

BUDGET 2013-2014



PORT HURON MICHIGAN

OFFICE OF THE
CITY MANAGER

PROPOSED BUDGET
CITY OF PORT HURON
FOR
THE FISCAL YEAR
2013-2014

Prepared by the Director of Finance for the City Manager
and submitted to the City Council on April 22, 2013

CITY OF PORT HURON BUDGET FISCAL YEAR 2013-2014

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Schedule of Estimated Revenues - General Fund

SCHEDULE OF ESTIMATED REVENUES

GENERAL FUND

2013-2014

	Actual		Budget			
	2010-2011	2011-2012	2012-2013	2013-2014	Increase	Decrease
FUND BALANCE	\$	\$	\$ 192,308	\$ 230,000	\$ 37,692	\$
TAXES:						
Real property taxes	\$ 6,511,488	\$ 6,059,241	\$ 5,510,000	\$ 5,230,000	\$	\$ 280,000
Personal property taxes	1,072,886	1,079,405	1,060,000	1,080,000	20,000	
Income tax	5,781,024	5,818,786	5,775,000	5,800,000	25,000	
Payment in lieu of taxes	86,198	88,259	85,000	85,000		
Penalties and interest on taxes	228,857	117,694	180,000	115,000		65,000
	<u>13,680,453</u>	<u>13,163,385</u>	<u>12,610,000</u>	<u>12,310,000</u>	<u>45,000</u>	<u>345,000</u>
BUSINESS LICENSES AND PERMITS:						
Second hand dealers	960	420	700			700
Taxi drivers	1,840	1,687	1,700	2,300	600	
Taxi cabs	405	471	400	700	300	
Car wash	180	195	200			200
Demolitions	19,090	8,997	10,000	8,000		2,000
C.A.T.V.	326,043	321,394	320,000	325,000	5,000	
Miscellaneous	3,663	8,079	7,000	9,000	2,000	
	<u>352,181</u>	<u>341,243</u>	<u>340,000</u>	<u>345,000</u>	<u>7,900</u>	<u>2,900</u>
NONBUSINESS LICENSES AND PERMITS:						
Dog	426	454	400	400		
Building	113,253	143,176	135,000	125,000		10,000
Electrical	32,326	39,716	40,000	40,000		
Heating	39,433	98,678	55,000	50,000		5,000
Plumbing	32,463	26,193	30,000	40,000	10,000	
Right-of-way	4,910	15,910	3,300	11,600	8,300	
Miscellaneous	2,053	2,094	1,300	3,000	1,700	
	<u>224,864</u>	<u>326,221</u>	<u>265,000</u>	<u>270,000</u>	<u>20,000</u>	<u>15,000</u>

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SCHEDULE OF ESTIMATED REVENUES

2013-2014

	Actual		Budget			
	2010-2011	2011-2012	2012-2013	2013-2014	Increase	Decrease
GRANTS	\$ 325,175	\$ 590,186	\$ 264,000	\$ 234,000	\$	\$ 30,000
STATE SHARED REVENUE:						
Sales and use tax - constitutional	2,017,768	2,179,039	2,150,000	2,225,000	75,000	
Sales and use tax - statutory	1,315,279	1,177,448	925,000	975,000	50,000	
Liquor licenses	24,913	23,064	25,000	25,000		
	<u>3,357,960</u>	<u>3,379,551</u>	<u>3,100,000</u>	<u>3,225,000</u>	<u>125,000</u>	
CHARGES FOR SERVICES:						
Zoning board of appeals	2,500	2,300	2,000	2,800	800	
20th and Court pool	10,436	7,079	6,500	3,000		3,500
Sanborn pool	41,215	41,167	40,000	30,000		10,000
Lakeside parking	55,699	64,582	54,000	60,000	6,000	
Boat launch fees	36,766	40,662	36,000	36,000		
Recreational fees	146,661	164,698	150,000	200,000	50,000	
Lot splits	960	1,565	1,000	2,000	1,000	
Hydrant maintenance	55,920	56,040	56,840	57,520	680	
False alarm charges	2,900	800	2,000	2,000		
Blue Water Bridge reimbursement	200,000	275,000	300,000	300,000		
Summer tax collection fee	1,824	1,834	1,660	1,680	20	
County parks millage	145,618	135,931	120,000	130,000	10,000	
Miscellaneous	41,439	21,581	30,000	35,000	5,000	
	<u>741,938</u>	<u>813,239</u>	<u>800,000</u>	<u>860,000</u>	<u>73,500</u>	<u>13,500</u>
FINES AND FORFEITS:						
Parking violations	51,140	38,854	45,000	40,000		5,000
Ordinance fines	81,131	81,198	80,000	85,000	5,000	
	<u>132,271</u>	<u>120,052</u>	<u>125,000</u>	<u>125,000</u>	<u>5,000</u>	<u>5,000</u>
INVESTMENT INCOME	228,229	164,946	175,000	140,000		35,000
RENTS	343,812	354,064	355,000	370,000	15,000	

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SCHEDULE OF ESTIMATED REVENUES

2013-2014

	Actual		Budget			
	2010-2011	2011-2012	2012-2013	2013-2014	Increase	Decrease
SALE OF ASSETS	\$ 12,957	\$ 1,600	\$ 3,000	\$ 210,000	\$ 207,000	\$
OTHER INCOME		96				
CHARGES TO OTHER FUNDS:						
Garbage and rubbish collection fund	153,965	107,793	106,704	90,693		16,011
Marina fund	17,311	17,156	22,109	26,211	4,102	
Parking fund	14,923	10,969	10,655	11,733	1,078	
Water fund	629,272	611,301	603,132	607,515	4,383	
Wastewater fund	788,594	812,794	875,800	975,460	99,660	
Central stores fund	11,243	10,831	11,774	10,938		836
Data processing fund	69,358	59,359	61,128	62,686	1,558	
Motor vehicle fund	189,892	185,302	161,610	154,503		7,107
	<u>1,874,558</u>	<u>1,815,505</u>	<u>1,852,912</u>	<u>1,939,739</u>	<u>110,781</u>	<u>23,954</u>
Subtotal	<u>21,274,398</u>	<u>21,070,088</u>	<u>20,082,220</u>	<u>20,258,739</u>	<u>646,873</u>	<u>470,354</u>
TRANSFERS FROM OTHER FUNDS:						
Land purchase fund	506,976					
	<u>506,976</u>					
TOTAL	<u>\$ 21,781,374</u>	<u>\$ 21,070,088</u>	<u>\$ 20,082,220</u>	<u>\$ 20,258,739</u>	<u>\$ 646,873</u>	<u>\$ 470,354</u>

Schedule of Estimated Expenditures

SCHEDULE OF ESTIMATED EXPENDITURES

2013-2014

GENERAL FUND	Actual		Budget			
	2010-2011	2011-2012	2012-2013	2013-2014	Increase	Decrease
General Government:						
City council	\$ 52,354	\$ 48,779	\$ 65,630	\$ 59,150	\$	\$ 6,480
Charter commission	7,083					
City manager	262,184	299,126	259,435	276,271	16,836	
Elections	76,322	80,332	99,560	89,116		10,444
Finance and accounting	672,019	654,231	638,740	523,908		114,832
Income tax	313,763	306,969	294,961	299,752	4,791	
Assessor	354,712	281,471	247,449	250,401	2,952	
Legal	150,885	153,552	170,000	170,000		
Clerk	223,705	222,477	230,183	244,075	13,892	
Personnel	282,671	258,191	284,278	283,424		854
Purchasing	38,032	39,830	40,303	44,285	3,982	
Board of review	2,239	2,331	2,300	2,327	27	
Treasurer	195,839	181,760	170,958	170,852		106
Municipal office center	557,349	694,591	723,135	675,389		47,746
Promotional	74,251	95,296	15,000	15,000		
	<u>3,263,408</u>	<u>3,318,936</u>	<u>3,241,932</u>	<u>3,103,950</u>	<u>42,480</u>	<u>180,462</u>
Public Safety:						
Police administration	1,053,596	900,496	885,090	827,885		57,205
Detectives	1,054,086	1,179,334	1,182,854	1,189,060	6,206	
Patrol	5,376,796	5,199,053	5,174,175	5,275,654	101,479	
Communications	116,539	85,188	39,340	38,520		820
Fire	5,361,840	5,304,525	4,999,659	5,185,197	185,538	
Public safety - equipment grants	32,456	25,351				
	<u>12,995,313</u>	<u>12,693,947</u>	<u>12,281,118</u>	<u>12,516,316</u>	<u>293,223</u>	<u>58,025</u>
Public Works:						
Inspection	282,046	268,824	275,108	285,897	10,789	
Emergency management	5,899	8,493	26,486	3,027		23,459
Public works administration	207,003	206,993	204,931	204,866		65
Engineering	258,323	232,834	316,547	263,079		53,468
Street lighting	894,597	917,955	855,372	926,227	70,855	
Blight	101,443	94,905	103,282	116,838	13,556	
	<u>1,749,311</u>	<u>1,730,004</u>	<u>1,781,726</u>	<u>1,799,934</u>	<u>95,200</u>	<u>76,992</u>

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SCHEDULE OF ESTIMATED EXPENDITURES

2013-2014

	Actual		Budget			
	2010-2011	2011-2012	2012-2013	2013-2014	Increase	Decrease
Senior Citizens:						
Wastewater and water discounts	\$ 1,433	\$ 1,922	\$ 2,250	\$ 2,000	\$	\$ 250
Senior citizens transportation	11,531	11,953	750			750
	<u>12,964</u>	<u>13,875</u>	<u>3,000</u>	<u>2,000</u>		<u>1,000</u>
Recreation, Parks and Culture:						
Parks and forestry	966,446	981,766	1,037,382	1,065,928	28,546	
Boat launch ramps			62,198	42,812		19,386
Recreation	502,950	490,593	489,467	488,476		991
Rockin the rivers			48,080	48,580	500	
20th and Court pool	74,688	66,286	71,025	66,838		4,187
Sanborn pool	124,204	111,687	107,430	112,400	4,970	
Chillyfest				49,960	49,960	
Lighthouse park	2,380	2,208	2,977	2,977		
Lakeside park	8,605	13,978	11,655	15,001	3,346	
Palmer park recreation center	129,713	144,243	123,607	157,746	34,139	
Lightship	6,941	2,769	1,500			1,500
McMorran complex	320,000	250,000	250,000	250,000		
Library	8,000	8,000	8,000	8,000		
Museum	170,261	101,455	93,433	98,056	4,623	
	<u>2,314,188</u>	<u>2,172,985</u>	<u>2,306,754</u>	<u>2,406,774</u>	<u>126,084</u>	<u>26,064</u>
Other Functions:						
Planning	126,509	122,133	90,366	102,241	11,875	
Blue Water Bridge economic study	57,272	44,798	85,000	85,000		
Telephone service	8,696	11,880	13,124	11,224		1,900
Contingencies			35,000	40,000	5,000	
Insurance, health and safety	120,769	111,812	60,900	63,000	2,100	
Taxes written off	4,420	48,661	15,000	15,000		
Demolitions	145,066	108,887	120,000	80,000		40,000
	<u>462,732</u>	<u>448,171</u>	<u>419,390</u>	<u>396,465</u>	<u>18,975</u>	<u>41,900</u>
Subtotal	<u>20,797,916</u>	<u>20,377,918</u>	<u>20,033,920</u>	<u>20,225,439</u>	<u>575,962</u>	<u>384,443</u>

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SCHEDULE OF ESTIMATED EXPENDITURES

2013-2014

	Actual		Budget			
	2010-2011	2011-2012	2012-2013	2013-2014	Increase	Decrease
Public Improvements:						
Parks and recreation projects	\$ 104,170	\$ 594,010	\$	\$ 30,000	\$ 30,000	\$
MOC capital	369,194	2,802				
Other public improvement			45,000			45,000
	<u>473,364</u>	<u>596,812</u>	<u>45,000</u>	<u>30,000</u>	<u>30,000</u>	<u>45,000</u>
Subtotal	<u>21,271,280</u>	<u>20,974,730</u>	<u>20,078,920</u>	<u>20,255,439</u>	<u>605,962</u>	<u>429,443</u>
Transfer to Other Funds:						
Beautification commission fund	3,300	3,300	3,300	3,300		
Wastewater fund	500,000					
Motor vehicle fund		80,000				
	<u>503,300</u>	<u>83,300</u>	<u>3,300</u>	<u>3,300</u>		
TOTAL GENERAL FUND	<u>21,774,580</u>	<u>21,058,030</u>	<u>20,082,220</u>	<u>20,258,739</u>	<u>605,962</u>	<u>429,443</u>
SPECIAL REVENUE FUNDS						
Street funds:						
Major streets	2,887,807	2,901,616	6,653,167	4,110,837		2,542,330
Local streets	1,578,017	1,568,246	1,661,367	2,744,145	1,082,778	
Municipal streets	2,489,720	2,656,220	4,106,821	2,509,465		1,597,356
	<u>6,955,544</u>	<u>7,126,082</u>	<u>12,421,355</u>	<u>9,364,447</u>	<u>1,082,778</u>	<u>4,139,686</u>
Cemetery fund	328,969	347,442	373,501	421,788	48,287	
Garbage and rubbish collection fund	2,238,174	1,927,410	1,985,857	1,705,310		280,547
Rental certification fund	239,401	211,297	217,495	250,740	33,245	
OUIL fund	6,500	2,486	17,000	17,000		
Drug law enforcement fund	5,820	21,466	50,000	50,000		
Law enforcement fund	1,356	1,554	5,000	5,000		
Enhanced 911 fund	76,413	43,282	110,000	25,000		85,000
Community development block grant fund	1,229,066	1,255,867	655,930	650,000		5,930
Neighborhood rehabilitation fund	519,253	337,590	1,095,475	500,000		595,475

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SCHEDULE OF ESTIMATED EXPENDITURES

2013-2014

	Actual		Budget			
	2010-2011	2011-2012	2012-2013	2013-2014	Increase	Decrease
Home program fund	\$ 165,167	\$ 188,571	\$ 184,052	\$ 164,000	\$	\$ 20,052
Streetscape maintenance fund	39,319	32,971	70,000	70,000		
Beautification commission fund	14,275	2,568	7,300	7,300		
TOTAL SPECIAL REVENUE FUNDS	11,819,257	11,498,586	17,192,965	13,230,585	1,164,310	5,126,690
ENTERPRISE FUNDS						
Marina fund	150,854	122,845	355,687	398,485	42,798	
Land purchase fund	3,383,951		2,630,000	3,485,000	855,000	
Parking fund	133,228	104,312	111,175	122,425	11,250	
Water Fund:						
Treatment plant	1,903,591	1,891,435	1,991,192	2,202,467	211,275	
Distribution	1,104,359	770,278	1,156,004	1,093,000		63,004
Customer accounting	252,029	248,178	256,509	263,365	6,856	
Meter reading	714,573	530,652	557,146	508,567		48,579
Debt service	3,040,271	3,545,954	3,928,500	3,901,500		27,000
Capital outlay	3,549,954	7,665,770	3,390,000	5,850,000	2,460,000	
	<u>10,564,777</u>	<u>14,652,267</u>	<u>11,279,351</u>	<u>13,818,899</u>	<u>2,678,131</u>	<u>138,583</u>
Wastewater Fund:						
Treatment plant	4,279,743	4,460,003	5,917,305	5,036,584		880,721
Collection, general	1,897,154	1,768,657	2,159,846	2,195,650	35,804	
Collection system no. 1	16	17	218	219	1	
Collection system no. 2	21,748	24,671	34,225	44,305	10,080	
Collection system no. 3	28,639	31,749	43,935	62,624	18,689	
Debt service	6,348,492	17,003,409	7,223,000	7,198,000		25,000
Capital outlay	6,709,278	6,518,898	2,940,000	6,870,000	3,930,000	
	<u>19,285,070</u>	<u>29,807,404</u>	<u>18,318,529</u>	<u>21,407,382</u>	<u>3,994,574</u>	<u>905,721</u>
TOTAL ENTERPRISE FUNDS	33,517,880	44,686,828	32,694,742	39,232,191	7,581,753	1,044,304

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SCHEDULE OF ESTIMATED EXPENDITURES

2013-2014

	Actual		Budget			
	2010-2011	2011-2012	2012-2013	2013-2014	Increase	Decrease
INTERNAL SERVICE FUNDS						
Central stores fund	\$ 109,356	\$ 104,904	\$ 128,052	\$ 133,129	\$ 5,077	\$
Data processing fund	707,311	589,799	682,804	722,982	40,178	
Motor vehicle fund	2,303,590	1,662,316	2,283,235	2,152,595		130,640
Energy performance services fund	3,288,275	790,389	300,000	300,000		
Insurance and fringe benefit fund	10,598,134	9,646,171	10,573,000	11,278,000	705,000	
TOTAL INTERNAL SERVICE FUNDS	17,006,666	12,793,579	13,967,091	14,586,706	750,255	130,640
TAX INCREMENT FUNDS						
Industrial park tax increment fund	1,371,298	1,488,111	1,472,000	1,105,000		367,000
Paper company tax increment fund	443,560	437,058	375,000	370,000		5,000
Krafft-Holland tax increment fund	564,295	536,708	518,000	472,000		46,000
Peerless site tax increment fund	70,367	66,113	73,000	45,000		28,000
Downtown development authority operating fund	539,105	527,151	316,000	169,500		146,500
Water street tax increment fund	503,187	409,982	405,000	358,000		47,000
Bank tax increment fund	421,140	171,741	7,000	48,000	41,000	
Harrington Hotel tax increment fund	16,630	11,675	115,000	100,000		15,000
Edison redevelopment tax increment fund	551,170	445,820	397,000	257,000		140,000
Mainstreet tax increment fund	34,780	39,339	288,000	80,000		208,000
Industrial park expansion tax increment fund	346,853	340,651	442,000	349,000		93,000
Brownfield redevelopment tax increment fund:						
Southside Redevelopment	318,642	242,955	287,000	267,000		20,000
Harker Street Redevelopment				520,000	520,000	
Sperry's Redevelopment				8,000	8,000	
TOTAL TAX INCREMENT FUNDS	5,181,027	4,717,304	4,695,000	4,148,500	569,000	1,115,500
TOTAL ALL FUNDS	\$ 89,299,410	\$ 94,754,327	\$ 88,632,018	\$ 91,456,721	\$ 10,671,280	\$ 7,846,577

Summary of Estimated Requirements by Budget Class

SCHEDULE OF ESTIMATED REQUIREMENTS BY BUDGET CLASSES

2013-2014

GENERAL FUND	Personal Services	Supplies and Materials	Contractual Services	Total Recurring Expenses	Capital Outlay	Total
General Government:						
City council	\$ 12,600	\$ 1,500	\$ 45,050	\$ 59,150	\$	\$ 59,150
City manager	247,619	1,300	27,352	276,271		276,271
Elections	59,896	7,100	22,120	89,116		89,116
Finance and accounting	443,777	7,200	72,931	523,908		523,908
Income tax	230,828	26,845	42,079	299,752		299,752
Assessor	187,084	8,150	55,167	250,401		250,401
Legal		150	169,850	170,000		170,000
Clerk	216,752	1,940	25,383	244,075		244,075
Personnel	243,472	3,100	36,852	283,424		283,424
Purchasing	38,130	300	5,855	44,285		44,285
Board of review	1,800		527	2,327		2,327
Treasurer	114,661	11,000	45,191	170,852		170,852
Municipal office center	224,461	29,473	415,455	669,389	6,000	675,389
Promotional			15,000	15,000		15,000
	<u>2,021,080</u>	<u>98,058</u>	<u>978,812</u>	<u>3,097,950</u>	<u>6,000</u>	<u>3,103,950</u>
Public Safety:						
Police administration	673,518	21,980	132,387	827,885		827,885
Detectives	1,083,712	17,700	87,648	1,189,060		1,189,060
Patrol	4,744,881	111,110	419,663	5,275,654		5,275,654
Communications			38,520	38,520		38,520
Fire	4,697,509	173,667	302,371	5,173,547	11,650	5,185,197
	<u>11,199,620</u>	<u>324,457</u>	<u>980,589</u>	<u>12,504,666</u>	<u>11,650</u>	<u>12,516,316</u>
Public Works:						
Inspection	258,211	1,850	25,836	285,897		285,897
Emergency management		2,000	1,027	3,027		3,027
Public works administration	195,508	300	9,058	204,866		204,866
Engineering	205,085	6,400	51,594	263,079		263,079
Street lighting	10,512	1,000	914,715	926,227		926,227
Blight	109,770	1,050	6,018	116,838		116,838
	<u>779,086</u>	<u>12,600</u>	<u>1,008,248</u>	<u>1,799,934</u>		<u>1,799,934</u>

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SCHEDULE OF ESTIMATED REQUIREMENTS BY BUDGET CLASSES

2013-2014

	<u>Personal Services</u>	<u>Supplies and Materials</u>	<u>Contractual Services</u>	<u>Total Recurring Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>
Senior Citizens:						
Wastewater and water discounts	\$	\$	\$ 2,000	\$ 2,000	\$	\$ 2,000
			<u>2,000</u>	<u>2,000</u>		<u>2,000</u>
Recreation, Parks and Culture:						
Parks and forestry	606,631	76,795	357,502	1,040,928	25,000	1,065,928
Boat launch ramps	6,312	3,250	13,250	22,812	20,000	42,812
Recreation	344,473	48,950	95,053	488,476		488,476
Rockin the rivers	1,230	2,850	44,500	48,580		48,580
20th and Court pool	30,565	11,528	24,745	66,838		66,838
Sanborn pool	69,621	13,846	28,933	112,400		112,400
Chillyfest		6,350	43,610	49,960		49,960
Lighthouse park	327	1,800	850	2,977		2,977
Lakeside park	655	2,700	11,646	15,001		15,001
Palmer park recreation center	115,304	3,100	39,342	157,746		157,746
McMorran complex			175,000	175,000	75,000	250,000
Library			8,000	8,000		8,000
Museum	402	3,000	94,654	98,056		98,056
	<u>1,175,520</u>	<u>174,169</u>	<u>937,085</u>	<u>2,286,774</u>	<u>120,000</u>	<u>2,406,774</u>
Other Functions:						
Planning	85,661	3,250	13,330	102,241		102,241
Blue Water Bridge economic development plan			85,000	85,000		85,000
Telephone service		500	10,724	11,224		11,224
Contingencies			40,000	40,000		40,000
Insurance, health and safety	8,800	2,200	52,000	63,000		63,000
Taxes written off			15,000	15,000		15,000
Demolitions			80,000	80,000		80,000
	<u>94,461</u>	<u>5,950</u>	<u>296,054</u>	<u>396,465</u>		<u>396,465</u>
Subtotal	<u>15,269,767</u>	<u>615,234</u>	<u>4,202,788</u>	<u>20,087,789</u>	<u>137,650</u>	<u>20,225,439</u>

(Continued on next page)

SCHEDULE OF ESTIMATED REQUIREMENTS BY BUDGET CLASSES

2013-2014

	<u>Personal Services</u>	<u>Supplies and Materials</u>	<u>Contractual Services</u>	<u>Total Recurring Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>
Public Improvements:						
Parks and recreation projects	\$	\$	\$	\$	\$ 30,000	\$ 30,000
					30,000	30,000
Subtotal	<u>15,269,767</u>	<u>615,234</u>	<u>4,202,788</u>	<u>20,087,789</u>	<u>167,650</u>	<u>20,255,439</u>
Transfer to Other Funds:						
Beautification commission fund			3,300	3,300		3,300
			<u>3,300</u>	<u>3,300</u>		<u>3,300</u>
TOTAL GENERAL FUND	<u>15,269,767</u>	<u>615,234</u>	<u>4,206,088</u>	<u>20,091,089</u>	<u>167,650</u>	<u>20,258,739</u>
SPECIAL REVENUE FUNDS						
Street funds:						
Major streets	906,245	234,321	920,271	2,060,837	2,050,000	4,110,837
Local streets	599,233	112,662	342,250	1,054,145	1,690,000	2,744,145
Municipal streets	38,722	5,066	2,465,677	2,509,465		2,509,465
	<u>1,544,200</u>	<u>352,049</u>	<u>3,728,198</u>	<u>5,624,447</u>	<u>3,740,000</u>	<u>9,364,447</u>
Cemetery fund	249,007	27,480	116,301	392,788	29,000	421,788
Garbage and rubbish collection fund	76,099	3,748	1,625,463	1,705,310		1,705,310
Rental certification fund	213,298	5,100	22,342	240,740	10,000	250,740
OUIL fund		5,500	1,500	7,000	10,000	17,000
Drug law enforcement fund		5,000	5,000	10,000	40,000	50,000
Law enforcement fund		5,000		5,000		5,000
Enhanced 911 fund					25,000	25,000
Community development block grant fund	109,704	1,200	19,096	130,000	520,000	650,000
Neighborhood rehabilitation fund	22,194	7,806	10,000	40,000	460,000	500,000
Home program fund	19,680		320	20,000	144,000	164,000

(Continued on next page)

SCHEDULE OF ESTIMATED REQUIREMENTS BY BUDGET CLASSES

2013-2014

	Personal Services	Supplies and Materials	Contractual Services	Total Recurring Expenses	Capital Outlay	Total
Streetscape maintenance fund	\$ 1,640	\$ 350	\$ 44,010	\$ 46,000	\$ 24,000	\$ 70,000
Beautification commission fund		6,500	800	7,300		7,300
TOTAL SPECIAL REVENUE FUNDS	2,235,822	419,733	5,573,030	8,228,585	5,002,000	13,230,585
ENTERPRISE FUNDS						
Marina fund	7,400	3,135	262,950	273,485	125,000	398,485
Land purchase fund			2,975,000	2,975,000	510,000	3,485,000
Parking fund	28,614	7,340	86,471	122,425		122,425
Water Fund:						
Treatment plant	871,425	180,710	990,332	2,042,467	160,000	2,202,467
Distribution	565,811	102,520	413,919	1,082,250	10,750	1,093,000
Customer accounting	148,960	29,130	85,275	263,365		263,365
Meter reading	311,090	44,052	147,284	502,426	6,141	508,567
Debt service			3,901,500	3,901,500	5,850,000	9,751,500
	1,897,286	356,412	5,538,310	7,792,008	6,026,891	13,818,899
Wastewater Fund:						
Treatment plant	1,907,129	492,936	2,556,519	4,956,584	80,000	5,036,584
Collection, general	824,928	143,577	1,227,145	2,195,650		2,195,650
Collection system no. 1			219	219		219
Collection system no. 2	12,607	11,400	20,298	44,305		44,305
Collection system no. 3	10,522	6,869	45,233	62,624		62,624
Debt service			7,198,000	7,198,000	6,870,000	14,068,000
	2,755,186	654,782	11,047,414	14,457,382	6,950,000	21,407,382
TOTAL ENTERPRISE FUNDS	4,688,486	1,021,669	19,910,145	25,620,300	13,611,891	39,232,191

(Continued on next page)

SCHEDULE OF ESTIMATED REQUIREMENTS BY BUDGET CLASSES

2013-2014

	<u>Personal Services</u>	<u>Supplies and Materials</u>	<u>Contractual Services</u>	<u>Total Recurring Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>
INTERNAL SERVICE FUNDS						
Central stores fund	\$ 14,760	\$ 35,400	\$ 63,969	\$ 114,129	\$ 19,000	\$ 133,129
Data processing fund	391,526	70,800	191,736	654,062	68,920	722,982
Motor vehicle fund	536,040	465,970	610,070	1,612,080	540,515	2,152,595
Energy performance services fund			300,000	300,000		300,000
Insurance and fringe benefit fund	<u>10,559,500</u>	<u>500</u>	<u>718,000</u>	<u>11,278,000</u>		<u>11,278,000</u>
TOTAL INTERNAL SERVICE FUNDS	<u>11,501,826</u>	<u>572,670</u>	<u>1,883,775</u>	<u>13,958,271</u>	<u>628,435</u>	<u>14,586,706</u>
TAX INCREMENT FUNDS						
Industrial park tax increment fund			1,055,000	1,055,000	50,000	1,105,000
Paper company tax increment fund			370,000	370,000		370,000
Krafft-Holland tax increment fund			447,000	447,000	25,000	472,000
Peerless site tax increment fund			45,000	45,000		45,000
Downtown development authority operating fund			169,500	169,500		169,500
Water street tax increment fund			353,000	353,000	5,000	358,000
Bank tax increment fund			43,000	43,000	5,000	48,000
Harrington Hotel tax increment fund			10,000	10,000	90,000	100,000
Edison redevelopment tax increment fund			242,000	242,000	15,000	257,000
Mainstreet tax increment fund			20,000	20,000	60,000	80,000
Industrial park expansion tax increment fund			274,000	274,000	75,000	349,000
Brownfield redevelopment tax increment funds:						
Southside redevelopment			267,000	267,000		267,000
Harker Street redevelopment			520,000	520,000		520,000
Sperry's redevelopment			<u>8,000</u>	<u>8,000</u>		<u>8,000</u>
TOTAL TAX INCREMENT FUNDS			<u>3,823,500</u>	<u>3,823,500</u>	<u>325,000</u>	<u>4,148,500</u>
TOTAL ALL FUNDS	<u>\$ 33,695,901</u>	<u>\$ 2,629,306</u>	<u>\$ 35,396,538</u>	<u>\$ 71,721,745</u>	<u>\$ 19,734,976</u>	<u>\$ 91,456,721</u>

Appendix - Budget Explanation



BUDGET OVERVIEW



A. Continuing Cost Reduction Efforts

The City of Port Huron, like virtually all local governments in Michigan, continues to struggle with declining revenues and cost pressures outside the government's control. As discussed on pages 28, 29 and 30, the City has reduced its employee count by over twenty-eight percent since 2002. All revenues have fallen, particularly due to continuing State cuts of revenue sharing and declines in property values. Residential property values have fallen by 40% since the 2008-09 year and taxable values have fallen by 30%. As a result, property taxes paid by City residents and landlords have decreased by over 27% over the past five years. Overall values, including industrial and commercial properties, have fallen by almost 34% and taxable values have fallen by 25.3%.

The City is continuing its efforts to reduce overall costs of operations while minimizing the resultant service reductions. The proposed budget eliminates three full-time positions, in addition to the ninety budgeted full-time positions eliminated in prior years, for a total of ninety-three eliminated positions.

Initial General Fund revenue and expenditure estimates and requests for the fiscal year ending June 30, 2014, projected that expenditures would exceed revenues by almost \$1.4 million. As a result of the adjustments discussed below, the gap has been reduced by over \$1.15 million. In order to close the remaining budget gap, it is recommended that a use of fund balance be budgeted, though it is expected that actual results will be more positive and the fund balance won't be used.

Prior to all of the City union agreements expiring on June 30, 2011, the City was able to finalize new agreements with each union. Those new agreements have resulted in significant cost reductions. For the current budget, it is estimated such cost reductions provided savings of approximately \$1.8 million across all funds of the City as a result of changes to employee pension contributions and provisions and changes in health care plans, including changes in co-pays and deductibles. No wage adjustments were granted during the three year contracts which will expire on June 30, 2014.

B. General Fund

The General Fund budget reflects expected declines in property taxes and slight increases in income tax revenues and State shared revenue. As part of an effort to reduce expenses, positions have been eliminated, positions have been reallocated and services have been consolidated.

In order to assure rating agencies and bond holders that costs will continue to be controlled, 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, 2013, based on the proposed budget the percentage is expected to be 21.6%.

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). Overall, General Fund revenues are expected to increase by

less than \$140,000 in 2013-14. Property and income taxes and State revenue sharing are expected to generate \$15.535 million in General Fund revenue for the year ending June 30, 2014. This is \$1.97 million less than those three revenue items generated twelve years ago, during the year ended June 30, 2002.

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.

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 expected income tax revenues and the assumption that the City will qualify for the full amount of State shared revenues based upon current State estimates. It may need further review by Council during the upcoming year to either increase revenues or reduce services.

C. Garbage and Solid Waste

The funds for garbage and solid waste removal are provided by a 2.8173 mill property tax for that specific purpose. For the fiscal year ended June 30, 2009, this millage provided over \$2.1 million in annual revenue. These funds provided for not only weekly garbage and recycling services, but also provided for public area pickup in the City's various parks, beaches and parkways, a brush and branch pickup program and twice monthly street sweeping during the warmer months. Over the past five years, due to the significant decline in real estate values, revenues have decreased from a high of \$2.13 million for the fiscal year ended June 30, 2009 to an expected \$1.58 million for the fiscal year ending June 30, 2014. Because there were prior accumulated funds dedicated for rubbish and solid waste purposes, services had been continued at prior levels up to June 30, 2012.

The 2012-13 budget made several adjustments to past procedures as a result of declining revenues and the expenditure of the accumulated funds. Street sweeping services were moved to the Major and Local Streets funds and were reduced to a once per month service. Brush and branch pickup were moved to the General Fund's Parks and Forestry activity and beginning in May, 2013 will continue for a four week period in the spring and again in the fall. A nominal pick-up fee is being instituted in order to make the program more sustainable.

During February, 2013, the City Council approved a five-year contract with a new service provider which maintains service through June 30, 2018. It is anticipated that the changes discussed above will provide sufficient revenue to continue current services until at least June 30, 2016. If property tax revenues do not recover in the interim, this innovative

contract would allow the City to re-open the contract in order to adjust service to a level sustainable by future property tax revenues. As an alternative, voters could approve a Headlee override millage adjustment to sustain current services.

D. 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 declined over the prior several years. 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. As discussed above, street sweeping activities are now accounted for in the streets funds. The street construction millage, which was renewed for ten years in May, 2004, will provide over \$13.5 million for construction and street improvements for the ten-year period ending June 30, 2014. In order to continue this funding beyond the 2013-14 budget year, voters will have to approve a renewal of the current millage. The street construction millage is an integral component of streets funding. This millage will allow the major rehabilitation of the City's streets to continue, when coupled with federal grants, state grants and the use of accumulated funds.

E. Utility Funds

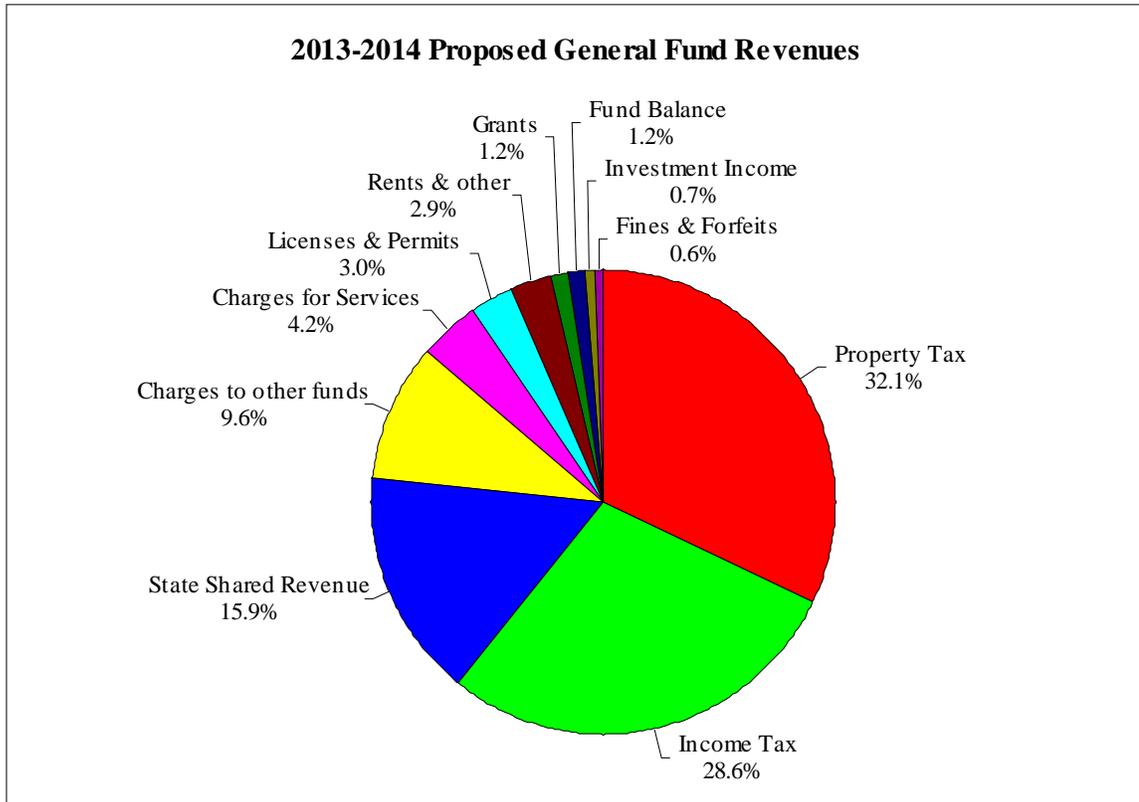
The City's two utility funds, the Water Fund and the Wastewater Fund, are budgeted to receive operating revenues of approximately \$18.5 million. The two funds' cost of operating, debt service and departmental capital costs are expected to be approximately \$22.5 million, a deficit of \$4.0 million. 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 Land Purchase Fund. In addition, the budget proposes a 6.4% rate increase for both funds, which is expected to provide \$650,000 per year. This increase has been included in the projected revenues discussed above. The increase is being proposed to avoid an extremely large rate increase in the next three to four years and to minimize the interest rates on future borrowings. Water and wastewater usage through the most recent two years has been relatively constant.

The proposed budget 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.

F. 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 2013-14 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	\$499,840,137
Personal property	95,837,300
Special Acts assessment rolls:	
Industrial facilities roll:	
New facilities, real property	5,759,700
New facilities, personal property	23,457,500
Neighborhood enterprise zone, real property	111,526
Land bank, real property	537
Obsolete property rehabilitation, real property	<u>654,800</u>
	<u>\$625,661,500</u>

Taxable valuation has decreased by 4.8% overall primarily as a result of declines in residential and industrial values. Real property values decreased by 5.5%, and personal property values decreased by 1.9%.

State equalized valuation (SEV) has decreased by 5.6% overall, also primarily as a result of declines in residential and industrial values. Real property values decreased by 6.4%, while personal property values decreased by 1.9%.

Pursuant to currently enacted legislation, the State of Michigan will be phasing out the personal property tax. This will have a significant effect on the City of Port Huron's future finances. For the 2013-14 budget year, approximately 19.1% of the City's taxable value is due to personal property taxes (65% of which is industrial). Beginning with the 2014-15 budget year, companies having taxable value less than \$40,000 would be dropped from the tax rolls. The negative impact of City tax revenue is estimated to be approximately \$100,000 in the 2014-15 budget year.

However, the ultimate disposition of personal property tax reform remains in question. Personal property tax reform is contingent upon voters approving a use tax provision in the August 2014 statewide election. If approved, the State will reimburse an estimated 80% of non-essential services from use tax revenues. Essential services, such as police and fire protection, could be supplemented by a special assessment on eligible manufacturing real property beginning January 1, 2016. State officials have already indicated that this legislation will be amended, so regular monitoring will be needed during the upcoming year.

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 (2.4% for 2013), 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 2013 is the lower of the 2013 state equalized value or the 2012 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 2013 and 2012, taxable value was lower than the state equalized value (SEV), resulting in property being taxed at an average of 98.0% and 97.2% of equalized value, as shown below:

	<u>2013</u>	<u>2012</u>
Equalized Value	\$ 638,739,600	\$676,351,100
Taxable Value	<u>625,661,500</u>	<u>657,451,500</u>
Difference	<u>\$ 13,078,100</u>	<u>\$ 18,899,600</u>

As there was for the 2012-13 year, there is a decrease in overall taxable values for the upcoming fiscal year and it currently appears that taxable values may decline again for the

fiscal year ending June 30, 2015. Real estate values have continued to decline based on sales reported to date and national and state projections are that this trend may continue.

This proposed budget anticipates General Fund property tax revenue of \$6.31 million based on a net uncaptured taxable value of \$560,000,000 at the proposed millage rate of 11.2696 mills.

G. User Fees and Other Miscellaneous Revenues

The proposed 2013-14 General Fund budget anticipates approximately \$2.3 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 2013-14.

<u>Source</u>	<u>Anticipated Revenue</u>
Licenses and Permits:	
Cable television	\$ 325,000
Building permits	255,000
Other	<u>35,000</u>
	<u>615,000</u>
Charges for Services:	
Recreation fees	329,000
Blue Water Bridge reimbursement	300,000
County parks millage	130,000
Other	<u>101,000</u>
	<u>860,000</u>
Fines and Forfeits:	
Parking violations	40,000
Ordinance fines	<u>85,000</u>
	<u>125,000</u>
Investment Income	<u>140,000</u>
Rents - MOC	<u>370,000</u>
Sale of Assets	<u>210,000</u>
	<u>\$ 2,320,000</u>

Program fees for recreation activities are based upon the direct program costs for non residents with resident fees set at 50% of the calculated amount. Further, the recreation department continues to work with local foundations to generate increased grant revenues for both programs and projects.

The user fees and other miscellaneous revenues proposed for 2013-2014 are the equivalent of 4.1 mills of property tax.

H. State Shared Revenue

On March 21, 2011, Governor Rick Snyder presented a special message on community development and local government reforms. As part of that message, he announced the new Economic Vitality Incentive Program (EVIP), which replaced statutory revenue sharing, but at approximately 66% of prior levels. The state revenue sharing program distributes sales tax collected by the State of Michigan to local governments as unrestricted revenues. Previous funding of the program consisted 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. As a result, estimated revenue for 2013-14 has been based on the 2010 census. The formula for statutory distributions formerly included factors such as taxable value per capita, local unit type, population and a tax rate yield equalization factor. The new EVIP program implemented by the State currently has three key aspects as follows:

1. Accountability and Transparency
2. Service Sharing and Consolidation
3. Employee Compensation Best Practices

The City has successfully met the first two criteria and will submit the required information for the third by June 1st. This budget has been prepared based upon the assumption that there will be a similar process for 2013-14 and the City will successfully meet each criteria.

An important difference between the two types of shared revenues 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 the EVIP (formerly 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 and EVIP	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	2,025,303	1,355,698	3,381,001
2010-11	2,017,768	1,315,279	3,333,047
2011-12	2,179,039	1,177,448	3,356,487
*2012-13	2,175,000	975,000	3,150,000
**2013-14	2,225,000	975,000	3,200,000

* 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	3,381,001	1,758,619	34.2%	15.3%
10-11	3,333,047	1,806,573	35.1%	15.3%
11-12	3,356,487	1,783,133	34.7%	15.9%
*12-13	3,150,000	1,989,620	38.7%	15.7%
**13-14	3,200,000	1,939,620	37.7%	15.8%

* 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 \$1.9 million less from this important revenue source than it received in 2000-01. **This loss of State shared revenue is equal to 3.5 mills of property tax, based on the City's 2013 taxable value.**

I. Income Tax Revenues

City income tax revenues have been estimated at \$5.8 million, essentially the same as the current year's expected amount. Over the past five years income tax revenues have been relatively flat as hiring by private employers has been offset by reductions in employment for public employers. **Projected income tax revenues are the equivalent of 10.4 mills of property tax.**

J. Grant Revenues

The 2013-14 budget includes expected grant revenue of \$50,000 as a result of a federal grant that will reimburse the payroll and benefit costs of two police officers over an extended four and a half year period, beginning in September, 2009. It is expected that these

grant funds will be exhausted during the 2013-14 budget year. Grant revenue also includes \$100,000 from the State of Michigan for economic development related to the Blue Water Bridge Plaza project and \$84,000 for the Recreation Department to encourage and facilitate outdoor activities for community youth and provide funding for other Parks and Recreation sponsored activities and events.

K. 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, a net of 93 full-time positions have been or will be eliminated. Eighteen of the eliminated positions were division heads or supervisors, including fifteen since 2008.

The budget presented for the fiscal year ending June 30, 2014 proposes that four full-time positions be eliminated and that a new position be created in the Recreation Department to help coordinate the many various activities and events that take place in the City. These eliminations are in addition to the budgeted positions eliminated since the fiscal year ended June 30, 2003.

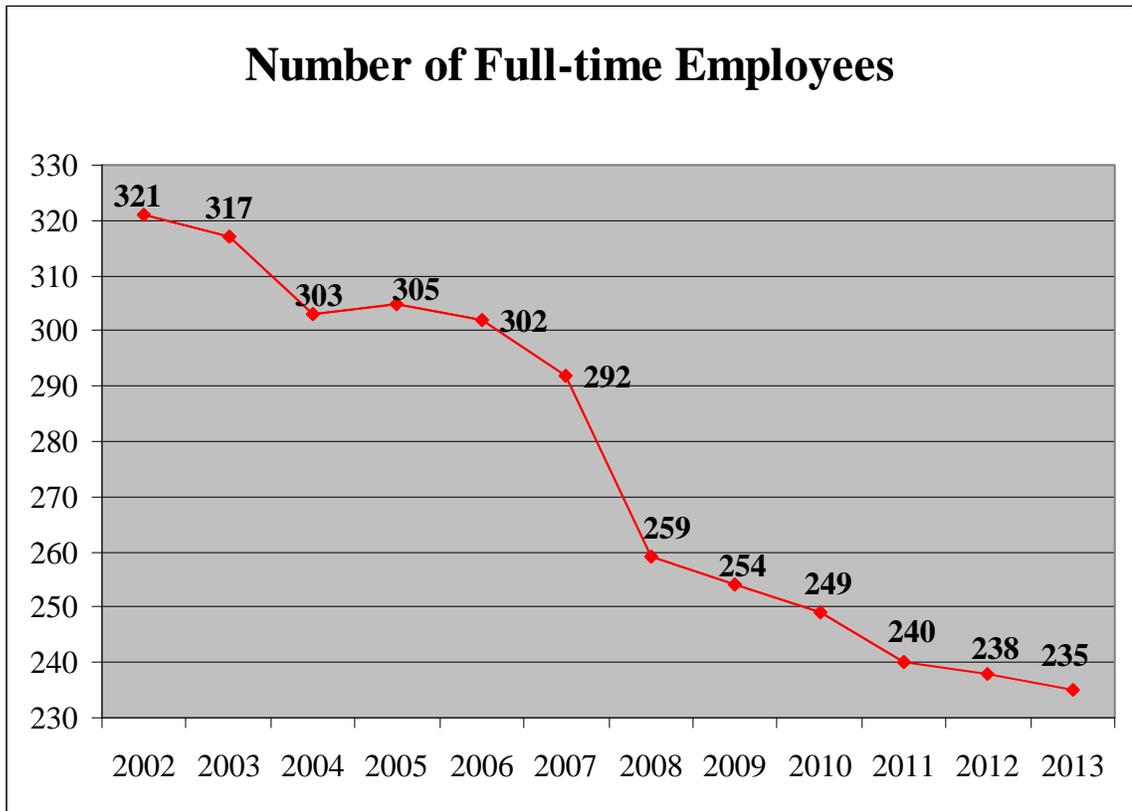
The eliminated positions can be summarized as follows:

<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
Information Technology - 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*

<u>Department - Position</u>	<u>Number</u>	<u>Fiscal Year</u>
Police - Parking Enforcement	1	June 30, 2008*
Fire - Firefighters	6	June 30, 2008*
Communications - Dispatch Supervisor	1	June 30, 2008*
Communications - Dispatchers	10	June 30, 2008*
Fire - Deputy Chief	1	June 30, 2009
Personnel - Health and Safety Supervisor	1	June 30, 2009
Information Technology - 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 – Account Clerk	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	4	June 30, 2011
Parking – Technician	1	June 30, 2012
Police – Lieutenants	2	June 30, 2012
Police – Police Officer	1	June 30, 2012
Fire – Lieutenant	1	June 30, 2012
DPW – Communications Coordinator	1	June 30, 2012
Utilities – Supervisor	1	June 30, 2012
DPW/Utilities – Equipment Operators, Technician	3	June 30, 2012
Finance – Deputy Assessor	1	June 30, 2012
Information Technology – Programmer	1	June 30, 2012
Finance – Clerical – Assessing	1	June 30, 2013
Personnel – Clerical	1	June 30, 2013
Fire – Fire Chief	1	June 30, 2013
Fire – Firefighter	1	June 30, 2013
Police – Reinstated Positions – Police Officers	-2	June 30, 2013
Engineering – Engineer	1	June 30, 2014
DPW – Vehicle/Equipment Mechanic	1	June 30, 2014
Finance – Clerical	1	June 30, 2014
DPW – Water Meter Technician	1	June 30, 2014
Recreation – Activities Coordinator	<u>-1</u>	June 30, 2014
Total	<u>93</u>	

* Service reduction budget adjustments - September, 2007

Since 2002, the number of full time City employees has been reduced over 25% as illustrated in the graph below showing filled positions at each year end:



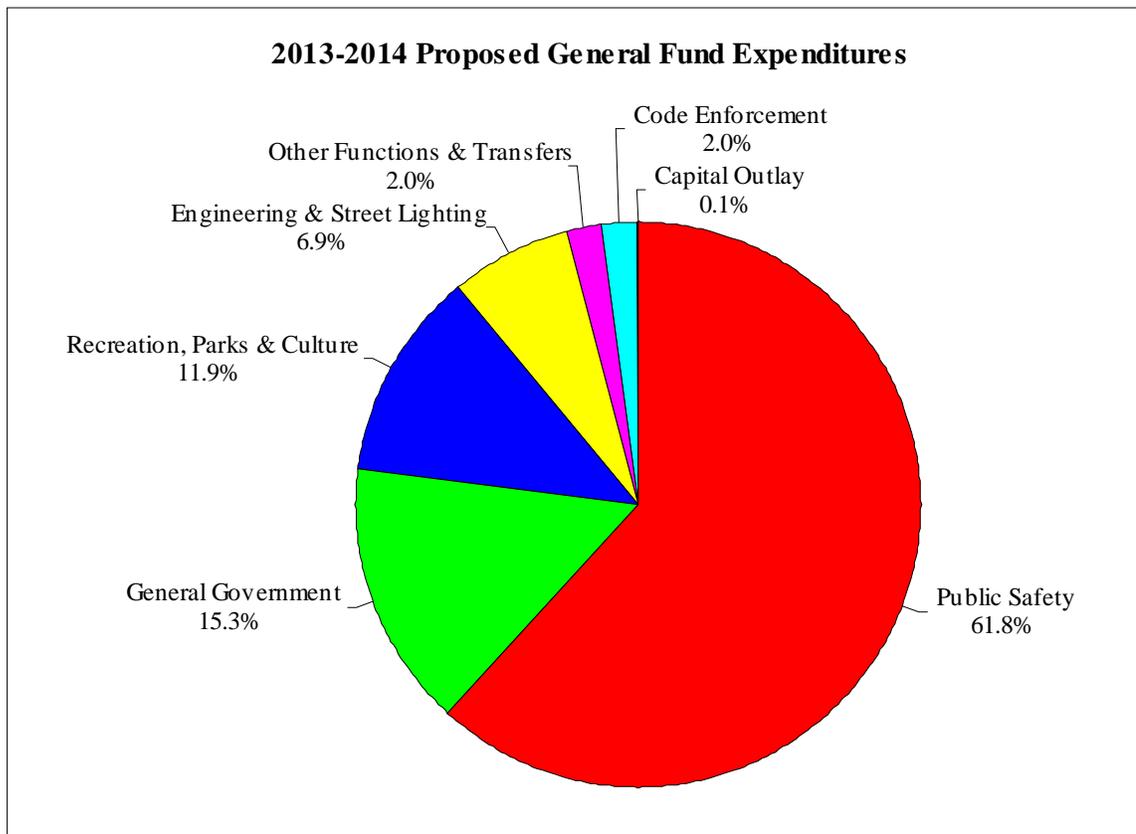
L. General Fund Expenditures

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, 2014 are approximately \$195,000 higher than comparable budgeted operating expenses for the proposed budget for 2012-13, an increase of less than one percent.**

Capital outlay is proposed to decrease by \$19,200 to \$167,650 compared to the 2012-13 adopted budget. The capital outlay budget of \$167,650 has been proposed in order to provide for necessary improvements and maintenance to governmental facilities and equipment used to provide services. Projected capital outlay includes the following:

Public Safety - Equipment	\$ 11,650
Parks and Recreation - County Millage	130,000
Parks and Recreation - Boat Launch Improvements	20,000
Other Public Improvements	<u>6,000</u>
	<u>\$ 167,650</u>

The illustration below depicts the major categories of General Fund expenditures for 2013-14 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 3.9% of General Fund expenditures.

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

Personal services	\$ 15,269,767
Supplies and materials	615,234
Contractual services	<u>4,202,788</u>
Total Operating Expenses	20,087,789
Transfers	3,300
Capital outlay:	
Departmental	37,650
Recreational projects – County millage	<u>130,000</u>
Total	<u>\$ 20,258,739</u>

M. 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 had employee pension contributions increased by a cumulative 7% effective July 1, 2012 with another 1% added July 1, 2013.
- 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 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	\$ 2,275,000
Retired Employee Health Costs	<u>3,600,000</u>
Total	<u>\$ 5,875,000</u>

The City has recently engaged an advisor for health care matters. The advisor has extensive experience helping governmental units manage their benefits program and keeping costs as low as possible.

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. Under the current accounting standards, the City is required to record a liability for the actuarially computed annual obligation. This procedure is 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) from funds accumulated for that purpose. By setting funds aside, the future cost of retiree healthcare will be reduced.

N. 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 proposed McMorran subsidy continues at a reduced level of \$250,000 for the third consecutive year. The subsidy consists of \$175,000 for operations and \$75,000 for

capital (funded by the county recreation millage). This represents a reduction from previous years, which averaged in excess of \$335,000.

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 has made major improvements to the facilities. This budget proposes that the Museum will pay all operating expenses of the Huron Lightship, which will continue to make the Museum more self-sufficient and less dependent on City taxpayers.

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, however, the previous developer could not attain financing for construction of a hotel. The City repurchased the property during December of 2012. The property was subsequently sold to a new developer in the spring of 2013, and a hotel is expected to be built and in operation by the fall of 2013.

The budget for parks and recreation programs and services is \$2,406,774. 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 these costs. During the past years these fees have been increased to cover direct program costs.

O. 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, 2013, as follows:

	<u>Proposed Budget 2013-2014</u>	<u>Budget for 2012-2013</u>	<u>Increase or (Decrease)</u>
Means of Financing:			
Estimated designated fund balance at July 1	\$ 230,000	\$ 192,308	\$ 37,692
Property taxes	6,510,000	6,835,000	(325,000)
Income tax	5,800,000	5,775,000	25,000
Business licenses and permits	345,000	340,000	5,000
Nonbusiness license permits	270,000	265,000	5,000
Grants	234,000	264,000	(30,000)

	Proposed Budget <u>2013-2014</u>	Budget for <u>2012-2013</u>	Increase or <u>(Decrease)</u>
State shared revenue	3,225,000	3,100,000	125,000
Charges for services	860,000	800,000	60,000
Fines and forfeits	125,000	125,000	
Investment income	140,000	175,000	(35,000)
Rents	370,000	355,000	15,000
Sale of assets	210,000	3,000	207,000
Charges to other funds	<u>1,939,739</u>	<u>1,852,912</u>	<u>86,827</u>
Total	<u>\$ 20,258,739</u>	<u>\$ 20,082,220</u>	<u>\$ 176,519</u>
Estimated Requirements:			
General government	\$ 3,103,950	\$ 3,241,932	\$ (137,982)
Public safety	12,516,316	12,281,118	235,198
Public works	1,799,934	1,781,726	18,208
Senior citizens	2,000	3,000	(1,000)
Recreation, parks and culture	2,406,774	2,306,754	100,020
Other functions	396,465	419,390	(22,925)
Capital outlay	30,000	45,000	(15,000)
Transfers to other funds	<u>3,300</u>	<u>3,300</u>	
Total	<u>\$ 20,258,739</u>	<u>\$ 20,082,220</u>	<u>\$ 176,519</u>

The proposed budget for personal services includes salaries and fringe benefits due under the current labor contracts. The decrease in general government is primarily due to the restructuring of the Finance Department. The increase in public safety is primarily due to longevity and step increases provided for by the various collective bargaining agreements. The increase in recreation, parks and culture stems from increased activities and events taking place in the City and a new position created to help coordinate them. Capital outlay is primarily proposed to be funded only by the County recreation millage.

P. 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.

Q. 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 94% of the areas will have been separated.

This has resulted in the following benefits:

- The elimination of approximately 299 million gallons of pollution to our waterways annually;
- The construction of 90 miles of new sewers;
- The replacement of 59 miles of water lines, some of which were over 80 years old;
- The reconstruction of 77 miles of streets.

To date, over fifteen years, approximately \$170.2 million has been expended or is under contract and the project remains within budget and on schedule.

R. 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 which are similar to those contained in the bond ordinances and agreements.

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.

Recorded in the various funds of the City are general obligation bonds and purchase contracts amounting to \$116,317,504 at June 30, 2012 for which the City’s full faith and credit is pledged. It is anticipated that the principal and interest on this debt will continue to be serviced by the funds incurring the debt, predominately the Water and Wastewater Funds.

The requirements to pay principal and interest on the obligations outstanding at June 30, 2012 are listed below. The annual payments for the first five years are listed individually and thereafter are listed in five-year groupings. They are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 7,499,084	\$ 3,784,057	\$ 11,283,141
2014	7,789,297	3,571,860	11,361,157
2015	8,110,284	3,342,553	11,452,837
2016	8,398,041	3,095,396	11,493,437
2017	8,540,066	2,839,454	11,379,520
2018-2022	43,630,147	10,174,403	53,804,550
2023-2027	19,869,833	4,665,992	24,535,825
2028-2032	5,325,280	2,561,094	7,886,374
2033-2037	4,330,560	1,373,329	5,703,889
2038-2041	<u>2,824,912</u>	<u>310,835</u>	<u>3,135,747</u>
	<u>\$ 116,317,504</u>	<u>\$ 35,718,973</u>	<u>\$ 152,036,477</u>

In addition, new borrowings exceeding \$1.6 million have already been undertaken in the 2012-13 fiscal year that are not reflected above and the proposed 2013-14 budget contains new borrowings exceeding \$12 million. Continuous review of this significant debt obligation will be necessary to properly manage the City's commitments.

S. 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 18.3% of CSO project costs and are summarized below:

Tax Increment Districts	\$ 9.8 million
EPA Grants	7.4 million
ARRA (Stimulus) Grants	5.0 million
Other Grants	1.5 million
CDBG Funds	<u>7.4 million</u>
Total	<u>\$31.1 million</u>

T. 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, 2014 proposed budget have exceeded \$47.8 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 the past fifteen years over \$15 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	1,150,000
June 30, 2011	500,000
June 30, 2012	<u>0</u>
Total	<u>\$ 15,439,447</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	300,000	1,950,000	2,250,000
June 30, 2011	1,550,000	700,000	2,250,000
June 30, 2012	1,025,000	1,225,000	2,250,000
June 30, 2013 (budgeted)	575,000	1,675,000	2,250,000
June 30, 2014 (proposed)	<u> </u>	<u>2,250,000</u>	<u>2,250,000</u>
Total	<u>\$ 5,550,000</u>	<u>\$ 21,195,000</u>	<u>\$ 26,745,000</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 Fund that had previously been set aside for that project that could be used to subsidize the Wastewater Fund. Those funds have been and will be used as follows:

	<u>Transfer to Wastewater Fund</u>
June 30, 2008	\$ 1,000,000
June 30, 2009	1,000,000
June 30, 2010	1,000,000
June 30, 2011	1,000,000
June 30, 2012	1,000,000
June 30, 2013 (budgeted)	<u>685,000</u>
Total	<u>\$ 5,685,000</u>

U. 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.

In order to avoid an extremely large rate increase in the next three to four years, this budget proposes an average increase of 6.4%.

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	\$ 110.90	\$104.02	\$ 6.88	6.6%
	1,000	135.30	127.04	8.26	6.5%
	1,500	159.70	150.06	9.64	6.4%
Average Residential	1,660	167.51	157.43	10.08	6.4%
	2,000	184.10	173.08	11.02	6.4%
	2,500	208.50	196.10	12.40	6.3%
	3,000	232.90	219.12	13.78	6.3%
	3,115	238.51	224.41	14.10	6.3%
	3,500	257.30	242.14	15.16	6.3%
	4,000	281.70	265.16	16.54	6.2%
	4,500	306.10	288.18	17.92	6.2%

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 (1,660 cubic feet of usage) regarding three cities whose projects compare to Port Huron:

<u>Average Residential</u>	
Sault Ste. Marie (July 1, 2012)	\$216.56
Lansing (March 1, 2013 and October 1, 2012)	194.75
Port Huron (proposed)	167.51
Grand Rapids (January 1, 2013)	153.04

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.

V. 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 2013-2014 year are as follows:

	<u>Street Funds</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Current Projects:				
Nern St. (CSO)	\$ 700,000	\$ 4,430,000	\$ 4,890,000	\$10,020,000
Riverside Dr.-Sanborn to Pine Grove	400,000	360,000	50,000	810,000
16 th St.-Gordon to Wells	270,000			270,000
Stone St.-Lincoln to Washington	530,000	200,000	150,000	880,000
Sanborn St.-10 th to Stone	410,000	160,000	170,000	740,000
Riverside Dr.-Brandywine to Garfield	340,000	190,000	40,000	570,000
Harker St.-Edison Inn Project (TIF)	1,190,000	230,000	140,000	1,560,000
Wayfinding Signs	100,000			100,000
Total	<u>3,940,000</u>	<u>5,570,000</u>	<u>5,440,000</u>	<u>14,950,000</u>
Carryover Projects:				
21 st St Area Ph 2 (to finalize) (CSO)	50,000	115,000	215,000	380,000
21 st St Area Ph 1 (to finalize) (CSO)	40,000	165,000	245,000	450,000
Total	<u>90,000</u>	<u>280,000</u>	<u>460,000</u>	<u>830,000</u>
Total Current and Carryover	4,030,000	5,850,000	5,900,000	15,780,000
Sidewalk Projects	<u>80,000</u>			<u>80,000</u>
Total	<u>\$4,110,000</u>	<u>\$5,850,000</u>	<u>\$5,900,000</u>	<u>\$15,860,000</u>

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

	<u>Street Funds</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Borrowing - Bonds:				
State Revolving Fund-System	\$	\$ 4,550,000	\$ 4,170,000	\$ 8,720,000
Open Market		<u>1,070,000</u>	<u>1,730,000</u>	<u>2,800,000</u>
Total Borrowing		<u>5,620,000</u>	<u>5,900,000</u>	<u>11,520,000</u>
Other Sources:				
Grant-MDOT-16 th St.	160,000			160,000
Grant-MDOT-Sanborn St.	300,000			300,000
Grant-MDOT-Riverside Dr.	530,000			530,000
Grant-MDOT-Harker St.	900,000			900,000
TIF Funded-Brownfield-Harker St.	290,000	230,000		520,000
Sidewalk Projects	80,000			80,000
Current Street Millage				
Revenues and Reserves	<u>1,850,000</u>			<u>1,850,000</u>
Total Other Sources	<u>4,110,000</u>	<u>230,000</u>		<u>4,340,000</u>
Total	<u>\$4,110,000</u>	<u>\$5,850,000</u>	<u>\$5,900,000</u>	<u>\$15,860,000</u>

W. Special Revenue Funds

The proposed 2013-14 budget continues the operation of the Cemetery Fund without a subsidy from the General Fund. This signifies the sixth consecutive year without the need

of such a subsidy. Costs continue to be controlled primarily by the elimination of three positions during that time.

The Garbage and Rubbish Collection Fund reflects the expected annual charges in accordance with the Marcotte Disposal contract which becomes effective July 1, 2013. This program is supported by a millage statutorily designated for that purpose. There was further discussion regarding the decline in available revenue and the program adjustments on page 21. The 2013-14 budget 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.

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.

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 11, 2013. The proposed budget allocates \$100,000 of the \$650,000 CDBG grant to infrastructure construction. This allocation will reduce the construction costs that need to be borrowed and will reduce future debt repayments. Existing staff, with assistance from part-time clerical employees, are able to manage the increased CDBG, HOME and Neighborhood Stabilization grant programs.

X. Internal Service Funds

The City operates five internal service funds, consisting of the Central Stores, Data Processing, Motor Vehicle, Energy Performance Services and Fringe Benefit Funds. These funds provide services to other activities of the City. 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 \$700,000 over the past six years. As a result, vehicle lease charges continue to provide reduced costs for all City activities. Similar cost reductions have been implemented in the Data Processing Fund and those charges to other activities continue at a reduced level.

Y. 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 (captured taxes proposed to be committed to St. Clair County)
- The Harrington Hotel Tax Increment Fund (taxes no longer captured)
- The Bank Tax Increment Fund
- The Edison Redevelopment Tax Increment Fund
- The Water Street Tax Increment Fund
- The MainStreet Tax Increment Fund
- The Industrial Park Expansion Tax Increment Fund
- The Southside Redevelopment Brownfield Redevelopment Tax Increment Fund
- The Sperry's Redevelopment Brownfield Redevelopment Tax Increment Fund
- The Harker Street Redevelopment Brownfield Redevelopment Tax Increment Fund

For the Southside Redevelopment 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 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 230,000	\$ 192,308
Property taxes	6,510,000	6,835,000
Income tax	5,800,000	5,775,000
Business licenses and permits	345,000	340,000
Nonbusiness licenses and permits	270,000	265,000
Grants	234,000	264,000
State shared revenues	3,225,000	3,100,000
Charges for services	860,000	800,000
Fines and forfeits	125,000	125,000
Investment income	140,000	175,000
Rents	370,000	355,000
Sale of assets	210,000	3,000
Charges to other funds	1,939,739	1,852,912
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	\$ 20,258,739	\$ 20,082,220
	<u> </u>	<u> </u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 15,269,767	\$ 14,939,998
Supplies and materials	615,234	631,221
Contractual services	4,202,788	4,320,851
	<u>20,087,789</u>	<u>19,892,070</u>
Transfers	3,300	3,300
Capital outlay:		
Departmental	37,650	66,850
Recreational projects - County millage	130,000	120,000
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	\$ 20,258,739	\$ 20,082,220
	<u> </u>	<u> </u>

STREET FUNDS MAJOR STREETS

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 52,385	\$ 3,334
State shared revenues:		
Major streets	1,620,000	1,610,000
Trunkline maintenance	223,452	282,833
Right of way	75,000	72,000
Federal and State grants	990,000	2,460,000
Transfer from Municipal streets to Major streets	1,150,000	2,225,000
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	\$ 4,110,837	\$ 6,653,167
	<u> </u>	<u> </u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 906,245	\$ 935,809
Supplies and materials	234,321	231,987
Contractual services:		
Engineering and other professional services	480,271	575,371
Transfer from Major streets to Local streets	440,000	430,000
	<u> </u>	<u> </u>
	2,060,837	2,173,167
Capital outlay:		
Street resurfacing and/or reconstruction from:		
Street millage	460,000	575,000
Other sources	1,590,000	3,905,000
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	\$ 4,110,837	\$ 6,653,167
	<u> </u>	<u> </u>

STREET FUNDS LOCAL STREETS

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 42,145	\$ 19,367
State shared revenues:		
Local streets	490,000	490,000
Right of way	22,000	22,000
State grants	900,000	
Transfers:		
Transfer from Major streets to Local streets	440,000	430,000
Transfer from Municipal streets to Local streets	850,000	700,000
TOTAL MEANS OF FINANCING	\$ 2,744,145	\$ 1,661,367
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 599,233	\$ 596,032
Supplies and materials	112,662	136,003
Contractual services	342,250	339,332
	<u>1,054,145</u>	<u>1,071,367</u>
Capital outlay:		
Street resurfacing and/or reconstruction from:		
Street millage	655,000	590,000
Other sources	1,035,000	
TOTAL ESTIMATED REQUIREMENTS	\$ 2,744,145	\$ 1,661,367

STREET FUNDS MUNICIPAL STREETS

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<hr/>	<hr/>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 959,465	\$ 2,481,821
Taxes:		
Real property taxes	927,500	977,500
Personal property taxes	187,500	187,500
BWATC	430,000	450,000
Investment income	5,000	10,000
	<hr/>	<hr/>
TOTAL MEANS OF FINANCING	\$ 2,509,465	\$ 4,106,821
	<hr/> <hr/>	<hr/> <hr/>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 38,722	\$ 37,679
Supplies and materials	5,066	6,128
Contractual services:		
Engineering and other professional services	35,677	3,014
BWATC property taxes	430,000	450,000
Transfers:		
From Municipal streets to Major streets	1,150,000	2,225,000
From Municipal streets to Local streets	850,000	700,000
From Municipal streets to Wastewater fund		685,000
	<hr/>	<hr/>
TOTAL ESTIMATED REQUIREMENTS	\$ 2,509,465	\$ 4,106,821
	<hr/> <hr/>	<hr/> <hr/>

STREET FUNDS
COMBINED MAJOR, LOCAL AND MUNICIPAL STREETS

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 1,053,995	\$ 2,504,522
Taxes:		
Real property taxes	927,500	977,500
Personal property taxes	187,500	187,500
BWATC	430,000	450,000
State shared revenues:		
Major streets	1,620,000	1,610,000
Local streets	490,000	490,000
Trunkline maintenance	223,452	282,833
Right of way	97,000	94,000
Federal and State grants	1,890,000	2,460,000
Investment income	5,000	10,000
Transfers:		
From Major streets to Local streets	440,000	430,000
From Municipal streets to Major streets	1,150,000	2,225,000
From Municipal streets to Local streets	850,000	700,000
TOTAL MEANS OF FINANCING	<u><u>\$ 9,364,447</u></u>	<u><u>\$ 12,421,355</u></u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 1,544,200	\$ 1,569,520
Supplies and materials	352,049	374,118
Contractual services:		
Engineering and other professional services	858,198	917,717
BWATC property taxes	430,000	450,000
Transfers:		
From Major streets to Local streets	440,000	430,000
From Municipal streets to Major streets	1,150,000	2,225,000
From Municipal streets to Local streets	850,000	700,000
From Municipal streets to Wastewater fund		685,000
	<u>5,624,447</u>	<u>7,351,355</u>
Capital outley:		
Street resurfacing and/or reconstruction from:		
Street millage	1,115,000	1,165,000
Other sources	2,625,000	3,905,000
TOTAL ESTIMATED REQUIREMENTS	<u><u>\$ 9,364,447</u></u>	<u><u>\$ 12,421,355</u></u>

CEMETERY FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 31,788	\$ 1,501
Foundations	17,000	12,000
Graveside interments	50,000	50,000
Chapel interments	45,000	55,000
Other services	38,000	10,000
Transfer from Cemetery perpetual care fund	240,000	245,000
TOTAL MEANS OF FINANCING	\$ 421,788	\$ 373,501
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 249,007	\$ 233,053
Supplies and materials	27,480	27,080
Contractual services	116,301	101,868
	392,788	362,001
Capital outlay	29,000	11,500
TOTAL ESTIMATED REQUIREMENTS	\$ 421,788	\$ 373,501

GARBAGE AND RUBBISH COLLECTION FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 125,310	\$ 330,857
Taxes:		
Real property taxes	1,310,000	1,380,000
Personal property taxes	265,000	265,000
Penalties and interest on taxes	5,000	10,000
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	\$ 1,705,310	\$ 1,985,857
	<u> </u>	<u> </u>
ESTIMATED REQUIREMENTS:		
Rubbish Collection Program:		
Ordinary recurring expenses:		
Personal services	\$ 8,899	\$ 13,310
Supplies and materials	3,748	8,100
Contractual services	1,585,858	1,816,082
	<u> </u>	<u> </u>
	1,598,505	1,837,492
	<u> </u>	<u> </u>
Public Area Collection Program:		
Ordinary recurring expenses:		
Personal services	67,200	91,617
Contractual services	39,605	56,748
	<u> </u>	<u> </u>
	106,805	148,365
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	\$ 1,705,310	\$ 1,985,857
	<u> </u>	<u> </u>

RENTAL CERTIFICATION FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 23,729	\$
Charges for services	<u>227,011</u>	<u>217,495</u>
TOTAL MEANS OF FINANCING	<u>\$ 250,740</u>	<u>\$ 217,495</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 213,298	\$ 192,209
Supplies and materials	5,100	5,100
Contractual services	<u>22,342</u>	<u>20,186</u>
	<u>240,740</u>	<u>217,495</u>
Capital outlay	<u>10,000</u>	<u></u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 250,740</u>	<u>\$ 217,495</u>

O.U.I.L. FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Fines and forfeits	\$ 17,000	\$ 17,000
TOTAL MEANS OF FINANCING	\$ 17,000	\$ 17,000
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Supplies and materials	\$ 5,500	\$ 5,500
Contractual services	1,500	1,500
	<u>7,000</u>	<u>7,000</u>
Capital outlay	<u>10,000</u>	<u>10,000</u>
TOTAL ESTIMATED REQUIREMENTS	\$ 17,000	\$ 17,000

DRUG LAW ENFORCEMENT FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Fines and forfeits	\$ 50,000	\$ 50,000
TOTAL MEANS OF FINANCING	\$ 50,000	\$ 50,000
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Supplies and materials	\$ 5,000	\$ 5,000
Contractual services	5,000	5,000
	<u>10,000</u>	<u>10,000</u>
Capital outlay	<u>40,000</u>	<u>40,000</u>
TOTAL ESTIMATED REQUIREMENTS	\$ 50,000	\$ 50,000

LAW ENFORCEMENT FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Charges for services	\$ 5,000	\$ 5,000
TOTAL MEANS OF FINANCING	<u>\$ 5,000</u>	<u>\$ 5,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Supplies and materials	\$ 5,000	\$ 5,000
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 5,000</u>	<u>\$ 5,000</u>

ENHANCED 911 FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 25,000	\$ 110,000
TOTAL MEANS OF FINANCING	<u>\$ 25,000</u>	<u>\$ 110,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services	\$	\$ 85,000
Capital outlay	<u>25,000</u>	<u>25,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 25,000</u>	<u>\$ 110,000</u>

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Federal grant		
Current allocation	\$ 650,000	\$ 655,930
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	\$ 650,000	\$ 655,930
	<u> </u>	<u> </u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Code enforcement/neighborhood preservation:		
Personal services	\$ 109,704	\$ 104,880
Supplies and materials	1,200	1,800
Contractual services	19,096	24,506
	<u> </u>	<u> </u>
	130,000	131,186
Capital outlay - programs:		
Infrastructure construction including street resurfacing/paving	100,000	100,000
Economic redevelopment	75,000	100,000
Emergency home repairs	50,000	25,000
Sidewalk replacement		30,000
Rehabilitation	230,000	100,000
Code enforcement	35,000	20,000
Garage rehabilitation/demolition		50,000
Rental rehabilitation		50,000
Project brush-up	25,000	49,744
Neighborhood clean-up	5,000	
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	\$ 650,000	\$ 655,930
	<u> </u>	<u> </u>

NEIGHBORHOOD REHABILITATION FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Federal grant carryover	\$ 500,000	\$ 1,095,475
TOTAL MEANS OF FINANCING	\$ 500,000	\$ 1,095,475
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 22,194	\$ 53,582
Supplies and materials	7,806	500
Contractual services	10,000	24,973
	<u>40,000</u>	<u>79,055</u>
Capital outlay:		
Housing improvements	460,000	1,016,420
TOTAL ESTIMATED REQUIREMENTS	\$ 500,000	\$ 1,095,475

HOME PROGRAM FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Federal grant		
Current allocation	\$ 160,000	\$ 184,052
Federal grant carryover	4,000	
TOTAL MEANS OF FINANCING	\$ 164,000	\$ 184,052
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Code enforcement/neighborhood preservation:		
Personal services	\$ 19,680	\$ 17,174
Supplies and materials		498
Contractual services	320	733
	<u>20,000</u>	<u>18,405</u>
Capital outlay:		
CHDO project	24,000	27,608
CHDO administration	8,000	9,203
Urban pioneer	112,000	128,836
TOTAL ESTIMATED REQUIREMENTS	\$ 164,000	\$ 184,052

STREETSCAPE MAINTENANCE FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 22,500	\$ 22,500
Charges for services	25,175	25,175
Transfer from TIF districts	<u>22,325</u>	<u>22,325</u>
TOTAL MEANS OF FINANCING	<u>\$ 70,000</u>	<u>\$ 70,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 1,640	\$ 1,640
Supplies and materials	350	350
Contractual services	<u>44,010</u>	<u>44,010</u>
	<u>46,000</u>	<u>46,000</u>
Capital outlay	<u>24,000</u>	<u>24,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 70,000</u>	<u>\$ 70,000</u>

BEAUTIFICATION COMMISSION FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 1,500	\$ 1,500
Miscellaneous	2,500	2,500
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	\$ 6,500
Contractual services	<u>800</u>	<u>800</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 7,300</u>	<u>\$ 7,300</u>

MARINA FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 198,485	\$ 125,687
Charges for services - share of operating income	40,000	30,000
Grant from State of Michigan	70,000	65,000
Transfer from Land Purchase fund	90,000	135,000
TOTAL MEANS OF FINANCING	\$ 398,485	\$ 355,687
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 7,400	\$ 7,564
Supplies and materials	3,135	3,335
Contractual services	262,950	219,788
	<u>273,485</u>	<u>230,687</u>
Capital outlay	<u>125,000</u>	<u>125,000</u>
TOTAL ESTIMATED REQUIREMENTS	\$ 398,485	\$ 355,687

LAND PURCHASE FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 2,066,000	\$ 1,226,000
Investment income	65,000	75,000
Rents	230,000	230,000
Federal grant - recreation path	250,000	
Other income	10,000	10,000
Transfer from tax increment funds:		
Bank	40,000	
Edison redevelopment	232,000	367,000
Water street	343,000	380,000
Industrial park expansion	249,000	342,000
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	\$ 3,485,000	\$ 2,630,000
	<u> </u>	<u> </u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Engineering and other professional services	\$ 25,000	\$ 25,000
Transfer to:		
Water fund		575,000
Wastewater fund	2,250,000	1,675,000
Parking fund	90,000	45,000
Marina fund - River Street	90,000	135,000
Mainstreet DDA increment fund		150,000
Harker Street brownfield redevelopment	520,000	
	<u> </u>	<u> </u>
	2,975,000	2,605,000
Capital outlay:		
Building maintenance and other costs	25,000	25,000
Recreation path - Military Street to 10th Street	485,000	
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	\$ 3,485,000	\$ 2,630,000
	<u> </u>	<u> </u>

PARKING FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 4,425	\$ 6,175
Street meters	26,000	33,000
Parking lots	2,000	2,000
Annual permits		25,000
Transfer from Land purchase fund	90,000	45,000
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	\$ 122,425	\$ 111,175
	<u> </u>	<u> </u>
ESTIMATED REQUIREMENTS:		
Parking System - Non Revenue Producing:		
Ordinary recurring expenses:		
Personal services	\$ 19,080	\$ 19,080
Supplies and materials	1,850	1,850
Contractual services	72,228	61,611
	<u>93,158</u>	<u>82,541</u>
Parking System - Revenue Producing:		
Ordinary recurring expenses:		
Personal services	9,534	9,362
Supplies and Materials	5,490	5,490
Contractual services	14,243	13,782
	<u>29,267</u>	<u>28,634</u>
TOTAL ESTIMATED REQUIREMENTS	\$ 122,425	\$ 111,175
	<u> </u>	<u> </u>

WATER FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 400,000	\$ 111,096
Sale of water	6,856,483	6,437,587
Penalty charges	50,000	50,000
Hydrant charges	57,520	56,840
Charges for services	30,000	30,000
Investment income	5,000	5,000
Tax increment funds - construction projects	230,000	180,000
Proceeds from issuance of long-term revenue bonds:		
State Drinking Water Revolving fund bonds	4,550,000	130,000
Other revenue bonds	1,070,000	3,080,000
Pro rata share of water administration and meter reading budget reimbursed from Wastewater fund	569,896	623,828
Transfer from enterprise funds:		
Land purchase fund		575,000
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	<u>\$ 13,818,899</u>	<u>\$ 11,279,351</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 1,897,286	\$ 1,951,209
Supplies and materials	356,412	386,455
Contractual services	1,636,810	1,594,187
	<u>3,890,508</u>	<u>3,931,851</u>
Debt service requirements for payment of principal and interest on Revenue and State Drinking Water Revolving Fund bonds	3,901,500	3,928,500
Capital outlay:		
Departmental	176,891	29,000
Construction projects	5,850,000	3,390,000
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 13,818,899</u>	<u>\$ 11,279,351</u>

WASTEWATER FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 1,400,000	\$ 1,933,470
Sewage charges	8,892,382	8,060,059
Penalty charges	130,000	125,000
Other income	30,000	30,000
Investment income	25,000	50,000
Tax increment funds - construction projects		110,000
Proceeds for operating and capital costs:		
Fort Gratiot Township	720,000	680,000
Port Huron Township	800,000	720,000
Kimball Township	290,000	270,000
Proceeds from issuance of long-term revenue bonds:		
State Revolving fund bonds	4,170,000	2,190,000
Other limited obligation bonds - Collection system	1,730,000	640,000
Other limited obligation bonds - Plant	970,000	1,150,000
Transfer from governmental funds - Municipal Streets fund		685,000
Transfer from enterprise funds:		
Land purchase fund	2,250,000	1,675,000
TOTAL MEANS OF FINANCING	\$ 21,407,382	\$ 18,318,529
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 2,755,186	\$ 2,797,380
Supplies and materials	654,782	573,149
Contractual services	3,849,414	3,573,800
	<u>7,259,382</u>	<u>6,944,329</u>
Debt service requirements for payment of principal and interest on Revenue and State Revolving Fund bonds	7,198,000	7,223,000
Capital outlay:		
Departmental	80,000	61,200
Construction projects - Plant	970,000	1,150,000
Construction projects - Collection system	5,900,000	2,940,000
TOTAL ESTIMATED REQUIREMENTS	\$ 21,407,382	\$ 18,318,529

CENTRAL STORES FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Charges for services	\$ 133,129	\$ 128,052
TOTAL MEANS OF FINANCING	\$ 133,129	\$ 128,052
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 14,760	\$ 25,827
Supplies and materials	35,400	33,375
Contractual services	63,969	63,650
	<u>114,129</u>	<u>122,852</u>
Capital outlay	<u>19,000</u>	<u>5,200</u>
TOTAL ESTIMATED REQUIREMENTS	\$ 133,129	\$ 128,052

DATA PROCESSING FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 180,366	\$ 196,780
Charges for services	<u>542,616</u>	<u>486,024</u>
TOTAL MEANS OF FINANCING	<u>\$ 722,982</u>	<u>\$ 682,804</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 391,526	\$ 394,826
Supplies and materials	70,800	70,800
Contractual services	<u>191,736</u>	<u>172,178</u>
	654,062	637,804
Capital outlay	<u>68,920</u>	<u>45,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 722,982</u>	<u>\$ 682,804</u>

MOTOR VEHICLE FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 232,595	\$ 348,235
Charges for services	<u>1,920,000</u>	<u>1,935,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 2,152,595</u>	<u>\$ 2,283,235</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 536,040	\$ 610,572
Supplies and materials	465,970	465,450
Contractual services	<u>610,070</u>	<u>610,213</u>
	1,612,080	1,686,235
Capital outlay	<u>540,515</u>	<u>597,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 2,152,595</u>	<u>\$ 2,283,235</u>

ENERGY PERFORMANCE SERVICES FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Charges for services	\$ 300,000	\$ 300,000
TOTAL MEANS OF FINANCING	<u>\$ 300,000</u>	<u>\$ 300,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services	\$ 10,000	\$ 10,000
Debt service requirements for principal and interest on energy performance debt	<u>290,000</u>	<u>290,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 300,000</u>	<u>\$ 300,000</u>

INSURANCE AND FRINGE BENEFIT FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 950,000	\$ 835,000
Charges for services	10,328,000	9,738,000
TOTAL MEANS OF FINANCING	\$ 11,278,000	\$ 10,573,000
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services:		
Healthcare premiums - employees	\$ 2,275,000	\$ 2,275,000
Healthcare premiums - retirees	3,600,000	2,935,000
Pension contributions	2,950,000	2,855,000
Payroll taxes	725,000	745,000
Workers compensation insurance	120,000	150,000
Dental insurance	245,000	245,000
Unemployment insurance	90,000	90,000
Disability benefits	50,000	50,000
Vacation and sick pay	250,000	250,000
Other	254,500	259,500
	<u>10,559,500</u>	<u>9,854,500</u>
Supplies and materials	500	500
Contractual services	718,000	718,000
TOTAL ESTIMATED REQUIREMENTS	\$ 11,278,000	\$ 10,573,000

Appendix – Tax Increment Authority Fund Budgets

INDUSTRIAL PARK TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 100,000	\$ 350,000
Taxes:		
Real property taxes	441,000	525,000
Personal property taxes	<u>564,000</u>	<u>597,000</u>
TOTAL MEANS OF FINANCING	<u><u>\$ 1,105,000</u></u>	<u><u>\$ 1,472,000</u></u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Property taxes not captured due to repayment of advances	\$ 1,005,000	\$ 1,122,000
Contractual services:		
Professional and other services:		
Industrial development	<u>50,000</u>	<u>50,000</u>
	1,055,000	1,172,000
Capital outlay:		
Infrastructure improvements	<u>50,000</u>	<u>300,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u><u>\$ 1,105,000</u></u>	<u><u>\$ 1,472,000</u></u>

PAPER COMPANY TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 100,000	\$ 100,000
Taxes:		
Real property taxes	283,000	277,000
Personal property taxes	<u>(13,000)</u>	<u>(2,000)</u>
TOTAL MEANS OF FINANCING	<u>\$ 370,000</u>	<u>\$ 375,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Property taxes not captured due to repayment of advances	\$ 270,000	\$ 275,000
Contractual services	<u>100,000</u>	<u>100,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 370,000</u>	<u>\$ 375,000</u>

KRAFFT-HOLLAND TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 25,000	\$ 25,000
Taxes:		
Real property taxes	427,000	471,000
Personal property taxes	<u>20,000</u>	<u>22,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 472,000</u>	<u>\$ 518,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Property taxes not captured due to repayment of advances	\$ 447,000	\$ 493,000
Capital outlay:		
Infrastructure improvements	<u>25,000</u>	<u>25,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 472,000</u>	<u>\$ 518,000</u>

PEERLESS SITE TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 46,000	\$ 69,000
Personal property taxes	(1,000)	4,000
TOTAL MEANS OF FINANCING	\$ 45,000	\$ 73,000
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Commercial development services	\$ 45,000	\$ 73,000
Payment to St. Clair County - development agreement	45,000	73,000
TOTAL ESTIMATED REQUIREMENTS	\$ 45,000	\$ 73,000

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

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 100,000	\$ 175,000
Downtown Development Authority activities:		
Taxes:		
Real property taxes	60,000	61,500
Personal property taxes	9,000	9,000
Penalties and interest on taxes	500	500
Total	<u>69,500</u>	<u>71,000</u>
Downtown Port Huron activities:		
Dues		10,000
Promotions and fees - Events		50,000
Support from DDA		10,000
Blue Water Fest		
Total	<u> </u>	<u>70,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 169,500</u>	<u>\$ 316,000</u>
 ESTIMATED REQUIREMENTS:		
Downtown Development Authority activities:		
Downtown development and incentives	\$ 100,000	\$ 125,000
Sperry project repayment		50,000
Advertising	16,250	5,000
Event promotion	26,000	33,000
Physical improvements	22,750	25,000
DDA operations	4,500	8,000
Total	<u>169,500</u>	<u>246,000</u>
Downtown Port Huron activities:		
Administrative and operating expenses		20,000
Blue Water Fest		
Other event expenses		50,000
Total	<u> </u>	<u>70,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 169,500</u>	<u>\$ 316,000</u>

WATER STREET DDA TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 337,000	\$ 380,000
Personal property taxes	<u>21,000</u>	<u>25,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 358,000</u>	<u>\$ 405,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Commercial development services	\$ 10,000	\$ 10,000
Streetscape program	6,550	6,550
Professional and other services	3,450	3,450
Transfer to Land purchase fund	<u>343,000</u>	<u>380,000</u>
	353,000	400,000
Capital outlay:		
Infrastructure improvements	<u>5,000</u>	<u>5,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 358,000</u>	<u>\$ 405,000</u>

BANK DDA TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 40,000	\$
Taxes:		
Real property taxes	5,000	6,000
Personal property taxes	<u>3,000</u>	<u>1,000</u>
TOTAL MEANS OF FINANCING	<u><u>\$ 48,000</u></u>	<u><u>\$ 7,000</u></u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Commercial development services	\$	\$ 5,000
Professional and other services	3,000	
Transfer to Land purchase fund	<u>40,000</u>	<u>2,000</u>
	43,000	7,000
Capital outlay:		
Available for infrastructure improvements or other services	<u>5,000</u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	<u><u>\$ 48,000</u></u>	<u><u>\$ 7,000</u></u>

HARRINGTON HOTEL DDA TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 100,000	\$ 115,000
Taxes:		
Real property taxes		
Personal property taxes		
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	\$ 100,000	\$ 115,000
	<u> </u>	<u> </u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Commercial development services	\$ 10,000	\$ 10,000
Streetscape program	1,675	1,675
Professional and other services	8,325	8,325
	<u>10,000</u>	<u>20,000</u>
Capital outlay:		
Available for infrastructure improvements or other services	<u>90,000</u>	<u>95,000</u>
TOTAL ESTIMATED REQUIREMENTS	\$ 100,000	\$ 115,000
	<u> </u>	<u> </u>

EDISON REDEVELOPMENT DDA TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 254,000	\$ 388,000
Personal property taxes	3,000	9,000
TOTAL MEANS OF FINANCING	<u>\$ 257,000</u>	<u>\$ 397,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Commercial development services	\$ 5,000	\$ 5,000
Professional and other services	10,000	10,000
Transfer to Land purchase fund	232,000	367,000
	<u>242,000</u>	<u>382,000</u>
Capital outlay:		
Parkway and other infrastructure improvements	15,000	15,000
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 257,000</u>	<u>\$ 397,000</u>

MAINSTREET DDA TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 20,000	\$ 75,000
Taxes:		
Real property taxes	70,500	74,500
Personal property taxes	(10,500)	(11,500)
Transfer from Land purchase fund		150,000
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	<u> \$ 80,000</u>	<u> \$ 288,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Commercial development services	\$	\$ 10,000
Streetscape program	14,100	14,100
Professional and other services	5,900	
	<u> 20,000</u>	<u> 24,100</u>
Capital outlay:		
Right of way improvements - Grand River		183,900
Infrastructure and other improvements	10,000	30,000
Available for public improvements and/or other services	50,000	50,000
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	<u> \$ 80,000</u>	<u> \$ 288,000</u>

INDUSTRIAL PARK EXPANSION LOCAL DEVELOPMENT FINANCE TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<hr/>	<hr/>
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 95,000	\$ 94,000
Personal property taxes	254,000	348,000
	<hr/>	<hr/>
TOTAL MEANS OF FINANCING	\$ 349,000	\$ 442,000
	<hr/> <hr/>	<hr/> <hr/>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Professional and other services:		
Industrial development	\$ 25,000	\$ 25,000
Transfer to Land purchase fund	249,000	342,000
	<hr/>	<hr/>
	274,000	367,000
	<hr/>	<hr/>
Capital outlay:		
Infrastructure improvements	75,000	75,000
	<hr/>	<hr/>
TOTAL ESTIMATED REQUIREMENTS	\$ 349,000	\$ 442,000
	<hr/> <hr/>	<hr/> <hr/>

**SOUTHSIDE REDEVELOPMENT
BROWNFIELD REDEVELOPMENT TAX INCREMENT FUND**

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 246,000	\$ 262,000
Personal property taxes	21,000	25,000
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	<u><u>\$ 267,000</u></u>	<u><u>\$ 287,000</u></u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Commercial development services	\$ 10,000	\$ 10,000
Repayment to developer	267,000	277,000
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	<u><u>\$ 267,000</u></u>	<u><u>\$ 287,000</u></u>

**SPERRY'S REDEVELOPMENT
BROWNFIELD REDEVELOPMENT TAX INCREMENT FUND**

Budget Summary

	Proposed Budget 2013-2014	Adopted Budget 2012-2013
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 7,000	\$
Personal property taxes	1,000	
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	<u><u>\$ 8,000</u></u>	<u><u>\$ 0</u></u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Repayment to developer and/or other entitites	\$ 8,000	\$
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	<u><u>\$ 8,000</u></u>	<u><u>\$ 0</u></u>

GOVERNMENTAL FUNDS SUMMARY

Budget Summary

2013-2014

Governmental Fund	Estimated Designated Fund Balance July 1, 2013	Budget 2013-2014		Estimated Change In Fund Balance June 30, 2014
		Means of Financing	Estimated Requirements	
General fund	\$ 230,000	\$ 20,028,739	\$ 20,258,739	\$
Major streets fund	\$ 52,385	\$ 4,058,452	\$ 4,110,837	\$
Local streets fund	\$ 42,145	\$ 2,702,000	\$ 2,744,145	\$
Municipal streets fund	\$ 959,465	\$ 1,550,000	\$ 2,509,465	\$
Cemetery fund	\$ 31,788	\$ 390,000	\$ 421,788	\$
Garbage and rubbish collection fund	\$ 125,310	\$ 1,580,000	\$ 1,705,310	\$
Rental certification fund	\$ 23,729	\$ 227,011	\$ 250,740	\$
O.U.I.L. fund	\$	\$ 17,000	\$ 17,000	\$
Drug law enforcement fund	\$	\$ 50,000	\$ 50,000	\$
Law enforcement fund	\$	\$ 5,000	\$ 5,000	\$
Enhanced 911 fund	\$ 25,000	\$	\$ 25,000	\$
Community development block grant fund	\$	\$ 650,000	\$ 650,000	\$
Neighborhood rehabilitation fund	\$	\$ 500,000	\$ 500,000	\$
Home program fund	\$	\$ 164,000	\$ 164,000	\$
Streetscape maintenance fund	\$ 22,500	\$ 47,500	\$ 70,000	\$
Beautification commission fund	\$ 1,500	\$ 5,800	\$ 7,300	\$
Industrial park tax increment fund	\$ 100,000	\$ 1,005,000	\$ 1,105,000	\$

(Continued on next page)

GOVERNMENTAL FUNDS SUMMARY
Budget Summary
2013-2014

Governmental Fund	Estimated Designated Fund Balance July 1, 2013	Budget 2013-2014		Estimated Change In Fund Balance June 30, 2014
		Means of Financing	Estimated Requirements	
Paper company tax increment fund	\$ 100,000	\$ 270,000	\$ 370,000	\$
Krafft-Holland tax increment fund	\$ 25,000	\$ 447,000	\$ 472,000	\$
Peerless site tax increment fund	\$	\$ 45,000	\$ 45,000	\$
Downtown development fund	\$ 100,000	\$ 69,500	\$ 169,500	\$
Water Street tax increment fund	\$	\$ 358,000	\$ 358,000	\$
Bank tax increment fund	\$ 40,000	\$ 8,000	\$ 48,000	\$
Harrington Hotel tax increment fund	\$ 100,000	\$	\$ 100,000	\$
Edison redevelopment tax increment fund	\$	\$ 257,000	\$ 257,000	\$
Mainstreet tax increment fund	\$ 20,000	\$ 60,000	\$ 80,000	\$
Industrial park expansion tax increment fund	\$	\$ 349,000	\$ 349,000	\$
Brownfield redevelopment tax increment fund:				
Southside redevelopment	\$	\$ 267,000	\$ 267,000	\$
Harker Street redevelopment	\$	\$ 520,000	\$ 520,000	\$
Sperry's redevelopment	\$	\$ 8,000	\$ 8,000	\$