown areas. The DDA is legally separate from the Village of Birch Run, so its results are presented separately from the primary government's. However, because it is fiscally dependent on the Village, it is part of the Village's financial reporting entity.



DDA Liabilities Ending Balance		
	30-Jun-15	30-Jun-14
Bonds Payable	\$1,050,000	\$1,180,000
Contracts Payable	0	0
Capital Lease	0	0

The DDA's bonds payable are backed by the full faith and credit of the Village.





How This Report Was Developed

DATA SOURCES AND NOTES

This Citizen's Guide was prepared using the annual audited financial statements for the fiscal years ended June 30, 2015 and June 30, 2014.

