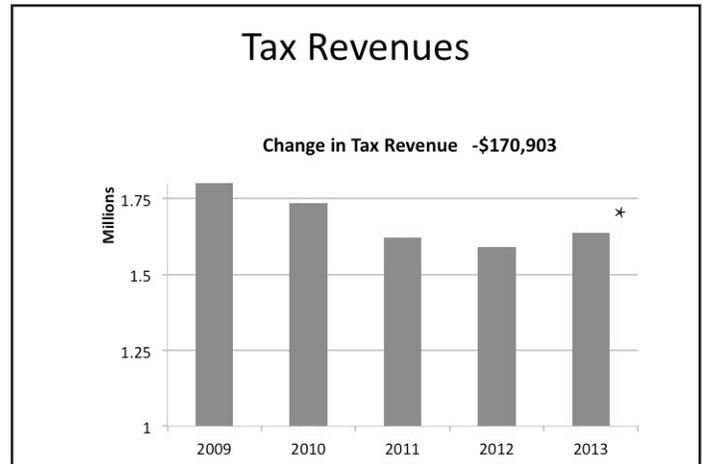
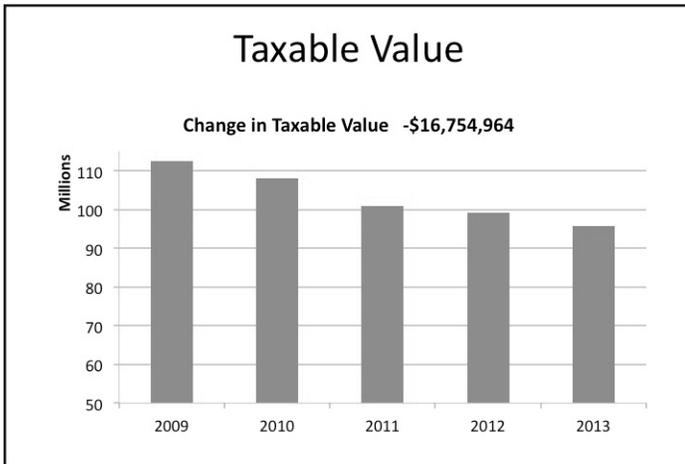


VILLAGE FINANCIAL TRENDS

The U. S. economic recession's impact on future taxable property value has resulted in a permanent decrease in Michigan local government's revenues. Mackinaw City is no exception. Our taxable value has declined resulting in a declining revenue stream. It is imperative that we be transparent about our fiscal health and that we set about determining our precise revenue and expenditure projections in order to develop a balanced budget.



Our Personal Property Tax revenues are also at risk of elimination. They amount to \$123,467 and fund 3+ employees.

** In 2013 the millage rate was increased to the maximum allowed by law.*

The Taxable Value graph above demonstrates the change in taxable property value in the Village from \$112.6 million in 2009 to \$95.8 million in 2013, a loss of approximately 15% in taxable value. The Tax Revenue graph demonstrates the corresponding change in actual tax revenue from \$1.8 million in 2009 to \$1.63 million in 2013, a loss of over \$170,000 annually in operating revenue. Last year Mackinaw's General Fund spent \$127,000 more than revenues. Other Funds also lost money. This is unsustainable.

Flat or declining revenues in conjunction with increased operational expenses equals tough choices the Village Council will have to make in order to keep Mackinaw fiscally responsible and sustainable. Our strategic priority will be to adjust expenditures to coincide with the new realities of local government.

More details can be found on Mackinaw City's web page www.mackinawcity.org. Financial data can be found under the Munetrix tab on the home page. Information on what the council is working on can be found at www.mackinawcity.org/2013-agendas-151/

Adam Smith introduces himself:

I am a life long resident of Michigan and have nine years of municipal experience. I appreciate the opportunity to serve the Village of Mackinaw City in which my education and experience can make a positive contribution to the operation of local government. I believe in developing clear and complete expectations and providing the tools to accomplish those expectations. I possess a broad long-term view of interdependence with a commitment to learning and values. Furthermore, I look for strengths in people and situations rather than weaknesses, value individuals as persons and strive to build self-esteem in others. My drive, enthusiasm, leadership skills and positive management style that conveys integrity and fairness will enable me to make a significant contribution to the quality of life and economic well being of the Mackinaw City community. Thank you for the privilege to serve as your Village Manager.

Adam R. Smith - Mackinaw City Village Manager

Michigan Municipal League
Special Award of Merit

The Michigan Municipal League honored Mackinaw City Village Manager Adam Smith with a 2013 Special Award of Merit during the League's Annual Convention on Sept. 19, 2013 in Detroit.

Since 2004, Smith has had the opportunity to work in village, city, and county government. A member of Michigan Local Government Management Association (MLGMA), he currently serves on the MLGMA Board of Directors and its Community Education Committee. Smith has worked to place Master of Public Administration student interns and fellows into communities throughout Michigan for the past six years and was involved in the establishment of NextGen, a professional group of aspiring municipal managers. "Adam exemplifies the young, talented leadership needed to help move Michigan forward," said League CEO and Executive Director Dan Gilmartin.



Adam, at right, receives his award from the Michigan Municipal League's President David Lossing

Water and Sewer Rates

In the fall of 2012, the Village contracted the engineering firm C2AE to review the water and sewer rate structures for the Village. After reviewing billable flows expenses as well as revenues projected for the next five years, it was determined that the projected revenues would not be sufficient to meet the projected expenses. An analysis of water and sewer rates of 87 Michigan municipalities showed that the rates for the Village of Mackinaw City are significantly below the majority of the communities included in the study. In order to maintain a safe and reliable water and wastewater system in accordance with the State of Michigan rules and regulations, it was determined that a significant increase in rates was required. The 2013 annual rate increase has been implemented and rates will continue to increase annually through 2017 per Resolution Number 5-20-2013.

It should be noted that our rate structure with the rate increases is still below most of the Michigan communities included in the rate study.



IF YOUR WATER BILLS SEEM HIGH

STOP THE LEAKS!

You probably do not realize that a dripping faucet or other unsuspected leaks may be the cause.

WATER WASTE AT 40 POUNDS PRESSURE

- a 1/32" leak wastes 170 gallons in 24 hours
- a 1/16" leak wastes 600 gallons in 24 hours
- a 1/8" leak wastes 2500 gallons in 24 hours

At \$1.00 per thousand gallons the smallest of these leaks will add over \$62.00 to your annual water bill.