

BUDGET 2010-2011



PORT HURON MICHIGAN

OFFICE OF THE
CITY MANAGER

PROPOSED BUDGET
CITY OF PORT HURON
FOR
THE FISCAL YEAR
2010-2011

Prepared by the Director of Finance for the City Manager
and submitted to the City Council on April 26, 2010

CITY OF PORT HURON BUDGET FISCAL YEAR 2010-2011

<u>Table of Contents</u>	<u>Page Number</u>
1. Schedule of Estimated Revenues – General Fund	3
2. Schedule of Estimated Expenditures	7
3. Summary of Estimated Requirements by Budget Class	13
4. Appendix – Budget Explanation	
a. Cost Reduction Efforts	20
b. General Fund	20
c. Street Funds	21
d. Utility Funds	21
e. General Fund Revenues	22
f. User Fees and Other Miscellaneous Revenues	24
g. State Shared Revenue	25
h. Income Tax Revenues	26
i. Grant Revenues	27
j. Work Force Reductions	27
k. General Fund Expenditures	29
l. Increases in Operating Costs	31
m. Support For Recreation, Parks and Culture	31
n. General Fund Comparison	32
o. Water and Wastewater Funds	33
p. Combined Sewer Overflow Project	33
q. Bond Commitments	34
r. Construction Subsidies	34
s. Debt Subsidies	34
t. Quarterly Utility Billings	36
u. Proposed Public Works Projects	37
v. Special Revenue Funds	38
w. Internal Service Funds	39
x. Tax Increment Funds	39
6. Appendix – Individual Fund Budgets	
a. General Fund	42
b. Street Funds – Major Streets	43
c. Street Funds – Local Streets	44
d. Street Funds – Municipal Streets	45
e. Street Funds – Combined	46
f. Cemetery Fund	47
g. Garbage and Rubbish Collection Fund	48
h. Rental Certification Fund	49
i. Domestic Preparedness Fund	50

Table of Contents

Page Number

j. O.U.I.L. Fund	51
k. Drug Law Enforcement Fund	52
l. Law Enforcement Fund	53
m. Enhanced 911 Fund	54
n. Community Development Block Grant Fund	55
o. Neighborhood Rehabilitation Fund	56
p. Home Program Fund	57
q. Streetscape Maintenance Fund	58
r. Beautification Commission Fund	59
s. Marina Fund	60
t. Land Purchase Fund	61
u. Parking Fund	62
v. Water Fund	63
w. Wastewater Fund	64
x. Central Stores Fund	65
y. Data Processing Fund	66
z. Motor Vehicle Fund	67
aa. Insurance and Fringe Benefit Fund	68
7. Appendix – Tax Increment Authority Fund Budgets	
Tax Increment Finance Authority	
a. Industrial Park Tax Increment Fund	70
b. Paper Company Tax Increment Fund	71
c. Krafft-Holland Tax Increment Fund	72
d. Peerless Site Tax Increment Fund	73
Downtown Development Authority	
e. Downtown Development Authority Operating Fund	74
f. Water Street DDA Tax Increment Fund	75
g. Bank DDA Tax Increment Fund	76
h. Harrington Hotel DDA Tax Increment Fund	77
i. Edison Redevelopment DDA Tax Increment Fund	78
j. Mainstreet DDA Tax Increment Fund	79
Local Development Finance Authority	
k. Industrial Park Expansion Tax Increment Fund	80
Brownfield Redevelopment Authority	
l. Brownfield Redevelopment Tax Increment Fund	81
8. Appendix – Governmental Funds Summary	
Governmental Funds Summary	83

Schedule of Estimated Revenues - General Fund

SCHEDULE OF ESTIMATED REVENUES
GENERAL FUND
2010-2011

	Actual		Budget			
	2007-2008	2008-2009	2009-2010	2010-2011	Increase	Decrease
FUND BALANCE	\$	\$	\$ 387,980	\$ 383,802	\$	\$ 4,178
TAXES:						
Real property taxes	\$ 7,103,844	\$ 7,236,065	\$ 7,055,000	\$ 6,485,000	\$	\$ 570,000
Personal property taxes	1,263,778	1,240,577	1,235,000	1,085,000		150,000
Income tax	8,172,561	5,777,447	6,200,000	5,800,000		400,000
Payment in lieu of taxes	144,260	91,150	140,000	85,000		55,000
Penalties and interest on taxes	99,203	208,869	60,000	200,000	140,000	
	<u>16,783,646</u>	<u>14,554,108</u>	<u>14,690,000</u>	<u>13,655,000</u>	<u>140,000</u>	<u>1,175,000</u>
BUSINESS LICENSES AND PERMITS:						
Dance hall	60					
Second hand dealers	780	570	850	500		350
Taxi drivers	2,610	2,696	2,400	1,500		900
Taxi cabs	495	375	450	400		50
Car wash	300	240	300	200		100
Demolitions	2,320	3,670	2,000	10,000	8,000	
C.A.T.V.	302,231	316,292	310,000	310,000		
Miscellaneous	7,808	7,296	9,000	7,400		1,600
	<u>316,604</u>	<u>331,139</u>	<u>325,000</u>	<u>330,000</u>	<u>8,000</u>	<u>3,000</u>
NONBUSINESS LICENSES AND PERMITS:						
Bicycle	162	66				
Dog	352	375	300	300		
Building	183,030	137,532	150,000	135,000		15,000
Electrical	48,393	32,387	40,000	35,000		5,000
Heating	48,302	37,625	40,000	40,000		
Plumbing	29,335	23,740	25,000	25,000		
Right-of-way	4,816	7,723	4,000	4,000		
Miscellaneous	1,320	1,247	700	700		
	<u>315,710</u>	<u>240,695</u>	<u>260,000</u>	<u>240,000</u>		<u>20,000</u>

(Continued on next page)

SCHEDULE OF ESTIMATED REVENUES
2010-2011

	Actual		Budget			
	2007-2008	2008-2009	2009-2010	2010-2011	Increase	Decrease
GRANTS	\$ 188,489	\$ 432,393	\$	\$ 243,952	\$ 243,952	\$
STATE SHARED REVENUE:						
Sales and use tax - constitutional	2,206,481	2,166,678	2,195,000	1,950,000		245,000
Sales and use tax - statutory	1,693,247	1,847,544	1,680,000	1,400,000		280,000
Liquor licenses	44,889	24,284	25,000	25,000		
	<u>3,944,617</u>	<u>4,038,506</u>	<u>3,900,000</u>	<u>3,375,000</u>		<u>525,000</u>
CHARGES FOR SERVICES:						
Zoning board of appeals	2,800	2,600	2,000	2,000		
20th and Court pool	9,756	9,077	10,000	10,000		
Sanborn pool	32,211	31,664	33,000	32,000		1,000
Lakeside parking	44,292	57,365	52,000	56,000	4,000	
Boat launch fees	14,482	41,462	32,000	44,000	12,000	
Recreational fees	117,099	135,657	175,000	150,000		25,000
Lot splits	1,080	1,120	1,000	1,000		
Hydrant maintenance	55,760	56,200	54,320	55,920	1,600	
False alarm charges	4,550	1,140	3,680	2,080		1,600
Blue Water bridge reimbursement	200,000	200,000	200,000	200,000		
Summer tax collection fee	2,073	2,068	2,000	2,000		
County parks millage	134,720	140,218	140,000	140,000		
Miscellaneous	30,671	42,165	30,000	30,000		
	<u>649,494</u>	<u>720,736</u>	<u>735,000</u>	<u>725,000</u>	<u>17,600</u>	<u>27,600</u>
FINES AND FORFEITS:						
Parking violations	97,882	76,933	70,000	70,000		
Ordinance fines	110,702	92,267	90,000	85,000		5,000
	<u>208,584</u>	<u>169,200</u>	<u>160,000</u>	<u>155,000</u>		<u>5,000</u>
INVESTMENT INCOME	<u>691,866</u>	<u>406,976</u>	<u>225,000</u>	<u>225,000</u>		
RENTS	<u>258,587</u>	<u>271,129</u>	<u>260,000</u>	<u>330,000</u>	<u>70,000</u>	
SALE OF ASSETS	<u>2,657</u>	<u>4,150</u>	<u>5,000</u>	<u>5,000</u>		

(Continued on next page)

SCHEDULE OF ESTIMATED REVENUES
2010-2011

	Actual		Budget			
	2007-2008	2008-2009	2009-2010	2010-2011	Increase	Decrease
OTHER INCOME	\$ 31,667	\$	\$	\$	\$	\$
CHARGES TO OTHER FUNDS:						
Garbage and rubbish collection fund	132,161	156,886	156,748	153,965		2,783
Marina fund	55,713	16,932	14,807	17,311	2,504	
Senior citizen housing fund	64,504	16,023				
Parking fund	20,798	20,369	13,853	14,923	1,070	
Water fund	596,564	617,047	645,545	629,272		16,273
Wastewater fund	661,350	681,185	760,502	788,594	28,092	
Central stores fund	14,409	13,449	12,984	11,243		1,741
Data processing fund	83,398	76,806	72,652	69,358		3,294
Motor vehicle fund	224,724	201,803	198,716	189,892		8,824
	<u>1,853,621</u>	<u>1,800,500</u>	<u>1,875,807</u>	<u>1,874,558</u>	<u>31,666</u>	<u>32,915</u>
Subtotal	<u>25,245,542</u>	<u>22,969,532</u>	<u>22,823,787</u>	<u>21,542,312</u>	<u>511,218</u>	<u>1,792,693</u>
TRANSFERS FROM OTHER FUNDS:						
Land purchase fund			849,000	798,000		51,000
			<u>849,000</u>	<u>798,000</u>		<u>51,000</u>
TOTAL	<u>\$ 25,245,542</u>	<u>\$ 22,969,532</u>	<u>\$ 23,672,787</u>	<u>\$ 22,340,312</u>	<u>\$ 511,218</u>	<u>\$ 1,843,693</u>

Schedule of Estimated Expenditures

SCHEDULE OF ESTIMATED EXPENDITURES
2010-2011

GENERAL FUND	Actual		Budget			
	2007-2008	2008-2009	2009-2010	2010-2011	Increase	Decrease
General Government:						
City council	\$ 69,588	\$ 58,818	\$ 69,175	\$ 66,588	\$	\$ 2,587
Charter commission		1,755	21,420	23,510	2,090	
City manager	345,258	309,286	261,879	260,179		1,700
Elections	69,783	101,028	93,632	93,844	212	
Finance and accounting	655,288	673,052	658,943	652,080		6,863
Income tax	361,694	307,459	309,024	308,874		150
Assessor	389,908	347,493	352,853	350,982		1,871
Legal	265,061	279,090	116,000	116,000		
Clerk	248,809	210,452	218,414	222,032	3,618	
Personnel	299,668	298,884	309,782	292,303		17,479
Purchasing	40,830	41,362	37,479	37,210		269
Board of review	2,302	2,395	2,475	2,600	125	
Treasurer	219,297	209,317	192,923	197,296	4,373	
Municipal office center	593,342	549,635	569,314	575,419	6,105	
Promotional	6,400	4,744	25,081	60,000	34,919	
	<u>3,567,228</u>	<u>3,394,770</u>	<u>3,238,394</u>	<u>3,258,917</u>	<u>51,442</u>	<u>30,919</u>
Public Safety:						
Police administration	973,374	980,308	1,063,002	1,092,251	29,249	
Detectives	905,964	909,496	1,008,370	1,025,775	17,405	
Patrol	4,947,488	5,158,231	5,490,033	5,477,377		12,656
Communications	699,123	236,639	106,360	103,030		3,330
Fire	5,042,098	5,033,583	5,201,056	5,409,897	208,841	
Public safety - Equipment grants	187,854	352,804				
	<u>12,755,901</u>	<u>12,671,061</u>	<u>12,868,821</u>	<u>13,108,330</u>	<u>255,495</u>	<u>15,986</u>
Public Works:						
Inspection	378,796	390,566	401,066	273,925		127,141
Emergency Management	7,132	28,211	13,968	14,430	462	
Public works administration	208,205	210,078	213,208	203,900		9,308
Engineering	224,692	244,378	323,319	321,579		1,740
Street lighting	689,969	689,763	717,736	768,075	50,339	
Blight	83,591	124,592	126,616	92,738		33,878
	<u>1,592,385</u>	<u>1,687,588</u>	<u>1,795,913</u>	<u>1,674,647</u>	<u>50,801</u>	<u>172,067</u>

(Continued on next page)

SCHEDULE OF ESTIMATED EXPENDITURES
2010-2011

	Actual		Budget			
	2007-2008	2008-2009	2009-2010	2010-2011	Increase	Decrease
Senior Citizens:						
Wastewater and water discounts	\$ 2,228	\$ 1,739	\$ 5,000	\$ 4,000	\$	\$ 1,000
Senior citizens transportation	15,280	12,404	12,404	11,531		873
	<u>17,508</u>	<u>14,143</u>	<u>17,404</u>	<u>15,531</u>		<u>1,873</u>
Recreation, Parks and Culture:						
Parks and Forestry	1,050,005	1,002,629	1,101,778	1,000,753		101,025
Boat Launch Ramps			2,945	43,200	40,255	
Recreation	633,201	591,424	599,265	447,242		152,023
Rockin the rivers				35,962	35,962	
20th and Court pool	100,663	106,705	106,320	67,098		39,222
Sanborn pool	120,060	128,478	117,291	104,537		12,754
Lighthouse park	39,229	7,137	13,201	4,088		9,113
Lakeside park	52,148	10,987	23,248	13,045		10,203
Palmer park recreation center	116,059	120,670	120,407	118,069		2,338
Lightship	10,787	11,094	13,331	13,703	372	
McMorran complex	335,000	414,000	285,000	320,000	35,000	
Library	8,000	8,000	8,000	8,000		
Museum	96,001	113,212	98,437	110,400	11,963	
	<u>2,561,153</u>	<u>2,514,336</u>	<u>2,489,223</u>	<u>2,286,097</u>	<u>123,552</u>	<u>326,678</u>
Other Functions:						
Planning	211,866	189,066	176,816	94,934		81,882
Blue Water Bridge Economic Study				100,000	100,000	
Telephone service	20,261	17,579	24,366	16,906		7,460
Contingencies				40,000	40,000	
Insurance, health and safety	199,931	129,614	139,550	138,650		900
Taxes written off	242	4,327	15,000	15,000		
Demolitions	145	308	15,000	15,000		
	<u>432,445</u>	<u>340,894</u>	<u>370,732</u>	<u>420,490</u>	<u>140,000</u>	<u>90,242</u>
Subtotal	<u>20,926,620</u>	<u>20,622,792</u>	<u>20,780,487</u>	<u>20,764,012</u>	<u>621,290</u>	<u>637,765</u>

(Continued on next page)

SCHEDULE OF ESTIMATED EXPENDITURES
2010-2011

	Actual		Budget			
	2007-2008	2008-2009	2009-2010	2010-2011	Increase	Decrease
Public Improvements:						
Parks and recreation projects	\$ 23,639	\$ 850	\$ 140,000	\$ 125,000	\$	\$ 15,000
MOC Capital	163,039	311,676	729,000	678,000		51,000
Other public improvement			120,000	270,000	150,000	
	<u>186,678</u>	<u>312,526</u>	<u>989,000</u>	<u>1,073,000</u>	<u>150,000</u>	<u>66,000</u>
Subtotal	<u>21,113,298</u>	<u>20,935,318</u>	<u>21,769,487</u>	<u>21,837,012</u>	<u>771,290</u>	<u>703,765</u>
Transfer to other funds:						
Cemetery fund	57,546					
Beautification commission fund	3,300	3,300	3,300	3,300		
Wastewater fund	3,917,400	1,939,493	1,900,000	500,000		1,400,000
	<u>3,978,246</u>	<u>1,942,793</u>	<u>1,903,300</u>	<u>503,300</u>		<u>1,400,000</u>
TOTAL GENERAL FUND	<u>25,091,544</u>	<u>22,878,111</u>	<u>23,672,787</u>	<u>22,340,312</u>	<u>771,290</u>	<u>2,103,765</u>
SPECIAL REVENUE FUNDS						
Street funds:						
Major streets	3,596,170	5,476,736	6,036,015	4,220,299		1,815,716
Local streets	1,109,708	1,661,204	1,575,362	1,421,290		154,072
Municipal streets	3,054,458	3,423,364	3,545,069	3,224,171		320,898
	<u>7,760,336</u>	<u>10,561,304</u>	<u>11,156,446</u>	<u>8,865,760</u>		<u>2,290,686</u>
Cemetery fund	368,816	355,937	405,254	376,095		29,159
Garbage and rubbish collection fund	2,131,503	2,208,792	2,521,726	2,513,146		8,580
Rental certification fund	159,276	168,635	171,991	182,253	10,262	
Domestic preparedness fund			125,000	100,000		25,000
OUIL fund	483	16,915	15,000	15,000		
Drug law enforcement fund	7,515	63,023	46,000	46,000		
Law enforcement fund	183	3,143	5,000	5,000		
Enhanced 911 fund	365,848	18,180	100,000	110,000	10,000	

(Continued on next page)

SCHEDULE OF ESTIMATED EXPENDITURES
2010-2011

	Actual		Budget			
	2007-2008	2008-2009	2009-2010	2010-2011	Increase	Decrease
Community development block grant fund	\$ 815,708	\$ 459,050	\$ 850,677	\$ 942,742	\$ 92,065	\$
Neighborhood rehabilitation fund	237,016	2,900	100,000	875,907	775,907	
Home program fund	147,968	151,213	261,659	288,903	27,244	
Streetscape maintenance fund	60,954	55,414	70,000	75,000	5,000	
Beautification commission fund	6,224	3,297	7,300	7,300		
TOTAL SPECIAL REVENUE FUNDS	12,061,830	14,067,803	15,836,053	14,403,106	920,478	2,353,425
ENTERPRISE FUNDS						
Marina fund	854,003	239,128	179,593	180,623	1,030	
Senior citizens housing fund	581,602	76,498				
Land purchase fund	2,526,567	2,587,370	3,438,593	3,339,186		99,407
Parking fund	210,700	189,812	144,546	155,705	11,159	
Water fund:						
Treatment plant	1,901,136	1,934,691	2,441,943	2,326,708		115,235
Distribution	1,408,165	1,256,347	1,422,723	1,342,470		80,253
Customer accounting	274,733	279,344	264,049	258,503		5,546
Meter reading	714,237	724,951	763,031	754,493		8,538
Debt service	2,789,502	2,870,243	3,025,000	3,303,000	278,000	
Capital outlay	3,038,246	2,316,940	5,135,000	5,035,000		100,000
	10,126,019	9,382,516	13,051,746	13,020,174	278,000	309,572
Wastewater fund:						
Treatment plant	4,704,063	4,662,508	6,268,361	8,458,213	2,189,852	
Collection, general	2,216,842	2,018,442	2,432,956	2,353,852		79,104
Collection system no. 1	13	14	215	216	1	
Collection system no. 2	18,233	17,471	26,570	30,040	3,470	
Collection system no. 3	29,404	34,236	33,194	43,162	9,968	
Debt service	5,911,665	6,253,900	6,265,000	6,698,000	433,000	
Capital outlay	2,617,969	3,017,439	8,655,000	9,645,000	990,000	
	15,498,189	16,004,010	23,681,296	27,228,483	3,626,291	79,104
TOTAL ENTERPRISE FUNDS	29,797,080	28,479,334	40,495,774	43,924,171	3,916,480	488,083

(Continued on next page)

SCHEDULE OF ESTIMATED EXPENDITURES
2010-2011

	Actual		Budget			
	2007-2008	2008-2009	2009-2010	2010-2011	Increase	Decrease
INTERNAL SERVICE FUNDS						
Central stores fund	\$ 133,814	\$ 122,691	\$ 145,471	\$ 122,313	\$	\$ 23,158
Data Processing fund	754,577	695,717	802,949	768,681		34,268
Motor vehicle fund	2,577,501	2,442,353	3,083,699	2,774,113		309,586
Insurance and fringe benefit fund	16,417,645	8,519,200	10,263,500	10,538,000	274,500	
TOTAL INTERNAL SERVICE FUNDS	19,883,537	11,779,961	14,295,619	14,203,107	274,500	367,012
TAX INCREMENT FUNDS						
Industrial park tax increment fund	1,707,962	1,658,870	1,635,000	1,398,000		237,000
Paper Company tax increment fund	517,781	493,902	670,000	536,000		134,000
Krafft-Holland tax increment fund	615,871	672,843	617,000	588,000		29,000
Peerless site tax increment fund	102,817	103,933	109,000	109,000		
Downtown development authority operating fund	28,227	390,457	352,000	714,000	362,000	
Water Street tax increment fund	521,855	543,247	541,000	507,000		34,000
Bank tax increment fund			288,000	315,000	27,000	
Harrington Hotel tax increment fund			156,000	150,000		6,000
Edison redevelopment tax increment fund	546,598	581,190	588,000	548,000		40,000
Mainstreet tax increment fund	48,241	30,181	55,000	93,000	38,000	
Industrial park expansion tax increment fund	364,374	393,570	397,000	345,000		52,000
Brownfield redevelopment tax increment fund	391,722	444,587	468,000	492,000	24,000	
TOTAL TAX INCREMENT FUNDS	4,845,448	5,312,780	5,876,000	5,795,000	451,000	532,000
TOTAL ALL FUNDS	\$ 91,679,439	\$ 82,517,989	\$ 100,176,233	\$ 100,665,696	\$ 6,333,748	\$ 5,844,285

Summary of Estimated Requirements by Budget Class

SUMMARY OF ESTIMATED REQUIREMENTS BY BUDGET CLASSES
2010-2011

GENERAL FUND	Personal Services	Supplies and Materials	Contractual Services	Total Recurring Expenses	Capital Outlay	Total
General Government:						
City council	\$ 5,250	\$ 1,300	\$ 60,038	\$ 66,588	\$	\$ 66,588
City commission	2,560	800	20,150	23,510		23,510
City manager	241,908	1,300	16,971	260,179		260,179
Elections	62,610	7,400	23,834	93,844		93,844
Finance and accounting	544,886	7,400	99,794	652,080		652,080
Income tax	226,129	22,525	60,220	308,874		308,874
Assessor	273,980	8,000	69,002	350,982		350,982
Legal		150	115,850	116,000		116,000
Clerk	202,533	1,440	18,059	222,032		222,032
Personnel	232,400	3,100	56,803	292,303		292,303
Purchasing	28,634	300	8,276	37,210		37,210
Board of review	1,800		800	2,600		2,600
Treasurer	125,690	10,300	61,306	197,296		197,296
Municipal office center	218,015	27,583	323,821	569,419	6,000	575,419
Promotional			60,000	60,000		60,000
	<u>2,166,395</u>	<u>91,598</u>	<u>994,924</u>	<u>3,252,917</u>	<u>6,000</u>	<u>3,258,917</u>
Public Safety:						
Police administration	881,631	24,473	186,147	1,092,251		1,092,251
Detectives	929,866	13,110	82,799	1,025,775		1,025,775
Patrol	4,987,724	97,660	388,243	5,473,627	3,750	5,477,377
Communications			103,030	103,030		103,030
Fire	4,895,963	160,267	346,467	5,402,697	7,200	5,409,897
	<u>11,695,184</u>	<u>295,510</u>	<u>1,106,686</u>	<u>13,097,380</u>	<u>10,950</u>	<u>13,108,330</u>
Public Works:						
Inspection	238,381	2,200	33,344	273,925		273,925
Emergency Management		4,500	9,930	14,430		14,430
Public works administration	192,842	300	10,758	203,900		203,900
Engineering	251,650	6,203	63,726	321,579		321,579
Street lighting	9,661	2,400	756,014	768,075		768,075
Blight	82,733	900	9,105	92,738		92,738
	<u>775,267</u>	<u>16,503</u>	<u>882,877</u>	<u>1,674,647</u>		<u>1,674,647</u>

(Continued on next page)

SUMMARY OF ESTIMATED REQUIREMENTS BY BUDGET CLASSES

2010-2011

	Personal Services	Supplies and Materials	Contractual Services	Total Recurring Expenses	Capital Outlay	Total
Senior Citizens:						
Wastewater and water discounts	\$	\$	\$ 4,000	\$ 4,000	\$	\$ 4,000
Senior citizens transportation			11,531	11,531		11,531
			<u>15,531</u>	<u>15,531</u>		<u>15,531</u>
Recreation, Parks and Culture:						
Parks and Forestry	600,643	65,399	307,211	973,253	27,500	1,000,753
Boat Launch Ramps		3,200		3,200	40,000	43,200
Recreation	315,871	54,300	77,071	447,242		447,242
Rockin the Rivers		1,550	34,412	35,962		35,962
20th and Court pool	22,868	10,830	33,400	67,098		67,098
Sanborn pool	60,357	13,480	30,700	104,537		104,537
Lighthouse park	1,238	1,600	1,250	4,088		4,088
Lakeside park	2,145	2,200	8,700	13,045		13,045
Palmer park recreation center	85,319	3,550	29,200	118,069		118,069
Lightship	371	1,500	11,832	13,703		13,703
McMorran complex			320,000	320,000		320,000
Library			8,000	8,000		8,000
Museum	594	3,000	106,806	110,400		110,400
	<u>1,089,406</u>	<u>160,609</u>	<u>968,582</u>	<u>2,218,597</u>	<u>67,500</u>	<u>2,286,097</u>
Other Functions:						
Planning	74,621	2,800	17,513	94,934		94,934
Blue Water Bridge Economic Development			100,000	100,000		100,000
Telephone service		1,000	15,906	16,906		16,906
Contingencies			40,000	40,000		40,000
Insurance, health and safety	8,250	100	130,300	138,650		138,650
Taxes written off			15,000	15,000		15,000
Demolitions			15,000	15,000		15,000
	<u>82,871</u>	<u>3,900</u>	<u>333,719</u>	<u>420,490</u>		<u>420,490</u>
Subtotal	<u>15,809,123</u>	<u>568,120</u>	<u>4,302,319</u>	<u>20,679,562</u>	<u>84,450</u>	<u>20,764,012</u>

(Continued on next page)

SUMMARY OF ESTIMATED REQUIREMENTS BY BUDGET CLASSES

2010-2011

	Personal Services	Supplies and Materials	Contractual Services	Total Recurring Expenses	Capital Outlay	Total
Public Improvements:						
Parks and recreation projects	\$	\$	\$	\$	\$ 125,000	\$ 125,000
MOC Capital					678,000	678,000
Other public improvements					270,000	270,000
					<u>1,073,000</u>	<u>1,073,000</u>
Subtotal	<u>15,809,123</u>	<u>568,120</u>	<u>4,302,319</u>	<u>20,679,562</u>	<u>1,157,450</u>	<u>21,837,012</u>
Transfer to other funds:						
Beautification commission fund			3,300	3,300		3,300
Wastewater fund			500,000	500,000		500,000
			<u>503,300</u>	<u>503,300</u>		<u>503,300</u>
TOTAL GENERAL FUND	<u>15,809,123</u>	<u>568,120</u>	<u>4,805,619</u>	<u>21,182,862</u>	<u>1,157,450</u>	<u>22,340,312</u>
SPECIAL REVENUE FUNDS						
Street funds:						
Major streets	899,548	252,880	902,871	2,055,299	2,165,000	4,220,299
Local streets	461,990	98,431	265,869	826,290	595,000	1,421,290
Municipal streets	5,983	4,498	3,213,690	3,224,171		3,224,171
	<u>1,367,521</u>	<u>355,809</u>	<u>4,382,430</u>	<u>6,105,760</u>	<u>2,760,000</u>	<u>8,865,760</u>
Cemetery fund	248,687	23,558	96,850	369,095	7,000	376,095
Garbage and rubbish collection fund	325,330	4,000	2,183,816	2,513,146		2,513,146
Rental certification fund	154,282	4,500	23,471	182,253		182,253
Domestic Preparedness		5,000	5,000	10,000	90,000	100,000
OUIL		3,500	1,500	5,000	10,000	15,000
Drug law enforcement fund		5,000	1,000	6,000	40,000	46,000
Law enforcement fund		5,000		5,000		5,000
Enhanced 911 fund			85,000	85,000	25,000	110,000
Community development block grant	154,160	1,200	14,640	170,000	772,742	942,742
Neighborhood rehabilitation fund	48,260	740	1,000	50,000	825,907	875,907
Home program fund	26,123			26,123	262,780	288,903

(Continued on next page)

SUMMARY OF ESTIMATED REQUIREMENTS BY BUDGET CLASSES

2010-2011

	Personal Services	Supplies and Materials	Contractual Services	Total Recurring Expenses	Capital Outlay	Total
Streetscape maintenance	\$ 1,650	\$ 350	\$ 48,500	\$ 50,500	\$ 24,500	75,000
Beautification commission fund		6,500	800	7,300		7,300
TOTAL SPECIAL REVENUE FUNDS	2,326,013	415,157	6,844,007	9,585,177	4,817,929	14,403,106
ENTERPRISE FUNDS						
Marina fund	9,075	835	170,713	180,623		180,623
Land purchase fund			3,314,186	3,314,186	25,000	3,339,186
Parking fund	61,785	7,530	86,390	155,705		155,705
Water fund:						
Treatment plant	928,893	172,518	954,897	2,056,308	270,400	2,326,708
Distribution	594,719	156,058	553,693	1,304,470	5,073,000	6,377,470
Customer accounting	131,578	29,500	97,425	258,503		258,503
Meter reading	463,147	124,173	167,173	754,493		754,493
Debt service			3,303,000	3,303,000		3,303,000
	<u>2,118,337</u>	<u>482,249</u>	<u>5,076,188</u>	<u>7,676,774</u>	<u>5,343,400</u>	<u>13,020,174</u>
Wastewater fund:						
Treatment plant	1,970,934	447,602	2,437,697	4,856,233	3,601,980	8,458,213
Collection, general	934,265	134,652	1,226,445	2,295,362	9,703,490	11,998,852
Collection system no. 1			216	216		216
Collection system no. 2	3,609	5,000	21,431	30,040		30,040
Collection system no. 3	6,471	1,469	35,222	43,162		43,162
Debt service			6,698,000	6,698,000		6,698,000
	<u>2,915,279</u>	<u>588,723</u>	<u>10,419,011</u>	<u>13,923,013</u>	<u>13,305,470</u>	<u>27,228,483</u>
TOTAL ENTERPRISE FUNDS	5,104,476	1,079,337	19,066,488	25,250,301	18,673,870	43,924,171

(Continued on next page)

SUMMARY OF ESTIMATED REQUIREMENTS BY BUDGET CLASSES

2010-2011

	Personal Services	Supplies and Materials	Contractual Services	Total Recurring Expenses	Capital Outlay	Total
INTERNAL SERVICE FUNDS						
Central stores fund	\$ 12,570	\$ 37,100	\$ 67,643	\$ 117,313	\$ 5,000	\$ 122,313
Data Processing fund	481,283	70,900	171,498	723,681	45,000	768,681
Motor vehicle fund	734,824	357,427	889,074	1,981,325	792,788	2,774,113
Insurance and fringe benefit fund	9,694,500	500	843,000	10,538,000		10,538,000
TOTAL INTERNAL SERVICE FUNDS	10,923,177	465,927	1,971,215	13,360,319	842,788	14,203,107
TAX INCREMENT FUNDS						
Industrial park tax increment fund			1,348,000	1,348,000	50,000	1,398,000
Paper Company tax increment fund			536,000	536,000		536,000
Krafft-Holland tax increment fund			563,000	563,000	25,000	588,000
Peerless site tax increment fund			94,000	94,000	15,000	109,000
Downtown development authority operating fund			714,000	714,000		714,000
Water Street tax increment fund			492,000	492,000	15,000	507,000
Bank tax increment fund			30,000	30,000	285,000	315,000
Harrington Hotel tax increment fund			25,000	25,000	125,000	150,000
Edison redevelopment tax increment fund			533,000	533,000	15,000	548,000
Mainstreet tax increment fund			30,000	30,000	63,000	93,000
Industrial park expansion tax increment fund			295,000	295,000	50,000	345,000
Brownfield redevelopment tax increment fund			492,000	492,000		492,000
TOTAL TAX INCREMENT FUNDS			5,152,000	5,152,000	643,000	5,795,000
TOTAL ALL FUNDS	\$ 34,162,789	\$ 2,528,541	\$ 37,839,329	\$ 74,530,659	\$ 26,135,037	\$ 100,665,696

Appendix - Budget Explanation



BUDGET OVERVIEW



A. Cost Reduction Efforts

The City of Port Huron is continuing efforts to reduce overall costs of operations while minimizing the resultant service reductions. The proposed budget eliminates sixteen full-time positions, in addition to the sixty budgeted full-time positions eliminated in prior years, for a total of seventy-six eliminated positions. The elimination of sixteen full time positions will reduce overall costs by an estimated \$850,000 across all funds of the City.

While previous reductions concentrated on the General Fund (41 of 60 positions), the proposed reductions are primarily from other funds (13 of 16 positions). These eliminations reduce the operating costs in the utility funds, reducing the amount of the proposed General Fund transfer, and reduce the internal service costs, which reduce costs in most City funds. Further, the increase in federal grants to the City will assist in funding existing staff in the police department and in funding the planning, inspection and community development departments.

B. General Fund

The General Fund budget reflects expected declines in property tax and income tax revenues and State revenue sharing. As part of an effort to reduce expenses, positions have been eliminated, positions have been reallocated, services consolidated and internal charges have been reduced. To further close the gap between revenues and expenses the General Fund budget is balanced through the use of accumulated reserves. Without the proposed use, projected service costs would exceed projected revenues by approximately \$385,000. Based on the City’s history of controlling expenses, it is expected that the actual results will be positive and the reserves will not be used

In order to assure rating agencies and bond holders that costs will continue to be reduced, it is also proposed that City Council continue the policy of maintaining a minimum General Fund fund balance level of 13% to 15% of annual budgeted expenses. As of June 30, 2009 such percentage was almost 19% and, after the proposed use of fund balance for 2009-10 and 2010-11, the expected percentage will be approximately 16%.

General Fund revenues have been relatively flat since the year ended June 30, 2000, increasing at less than the rate of inflation over that period (excluding an extraordinary income tax collection in 2008). Over 40% of General Fund revenues come from income tax and state shared revenues which are completely dependent upon the economic and employment conditions that prevail throughout the year. Overall, General Fund operating revenues are expected to decline for 2010-11 by over \$1.3 million. Property and income taxes and State revenue sharing are expected to generate \$17.03 million in General Fund revenue for the year ending June 30, 2011. This is \$350,000 less than those three revenue items generated ten years ago, during the year ended June 30, 2001.

The General Fund provides for a variety of governmental services, including public safety (police and fire services); parks, recreation and culture; public works; planning and inspection and general governmental services. The revenue declines discussed above have

required that costs be reduced and, as a result, services have been reduced. It is believed most City services can be continued at the reduced levels. Revenue constrictions have impacted the City's ability to fund capital projects and most repair or rehabilitation projects within the General Fund continue to be postponed. Necessary repairs to the Municipal Office Center (MOC) are being funded by a transfer from funds set aside for such projects. The projects scheduled through 2010-11 are expected to exhaust the funds set aside.

It is important to remember that there is some uncertainty to all of the revenue projections as the direction of the economy is unclear. This will necessitate close review of revenues throughout the year to determine if services can be restored or if additional cuts will be necessary.

In summary, the General Fund budget, as proposed, continues, but does not expand, government services. It is predicated on current state estimates for revenue sharing and expectations for income tax revenues. It may need further review by Council during the upcoming year to either increase revenues or reduce services.

C. Street Funds

Cities in Michigan receive state shared gas and weight taxes to partially offset the costs of maintaining and rebuilding major and local streets. These revenues have generally been sufficient for maintenance needs, but not for construction or major repairs. During the economic slowdown, these revenues have also been declining. The proposed budget will continue maintenance and preventative maintenance programs at levels somewhat reduced from prior years. Reductions in personnel will allow annual operating expenses to be more closely aligned with the reduced revenues. The local street construction millage, federal stimulus grants, state grants and the use of accumulated funds will allow the major rehabilitation of the City's streets to continue. The rehabilitation of the 7th Street Bridge is expected to be completed early in the budget year.

D. Utility Funds

The City's two utility funds, the Water Fund and the Wastewater Fund, are budgeted to receive operating revenues of approximately \$15 million. The two funds' cost of operating, debt service and departmental capital costs are expected to be approximately \$22 million, a deficit of \$7 million. In order to provide sufficient funds to offset this deficit this budget proposes the use of water and wastewater accumulated balances and continues the supportive transfers from the General Fund, Municipal Streets Fund and the Land Purchase Fund. In addition, the budget proposes a 6% rate increase for both funds, which is expected to provide \$700,000 per year. This increase has been included in the projected revenues discussed above. The increase is being proposed to avoid an extremely large increase in the next three to four years. The economic slowdown and wetter than normal weather have resulted in significant reductions in the usage of water and wastewater services, particularly among industrial users. The resultant revenue reductions have required that the use of the accumulated cash balances and transfers be increased, further depleting those available funds.

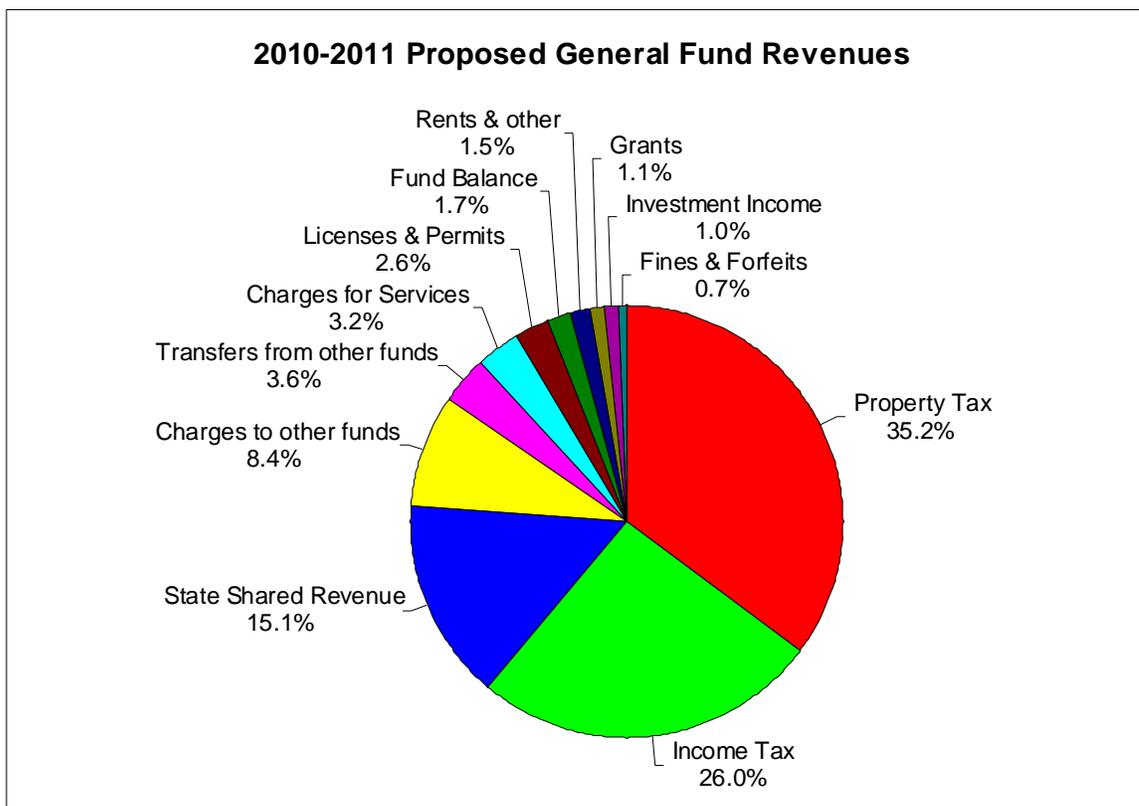
The City expects to receive \$1.2 million in stimulus grants for sewer separation and other infrastructure projects. Such grants will significantly reduce future debt service requirements and provide street reconstruction funds. The proposed budget also assumes the

City will continue to receive low interest loans from the State. The low interest loan program mandates that the rate system be adjusted as is appropriate. It is expected that the Utility systems will continue to provide safe, clean services at competitive rates.

E. General Fund Revenues

City revenues have been significantly affected by the economic and employment conditions that have prevailed in recent years. Over the past ten years General Fund revenues have grown at less than the rate of inflation. This has occurred while many commodities purchased by the City including gasoline, asphalt and natural gas have increased dramatically.

The following chart indicates the various General Fund revenue sources for 2010-11 and the proposed relative percentage supplied by each.



The City Council has the authority to levy a property tax as authorized by City Charter and citizen voted millages as follows:

City Charter Annual Operations	-	11.2696 mills
Refuse Collection	-	2.8173 mills
Municipal Streets Capital Outlay	-	2.0000 mills
Blue Water Transportation Authority	-	<u>.6214 mills</u>
Total		<u>16.7083 mills</u>

The taxable valuation of all property within the City, as compiled by the City Assessor and revised by the Board of Review, is as follows:

Assessment roll:	
Real property	\$620,960,631
Personal property	95,889,000
Special Acts assessment rolls:	
Industrial facilities roll:	
New facilities, real property	8,172,160
New facilities, personal property	26,612,600
Neighborhood enterprise zone, real property	91,526
Land bank, real property	7,376
Obsolete property rehabilitation, real property	104,200
	<u>\$751,837,493</u>

Taxable valuation has decreased by 8.8% overall primarily as a result of declines in residential and industrial values. Real property values decreased by 8.0%, and personal property values decreased by 12.5%.

State equalized valuation (SEV) has decreased by 11.0% overall, also primarily as a result of declines in residential and industrial values. Real property values decreased by 10.7%, while personal property values decreased by 12.5%. The City of Port Huron has used a one year sales study ending September 30th for the past three years, which resulted in lower overall values.

Proposal A, which was approved by the voters on March 15, 1994, increased the state sales and use tax as a means to reduce the reliance on local property taxes for school financing. The property tax portion of this proposal limits individual assessment increases to the rate of inflation (a negative .3% for 2010), or 5%, whichever is less. Beginning in 1994, taxable value replaced state equalized value as the basis for calculating property taxes. The taxable value for 2010 is the lower of the 2010 state equalized value or the 2009 taxable value adjusted by the rate of inflation for the period. When properties are sold, the limitation period no longer applies and taxable value will increase to one half true cash value (approximately one half market value). Taxable value can also increase or decrease due to physical changes in individual parcels.

The Headlee amendment to the State constitution requires a millage rollback if assessed value, excluding new construction, increases by more than the inflation rate. It currently does not appear that the City will be subject to a Headlee or other millage rollback and that City millage rates will remain the same as the prior year.

For 2010 and 2009, taxable value was lower than the state equalized value (SEV), resulting in property being taxed at an average of 94.3% and 92.1% of equalized value, as shown below:

	<u>2010</u>	<u>2009</u>
Equalized Value	\$796,914,800	\$895,091,800
Taxable Value	<u>751,837,493</u>	<u>824,496,271</u>
Difference	<u>\$ 45,077,307</u>	<u>\$ 70,595,529</u>

As there was for the 2009-10 year, there is a decrease in overall taxable values for the upcoming fiscal year and it currently appears that taxable values will decline again for the fiscal year beginning July 1, 2011. Real estate values have continued to decline based on sales reported to date and national and state projections are that this trend will continue.

This proposed budget anticipates General Fund property tax revenue of \$7.57 million based on a net uncaptured taxable value of \$672,270,000 at the proposed millage rate of 11.2696 mills.

F. User Fees and Other Miscellaneous Revenues

The proposed 2010-11 General Fund budget anticipates approximately \$2.0 million in revenue from user fees and other revenues. User fee rates are reviewed annually and adjusted as necessary. Following is a list of the City's various categories of user fees and the projected amounts of revenue generated by each for 2010-11.

<u>Source</u>	<u>Anticipated Revenue</u>
Licenses and Permits:	
Cable television	\$ 310,000
Building permits	235,000
Other	<u>25,000</u>
	<u>570,000</u>
Charges for Services:	
Recreation fees	292,000
Blue Water Bridge reimbursement	200,000
County parks millage	140,000
Other	<u>93,000</u>
	<u>725,000</u>
Fines and Forfeits:	
Parking violations	70,000
Ordinance fines	<u>85,000</u>
	<u>155,000</u>
Investment Income	<u>225,000</u>
Rents - MOC	<u>330,000</u>
Sale of Assets	<u>5,000</u>
	<u>\$ 2,010,000</u>

Building permits are expected to decline by \$20,000 due to economy related reductions in local construction.

Recreation fee revenue is expected to decline by \$10,000 as a result of expected economic conditions. Program fees are based upon the direct program costs for non residents with resident fees set at 50% of the calculated amount. Further, the recreation department has also worked with local foundations to generate grant revenues.

The user fees and other miscellaneous revenues proposed for 2010-2011 are the equivalent of 3.0 mills of property tax.

G. State Shared Revenue

The state revenue sharing program distributes sales tax collected by the State of Michigan to local governments as unrestricted revenues. Funding of the program consists of the following dedicated tax revenues:

- Constitutional - 15% of the 4% gross collections of the state sales tax
- Statutory - 21.3% of the 4% gross collections of the state sales tax

Distributions of constitutional revenue sharing are based on population. The formula for statutory distributions includes factors such as taxable value per capita, local unit type, population and a tax rate yield equalization factor.

Another important difference between the two is that, with constitutional revenue sharing, the percentage of receipts that must be shared with local units of government is fixed by the state constitution, while the percentage for statutory revenue sharing is set by the state legislature and is also subject to change by executive order of the governor. In recent years, as the state's budget crisis has become more acute, increasing amounts of those funds have been diverted to balance the state's budget and away from providing local government services. This trend is illustrated by the following table. Amounts distributed under both methods also fluctuate as economic conditions impact the amount of sales tax collected by merchants and remitted to the state treasury.

The following table shows the breakdown of the constitutional and statutory portions of the City's state revenue sharing since fiscal year 2000-01.

Fiscal Year	Constitutional	Statutory	Total
2000-01	\$2,152,842	\$2,986,778	\$5,139,620
2001-02	2,119,531	2,780,554	4,900,085
2002-03	2,125,773	2,338,763	4,464,536
2003-04	2,120,819	2,175,381	4,296,200
2004-05	2,153,181	1,977,814	4,130,995
2005-06	2,204,657	1,867,450	4,072,107
2006-07	2,209,897	1,824,514	4,034,411
2007-08	2,206,481	1,693,247	3,899,728
2008-09	2,166,678	1,847,544	4,014,222
*2009-10	1,975,000	1,375,000	3,350,000
**2010-11	1,950,000	1,400,000	3,350,000

* Estimated amount

** Budget amount

Since fiscal year 2000-01, economic conditions in the State have resulted in the City receiving less actual and projected state shared revenue as illustrated in the following table:

Year	Amount of State Shared Revenue (SSR)	\$ Difference	% Difference	SSR as % of General Fund Expenditures
00-01	\$5,139,620	\$ 0	0.0%	25.3%
01-02	4,900,085	239,535	4.7%	23.5%
02-03	4,464,536	675,084	13.1%	22.4%
03-04	4,296,200	843,420	16.4%	21.4%
04-05	4,130,995	1,008,625	19.6%	19.1%
05-06	4,072,107	1,067,513	20.8%	18.1%
06-07	4,034,411	1,105,209	21.5%	17.6%
07-08	3,899,728	1,239,892	24.1%	15.5%
08-09	4,014,222	1,125,398	21.9%	17.5%
*09-10	3,350,000	1,789,620	34.8%	*15.0%
**10-11	3,350,000	1,789,620	34.8%	15.0%

* Estimated amount
 ** Budgeted amount

Due to conservative budget estimates for State revenue sharing, the City has not experienced any mid-year reductions in municipal services as a result of the governor's executive orders, which reduced state revenue sharing payments to local units of government in prior years. However, the table above demonstrates that in the proposed budget, the City anticipates receiving approximately \$1.8 million less from this important revenue source than it received in 2000-01. **This loss of State shared revenue is equal to 2.7 mills of property tax, based on the City's 2010 taxable value.**

The State of Michigan is again experiencing budget shortfalls. Further reductions in the State budget are expected, which may reduce expected State shared revenue, for the proposed budget for 2010-11, as was done during the current year.

H. Income Tax Revenues

City income tax revenues have been estimated at \$5.8 million, slightly higher than the current year's expected amount and approximately equal to the 2008-09 year, which had been the lowest amount in five years. The small increase is attributable to the expected small growth in the local economy, in early 2011. **Projected income tax revenues are the equivalent of 8.6 mills of property tax.**

I. Grant Revenues

The 2010-11 budget includes expected grant revenue of \$143,952 as a result of a federal grant that will reimburse the payroll and benefit costs of two police officers over a three year period, beginning in September, 2009. Grant revenue also includes \$100,000 from the State of Michigan for economic development related to the Blue Water Bridge Plaza project.

J. Work Force Reductions

In order to reduce expenses as a result of the State revenue sharing, property tax and income tax reductions and to provide funds to subsidize utility rates, the City has reduced its work force. Since July 1, 2002, seventy-six full-time positions have been or will be eliminated. Twelve of the eliminated positions were division heads or supervisors, including nine since 2008.

The budget presented for the fiscal year ending June 30, 2011 proposes that 16 full-time positions be eliminated. These eliminations are in addition to the budgeted positions eliminated since the fiscal year ended June 30, 2003.

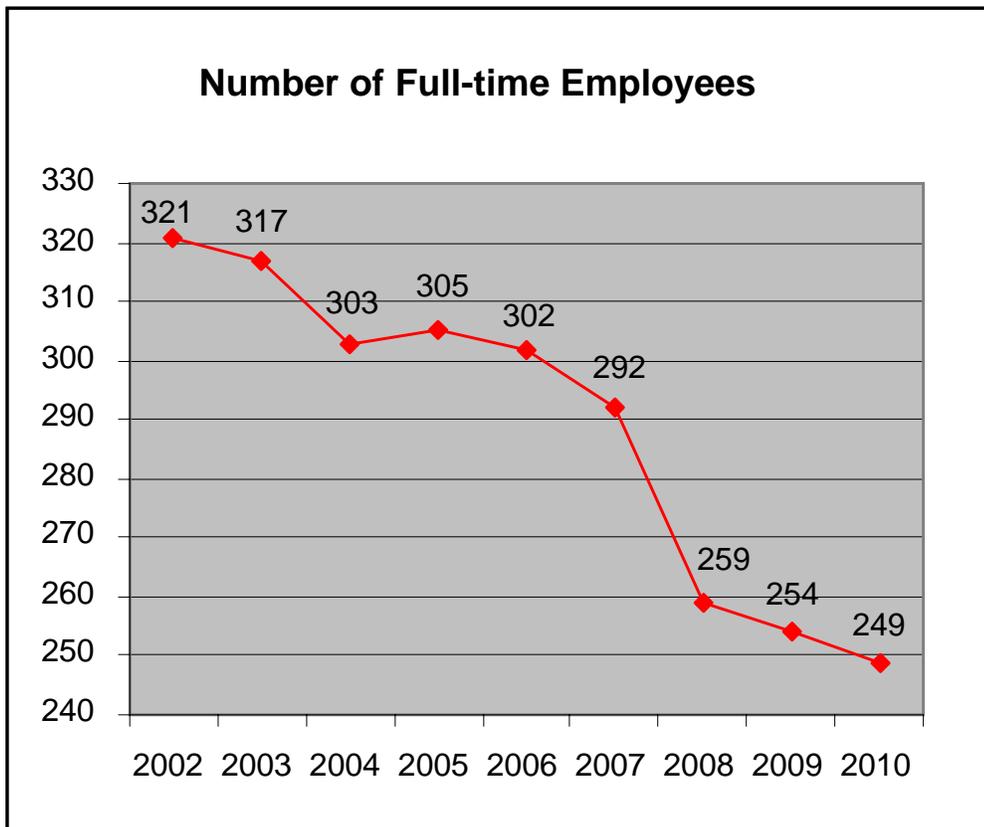
The eliminated positions can be summarized as follows:

<u>Department - Position</u>	<u>Number</u>	<u>Fiscal Year</u>
Parks and Forestry - Supervisor	1	June 30, 2003
Legal - Clerical	1	June 30, 2003
Fire - Firefighters	4	June 30, 2004
Treasurer - Cashier	1	June 30, 2004
Police - Police Officer	1	June 30, 2004
Parks and Forestry - Equipment Operator	1	June 30, 2006
Utilities - Instrument Technician	1	June 30, 2006
Utilities - Equipment Operator	1	June 30, 2006
Police - Clerical	1	June 30, 2006
City Manager - Assistant to City Manager	1	June 30, 2007
Police:		
Captain	1	June 30, 2007
Replaced by Police Officer	-1	June 30, 2007
Parks and Forestry - Equipment Operator	1	June 30, 2007
Utilities - Laboratory Technician	1	June 30, 2008
Inspection - Supervisor	1	June 30, 2008
Engineering - Engineer	1	June 30, 2008
Utilities - Equipment Operator	1	June 30, 2008
Cemetery - Equipment Operator	1	June 30, 2008
Data Processing - Programmer	1	June 30, 2008
Cemetery - Supervisor	1	June 30, 2008
Assessing - Clerical	1	June 30, 2008*
Clerk - Clerical (Marina, Blight, BPIC)	1	June 30, 2008*
Police - Community Services Officer	1	June 30, 2008*
Police - Parking Enforcement	1	June 30, 2008*
Fire - Firefighters	6	June 30, 2008*
Police - Dispatch Supervisor	1	June 30, 2008*
Police - Dispatchers	10	June 30, 2008*
Fire - Deputy Chief	1	June 30, 2009

<u>Department - Position</u>	<u>Number</u>	<u>Fiscal Year</u>
Personnel - Health and Safety Supervisor	1	June 30, 2009
Data Processing - Clerical	1	June 30, 2009
CDBG - Program Specialist	1	June 30, 2009
CDBG - Community Development Supervisor	1	June 30, 2009
DPW - Equipment Operators/Mechanics	3	June 30, 2009
Utilities – Equipment Operators	5	June 30, 2010
Legal - City Attorney	1	June 30, 2010
Treasurer - City Treasurer	1	June 30, 2010
Recreation - Specialist	1	June 30, 2010
Parks and Forestry - Equipment Operator	1	June 30, 2010
Cemetery – Equipment Operator	1	June 30, 2010
Rental Certification – Inspector	1	June 30, 2011
Parks and Forestry – Equipment Operator	2	June 30, 2011
Recreation – Recreation Supervisor	1	June 30, 2011
DPW – Equipment Operators/Service Attendants	6	June 30, 2011
Cemetery – Laborer	1	June 30, 2011
Utilities – Equipment Technician	1	June 30, 2011
Utilities - Equipment Operators/Laborers	<u>4</u>	June 30, 2011
Total	<u>76</u>	

* Service reduction budget adjustments - September, 2007

Since 2002, the number of full time City employees has been reduced over 20% as illustrated in the graph below showing filled positions at each year end:



K. General Fund Expenditures

The proposed budget generally continues current services and does not provide for any new General Fund programs. **Proposed operating expenses for the fiscal year ending June 30, 2011 are slightly lower than comparable budgeted operating expenses for the proposed budget for 2009-10 despite negotiated wage increases of 2% and increases in pension and retiree healthcare costs.** Included in that amount are funds available to provide a 2% wage increase to those employees not previously included in contracts approved by City Council. City Council has previously approved 2% increases for approximately 2/3's of the City workforce.

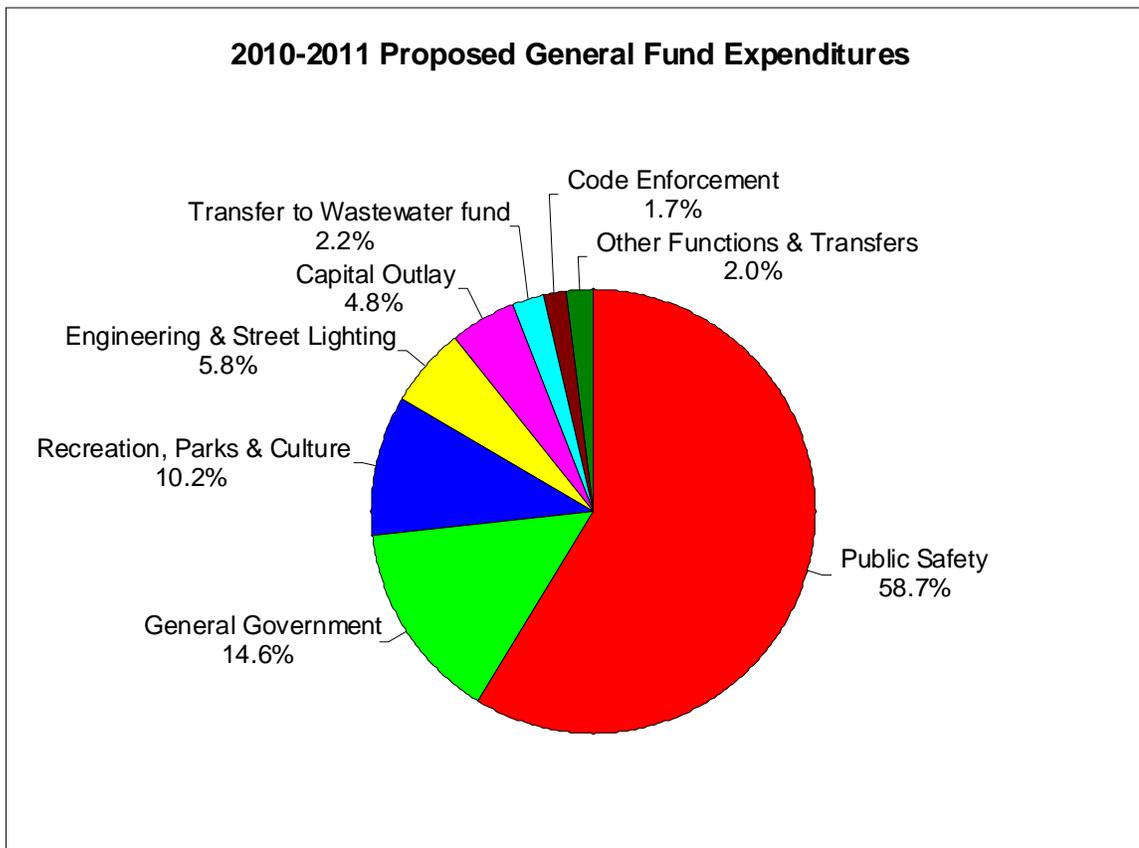
Capital outlay is proposed to increase by \$119,300 to \$1,157,450 compared to the 2009-10 amended budget in order to provide for necessary improvements and maintenance to governmental facilities and equipment used to provide services. Projected capital outlay includes the following:

Municipal Office Center (MOC) -	
Repairs and improvements	\$ 603,000
Public Safety - Equipment	90,950
Engineering – ADA transition study	75,000
Parks and Recreation - County millage	140,000
Parks and Recreation – Boat launch improvements	40,000
Parks and Recreation - Other equipment	12,500
Telephone System	40,000
Funds set aside for capital or wage adjustments	150,000
Other public improvements	<u>6,000</u>
	<u>\$ 1,157,450</u>

The proposed capital outlay will primarily be funded by a transfer from the Land Purchase Fund of \$798,000, using funds previously set aside, and from the City's portion of the County parks millage of \$140,000.

The budget continues the contracted downtown commercial development position in the City Manager's office. However, only a small portion of the position is expected to be funded from the General Fund. The position is expected to concentrate on commercial development activities and opportunities, primarily in the various tax increment plan areas, and will be primarily funded by those plans.

The illustration below depicts the major categories of General Fund expenditures for 2010-11 and the relative percentage of each:



After charging other funds for their cost of administrative expenses and receiving MOC rent, net general government expenses are actually only 4.7% of General Fund expenditures.

Proposed expenditures of the General Fund, detailed herein, may be further summarized as follows:

Personal services	\$ 15,809,123
Supplies and materials	568,120
Contractual services	<u>4,302,319</u>
Total Operating Expenses	20,679,562
Transfers	503,300
Capital outlay:	
Departmental	69,450
Recreational projects - County millage	140,000
Other public improvements	798,000
Available for capital or wage adjustments	<u>150,000</u>
Total	<u>\$ 22,340,312</u>

L. Increases in Operating Costs

Comparisons for each operating activity, with previous years, are summarized in schedules made part of this report.

Two components of the City’s operating costs have increased significantly over the past several years. Through policy changes and contract negotiations, the City has taken action to slow the increases and to try to reduce costs.

- Pension Costs Full-time City employees are members of the Municipal Employees Retirement System of Michigan (MERS). Employer contribution percentages to this defined benefit plan for the upcoming fiscal year are expected to remain relatively the same as the current year. Full-time employees, other than public safety, hired after July 1, 2008, will be covered by a MERS hybrid pension plan, which is expected to reduce long-term costs substantially. All employees hired prior to July 1, 2008, have increased employee pension contributions. Contributions increased by one percentage point at July 1, 2008 and 2009 and will also increase the same amount at July 1, 2010, so that the accumulated increase will be three percentage points. The change for the DPW union, based on the newly settled contract, will be 3% effective January 1, 2011.
- Healthcare Insurance Premiums The City of Port Huron provides health insurance to full time employees and eligible retirees. The proposed budget anticipates the cost for existing employees will remain relatively steady as negotiations with all of our unions that have resulted in an emphasis on preventative care, cost sharing and reduced employer costs. The City has moved to a self-insured program with higher deductibles and co-pays. Preliminary cost results to date have been favorable. The proposed costs are summarized as follows:

Active Employee Health Costs	\$ 2,200,000
Retired Employee Health Costs	<u>2,900,000</u>
Total	<u>\$ 5,100,000</u>

Also, the City was required to change its method of accounting for retiree health care benefits during the year ended June 30, 2009. Under prior accounting standards, retiree healthcare costs were only recognized when the costs were paid. For the year ended June 30, 2009 the City was required to record a liability for the actuarially computed annual obligation. This procedure will be similar to current accounting for pension plans, where funds are accumulated for the eventual liability during the employment period. The City expects that it will be able to continue to fully fund the annual required contribution (ARC). By setting funds aside, the future cost of retiree healthcare will be reduced.

M. Support For Recreation, Parks and Culture

The City of Port Huron recreation department provides recreation programs and other activities at the various public parks, playgrounds, pools and beaches. These facilities are maintained by the parks and forestry division. In addition, the City provides significant annual support to the McMorran Auditorium and Arenas, the Port Huron Museum and its various locations and the municipal marinas.

The City and the McMorran Authority have approved a joint operating agreement with Kinney Management Group (KMG) to operate McMorran.

The City owns the following facilities which it leases to the Port Huron Museum:

- Carnegie Center (Main Museum Facility)
- Thomas Edison Depot
- Huron Lightship
- Fort Gratiot Hospital (under restoration)

Under the current lease terms of these facilities, the City pays all utility, insurance and maintenance costs. In addition, the City provides operating support and has made major improvements to the facilities.

The City has provided marina services along Black River in the downtown area and at the Water Street Marina near the I-94 Black River Bridge. These operations have seen reduced usage and increased maintenance costs and have continued to operate at a deficit. The City has contracted with Desmond Marine to operate the downtown River Street Marina. The City has retained responsibility for certain annual expenses but expects the annual operating deficit to begin to be reduced. The City sold the Water Street Marina effective June 30, 2009.

The budget for parks and recreation programs and services is \$2,286,097, a decrease of \$203,126 from last year. This portion of the budget includes the City's parks and playgrounds, beaches and pools, boat launches, riverfront parkways, the Palmer Park Recreation Center and the City's many forested public areas and boulevards. Recreation and other fees, grants and the County parks millage offset certain of the costs. During the past years these fees have been increased to cover direct program costs.

N. General Fund Comparison

The General Fund budget presented herein may be summarized and compared with the amended budget for the current fiscal year ending June 30, 2010, as follows:

	<u>Adopted Budget 2010-2011</u>	<u>Budget for 2009-2010</u>	<u>Increase or (Decrease)</u>
Means of Financing:			
Estimated designated fund balance at July 1	\$ 383,802	\$ 387,980	\$ (4,178)
Property taxes	7,855,000	8,490,000	(635,000)
Income tax	5,800,000	6,200,000	(400,000)
Business licenses and permits	330,000	325,000	5,000
Nonbusiness license permits	240,000	260,000	(20,000)
Grants	243,952		243,952
State shared revenue	3,375,000	3,900,000	(525,000)
Charges for services	725,000	735,000	(10,000)
Fines and forfeits	155,000	160,000	(5,000)
Investment income	225,000	225,000	
Rents	330,000	260,000	70,000
Sale of assets	5,000	5,000	
Charges to other funds	1,874,558	1,875,807	(1,249)
Transfers from other funds	798,000	849,000	(51,000)
Total	<u>\$ 22,340,312</u>	<u>\$ 23,672,787</u>	<u>\$(1,332,475)</u>

	Adopted Budget <u>2010-2011</u>	Budget for <u>2009-2010</u>	Increase or <u>(Decrease)</u>
Estimated Requirements:			
General government	\$ 3,258,917	\$ 3,213,313	\$ 45,604
Public safety	13,108,330	12,868,821	239,509
Public works	1,674,647	1,795,913	(121,266)
Senior citizens	15,531	17,404	(1,873)
Recreation, parks and culture	2,286,097	2,489,223	(203,126)
Other functions	420,490	395,813	24,677
Capital outlay	1,073,000	989,000	84,000
Transfers to other funds	503,300	1,903,300	(1,400,000)
Total	<u>\$ 22,340,312</u>	<u>\$ 23,672,787</u>	<u>\$ (1,332,475)</u>

The proposed budget for personal services includes salaries and fringe benefits due under current labor contracts. Capital outlay is primarily proposed to be funded by a transfer from the Land Purchase Fund from funds set aside for this purpose.

O. Water and Wastewater Funds

The City of Port Huron operates two utility funds, the Water Fund and the Wastewater Fund. The Water Fund accounts for the operation of the City's water treatment plant and distribution system. The City provides water service to all City residents and businesses, as well as to portions of the townships of Fort Gratiot, Port Huron, Kimball and Clyde. Services to those townships are charged based on water usage and rates charged to City of Port Huron users, by contract. The Wastewater Fund accounts for the operation of the City's wastewater treatment facility and collection system. In addition to providing services to City residents, the wastewater treatment facility also provides services to portions of the townships of Fort Gratiot, Port Huron and Kimball. The three townships have purchased capacity in the wastewater treatment facility and share in annual operating expenses based on fixed contractual percentages.

P. Combined Sewer Overflow Project

The Michigan Department of Environmental Quality (MDEQ) mandated that the City of Port Huron undertake a 15-year program to eliminate all combined sewer overflows (CSO). In 2007 the MDEQ granted the City a four year extension. The cost of this program is expected to be \$185 million over 19 years. At the conclusion of the current fiscal year, approximately 83% of the areas have been separated.

This has resulted in the following benefits:

- The elimination of approximately 271 million gallons of pollution to our waterways annually;
- The construction of 76 miles of new sewers;
- The replacement of 47 miles of water lines, some of which were over 80 years old;
- The reconstruction of 64 miles of streets.

To date, over twelve years, approximately \$155.1 million has been expended or is under contract and the project remains within budget and on schedule.

Q. Bond Commitments

The State of Michigan, through the Michigan Municipal Bond Authority (MMBA), has approved borrowings under the State Revolving Fund (SRF) and Drinking Water Revolving Fund (DWRf) loan programs subject to certain conditions. Among the conditions are those prescribed by the MMBA’s public financial consultants which include, in part, the following two conditions.

1. Water and Sewer Use Revenue – Sufficient revenues are generated from water supply and sewage disposal services to satisfy all operations, maintenance and replacement costs. It is projected and understood that significant rate increases will be required over the next few years.
2. Rate Adjustments – All rates, charges and fees shall be reviewed annually and adjusted as necessary to assure that, at the minimum, sufficient revenues will be available to satisfy all operation, maintenance, replacement and debt service costs to the system.

The bond ordinances and agreements contain similar revenue requirements.

R. Construction Subsidies

Grants and tax increment funds have been used to partially fund construction projects. This has also reduced the amount the City was required to borrow. These sources of funding have resulted in the reduction of over 18% of CSO project costs and are summarized below:

Tax Increment Districts	\$ 9.8 million
EPA Grants	6.4 million
ARRA (Stimulus) Grants	4.2 million
Other Grants	1.5 million
CDBG Funds	<u>6.2 million</u>
Total	<u>\$28.1 million</u>

S. Debt Subsidies

When the CSO program was initially discussed and implemented in 1998, subsidies from other funds were always considered part of the plan so that rate increases could be mitigated. The combined subsidies to the utility funds from the General Fund, the Land Purchase Fund and other sources through the June 30, 2011 proposed budget have exceeded \$40.1 million.

The City of Port Huron has a history of operating surpluses in the General Fund. Because of conservative budgeting and cost control measures, over thirteen years including the current year and the proposed budget over \$16 million has been transferred to the Wastewater Fund from the General Fund to reduce rates. A summary follows:

	<u>Transfer to Wastewater Fund</u>
June 30, 1998	\$ 800,000
June 30, 1999	2,513,730
June 30, 2000	1,772,900
June 30, 2001	1,133,712
June 30, 2002	1,012,212
June 30, 2003	0
June 30, 2004	0
June 30, 2005	0
June 30, 2006	0
June 30, 2007	700,000
June 30, 2008	3,917,400
June 30, 2009	1,939,493
June 30, 2010 (budgeted)	1,900,000
June 30, 2011 (proposed)	<u>500,000</u>
Total	<u>\$ 16,189,447</u>

During the fiscal year ended June 30, 2002, due to reductions in State revenue sharing and City income tax collections, transfers from the Land Purchase Fund were initiated to further reduce utility rates by subsidizing both the Water and Wastewater Funds as follows:

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
June 30, 2002	\$	\$ 900,000	\$ 900,000
June 30, 2003	300,000	1,600,000	1,900,000
June 30, 2004	600,000	1,300,000	1,900,000
June 30, 2005	600,000	1,300,000	1,900,000
June 30, 2006	600,000	1,600,000	2,200,000
June 30, 2007		2,200,000	2,200,000
June 30, 2008		2,200,000	2,200,000
June 30, 2009		2,295,000	2,295,000
June 30, 2010 (budgeted)	550,000	1,700,000	2,250,000
June 30, 2011 (proposed)	<u>1,550,000</u>	<u>700,000</u>	<u>2,250,000</u>
Total	<u>\$ 4,200,000</u>	<u>\$ 15,795,000</u>	<u>\$ 19,995,000</u>

During the fiscal year ended June 30, 2008, as a result of successful grant applications to fund the 7th Street Bridge, funds were identified in the Municipal Streets that had previously been set aside for that project that could be used to subsidize the Wastewater Fund. Those funds have been used as follows:

	<u>Transfer to Wastewater Fund</u>
June 30, 2008	\$ 1,000,000
June 30, 2009	1,000,000
June 30, 2010 (budgeted)	1,000,000
June 30, 2011 (proposed)	<u>1,000,000</u>
Total	<u>\$ 4,000,000</u>

T. Quarterly Utility Billings

The City of Port Huron is facing increasing annual debt service costs due to CSO borrowings. As discussed above, the City has subsidized the Water and Wastewater Funds from a variety of available resources, however, those resources are being depleted. Further, water usage continues to decline due to economic and weather conditions.

In order to avoid an extremely large rate increase in the next three to four years, this budget proposed an average increase of six percent.

The effects of the proposed rate increase on the combined water and sewage rate charges for a 5/8 inch residential customer at various consumption levels, per quarter, are as follows:

	<u>Consumption (Cubic Feet)</u>	<u>Adjusted Rates</u>	<u>Present Rates</u>	<u>Increase</u>	<u>Percent Change</u>
	500	\$ 91.42	\$ 85.92	\$5.50	6.4%
	1,000	111.84	105.28	6.56	6.2%
	1,500	132.26	124.64	7.62	6.1%
Average Residential	1,600	136.34	128.51	7.83	6.1%
	2,000	152.68	144.00	8.68	6.0%
	2,500	173.10	163.36	9.74	6.0%
	3,000	193.52	182.72	10.80	5.9%
	3,500	213.94	202.08	11.86	5.9%
	4,000	234.36	221.44	12.92	5.8%
	4,500	254.78	240.80	13.98	5.8%

The current quarterly charge for average residential customers and typical households can be compared to charges in other communities that are also undergoing significant CSO work. TetraTech MPS, project engineers, have provided the following quarterly cost

information (1600 cubic feet of usage) regarding three cities whose projects compare to Port Huron:

<u>Average Residential</u>	
Sault Ste. Marie (July 1, 2009)	\$ 179.69
Lansing (January 1, 2010 and May 1, 2009)	160.36
Grand Rapids (January 1, 2010)	155.51
Port Huron (proposed)	136.34

The Port Huron quarterly costs are based upon the proposed rates. The other cities' rates are those in effect at the dates noted, prior to any proposed increases for their current fiscal years.

U. Proposed Public Works Projects

Public works projects necessary for the elimination of combined sewer overflows involve substantial sewer separation work, and include upgraded water lines where appropriate, restoration of roadways due to the sewer separation or water line work and other street reconstruction where necessary or recommended. As a result, the costs associated with these projects are recorded in the Streets Fund, the Water Fund and the Wastewater Fund. Certain of these projects could also be recorded in the tax increment funds, the Land Purchase Fund and the Community Development Block Grant Fund.

The current estimated costs of public works projects for the 2010-2011 year are as follows:

	<u>Street Funds</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Current projects:				
Erie North Area (over 2 years) (CSO) \$		\$ 2,540,000	\$ 5,040,000	\$ 7,580,000
21 st St. Area Ph 2-Preliminary (CSO)	50,000	150,000	300,000	500,000
Edison Parkway-North	410,000			410,000
Appomattox Area	570,000	80,000		650,000
Pine Grove at Riverview-Sewer Lining			290,000	290,000
17 th St. (16 th to Water)	220,000			220,000
Scott Ave-Stone to Poplar	280,000			280,000
Dove-24 th to City Limits	660,000			660,000
Traffic Signal ADA Upgrade	70,000			70,000
Total	<u>2,260,000</u>	<u>2,770,000</u>	<u>5,630,000</u>	<u>10,660,000</u>
Carryover Projects:				
21 st St Area Ph 1 (over 2 years) (CSO)	300,000	2,265,000	4,015,000	6,580,000
7 th Street Bridge	500,000			500,000
Total	<u>800,000</u>	<u>2,265,000</u>	<u>4,015,000</u>	<u>7,080,000</u>
Total Current and Carryover	3,060,000	5,035,000	9,645,000	17,740,000
Sidewalk Projects	<u>80,000</u>			<u>80,000</u>
Total	<u>\$3,140,000</u>	<u>\$5,035,000</u>	<u>\$9,645,000</u>	<u>\$17,820,000</u>

The public works projects are expected to be funded as follows:

	Street Funds	Water Fund	Wastewater Fund	Total
Borrowing - Bonds:				
State Revolving Fund-System	\$	\$2,400,000	\$ 3,250,000	\$ 6,870,000
Open Market		<u>2,435,000</u>	<u>4,975,000</u>	<u>6,190,000</u>
Total Borrowing		<u>4,835,000</u>	<u>8,225,000</u>	<u>13,060,000</u>
Other Sources:				
7 th Street Bridge Grants	300,000			300,000
CDBG-Erie North		200,000	200,000	400,000
CDBG-21 st Area Ph 1	300,000			300,000
Grant-MDOT-Dove-24 th to City Limits	425,000			425,000
Grant-MDOT-17 th -16 th to Water	140,000			140,000
Stimulus Grants:				
Scott	220,000			220,000
Erie North			1,220,000	1,220,000
Sidewalk projects	80,000			80,000
Current street millage revenues and reserves	<u>1,675,000</u>			<u>1,675,000</u>
Total Other Sources	<u>3,140,000</u>	<u>200,000</u>	<u>1,420,000</u>	<u>4,760,000</u>
Total	<u>\$3,140,000</u>	<u>\$5,035,000</u>	<u>\$9,645,000</u>	<u>\$17,820,000</u>

V. Special Revenue Funds

The current budget for the Cemetery Fund no longer requires a subsidy from the General Fund. Costs have been reduced in the Cemetery Fund primarily by the elimination of three positions and reductions in equipment rental rates.

The Garbage and Rubbish Collection Fund reflects the expected annual charges in accordance with the five year Waste Management contract. This program is supported by a millage statutorily designated for that purpose. The 2010-11 budget again provides for a Public Area Program with the costs charged to the Garbage and Rubbish Collection Fund. The Public Area Program provides for trash removal from parks, beaches, marinas and other public areas maintained by the City. In prior years, these costs have been included primarily in the General Fund as part of the parks and forestry division.

The City has established a separate Rental Certification Fund to segregate all revenues and expenditures of this program so that the fee structure is based upon actual costs. Due to cost reduction efforts, fees were previously reduced by approximately 10% per rental unit.

The Drug Law Enforcement and Law Enforcement Funds account for property forfeited to the City in connection with drug related activities. The Enhanced 911 Fund was established to account for the revenues and capital outlay, as required by statute, from the user fee as assessed to all city telephone customers. No further revenues are expected from the user fees as consolidation with the County dispatch has been accomplished and the funds are being used to partially fund the County contract.

The Community Development Block Grant (CDBG) Fund and the Home Program Fund are budgeted using the allocation of grant funds approved by the Council on March 8, 2010. The proposed budget allocates \$400,000 of the \$942,742 CDBG grant to CSO infrastructure construction. This allocation will reduce the construction costs that need to be borrowed and will reduce future debt repayments. The CDBG staff was reduced by two positions during the current fiscal year. Existing staff, with assistance from part-time clerical employees, are able to manage the increased CDBG, HOME and Neighborhood Preservation grant programs.

W. Internal Service Funds

The City operates four internal service funds, consisting of the Central Stores, Data Processing, Motor Vehicle and Fringe Benefit Funds. These funds provide services to other activities of the City and, in addition, Data Processing provides services to other units of government, though on a reduced basis from prior years. Revenues are derived from the fee charges for the services rendered. The budget for these funds are included in this report.

The operations of the Motor Vehicle Fund were reviewed as part of the restructuring of the various Department of Public Works programs. Annual operating costs have been reduced by approximately \$350,000 over the past three years. As a result, vehicle lease charges continue to provide reduced costs for all City activities. Similar cost reductions were implemented in the Data Processing Fund and those charges to other activities were also reduced.

X. Tax Increment Funds

The City of Port Huron has used tax increment financing to undertake several economic development projects. This financial tool, authorized by various state statutes, allows a municipality to construct public improvements to provide incentives for industrial, commercial and residential developments. These public improvements are financed from the revenues generated by the new development from the taxes levied on the captured (increased) value of the district. The revenues are based upon the capture of all non-school taxes in those districts where no city funds have been advanced. In those districts where advances have been made prior to August 19, 1993, school taxes are also captured.

For the presented budget, it is proposed that the downtown commercial development position continue to be funded by those tax increment districts which continue to have undeveloped land or significant vacant properties. The districts are noted in the following list.

Each of these districts are budgeted for separately and consist of the following:

- The Industrial Park Tax Increment Fund (taxes no longer captured)
- The Paper Company Tax Increment Fund (taxes no longer captured)
- The Krafft-Holland Tax Increment Fund (taxes no longer captured)
- The Peerless Site Tax Increment Fund (including commercial development position)
- The Harrington Hotel Tax Increment Fund (including commercial development position, taxes no longer captured)
- The Bank Tax Increment Fund (including commercial development position)

- The Edison Redevelopment Tax Increment Fund (including commercial development position)
- The Water Street Tax Increment Fund (including commercial development position)
- The MainStreet Tax Increment Fund (including commercial development position)
- The Industrial Park Expansion Tax Increment Fund
- The Brownfield Redevelopment Tax Increment Fund (including commercial development position)

For the Brownfield Redevelopment District, one-half of the incremental non-school and school taxes are captured. Expenditures are projected based upon continuance of current capital projects or development, including work related to continuing the program to eliminate combined sewer overflows. For districts where advances are repaid and projects completed, captured taxes are passed on to the appropriate taxing authorities (Industrial Park, Paper Company, Krafft-Holland and Harrington).

Appendix – Individual Fund Budgets

GENERAL FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 383,802	\$ 387,980
Property taxes	7,855,000	8,490,000
Income tax	5,800,000	6,200,000
Business licenses and permits	330,000	325,000
Nonbusiness licenses and permits	240,000	260,000
Grants	243,952	
State shared revenues	3,375,000	3,900,000
Charges for services	725,000	735,000
Fines and forfeits	155,000	160,000
Investment income	225,000	225,000
Rents	330,000	260,000
Sale of assets	5,000	5,000
Charges to other funds	1,874,558	1,875,807
Transfer from other funds	798,000	849,000
	<hr/>	<hr/>
TOTAL MEANS OF FINANCING	\$ 22,340,312	\$ 23,672,787
	<hr/>	<hr/>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 15,809,123	\$ 16,018,624
Supplies and materials	568,120	573,807
Contractual services	4,302,319	4,138,906
	<hr/>	<hr/>
	20,679,562	20,731,337
Transfers	503,300	1,903,300
Capital outlay:		
Departmental	69,450	49,150
Recreational projects - County millage	140,000	140,000
MOC capital	678,000	729,000
Other public improvements	270,000	120,000
	<hr/>	<hr/>
TOTAL ESTIMATED REQUIREMENTS	\$ 22,340,312	\$ 23,672,787
	<hr/>	<hr/>

**STREET FUNDS
MAJOR STREETS**

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 20,353	\$ 17,813
State shared revenues:		
Major streets	1,545,000	1,590,000
Trunkline maintenance	224,946	284,202
Right of way	70,000	69,000
Federal and State grants	1,085,000	2,250,000
Transfer from Municipal streets to Major streets	1,275,000	1,825,000
	\$ 4,220,299	\$ 6,036,015
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 899,548	\$ 1,014,637
Supplies and materials	252,880	292,462
Contractual services:		
Engineering and other professional services	482,871	536,316
Transfer from Major streets to Local streets	420,000	430,000
	2,055,299	2,273,415
Capital outlay:		
Departmental		27,600
Street resurfacing and/or reconstruction from:		
Street millage	745,000	1,280,000
Other sources	1,420,000	2,455,000
	2,165,000	2,762,600
TOTAL ESTIMATED REQUIREMENTS	\$ 4,220,299	\$ 6,036,015

**STREET FUNDS
LOCAL STREETS**

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
	<hr/>	<hr/>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 26,290	\$ 1,362
State shared revenues:		
Local streets	470,000	485,000
Right of way	30,000	29,000
State grants		455,000
Transfers:		
Transfer from Major streets to Local streets	420,000	430,000
Transfer from Municipal streets to Local streets	475,000	175,000
	<hr/>	<hr/>
TOTAL MEANS OF FINANCING	\$ 1,421,290	\$ 1,575,362
	<hr/> <hr/>	<hr/> <hr/>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 461,990	\$ 511,575
Supplies and materials	98,431	95,017
Contractual services	265,869	318,770
	<hr/>	<hr/>
	826,290	925,362
Capital outlay:		
Departmental		5,000
Street resurfacing and/or reconstruction from:		
Street millage	595,000	190,000
Other sources		455,000
	<hr/>	<hr/>
TOTAL ESTIMATED REQUIREMENTS	\$ 1,421,290	\$ 1,575,362
	<hr/> <hr/>	<hr/> <hr/>

**STREET FUNDS
MUNICIPAL STREETS**

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
	<hr/>	<hr/>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 1,399,171	\$ 1,500,069
Taxes:		
Real property taxes	1,160,000	1,260,000
Personal property taxes	180,000	210,000
BWATC	460,000	475,000
Investment income	25,000	100,000
	<hr/>	<hr/>
TOTAL MEANS OF FINANCING	\$ 3,224,171	\$ 3,545,069
	<hr/> <hr/>	<hr/> <hr/>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 5,983	\$ 49,683
Supplies and materials	4,498	12,810
Contractual services:		
Engineering and other professional services	3,690	7,576
BWATC property taxes	460,000	475,000
Transfers:		
From Municipal streets to Major streets	1,275,000	1,825,000
From Municipal streets to Local streets	475,000	175,000
From Municipal streets to Wastewater fund	1,000,000	1,000,000
	<hr/>	<hr/>
TOTAL ESTIMATED REQUIREMENTS	\$ 3,224,171	\$ 3,545,069
	<hr/> <hr/>	<hr/> <hr/>

**STREET FUNDS
COMBINED MAJOR, LOCAL AND MUNICIPAL STREETS**

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 1,445,814	\$ 1,519,244
Taxes:		
Real property taxes	1,160,000	1,260,000
Personal property taxes	180,000	210,000
BWATC	460,000	475,000
State shared revenues:		
Major streets	1,545,000	1,590,000
Local streets	470,000	485,000
Trunkline maintenance	224,946	284,202
Right of way	100,000	98,000
Federal and State grants	1,085,000	2,705,000
Investment income	25,000	100,000
Transfers:		
From Major streets to Local streets	420,000	430,000
From Municipal streets to Major streets	1,275,000	1,825,000
From Municipal streets to Local streets	475,000	175,000
	<u>\$ 8,865,760</u>	<u>\$ 11,156,446</u>
TOTAL MEANS OF FINANCING	\$ 8,865,760	\$ 11,156,446
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 1,367,521	\$ 1,575,895
Supplies and materials	355,809	400,289
Contractual services:		
Engineering and other professional services	752,430	862,662
BWATC property taxes	460,000	475,000
Transfers:		
From Major streets to Local streets	420,000	430,000
From Municipal streets to Major streets	1,275,000	1,825,000
From Municipal streets to Local streets	475,000	175,000
From Municipal streets to Wastewater fund	1,000,000	1,000,000
	<u>6,105,760</u>	<u>6,743,846</u>
Capital outlay:		
Departmental		32,600
Street resurfacing and/or reconstruction from:		
Street millage	1,340,000	1,470,000
Other sources	1,420,000	2,910,000
	<u>\$ 8,865,760</u>	<u>\$ 11,156,446</u>
TOTAL ESTIMATED REQUIREMENTS	\$ 8,865,760	\$ 11,156,446

CEMETERY FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 9,095	\$ 48,454
Foundations	12,000	16,200
Graveside interments	50,000	34,800
Chapel interments	45,000	45,500
Other services	10,000	10,300
Transfer from Cemetery perpetual care fund	<u>250,000</u>	<u>250,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 376,095</u>	<u>\$ 405,254</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 248,687	\$ 268,331
Supplies and materials	23,558	24,002
Contractual services	<u>96,850</u>	<u>105,921</u>
	369,095	398,254
Capital outlay	<u>7,000</u>	<u>7,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 376,095</u>	<u>\$ 405,254</u>

GARBAGE AND RUBBISH COLLECTION FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 613,146	\$ 436,726
Taxes:		
Real property taxes	1,620,000	1,760,000
Personal property taxes	270,000	310,000
Penalties and interest on taxes	10,000	15,000
TOTAL MEANS OF FINANCING	\$ 2,513,146	\$ 2,521,726
 ESTIMATED REQUIREMENTS:		
Rubbish Collection Program:		
Ordinary recurring expenses:		
Personal services	\$ 12,632	\$ 12,479
Supplies and materials	4,000	3,900
Contractual services	1,892,819	1,849,980
	1,909,451	1,866,359
 Brush Program:		
Ordinary recurring expenses:		
Personal services	59,205	52,331
Contractual services	23,675	46,434
	82,880	98,765
 Public Area Collection Program:		
Ordinary recurring expenses:		
Personal services	96,890	90,571
Contractual services	62,269	53,826
	159,159	144,397
 Street Sweeping Program:		
Ordinary recurring expenses:		
Personal services	156,603	151,455
Contractual services	205,053	260,750
	361,656	412,205
TOTAL ESTIMATED REQUIREMENTS	\$ 2,513,146	\$ 2,521,726

RENTAL CERTIFICATION FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 16,999	\$ 12,067
Charges for services	<u>165,254</u>	<u>159,924</u>
TOTAL MEANS OF FINANCING	<u><u>\$ 182,253</u></u>	<u><u>\$ 171,991</u></u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 154,282	\$ 136,336
Supplies and materials	4,500	4,530
Contractual services	<u>23,471</u>	<u>31,125</u>
TOTAL ESTIMATED REQUIREMENTS	<u><u>\$ 182,253</u></u>	<u><u>\$ 171,991</u></u>

DOMESTIC PREPAREDNESS FUND

Budget Summary

	<u>Proposed Budget 2010-2011</u>	<u>Adopted Budget 2009-2010</u>
MEANS OF FINANCING:		
Grants	<u>\$ 100,000</u>	<u>\$ 125,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 100,000</u>	<u>\$ 125,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Supplies and materials	\$ 5,000	\$ 6,250
Contractual services	<u>5,000</u>	<u>6,250</u>
	10,000	12,500
Capital outlay	<u>90,000</u>	<u>112,500</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 100,000</u>	<u>\$ 125,000</u>

O.U.I.L. FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Fines and forfeits	\$ 15,000	\$ 15,000
TOTAL MEANS OF FINANCING	<u>\$ 15,000</u>	<u>\$ 15,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Supplies and materials	\$ 3,500	\$ 3,500
Contractual services	1,500	1,500
	<u>5,000</u>	<u>5,000</u>
Capital outlay	<u>10,000</u>	<u>10,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 15,000</u>	<u>\$ 15,000</u>

DRUG LAW ENFORCEMENT FUND

Budget Summary

	<u>Proposed Budget 2010-2011</u>	<u>Adopted Budget 2009-2010</u>
MEANS OF FINANCING:		
Fines and forfeits	<u>\$ 46,000</u>	<u>\$ 46,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 46,000</u>	<u>\$ 46,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Supplies and materials	\$ 5,000	\$ 5,000
Contractual services	<u>1,000</u>	<u>1,000</u>
	<u>6,000</u>	<u>6,000</u>
Capital outlay	<u>40,000</u>	<u>40,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 46,000</u>	<u>\$ 46,000</u>

LAW ENFORCEMENT FUND

Budget Summary

	<u>Proposed Budget 2010-2011</u>	<u>Adopted Budget 2009-2010</u>
MEANS OF FINANCING:		
Charges for services	<u>\$ 5,000</u>	<u>\$ 5,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 5,000</u>	<u>\$ 5,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses: Supplies and materials	<u>\$ 5,000</u>	<u>\$ 5,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 5,000</u>	<u>\$ 5,000</u>

ENHANCED 911 FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 110,000	\$ 100,000
TOTAL MEANS OF FINANCING	<u>\$ 110,000</u>	<u>\$ 100,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services	\$ 85,000	\$ 75,000
Capital outlay	<u>25,000</u>	<u>25,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 110,000</u>	<u>\$ 100,000</u>

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Federal grant		
Current allocation	\$ 942,742	\$ 850,677
TOTAL MEANS OF FINANCING	\$ 942,742	\$ 850,677
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Code enforcement/neighborhood preservation:		
Personal services	\$ 154,160	\$ 50,541
Supplies and materials	1,200	600
Contractual services	14,640	13,859
	<u>170,000</u>	<u>65,000</u>
Capital outlay - programs:		
Infrastructure construction including street resurfacing/paving	400,000	768,177
Demolition assistance	205,242	
Interim assistance - cleanups	10,000	
Rehabilitation	130,000	
Code enforcement	10,000	
Pathway shelter	17,500	17,500
	<u>772,742</u>	<u>803,177</u>
TOTAL ESTIMATED REQUIREMENTS	\$ 942,742	\$ 850,677

NEIGHBORHOOD REHABILITATION FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Federal grant carryover	\$ 875,907	\$ 100,000
TOTAL MEANS OF FINANCING	<u>\$ 875,907</u>	<u>\$ 100,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 48,260	
Supplies and materials	740	
Contractual services	1,000	
	<u>50,000</u>	
Capital outlay:		
Housing improvements	<u>825,907</u>	\$ 100,000
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 875,907</u>	<u>\$ 100,000</u>

HOME PROGRAM FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Federal grant		
Current allocation	\$ 288,903	\$ 261,659
TOTAL MEANS OF FINANCING	\$ 288,903	\$ 261,659
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 26,123	\$ 26,166
Capital outlay:		
Neighborhood Action Plan - Renovation grants	145,000	
Affordable housing	30,000	145,661
Habitat for Humanity	30,000	37,500
CHDO project	43,335	39,249
CHDO administration	14,445	13,083
TOTAL ESTIMATED REQUIREMENTS	\$ 288,903	\$ 261,659

STREETSCAPE MAINTENANCE FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 25,000	\$ 20,000
Charges for services	<u>50,000</u>	<u>50,000</u>
TOTAL MEANS OF FINANCING	<u><u>\$ 75,000</u></u>	<u><u>\$ 70,000</u></u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 1,650	\$ 648
Supplies and materials	350	470
Contractual services	<u>48,500</u>	<u>57,882</u>
	50,500	59,000
Capital outlay	<u>24,500</u>	<u>11,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u><u>\$ 75,000</u></u>	<u><u>\$ 70,000</u></u>

BEAUTIFICATION COMMISSION FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 2,000	\$ 2,000
Miscellaneous	2,000	2,000
Transfer from General fund	<u>3,300</u>	<u>3,300</u>
TOTAL MEANS OF FINANCING	<u>\$ 7,300</u>	<u>\$ 7,300</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Supplies and materials	\$ 6,500	\$ 6,570
Contractual services	<u>800</u>	<u>730</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 7,300</u>	<u>\$ 7,300</u>

MARINA FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 30,000	\$
Charges for services - share of operating income	20,000	
Transfer from Land Purchase fund	<u>130,623</u>	<u>179,593</u>
TOTAL MEANS OF FINANCING	<u><u>\$ 180,623</u></u>	<u><u>\$ 179,593</u></u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 9,075	\$ 9,249
Supplies and materials	835	2,925
Contractual services	<u>170,713</u>	<u>167,419</u>
TOTAL ESTIMATED REQUIREMENTS	<u><u>\$ 180,623</u></u>	<u><u>\$ 179,593</u></u>

LAND PURCHASE FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 1,710,186	\$ 1,733,593
Investment income	125,000	100,000
Rents	185,000	145,000
Other income	10,000	10,000
Transfer from tax increment funds:		
Peerless site	79,000	79,000
Edison redevelopment	508,000	548,000
Water street	467,000	516,000
Industrial park expansion	255,000	307,000
TOTAL MEANS OF FINANCING	\$ 3,339,186	\$ 3,438,593
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Engineering and other professional services	\$ 25,000	\$ 25,000
Commerical development and promotion activity	50,000	50,000
Transfer to:		
General fund - capital projects	770,000	849,000
Water fund	1,550,000	550,000
Wastewater fund	700,000	1,700,000
Parking fund	88,563	60,000
Marina fund:		
Water Street		25,100
River Street	130,623	154,493
	<u>3,314,186</u>	<u>3,413,593</u>
Capital outlay:		
Land acquisition, building construction and redevelopment:	25,000	25,000
TOTAL ESTIMATED REQUIREMENTS	\$ 3,339,186	\$ 3,438,593

PARKING FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 15,142	\$ 23,946
Street meters	27,000	27,000
Parking lots	5,000	9,000
Annual permits	20,000	24,000
Charges for services		600
Transfer from Land purchase fund	88,563	60,000
	<hr/>	<hr/>
TOTAL MEANS OF FINANCING	\$ 155,705	\$ 144,546
	<hr/>	<hr/>
ESTIMATED REQUIREMENTS:		
Parking System - Non Revenue Producing:		
Ordinary recurring expenses:		
Personal services	\$ 18,975	\$ 18,745
Supplies and materials	4,300	7,085
Contractual services	65,288	51,402
	<hr/>	<hr/>
	88,563	77,232
	<hr/>	<hr/>
Parking System - Revenue Producing:		
Ordinary recurring expenses:		
Personal services	42,810	40,711
Supplies and materials	3,230	3,030
Contractual services	21,102	23,573
	<hr/>	<hr/>
	67,142	67,314
	<hr/>	<hr/>
TOTAL ESTIMATED REQUIREMENTS	\$ 155,705	\$ 144,546
	<hr/>	<hr/>

WATER FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 100,000	\$ 900,000
Sale of water	5,687,756	5,718,886
Penalty charges	50,000	75,000
Hydrant charges	55,920	54,320
Charges for services	30,000	30,000
Investment income	5,000	75,000
Grants:		
Community Development Block Grant	200,000	
Stimulus program		1,725,000
Tax increment funds - construction projects		
Proceeds from issuance of long-term revenue bonds:		
State Drinking Water Revolving fund bonds	2,400,000	2,835,000
Other revenue bonds	2,435,000	575,000
Pro rata share of water administration and meter reading budget reimbursed from Wastewater fund	506,498	513,540
Transfer from enterprise funds:		
Land purchase fund	1,550,000	550,000
TOTAL MEANS OF FINANCING	\$ 13,020,174	\$ 13,051,746
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 2,118,337	\$ 2,184,189
Supplies and materials	482,249	522,026
Contractual services	1,773,188	1,876,531
	<u>4,373,774</u>	<u>4,582,746</u>
Debt service requirements for payment of principal and interest on Revenue and State Drinking Water Revolving Fund bonds	3,303,000	3,025,000
Capital outlay:		
Departmental	308,400	309,000
Construction projects	5,035,000	5,135,000
TOTAL ESTIMATED REQUIREMENTS	\$ 13,020,174	\$ 13,051,746

WASTEWATER FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 3,000,000	\$ 550,000
Sewage charges	7,146,503	7,091,296
Penalty charges	125,000	140,000
Other income	50,000	50,000
Investment income	50,000	125,000
Grants:		
Community Development Block Grant	200,000	1,030,000
Stimulus program	1,220,000	1,375,000
Tax increment funds - construction projects		
Reimbursement for operating and capital costs:		
Fort Gratiot Township	700,000	730,000
Port Huron Township	740,000	780,000
Kimball Township	270,000	280,000
Proceeds from issuance of long-term revenue bonds:		
State Revolving fund bonds	3,250,000	5,590,000
Other limited obligation bonds - Collection system	8,276,980	1,340,000
Transfer from governmental funds:		
General fund	500,000	1,900,000
Municipal Streets fund	1,000,000	1,000,000
Transfer from enterprise funds:		
Land purchase fund	700,000	1,700,000
TOTAL MEANS OF FINANCING	<u>\$ 27,228,483</u>	<u>\$ 23,681,296</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 2,915,279	\$ 2,854,697
Supplies and materials	588,723	697,587
Contractual services	3,721,011	4,068,967
	<u>7,225,013</u>	<u>7,621,251</u>
Debt service requirements for payment of principal and interest on Revenue and State Revolving Fund bonds	6,698,000	6,265,000
Capital outlay:		
Departmental	358,490	460,045
Construction projects - Plant	3,301,980	680,000
Construction projects - Collection system	9,645,000	8,655,000
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 27,228,483</u>	<u>\$ 23,681,296</u>

CENTRAL STORES FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Charges for services	\$ 122,313	\$ 145,471
TOTAL MEANS OF FINANCING	\$ 122,313	\$ 145,471
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 12,570	\$ 12,417
Supplies and materials	37,100	41,200
Contractual services	67,643	81,854
	<u>117,313</u>	<u>135,471</u>
Capital outlay	<u>5,000</u>	<u>10,000</u>
TOTAL ESTIMATED REQUIREMENTS	\$ 122,313	\$ 145,471

DATA PROCESSING FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 43,846	\$
Charges for services	<u>724,835</u>	<u>802,949</u>
TOTAL MEANS OF FINANCING	<u>\$ 768,681</u>	<u>\$ 802,949</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 481,283	\$ 480,515
Supplies and materials	70,900	78,450
Contractual services	<u>171,498</u>	<u>199,079</u>
	<u>723,681</u>	<u>758,044</u>
Capital outlay	<u>45,000</u>	<u>44,905</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 768,681</u>	<u>\$ 802,949</u>

MOTOR VEHICLE FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 974,113	\$ 748,699
Charges for services	<u>1,800,000</u>	<u>2,335,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 2,774,113</u>	<u>\$ 3,083,699</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 734,824	\$ 766,435
Supplies and materials	357,427	382,619
Contractual services	<u>889,074</u>	<u>924,343</u>
	1,981,325	2,073,397
Capital outlay	<u>792,788</u>	<u>1,010,302</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 2,774,113</u>	<u>\$ 3,083,699</u>

INSURANCE AND FRINGE BENEFIT FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Charges for services	\$ 10,538,000	\$ 10,263,500
TOTAL MEANS OF FINANCING	<u>\$ 10,538,000</u>	<u>\$ 10,263,500</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services:		
Health care premiums - employees	\$ 2,200,000	\$ 2,425,000
Health care premiums - retirees	2,900,000	2,910,000
Pension contributions	2,800,000	2,205,000
Payroll taxes	765,000	805,000
Workers compensation insurance	150,000	130,000
Dental insurance	240,000	250,000
Unemployment insurance	90,000	90,000
Disability benefits	50,000	40,000
Vacation and sick pay	330,000	243,000
Other	169,500	172,000
	<u>9,694,500</u>	<u>9,270,000</u>
Supplies and materials	500	500
Contractual services	843,000	993,000
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 10,538,000</u>	<u>\$ 10,263,500</u>

Appendix – Tax Increment Authority Fund Budgets

INDUSTRIAL PARK TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 110,000	\$ 110,000
Taxes:		
Real property taxes	695,000	782,000
Personal property taxes	<u>593,000</u>	<u>743,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 1,398,000</u>	<u>\$ 1,635,000</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Property taxes not captured due to repayment of advances	\$ 1,288,000	\$ 1,525,000
Contractual services:		
Professional and other services:		
Industrial development	<u>60,000</u>	<u>60,000</u>
	1,348,000	1,585,000
Capital outlay:		
Infrastructure improvements	<u>50,000</u>	<u>50,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 1,398,000</u>	<u>\$ 1,635,000</u>

PAPER COMPANY TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 75,000	\$ 75,000
Taxes:		
Real property taxes	52,000	79,000
Personal property taxes	<u>409,000</u>	<u>516,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 536,000</u>	<u>\$ 670,000</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Property taxes not captured due to repayment of advances	\$ 461,000	\$ 595,000
Contractual services	<u>75,000</u>	<u>75,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 536,000</u>	<u>\$ 670,000</u>

KRAFFT-HOLLAND TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 25,000	\$ 25,000
Taxes:		
Real property taxes	541,000	575,000
Personal property taxes	<u>22,000</u>	<u>17,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 588,000</u>	<u>\$ 617,000</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Property taxes not captured due to repayment of advances	\$ 563,000	\$ 592,000
Capital outlay:		
Infrastructure improvements	<u>25,000</u>	<u>25,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 588,000</u>	<u>\$ 617,000</u>

PEERLESS SITE TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 103,000	\$ 104,000
Personal property taxes	<u>6,000</u>	<u>5,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 109,000</u>	<u>\$ 109,000</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Commercial development services	\$ 15,000	\$ 15,000
Transfer to Land purchase fund	<u>79,000</u>	<u>79,000</u>
	94,000	94,000
Capital outlay:		
Parkway improvements and other infrastructure	<u>15,000</u>	<u>15,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 109,000</u>	<u>\$ 109,000</u>

**DOWNTOWN DEVELOPMENT AUTHORITY (DDA)
OPERATING FUND**

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 110,000	\$ 150,000
Taxes:		
Real property taxes	75,000	76,500
Personal property taxes	8,500	10,000
Penalties and interest on taxes	500	500
Transfer from MainStreet Redevelopment Fund		15,000
Downtown Port Huron Activities:		
Dues	20,000	30,000
Promotions and fees - Events	100,000	70,000
Blue Water Fest	400,000	
TOTAL MEANS OF FINANCING	\$ 714,000	\$ 352,000
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Downtown Development Authority activities:		
Discover the Blue	\$ 15,000	\$
Blue Water Fest:		
Carryover funds - July 2010	30,000	
Current funds - July 2011	30,000	
Downtown development and promotion activity:		
Carryover funds	75,000	63,000
Current funds	19,000	62,000
DDA operations	15,000	15,000
McMorran capital projects		100,000
Downtown Port Huron activities:		
Administrative expenses	30,000	70,000
Blue Water Fest	400,000	
Other event expenses	100,000	40,000
Available for infrastructure improvements or other services		2,000
TOTAL ESTIMATED REQUIREMENTS	\$ 714,000	\$ 352,000

WATER STREET DDA TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 433,000	\$ 462,000
Personal property taxes	<u>74,000</u>	<u>79,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 507,000</u>	<u>\$ 541,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Commercial development services	\$ 15,000	\$ 15,000
Professional and other services	10,000	10,000
Transfer to Land purchase fund	<u>467,000</u>	<u>516,000</u>
	492,000	541,000
Capital outlay:		
Infrastructure improvements	<u>15,000</u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 507,000</u>	<u>\$ 541,000</u>

BANK DDA TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 270,000	\$ 242,000
Taxes:		
Real property taxes	34,000	34,150
Personal property taxes	<u>11,000</u>	<u>11,850</u>
TOTAL MEANS OF FINANCING	<u>\$ 315,000</u>	<u>\$ 288,000</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Commercial development services	\$ 20,000	\$ 20,000
Professional and other services	<u>10,000</u>	<u>10,000</u>
	30,000	30,000
Capital outlay:		
Available for infrastructure improvements or other services	<u>285,000</u>	<u>258,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 315,000</u>	<u>\$ 288,000</u>

HARRINGTON HOTEL DDA TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 150,000	\$ 156,000
Taxes:		
Real property taxes		
Personal property taxes		
	<hr/>	<hr/>
TOTAL MEANS OF FINANCING	<u>\$ 150,000</u>	<u>\$ 156,000</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Commercial development services	\$ 15,000	\$ 15,000
Professional and other services	10,000	10,000
	<hr/> 25,000	<hr/> 25,000
Capital outlay:		
Available for Infrastructure improvements or other services	<hr/> 125,000	<hr/> 131,000
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 150,000</u>	<u>\$ 156,000</u>

EDISON REDEVELOPMENT DDA TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 537,000	\$ 579,000
Personal property taxes	<u>11,000</u>	<u>9,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 548,000</u>	<u>\$ 588,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Commercial development services	\$ 15,000	\$ 15,000
Professional and other services	10,000	10,000
Transfer to Land purchase fund	<u>508,000</u>	<u>548,000</u>
	533,000	573,000
Capital outlay:		
Parkway and other infrastructure improvements	<u>15,000</u>	<u>15,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 548,000</u>	<u>\$ 588,000</u>

MAINSTREET DDA TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 40,000	\$
Taxes:		
Real property taxes	73,000	76,000
Personal property taxes	<u>(20,000)</u>	<u>(21,000)</u>
TOTAL MEANS OF FINANCING	<u>\$ 93,000</u>	<u>\$ 55,000</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Commercial development services	\$ 20,000	\$ 20,000
Professional and other services	10,000	10,000
Transfer to Downtown Development Fund	<u>30,000</u>	<u>15,000</u>
	45,000	45,000
Capital outlay:		
Right of way improvements - Grand River	50,000	
Infrastructure and other improvements	<u>13,000</u>	<u>10,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 93,000</u>	<u>\$ 55,000</u>

**INDUSTRIAL PARK EXPANSION LOCAL DEVELOPMENT FINANCE
TAX INCREMENT FUND**

Budget Summary

	<u>Proposed Budget 2010-2011</u>	<u>Adopted Budget 2009-2010</u>
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 113,000	\$ 110,000
Personal property taxes	<u>232,000</u>	<u>287,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 345,000</u>	<u>\$ 397,000</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Professional and other services:		
Industrial development	\$ 40,000	\$ 40,000
Transfer to Land purchase fund	<u>255,000</u>	<u>307,000</u>
	295,000	347,000
Capital outlay:		
Infrastructure improvements	<u>50,000</u>	<u>50,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 345,000</u>	<u>\$ 397,000</u>

BROWNFIELD REDEVELOPMENT TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2010-2011	Adopted Budget 2009-2010
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 475,000	\$ 444,000
Personal property taxes	<u>17,000</u>	<u>24,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 492,000</u>	<u>\$ 468,000</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Commercial development services	\$ 20,000	\$ 20,000
Repayment to developer	<u>472,000</u>	<u>448,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 492,000</u>	<u>\$ 468,000</u>

Appendix - Governmental Funds Summary

GOVERNMENTAL FUNDS SUMMARY
Budget Summary
2010-2011

Governmental Fund	Estimated Designated Fund Balance July 1, 2010	Budget 2010-2011		Estimated Change In Fund Balance June 30, 2011
		Means of Financing	Estimated Requirements	
General fund	\$ 383,802	\$ 21,956,510	\$ 22,340,312	\$
Major streets fund	\$ 20,353	\$ 4,199,946	\$ 4,220,299	\$
Local streets fund	\$ 26,290	\$ 1,395,000	\$ 1,421,290	\$
Municipal streets fund	\$ 1,399,171	\$ 1,825,000	\$ 3,224,171	\$
Cemetery fund	\$ 9,095	\$ 367,000	\$ 376,095	\$
Garbage and rubbish collection fund	\$ 613,146	\$ 1,900,000	\$ 2,513,146	\$
Rental certification fund	\$ 16,999	\$ 165,254	\$ 182,253	\$
Domestic preparedness fund	\$	\$ 100,000	\$ 100,000	\$
O.U.I.L. fund	\$	\$ 15,000	\$ 15,000	\$
Drug law enforcement fund	\$	\$ 46,000	\$ 46,000	\$
Law enforcement fund	\$	\$ 5,000	\$ 5,000	\$
Enhanced 911 fund	\$ 110,000	\$	\$ 110,000	\$
Community development block grant fund	\$	\$ 942,742	\$ 942,742	\$
Neighborhood rehabilitation fund	\$	\$ 875,907	\$ 875,907	\$
Home program fund	\$	\$ 288,903	\$ 288,903	\$
Streetscape maintenance fund	\$ 25,000	\$ 50,000	\$ 75,000	\$
Loan revolving fund	\$	\$	\$	\$

(Continued on next page)

GOVERNMENTAL FUNDS SUMMARY
Budget Summary
2010-2011

Governmental Fund	Estimated Designated Fund Balance July 1, 2010	Budget 2010-2011		Estimated Change In Fund Balance June 30, 2011
		Means of Financing	Estimated Requirements	
Beautification commission fund	\$ 2,000	\$ 5,300	\$ 7,300	\$
Industrial park tax increment fund	\$ 110,000	\$ 1,288,000	\$ 1,398,000	\$
Paper company tax increment fund	\$ 75,000	\$ 461,000	\$ 536,000	\$
Krafft-Holland tax increment fund	\$ 25,000	\$ 563,000	\$ 588,000	\$
Peerless site tax increment fund	\$	\$ 109,000	\$ 109,000	\$
Downtown development fund	\$ 110,000	\$ 604,000	\$ 714,000	\$
Water Street tax increment fund	\$	\$ 507,000	\$ 507,000	\$
Bank tax increment fund	\$ 270,000	\$ 45,000	\$ 315,000	\$
Harrington Hotel tax increment fund	\$ 150,000	\$	\$ 150,000	\$
Edison redevelopment tax increment fund	\$	\$ 548,000	\$ 548,000	\$
Mainstreet tax increment fund	\$ 40,000	\$ 53,000	\$ 93,000	\$
Industrial park expansion tax increment fund	\$	\$ 345,000	\$ 345,000	\$
Brownfield redevelopment tax increment fund	\$	\$ 492,000	\$ 492,000	\$