

Honorable Mayor and City Council:

April 15, 2014

Each year the City Council and City Administration have the opportunity to consider and address the service needs of the community through formulation of the annual budget. General direction provided through the City Council Retreat and Goal Setting process establishes a framework for budget development, with available financial resources defining service delivery options. Although receiving the greatest focus at the time of budget review, much effort is expended throughout the year to control costs and explore alternatives for improving the range and delivery of city services.

Executive Summary

The fiscal year 2014-2015 proposed budget is a balanced budget, presented in accordance with the requirements of the Portage City Charter. As the city is in a period of management transition, the fiscal year 2014-2015 proposed budget generally focuses on maintaining current levels of service, with the exception of enhanced attention to improving the condition of the roadway system.

Highlights of the fiscal year 2014-2015 proposed budget include:

- Maintenance of a low, but slightly increased overall city tax rate of 10.9256 mills to account for costs associated with major and local street improvement projects that impact upon the Municipal Street Fund millage.
- An approximate 3 percent increase in State Revenue Sharing.
- Incorporation of Economic Vitality Incentive Program payments from the State of Michigan.
- Continuation of General Fund support for the Capital Improvement Program, the Major Street Fund and the Local Street Fund, as well as support for the Downtown Development Authority Fund in fiscal year 2014-2015.
- An expanded focus on street infrastructure improvement.
- A less than one percent increase in total property taxable value growth.
- Incorporation of funding necessary to ensure compliance with taxation and fee requirements of the Affordable Care Act.
- Continuation of the City Council prescribed fund balance for the General Fund at 25 percent of General Fund expenditures.
- Maintenance of the City of Portage position in the lower 25 percent of all Michigan cities of greater than 25,000 population in terms of millage level.

The fiscal year 2014-2015 proposed budget continues cost containment measures that have been designed to limit operating expense while guarding against substantive impact

to core service delivery. Notably, the fiscal year 2014-2015 proposed budget maintains cost containment attributable to staffing levels and Public Act 152, which restricts the amount of employer contributions to employee health insurance premiums.

Generally flat property taxable valuation growth combined with an approximate 3 percent increase in state revenue sharing continues to signal a local economy that has not yet stabilized, reinforcing the appropriateness of the city's conservative budget strategy. The absence of meaningful growth in property taxable valuations directly impacts all millage-supported funds.

As one positive development, recently proposed legislation diminishes concern associated with the loss of personal property tax revenue should approval of the August 2014 personal property tax ballot proposal be granted by voters. Upon final enactment of the legislation and adoption by voters, local units of government reportedly will receive reimbursement of all funds lost due to the elimination of personal property taxes without the need for implementation of an essential services assessment by City Council.

Over the past several years, support by City Council of a conservative budget strategy has enabled the city to appropriately position itself to address the prolonged downturn in the local economy. This strategy has also fostered an increase in fund reserves that enables the city to confront unplanned expenditure needs or to pursue opportunities that would not otherwise be available. In specific regard to city roadways, within the fiscal year 2014-2015 proposed budget, a previously unplanned \$800,000(+) of Michigan Department of Transportation Roads Risk Reserve Funds is being made available to the city through efforts of State Representative Margaret O'Brien and Senator Tonya Schuitmaker. The ability of the city to supplement these funds with an additional approximate \$500,000 of available cash allows comprehensive roadway improvements to be completed that would not have otherwise been possible.

A renewed focus on street infrastructure maintenance and improvement in the fiscal year 2014-2015 proposed budget is being promoted as the condition of streets can provide a general indication of the overall financial health of a community. A high-quality street system can also be an attribute to promote continued investment and development in the city. Accordingly, to ensure city roadway investments are appropriately planned, an updated analysis of roadway improvement project cost was accomplished to determine the sufficiency of planned roadway expenditures. While roadway improvement costs are impacted by a number of variables, as a general guide, a level of investment in the range of \$2.6 million per year for major street improvements and approximately \$900,000 per year for local street improvements has been determined as appropriate for the city. The fiscal year 2014-2015 proposed budget includes a funding commitment of over \$3.8 million in the major street system and \$900,000 in local street reconstruction. A ten-year Capital Improvement Program funding plan has also been presented that identifies investments of nearly \$38.2 million in street related improvements between 2014 and 2024. It is intended that future budgets be adjusted to ensure appropriate roadway improvement funding levels are maintained.

Although not included as part of the fiscal year 2014-2015 proposed budget, the City Administration is also recommending an aggressive spring 2014 roadway repair effort in response to the severe winter season. In concert with the fiscal year 2014-2015 proposed budget submission to City Council, a recommendation for treatment of a significant portion of the most severely impacted roadway segments is presented on the April 15, 2014 City Council agenda. Funding to address these roadway needs is recommended through a transfer of fund balance of the General Fund as well as use of funds from a recently announced winter roadway maintenance appropriation from the State of Michigan. Total funding of \$1,000,000 (\$800,000 from fund balance of the General Fund and \$200,000 in State of Michigan funding) is recommended in support of a spring 2014 local and major street improvement effort. If approved along with the major and local street improvements recommended in the fiscal year 2014-2015 proposed budget, the city will invest a total of nearly \$5.7 million through these efforts in enhancing the city thoroughfare network. This will represent the most aggressive street improvement program undertaken by the city since 2004-2005. Again, prudent financial management over the past several years provides the opportunity for the city to respond to conditions that could not have been addressed in absence of these resources.

As a final summary point, health insurance coverage issues related to the Affordable Care Act (ACA) continue to present a significant administrative burden, with the associated potential expansion of health coverage liabilities being problematic. The budget provides for continuation of the expanded use of employment agency seasonal employees as well as the restriction on part time work hours so as to minimize the possibility of incurring ACA related penalties or additional insurance coverage liabilities.

With the local economy evidencing lingering sluggish growth, the proposed budget maintains a conservative financial approach to best position the city to continue to address financial challenges that lie ahead.

Overview

A total city expenditure budget of \$65.3 million is presented for consideration of the City Council. The major categories of the city budget include the General Fund, the Capital Improvement Program Fund, Curbside Recycling Fund, Leaf Pickup/Spring Cleanup Fund and the Municipal Street Fund. These funds are supported primarily through the local property tax base with the General Fund, in specific, being supplemented by state shared revenue and service fees. The Capital Improvement Program Fund is supplemented by Federal Highway Funds and Municipal Street Fund revenue, as well as transfers from the General Fund. In addition, as noted above, Roads Risk Reserve Funds are also being made available this year to support roadway improvement projects. Other major budget categories include the Utility Funds, which are supported through ratepayer service charges and the Major and Local Street Funds, which are supported through intergovernmental revenue (i.e., Act 51 revenue) and transfers from the General Fund. Several other fund categories represent the balance of the total city budget and include the Community Development Block Grant Fund, Cable Television Fund, West Lake Weed Management Fund and the Equipment Fund.

The total property tax levy recommended through the fiscal year 2014-2015 proposed budget is 10.9256 mills, which is a slight increase from the 10.7778 mills levied to support the fiscal year 2013-2014 budget. The recommended millage includes a General Fund levy of 7.5000 mills and a Capital Improvement Fund levy of 2.0000 mills. The total recommended millage also includes the levy of 0.3455 mills for the brush and leaf pickup/spring cleanup programs, the levy of 0.3049 mills for operation of the curbside recycling program and the levy of 0.7752 mills of the Municipal Street Fund millage. A comparison of the 2013-2014 millage and the 2014-2015 proposed millage is provided below:

Average Single Family Residence	Millage Allowed	2013 Taxable Value - \$74,074		2014 Taxable Value - \$74,686		2014 Inflation Adjusted Taxes	
		Mills	Taxes	Mills	Taxes	Mills	Taxes
General Fund	7.5000	7.5000	555.55	7.5000	560.14	7.5000	551.32
Capital Improvement Fund	2.0000	2.0000	148.14	2.0000	149.37	2.0000	147.02
Curbside Recycling Fund	0.5000	0.3049	22.58	0.3049	22.77	0.3049	22.41
Leaf Pickup/Spring Cleanup Fund	0.4000	0.3455	25.59	0.3455	25.80	0.3455	25.39
Municipal Street Fund	1.0000	0.6274	46.47	0.7752	57.89	0.7752	56.98
Total Millage/Taxes	11.4000	10.7778	798.33	10.9256	815.97	10.9256	803.12

Significant aspects of the major budget categories are outlined below.

General Fund

After experiencing declining property tax revenue in fiscal year 2013-2014, the city is evidencing an essentially “flat” General Fund property tax revenue base in 2014-2015.

Projected State Revenue Sharing	2013-2014	2014-2015
Economic Vitality Incentive Program	\$303,273	\$310,000
Constitutional	\$3,474,831	\$3,571,220
Total Revenue Sharing	\$3,778,104	\$3,881,220
% of General Fund Budget	15.7%	16.7%

Continued qualification of the city to receive Economic Vitality Incentive Program revenue is assumed for 2014-2015. In addition, the State Budget Office has indicated an increase in estimated constitutional revenue sharing of approximately 3 percent for the city in fiscal year 2014-2015.

Of particular note in the fiscal year 2014-2015 proposed budget:

- Total full-time staffing has been increased to 182 full-time positions from 180 full-time positions due to the addition during the 2013-2014 fiscal year of two full-time radio operators. The staffing additions were necessary due primarily to hourly limitations on part-time employment related to requirements of the Affordable Care Act. With the additions, total full-time employment remains 15 percent lower than the 215 full-time positions that existed in fiscal year 2005-2006.
- Transfers from the General Fund to the Major and Local Street Funds in the amount of \$550,000 will be accomplished.

- A transfer from the General Fund of \$236,000 to the Capital Improvement Program will occur.
- A transfer from the General Fund of \$100,000 to the Downtown Development Authority (DDA) Fund will take place. Lack of property tax base growth within the DDA district necessitates the addition of supplemental funding to the DDA Fund to ensure debt obligations of the fund are appropriately addressed.
- Before transfers to the Major Street Fund, Local Street Fund, DDA Fund and the Capital Improvement Fund, total expenditures of the General Fund are proposed at \$22.3 million, which represents a 0.24 percent increase from fiscal year 2013-2014 budgeted expenditures before transfers. Including these budget transfers, the fiscal year 2014-2015 proposed budget expenditures are \$23.2 million, which is approximately 3.64 percent less than fiscal year 2013-2014 budgeted expenditures including transfers.
- A Council-prescribed 25 percent ending fund balance in the General Fund is continued in the fiscal year 2014-2015 proposed budget. Maintaining this level of fund balance is important to provide added assurance that the city will be able to meet cash flow needs in the coming fiscal year(s).

- In terms of major areas of expenditure, the General Fund supports the majority of service operations of the city, with the largest percentage of the budget devoted to Public Safety services. For fiscal year 2014-2015, the Public Safety Department budget represents nearly \$13.5 million (58 percent) of all General Fund expenditures.

Human Public Service Funding	2013-2014	2014-2015
Portage Community Center	\$116,280	\$121,507
YWCA	\$8,501	\$8,915
Housing Resources, Inc.	\$17,295	\$18,110
The Ark of Catholic Family Services	\$8,989	\$9,433
Gryphon Place 211 Service	\$1,976	\$2,077
Portage Senior Center	\$78,342	\$100,380
Goodwill Industries	--	\$1,020

- The level of General Fund support for human service programs has been continued at the Council prescribed policy of 0.55 percent of General Fund revenue in the fiscal year 2014-2015 proposed budget.

An appropriation of \$83,535 of fiscal year 2014-2015 General Fund revenue, in addition to \$37,972 of Community Development Block Grant revenue, is proposed for allocation to human service agencies. In the fiscal year 2014-2015 proposed budget, \$121,507 of this total amount of human service funding has been recommended for support of the Portage Community Center. In addition to the 0.55 percent of General Fund revenue provided to support community human service programs, funding for the Portage Senior Citizen Center has also been continued in the fiscal year 2014-2015 proposed budget at a subsidy of \$100,380.

- The fiscal year 2014-2015 proposed budget includes continuation of the Health Management Program (HMP) introduced in 2006 for non-union and department head

employees. The HMP is expected to assist the city in realizing, over the long term, financial and productivity benefits associated with a healthier workforce. In addition, past efforts by the City Administration to account for and address future retiree health liabilities are continued. This initiative assists with the maintenance of a sound financial base for the city in accordance with Governmental Accounting Standards Board (GASB) guidelines for funding post-employment benefits.

Capital Improvement Fund

The Capital Improvement Program contains capital projects that promote the public health, safety and welfare; facilitate growth and development; protect community resources and enhance the quality of life within the city. Revenue is provided to the Capital Improvement Program through the property tax millage, Municipal Street Fund millage, utility funds, Federal and state funds, special assessments and through transfers from the General Fund. As an added revenue source this year, funding through the Michigan Department of Transportation Roads Risk Reserve program is also provided.

Recommended capital project expenditures are focused on essential government functions, with careful management of the level of additional debt being assumed in the Capital Improvement Program. The fiscal year 2014-2015 proposed Capital Improvement budget supports approximately \$13.6 million of expense directed toward infrastructure improvements. Of this total, \$4.7 million is directed to street related improvements.

In addition to street related expenditures, approximately \$2.3 million is directed to utility infrastructure improvements and over \$1.7 million is proposed in public facility, police, fire and park and recreation improvements. In specific regard to parks, in support of the city as *A Natural Place to Move*, a major effort will be focused on securing funding assistance

to permit Phase I development of the Eliason Nature Reserve. Phase I development will include construction of the central multi-use trail through the reserve, as well as development of the southern trailhead with entry drive and restrooms. A major portion of the funding goal has recently been committed through a Michigan Transportation Alternatives Program (TAP) grant.

Maintenance of the city street infrastructure continues to receive a high budget priority, with a total of nearly \$38.2 million proposed for investment in city streets in the 2014-2024 Capital Improvement Program.

2014-2015 Top Ten Capital Improvement Expenditures	
1. Major Street Reconstruction Program	\$2,270,000
2. Portage Road Reconstruction Project	\$1,003,000
3. Local Street Reconstruction Program	\$900,000
4. West Osterhout Avenue Sanitary Project	\$680,000
5. Sewer South Westnedge Water Main Replacement Project	\$575,000
6. Eliason Nature Reserve Development	\$525,000
7. Garden Lane Transmission Water Main Replacement Project	\$500,000
8. Police Mobile Computer / Video Replacement Project	\$350,000
9. Oakland Drive Reconstruction Project	\$310,000
10. Pine View Drive Sanitary Sewer Installation Project	\$300,000

Utility Funds

The Water Fund and Sewer Fund are enterprise funds operating under the fundamental principle that user rates should be sufficient to fund the entire cost of the utility system operation. Accordingly, a Utility Rate Financial Study is undertaken each year to ensure that user rates are sufficient to fund the entire cost of the utility system operation. The Utility Rate Financial Study projects revenue and expenditures over a five-year period to ensure evaluation of longer-term rate needs. Through this process, system revenues and expenditures are reviewed each year, with recommended rate adjustments being presented annually to the City Council through the Utility Rate Committee.

The wastewater and water rates recommended through the 2011 Utility Rate Financial Study began the trend of shifting revenue collection from commodity charges to basic quarterly charges based upon meter size, as recommended through the comprehensive rate structure analysis prepared in 2011 by Utility Financial Solutions, LLC.

The amount of accumulated debt remains an issue with the utility funds. As a result, large working capital deficits that developed in the Water Fund present an ongoing challenge, as do decreasing rates of water use. In the Sewer Fund, continuing decreases in sanitary sewer flow presents a further complication. Both circumstances result in the need to continue adjustment of consumer rates, enabling maintenance of adequate working capital balances. On a favorable note, recommended rate increases implemented over the past several years have resulted in maintenance of positive working capital balances in the Sewer Fund and the restoration of positive working capital in the Water Fund in fiscal year 2013-2014.

The 2014 Utility Rate Financial Study recommends a proposed rate increase in the Sewer Fund of 1.55 percent to the typical residential customer, which is equivalent to the rate increase projected with the 2013 Utility Rate Study. For the typical residential customer the proposed increase would result in an added monthly expense of \$0.52 for municipal sewer service.

In the Water Fund, decreasing rates of consumption have significantly impacted system revenue. The recommended rate increase of 1.22 percent is equivalent to the rate increase projected with the 2013 Utility Rate Financial Study. For the typical residential customer the proposed increase would result in an added monthly expense of \$0.33 for municipal water service.

The combined rate of increase of 1.40 percent for the typical residential customer having both municipal sewer and water is equivalent to the rate of increase anticipated in the 2013 Utility Rate Financial Study. For the typical residential customer having both municipal sewer and municipal water the proposed increase would result in an added monthly expense of \$0.85.

Major and Local Streets Funds

In addition to the specific roadway reconstruction projects that are outlined in the Capital Improvement Program, street pavement maintenance receives support in the fiscal year 2014-2015 proposed budget. Funding of \$300,000 for street pavement maintenance programs has been proposed.

Major and Local Street Funds have been scrutinized to minimize cost; however, it is clear that a major source of revenue for these funds, Act 51 revenue, has been decreased to the point where it is no longer sufficient. General Fund transfers have been utilized for the past few years to assist with continuation of necessary street maintenance operations, with little relief in sight.

Curbside Collection Funds

Curbside Recycling Fund – The fiscal year 2014-2015 proposed budget provides for continuation of the weekly curbside recycling program and the household hazardous waste drop-off program initiated in 1999. Continuation of the current levy of 0.3049 mills has been recommended so as to limit the total city millage levy.

Leaf Pickup / Spring Cleanup Fund – The fiscal year 2014-2015 proposed budget continues the provision of the Leaf Pickup Program with three fall leaf collection periods. The separate Spring Cleanup Program and the quarterly brush pickup program are maintained as well. The Leaf Pickup/Spring Cleanup millage has been continued at 0.3455 mills so as to limit the total city millage levy.

Although the Curbside Recycling Fund and Leaf Pickup/Spring Cleanup Fund each have available millage capacity, no increases in millage have been recommended for these funds despite the fact that only minimal fund balances will be maintained. Should unusual circumstances develop that negatively impact planned service costs during fiscal year 2014-2015, fund balance transfers to either or both of these funds from the General Fund (i.e., loans) may be necessary. Any such loan should be repaid through an appropriate millage increase in the Curbside Recycling and / or the Leaf Pickup / Spring Cleanup millage as appropriate in fiscal year 2015-2016.

Conclusion

In summary, the fiscal year 2014-2015 proposed budget has been structured to allow for a continuation of high-quality and responsive services under restrictive financial conditions. The proposed budget is a responsible financial plan for addressing community needs over the next year and continues to position the city to best address financial uncertainties that remain for local government jurisdictions in the State of Michigan.

Respectfully,



Brian J. Bowling
Deputy City Manager

City of Portage, Michigan

**ADOPTED
ANNUAL OPERATING BUDGET
Fiscal Year 2014-2015**

Elected City Officials as of May 27, 2014

Peter J. Strazdas
Mayor

Jim Pearson
Mayor Pro Tempore

Nasim Ansari
Councilmember

Richard J. Ford
Councilmember

Patricia M. Randall
Councilmember

Claudette Reid
Councilmember

Terry R. Urban
Councilmember

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Overview



The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to the City of Portage for its annual budget for the fiscal year beginning July 1, 2013.

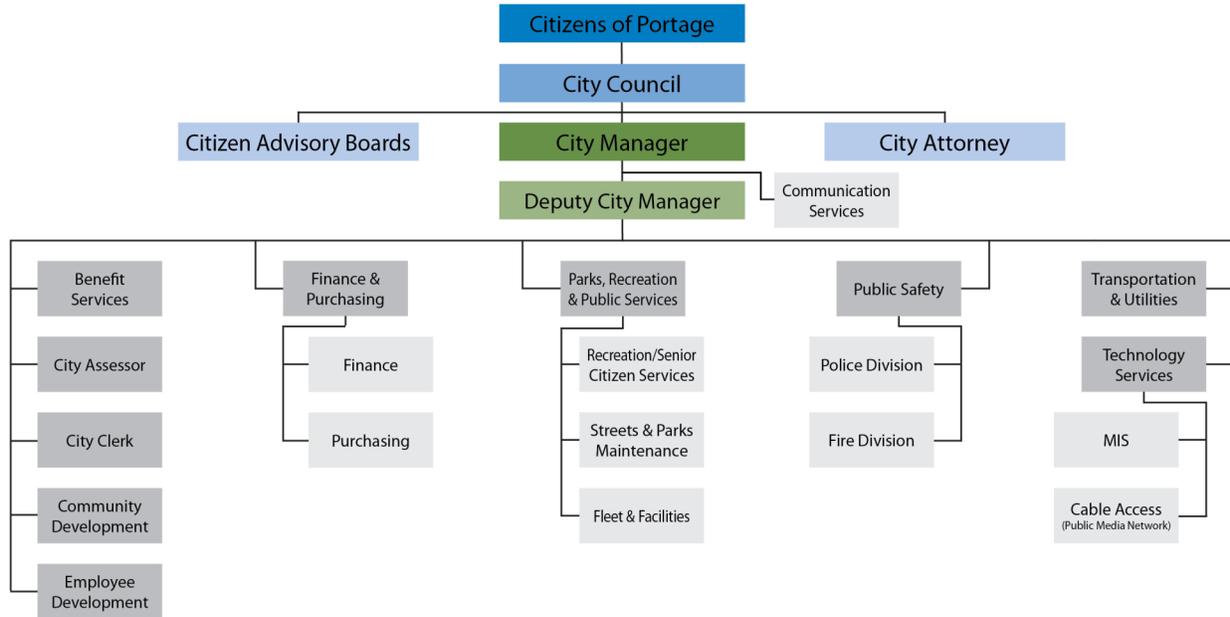


In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



Organizational Chart



CITY OF PORTAGE HISTORY

History shows that the first inhabitants of Portage were the Potawatomi Indians. It is believed that the Potawatomis traveled between the Kalamazoo and St. Joseph river basins, needing to “portage” their canoes only for a short distance. Settlers began to occupy the area in the early 1830s. The early settlers arrived and began crop production and related agricultural activities. Early settlements were situated in the northeast portion of the area called Indian Fields (near the Kalamazoo/Battle Creek International Airport) and in the center of the area near Centre Avenue and South Westnedge (near the railroad). Original settlers included Caleb Sweetland, John Kilgore, Joseph Beckley, Thomas Cooley, Ebenezer Stone, William Milham, David Ingersoll, Moses Austin, William Bishop, among others, whose names are recognizable in various ways throughout the community today. The settlements and the vicinity were renamed Portage Township in the late 1830s, after the Portage Creek, which runs through the area. Not until December 31, 1963 was the City of Portage formally incorporated.

Initially Portage was known as a farming community, with corn and wheat being the primary crops. Nearby communities were also expanding in the late 1800s including the Village of Kalamazoo and the Village of Vicksburg. By the turn of the century, Portage began to utilize its lakes. Commercial fishing, ice cutting and resort operations were prominent. The most significant thrust to the growth and development in Portage was the construction of the original 33-acre Upjohn Company facility in the early 1950s, now Pfizer Corporation, a global pharmaceutical company that provided, and continues to provide a significant amount of jobs in the community.

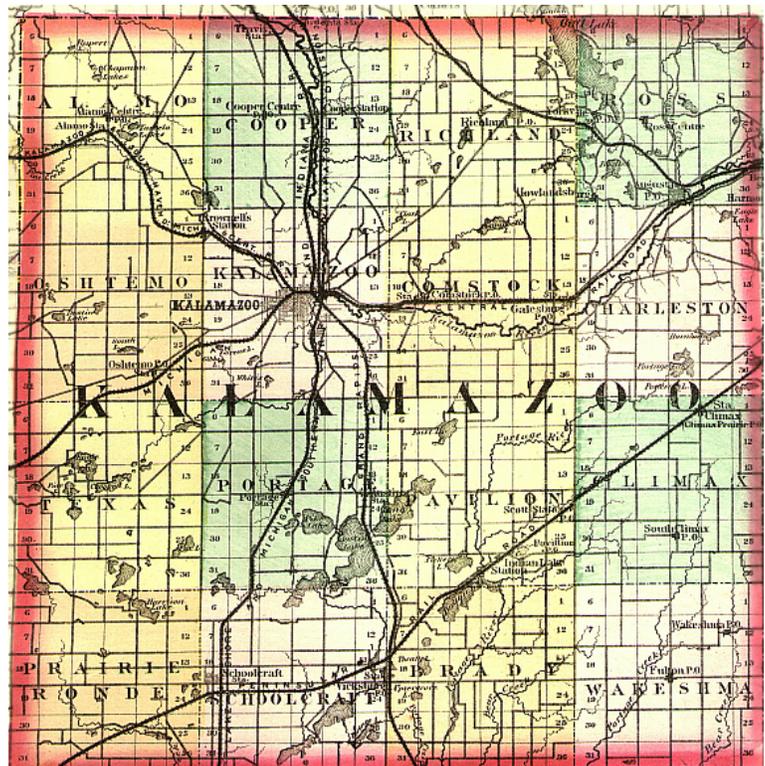
1874 Kalamazoo County Map

Portage was originally founded by settlers Caleb Sweetland, Thomas Cooley, Moses Austin & others, in the early 1830's, with the establishment of the township's first post office in 1836.

Between 1838 & 1850, Portage had grown from 20 families to 150.

By the end of WWI, the community had expanded its commerce base to include commercial fishing, ice cutting & resort operation.

Source: Kalamazoo County



From the 1960s, and with the newly completed east-west Interstate-94 through southern Michigan, the former farming community experienced significant growth forces. Southland Mall, one of the first suburban shopping complexes in Kalamazoo County, was developed and expanded in the 1950s and early 1960s. Due to the large population growth – population surged between 1960 and 1970 – commercial facilities located in Portage to capture the disposable income from the families in these newly located residential “roof-tops.” Additional retail growth continued to occur and in the late 1970’s the region’s first regional mall was located on former celery growing fields along South Westnedge Avenue. The Crossroads Mall took advantage of the growing residential base in the south and west portions of Kalamazoo County and the market access provided by I-94 and US131, the major traffic routes serving southwest Michigan. From the initial “Portage” settlements to the early suburban Portage Township, the modern City of Portage is now a community of fine residential neighborhoods and a regional retail trade center with more than 4.5 million square feet of commercial and office building space along South Westnedge Avenue. These two sectors are complemented by the industrial base, anchored by the Pfizer Corporation, and many other manufacturers, and together have converged to create a vibrant, progressive community where opportunities can grow!

An excellent reference on the history of the City of Portage is [This Place Called Portage: Its Past & Present](#) (2006) by Larry B. Massie. The book features a wealth of photographs and information. For another history of the City of Portage, see [Portage and Its Past](#) (1976) by Grace J. Potts. This book contains many historical reference points and photographs of the City of Portage.



Portage Creek

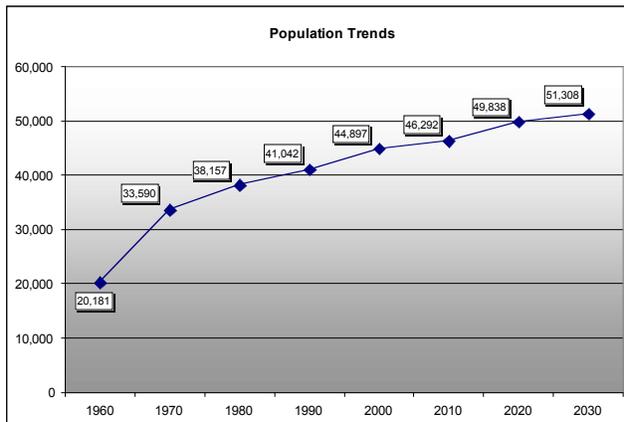
CITY OF PORTAGE COMMUNITY PROFILE Fiscal Year 2014-2015

Portage is located in Kalamazoo County in southwest Michigan approximately half way between Chicago and Detroit at the crossroads of Interstate 94 and US-131 and encompasses approximately 35 square miles. Though originally known for its fertile farmland and agricultural production, Portage has grown into a community of excellent residential neighborhoods and as the retail trade center for southwest Michigan. The city has also taken a progressive approach to economic development by providing unique opportunities for businesses and industries to grow. The community has a growing population, desirable housing, an excellent school system, numerous shopping and recreational opportunities, is located in close proximity to a variety of post-secondary education institutions and maintains a highly educated workforce. These characteristics, coupled with one of the largest employment bases in the region, make Portage a very attractive place in which to live, work and learn.



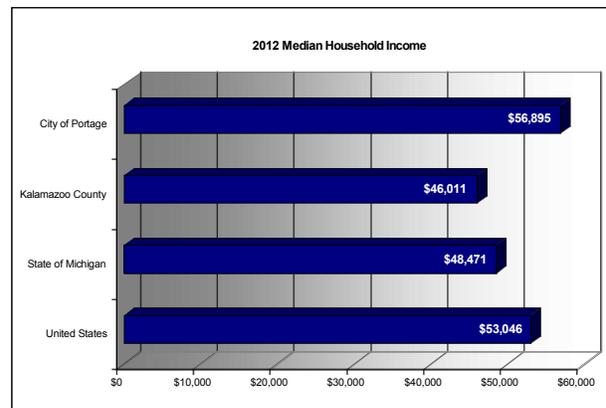
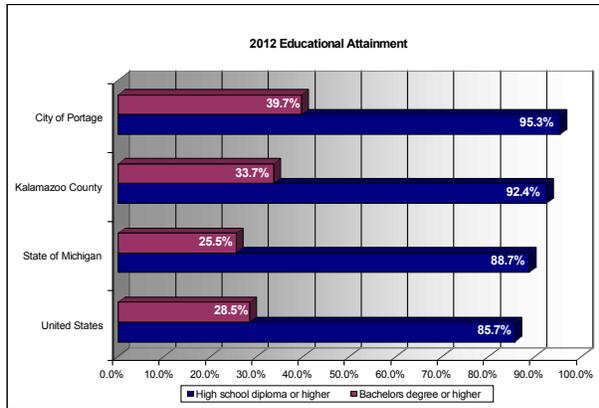
The year 2013 marked the 50th anniversary of Portage Township officially incorporating as the City of Portage. During the year-long celebration, the community reflected on the accomplishments of the past but also recommitted to the future. This commitment entailed, among others, the desire of the community to promote active, healthy lifestyles through the use of the city’s natural resources and development of sustainable, year-round, well-maintained recreational amenities. As a result of this refreshed commitment to a quality community environment, the mid-century mark was used as a pivot-point to re-brand the community from “A Place for Opportunities to Grow” to “A Natural Place to Move” in support of active, healthy lifestyles and strong neighborhoods.

During the 1960s, and with the completion of Interstate-94 through southern Michigan, the community experienced significant growth. Southland Mall, one of the first suburban shopping complexes in Kalamazoo County, was developed and expanded in the 1950s and early 1960s. Due to the large population growth as shown in the chart, commercial facilities were developed in Portage to capture disposable income from families in newly constructed residential neighborhoods. Additional retail growth continued to occur and in the late 1970’s, the first regional mall was built on former celery fields along South Westnedge Avenue. The Crossroads Mall, southwest Michigan’s only regional mall, took advantage of the growing residential base in the south and west portions of Kalamazoo County and the market access provided by I-94 and US-131, the major traffic routes serving southwest Michigan.

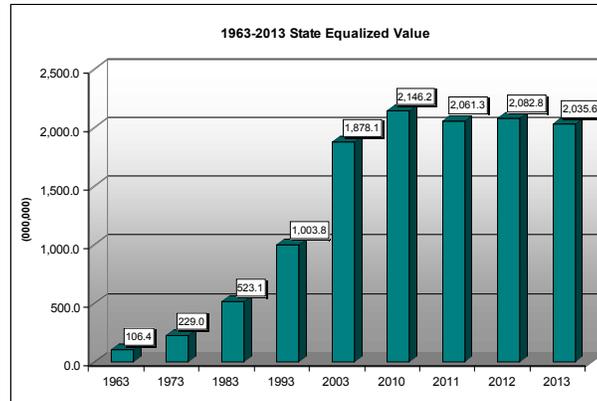


The population of Portage grew at steady rates during the 1980s and 1990s and more than doubled since 1960. By 2010, the population had grown to 46,292. The population is estimated to increase to more than 51,000 by 2030 as shown on the accompanying Population Trends chart. Portage continues to maintain one of the largest shares of population growth (in terms of absolute numbers) in the county.

As shown in the charts below, the median household income of Portage residents continues to exceed the county, state and national averages. This trend is also evident in the level of educational attainment. Over 95 percent of Portage residents have a high school diploma and almost 40 percent have a college degree.



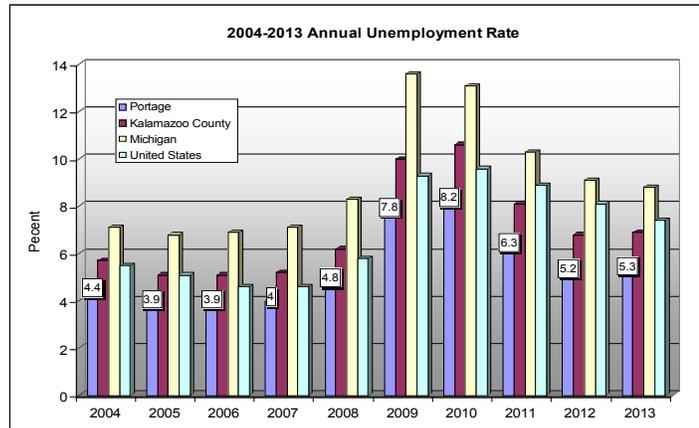
The City of Portage continues to have the largest State Equalized Value (SEV) of any other unit of government in Kalamazoo County. As the chart to right shows, the SEV of real and personal property has increased from \$106.4 million in 1963 when the township incorporated as a city to more than \$2.0 billion in 2013. During the four-year period between 2010 and 2013, the total SEV for the city has remained relatively stable. Portage has a well-balanced and diversified economy: Residential uses account for 55 percent of the property value, industrial 22 percent and commercial 23 percent.



Portage is the home of several major employers in Kalamazoo County. Included on the list is the Stryker Corporation, one of the world’s leading medical technology companies and offers innovative medical technologies, including reconstructive, medical and surgical, and neurotechnology and spine products. The Stryker Corporation employs approximately 2,300 people within the City of Portage. Other major employers in the city include:

- Pfizer Corporation, a global manufacturer of pharmaceutical products whose primary U.S. manufacturing activities are located in Portage and employs approximately 2,100 people within the City of Portage;
- Portage Public Schools, which employs 950 people;
- State Farm Insurance Company also employs 950 people;
- Meijer, Inc., a general merchandise/grocer employs approximately 600 people.

The chart to the right demonstrates that the unemployment rate for the City of Portage has generally followed county, state and national trends during the past ten-year period, but at notably lower rates. During the ten-year period, the unemployment rate for Portage averaged 5.4 percent. In comparison, the ten-year unemployment rate for Kalamazoo County, the State of Michigan and United States averaged 7.0 percent, 9.1 percent and 6.9 percent, respectively.



From the initial “Portage” settlements to the early suburban Portage Township, the modern City of Portage is now a community with an educated workforce, excellent residential neighborhoods to accommodate a growing population, and is a regional retail trade center with more than four million square feet of commercial and office building space along the South Westnedge Avenue Commercial Corridor. The residential and commercial sectors are complemented by an expanding industrial base, anchored by the Stryker and Pfizer Corporations and many other manufacturers, and together have converged to create a vibrant, progressive community resulting in an appropriate mix of land uses: 73 percent of the land zoned for residential use, 19 percent for industrial and 8 percent zoned for commercial uses. This appropriate mix of land uses together with a conservative financial strategy employed by the city has allowed the community to weather the continuing economic recession affecting the country.

For several years, the city has been aggressively working to facilitate business growth and strengthen the local employment base and economy through the implementation of several economic development initiatives. The first such initiative, **Industrial Development**, was announced in 1996 and involved the investment of \$2 million in city funds to provide public infrastructure improvements (water/sanitary sewer lines and public roads) to nearly 100 acres of landlocked or under utilized industrial properties in three areas of the city. After completion of the infrastructure improvements in 1997, 41 new or expanded facilities have been completed.

The second initiative, **Community Investment**, was announced in 1998 and involved the combined investment of almost \$7 million from local, state and federal sources in important infrastructure projects within the first city Downtown Development Authority (DDA) district, development of the 50 acre Milham Business/Technology Park and the reconstruction of Shaver Road as a boulevard. After the initial establishment of the DDA district in 1998, it was amended in 2003 and again in 2011 to facilitate further development and investment activities. After completion of the public infrastructure improvements, 15 new or expanded business projects have been completed. The latest significant project, Marriott Courtyard Hotel, was completed in 2013. A second hotel, Hilton Homewood Suites, has just received plan approval and construction is expected to begin in 2014. Additional development, including another office building, several restaurants, and up to 40,000 square feet of new retail space is in the planning stages.



Trade Centre II located in the DDA

The third initiative, **Commerce Square Enhancement**, was announced in 1999 and involved more than \$9 million of public investment that focused on enhancements to the South Westnedge Avenue commercial corridor. The enhancements included major roadway improvements to ensure the continued success of the central business area by providing safe and convenient access for patrons and employees. These efforts stimulated two major commercial redevelopment projects resulting in 180,000 square feet of combined building area. Environmental enhancements to improve water quality associated with local wetlands and Consolidated Drain No. 1 were also a major component of this initiative and resulted in valuable commercial property that was previously used for storm water retention being reclaimed for development. Construction and investment activities continue today as a result of this city-initiated enhancement project.

The success of these three initiatives is summarized in the table below.

Total 1996-2013 Economic Development Initiative Impacts							
Type of Use	Total Number	Jobs from Expansion	Jobs Retained	New Jobs	Total Jobs ¹	Taxable Value ²	Estimated Market Value ³
Business	71	28	1,264	3,070	4,362	\$90,972,215	\$177,444,056
Industry	43	154	586	576	1,316	\$28,549,401	\$59,980,658
Totals	114	182	1,850	3,646	5,678	\$119,521,616	\$237,424,714

¹ Includes both full- and part-time jobs.

² Taxable value as reported by the Office of the City Assessor or estimated from information provided by the developer.

³ Estimated market value based on the state equalized value as reported by the City Assessor or estimated from information provided by the developer.

Although the City of Portage allocated significant local resources to ensure the success of these three important economic development initiatives, the return on investment is significant. The private developments completed during the past 17 year period represent approximately 1,200 percent return for each dollar invested by the city. The economic impacts associated with the private sector projects are very good news for the community in terms of diversifying the tax base and adding job opportunities for area residents, which has helped the city weather the financial impact of the Great Recession.

The most recent economic development initiative, **South Westnedge Enhancement Projects**, was announced in 2004. South Westnedge Avenue is a principal gateway into the City of Portage and serves as the major transportation facility serving the regional retail trade center of southwest Michigan. The safe and efficient operation of this major arterial roadway is critical to the continued success of the South Westnedge Avenue Commercial Corridor.



New I-94/South Westnedge Single Point Urban Interchange

Construction of the first phase north of I-94 was completed in November 2008. This approximately \$4 million public investment involved widening South Westnedge Avenue, installation of a raised median island to improve traffic flow and safety and placing overhead utility lines underground, among other improvements. The next phase of the initiative involved reconstruction of the I-94 and South Westnedge Avenue interchange as a single point urban interchange by the State of

Michigan as part of an overall \$182 million project to widen I-94 through Kalamazoo County and the City of Portage. Reconstruction of the I-94/South Westnedge Avenue interchange was formally announced in February 2009 as one of several Michigan projects funded by the American Recovery and Reinvestment Act. The \$68 million project was completed in November 2011.

Finally, it is important to underscore that all four initiatives were accomplished without a tax increase. Project funding was provided through a combination of local tax resources, private sector participation as well as state and federal grants.

The continued expansion of the Pfizer, Inc. and Stryker Corporation facilities since 2006 within the Sprinkle Road Industrial Corridor has been significant. In 2006, the Stryker Corporation completed construction of a new 433,000 square foot medical equipment manufacturing facility on approximately 80 acres of land at 3800 East Centre Avenue. The Stryker Corporation also renovated the component product research and development facilities plus construction of a new 200,000 square foot facility that manufactures and assembles medical instruments at the 4100 East Milham Avenue location. Both projects were completed in 2008. In 2011, Pfizer Corporation invested approximately \$8.4 million in their manufacturing operations and Stryker Corporation invested approximately \$8.2 million to expand administrative operations into a vacant 400,000 square foot office building located on Romence Road Parkway. At this time, Stryker Corporation is occupying approximately 100,000 square feet of the building. In 2012, Stryker Corporation invested an additional \$5.6 million in their medical instruments facility located 4100 East Milham and Pfizer invested an additional \$1.2 million in their Portage Road manufacturing facility. In 2013, the Pfizer Corporation invested \$12.6 million in their Portage facilities.



East Centre Avenue Stryker Facility

In addition to Stryker and Pfizer, other industries located within the Sprinkle Road Industrial Corridor also made significant investments in 2012. Mann+Hummel, 6400 Sprinkle Road, invested \$16 million in new equipment at their North American headquarters facility; Summit Polymers, 6715 Sprinkle Road, invested \$3 million in a new 38,000 square foot building addition and equipment; and Bower Manufacturing, 6565 Sprinkle Road, invested \$2.8 million in a new 38,000 square foot building addition and equipment. These investment projects will result in the creation of 110 new jobs and the retention of over 800 existing jobs. In 2013, Summit Polymers invested \$5.7 million in a new 55,000 square foot building addition and equipment at their other Portage facility located at 4750 Executive Drive resulting in the creation of 23 new jobs and retention of over 200 jobs.

Also within the Sprinkle Road Industrial Corridor, a life science cluster consisting of smaller-scale companies continues a strong presence. These businesses include Eurofins/Lancaster Laboratories, Thermo Fisher Scientific, PharmOptima LLC, S & J Laboratories, Quality Air Service and Hospital Network. PharmOptima LLC and Hospital Network recently completed expansion projects. The continued investment in new manufacturing and life science facilities and reinvestment in existing industries further exemplifies a healthy and growing industrial and life science sectors of the economy. Other industries that completed expansion projects in 2012-2013 include FEMA Corporation and the Pfizer animal health business spin-off as Zoetis. These investment projects have also resulted in significant job retention and creation.

The city is also the retail trade center for all of southwest Michigan. Crossroads Mall, a regional shopping center of more than 800,000 square feet, has approximately 100 tenants including four department stores: Macy's, J.C. Penney & Co., Sears Roebuck and Company and Burlington Coat Factory. Southland Mall, a 285,000 square foot retail power center anchored by Kohl's Department Store, Barnes & Noble Bookstore, T.J. Maxx, and Old Navy, among others, underwent a major façade improvement project that was completed in 2007. Several other major retailers are located within the city: Target, Best Buy and



The Crossroads Mall

the Lowe's, Home Depot, and Menards Home Improvement Centers. Four other major retail shopping centers, Portage Crossings, Carillon Center, Shoppes at Romance Village and Sam's Club Center have a combined building area of approximately 643,000 square feet. A fifth retail shopping center, the former K-Mart Center, which had been vacant for several years, was recently redeveloped and is now occupied by Dick's Sporting Goods and Hobby Lobby. Aldi's Grocery has received plan approval and will begin construction of a new Portage store in the former K-Mart Shopping Plaza in 2014. When complete, the newly renovated center will consist of approximately 133,000 square feet of retail space. Other construction projects within the South Westnedge Avenue commercial corridor that are under construction or have been recently completed include Marriott Courtyard Hotel, Rivera Maya restaurant, Xtreme Carwash, Grand Traverse Pie Company, Osborne-Klein Financial Services, Dunham Sports, Sears Outlet, Moe's Southwest Grill and Dunkin Donuts/Jimmy Johns.

Following efforts by the city to reconstruct Shaver Road as a boulevard in 1999, the Shaver Road Business Corridor has evolved from a corridor consisting of a mix of aging and obsolete commercial/industrial facilities to a vibrant and desirable business location. The Business Corridor is now home to several commercial businesses including a second Portage Meijer store (188,000 square feet) which completed a \$4 million renovation project in 2012, and a 152,000 square foot Wal-Mart store (with plans to complete an approximate 42,000 square foot "super center" expansion and gas station in 2014). Barrett's Smoke House, Extreme Clean Carwash and Burger Town/Upper Deck Sports bar either expanded or completed new facilities in 2013. The Shaver Road Business Corridor is also home to several major industrial businesses including Midwest Fasteners, Eaton Filtration, Eliason Corporation, FEMA Corporation and several more located along Portage Industrial Drive. The FEMA Corporation completed a major expansion project in late 2012 representing an investment of nearly \$4 million and creation of additional jobs in the community.

Portage continues to be a much-desired location for national retailers. In particular, South Westnedge Avenue with an interchange at I-94, is one of the busiest commercial corridors in Michigan. This corridor and the immediately adjacent developed area is the primary commercial corridor in southwest Michigan and contains approximately 4.2 million square feet of building area accommodating hundreds of retail, office and service activities. Likewise, Portage is also a desirable location for manufacturing, hi-tech and life-science based business operations. Portage continues to offer a low millage rate, convenient access to the interstate highway system, air and rail, access to skilled labor, range of housing choices and many quality of life issues important to the business community.

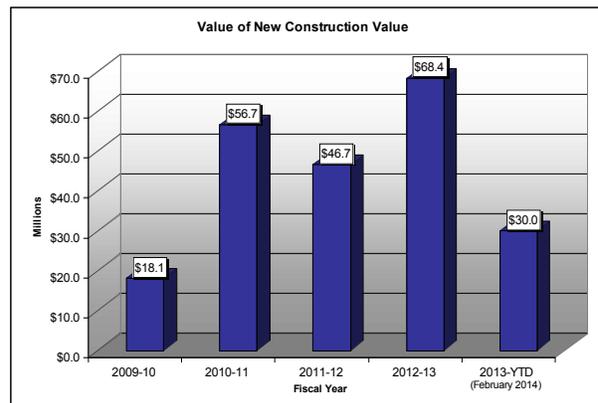


Borgess Hospital at Woodbridge Hills

Woodbridge Hills Planned Development is a 600 acre master planned residential/office/ commercial project along West Centre Avenue. The residential phase of this development includes over 320 multi-family and approximately 400 single-family units. The commercial phase includes the Woodbridge Hills Shopping Village, professional office complexes, and a 30 acre research park which is currently occupied by Borgess Hospital which accommodates medical treatment, laboratory, diagnostic, and related activities, and Kalamazoo Orthopedics. Other satellite medical offices are also planned on the remaining approximate 15 acres.

Additional office development within the City of Portage is primarily located within two office corridors – West Centre Avenue and Milham Avenue. West Centre Avenue has developed into a “medical mile” due to the many medical office buildings that have been constructed during the past several years. This “medical mile” is anchored by medical facilities for both Borgess and Bronson hospitals. West Centre Avenue has also proven to be an excellent location for financial institutions, research and business parks as well as locations for corporate offices. Included within this corridor are Creekside Commons and Cooley Drive office parks. When completed, Creekside Commons will consist of seven buildings totaling nearly 115,000 square feet and Cooley Drive will consist of four buildings (three of the four buildings have been completed) totaling nearly 60,000 square feet. Milham Avenue also offers excellent locations for general administrative, medical and corporate offices. The Milham Avenue Technology/Business Park offers a superior location for technology oriented businesses with visibility from I-94. Development within these two important office corridors continues today.

Economic development activity continues to remain strong since the peak of the recent recessionary period. As shown in the chart to the right, only \$18.2 million in new construction value occurred in FY2009-10. During FY2010-11, FY2011-12, and FY2012-13 construction value increased significantly to \$56.7, \$46.7 million and \$68.4 million respectively. Through the first eight months of FY2013-2014, \$30 million of new investment has occurred. By the end of FY2013-2014, the value of new construction activity is expected to approach the total amount recorded in FY2012-2013.



Portage Central High School

A quality public school system is also an important component to the continued strength of the local economy. Portage voters overwhelmingly approved \$119 million bond proposal in November 2007 to construct two new elementary schools, a new Central High School and renovate Portage Northern High School. Also included in the bond project were new facilities for Transportation and Maintenance as well as Technology and Training. Construction of the new or renovated facilities is complete: The Transportation and Maintenance facility

and 12th Street Elementary School opened in 2009, Lake Center Elementary School in 2010 and the new Portage Central and renovated Portage Northern high schools opened in the fall of 2011.

Growth and economic development can be directly related to the expansion and technological advancement of the transportation facilities. The City of Portage transportation needs are served by excellent road, air and rail facilities. With regard to the roadway network, the city is located at the crossroads of two significant interstate/freeway corridors: I-94 and US-131 which connect the major markets of Chicago and Detroit and other markets in the Midwest including Grand Rapids, Toledo, Indianapolis, and Milwaukee, for example.



Kalamazoo-Battle Creek International Airport, located adjacent to Portage, is served by American Eagle and Delta airlines providing approximately 16 daily departures and arrivals. This excellent level of air service provides the community with a diverse selection of air carriers and connecting hubs for both domestic and international air travel. In 2013, the airport handled 253,668 passenger trips.

In order to better serve Kalamazoo-Battle Creek International Airport passengers, a new \$39 million, 100,000 square foot airport terminal was completed in 2011. The new terminal offers expanded ticketing and baggage claim areas, passenger boarding bridges at all gates and an expanded area for Transportation Security Administration operations. Also, the Federal Aviation Administration completed the construction of a new control tower in 2012.

Bus services are also available, as are other forms of ground transportation to serve the needs of business and industrial activities. Grand Elk has rail facilities which traverse the city and provide direct service to a number of industries and businesses in the community.

Department of Community Development

Things You May Not Know About Portage

The city is 35.2 square miles in area and contains:

- 721 acres of parks,
- 39 miles of paved shoulder bikeways,
- 17.5 miles of paved multi-use trails and 5 additional miles of walking trails,
- 1,732 acres of lakes,
- 1,555 acres of state game preserve,
- 131 acres of landscaped boulevard islands,
- 72 linear miles of major streets,
- 147 linear miles of local streets,
- 231 miles of sewer mains,
- 55 sewer lift stations,
- 18 municipal water wells, over 2,600 fire hydrants, and 247 miles of water mains.



The Portage Police Department has received its third consecutive CALEA certification (Commission on Accreditation for Law Enforcement Agencies, Inc.). Only 10 percent of police agencies in the United States are accredited, and Portage is one of only 10 in the state of Michigan.

The city received an award for Excellence in Traffic Safety from the Michigan Association of Chiefs of Police, the Michigan Office of Highway Safety Planning and the AAA of Michigan.

Portage is a National Weather Service designated Storm Ready Community.

Portage has been Designated a Tree City U.S.A. for the 24th consecutive year.

The League of American Bicyclists ranked Portage a Bronze level Bicycle Friendly Community.

The city has received the Certificate of Achievement for Excellence in Financial Reporting for 27 consecutive years.

The city has received the Distinguished Budget Presentation Award for 27 consecutive years.

Portage Township officially incorporated as the City of Portage on December 31, 1963, celebrating the 50th Anniversary of the city's incorporation in 2013.



The Ice Rink at Millennium Park

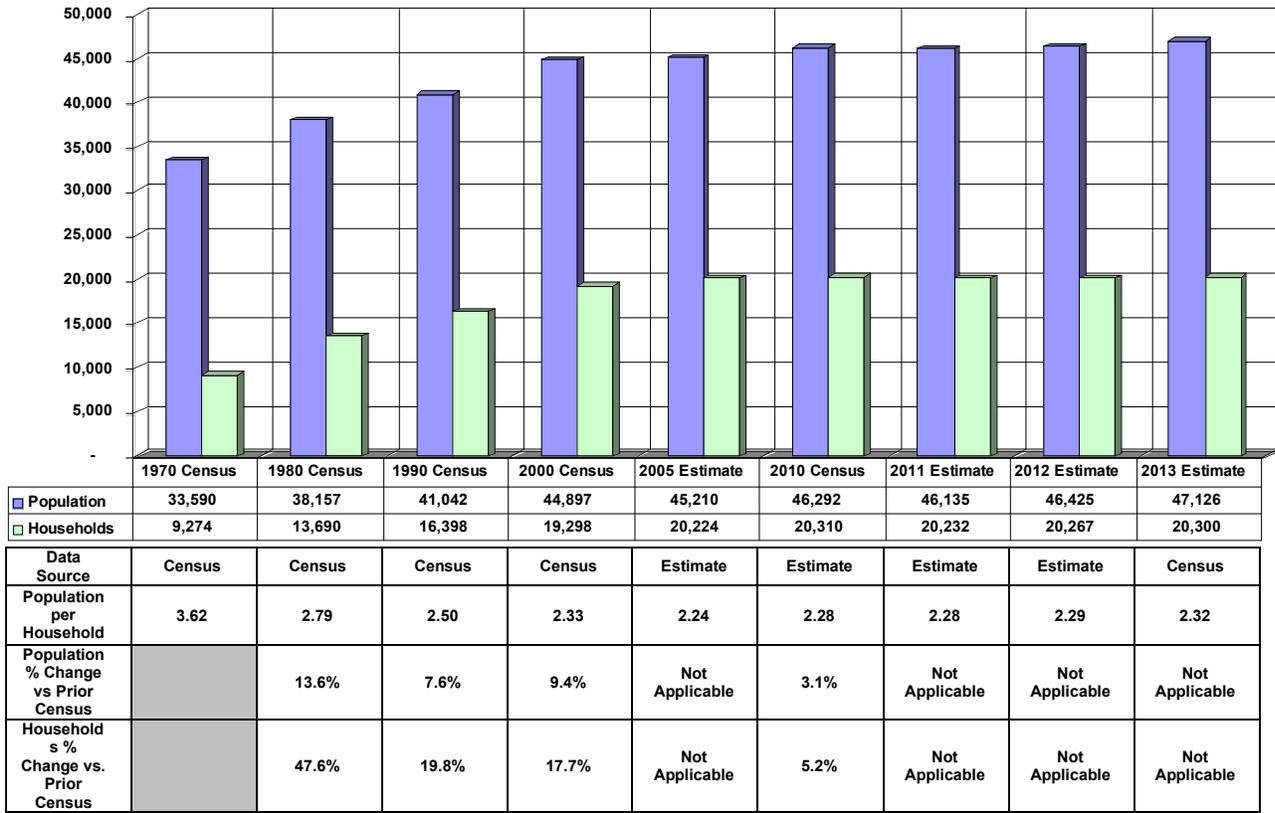


Celery Flats Grain Elevator



Ramona Park Beach

POPULATION AND HOUSEHOLDS



Warning Trend: Rapid changes in population or number of households.

Description: The exact relationship between population changes and other demographic factors is uncertain. Population change can, however, directly affect those governmental revenues collected or allocated on a per capita basis. A sudden increase in population can create immediate pressure for new capital outlay and higher levels of service. Prior to 1990, the city used population estimates (based on dwelling units) as an indicator of services. However, as the census data shows (see table above), the average household size has decreased from 3.62 persons in 1970 to 2.33 persons in 2000 and 2.28 persons in 2010. Note that:

- 1) Dwelling units, i.e., households, a real property statistic that is tabulated annually, is more easily tracked than is population, and
- 2) Many city services are rendered to *dwelling*s rather than to individuals.

Therefore, it is reasonable to utilize the number of households in the community rather than the population as an indicator of service demand. The number of households is used in many of the financial trend indicators throughout the remainder of this document.

CITY OF PORTAGE
Fiscal Policy
Fiscal Year 2014-2015

BUDGET POLICY

Budget policy is established by City Council in the form of formally adopted City-wide goals and objectives. These goals indicate the direction and the emphasis of the annual operating budget and the ten-year Capital Improvement Program.

The semi-annual citizen survey is a major factor in determining city goals and objectives. Survey questions are recommended by the City Manager and Council Community Survey Committee based on many factors including Council direction, citizen requests and comments, and changes in the city environment as monitored by administrative and operational staff. The survey is conducted by an independent organization using random sampling techniques. Results are compiled and analyzed in time for the Council goal setting session in December. The results of the goal-setting session inform the direction and emphasis provided to City Administration for the upcoming budget year.

City-wide goals and objectives provide the framework for the management by objectives performance evaluation system. Departments define specific goals within this framework and are evaluated quarterly on their performance relative to these criteria. These criteria are directly linked to the Council Mission Statement and Goals & Objectives. The budget is considered balanced when targeted fund balance percentages are reached.

BUDGET CALENDAR

Under constitutional, statutory, charter, and administrative guidelines the budget preparation process is as follows:

September - The Community Development Department distributes instructions and forms for the ten-year Capital Improvement Program (CIP).

October - The citizen survey is conducted by an independent organization.

November - The Finance Department distributes budget instructions and forms to all departments. Department heads submit Capital Improvement Program recommendations to the City Manager.

December - Council and Administration meet to establish city-wide goals and objectives using the annual citizen survey as a basis for prioritization. On the third Monday in December, completion of the review of the proposed CIP by the City Manager with the assistance of Community Development and Finance Departments.

January - The Administration prepares financial and operational data for review by the Water and Sewer Rate Study Committee, which is comprised of three Council members and two citizens. The Capital Improvement Program is submitted to the Planning Commission by the City Manager. The Water and Sewer Rate Committee prepares a recommendation for Council. Department heads submit departmental budgets to the Finance Director no later than the second Monday in January.

February - The Planning Commission recommends the Capital Improvement Program to the City Council. The Water and Sewer rate recommendation is presented to Council, a public hearing is held, and rates are adopted for the budget year.

April - The City Manager submits the operating budget, including the first year of the ten-year Capital Improvement Program, to the City Council at the first Council meeting of the month. The budget is available for public inspection at the offices of the City Clerk, Finance Director and at the Portage District Library. The City Council begins administrative budget hearings with the City Manager and department heads.

May - The City Council concludes administrative budget hearings. A public hearing on the budget is held at the first Council meeting in May. State mandated special public hearings are held concurrently with the charter required public hearing. The City Council adopts the budget and passes a general appropriations act at the second Council meeting in May. The budget is adopted at the activity level with the exception of the Capital Improvement Fund, which is adopted at the project level.

Once adopted, the budget becomes the legally binding financial plan for the city. Both the full accrual (enterprise and permanent funds) and modified accrual (all other funds) basis of accounting are utilized as appropriate in the preparation of this budget. Basis of accounting refers to when revenues and expenditures/expenses are recognized. Under the modified accrual method, revenues are recognized when they become measurable and available as net current assets. Under full accrual, revenues and expenses are recognized as soon as the underlying event or transaction occurs. Significant revenues recorded on the modified accrual basis include: property taxes, interest on investments, expenditure reimbursement type grants, certain inter-governmental revenues, and operating transfers. This approach is used because of the focus on the measurement of current financial resources.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

The budgets of the Proprietary Funds and Permanent Funds use “net assets” instead of “fund balance” to represent the net equity of these fund types and they utilize the full accrual basis of accounting for financial reporting purposes. This approach is used because of the focus on the flow of economic resources for these fund types. For budgetary purposes they use the modified accrual basis of accounting.

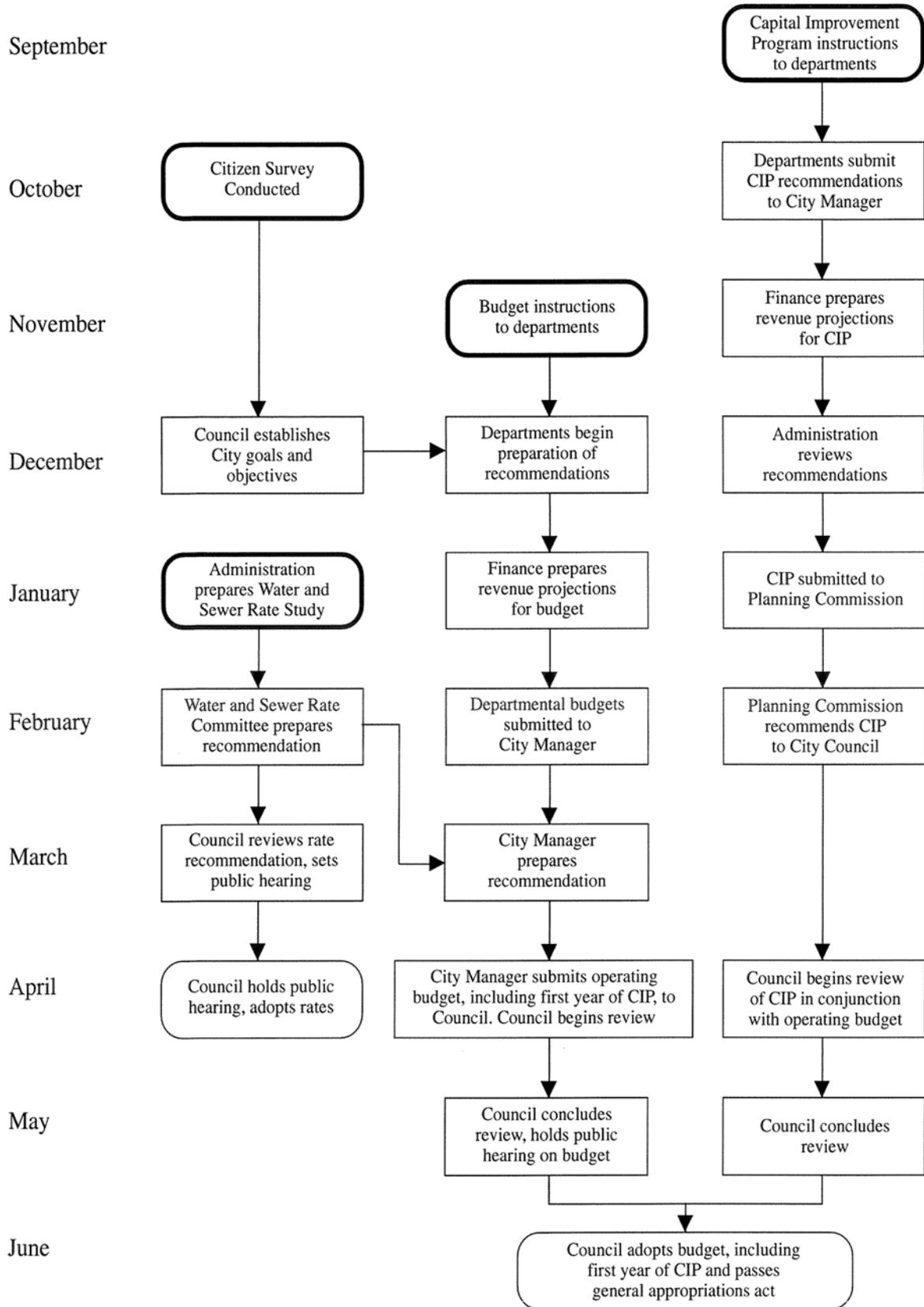
Amended Budget

In conformity with the Michigan Uniform Budgeting and Accounting Act, the budgeted revenues and expenditures are revised as necessary to reflect material changes in projections and to provide funding for programs adopted during the fiscal year. The City Manager is authorized to make budgetary transfers that do not affect overall fund balance. All other budget revisions require City Council approval.

The primary source of adjustment from the council approved budget to the amended budget is a result of the encumbrance method of budgetary control. Encumbrances represent commitments related to contracts not yet performed, and are used to control expenditures for the year and to enhance cash management. The annual operating budget is appropriated for the term of the fiscal year, and lapses at the end of the fiscal year. (Capital project funds are appropriated on a project-length basis and, therefore, do not lapse until the project itself is complete. These encumbrances do not require re-appropriation the following year since the appropriation authority does not expire.) Encumbrances outstanding at year end are not considered expenditures for the fiscal year then ended. NCGA-1 states that when outstanding encumbrances are allowed to lapse at year end but the government intends to honor the commitment, the encumbrances should be disclosed as a reservation of the fund balance, and authorization for the eventual expenditure should be included in the following years' budget appropriation. That principle has been rendered obsolete by GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions that no longer recognize encumbrances as a true reservation of fund balance*. City Council properly appropriate fund balance for encumbrances as of July first, however, amending the new years' budget to accommodate the timing difference for transactions begun but incomplete as of the end of the preceding fiscal year. The difference between an encumbrance and an accounts payable transaction is that all transactions that are complete except for payment having been made as of a given date are considered accounts payable. But encumbrances may be either complete and unpaid, or incomplete. The criteria and purpose of encumbrances and accounts payable are very different for accounting purposes.

For the year 2013/2014 the amount of encumbrances liquidated at the end of the 2012/2013 fiscal year and appropriated by City Council as an amendment to the 2013/2014 budget was \$4,605,426.

CITY OF PORTAGE BUDGET PROCESS



RISK MANAGEMENT

The City operates a risk management program to provide for protection against loss and a reduction in exposure to liability as well as an employee safety program to minimize financial losses to the City.

DEBT POLICY

General Obligation and Revenue Bonds are issued for capital improvements and maintenance or expenditures related thereto. No operating expenses are funded using any form of long-term financing. However, capital leases are to be utilized for specialized equipment, or information technology equipment and software systems, and tax anticipation notes may be necessary to maintain cash flows.

Projects financed through the issuance of debt are not financed for a period that exceeds the expected useful life of the project and in no event shall the term of any debt exceed twenty-five (25) years.

Bond sales, other than tax increment financing bonds, are structured to achieve level debt service payments to the extent possible taking into consideration the costs of such financing and the useful lives of the assets being financed. Either variable or fixed rate financing is used, subject to applicable laws, depending on the cost benefit to the City of each option.

Interest earnings from general obligation bond proceeds are credited to the Capital Improvement Fund.

Competitive sale is used for all general obligation debt issuance of the City of Portage. Negotiated sale and refunding of outstanding debt is considered under unique circumstances at the advice of the Financial Advisor retained by the City.

The outstanding indebtedness of the City does not exceed such levels as to cause the City's credit rating to be impaired, and in all cases the City takes such actions and adopts such policies as are necessary to maintain a rating no less than AA for general obligation debt.

The City communicates its financial condition to Standard and Poor's (or successor credit rating agencies), the state information depository, and nationally recognized bond information repositories in order to satisfy continuing disclosure requirements.

As an integral part of the financial planning for the City, the level of total debt outstanding does not exceed the maximum allowed under Michigan law. In no event does the total general obligation debt exceed 10 percent of the state equalized value (SEV) of the City as established by the City Assessor.

STABILIZATION POLICY

Governments should maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures. Toward that end, City Council adopted a resolution on October 29, 1985 stating, "The City will endeavor to maintain the fund balance of the General Fund at a level in excess of 13 percent of General Fund expenditures and interfund transfers." That policy was in effect until City Council approved a resolution on May 27, 2014, establishing that the level of the General Fund fund balance be set at 24 percent at the end of a fiscal year. To the extent that the audited fund balance exceeds 24 percent, the available excess fund balance shall be used to pay cash for future non-utility fund capital improvement projects in an effort to reduce long-term debt.

POLICY ON FEES AND CHARGES

The City performs a water rate study annually in order to set water and sewer rates for the approval of City Council for the upcoming year. The level of other fees and charges are evaluated by the applicable departments annually based on cost recovery principles, and presented to City Council for approval for the upcoming year.

REVENUE DIVERSIFICATION POLICY

The City is dedicated to encouraging a diversity of revenue sources within the parameters permitted by state law. In order to enhance stability, encourage growth, reduce sensitivity to inflation and business cycle impacts, and create a stable environment for business and residential citizens, the City encourages and promotes balanced and innovative development of the tax base and service environment.

EMERGENCY MANAGEMENT

The emergency management program is developed under Act 390 of 1976 as amended, titled the Michigan Emergency Management Act. A local resolution was adopted by City Council on May 2, 1994. The program meets the requirements of the National Incident Management System (NIMS) which was developed as a result of the terrorist attacks on September 11, 2011, and is incorporated as a portion of the four phases of a comprehensive emergency management program which include: Mitigation, Preparedness, Response, and Recovery.

ACCOUNTING AND AUDITING POLICIES

The City has established and maintains a high standard of accounting practices in conformance with Michigan uniform financial reporting and Generally Accepted Accounting Principals (GAAP) for governmental entities as promulgated by the Governmental Accounting Standards Board (GASB).

The City has engaged an independent firm of certified public accountants to perform an annual financial and compliance audit in accordance with Generally Accepted Auditing Standards (GAAS) who publicly issue an opinion that will be incorporated in the Consolidated Annual Financial Report.

FUNDS SUBJECT TO APPROPRIATION

The following funds of the City of Portage are subject to appropriation and are included in this budget document.

General Fund

The General Fund is the primary operating fund of the city. It is used to account for all financial resources except those required to be accounted for in another fund. It includes the following activities: Legislative and City Manager, Police, Fire, Parks and Recreation, Finance, City Clerk, City Assessor, Purchasing, Employee Development, Benefit Services, Community Development, the Senior Center, and some Public Service. The primary revenue sources of the General Fund are property taxes, state shared revenues and charges for services.

Major and Local Streets Funds

The Major and Local Streets Funds are special revenue funds, which account for the operations of the street maintenance division. Financing is provided by the general fund and the city share of State collected gasoline and other vehicular taxes.

Sewer and Water (Utility) Funds

The Sewer and Water Funds are enterprise funds that account for the provision of water and sewer services to the residents of the city. Activities necessary to provide such services include, but are not limited to, administration, operations, maintenance and construction. The primary revenue source for the Water and Sewer Funds is through user fees.

Public Improvements

The Capital Improvement Fund accounts for the financing and construction of all capital projects in excess of \$10,000. Revenue sources for the capital improvement fund consist of a separate voted millage, grants, transfers from other funds and proceeds from various note and bond issues.

The Lakes-Weed Management Fund accounts for the revenue and expenditures associated with weed management at West Lake. Financing is primarily provided by special assessments to property owners.

Debt Service

The General Obligation Debt Fund accumulates monies for the payment of principal and interest on various street, sidewalk, parks and recreation facility improvement general obligation bonds, and the city share of various special assessment bond issues. Financing is provided by a specific annual property tax levy for bonds issued prior to December 23, 1978 when tax limitation amendments to the Michigan Constitution became effective. Financing for bonds issued after December 23, 1978 is provided by appropriation of a portion of the property tax levy for public improvements authorized pursuant to the City Charter.

The Michigan Transportation Debt Retirement Funds (MTF) accumulate monies for the payment of principal and interest on motor vehicle highway bonds issued to finance various street improvement projects. Financing is provided by annual appropriations from the Major Street Fund and transfers from the Capital Improvement Fund.

The Building Authority Debt Service Fund accumulates monies for payment of principal and interest on Building Authority bonds. Financing is provided by transfers from the Capital Improvement Fund.

The Downtown Development Authority Debt Service Fund accumulates tax revenue "captured" in the Downtown Development Authority District for the payment of principal and interest on Downtown Development Authority bonds.

The Local Development Finance Authority (LDFA) Debt Service Fund accumulates tax revenue "captured" in the Local Development Finance Authority districts for the payment of principal and interest on Local Development Finance Authority bonds.

The Special Assessment Debt Service Fund accumulates monies for payment of principal and interest on bond issues for which property owners received a direct benefit and have been "assessed" a specific levy for this benefit.

Other Funds

The Curbside Recycling Fund, a special revenue fund, accounts for the costs associated with the curbside recycling program. This program is funded with a maximum .5 mill levy, as provided by the City Charter.

The Leaf Pickup and Spring Cleanup Fund, a special revenue fund, accounts for the costs associated with fall leaf pickup and composting and spring cleanup activities. This program is funded with a maximum .4 mill levy, as approved by voters in July of 1997.

The Community Development Block Grant Fund, a special revenue fund, accounts for the revenue and expenditures of Community Development Block Grants provided by the U.S. Department of Housing and Urban Development.

The Cable Television Fund, a special revenue fund, accounts for revenues received from the cable television permit holders. This Fund supports the operation of public access broadcasting and administration of the city's cable access television ordinance.

The Municipal Street Fund, a special revenue fund, is the result of amendments to the City Charter approved by voters on November 7, 2006, restricting the right of the City to levy special assessments for the construction or reconstruction of streets, and authorizing the permanent levy of up to one mill of tax (one tenth of one percent of the assessed value of all real and personal property in the City) dedicated to the construction or reconstruction of streets under City jurisdiction. This fund accounts for the tax revenues assessed and collected and their expenditure on construction and reconstruction projects of the City.

The Equipment Fund, an internal service fund (Appendix G), accounts for the costs of purchasing, maintaining and operating vehicles and other equipment used by various city departments. Costs are billed to the user departments based on rental rates, which are adjusted annually.

The Cemetery Permanent Fund accounts for revenue from the sale of cemetery lots. The principal received from such sales must be maintained intact and interest earnings are transferred to the General Fund to help finance the ongoing care of cemeteries.

The Community Development Block Grant Program Income Fund, an agency fund, accounts for repayments on housing rehabilitation loans funded through the Community Development Block Grant program. The repayments are available to loan for additional rehabilitation projects.

CITY OF PORTAGE
2014-2015 Council Mission Statement, Goals & Objectives

Mission Statement of the Portage City Council

To function as the elected body serving the shareholders (all citizens) of the city:

- (1) to ensure the long-term financial health of the city;
- (2) to promote the highest level of quality of life in all aspects for all residents;
- (3) to provide positive leadership for the entire county-wide community in all areas of municipal governance; and
- (4) to encourage effective long-term planning in all considerations within Council purview.
- (5) to ensure transparency and access to information.

CITY OF PORTAGE
2014-2015 Council Mission Statement, Goals & Objectives

COMMUNITY DEVELOPMENT

Goal: Promote quality of life in Portage.

Objectives:

- Continue prevention and enforcement efforts concerning substance abuse.
- Continue effective community safety programs through prevention, enforcement, and education.
- Ensure decent and safe housing and the livability of community neighborhoods.
- Maintain effective planning and development programs to promote orderly, attractive, and environmentally sound growth.
- Continue a commitment to human services to enhance the desirability of the community.
- Continue to encourage citizen involvement in crime prevention measures--business and residential.
- Maintain a coordinated and innovative approach toward developing park land and providing recreational opportunities.
- Continue planning and implementing programs and projects to enhance the City Centre area.
- Promote aesthetic and cultural enhancement.

CITY OF PORTAGE
2014-2015 Council Mission Statement, Goals & Objectives

ECONOMIC DEVELOPMENT

Goal: Demonstrate a commitment to quality economic growth and development.

Objectives:

- Develop an improvement strategy to ensure the continued strength of the city.
- Promote business diversification.

TRANSPORTATION

Goal: Continue to plan and implement improvements to move people and commerce safely and effectively through the community.

Objectives:

- Implement projects proposed within the major thoroughfare plan.
- Continue to implement operational and functional improvements to improve traffic safety and movement.
- Evaluate and promote alternate modes of transportation.
- Continue appropriate improvement of the local street system.
- Continue to seek alternative approaches and methods to enhance preventive maintenance programs.

CITY OF PORTAGE
2014-2015 Council Mission Statement, Goals & Objectives

CUSTOMER RELATIONS

Goal: Promote excellent customer relations.

Objectives:

- Continue emphasis on courteous public service.
- Continue efforts to enhance communication between local government, citizens, the business community and the local educational institutions on city projects and services.

PUBLIC IMPROVEMENTS

Goal: Continue to improve the infrastructure to meet demonstrated needs.

Objectives:

- Continue to improve the wastewater and stormwater systems.
- Continue to improve the water system.

Promote underground utilities within the city.
- Continue to expand, update and maintain equipment and facilities to provide for the effective operation of city departments.
- Maintain a systematic preventative maintenance program for city-owned buildings.

QUALITY OF ENVIRONMENT

Goal: Enhance environmental quality and protect natural resources.

Objectives:

- Continue to promote effective recycling plans, the use of recycled/recyclable products, and the responsible disposal of hazardous and solid waste.
- Protect water quality through the continued implementation of water management principles, including surface water, groundwater, and stormwater programs.
- Further promote environmental protection, planning, monitoring, and educational programs.

CITY OF PORTAGE
2014-2015 Council Mission Statement, Goals & Objectives

SERVICE DELIVERY

Goal: Continue to provide high quality, effective and cost efficient municipal services.

Objectives:

- Continue to evaluate alternatives to meet increased service demands.
- Promote teamwork and unity of purpose between the public and private sectors.
- Continue to increase efficiency by applying new technology.
- Continue to prioritize existing services--including the elimination of low-priority services.
- Monitor, evaluate, and communicate service delivery options.
- Continue to pursue mutually beneficial intergovernmental ventures.
- Further expand employee training and wellness programs and opportunities to ensure a well-trained, healthy and motivated work force.
- Further improve the utility of citizen advisory boards.
- Evaluate and propose possible Charter and ordinance revisions.
- Continue to evaluate contracting or privatizing city services and programs.

CITY OF PORTAGE
2014-2015 Council Mission Statement, Goals & Objectives

FINANCE AND BUDGETING

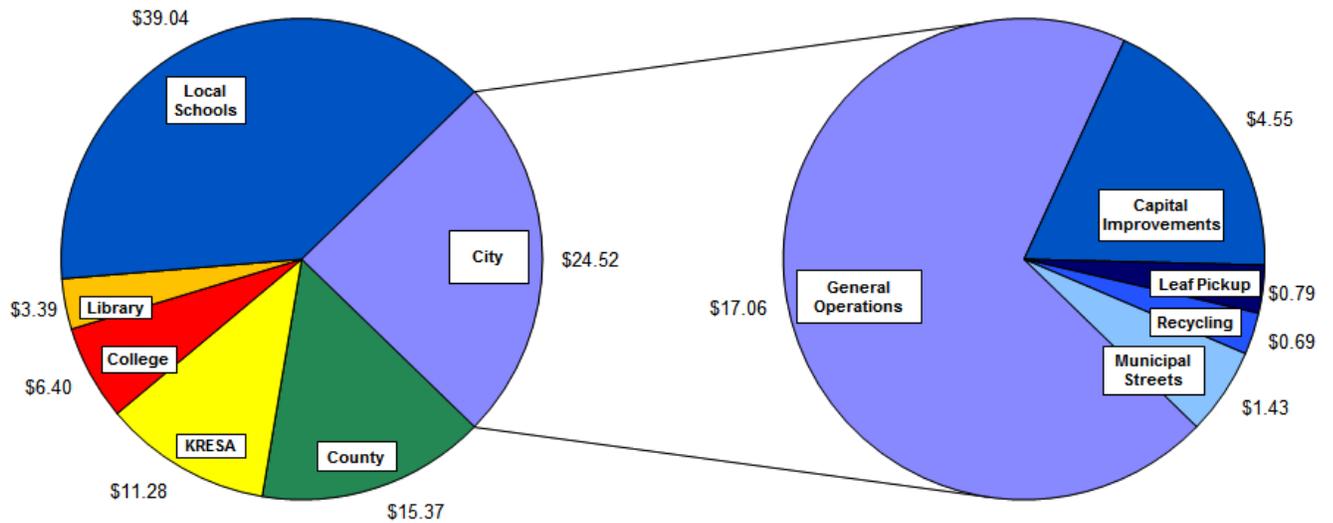
Goal: Maintain the financial health of the city.

Objectives:

- Continue to pursue revenue enhancement through alternate funding opportunities.
- Assess financing methods for future capital improvement needs.
- Continue to evaluate expenditures to provide for the most effective and efficient use of city resources.
- Promote volunteerism to assist in providing important services.
- Promote safety and minimize risk exposure by continuing to identify and prevent accident/ liability exposure.
- Consider and implement alternative means of addressing city insurance needs to further enhance financial health of the city.

WHERE TAXPAYER DOLLARS WENT IN 2013-14

For each \$100 of property taxes paid (2013 tax billings), the City Treasurer distributed to the Schools, County, Library, and City in the amounts shown below:



The above graphs are based on the 2013 tax levy for the fiscal year ended June 30, 2014 as shown below:

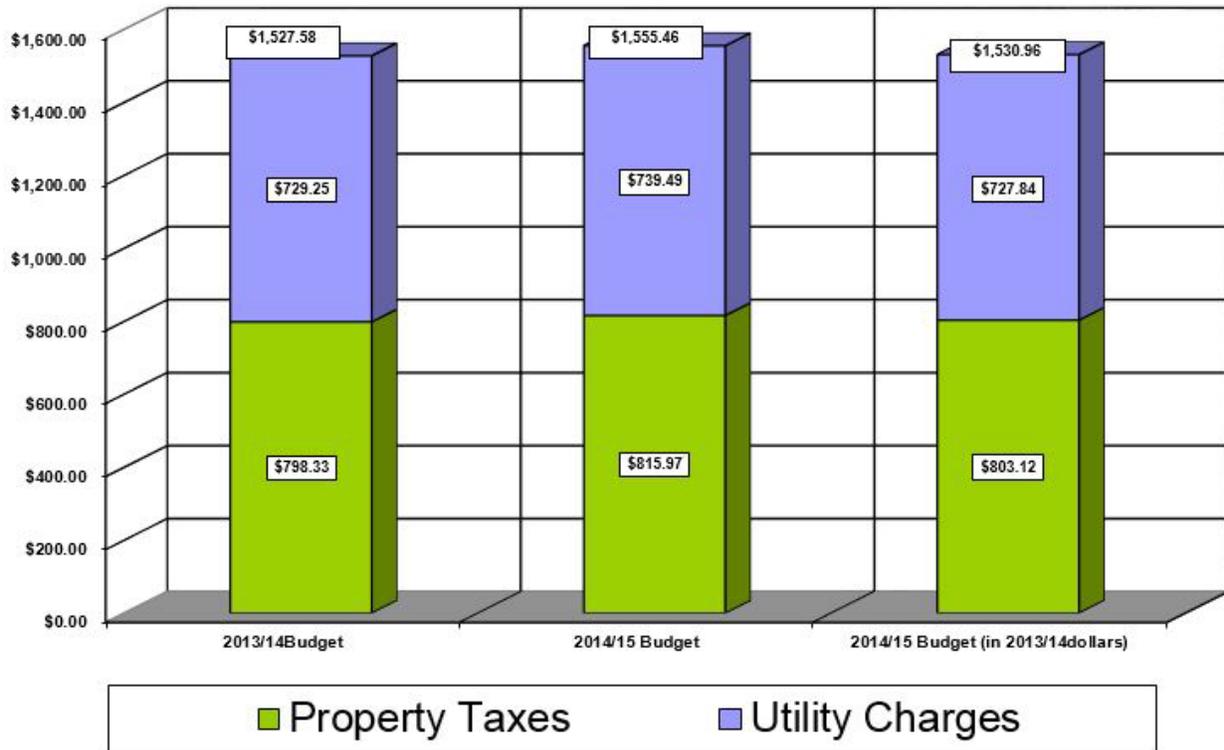
Percentage of Tax Levy

City	24.52%
County	15.37%
Kalamazoo Regional Ed. Services	11.28%
Community College	6.40%
Library	3.39%
Local Schools	<u>39.04%</u>
	100.00%

City Millage

General Operations	7.5000	\$17.06
Capital Improvements	2.0000	\$4.55
Leaf Pickup/Spring Cleanup	.3455	\$0.79
Curbside Recycling	.3049	\$0.69
Municipal Streets	<u>.6274</u>	<u>\$1.43</u>
	10.7778	\$24.52

Cost of City Services to the Typical City of Portage Residence



The chart above depicts the property tax and utility costs of a typical residence in the City of Portage.

Given that:

- taxable value increase of less than 1% for 2014,
- slight increase in city tax rate for services, and
- there is a necessary increase in city utility rates, primarily to pay for unfunded federal mandates and a need to establish adequate working capital,

The total cost of city service to the typical city resident will increase by \$27.88 in the upcoming year. After adjusting for inflation, this change actually represents an increase of only \$3.38 in 2013/2014 dollars.

NET OPERATING REVENUES PER HOUSEHOLD
(in Constant \$)



Warning Trend:

Decreasing Net Operating Revenues in constant dollars per Household.

Formula:

$$((\text{Net Operating Revenues in constant \$}) / (\text{Number of Households}))$$

Net Operating Revenues are defined as:

Gross Revenues

less restricted revenues for capital improvements that remain in operating funds

less mandated capital improvement transfers

less revenues legally restricted for special non-operating purposes

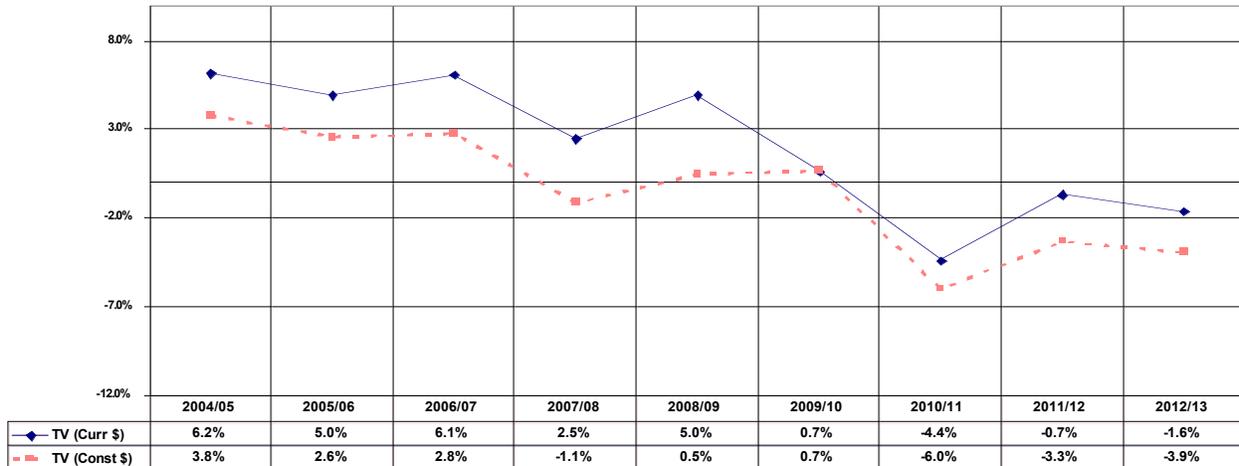
Description:

Examining per household revenues shows changes in revenues relative to changes in the number of households. As the number of households increases, it could be logically expected that revenues and the need for revenues would increase proportionately. Therefore, the level of per household revenues should remain relatively constant when adjusted for inflation. Decreasing per-household revenues could mean the City would be unable to maintain existing service levels unless it finds new revenue sources or ways to reduce the cost of providing services, assuming that the demand for services is directly related to the number of households. A decreasing trend in per household revenues can result from such factors as property values, general economic declines, changes in population or population-related demographics, problems with revenue structure, or periods of high inflation.

Analysis:

The trend through fiscal 2007/08 was positive, followed by the downturn that began in 2008 with losses in taxable values. The increases in revenues seen by Debt Service and Special Revenue Funds also slowed during that time. From 2008 to 2011 state sharing revenue decreased, and while that trend reversed in 2012, payments have not returned to pre-2007 levels. Interest income and building permit income have also remained depressed. General Fund decreases beginning in 2009/10 are largely a result of loss of value in the tax base.

% CHANGES IN TAXABLE VALUE
(in Current \$ and Constant \$)



Warning Trend:

Declining growth rate or an actual decline in Taxable Value expressed in either current dollars or constant dollars.

Formula:

$$((\text{Amount of \$ Change in Taxable Value} / \text{Taxable Value \$ in Previous Year}) - 1.000) \times 100$$

This formula applies regardless of whether the taxable values used are expressed in current dollars or constant dollars.

Note: The taxable value used in these calculations reflects the fact that the taxable value used in the fiscal years displayed above is actually determined as of December 31 of the previous year. For example, the taxable value for fiscal 2009/2010 was actually determined as of December 31, 2008. That taxable value then determined the property tax revenue available from the 7/1/2009 and 12/1/2009 billings. These billings provided revenue for Fiscal Year 2009/2010.

Description:

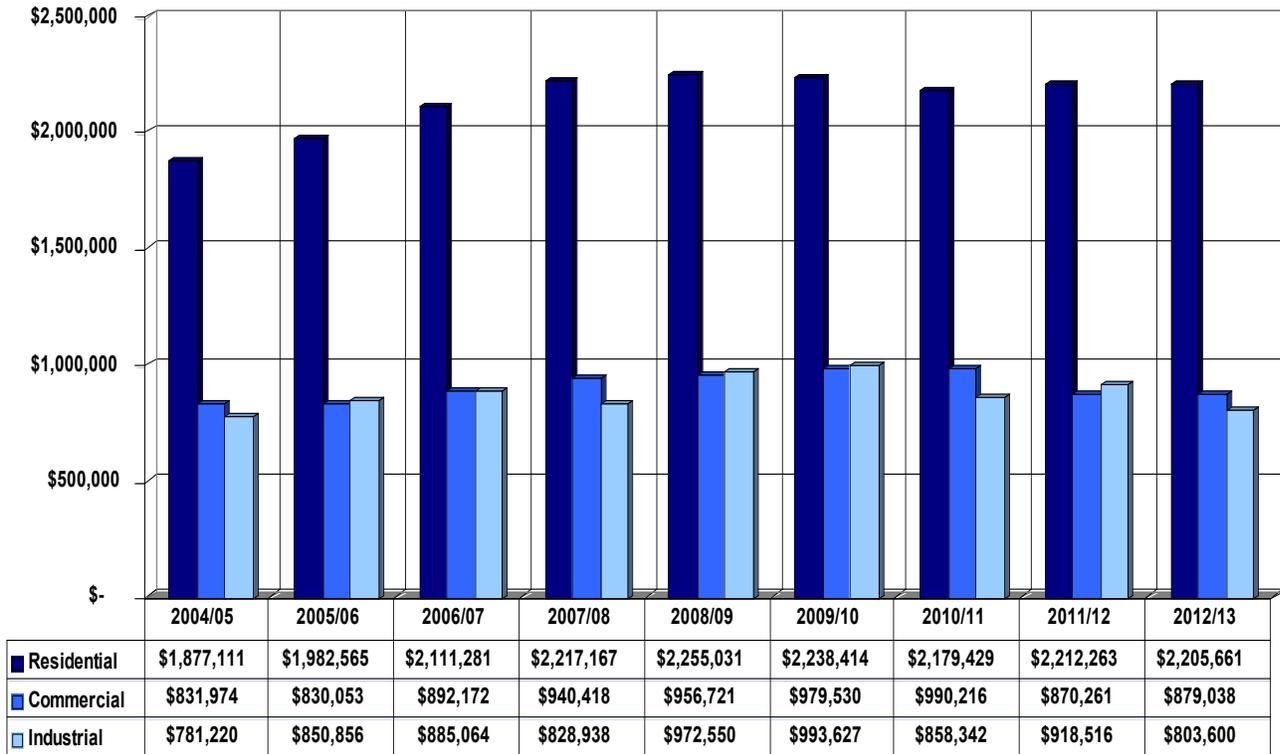
Monitoring changes in Taxable Value (TV) is important because the City depends on property taxes for a substantial portion of its revenues. The overall effect of declining property values on City revenues is dependent on how heavily the city relies on property taxes as a source of revenue. A decline in a city's property values is most likely a symptom of other underlying problems and not a cause of the problem itself.

Analysis:

The passage of Proposal A in 1994 regulates the Taxable Value (TV) on most property and the TV increases by the rate of increase in the Consumer Price Index. New construction of major properties provides a significant increase in taxable values and explains many of the spikes in this indicator some of which are related to the mortgage lending crisis. The market value of property, primarily residential property, decreased in 2009/10 so that the TV increase allowed by the state's inflation adjustment factor did not increase the value of all properties. The TV may not be greater than the State Equalized Value. For the first time since enactment of Proposal A, a significant number of property Taxable Values were constrained due to this requirement. Fiscal Year 2013-2014 saw a decrease in TV of 2.0 percent, but there was a less than 1 percent increase in 2014/15.

PROPERTY MARKET VALUE

(Total Market Value by Category)



Warning Trend:

Increases in the share of residential market value as a percentage of the total market value.

Formula:

For any market category, the percent of market value represented by a specific category is:

$$\frac{((\text{Market Value of Specific Category}) / (\text{Combined Market Value of All Categories})) \times 100$$

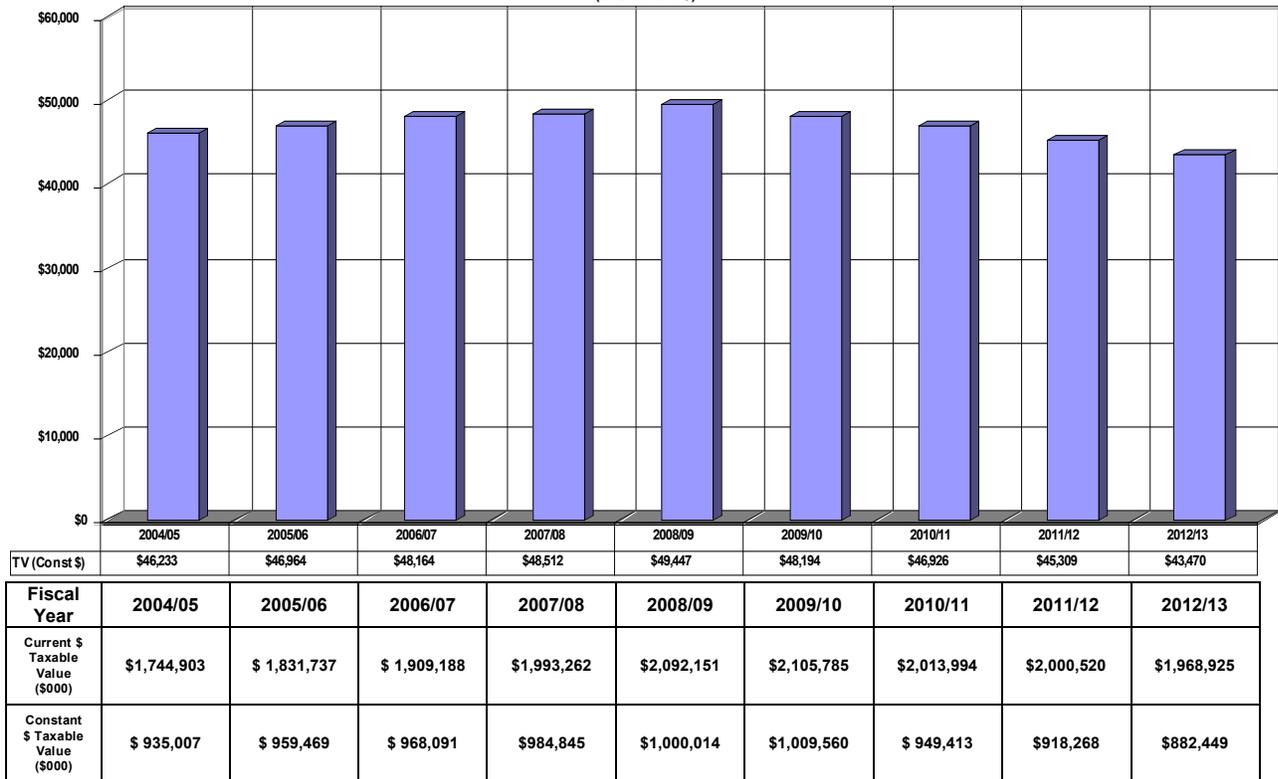
Description:

The net cost of serving residential development is, in general, higher than the net cost of serving commercial or industrial development. Residential development creates more expenditure demands than revenue receipts, whereas commercial and industrial development create more revenue receipts than it does expenditures. In an ideal situation, a city should have sufficient increases in commercial and industrial development in order to offset its inevitable increases in residential development. Although this general principle applies, in reality the City also must consider the general economic conditions in the area and the City's demographic trends as well.

Analysis:

In general, the residential market value category is rising slowly over time from 53.8 percent in 2004/05 to 53.9 percent in 2008/09 and 54.1 percent in 2010/11 and 56.7 percent in 2012/13.

TAXABLE VALUE PER HOUSEHOLD
(in Constant \$)



Warning Trend:

Decreasing Taxable Value (TV) in constant dollars per household.

Formula:

$$(Taxable\ Value\ adjusted\ to\ constant\ \$) / (Number\ of\ Households)$$

State Equalized Valuation (SEV): Per Michigan law, 50 percent of the market value of all real property and business personal property in the City is subject to taxation after market value has been adjusted for the effects of inflation. With the passage of Proposal A in 1994, property taxes are determined using Taxable Value not SEV. All values shown above are based on Taxable Value.

Description:

Taxable Value (TV) is a measure of the property tax base and is the primary source of revenue to the City. Measuring TV in inflation-adjusted dollars over time gives the City a measurement of how well this important revenue base is being maintained in comparison to the category that generates the primary demand for services from the City. Increases in TV, however, do not necessarily equate to tax revenue increases. Millage levies are also subject to Michigan statutes and may require decreases in millage from one year to the next depending on complex economic calculations. The actual level of the millage levy is also dependent on the desires of the local government legislative body (i.e., the City Council) within limitations imposed by the City Charter and Michigan statutes.

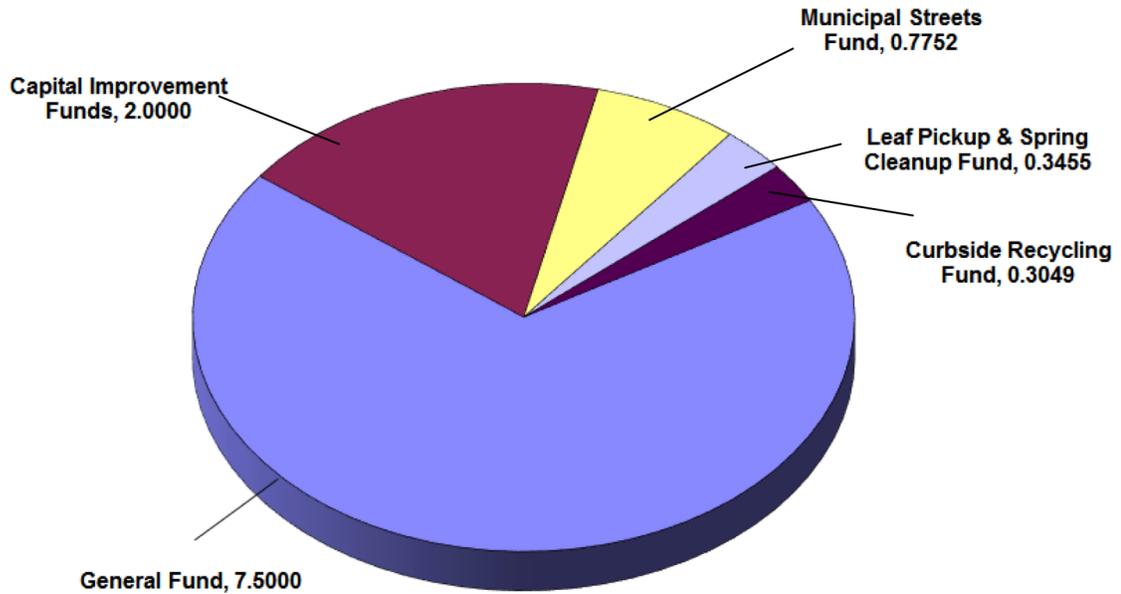
Analysis:

Taxable Value per household in inflation-adjusted dollars had remained relatively stable until 2009/10. The growth of the commercial and industrial categories had kept pace with residential growth but real estate values were adversely affected by the recession and mortgage industry problems.

MILLAGE RECAP 2014/15 BUDGET

	2013/14	2014/15	
	RATES	Recommended	CHANGE FROM
		RATES	2013/14 RATES
General Fund	7.5000	7.5000	0.0000
Capital Improvement	2.0000	2.0000	0.0000
Curbside Recycling	0.3049	0.3049	0.0000
Leaf Pickup/Spring Cleanup	0.3455	0.3455	0.0000
Municipal Streets Fund	0.6274	0.7752	0.1478
	<u>10.7778</u>	<u>10.9256</u>	<u>0.1478</u>

City Millage Breakdown by Fund Category



City of Portage Discussion of Accounting Methods Budgetary vs. CAFR

The City of Portage fully implemented GASB Statement No. 34 in the fiscal year ended June 30, 2003. This permits consolidation of all funds into one comprehensive summary. The Consolidated Annual Financial Report (CAFR) uses the full accrual method of accounting in all funds; budgetary presentation does not. The Governmental Accounting Standards Board Statement No. 34 permits units of government answer the question "What is the relative financial burden that each of the units' programs places on the taxpayers?" through their financial reporting. The statement that follows has been prepared on a budgetary basis using the new reporting model under Generally Accepted Accounting Principals (GAAP).

There are several very significant differences between this statement that presents the budget in the same form as the CAFR and the CAFR itself. Some of the main differences are:

1. The timing of revenue and expenditures may differ under a GAAP basis of accounting from the budgetary basis of accounting. For example, accounting revenues under GAAP are recognized in governmental funds as soon as they are both "measurable" and "available" whereas revenue recognition under the budgetary basis of accounting may be deferred until amounts are actually received in cash.
2. Encumbered amounts are commonly treated as expenditures under the assumptions of the budgetary basis of accounting while encumbrances are never classified as expenditures for the CAFR.
3. Under the basis of accounting used in proprietary funds, the receipt of long-term debt proceeds, capital outlays, and debt service principal payments are not reported in operations, but allocations for depreciation and amortization are recorded. The opposite is true under the budgetary basis of accounting.
4. Capital improvements do not appear on the Statement of Activities (Income Statement) in the CAFR. Instead, capital improvements are capitalized and are reported in the Statement of Net Assets (Balance Sheet). Capital improvements are depreciated over the expected life of the asset for the CAFR, and infrastructure assets such as streets and sidewalks have been capitalized and depreciated. In accordance with GASB Statement No. 34, the historical cost balance of infrastructure assets has been reconstructed back to the incorporation of the City in 1962 for CAFR purposes. Capital improvements are shown as expenditures under the budgetary basis.
5. The budget document does not include all of the component units incorporated into the Consolidated Annual Financial Statement (CAFR) because the GAAP definition of control for financial reporting purposes differs from the legal capacity to appropriate funding. Certain funds may be excluded because appropriations come to them through other funds. For example, the defined benefit plan pension trust is excluded from the budgetary funds because contributions to it are appropriated through the personnel cost appropriations in the operating funds. Funds excluded from the budgetary funds include: insurance fund, pension trust, and the component units LDFA and Economic Development that are legally distinct entities from the City of Portage. Debt service undertaken by the City on behalf of the component units is, however, included because the borrowing commits the full faith and credit of the City.

**CITY OF PORTAGE
Budgetary Fund Structure**

Using the Modified Accrual method of accounting:

General Fund

Special Revenue Funds:

Major Streets Fund

Local Streets Fund

Municipal Streets Fund

Curbside Recycling Fund

Leaf Pickup Fund

Cultural Activities Fund

CDBG Fund

Cable Television Fund

West Lake Weed Management Fund

CDBG Program Income Fund

Debt Service Funds

Capital Improvement Funds

Enterprise Funds:

Sewer Operating Fund

Water Operating Fund

Cemetery Permanent Fund

Internal Service Fund:

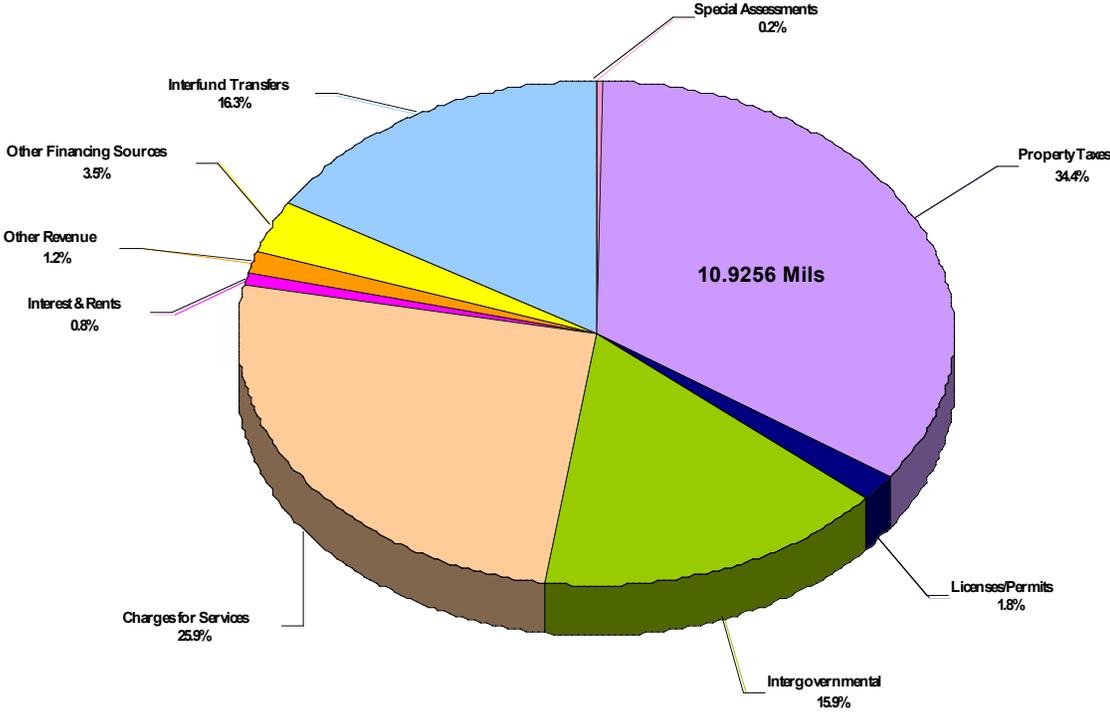
Equipment Fund

CITY OF PORTAGE, MICHIGAN

**Budget Summary by Fund Type (Budgetary Basis)
FISCAL YEAR 2014 - 2015**

	Modified Accrual				Full Accrual			Memorandum Only		
	General Fund	Special Revenue	Debt Service	Capital Project	Enterprise Funds	Permanent Funds	FY 2014-2015 Total	FY 2013-2014 Total	FY 2012-2013 Total	
REVENUE:										
Property taxes	15,677,100	2,806,000	742,000	3,937,000	-	-	23,162,100	22,790,400	22,941,200	
Fees and permits	523,900	765,000	-	-	-	-	1,288,900	1,240,950	1,134,200	
Federal revenue	1,000	218,672	-	791,000	-	-	1,010,672	1,364,100	254,446	
State revenue	23,000	3,607,500	-	-	-	-	3,630,500	3,534,500	3,302,500	
State shared revenue	3,881,220	-	-	-	-	-	3,881,220	3,763,831	2,917,902	
State grants	-	-	-	810,000	-	-	810,000	-	-	
Other grants	12,000	-	-	-	-	-	12,000	21,600	21,600	
Charges for services	1,611,100	25,000	-	-	15,744,000	40,000	17,420,100	17,179,680	15,943,250	
Interest and rents	272,100	9,100	367,043	15,000	18,300	3,700	685,243	632,340	1,061,711	
Other revenue	492,820	10,250	-	1,682,000	-	-	2,185,070	3,352,920	2,300,845	
TOTAL REVENUE	22,494,240	7,441,522	1,109,043	7,235,000	15,762,300	43,700	54,085,805	53,880,321	49,877,654	
EXPENDITURES:										
Legislative	67,100	-	-	-	-	-	67,100	61,500	61,500	
Judicial	67,355	-	-	-	-	-	67,355	55,355	56,855	
General government	4,438,901	5,890	-	-	-	-	4,444,791	4,411,638	4,599,573	
Public safety	14,318,663	72,085	-	-	-	-	14,390,748	14,351,158	14,556,998	
Public works	565,000	-	-	-	-	-	565,000	577,000	488,000	
Health and welfare	123,090	1,420,556	-	-	-	-	1,543,646	1,630,058	1,531,256	
Recreation and cultural	2,739,706	784,307	-	-	-	-	3,524,013	3,473,300	3,489,308	
Public facilities	-	-	-	-	-	-	-	50,000	-	
Highways and streets	-	3,264,540	-	-	-	-	3,264,540	3,074,091	2,990,878	
Operations and maintenance	-	60,000	-	-	7,026,896	-	7,086,896	7,063,690	7,930,197	
Administration	-	-	-	-	5,478,591	-	5,478,591	4,969,590	4,960,273	
Capital outlay	-	-	-	7,570,000	260,000	-	7,830,000	7,422,000	3,349,000	
Debt service	-	-	6,104,986	-	-	-	6,104,986	6,240,165	7,415,167	
TOTAL EXPENDITURES	22,319,815	5,607,378	6,104,986	7,570,000	12,765,487	-	54,367,666	53,379,545	51,429,005	

SOURCES OF FUNDING - ALL FUNDS

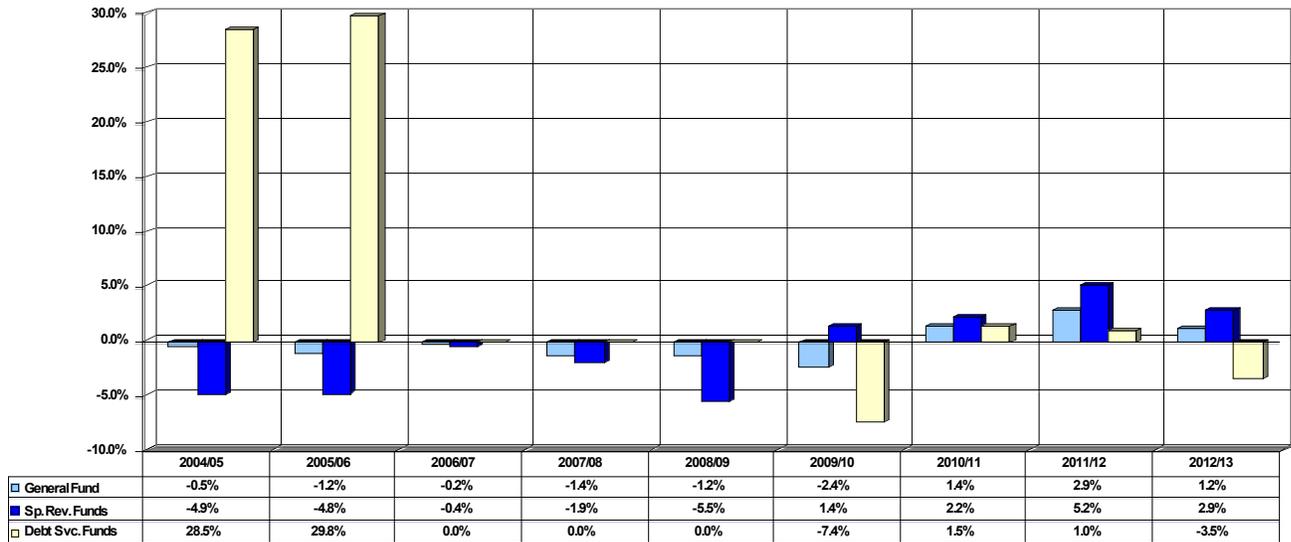


**SUMMARY OF REVENUES
ALL FUNDS
FISCAL YEAR 2014 - 2015**

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
GENERAL FUND	21,950,342	22,743,737	22,241,787	22,071,881	22,497,740
STREET FUNDS					
Major Streets	3,078,191	3,290,196	4,001,996	2,981,500	3,048,180
Local Streets	1,031,567	1,430,818	1,113,000	1,098,000	1,112,720
Municipal Streets	1,216,653	1,078,247	1,218,300	1,218,300	1,526,800
UTILITY FUNDS					
Sewer Operating	7,660,308	8,267,021	8,703,000	8,703,000	8,865,700
Water Operating	6,640,196	6,971,477	6,846,000	6,846,000	6,942,600
PUBLIC IMPROVEMENT FUNDS					
Capital Improvement	6,748,631	7,180,754	11,853,000	11,758,000	12,305,000
Lakes-Weed Management	13,596	11,313	23,800	23,800	10,450
DEBT SERVICE FUNDS					
General Obligation Debt	3,661,494	3,594,307	3,039,647	3,039,647	3,064,600
MTF 1997	137,000	132,000	128,000	128,000	122,135
MTF 2008	198,000	258,000	272,000	272,000	274,400
MTF 2010 Refunding	676,000	557,000	823,000	823,000	935,565
Building Authority Debt Service	956,538	647,984	610,810	610,810	575,443
DDA Debt Service	366,347	314,317	477,750	477,750	358,100
LDF Debt Service	536,219	487,399	505,000	505,000	492,600
Special Assessment Debt Service	71,930	78,522	193,145	193,145	191,465
OTHER FUNDS					
Curbside Recycling	695,316	665,152	592,200	592,200	602,400
Leaf Pickup/Spring Cleanup	772,215	794,323	671,600	671,600	681,600
Community Development Block Grant	-	187,388	312,459	198,100	218,672
Mich State Housing Dev Auth Grant	20,651	24,777	-	-	-
Cable Television	766,488	785,167	795,900	765,900	765,700
Cemetery Permanent Fund	38,858	39,439	42,500	42,500	43,700
CDBG Program Income	29,192	23,420	25,000	25,000	25,000
TOTAL REVENUE	<u>57,265,732</u>	<u>59,562,758</u>	<u>64,489,894</u>	<u>63,045,133</u>	<u>64,660,570</u>

Additional information is available in the respective detailed departmental budget.

REVENUE SURPLUS/SHORTFALL VS. BUDGET
(General Fund, Special Revenue Funds, Debt Service Funds)



Warning Trend:

Increasing revenue shortfalls as a percentage of actual net operating revenue

Formula:

$$\frac{((\text{Actual Net Operating Revenue} - \text{Budgeted Net Operating Revenue}) / (\text{Actual Net Operating Revenue})) \times 100}{}$$

Description:

This indicator examines the differences between the net operating revenues budgeted and the actual net operating revenues received during the fiscal year. Major discrepancies between budgeted revenue and actual revenue for a given fiscal year can be a sign of many things, such as:

- An economic environment experiencing sudden growth or decline
- Inaccurate budget estimating techniques

Revenue shortfalls can also be a sign of other issues including:

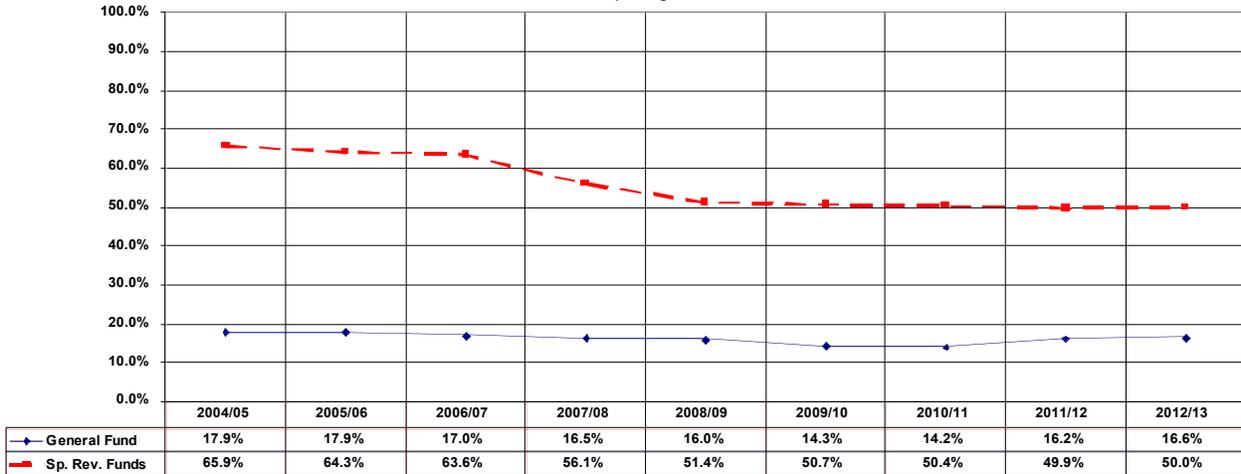
- Inefficient revenue collection procedures
- Overly optimistic revenue budget estimates made to accommodate political pressures

If there is a trend that indicates budgeted revenue estimates are differing from actual revenue results on a more frequent basis or by increasingly larger amounts, a detailed analysis of each revenue source should be conducted to pinpoint the source(s) and cause(s).

Analysis:

This chart indicates that, typically, budget estimating methods are relatively accurate and slightly on the conservative side. General Fund shortfalls, which began in 2002/03, were caused primarily by cuts in revenue sharing payments from the state and secondarily by reduced investment earnings. A more conservative outlook has yielded different results in the last few years. An increase in road funds from the state was a boost for Special Revenue Streets fund revenues, while a decline in property tax capture in the Downtown Development Authority Fund was the primary cause of that shortfall.

INTERGOVERNMENTAL OPERATING REVENUES
As a % of Gross Operating Revenues



Warning Trend:

Increasing amounts of Intergovernmental Operating Revenues as a percentage of gross operating revenues

Formula:

$$\frac{((Intergovernmental\ Operating\ Revenues) / (Gross\ Operating\ Revenues)) \times 100}{}$$

Note: Intergovernmental Operating Revenues are those revenues received from other governmental entities, primarily the State of Michigan, for local operations. The primary examples of these intergovernmental operating revenues are:

- General state-shared revenues received by the General Fund
- Act 51 revenues received by the Major and Local Streets Funds

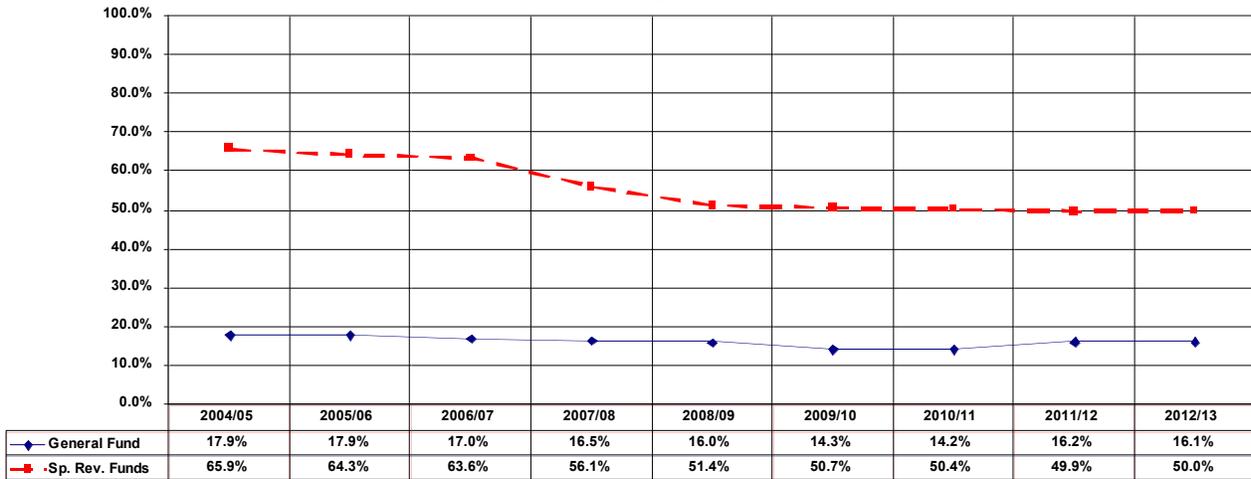
Description:

Monitoring of intergovernmental revenues is important because an overdependence on such revenues can be harmful. If the external governmental source withdraws the funds entirely or reduces its share of costs, the City is left with the choice of cutting programs or paying for the existing programs from local revenue sources. This can endanger other programs as well. In addition, conditions attached to the revenues by the external source may prove too costly, especially if the conditions are changed after the City has already become dependent on the program. The primary reason for analyzing intergovernmental operating revenues is determining whether the local government is controlling its use of the external revenues or whether these external revenues are controlling the local government.

Analysis:

The General Fund is dependent to some extent on state-shared revenues. As illustrated in the chart, intergovernmental revenues continue to hover at a level around 16 percent of General Fund revenues. The decline of state revenue sharing has ceased for the time being, and the City actually saw increases in recent years, although unadjusted annual totals remain below levels from 2008 and before. In Special Revenue funds, Act 51 revenues declined briefly between 2009 and 2012, but have settled recently at a level that has been providing 50 percent of revenues in those funds.

ELASTIC OPERATING REVENUES
As a % of Net Operating Revenues



Warning Trend:

Decreasing amount of Elastic Operating Revenues as a percentage of net operating revenues

Formula:

$$((\text{Elastic Operating Revenues}) / (\text{Net Operating Revenues})) \times 100$$

Note: Elastic Operating Revenues are those revenues which are highly responsive to changes in the economic base or inflation. Examples of these include:

- General state-shared revenues received by the General Fund
- Act 51 revenues received by the Major and Local Streets Funds

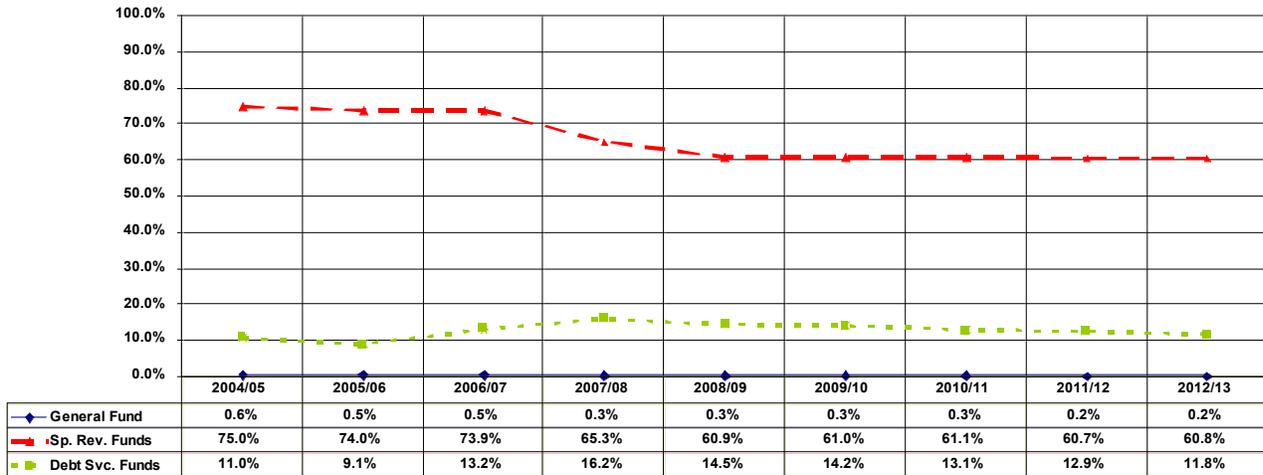
Description:

As the economic base expands or inflation increases, elastic operating revenues rise in approximately the same proportion or greater amounts. Conversely, if the economic base contracts or inflation decreases, elastic operating revenues decline in approximately the same proportion or greater amounts. A good example of this relationship is sales tax revenue which, even though the rate remains unchanged, increases during good economic periods and declines during poor economic times. Keeping a reasonable balance between elastic and inelastic sources of revenues mitigates the effects of changes in economic growth. During periods of inflation, it is desirable to have a higher percentage of elastic revenue because inflation pushes up the revenues and helps the City keep pace with the higher prices it must pay. If the percentage of elastic revenues declines during inflation, the City becomes more vulnerable because the inflationary pressures are pushing up the price of providing services but not providing a similar boost in revenues. During a period of economic recession, it is an advantage for the City to have a lower percentage of elastic revenues.

Analysis:

The General Fund is to some extent dependent on elastic revenues (e.g., state revenue sharing derived from sales taxes). The dependency of special revenue funds on elastic revenues has generally been level. As an example, the street funds are dependent on Act 51 revenues which are elastic because they depend on gasoline sales: as the amount of gasoline sold in Michigan declines, so do Act 51 revenues.

RESTRICTED OPERATING REVENUES
As a % of Net Operating Revenues



Warning Trend:

Increasing amounts of Restricted Operating Revenues as a percentage of Net Operating Revenues.

Formula:

$$((\text{Restricted Operating Revenues}) / (\text{Net Operating Revenues})) \times 100$$

Note: A Restricted Operating Revenue is one that is legally earmarked for a specific use. This may be required as a matter of Michigan Law, bond covenants, or grant requirements. For example, the State of Michigan requires that gasoline tax revenues be used only for street maintenance or construction.

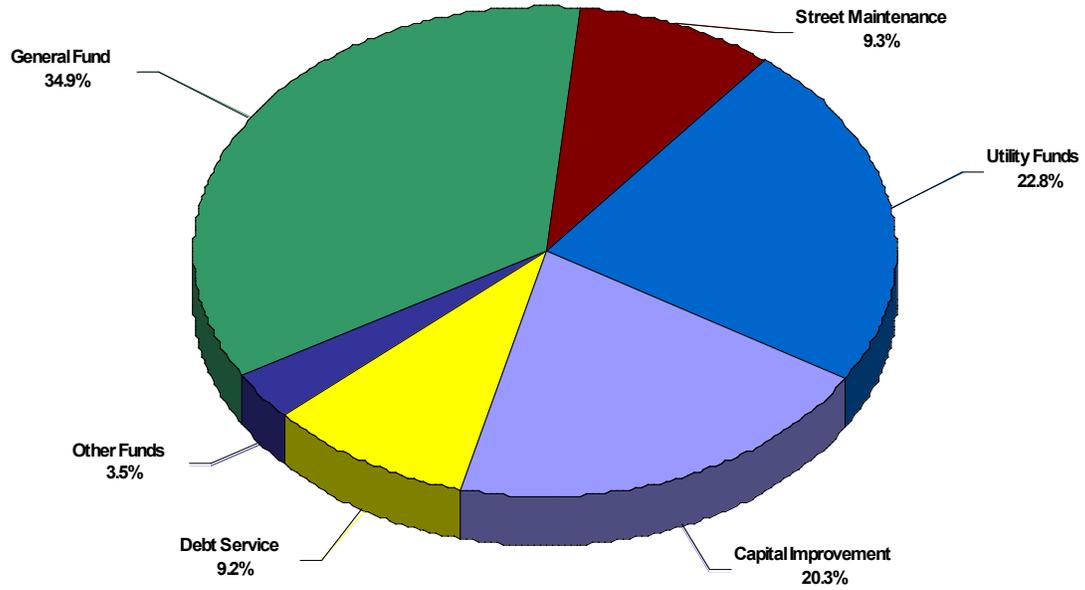
Description:

From one perspective, it would seem that many of these restrictions, especially those relating to outside funding, should not affect the City's financial health. Governments' however, develop economic and political dependencies on these revenues and the programs they support. As the percentage of restricted revenues increases, the City can lose its ability to respond to changing conditions and to citizens needs/demands. Increases in the restricted revenues percentage may also indicate overdependence on external revenues and signal a future inability by the City to maintain service levels.

Analysis:

Restricted operating revenues are virtually nonexistent in the General Fund. A large portion of the revenues received by the special revenue funds are by their very nature legally restricted. For example, the gasoline tax (Act 51) revenue received by the street funds is legally restricted for street maintenance and construction. Similarly, a large portion of the revenue received by the debt service funds from general obligation millages and captured millages is also legally restricted.

ALL FUNDS EXPENDITURES BY FUND GROUP



The above chart depicts the allocation of City of Portage expenditure by all fund groups.

**SUMMARY OF EXPENDITURES
ALL FUNDS
FISCAL YEAR 2014 - 2015**

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
GENERAL FUND	20,846,917	22,725,846	25,630,766	24,081,750	24,148,815
STREET FUNDS					
Major Streets	2,928,614	2,961,717	4,401,571	3,052,305	3,593,911
Local Streets	984,443	1,401,687	1,221,895	1,065,386	1,118,629
Municipal Streets	1,091,400	1,043,400	1,229,400	1,229,400	1,529,000
UTILITY FUNDS					
Sewer Operating	6,751,586	6,792,050	8,215,214	7,406,013	8,721,705
Water Operating	4,699,113	4,861,726	5,015,698	4,944,052	5,003,782
PUBLIC IMPROVEMENT FUNDS					
Capital Improvement	6,183,654	5,405,084	16,712,158	7,918,000	12,305,000
Lakes-Weed Management	28,450	21,170	57,180	35,000	35,000
DEBT SERVICE FUNDS					
General Obligation Debt	3,660,478	3,449,511	3,024,690	3,024,690	3,048,010
MTF 1997	137,131	132,131	127,150	127,150	122,135
MTF 2008	198,062	258,475	272,000	272,000	274,300
MTF 2010 Refunding	675,775	556,475	822,025	822,025	935,925
Building Authority Debt Service	645,272	645,765	611,555	611,555	577,130
DDA Debt Service	416,424	404,750	493,965	493,965	384,695
LDF Debt Service	447,153	525,463	525,250	525,250	504,775
Special Assessment Debt Service	336,886	352,382	433,795	433,795	328,281
OTHER FUNDS					
Curbside Recycling	659,990	635,671	649,760	648,124	604,991
Leaf Pickup/Spring Cleanup	714,237	736,701	756,546	756,369	674,868
Community Development Block Grant	-	147,266	312,459	198,100	218,672
Mich State Housing Dev Auth Grant	20,651	24,777	-	-	-
Cable Television	768,822	778,838	965,236	894,956	749,307
Cemetery Permanent Fund	2,808	3,724	4,000	4,000	3,500
CDBG Program Income	12,746	32,289	60,000	60,000	60,000
TOTAL EXPENDITURE	<u>52,210,612</u>	<u>53,896,898</u>	<u>71,542,313</u>	<u>58,603,885</u>	<u>64,942,431</u>

Additional information is available in the respective detailed departmental budgets.

Total Expenditures by Department and Fund Type (Budgetary Basis)
FISCAL YEAR 2014 - 2015

Department	General							Total
	General Fund	Obligation Debt Fund	Special Assessments Fund	Capital Improvement Fund	Enterprise Funds	Nonmajor Governmental Funds	Permanent Funds	
Legislative	67,100	-	-	-	-	-	-	67,100
District Court	67,355	-	-	-	-	-	-	67,355
City Manager	593,154	-	-	-	-	-	-	593,154
Finance	753,972	-	-	-	-	-	-	753,972
Management Information Systems	783,215	-	-	-	-	-	-	783,215
City Assessor	574,872	-	-	-	-	-	-	574,872
City Attorney	226,728	-	-	-	-	-	-	226,728
City Clerk	407,220	-	-	-	-	-	-	407,220
Employee Development	450,334	-	-	-	-	-	-	450,334
Benefit Services	498,021	-	-	-	-	-	-	498,021
Purchasing	151,385	-	-	-	-	-	-	151,385
Parks/Rec/Property Mgt	2,458,568	-	-	655,000	-	-	-	3,113,568
Police	8,741,905	-	-	637,000	-	-	-	9,378,905
Fire	4,737,861	-	-	316,000	-	-	-	5,053,861
Community Development	1,120,035	-	-	-	-	218,672	-	1,338,707
Public Services	688,090	-	-	5,962,000	12,765,487	5,388,706	-	24,804,283
Nondepartmental:								
Debt Service	-	3,048,010	328,281	-	-	2,728,695	-	6,104,986
Transfers to other funds	1,829,000	-	-	4,735,000	960,000	3,047,265	3,500	10,574,765
TOTALS	24,148,815	3,048,010	328,281	12,305,000	13,725,487	11,383,338	3,500	64,942,431

All Funds - Revenue & Other Sources, Expenditures & Other Uses, and Changes in Fund Balance
Changes in Fund Balance (Budgetary Basis)
FISCAL YEAR 2014 - 2015

	Fund Balance/Net Assets				Revenue	Other Sources	Expenditures & Expenses	Other Uses	Excess (Deficiency)	Net Assets/ Fund Balance End of Year
	Beginning of Year									
General Fund	6,766,079	22,494,240	3,500	22,319,815	1,829,000	(1,651,075)	5,115,004			
Major Streets	1,212,998	2,798,180	250,000	2,093,911	1,500,000	(545,731)	667,267			
Local Streets	552,080	812,720	300,000	1,095,629	23,000	(5,909)	546,171			
Municipal Streets	147,132	1,526,800	-	75,000	1,454,000	(2,200)	144,932			
Sewer Operating (Net Assets)	47,786,446	8,819,700	46,000	7,811,705	910,000	143,995	47,930,441			
Water Operating (Net Assets)	26,344,775	6,942,600	-	4,953,782	50,000	1,938,818	28,283,593			
Capital Improvement	3,557,380	7,235,000	5,070,000	7,570,000	4,735,000	-	3,557,380			
Lakes-Weed Management	23,713	10,450	-	35,000	-	(24,550)	(837)			
General Obligation Debt	159,066	600	3,064,000	3,048,010	-	16,590	175,656			
MTF Debt Service	60	100	1,332,000	1,332,360	-	(260)	(200)			
Building Authority Debt Service	309,082	236,443	339,000	577,130	-	(1,687)	307,395			
DDA Debt Service	227,671	258,100	100,000	314,430	70,265	(26,595)	201,076			
LDFA Debt Service	1,929,405	492,600	-	504,775	-	(12,175)	1,917,230			
Special Assessment Debt Service	363,374	121,200	70,265	328,281	-	(136,816)	226,558			
Curbside Recycling	34,800	602,400	-	604,991	-	(2,591)	32,209			
Leaf Pickup/Spring Cleanup	104,701	681,600	-	674,868	-	6,732	111,433			
Community Development Block Grant	-	218,672	-	218,672	-	-	-			
CDBG Program Income	6,085	25,000	-	60,000	-	(35,000)	(28,915)			
MISHDA Grant	-	-	-	-	-	-	-			
Cable Television	150,602	765,700	-	749,307	-	16,393	166,995			
Cemetery Permanent Fund	1,053,262	43,700	-	-	3,500	40,200	1,093,462			
TOTAL	90,728,711	54,085,805	10,574,765	54,367,666	10,574,765	(281,861)	90,446,850			

Notes to All Funds - Revenue & Other Sources, Expenditures & Other Uses, and Changes in Fund Balance on Significant Changes in Fund Balance

General Fund: In establishing the funds available for expenditure in the coming budget year, fund balance is added to inflows from all sources. On May 27, 2014, City Council passed a resolution that the fund balance of the General Fund remaining after expenditures be maintained at 24 percent of expenditures. The available amount in excess of 24 percent shall be used to pay cash for future non-utility fund capital improvement fund projects in an effort to reduce long term debt. A decrease in fund balance normally reflects the planned use of operating savings yielded from a prior year. The May 27, 2014, further refines that plan. The current decrease in total fund balance reflects such a usage.

Major Streets Fund: Major Streets fund is in a phase of utilizing their fund balance to provide for road maintenance and reconstruction activities.

Local Streets Fund: Local Streets fund balance is close to breaking even on the current year road maintenance and reconstruction activities.

Sewer and Water Operating Funds: Water rates, and corresponding Sewer rates, are determined by means of an annual rate study that seeks to limit the volatility in year-to-year rate changes by setting rates that alternately build net assets toward known cost increases and then draw down net assets to pay those increased costs. This gives Water and Sewer customers a stable rate payment structure over the long term. (Net assets are the enterprise fund equivalent of fund balance.)

Debt Service Funds: Special Assessment debt service funds accumulate citizen-paid special assessment taxes to pay special assessment indebtedness. City funds are likewise set aside to pay special assessment debt service. As a result, special assessment, and other, debt service funds alternate between increasing fund balance and drawing it down for the sole purpose of satisfying debt obligations. Debt Service funds are budgeted quite tightly and may show a budgeted small negative fund balance due to uncertainty with regard to paying agent fees. The city has recently changed the paying agent on a number of bond issues in order to reduce fees.

Curbside Recycling Fund: In a manner similar to General Fund, the Curbside Recycling fund balance is being maintained at the minimum level determined to be necessary for both current and planned future activities.

Leaf Pickup Fund: Fund balance has been built up in order to ensure the ability to provide for brush pickup services in addition to leaf pick up and spring clean up in future years, as well as because of the volatility of the fuel market which has determined contract costs in the past few years. Due to the occurrence of frequent severe storms and the resulting additional storm damage cleanup provided to citizens, the demands on this fund have been significant and are expected to continue into 2013/2014.

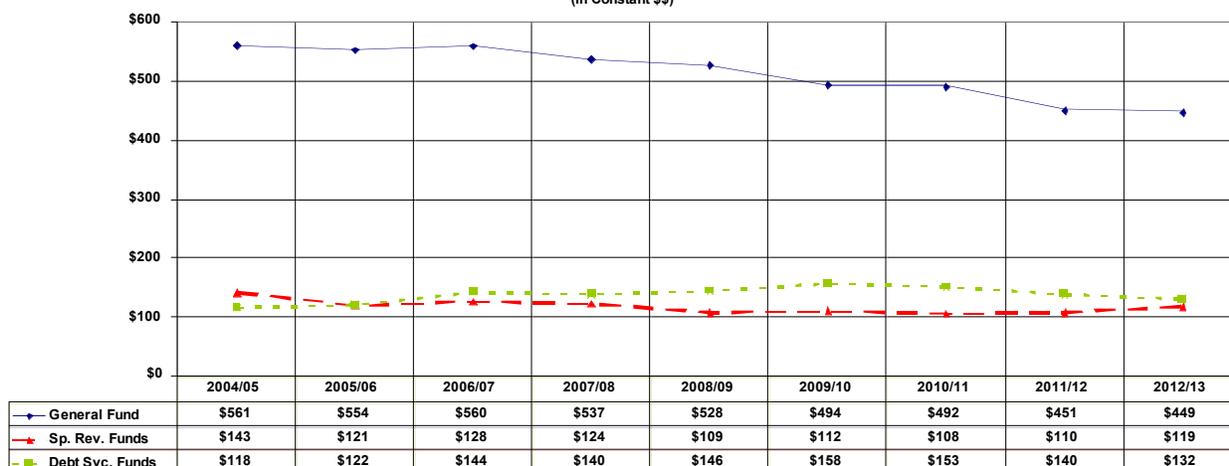
Cultural Activities Fund: The Cultural Activities Fund ceased its' functions in 2013-2014. Its' fund balance was liquidated and the small amount of residue returned to the General Fund.

Cable Television Fund: Franchise fees and public service fees generated by contract with the local cable providers are dedicated to technological improvement and contractual support of equipment for public access programming. Residual revenue is dedicated to technological needs of the city. Fund balance builds up and is drawn down according to planned system support and improvements.

Cemetery Permanent Fund: The proceeds from sale of cemetery lots are accumulated to generate interest revenue that is used to offset the cost of maintaining cemetery property. This fund experiences growth in fund balance based on lot sales. The recent decrease in interest rates has had a severe impact on the level of income generated to support operating the cemeteries.

Community Development Block Grant and Capital Improvement Funds: By their nature, these funds are intended to be fully consumed with no fund balance maintained.

NET OPERATING EXPENDITURES PER HOUSEHOLD
(In Constant \$)



Warning Trend:

Increasing Net Operating Expenditures (in constant dollars) per household

Formula:

$$(Net\ Operating\ Expenditures\ adjusted\ to\ Constant\ \$) / (Number\ of\ Households)$$

Note: Net operating expenditures are calculated as follows:

- Total expenditures
- /less mandated capital improvement transfers
- /less expenditures of revenues that are legally restricted to special, non-operating purposes

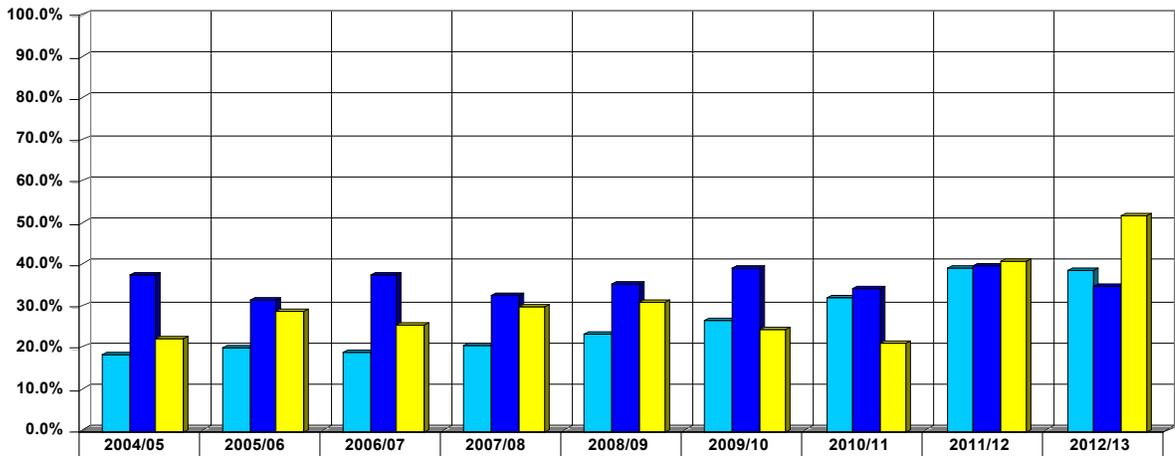
Description:

Examining per household expenditures shows changes in City expenditures relative to change in the number of households. Increasing expenditures per household can indicate that the cost of providing services is outstripping the City's ability to pay for those services. This is especially true if spending is rising faster than the residents' personal income per household. From a different perspective, if the increase in spending is greater than what can be accounted for through inflation adjustment, it may indicate declining productivity, i.e., the City is spending more inflation-adjusted dollars to support the same level of services to its residents.

Analysis:

Inflation-adjusted net operating expenditures per household by the General Fund remained relatively constant through 2007/08, and since that time cost control efforts put in place have held or reduced General Fund expenditures in several areas. Changes in special revenue funds are generally due to the amount of revenue available, particularly Act 51 street maintenance revenues. Annual expenditure per household has been reduced every year since 2007.

UNRESERVED FUND BALANCE
As a % of Net Operating Revenues



	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
General Fund	18.3%	20.0%	18.7%	20.8%	23.2%	26.8%	32.3%	39.4%	38.4%
Sp. Rev. Funds	37.7%	31.3%	37.8%	32.5%	35.4%	39.2%	34.1%	39.6%	35.0%
Debt Svc. Funds	22.2%	28.6%	25.8%	29.8%	30.9%	24.3%	21.2%	40.7%	51.9%

Warning Trend:

Declining unreserved fund balances as a percentage of net operating revenues.

Formula:

$$((\text{Unreserved Fund Balance}) / (\text{Net Operating Revenues})) \times 100$$

Note: Fund balance is the difference between the cumulative revenues and cumulative expenditures of the fund since its inception. The unreserved fund balance is that portion of the fund balance which is not legally set aside for a specific purpose.

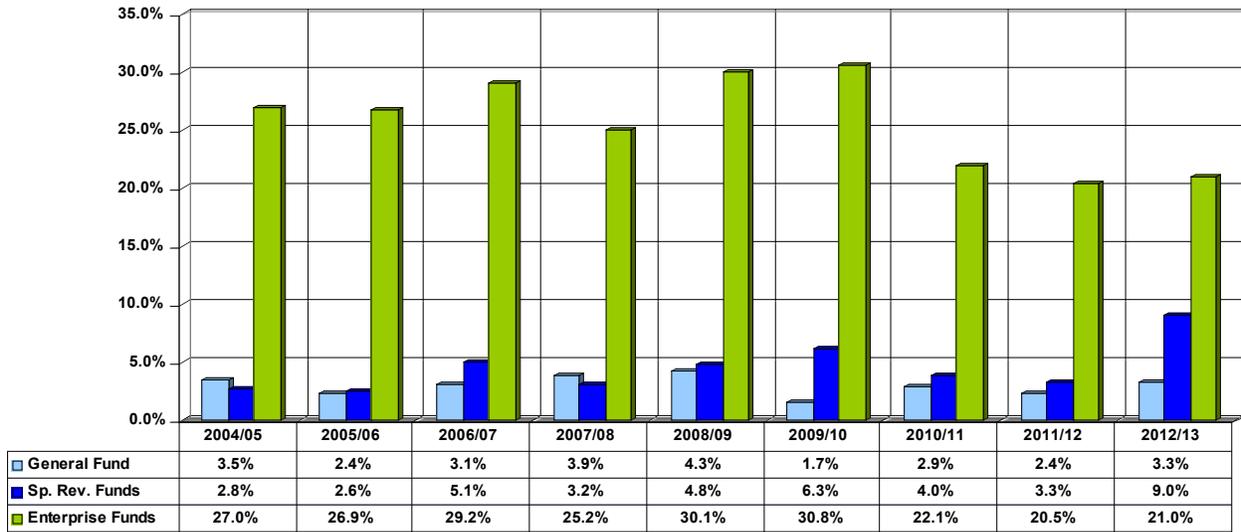
Description:

Although positive fund balances can also be thought of as reserves, the "fund balance" entry on a local government's annual report is not always synonymous with "available for appropriation." The annual report may also show a reservation of some or all of the fund balance as "reserved for prior years' encumbrances". The size of a local government's fund balance affects its ability to withstand unforeseen financial emergencies. Fund balance is an indicator of financial soundness. It provides a hedge against inflation and a reserve for emergencies.

Analysis:

The City strives to maintain an adequate minimum fund balance level in all funds, both as a safety measure and to ensure a stable cash balance to fund continuing operations. Reduction of expenditures where possible through the recent economic downturn has outpaced declines in revenues, resulting in healthy levels of unreserved fund balance.

CURRENT LIABILITIES
As a % of Net Operating Revenues



Warning Trend:

Increasing current liabilities as a percentage of net operating revenues

Formula:

$$((\text{Current Liabilities}) / (\text{Net Operating Revenues})) \times 100$$

Note: Current liabilities are defined as the sum of all liabilities due at the end of the fiscal year including short-term debt, the current portion of long-term debt, accrued liabilities, and other current liabilities.

Description:

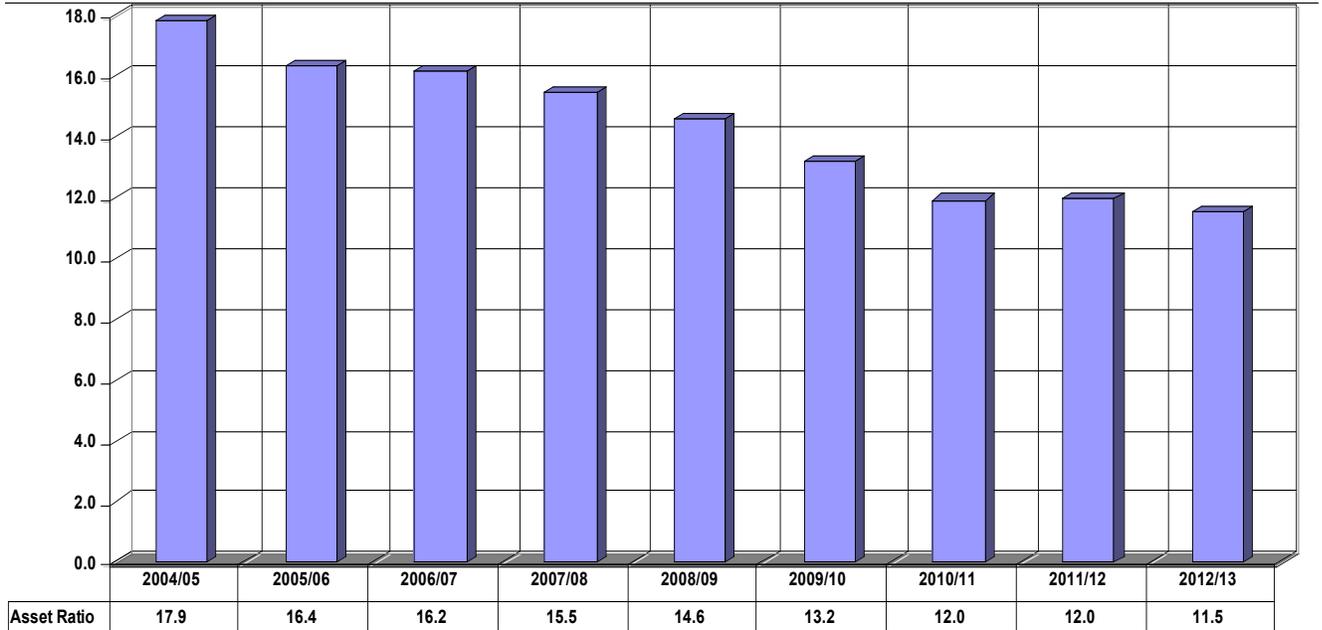
A trend of increasing percentage of short-term debt outstanding at the end of successive fiscal years can indicate liquidity problems, deficit spending, or both.

Analysis:

Current liabilities as a percentage of net operating revenues are relatively stable in the General Fund. GASB 34 revised the need to account for accrued paid leaves of absence as a liability. The enterprise funds include the current (i.e., short-term) portion of the long-term debt as a current liability. In fiscal 2012/13, the current portion of the enterprise funds long-term debt amounted to \$1,785,139 or 56.8 percent of the total current liabilities of the enterprise funds.

PENSION PLAN ASSETS

Ratio of Plan Assets to Annual Benefits Paid Out



Warning trend:

Decreasing ratio of the value of pension plan assets to the pension benefits paid out.

Formula:

$$(Value\ of\ the\ Pension\ Plan\ Assets) / (Pension\ Benefits\ Paid\ Out)$$

Description:

A pension plan's assets are held primarily as cash or investments. A decline in the ratio of pension plan assets to the actuarially anticipated value of pension benefits to be paid out indicates serious problems in the management of the Pension Plan. It may also indicate a decreasing number of retirees, which is the case with the City of Portage.

Analysis:

In 1984, the city converted the defined benefit pension plan to a defined contribution (i.e., "money purchase") pension plan. Almost all city employees who had accrued benefits under the previous plan have agreed to be "cashed out" of the previous plan. Consequently, the long-term liabilities for payout of pension benefits has been all but eliminated. There is no current need to make contributions to the defined benefit pension plan and the high asset ratio indicates the plan is very well funded.

**CONSTITUTIONAL TAX LIMITATIONS, HEADLEE AMENDMENT, "TRUTH IN TAXATION" ACT,
"TRUTH IN ASSESSING" ACT, AND "ASSESSMENT NOTICE" ACT**

Property taxes, in general, are calculated by multiplying a property's assessed value (SEV) by a specified millage rate. Several initiatives, both legislative and voter-approved, have impacted the levying of taxes in varying ways. A brief discussion of the major initiatives follows, with formulas and figures following the discussion.

In 1978, the voters of Michigan approved Constitutional Amendment Proposal E (the Headlee Amendment). This amendment limits the maximum tax rates that may be levied by local governments for most purposes, excluding debt service and pension levies. The City may not levy a rate higher than the Headlee Amendment allows without voter approval. The formula which computes Headlee values is computed City-wide, and affects total millage rates. If the composite State Equalized Value ("SEV"), allowing for new construction and losses, increases more than the inflation rate, the millage rate is adjusted downward. As the composite SEV did not increase more than the inflation rate, the 2014-2015 millage rate does not require a downward adjustment.

In 1994, the voters approved Proposal A. Proposal A created the concept of taxable value. Prior to Proposal A, taxes were levied on the State Equalized Value (SEV). Taxable value is capped at the lesser of the rate of inflation or 5%. A transfer in ownership allows the taxable value to become uncapped in the year following the transfer. Decreases in taxable value are not limited. The Proposal A formula is computed on an individual parcel basis, and affects the valuation of the parcel, rather than affecting the millage rate levied against the parcel.

Since each parcel's increase is limited to the rate of inflation according to Proposal A, and the Headlee Amendment only requires a reduction when the total value of parcels City-wide exceeds inflation, the Headlee Amendment has almost been superseded by Proposal A. A marked increase in property transfers could trigger the Headlee Amendment, though, as the percentage increase in valuations due to the resetting of many parcels' value to 50 percent of their true market value, may exceed the rate of inflation.

Along with the voter-approved Headlee Amendment and Proposal A, the Legislature-approved "Truth in Taxation" Act, adopted in 1982, also affects property taxes. This Act requires that certain procedures be followed in setting millage rates. The formula states that last year's millage rate must be decreased in proportion to the increase in the current year's taxable value, making allowances for additions and losses. This adjusted rate is called the "Base Tax Rate." To levy a rate higher than the base tax rate, a "Notice of Public Hearing on Increasing Property Taxes" must be published, a public hearing must be held, and the City Council must approve that portion of the millage rate which exceeds the Base Tax Rate. The Truth in Taxation Act effectively mandates that a public hearing be held even when the millage rate does not change from one year to the next, since the City would collect a higher tax amount due to increases in property values.

The City published a "Notice of Public Hearing" on May 1, 2014. The Public Hearing was held on May 13, 2014.

The final legislation which affects property values and millage rates is the "Truth in Assessing" Act, adopted in 1981. This Act requires a rollback in the maximum authorized tax rate when the total assessed value of all property is less than its total State Equalized Value. As the City maintains an equalization factor of 1.000, which means that the assessed value equals the State Equalized Value, this rollback does not apply.

The City annually notifies property owners of their parcel's Assessed Value, the tentative equalization factor, and the taxable valuation. These disclosures are mandated by Proposal A and the "Assessment Notice" Act of 1981.

Raw Data

2013 Taxable Value (TV)	1,965,703,892
Cumulative changes	23,864,440
2014 Taxable Value (TV)	1,977,365,158
Consumer's Price Index (CPI):	1.6%
2013-2014 Operating Millage Rate	10.7778
2014-2015 Operating Millage Rate	10.9256

Operating Millage Components:

	<u>2013/14</u>	<u>2014/15</u>
General Fund	7.5000	7.5000
Capital Improvement Program	2.0000	2.0000
Recycling Fund	.3049	.3049
Leaf Pickup/ Spring Cleanup Fund	.3455	.3455
Municipal Streets Fund	.6274	.7752
Total	<u>10.7778</u>	<u>10.9256</u>

Formulas/Computations

2014 Truth-in-Taxation Base Tax Rate Fraction

$$\frac{\text{Last years TV} - \text{Losses}}{\text{This years TV} - \text{Additions}} = \text{Base Tax Rate Fraction}$$

$$\frac{(\$1,965,703,892 - \$52,292,420)}{(\$1,977,365,158 - \$76,156,860)} = \frac{\$1,913,411,472}{\$1,901,208,298} = 1.0064$$

As shown above, the 2014 base tax rate fraction (BTRF) is calculated to be 1.0064. Multiplying the BTRF of 1.0064 by last year's operating levy of 10.7778 mills yields a base tax rate of 10.8470 mills for 2014.

2014 Headlee Millage Reduction Fraction

$$\frac{(\text{2013 Total T.V.} - \text{2014 Losses}) \times \text{CPI}}{(\text{2014 Total T.V.} - \text{2014 Additions})} = \frac{(\$1,965,703,892 - \$52,292,420) \times 1.016}{(\$1,977,365,158 - \$76,156,860)} = \frac{\$1,944,026,056}{\$1,901,208,298} = 1.0000 = 1.0000$$

2014 Millage Reduction Fraction (Headlee)

As shown above, the 2014 millage reduction fraction (MRF) is calculated to be 1.0000. Beginning in 1995, however, the MRF used cannot exceed 1.0000. Since a MRF of 1.0000 will be used for 2014, no further reduction in the city's maximum authorized millage rate (due to Headlee rollback) will be required for 2014.

RESOLUTION FOR THE GENERAL FUND RESERVE POLICY FOR THE CITY OF PORTAGE

At a regular meeting of Council of the City of Portage, Kalamazoo County, Michigan, held at the City Hall in said City on the 27th day of May, 2014, at 7:30 p.m., local time.

PRESENT: Councilmembers Ford, Pearson, Randall, Reid, Strazdas, Urban

ABSENT: Councilmembers Ansari

The following resolution was offered by Councilmember Ford and supported by Councilmember Randall.

WHEREAS, the City Council of the City of Portage has historically established a standard level of fund balance at the end of a fiscal year, determining that it is both fiscally prudent and in the best interest of the city to maintain reasonable financial reserves; and

WHEREAS, the City Council of the City of Portage is desirous of reducing long-term debt; and

WHEREAS, the City Council of the City of Portage seeks to formally adopt a statement of conformance with such standards;

NOW THEREFORE BE IT RESOLVED THAT the City of Portage City Council does hereby establish the General Fund audited balance at the end of a fiscal year (Fund Balance) at 24 percent.

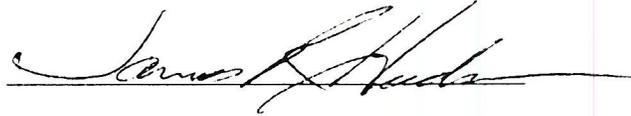
BE IT FURTHER RESOLVED THAT if the Fund Balance at the end of a fiscal year is above 24 percent, the available excess fund balance shall be used to pay cash for future non-utility Capital Improvement Program projects in an effort to reduce long-term debt.

YEAS: Ford, Pearson, Randall, Reid, Strazdas, Urban

NAYS: None.

ABSENT: Ansari

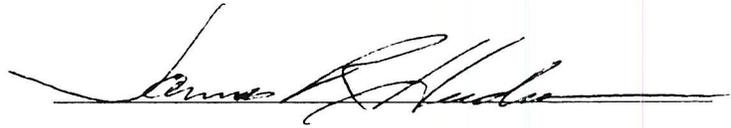
RESOLUTION DECLARED ADOPTED.



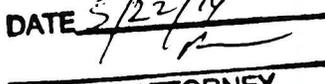
JAMES R. HUDSON, CITY CLERK

CERTIFICATION

I hereby certify this 28th day of May, 2014, that the foregoing is a true and complete copy of the original on file in my office.



JAMES R. HUDSON, CITY CLERK

APPROVED AS TO FORM
DATE 5/22/14

CITY ATTORNEY

GENERAL APPROPRIATIONS ACT
RESOLUTION TO ADOPT THE BUDGET
OF THE CITY OF PORTAGE FOR THE FISCAL YEAR
JULY 1, 2014 TO JUNE 30, 2015
AND TO MAKE APPROPRIATIONS THEREFORE

Moved by Urban
Supported by Reid

WHEREAS, Chapter 7 of the City Charter requires: That the City Manager submit a budget proposal with his recommendation to the City Council; that a public hearing be held on said budget proposal; that the City Council by resolution adopt a budget for the ensuing fiscal year, make an appropriation of the money needed therefore, and designate the sum to be raised by taxation; and

WHEREAS, the Manager has submitted said budget and recommendations and a public hearing has been held thereon;

NOW, THEREFORE, BE IT RESOLVED as provided in Chapter 7 of the City Charter, and in conformity with Public Act 621 of 1978, the Uniform Budgeting and Accounting Act, that the budgets attached hereto and made a part hereof by reference are hereby considered and adopted, to be administered on an activity level, with the exception of the Capital Improvement Fund, which will be administered on a program/project level, as the budgets of the City of Portage to cover the operations and expenditures thereof for the fiscal year July 1, 2014 to June 30, 2015.

BE IT FURTHER RESOLVED that the sum of \$21,603,900 be raised by taxation by the levy of 10.9256 mills for operations on the taxable value of all real and personal property in the City as follows:

General Operating Fund	7.5000 mills	\$14,830,200
Capital Improvement Fund	2.0000 mills	3,954,700
Curbside Recycling Fund	0.3049 mills	602,900
Leaf Pickup/Spring Cleanup Fund	0.3455 mills	683,200
Municipal Street Fund	<u>0.7752 mills</u>	<u>1,532,900</u>
	<u>10.9256 mills</u>	<u>\$21,603,900</u>

BE IT FURTHER RESOLVED that the City Manager be authorized to transfer necessary amounts between activities/ departments within a fund and make any adjustments within or between funds which do not change ending fund balance. The Capital Improvement Funds shall be considered one fund for the purposes of this provision.

BE IT FURTHER RESOLVED that for the General Fund, the fund balance shall be at least 24% of the 2014-2015 appropriations, including transfers.

BE IT FURTHER RESOLVED that a copy of this budget resolution be furnished to the City Assessor, who together with the Finance Director shall then proceed to assess and collect the taxes in accordance with the City Charter and State Statutes.

YES: Ford, Pearson, Randall, Reid, Strazdas, Urban
NO: None.
ABSENT: Ansari


James R. Hudson, City Clerk

CERTIFICATION

STATE OF MICHIGAN)
)SS
COUNTY OF KALAMAZOO)

I, the undersigned, the duly qualified and acting City Clerk of the City of Portage, Kalamazoo County, Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution adopted at a regular meeting of the City Council of said City, held on the 27th day of May, 2014 the original of which resolution is on file in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature this 27th day of May, 2014


James R. Hudson, City Clerk

SALARY AND WAGE RESOLUTION
RESOLUTION TO ADOPT THE SALARY AND WAGE SCHEDULES FOR
THE FISCAL YEAR JULY 1, 2014 TO JUNE 30, 2015

Moved by Urban
Supported by Reid

WHEREAS, Section 6.18(a) of the City Charter and Section 248.06 of the City Code require that upon recommendation of the City Manager, the City Council shall establish uniform salary and wage scales for all officers and employees of the City;

NOW, THEREFORE, BE IT RESOLVED that for the period beginning July 1, 2014 and until otherwise directed, salaries and wages shall be established and adjusted as follows:

- (1) Personnel of the following bargaining units shall receive compensation effective July 1, 2014 in accordance with the applicable collective bargaining agreements:
International Association of Firefighters (IAFF)
United Auto Workers (UAW) - Parks/Streets & Equipment Divisions of Parks, Recreation & Public Services
- (2) Personnel of the following bargaining units shall receive compensation in accordance with bargaining agreements to be negotiated, mediated or arbitrated during the fiscal year ending June 30, 2015:
Portage Police Officers Association (PPOA), expired June 30, 2013
Portage Police Command Officers Association (PPCOA), expired June 30, 2013
- (3) Department Head and non-union employees shall receive salary adjustments as provided for in the Non-Union Employee Compensation and Classification Plan, as recommended by the Acting Deputy City Manager and adopted with the budget on May 27, 2014. The 2014/2015 recommended budget provides for one-time merit adjustments for Department Head and regular full-time Non-Union employees, and for organizational restructuring and certain attainment adjustments authorized during the fiscal year. Total adjustments for Department Head and regular full-time Non-Union employees shall not exceed \$100,000. Part-time and seasonal employees shall receive wage increases, with each classification to be adjusted separately as approved by the City Manager. Compensation for the City Manager shall be determined by the City Council.

YES: Ford, Pearson, Randall, Reid, Strazdas, Urban
NO: None.
ABSENT: Ansari


James R. Hudson, City Clerk

CERTIFICATION

STATE OF MICHIGAN)
)SS
COUNTY OF KALAMAZOO)

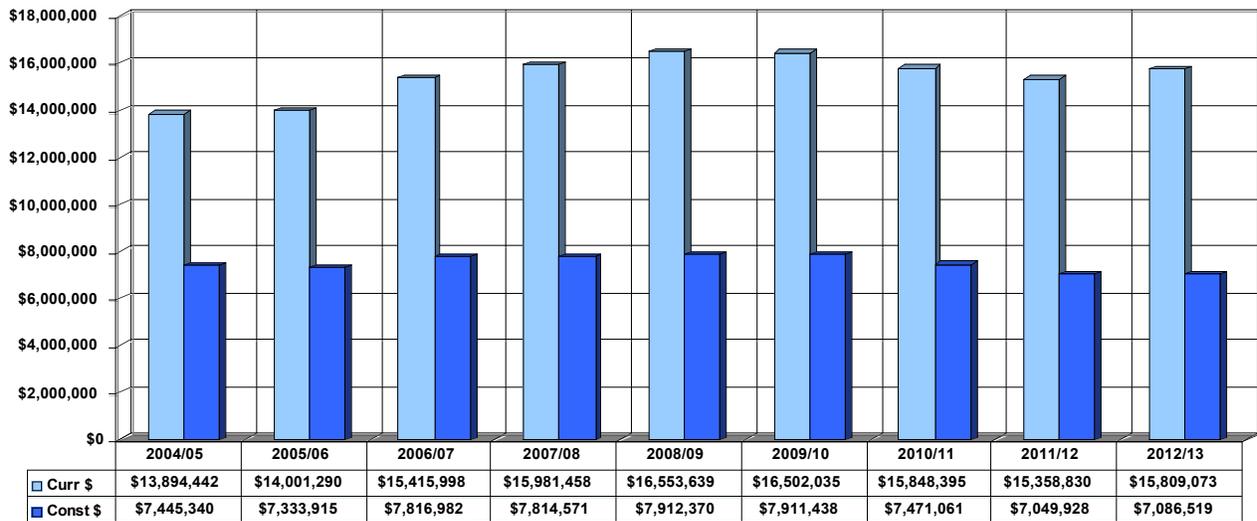
I, the undersigned, the duly qualified City Clerk of the City of Portage, Kalamazoo County, Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution adopted at a regular meeting of the City Council of said City, held on the 27th day of May, 2014 the original of which resolution is on file in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature this 27th day of May, 2014.


James R. Hudson, City Clerk

General Fund

GENERAL FUND PROPERTY TAX REVENUES
(in Current \$ and Constant \$)



Warning Trend:

Decline in property tax revenues in constant dollars.

Formula:

For property tax revenues in constant dollars

$$((\text{Property Tax Revenues in Current \$}) / (\text{CPI} / 100))$$

Note: Property tax revenues include *all* property taxes from the regular tax roll, the abatement tax roll, administrative charges, and late fees.

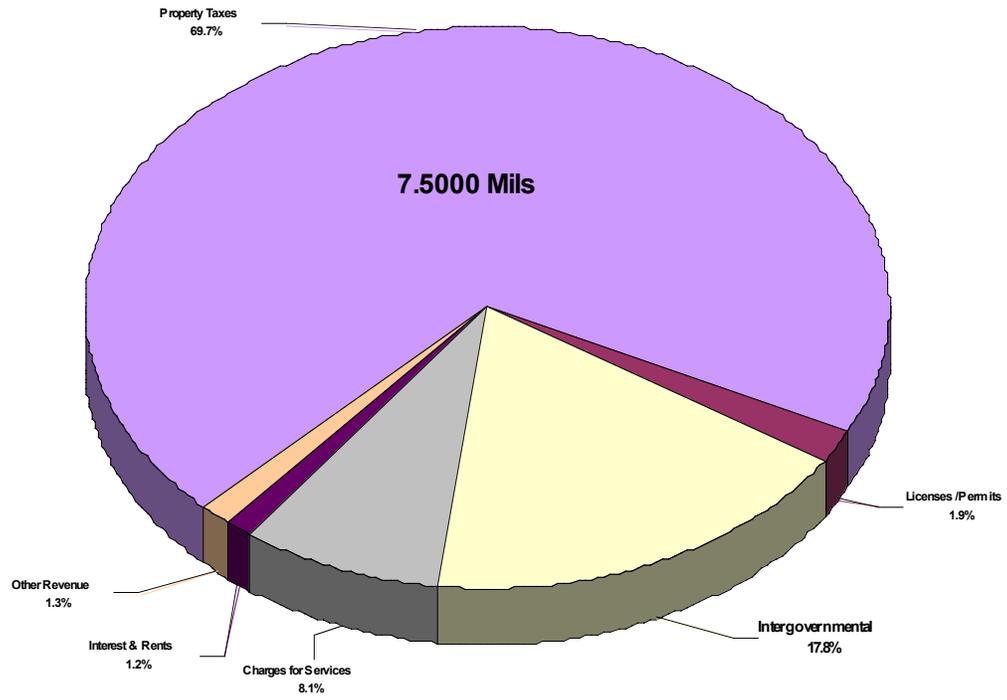
Description:

Property tax revenues should be considered separately from other revenues because the City relies heavily on them. A decline or diminished growth rate in property taxes can result from two primary causes. First, it may reflect an overall decline in property values resulting from aging of buildings, a decline in local economic health, or decline in the number of occupied dwellings causing depression of the housing market. Second, it might reflect inefficient assessment or appraisal of property. Since the county government pays the amount of delinquent property taxes to the city annually and then collects the delinquencies itself, failure to pay property tax by the property owners is not an issue for the City.

Analysis:

As the chart indicates, General Fund property tax revenue in constant dollars generally increased through 2008/09 followed by a 3 year period of decline. In 2012/13 a small increase was noted, potentially signaling the end of the recent downward trend.

GENERAL FUND REVENUES BY SOURCE



**GENERAL FUND REVENUES
BY SOURCE**

	2011-2012 <u>Actuals</u>	2012-2013 <u>Actuals</u>	2013-2014 <u>Adjusted Budget</u>	2013-2014 <u>Adopted Budget</u>	2014-2015 <u>Council Approved</u>
Revenues budgeted by department:					
Fees and permits	604,165	783,962	475,950	475,950	523,900
Federal revenue	10,630	79,094	51,000	51,000	1,000
State revenue	18,424	24,006	9,500	9,500	23,000
Other grants	9,500	11,800	21,600	21,600	12,000
Charges for services	291,767	277,453	279,000	274,000	273,800
Interest and rents	197,303	201,127	195,750	195,750	206,000
Other revenue	412,869	454,343	471,006	407,370	475,820
Transfers In	2,808	3,724	4,000	4,000	3,500
	<u>1,547,466</u>	<u>1,835,509</u>	<u>1,507,806</u>	<u>1,439,170</u>	<u>1,519,020</u>
Revenues not budgeted by department:					
Property taxes	15,358,830	15,809,073	15,523,470	15,452,200	15,677,100
State shared revenue	3,566,935	3,655,738	3,763,831	3,763,831	3,881,220
Charges for services	1,384,510	1,366,940	1,344,680	1,344,680	1,337,300
Interest and rents	34,432	60,153	40,000	40,000	66,100
Other revenue	58,169	16,324	32,000	32,000	17,000
	<u>20,402,876</u>	<u>20,908,228</u>	<u>20,733,981</u>	<u>20,632,711</u>	<u>20,978,720</u>
Total Revenue	<u><u>21,950,342</u></u>	<u><u>22,743,737</u></u>	<u><u>22,241,787</u></u>	<u><u>22,071,881</u></u>	<u><u>22,497,740</u></u>

CITY OF PORTAGE General Fund Revenues

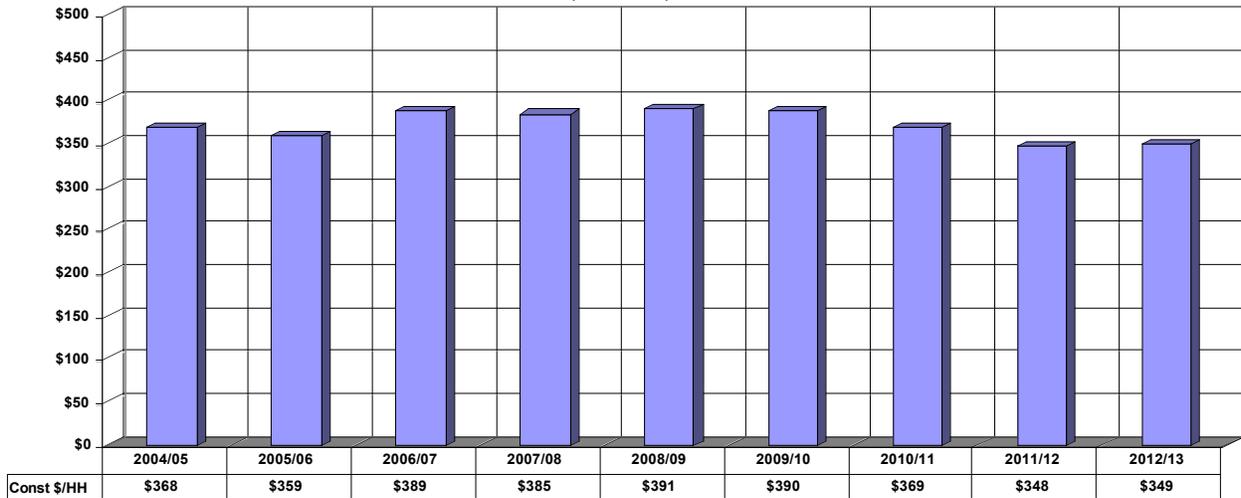
Property Taxes

The City Charter authorizes property tax levies up to 7.5 mills for general municipal purposes. The millage rate for 2014-2015 is projected to be 7.5000 mills, which is the same as the 2013-2014 rate. A property tax administrative fee is charged for tax collection and assessing services (provided for by State statute). This fee helps offset the costs of the Assessor's office plus the printing, mailing and collecting twice-yearly property taxes, and the distributing of revenues to the various school systems and government units by the Treasury office. This revenue is calculated based on actual data for the upcoming year.

State Collected - Locally Shared Taxes

The 1994 passage of Proposal A has significantly altered the State's distribution of revenues to local units of government. What used to be a fairly stable, easily-predictable estimating process has become more uncertain, as funding is now partially subjected to the State legislative allocation process. The city generally relies on revenue sharing projections as issued by the State for this revenue estimate.

GENERAL FUND PROPERTY TAX REVENUES PER HOUSEHOLD
(in Constant \$)



Warning Trend:

Decline in the property tax revenues (adjusted to constant dollars) per household.

Formula:

$$\frac{((\text{Property Tax Revenues in Current \$}) / (\text{CPI} / 100))}{(\text{Number of Households})}$$

Note: Property tax revenues include *all* property taxes from the regular tax roll, the abatement tax roll, administrative charges, and late fees.

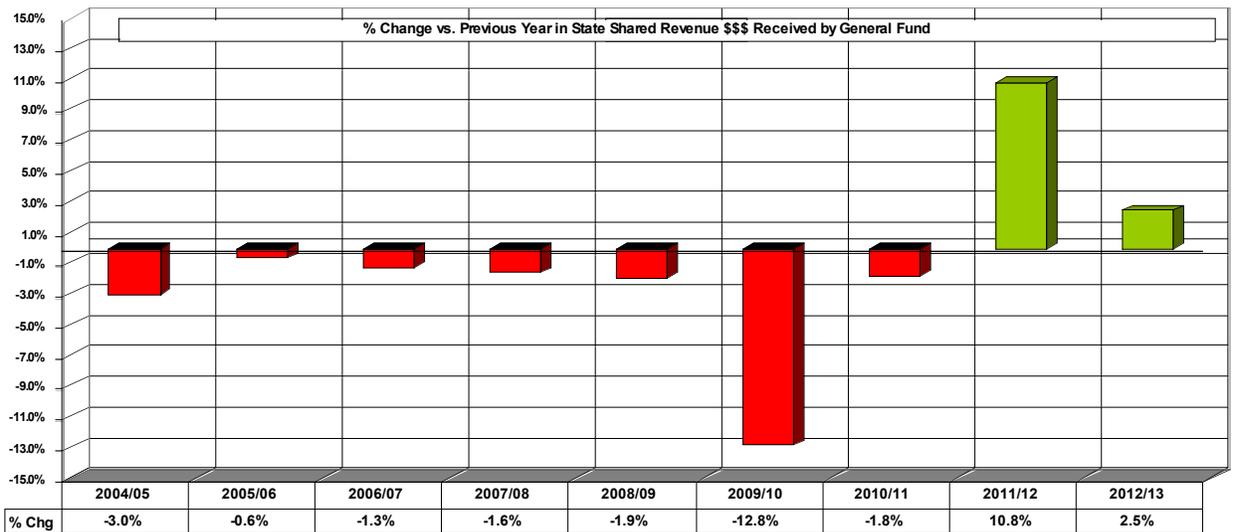
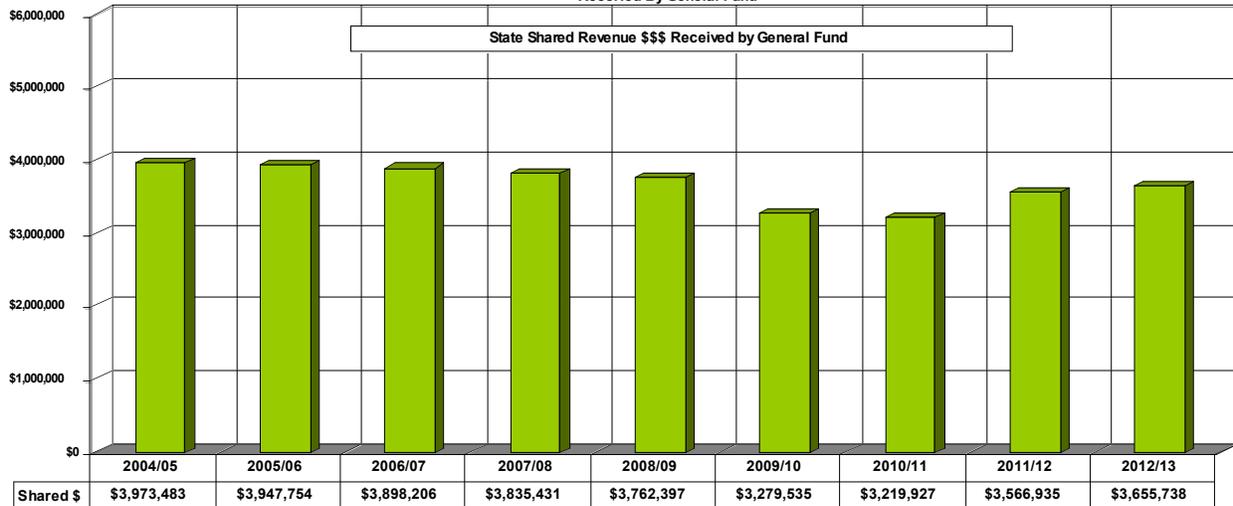
Description:

Examining property tax revenues on a *per household basis* shows changes in revenues relative to the changes in number of households. As the number of households increases, it could be reasonably expected that overall revenues and the need to expend those revenues will increase. As a result, one could also expect that after adjusting for inflation, the level of per household revenue needs to remain at least level in constant dollars. If the property tax revenues in constant dollars *per household* are decreasing, the City may be unable maintain existing service levels unless it finds new revenue sources or finds ways to reduce its expenditures without reducing service levels. This reasoning is based on the assumption that the demand for services is directly related to the number of City households. A decreasing trend in this indicator could be caused by a general economic decline, changes in population demographics, problems with the revenue structure of property taxes, or high inflation.

Analysis:

The chart above indicates that the City's property tax revenue (in constant dollars) per household had remained relatively constant. In 2009/10, there was virtually no increase in the tax base which caused a decrease when valued in inflation adjusted constant dollars. Tax base loss since Fiscal Year 2010/11 forced adjustments in staffing. Full time positions have decreased through attrition. Please see APPENDIX E for changes in staffing.

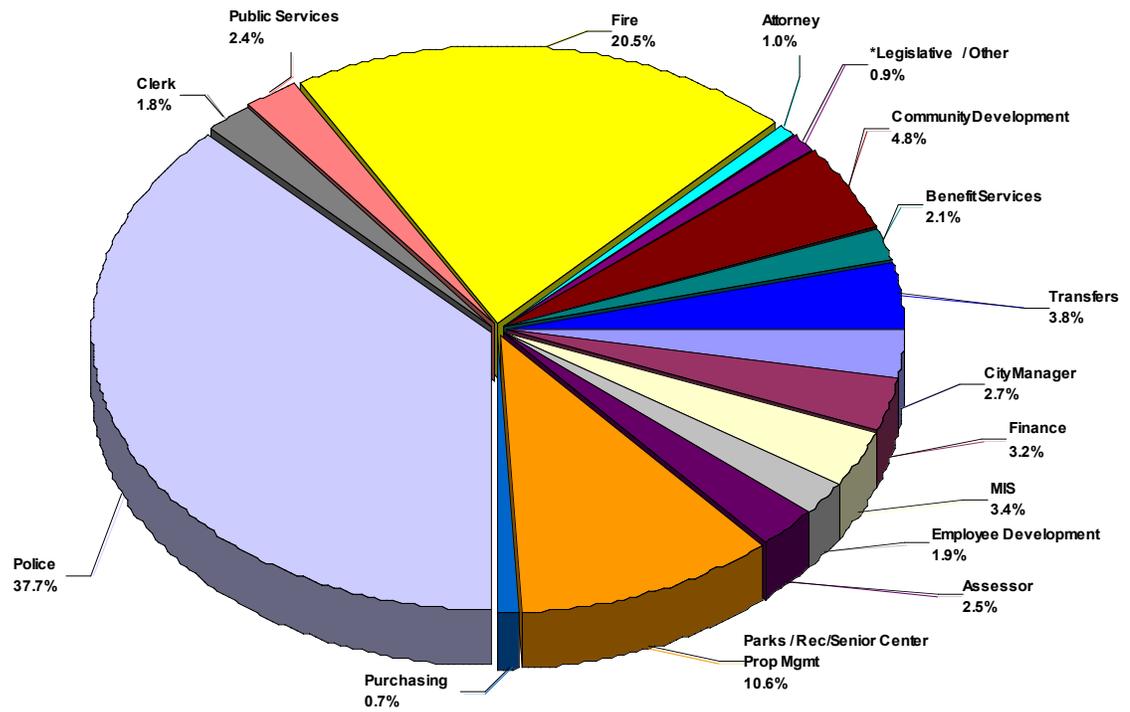
GENERAL STATE-SHARED REVENUES
Received By General Fund



The above charts depict state-shared revenues received by the General Fund. Prior to 1999, these revenues were composed of state sales tax, income tax, intangibles tax, single business tax, and the portion of single business tax allocated to replace the former inventory tax. Since some of these revenue distributions are made on a *per capita basis*, the 2010 United States Census had a positive effect. The state constitution guarantees 15 percent of 4 percent of the sales tax revenue to local governments. Additional amounts are set statutorily (by annual state appropriation). The current economic situation in state finances continues to affect state-shared revenues received by local governments. The city's state-shared revenues received by the General Fund, which grew through 2001, declined through 2010/11. The Governor's Economic Vitality Incentive Plan for statutory revenue sharing requires each community to qualify for a statutory revenue-sharing allotment by showing that they are trying to share more services with other communities, limit employee compensation costs, and increase public transparency of finances.

***Note: The Legislative/Other budget includes City Council and Human Services**

GENERAL FUND EXPENDITURES BY DEPARTMENT



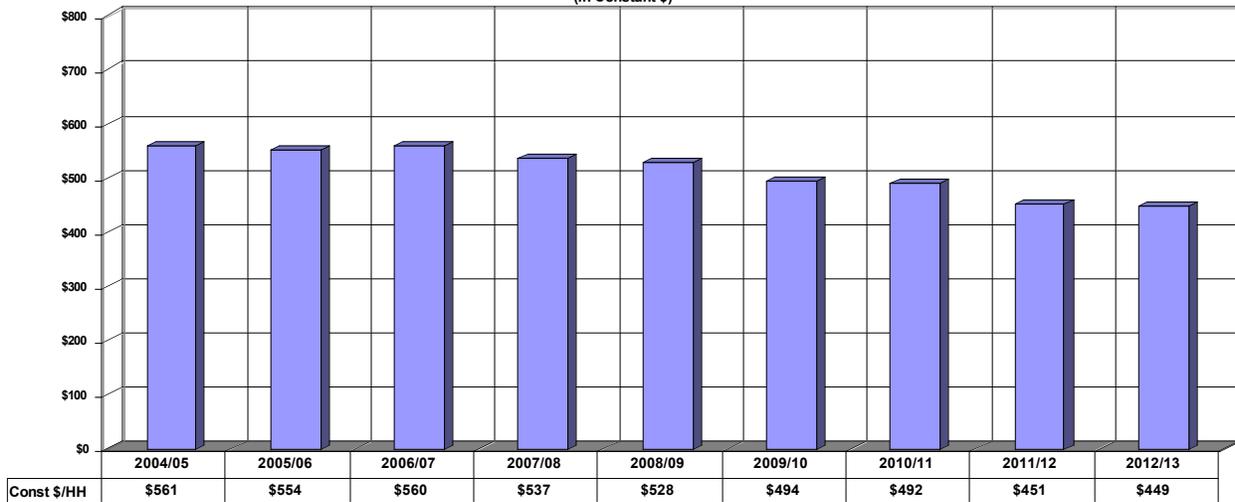
*** Note: The Legislative/Other budget includes City Council and Human Services**

General Fund Expenditures by Department or Function

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted	Adopted	Council
	Actuals	Actuals	Budget	Budget	Approved
City Council	60,889	63,829	167,274	61,500	67,100
Human Service Funding	117,204	117,563	121,237	121,237	123,090
District Court Facility	47,165	51,475	59,359	55,355	67,355
City Manager	507,781	510,946	585,377	570,377	593,154
Finance	722,520	711,648	787,553	787,469	753,972
Information Technology	702,034	711,228	782,158	780,563	783,215
City Assessor	508,013	489,741	625,588	600,291	574,872
City Attorney	200,934	201,041	226,728	226,728	226,728
City Clerk	335,595	380,053	399,984	395,506	407,220
Employee Development	376,770	404,045	435,507	433,601	450,334
Benefit Services	346,004	347,361	469,602	448,257	498,021
Purchasing	136,120	127,866	147,499	147,499	151,385
Parks & Recreation	2,304,514	2,281,025	2,536,386	2,436,897	2,458,568
Police Department	8,101,432	8,212,099	9,202,286	8,778,735	8,741,905
Fire Department	4,016,515	4,263,468	4,704,455	4,696,945	4,737,861
Community Development	961,459	1,006,951	1,123,137	1,098,790	1,120,035
Street Lighting	515,968	487,287	627,000	627,000	565,000
Transfers Out	886,000	2,358,220	2,629,636	1,815,000	1,829,000
Total Expenditures	<u>20,846,917</u>	<u>22,725,846</u>	<u>25,630,766</u>	<u>24,081,750</u>	<u>24,148,815</u>

Additional information is available in the respective detailed departmental budgets.

GENERAL FUND NET OPERATING EXPENDITURES PER HOUSEHOLD
(in Constant \$)



Warning Trend:

Increasing Net Operating Expenditures (adjusted to constant dollars) per household

Formula:

$$\frac{((\text{Net Operating Expenditures in Current \$}) / (\text{CPI} / 100))}{(\text{Number of Households})}$$

Note: Net operating expenditures are defined as:

- Total expenditures
- less mandated capital improvement transfers*
- less expenditures of revenues that are legally restricted for special, non-operating purposes*

Description:

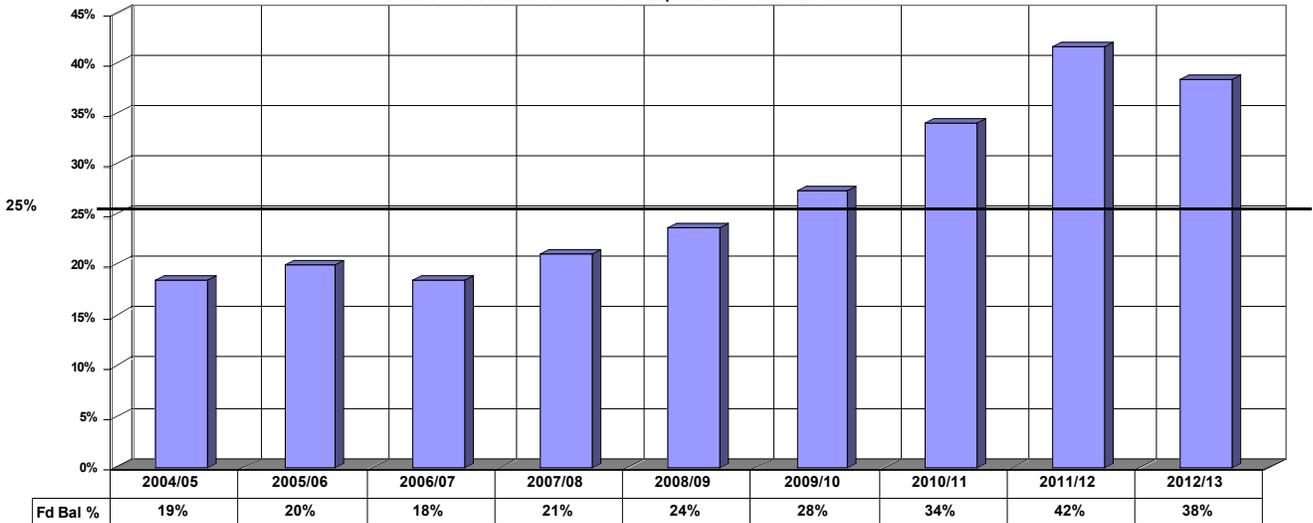
Examining expenditures on a *per household basis* shows changes in expenditures relative to the changes in number of households. Increasing per household expenditures can indicate that the cost of providing services is outstripping the City's ability to pay, especially if spending is increasing faster than the resident's collective personal income. From a different perspective, if the increase in spending is greater than can be accounted for by inflation adjustment or the addition of new services, it may well indicate declining productivity, i.e., the City is spending more in inflation-adjusted dollars to support the same level of services for its residents.

Analysis:

In general, net operating expenditures per household in constant dollars is remaining fairly stable over time. Expenditures since 2007/08 have decreased to respond to declining economic situation.

GENERAL FUND UNRESERVED FUND BALANCE

As a % of Combined General Fund Expenditures + Interfund Transfers



Warning Trend:

Continuing unreserved fund balance as a percentage of combined expenditures and interfund transfers that remain below the 25 percent level. *It is also considered a warning trend if this indicator falls below 10 percent for any fiscal year.*

Formula:

$$\left[\frac{(\text{Unreserved Fund Balance})}{((\text{Expenditures}) + (\text{Interfund Transfers}))} \right] \times 100$$

Note: Fund balance is the difference between the cumulative revenues and cumulative expenditures of the fund since its inception. The unreserved fund balance is that portion of the fund balance which is not legally set aside

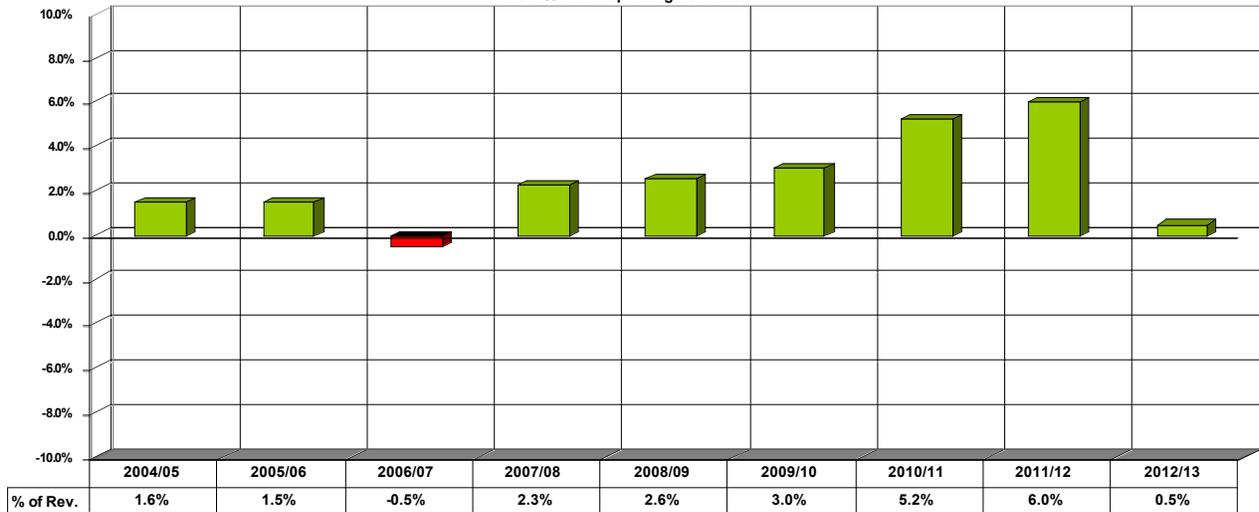
Description:

Although positive fund balances can also be thought of as reserves, the "Fund Balance" entry on a local government's annual report is not always synonymous with "available for appropriation." The annual report may also show a reservation of some or all of the fund balance as "reserved for prior years' encumbrances". The size of a local government's fund balance affects its ability to withstand unforeseen financial emergencies. Fund balance is an indicator of financial soundness. It provides a hedge against inflation and a reserve for emergencies. In 1985, the City Council adopted a resolution of intent to maintain the fund balance in the General Fund at a level of 13 percent of general fund expenditures plus Interfund transfers. Bond rating agencies consider a 10 percent fund balance to be more than adequate reserve against unexpected contingencies and to make debt payments if regular revenue sources are not sufficient. Give the likelihood of significant loss of tax revenue when personal property is removed from the tax base, 25 percent is required for the ability to cope with the loss.

Analysis:

Since 2009/10 the fund balance of the General Fund has remained above the 25 percent level prescribed by the City Council.

GENERAL FUND OPERATING SURPLUS/DEFICIT
As a % of Net Operating Revenues



Warning Trend:

Increasing General Fund operating deficits as a percentage of net operating revenues

Formula:

$$\left[\frac{((\text{General Fund Revenues}) - (\text{General Fund Expenditures}))}{(\text{Net Operating Revenues})} \right] \times 100$$

Description:

Operating deficits do not necessarily mean that the budget will be “out-of-balance” (i.e., budget deficit) because reserves (i.e., fund balances) from previous fiscal years can be used to cover the difference. It does mean, however, that for that specific fiscal year, the city spent more than it received. This can be caused by an emergency requiring a large immediate expenditure or it might be part of a spending pattern policy to use accumulated surplus fund balances. While an operating deficit in any one year may not be cause for concern, frequent or increasing operating deficits can indicate that current revenue sources are not supporting current expenditure and that problems may lie ahead.

Analysis:

Typically, the City’s General Fund runs a small operating surplus.

GENERAL FUND

The General Fund accounts for governmental activities that are not reported in other funds. In the City of Portage these functions include the Legislative, Administration, Parks and Recreation, Police, Fire, Community Development and Portage Senior Center activities.

Budget Overview: Public safety expenditures account for 58 percent of the total General Fund operating expenditures, which reflects the city's commitment to providing quality services. In addition to this commitment, and furthering Council's mission statement of 'promoting the highest level of quality of life in all aspects for all residents, The next highest General Fund expenditure category is Parks and Recreation (including Senior Citizen Services) at 10.6 percent of the budget.

The estimated fund balance at June 30, 2015 is at least 24 percent of fund expenditures.

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Property taxes	15,358,830	15,809,073	15,523,470	15,452,200	15,677,100
Fees and permits	604,165	783,962	475,950	475,950	523,900
Federal revenue	10,630	79,094	51,000	51,000	1,000
State revenue	18,424	24,006	9,500	9,500	23,000
State shared revenue	3,566,935	3,655,738	3,763,831	3,763,831	3,881,220
Other grants	9,500	11,800	21,600	21,600	12,000
Charges for services	1,676,277	1,644,393	1,623,680	1,618,680	1,611,100
Interest and rents	231,735	261,280	235,750	235,750	272,100
Other revenue	471,038	470,667	503,006	439,370	492,820
Transfers In	2,808	3,724	34,000	4,000	3,500
TOTAL REVENUE	21,950,342	22,743,737	22,241,787	22,071,881	22,497,740
EXPENDITURES:					
Personnel Services	15,481,768	15,441,067	16,583,797	16,441,428	16,348,063
Operations & Maintenance	2,856,896	2,978,748	3,945,446	3,640,811	3,778,650
Administrative Charges	1,587,839	1,851,363	2,167,956	2,076,111	2,087,902
Capital Outlay	34,414	96,448	303,931	108,400	105,200
Transfers Out	886,000	2,358,220	2,629,636	1,815,000	1,829,000
TOTAL EXPENDITURES	20,846,917	22,725,846	25,630,766	24,081,750	24,148,815

LEGISLATIVE DEPARTMENT

Budget Overview: In addition to City Council expenditures, the 2014-2015 Legislative budget includes contributions to various human service agencies. The human services contributions equal \$123,090 (see Appendix A for additional information) for 2014/2015.

Goals and Objectives: The Legislative budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Human Services	Continue funding at .55 percent of General Fund revenue	<i>Community Development</i> Continue commitment to human services

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Personnel Services	41,714	40,369	46,200	42,000	42,000
Operations & Maintenance	136,379	141,023	242,311	140,737	148,190
TOTAL EXPENDITURES	<u>178,093</u>	<u>181,392</u>	<u>288,511</u>	<u>182,737</u>	<u>190,190</u>

The Legislative budget is comprised of the two activities that follow.

CITY COUNCIL 101-1001

As the policy-making body, the City Council has the responsibility for establishing overall policy and setting the priorities and direction of local government. In addition to City Council stipends, the 2014-2015 City Council budget includes expenditures for Michigan Municipal League dues, planning retreats and Mayor Exchange Day.

	<u>2011-2012</u> Actuals	<u>2012-2013</u> Actuals	<u>2013-2014</u> Adjusted Budget	<u>2013-2014</u> Adopted Budget	<u>2014-2015</u> Council Approved
EXPENDITURES:					
Personnel Services	41,714	40,369	46,200	42,000	42,000
Operations & Maintenance	19,175	23,460	121,074	19,500	25,100
TOTAL EXPENDITURES	<u><u>60,889</u></u>	<u><u>63,829</u></u>	<u><u>167,274</u></u>	<u><u>61,500</u></u>	<u><u>67,100</u></u>

HUMAN SERVICES 101-1085

The Human Services activity is comprised of contributions to five organizations informed by recommendations from the Human Services Board.

1. **PORTAGE COMMUNITY CENTER (PCC)**

PCC is a non-profit corporation that primarily serves Portage citizens in need and provides the following programs.

Program Coordination and Development - information and referral service, and host agency services.

Emergency Assistance - a food pantry, emergency financial assistance, clothing bar, and a holiday food basket program.

Youth Development - youth services including tutoring, latch-key program, summer recreational programs, hire-a-teen and counseling.

The proposed 2014-2015 budget includes a General Fund appropriation of \$83,535 for youth development and program coordination activities. An additional \$37,972 is proposed from Community Development Block Grant funds, depending on the final grant amount, bringing the potential total city contribution to PCC to \$121,497.

<u>Performance Indicator</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Number of Portage clients served	5,071	4,000	4,000

HUMAN SERVICES, continued

2. **YOUNG WOMEN’S CHRISTIAN ASSOCIATION (YWCA)**

The YWCA is a non-profit corporation which primarily serves Kalamazoo County and provides the following programs to be funded.

Domestic Assault – emergency shelter and counseling for women and children.

Sexual Assault - crisis services for victims of sexual assault.

Youth Mentoring - mentoring/counseling to at risk adult & teenage women.

The proposed 2014-2015 budget includes a General Fund appropriation of \$8,915.

<u>Performance Indicator</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Number of Portage clients served	100	100	100

3. **HOUSING RESOURCES, INC.**

Housing Resources, Inc. provides emergency, transitional, and permanent housing services for low income persons. Funding will provide the following service.

Homelessness Prevention and Rapid Re-housing Assistance Programs

The proposed 2014-2015 budget includes a General Fund appropriation of \$18,110.

<u>Performance Indicator</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Number of Portage clients served	453	300	300

3. **CATHOLIC CHARITIES**

Catholic Charities is a non-profit corporation that serves families in southwest Michigan. Funding will provide the following service for Portage families.

Ark of Catholic Charities - Crisis Intervention/Shelter for Homeless Youth - provides emergency shelter for youth, transition and permanent housing and counseling for families in crisis.

The proposed 2014-2015 budget includes a General Fund appropriation of \$9,433.

<u>Performance Indicator</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Number of Portage clients served	109	125	125

HUMAN SERVICES, continued

4. GRYPHON PLACE

Gryphon Place provides crisis intervention and comprehensive information and referral, prevention and intervention programs and dispute resolution services. Funding will provide the following service:

2-1-1/Help Line: Crisis intervention, comprehensive information and referral.

The proposed 2014-2015 budget includes a General Fund appropriation of \$2,077.

<u>Performance Indicator</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Number of Portage clients served	2,644	2,600	2,600

4. GOODWILL INDUSTRIES

Goodwill Industries provides employment, education, training and support services to individuals and families so they can achieve self-sufficiency. Funding will provide the following services: Tax counseling initiative at two sites:

- a) Portage Community Center, and
- b) Bowers Manufacturing

The proposed 2014-2015 budget includes a General Fund appropriation of \$1,020.

<u>Performance Indicator*</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Number of Clients Served	N/A	N/A	265

*Goodwill Industries did not receive funding in 2012/2013 or in 2013/2014

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Operations & Maintenance	117,204	117,563	121,237	121,237	123,090
TOTAL EXPENDITURES	<u>117,204</u>	<u>117,563</u>	<u>121,237</u>	<u>121,237</u>	<u>123,090</u>

CITY MANAGER

The City Manager has oversight responsibility for all phases of city operations.

Budget Overview: The 2014-2015 budget provides for the preparation of Council agenda reports and policy recommendations, implementation of Council policy directives, general supervision and oversight of departmental operations, budget development, recommendation and administration, representation and promotion of city interests on various boards and at various functions, oversight of economic development initiatives, public information/relations, grant monitoring and research, general administrative studies and the development of administrative procedures intended to improve organizational effectiveness, and the coordination of special events and projects.

Goals and Objectives: The City Manager has administrative responsibility for all city goals and objectives. The City Manager departmental budget supports the following specific goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
City Manager	Evaluation and modification of city services, where necessary, to ensure efficient service delivery	<i>Public Relations</i> Continue emphasis on courteous public service <i>Service Delivery</i> Continue to provide effective and efficient city services Evaluate service delivery options
Communication	Continue Public Information Services Programs and Surveys	<i>Public Relations</i> Continue communications with citizens

CITY MANAGER 101-1720

This activity accounts for the costs associated with the Office of the City Manager. The Office of the City Manager functions primarily to provide recommendations to the City Council regarding policy proposals and alternatives, to implement policy directives of the City Council, to coordinate and supervise activities of the various departments, and to provide general administration. Other service initiatives include monitoring State and Federal legislation, and research and preparation of applicable grant and foundation funding requests.

CITY MANAGER, continued

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Personnel Services	450,764	453,305	475,157	475,157	495,268
Operations & Maintenance	56,160	53,319	105,300	90,300	92,568
Administrative Charges	857	4,322	4,920	4,920	5,318
TOTAL EXPENDITURES	<u>507,781</u>	<u>510,946</u>	<u>585,377</u>	<u>570,377</u>	<u>593,154</u>

<u>Service Indicator</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Council meetings	35	34	35
Council committee meetings	23	21	22
Pre-Council meetings	23	24	24
Council items processed:			
Agenda items	258	286	272
Material transmitted	87	92	87
Weekly Reports	43	41	52

FINANCE

The Finance Department is responsible for developing and maintaining sound financial management information systems, policies and practices to preserve and protect city financial resources while providing the City Council and City Administration with timely and accurate financial information to facilitate daily operations, policy development, and the accomplishment of short-term objectives and long-term goals. The department also has the responsibility for cash management, City-wide budget control, and financial software systems. To enhance coordination of financial matters for the City, a Financial Services Director has been appointed to oversee the City Assessor, Purchasing and Finance departments.

Budget Overview: In 2014-2015 the department will continue to evaluate expanded bill payment options for citizens, fine tune or change software for increased efficiency and more effective customer service, and take an active role in assisting departments in managing their budgets.

Goals and Objectives: The Finance Department budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Accounting	Administrative function	<p><i>Financial Health</i></p> <p>Evaluate expenditures and processes to provide for the most effective and efficient use of city resources</p>
Financial Management	Administrative function	<p><i>Service Delivery</i></p> <p>Provide high quality, effective and cost efficient services</p> <p>Evaluate alternatives to meet increased service demands</p> <p><i>Financial Health</i></p> <p>Maintain financial health of city</p> <p>Pursue revenue enhancement through alternate funding opportunities</p> <p>Assess financing methods for capital improvement needs</p>
Treasury	Administrative function	<p><i>Public Relations</i></p> <p>Continue emphasis on courteous service</p>

FINANCE, continued

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Other revenue	4,308	(242)	1,000	1,000	1,000
TOTAL REVENUE	4,308	(242)	1,000	1,000	1,000
EXPENDITURES:					
Personnel Services	580,175	569,681	577,067	585,840	535,369
Operations & Maintenance	142,345	133,027	200,576	191,719	207,505
Administrative Charges	-	8,940	9,910	9,910	11,098
TOTAL EXPENDITURES	722,520	711,648	787,553	787,469	753,972

The responsibilities of the various activities are outlined as follows.

ACCOUNTING 101-2001

This activity accounts for the costs associated with maintenance of the integrity of the accounting systems and the preparation of monthly, quarterly, and annual reports. The accounting staff reviews and processes all payroll, accounts payable, and other data which affect the journals and the general ledger, and provides staff support for other departments. Other areas of responsibility include assistance in budget preparation and administration, fixed asset management and performing internal audits designed to maintain the integrity of financial controls.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Accounts payable checks issued	4,238	4,150	4,000
Electronic Vendor Payments (wire, EFT)	897	1,100	1,200
Payroll checks issued	7,338	6,612	6,400
W-2's issued	454	525	525
W-2 accuracy rate	100%	100%	100%
1099's issued	164	160	160
Issue date of annual financial report	Dec 17	Dec 16	Dec 15

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Personnel Services	222,186	220,998	230,925	230,925	228,692
Operations & Maintenance	43,977	40,087	68,369	68,285	75,645
TOTAL EXPENDITURES	266,163	261,085	299,294	299,210	304,337

FINANCE and BUDGET 101-2002

This activity accounts for the costs associated with the management and administration of the Finance Department. Other primary functions include preparation of the annual operating budget, ongoing budget administration, assistance in preparing the annual Capital Improvement Program budget, assistance in the preparation of the Utility Rate Study, cash management, collection and preparation of information for bond issues and other financing, and coordination of city-wide budget control. This office also acts in an advisory capacity to other departments in finance-related matters and performs the role of financial analyst to the city as a whole.

The Finance Director is also charged with maintaining fiscal conformance and compliance with State statutes, the City Charter and ordinances, rulings of the Governmental Accounting Standards Board, and generally accepted accounting principles.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Bond issues:			
Number	3	1	1
Dollar amount	\$2,135,000	\$3,130,000	\$3,120,000
Bond Refinancing	\$5,775,000	\$-0-	\$-0-
'Unqualified' audit report received	Yes	Yes	Yes

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	222,633	220,228	238,335	247,108	143,428
Operations & Maintenance	55,655	52,854	85,388	76,615	77,375
Administrative Charges	-	8,940	9,910	9,910	11,098
TOTAL EXPENDITURES	<u>278,288</u>	<u>282,022</u>	<u>333,633</u>	<u>333,633</u>	<u>231,901</u>

TREASURY 101-2053

This activity accounts for the costs associated with the billing, collection and reconciliation of all receivables, including semi-annual tax bills and quarterly utility bills. The department collects and processes over \$64,000,000 in taxes a year for other jurisdictions, remitting them on a weekly basis. A state authorized 1 percent property tax administration fee is collected by the City to offset the cost of providing this service to the other taxing jurisdictions.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Tax bills processed	38,342	37,714	37,000
Special assessment bills processed	1,272	1,244	1,350
Water and sewer bills processed	62,057	63,483	63,000
Cash receipts issued	109,728	109,000	109,000
Number of transactions per employee	27,432	27,250	27,250

	<u>2011-2012</u> <u>Actuals</u>	<u>2012-2013</u> <u>Actuals</u>	<u>2013-2014</u> <u>Adjusted</u> <u>Budget</u>	<u>2013-2014</u> <u>Adopted</u> <u>Budget</u>	<u>2014-2015</u> <u>Council</u> <u>Approved</u>
REVENUE:					
Other revenue	4,308	(242)	1,000	1,000	1,000
TOTAL REVENUE	<u>4,308</u>	<u>(242)</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
EXPENDITURES:					
Personnel Services	135,356	128,455	107,807	107,807	163,249
Operations & Maintenance	42,713	40,086	46,819	46,819	54,485
TOTAL EXPENDITURES	<u>178,069</u>	<u>168,541</u>	<u>154,626</u>	<u>154,626</u>	<u>217,734</u>

TECHNOLOGY SERVICES

The Technology Services Department is responsible for providing technology infrastructure, applications and services that support city activities. This department assists other departments in evaluating needs and emerging technologies in order to provide services in the most cost effective and efficient manner.

Budget Overview: The 2014-2015 budget continues the management of the privatized technology services operation (initiated in 2000) in order to optimize the substantial investment. Priorities continue to focus on streamlining workflow, cost containment, continued development of electronic government opportunities through the use of the Internet and wireless communications networks, installing new PC's, and maintaining software applications.

Goals and Objectives: The Technology Services Department supports the following goals and objectives:

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
	Information technology improvements	<i>Public Improvements</i> Continue to update and maintain equipment & facilities
	Evaluate emerging technology	<i>Service Delivery</i> Continue to increase efficiency by applying new technology

Communication Services provides centralized mailing, shipping, printing, and photocopying services for all departments including development and mailing of the City newsletter, *The Portager*, and other marketing and communication materials.

Budget Overview: 2014-2015 provides for a continuation of current services.

Goals and Objectives: The Public Information division supports the goals and objectives that follow.

TECHNOLOGY SERVICES, continued

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
All activities	All programs	<i>Service Delivery</i>
Printing	Contracting for service	Continue to evaluate contracting vs. providing efficient, timely and cost-effective internal publishing services. Establish alternatives to meet increased service demands Continue to increase efficiency by applying new technology
Public Information	All Programs	<i>Public Relations</i>
		Enhance public relations by offering assistance to departments in developing communications materials.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Charges for services	44,960	46,950	47,000	47,000	49,000
Other revenue	-	-	100	100	100
TOTAL REVENUE	<u>44,960</u>	<u>46,950</u>	<u>47,100</u>	<u>47,100</u>	<u>49,100</u>
EXPENDITURES:					
Personnel Services	41,949	60,698	68,787	68,787	69,865
Operations & Maintenance	657,173	647,172	709,845	708,250	708,250
Administrative Charges	2,912	3,358	3,526	3,526	5,100
TOTAL EXPENDITURES	<u>702,034</u>	<u>711,228</u>	<u>782,158</u>	<u>780,563</u>	<u>783,215</u>

The responsibilities of the various activities are outlined as follows.

TECHNOLOGY SERVICES 101-2110

This activity accounts for the costs associated with the operation and maintenance of the midrange and personal computers, phone and voice processing systems. The duties involved in this process include ensuring data integrity and security, user training and support, and software and hardware installation, maintenance and evaluation.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Printers	76	81	78
PC's & Laptops	239	250	249
Applications (note 1)	400	250	250
Network/PC training hours	700	600	550
Telephone lines supported	279	290	290
Network servers (see note 2)	16	16	14
Help desk requests	1,925	1,719	1,690
Routers/switches/hubs	36	13	13
Terminals	7	7	7
Wireless devices	34	32	32
Cell phone (see note 3)	92	85	85
Video Monitoring Systems (Note 4)	1	4	4

Note 1: Software audit conducted in 2013

Note 2: City Hall, Police, Fire

Note 3: 18 stipend, 67 city-issued non-stipend

Note 4: (System 1) Parks Facilities, (System 2) Finance, Assessor, Conference Rooms #1 and #2, (Sys 3), Police Interview Room.

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	263	14,974	20,456	20,456	20,880
Operations & Maintenance	656,008	643,073	704,260	702,665	702,665
Administrative Charges	2,912	3,358	3,526	3,526	5,100
TOTAL EXPENDITURES	<u><u>659,183</u></u>	<u><u>661,405</u></u>	<u><u>728,242</u></u>	<u><u>726,647</u></u>	<u><u>728,645</u></u>

PUBLIC INFORMATION 101-2133

Communication Services provides photocopying, printing, faxing, scanning, website editing, desktop publishing, and mailing and shipping services for all departments. This division also supports city marketing and communications efforts.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Number of copies made	300,390	290,000	290,000
Reams of paper distributed	1,744	1,7600	1,700
Number of fax pages	496	250	375
Pieces of mail processed	80,486	73,300	77,000
Website update hours	120	120	120
Package receiving/deliveries	920	970	950
Document scans	40,004	27,000	37,000

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
REVENUE:					
Charges for services	44,960	46,950	47,000	47,000	49,000
Other revenue	-	-	100	100	100
TOTAL REVENUE	<u>44,960</u>	<u>46,950</u>	<u>47,100</u>	<u>47,100</u>	<u>49,100</u>
EXPENDITURES:					
Personnel Services	41,686	45,724	48,331	48,331	48,985
Operations & Maintenance	1,165	4,099	5,585	5,585	5,585
TOTAL EXPENDITURES	<u>42,851</u>	<u>49,823</u>	<u>53,916</u>	<u>53,916</u>	<u>54,570</u>

CITY ASSESSOR

The City Assessor is responsible for distributing the property tax burden in a fair and equitable manner, compiling special assessment rolls, administering the Board of Review, and maintaining ownership and principal residence exception records for all real and personal property located in the city. The department activities are comprised of the Assessors' Office and the Board of Review.

Budget Overview: State statute requires that three values be maintained for all property: the State Equalized Value (SEV), which is 50 percent of true cash value; the Capped Value, which is tied to inflation; and Taxable Value (TV), which generally is the lesser of SEV or Capped Value.

Goals and Objectives: The City Assessor budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Assessor	Provide prompt and courteous service	<i>Public Relations</i> Maintain positive public relations
	Continue to improve internet accessible information system	<i>Service Delivery</i> Continue to increase efficiency by applying new technology
	Continue development of digital building sketches and updated photographs	To ensure that all property assessment records are as current as possible
	Develop and defend property assessments	<i>Financial Health</i> Maintain the financial health of the city
	Prepare the assessment roll and administer the appeal process.	

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Other revenue	232	50	200	200	50
TOTAL REVENUE	232	50	200	200	50
EXPENDITURES:					
Personnel Services	437,816	381,236	469,077	469,077	444,966
Operations & Maintenance	64,527	100,350	147,925	122,628	121,063
Administrative Charges	5,670	8,155	8,586	8,586	8,843
TOTAL EXPENDITURES	508,013	489,741	625,588	600,291	574,872

The responsibilities of the various activities are outlined as follows.

ASSESSOR 101-2209

This activity accounts for the costs associated with the assessment of property for the purpose of equitably levying property taxes. Ongoing services include appraisal of personal and real property; processing of ownership transfers; maintenance of property files and automated property data files; spreading of taxes for the city, Portage Public Schools, Vicksburg Community Schools, Comstock Public Schools, Schoolcraft Community Schools, KVCC, K/RESA, the Portage District Library, and Kalamazoo County; and administration of the general property and special tax rolls.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Property descriptions	19,000	19,000	19,000
Processing of title and transfer documents	5,000	5,000	5,000
New appraisals - real and personal property	3,500	3,500	3,500
Property taxes levied, city only (in millions)	\$21.4	\$20.9	\$20.3
Property taxes levied, all taxing entities (in millions)	\$83.2	\$81.5	\$83.1

	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
REVENUE:					
Other revenue	232	50	200	200	50
TOTAL REVENUE	<u>232</u>	<u>50</u>	<u>200</u>	<u>200</u>	<u>50</u>
EXPENDITURES:					
Personnel Services	409,258	356,232	434,090	434,090	409,950
Operations & Maintenance	64,517	83,189	138,938	119,902	118,337
Administrative Charges	5,670	8,155	8,586	8,586	8,843
TOTAL EXPENDITURES	<u>479,445</u>	<u>447,576</u>	<u>581,614</u>	<u>562,578</u>	<u>537,130</u>

BOARD OF REVIEW 101-2247

The responsibility of the Board of Review is to review the assessment roll as prepared by the Assessor and to provide a hearing for those persons who wish to appeal property assessments. The Board also approves the assessment roll as the official tax roll. Services of the Board of Review include: holding hearings to review property assessment appeals; accepting and considering hardship exemptions; accepting and reviewing personal property statements; and reviewing classification disputes.

<u>Service Indicator</u>	<u>Prior Year</u>		<u>Current Year</u>		<u>Budget Year</u>
Appeals reviewed	200		200		200
	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted	Adopted	Council
			Budget	Budget	Approved
EXPENDITURES:					
Personnel Services	28,558	25,004	34,987	34,987	35,016
Operations & Maintenance	10	17,161	8,987	2,726	2,726
TOTAL EXPENDITURES	<u>28,568</u>	<u>42,165</u>	<u>43,974</u>	<u>37,713</u>	<u>37,742</u>

CITY ATTORNEY 101-2310

The City Attorney provides legal services including, but not limited to, opinions to the City Council and all city departments regarding municipal matters, attendance at all City Council, planning commission, and zoning board of appeals meetings; preparation of all ordinances; preparation and/or review and approval of all contracts and any other written instruments; ordinance enforcement; ordinance prosecutions and FOIA request review. The specialized areas of labor counsel and bond counsel are budgeted in the specific departments or programs for which those services are provided.

Budget Overview: The City Attorney is an outside contractor law firm maintaining offices within the City of Portage providing legal services to the city on an annual fee basis. The present City Attorney has been representing the city’s legal interests continuously since August of 1984 and the Assistant City Attorney has been doing so since 2000. The combined years of experience in municipal law, responsive assistance and knowledge of city legal matters are valuable assets to the city. For the budgeted fee, the City Attorney’s office is responsible for the professional services of the City Attorney and the Assistant City Attorney, as well as office staff, employment costs, professional liability insurance, library and all other expenses associated with the office and the provision of legal services for the city.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Operations & Maintenance	200,934	201,041	226,728	226,728	226,728
TOTAL EXPENDITURES	<u>200,934</u>	<u>201,041</u>	<u>226,728</u>	<u>226,728</u>	<u>226,728</u>

CITY CLERK

The City Clerk administers all City, State, County and Federal elections. Additionally, the City Clerk maintains a complete and permanent history of actions taken by the City Council. This is accomplished by producing accurate minutes of each meeting and indexing minutes and related documents in a consistent manner. The City Clerk is also responsible for providing proper notice of all matters to come before City Council, and for the management of all permanent and transitory city records. The Clerk also maintains the ownership, occupancy and map records for all City-owned cemeteries.

Budget Overview: The City Clerk budget provides for the continued maintenance of operations.

Goals and Objectives: The Clerk budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
City Clerk	Coordinate production of City Council, agenda packets, coordinate the Freedom of Information Act, Boards and Commissions interviews and liquor License procedure	Provide leadership, service delivery and versatility to the departments and to the public
Elections	Program and test all election equipment, assign precincts, train election officials, implement state election law, publish notices, maintain the Qualified Voter File	Service delivery, preserve integrity and accuracy in elections, and voter files, apply new technology, to increase efficiency and productivity in the electoral process
Records Management	Microfilming of records, imaging of records, records storage, records access, state record retention schedule	<i>Service Delivery</i> Evaluate alternatives to meet service demands Increase efficiency through technology

CITY CLERK, continued

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Fees and permits	33,528	45,546	32,550	32,550	36,000
Other revenue	1,298	1,102	500	500	900
TOTAL REVENUE	<u>34,826</u>	<u>46,648</u>	<u>33,050</u>	<u>33,050</u>	<u>36,900</u>
EXPENDITURES:					
Personnel Services	263,179	295,793	296,220	296,220	303,048
Operations & Maintenance	71,629	80,997	100,101	95,623	100,170
Administrative Charges	787	3,263	3,663	3,663	4,002
TOTAL EXPENDITURES	<u>335,595</u>	<u>380,053</u>	<u>399,984</u>	<u>395,506</u>	<u>407,220</u>

The responsibilities of the various activities are outlined as follows.

ELECTIONS 101-2491

This activity accounts for the costs associated with all City, County, State and Federal elections.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Elections	3	2	2
New registrations	3,402	3,231	3,200
Cancellations	3,244	2,884	3,000
Change of address	2,250	2,000	2,100
Registered voters	37,116	37,234	37,500

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	120,414	151,362	146,118	146,118	146,873
Operations & Maintenance	43,744	44,295	44,800	42,300	46,300
Administrative Charges	455	455	455	455	455
TOTAL EXPENDITURES	<u>164,613</u>	<u>196,112</u>	<u>191,373</u>	<u>188,873</u>	<u>193,628</u>

CITY CLERK 101-2415

This activity accounts for the costs associated with operation of the Office of the Clerk. The Clerk keeps a journal of Council proceedings and actions, acts as custodian of the City Seal and all official documents and papers such as ordinances, resolutions, proclamations, contracts, deeds and easements. The City Clerk also coordinates all special meetings of City Council, including all City Council Advisory Boards and Commissions, and schedules all City Hall conference rooms and meetings with city, county and state representatives. Miscellaneous duties of the Clerk include cemetery lot sales and burial arrangements in city cemeteries, citizen petition verifications, Code of Ordinances updates, certifications, Freedom of Information Act coordination, liquor license coordination, and liaison to the Youth Advisory Committee.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Ordinances and amendments adopted	7	12	10
Resolutions adopted	52	45	50
Cemetery lot burials	52	60	55
Number of meetings clerked	34	35	35

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
REVENUE:					
Fees and permits	33,528	45,546	32,550	32,550	36,000
Other revenue	1,298	1,102	500	500	900
TOTAL REVENUE	34,826	46,648	33,050	33,050	36,900
EXPENDITURES:					
Personnel Services	96,723	96,717	100,540	100,540	105,100
Operations & Maintenance	20,164	23,536	35,146	36,875	36,770
Administrative Charges	-	2,538	2,810	2,810	3,147
TOTAL EXPENDITURES	116,887	122,791	138,496	140,225	145,017

RECORDS MANAGEMENT 101-2416

This activity accounts for the costs associated with records retention, tracking, storage and destruction.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Rolls of microfilm processed	140	138	125
Number of documents filmed	204,442	102,397	150,000
Processed boxes in storage	608	440	225
FOIA Requests	62	50	60
CD's processed	9	5	10

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	46,042	47,714	49,562	49,562	51,075
Operations & Maintenance	7,721	13,166	20,155	16,448	17,100
Administrative Charges	332	270	398	398	400
TOTAL EXPENDITURES	<u>54,095</u>	<u>61,150</u>	<u>70,115</u>	<u>66,408</u>	<u>68,575</u>

EMPLOYEE DEVELOPMENT 101-2610

The Employee Development Department provides staff support in the areas of recruitment, training, safety, employee and labor relations, legal compliance and data analysis. In 2014-2015 the department will continue to provide assistance to the City Manager in the recruitment, assessment testing and selection of employees capable of providing excellent job performance and delivering excellent customer service. The department will continue to provide, assist with and monitor training programs for the purpose of enhancing employee technical and customer service skills and to keep pace with new technologies and best practices regarding delivering municipal services that best serves the community. New employee orientation, employee wellness, preventing employee injury, diversity and ensuring a professional work environment will continue to be supported through training activities. Focus will continue to be placed on labor agreement administration and negotiations, accurate job descriptions, performance evaluations and improvement plans, EEOC compliance, compliance with safety regulations, performing safety inspections, and providing a safe work environment.

Budget Overview: In 2014-2015, the Employee Development Department will continue to focus on the areas described above as well as to take a proactive approach in the areas of customer service, safety and providing positive labor and employee relations.

Goals and Objectives: The Employee Development budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Employee Development	Training	<i>Training/Service Delivery</i> Continual development of employees in order to provide the highest level of service, focusing on new technology, job skills, safety and customer service
	Safety	Provide a safe environment through the review of compliance programs, an aggressive audit of city facilities and a thorough investigation of safety procedures and accidents.
	Recruitment	Recruit and select a highly skilled, professional and diverse group of employees

EMPLOYEE DEVELOPMENT, continued

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Applications & resumes processed	1,914	1,800	1,800
Training programs (internal)	694	800	800
Training programs (external)	306	350	350
Testing and assessments	299	325	325
Labor contracts negotiated	1	3	4
Grievances processed	15	14	14
New employee orientations	77	80	80
MIOSHA recordable injuries	19	18	18
Performance evaluations processed	400	400	400
Safety audits conducted	23	24	24
Interviews conducted	737	650	650

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	265,787	265,210	270,817	268,961	282,163
Operations & Maintenance	110,927	137,854	163,600	163,550	166,950
Administrative Charges	56	981	1,090	1,090	1,221
TOTAL EXPENDITURES	<u>376,770</u>	<u>404,045</u>	<u>435,507</u>	<u>433,601</u>	<u>450,334</u>

BENEFIT SERVICES 101-2650

The Benefit Services Department provides staff support in the areas of benefits, compensation, strategic planning, cost analysis, and budgeting to support city benefit plans. Responsibility includes the oversight of retirement plans and the appropriate funding of the plans to address legacy costs. The department ensures compliance with a myriad of legal mandates, in addition to reviewing, recommending and ensuring policy compliance within the city including oversight of non-union and union leave and attendance policies. The Department of Benefit Services provides direction to Department Heads in regard to city policies and contractual language affecting compensation and benefits. The department is responsible for managing the city self-insured workers' compensation program and provides on-call assistance to supervisory personnel twenty-four hours per day seven days per week for the continuous management of employment related injuries and return to work clearance. The Department also has oversight for the city employee Health Management Program.

Budget Overview: The Department of Benefit Services will continue to focus on providing competitive benefit plans at the most effective cost to the city for the retention and recruitment of high quality city employees who serve the citizens of the community. An additional major area of focus will be managing compliance with the Affordable Care Act (ACA). In consideration of mandates that require large employers to provide affordable health insurance benefits to all "full time" personnel (currently defined by the ACA as employees working thirty hours per week), the Department of Benefit Services has worked with the city Administration to develop a staffing plan to best meet the needs of the organization. Additional requirements of the Act include the payment of taxes and fees associated with health insurance plans, providing required employee notifications, recordkeeping and reporting responsibilities. As in the past, focus will also continue to be directed toward self-insured workers' compensation case management, including the city restricted duty to work program to ensure cost control in this high risk area.

Goals and Objectives: Benefit Services budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Benefits	Benefits, Compensation, Workers' Compensation & Health Management	<i>Financial Health</i> Maintain the financial health of the city: Continue to evaluate expenditures to provide the most effective and efficient use of city resources, and to consider and implement alternative means of addressing city insurance needs to further enhance the financial health of the city.

BENEFIT SERVICES, continued

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
	Administrative	<i>Service Delivery</i> Continue to provide high quality, effective and cost efficient municipal services
	Wellness	Continue to increase efficiency by applying new technology <i>Service Delivery</i> Expand employee training and wellness programs and opportunities to ensure a well trained, healthy and motivated work force

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Lost time workers' compensation cases	11	11	11
Reportable Workers' Compensation Cases	18	15	15
Benefit Contracts/Service Agreements			
Negotiated	8	11	7
Benefit/Payroll orientations	68	65	65
Participation in labor negotiations	1	2	4
Family Medical Leave Act notifications	221	231	241
COBRA (Health Ins Continuation) notifications	30	35	35
Legal Notifications	4	5	5

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted Budget</u>	<u>Adopted Budget</u>	<u>Council Approved</u>
EXPENDITURES:					
Personnel Services	320,790	321,036	430,857	409,512	446,415
Operations & Maintenance	24,483	24,499	37,255	37,255	49,985
Administrative Charges	731	1,826	1,490	1,490	1,621
TOTAL EXPENDITURES	<u>346,004</u>	<u>347,361</u>	<u>469,602</u>	<u>448,257</u>	<u>498,021</u>

PURCHASING

The Purchasing Department is responsible for the procurement of goods, services, equipment and capital improvements in a cost-effective manner; the administration of vendor compliance with city policies. The procurement system focuses on competition, equal treatment of vendors, and responsiveness to user agencies. The department performs risk management for the city, seeking to minimize injury and loss.

Budget Overview: The 2014-2015 Purchasing and Risk Management budget provides for the comprehensive review of liability insurance, additional joint governmental purchasing projects, and identification of additional opportunities for cost savings through contractual services.

Goals and Objectives: The Purchasing budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Purchasing	Administrative function	<i>Public Relations</i> Continue efforts to enhance communication between local government, citizens, the business community, and the local educational institutions on city projects and services.
	Evaluate and improve purchasing service delivery function	<i>Service Delivery</i> Continue to provide high quality effective and cost efficient municipal services Continue to increase efficiency by applying new technology Monitor, evaluate and communicate service delivery options Continue to evaluate contracting or privatizing city services and programs
Risk Management	Continue to evaluate risk exposures	<i>Financial Health</i> Continue to evaluate expenditures to provide for the most efficient use of city resources. Consider and implement alternative means of addressing city insurance needs to further enhance financial health of the city.

PURCHASING, continued

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Personnel Services	127,153	118,533	127,819	127,819	131,108
Operations & Maintenance	8,967	4,843	14,700	14,700	14,700
Administrative Charges	-	4,490	4,980	4,980	5,577
TOTAL EXPENDITURES	136,120	127,866	147,499	147,499	151,385

The responsibilities of the various activities are outlined as follows.

PURCHASING 101-2733

This activity accounts for the costs associated with the provision of goods and services in a systematic and cost effective manner.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Purchase orders processed	3,908	3,729	4,000
Sealed bids taken	29	30	30
Joint governmental contracts	16	22	22

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Personnel Services	88,128	81,432	87,979	87,979	90,243
Operations & Maintenance	8,207	3,758	11,200	11,200	11,200
TOTAL EXPENDITURES	96,335	85,190	99,179	99,179	101,443

RISK MANAGEMENT 101-2734

This activity accounts for the costs associated with the identification and minimization of municipal risk and the administration of insurance policies.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Liability/property/automobile claims administered	28	35	35

	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
EXPENDITURES:					
Personnel Services	39,025	37,101	39,840	39,840	40,865
Operations & Maintenance	760	1,085	3,500	3,500	3,500
Administrative Charges	-	4,490	4,980	4,980	5,577
TOTAL EXPENDITURES	<u>39,785</u>	<u>42,676</u>	<u>48,320</u>	<u>48,320</u>	<u>49,942</u>

DEPARTMENT OF PARKS, RECREATION and PUBLIC SERVICES

In 2012, the Department of Parks, Recreation and Public Services was formed to consolidate the former Department of Parks, Recreation and Property Management and the Department of Streets and Equipment. For budget purposes, the General Fund elements of the Department of Parks, Recreation and Public Services consist of the division of Parks and Recreation and the Senior Center presented here. It also includes the separate special revenue funds Major Streets, Local Streets, Curbside Recycling, and Leaf Pickup and Spring Cleanup that have their own budget presentations elsewhere in this publication.

The Parks and Recreation division is responsible for the operation of parks, cemeteries, recreation, senior citizen services, the management and maintenance of Senior Center buildings and grounds, and the operation of the interpretive and visitor facilities.

The Senior Citizen Services division is responsible for programs that benefit mature adults, and other residents of all ages through intergenerational programming, information and referral and community service. The Portage Senior Center is one of fewer than 150 nationally accredited senior centers. The Portage Senior Center offers educational programs, recreation, support groups, transportation, information to seniors and families, travel and volunteer opportunities.

Budget Overview: The department continually reviews and adjusts fees to maintain a reasonable user charge structure and generate alternative funding wherever possible. The department also reviews programs to evaluate levels of participation and make program adjustments. The 2014-2015 budget provides for critical attention to city grounds, and operation of the Ice Rink at Millennium Park and the beach at Ramona Park. The 2014-2015 Senior Citizens Services budget provides for the continuation of services to meet needs for this growing population.

Goals and Objectives: The Parks and Recreation, and Senior Citizen Services budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Buildings, Grounds & Senior Citizen Services	Maintenance of City Centre Area and Public Buildings	<i>Community Development</i> Enhance City Centre Area Promote aesthetic enhancement <i>Public Improvements</i> Systematic preventative maintenance program

DEPARTMENT OF PARKS, RECREATION and PUBLIC SERVICES, continued

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Parks	Parks maintenance and contractual services	<p><i>Community Development</i> Promote quality of life Coordinated and innovative approach to developing parkland Enhance City Centre Area Promote aesthetic enhancement</p> <p><i>Public Improvements</i> Systematic preventative maintenance program</p> <p><i>Service Delivery</i> Evaluate contracting or privatizing</p> <p><i>Financial Health</i> Promote volunteerism to assist with services</p>
Recreation & Senior Citizen Services	<p>Program operating costs offset by grant revenue</p> <p>Cooperative programming</p> <p>Eliminate programs with low utilization and replace with new program initiatives</p> <p>Volunteer staffing</p> <p>Brochures/flyers</p>	<p><i>Financial Health</i> Evaluate expenditures for efficient use of resources Pursue alternate funding methods</p> <p><i>Service Delivery</i> Promote teamwork between the public and private sector</p> <p><i>Service Delivery</i> Prioritize existing services Evaluate contracting city programs</p> <p><i>Financial Health</i> Promote volunteerism to assist with services</p> <p><i>Public Relations</i> Enhance communication</p>
Millennium Park Ice Rink	Expanded recreational opportunities	<p><i>Community Development</i> Coordinated and innovative approach to providing recreational opportunities</p>

DEPARTMENT OF PARKS, RECREATION and PUBLIC SERVICES, continued

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Senior Center	Continue balanced & innovative programs including: falls prevention, chronic disease self-management, fitness, cultural events, men's activities, brain health education, leadership development (volunteers)	<i>Community Development</i> Promote highest quality of life for all residents
	Expand community service involvement by members in cooperation with Portage Community Center. Work with county transit authority and/or alternative to provide transportation for Portage elders.	<i>Community Development</i> Continue a commitment to human services
	Utilize cost effective marketing strategies such as media releases, PSAs, web pages, photo opportunities to raise community awareness of PSC	<i>Public Relations</i> Promote excellent public relations
	Maintain ongoing advocacy efforts for sustainability of older adult services in southwestern Michigan	<i>Finance and Budgeting</i> Pursue revenue enhancements through alternative funding opportunities
	Increase base of support for PSC by extending fundraising efforts to the greater community	
	Seek grants to implement electronic sign-in system and registration for better record keeping and attendance monitoring	<i>Service Delivery</i> Continue to increase efficiency by and applying new technology

DEPARTMENT OF PARKS, RECREATION and PUBLIC SERVICES, continued

Department of Parks and Recreation:

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Fees and permits	22,370	37,250	43,000	43,000	40,000
Other grants	2,000	-	2,500	2,500	2,000
Charges for services	246,807	230,503	232,000	227,000	224,800
Interest and rents	39,461	31,801	30,750	30,750	42,500
Other revenue	19,526	18,546	26,893	15,600	15,400
Transfers In	2,808	3,724	4,000	4,000	3,500
TOTAL REVENUE	<u>332,972</u>	<u>321,824</u>	<u>339,143</u>	<u>322,850</u>	<u>328,200</u>
EXPENDITURES:					
Personnel Services	1,218,909	1,101,993	1,061,065	1,061,065	1,035,417
Operations & Maintenance	406,730	424,054	660,969	593,773	629,800
Administrative Charges	436,233	495,984	497,667	497,667	495,421
TOTAL EXPENDITURES	<u>2,061,872</u>	<u>2,022,031</u>	<u>2,251,994</u>	<u>2,152,505</u>	<u>2,160,638</u>

Parks and Recreation is comprised of four primary activities and a number of recreation programs, followed by Senior Citizen Services as a separate listing of activities.

GROUNDS MAINTENANCE 101-2865

This activity accounts for the costs associated with the management and maintenance of the City Center grounds and which includes holiday decorations, contract management, snow/ice removal, irrigation system maintenance, special projects and landscaping needs.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
City Center acres managed	6.5	6.5	6.5
Holiday lights	35,000	35,000	35,000

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
REVENUE:					
Other revenue	3,700	2,400	1,000	1,000	1,000
TOTAL REVENUE	<u>3,700</u>	<u>2,400</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
EXPENDITURES:					
Personnel Services	136,820	86,830	90,300	90,300	90,388
Operations & Maintenance	11,579	25,269	48,564	33,564	38,000
Administrative Charges	90,335	130,575	136,500	136,500	145,000
TOTAL EXPENDITURES	<u>238,734</u>	<u>242,674</u>	<u>275,364</u>	<u>260,364</u>	<u>273,388</u>

CEMETERIES 101-2876

This activity accounts for the costs associated with the operation and maintenance of the four city-owned cemeteries, encompassing 15.5 intensively maintained acres. The expenses of operating the cemeteries are partially offset by charges for services and ongoing upkeep transfers from the Cemetery Permanent Fund, resulting in a General Fund subsidy ranging between approximately \$20,000 and \$40,000 per year.

<u>Service Indicator</u>	<u>Prior Year</u>		<u>Current Year</u>		<u>Budget Year</u>
Interments per year		52		60	55
	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted	Adopted	Council
			Budget	Budget	Approved
REVENUE:					
Fees and permits	22,370	37,250	43,000	43,000	40,000
Other revenue	11,466	7,306	11,000	11,000	11,000
Transfers In	2,808	3,724	4,000	4,000	3,500
TOTAL REVENUE	36,644	48,280	58,000	58,000	54,500
EXPENDITURES:					
Personnel Services	64,229	48,857	39,989	39,989	42,791
Operations & Maintenance	12,755	12,297	15,863	15,100	17,300
Administrative Charges	8,782	11,262	11,532	11,532	11,862
TOTAL EXPENDITURES	85,766	72,416	67,384	66,621	71,953

PARKS 101-2877

This activity accounts for the costs associated with the development, improvement, and maintenance of 17 parks and other properties, and the operation of the Celery Flats Interpretive Center. The costs associated with maintaining flowerbeds in the City Centre area and Celery Flats are also accounted for in this budget. Additionally, contractual service for grounds maintenance, landscaped areas and restrooms at the parks throughout the city are included in this budget.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Acreage of intensive maintenance	209	209	209
Kalamazoo in Bloom flowers annually planted/maintained	20,000	20,000	20,000
Acres of blvd./interchange mowing	131	140	140

	<u>2011-2012</u> <u>Actuals</u>	<u>2012-2013</u> <u>Actuals</u>	<u>2013-2014</u> <u>Adjusted</u> <u>Budget</u>	<u>2013-2014</u> <u>Adopted</u> <u>Budget</u>	<u>2014-2015</u> <u>Council</u> <u>Approved</u>
REVENUE:					
Interest and rents	37,595	28,661	30,000	30,000	42,000
Other revenue	4,360	8,840	14,893	3,600	3,400
TOTAL REVENUE	<u>41,955</u>	<u>37,501</u>	<u>44,893</u>	<u>33,600</u>	<u>45,400</u>
EXPENDITURES:					
Personnel Services	843,815	804,731	752,255	752,255	731,934
Operations & Maintenance	292,856	288,904	471,692	442,059	445,200
Administrative Charges	303,728	319,299	310,681	310,681	295,099
TOTAL EXPENDITURES	<u>1,440,399</u>	<u>1,412,934</u>	<u>1,566,921</u>	<u>1,504,995</u>	<u>1,472,233</u>

KALAMAZOO IN BLOOM, INC. 101-2878

This program within the Parks activity accounts for a portion of the flower costs in conjunction with the countywide Kalamazoo in Bloom, Inc. organization programs.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Operations & Maintenance	3,330	3,253	6,000	6,000	6,000
TOTAL EXPENDITURES	<u>13,068</u>	<u>3,253</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>

RECREATION - ADMINISTRATION 101-2880

This program accounts for the costs associated with administration of all recreational programs, services and special events not accounted for in the Cultural Activities Fund. Programs include youth sports camps, Bicentennial Park trail walk/run events, nature discovery activities, fishing camps and events, and winter activities.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Participants	7,849	7,300	7,300
Programs	64	55	55

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Other grants	2,000	-	2,500	2,500	2,000
Charges for services	187,416	169,595	175,500	170,500	170,000
Interest and rents	870	2,850	250	250	500
TOTAL REVENUE	<u>190,286</u>	<u>172,445</u>	<u>178,250</u>	<u>173,250</u>	<u>172,500</u>
EXPENDITURES:					
Personnel Services	76,988	75,106	88,218	88,218	98,278
Operations & Maintenance	15,468	18,870	27,199	22,950	13,050
Administrative Charges	-	3,804	4,220	4,220	4,726
TOTAL EXPENDITURES	<u>92,456</u>	<u>97,780</u>	<u>119,637</u>	<u>115,388</u>	<u>116,054</u>

Specific programs under the Recreation activity are:

RECREATION - TEAM SPORTS 101-2882

This program accounts for the costs associated with adult softball leagues and youth and adult softball tournaments.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Registrants	1,676	1,700	1,700
Teams	162	165	170
League Divisions	24	25	25
Tournaments	8	8	7

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	10,979	13,719	13,822	13,822	14,123
Operations & Maintenance	50,296	45,513	55,940	50,100	56,450
TOTAL EXPENDITURES	<u>61,275</u>	<u>59,232</u>	<u>69,762</u>	<u>63,922</u>	<u>70,573</u>

RECREATION - SWIMMING PROGRAM 101-2886

This program accounts for the costs associated with Ramona Park beach and gatehouse operation. Participation numbers and program expenditures are influenced by the weather and lake water levels.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Beach visitations	34,817	35,000	35,000
Daily beach permits	6,100	6,000	6,000
Annual beach permits	652	650	700

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	42,412	40,251	44,029	44,029	24,861
Operations & Maintenance	7,166	7,790	10,145	9,200	34,400
TOTAL EXPENDITURES	<u>49,578</u>	<u>48,041</u>	<u>54,174</u>	<u>53,229</u>	<u>59,261</u>

MILLENNIUM PARK ICE RINK 101-2888

This program accounts for the costs associated with the Ice Rink at Millennium Park, including the cost of ice skating lessons. A skate rental service and discount passes are provided to increase skating opportunities. Participation is influenced by weather, as is the length of the operating season.

<u>Service Indicators</u>	<u>Prior year</u>	<u>Current Year</u>	<u>Budget Year</u>
Operating days	61	51	65
Total participants	8,951	6,000	6,500

	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
REVENUE:					
Charges for services	59,391	60,908	56,500	56,500	54,800
TOTAL REVENUE	<u><u>59,391</u></u>	<u><u>60,908</u></u>	<u><u>56,500</u></u>	<u><u>56,500</u></u>	<u><u>54,800</u></u>
EXPENDITURES:					
Personnel Services	33,928	32,499	32,452	32,452	33,042
Operations & Maintenance	13,280	13,079	16,310	14,800	19,400
Administrative Charges	33,388	31,044	34,734	34,734	38,734
TOTAL EXPENDITURES	<u><u>80,596</u></u>	<u><u>76,622</u></u>	<u><u>83,496</u></u>	<u><u>81,986</u></u>	<u><u>91,176</u></u>

SENIOR CITIZEN SERVICES

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Other grants	7,500	11,800	19,100	19,100	10,000
Interest and rents	8,334	7,771	11,000	11,000	8,000
Other revenue	123,857	143,081	175,950	175,950	179,550
TOTAL REVENUE	139,691	162,652	206,050	206,050	197,550
EXPENDITURES:					
Personnel Services	160,225	167,484	182,646	182,646	204,282
Operations & Maintenance	56,704	62,035	70,100	70,100	71,356
Administrative Charges	25,713	29,475	31,646	31,646	22,292
TOTAL EXPENDITURES	242,642	258,994	284,392	284,392	297,930

The total budget for Senior Citizen Services, a division of the Parks and Recreation is shown separately because the activity lies in a different section of the State of Michigan chart of accounts under which this budget is organized. The individual activities provided through Senior Citizen Services are detailed in two divisions, as follows:

SENIOR CENTER, 101-6720

This activity accounts for the costs associated with the provision of activities and services that contribute to the physical, mental and social well-being of mature adults 50 years of age and older. New technology launched in March 2013 has greatly improved the accuracy and forecasting of member and volunteer activities at the Senior Center. A robust calendar of programs and activities continues to be maintained through a concerted emphasis on supporting volunteer leadership roles and building community partnerships.

Service levels have been maintained through a continued emphasis on volunteerism and inter-agency collaboration. The Senior Center also accounts for the costs of building maintenance.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Number of members	1,200	1,300	1,400
Activity attendance	37,000	35,000	35,000
Number of mini-bus rides	2,900	2,700	2,700
Number of volunteer hours	21,500	22,000	22,000

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
REVENUE:					
Other grants	7,500	11,800	19,100	19,100	10,000
Interest and rents	8,334	7,771	11,000	11,000	8,000
Other revenue	84,407	95,177	128,950	128,950	131,550
TOTAL REVENUE	<u>100,241</u>	<u>114,748</u>	<u>159,050</u>	<u>159,050</u>	<u>149,550</u>
EXPENDITURES:					
Personnel Services	141,751	147,591	162,155	162,155	183,381
Operations & Maintenance	53,258	57,655	65,400	65,400	68,956
Administrative Charges	25,713	29,475	31,646	31,646	22,292
TOTAL EXPENDITURES	<u>220,722</u>	<u>234,721</u>	<u>259,201</u>	<u>259,201</u>	<u>274,629</u>

SENIOR TRIPS, 101-6721

This program accounts for the costs of coordinating the senior trip program.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Other revenue	34,989	47,904	45,000	45,000	45,000
TOTAL REVENUE	34,989	47,904	45,000	45,000	45,000
EXPENDITURES:					
Personnel Services	18,474	19,893	20,491	20,491	20,901
Operations & Maintenance	3,446	4,380	4,700	4,700	2,400
TOTAL EXPENDITURES	21,920	24,273	25,191	25,191	23,301

SENIOR ACTIVITIES, 101-6722

This program accounts for the net income from various recreational and fitness activities entered into by active seniors throughout the year.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Other revenue	4,461	-	2,000	2,000	3,000
TOTAL REVENUE	4,461	-	2,000	2,000	3,000

PUBLIC SAFETY

In 2011, the administrative reorganization of the Police and Fire Departments into the Department of Public Safety was deemed necessary for proper and efficient operation. In light of significant revenue losses from personal property tax and statutory revenue sharing, City Administration continues a prudent course of merger and reorganization in administrative levels where cost reduction can be accomplished and service delivery maximized. The Department of Public Safety maintains separate operating divisions for Police and Fire, and a shared administrative services division. The administrative costs are allocated between the individual budgets, showing a reduced cost in each. The District Court of Southwest Michigan vacated the space they had rented under an “in perpetuity” lease in March, 2013, terminating that lease for a separately negotiated agreement. The former District Court Chambers are located in the Police facility, and are maintained as part of that facility in a separate budget.

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Fees and permits	64,617	75,688	55,900	55,900	52,900
Federal revenue	10,630	79,094	51,000	51,000	1,000
State revenue	18,424	24,006	9,500	9,500	23,000
Other revenue	231,995	244,807	259,863	207,520	272,320
TOTAL REVENUE	325,666	423,595	376,263	323,920	349,220
EXPENDITURES:					
Personnel Services	10,936,978	10,988,654	11,853,784	11,730,043	11,619,182
Operations & Maintenance	783,449	838,535	1,055,976	988,953	1,089,620
Administrative Charges	410,271	608,405	812,484	720,639	738,119
Capital Outlay	34,414	91,448	243,856	91,400	100,200
TOTAL EXPENDITURES	12,165,112	12,527,042	13,966,100	13,531,035	13,547,121

PUBLIC SAFETY-POLICE

The Police Division is responsible for the protection of life and property, the prevention and suppression of crime, the detection, identification and apprehension of criminals, the safe and accident-free flow of pedestrian, bicycle and vehicular traffic, and to nurture public trust and confidence by holding the department to the highest standards of performance. It is recognized that, by promoting the health, safety and welfare of the citizens of Portage, a high quality of life can be ensured.

Budget Overview: The 2014-2015 budget supports fulfillment of the Police Division's responsibilities and includes the following activities: Administration and Staff, Youth Services, Investigations, Patrol, Training, Central Communications, Records, and Drug Law Enforcement. The Police Division budget includes two Police/School Resource Officer positions, which are 50 percent funded by Portage Public Schools, participation in area-wide drug enforcement efforts, continuation of crime prevention activities, and traffic enforcement, education and accident prevention programs.

Goals and Objectives: The Police Division budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Administration	Initiate/enhance alternative service delivery methods	<i>Service Delivery</i> Evaluate alternatives to increased service demands Continue to increase efficiency by application of technology
	Continue to pursue cooperative efforts between area agencies	<i>Service Delivery</i> Pursue beneficial intergovernmental ventures
	Research and pursue grant opportunities	<i>Financial Health</i> Continue to pursue revenue enhancement through alternative funding
	Maintain CALEA accreditation status	<i>Service Delivery</i> Continue to provide high quality, effective, and cost efficient service based on nationally recognized best practices and standards.

PUBLIC SAFETY-POLICE, continued

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Youth	Continue Police/School Resource Officer Program	<i>Community Development</i> Continue prevention and enforcement efforts concerning illegal drug and alcohol abuse Continue effective safety programs through prevention, education, and enforcement
Investigations	Continue providing crime prevention programs	<i>Community Development</i> Continue to encourage citizen involvement in crime prevention Promote teamwork between the public and private sectors
Patrol	Increase use of data to improve team approach toward service provision and crime prevention Continue traffic enforcement and accident prevention	<i>Service Delivery</i> Increase efficiency by applying new technology <i>Transportation</i> Use data to enhance enforcement on high accident/traffic areas Evaluate citizen complaint identified areas using directed patrols
Training	Develop cost-effective and efficient methods to provide training	<i>Service Delivery</i> Co-host programs with outside providers <i>Public Improvements</i> Explore uses of technology to provide training, computer based training, etc.
Public Safety Dispatch	Continue enhancements to computer aided dispatch	<i>Public Relations</i> Continue emphasis on courteous public service Continue efforts to enhance communications between local government, citizens and business

PUBLIC SAFETY-POLICE, continued

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Records/Property	Continue emphasis on volunteerism Continue computer system upgrade	<i>Service Delivery and Finance</i> Promote volunteerism Continue to increase efficiency by applying new technology
	Continue building improvements	<i>Public Improvements</i> Maintain a systematic preventative maintenance program
	Continue emphasis on Courteous customer relations	<i>Customer Relations</i> Maintain quality of service both in Administration and Operations

POLICE Division budget

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Fees and permits	63,458	73,746	55,000	55,000	52,000
Federal revenue	10,630	44,081	51,000	51,000	1,000
State revenue	18,424	24,006	9,500	9,500	23,000
Other revenue	228,924	243,025	206,400	206,400	199,900
TOTAL REVENUE	321,436	384,858	321,900	321,900	275,900
EXPENDITURES:					
Personnel Services	7,284,554	7,185,761	7,799,166	7,663,046	7,595,998
Operations & Maintenance	509,866	534,755	649,150	606,020	613,005
Administrative Charges	288,627	426,296	572,114	480,269	506,202
Capital Outlay	18,385	65,287	181,856	29,400	26,700
TOTAL EXPENDITURES	8,101,432	8,212,099	9,202,286	8,778,735	8,741,905

The responsibilities of the various activities are outlined as follows.

ADMINISTRATION and STAFF, 101-3005

This activity accounts for the costs associated with the administration of all activities, services and operations of the Police Division. Duties include budget preparation, personnel and office management, purchasing and budget control, labor/management relations, handling of citizen complaints, public relations, and coordination of police activities with other agencies and city departments.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Grievances processed	9	10	10
Internal investigations	20	20	20
Letters to citizens/other agencies	75	70	70

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Fees and permits	63,458	73,746	55,000	55,000	52,000
Federal revenue	10,630	44,081	51,000	51,000	1,000
Other revenue	141,951	155,435	121,200	121,200	114,700
TOTAL REVENUE	216,039	273,262	227,200	227,200	167,700
EXPENDITURES:					
Personnel Services	550,562	400,536	416,455	416,455	424,179
Operations & Maintenance	29,542	32,158	44,450	44,100	49,100
Administrative Charges	103,500	250,456	368,871	277,026	305,962
Capital Outlay	10,550	42,324	-	-	-
TOTAL EXPENDITURES	694,154	725,474	829,776	737,581	779,241

YOUTH SERVICES, 101-3006

This activity accounts for the costs associated with youth services and crime prevention. The two Police/School Resource Officers conduct criminal and non-criminal investigations and provide a specialized approach to youth crime prevention. Youth services include the police school liaison program and special crime prevention programs. This activity also accounts for the costs associated with the department crime prevention programs including neighborhood and juvenile programs. School Crossing Guards are part of this activity.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Juvenile referrals	54	50	50
Adult arrests	19	20	20
Cases assigned	228	230	230
Police/School Resource hours	3,600	3,600	3,600
Crime prevention assignments	101	110	110

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	416,410	398,848	463,238	463,238	426,840
Operations & Maintenance	14,245	17,203	17,667	17,190	15,640
Administrative Charges	152	220	398	398	720
TOTAL EXPENDITURES	<u>430,807</u>	<u>416,271</u>	<u>481,303</u>	<u>480,826</u>	<u>443,200</u>

INVESTIGATION, 101-3007

This activity accounts for the costs associated with providing assistance to patrol officers in the investigation of major crimes such as rape, robbery, burglary, fraud, arson and white collar crime. It also provides a liaison between the department and banks, the County Prosecutor and state and federal investigative agencies. The detectives also assist in the coordination of liquor license and solicitation applications.

<u>Service Indicator</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Cases assigned to investigators	477	500	500
Charges authorized	122	125	125
Cases cleared	344	350	350
Intelligence reports	33	45	45
Liquor license application investigations	22	25	25

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	538,211	562,983	589,293	589,293	591,357
Operations & Maintenance	11,282	10,725	18,599	17,680	17,880
Administrative Charges	1,240	1,270	4,273	4,273	4,400
TOTAL EXPENDITURES	<u>550,733</u>	<u>574,978</u>	<u>612,165</u>	<u>611,246</u>	<u>613,637</u>

PATROL, 101-3010

This activity accounts for the costs associated with the patrol and the reserve officer program. The patrol officers are responsible for maintaining peace, preventing crime, conducting criminal and accident investigations, apprehending violators, controlling traffic, and providing routine police services.

<u>Performance Measures</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Total calls for service	21,310	21,300	21,300
Cases investigated	10,211	10,000	10,000
Average response time (minutes)	14.00	14.00	14.00
Personal injury accidents	234	250	250
Property damage accidents	1,121	1,200	1,200
Drunk-driving arrests	264	300	300
Total adult arrests	3,397	3,400	3,400
Property recovered	\$254,436	\$300,000	\$300,000
Property loss	\$1,621,788	\$1,600,000	\$1,600,000
Hazardous traffic citations	2,726	2,600	2,600
Non-hazardous traffic citations (excludes parking)	2,045	2,000	2,000

	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
REVENUE:					
Other revenue	140	200	200	200	200
TOTAL REVENUE	<u>140</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>
EXPENDITURES:					
Personnel Services	4,480,281	4,467,373	4,755,204	4,755,204	4,633,145
Operations & Maintenance	132,694	129,647	165,366	160,832	161,607
Administrative Charges	173,477	173,652	190,276	190,276	186,800
Capital Outlay	7,835	22,963	24,500	24,500	26,700
TOTAL EXPENDITURES	<u>4,794,287</u>	<u>4,793,635</u>	<u>5,135,346</u>	<u>5,130,812</u>	<u>5,008,252</u>

VOLUNTEER PARKING ENFORCEMENT, 101-3011

This program within the Patrol activity accounts for the costs associated with handicapped only and fire lane parking enforcement. Citizen volunteers, who receive no compensation, staff this function.

<u>Service Indicators</u>	<u>Prior Year*</u>	<u>Current Year</u>	<u>Budget Year</u>
Parking violation notices issued	0	35	35
Total volunteer hours	0	50	50

*The volunteer parking enforcement officer activity was inactive July 1, 2011 through December, 2012 due to full time work schedule. Parking enforcement was filled for one month in the fall of 2013. It is anticipated that a replacement will occur during calendar year 2014.

	2012-2013 Actuals	2013-2014 Y-T-D Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Personnel Services	-	-	-	-	-
Operations & Maintenance	-	-	-	-	-
Administrative Charges	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-

TRAINING, 101-3020

This activity accounts for the costs associated with the coordination, scheduling and implementation of specialized training programs.

<u>Service Indicators</u>	<u>Prior Year</u>		<u>Current Year</u>		<u>Budget Year</u>	
	<u>Participants</u>	<u>Hours</u>	<u>Participants</u>	<u>Hours</u>	<u>Participants</u>	<u>Hours</u>
Patrol procedures	400	1,600	400	1,600	400	1,600
Criminal investigation	95	1,520	80	1,095	80	1,095
Legal/Civil Law	600	198	600	198	600	198
Self defense	46	304	46	304	46	304
First Aid/CPR	46	92	46	92	46	92
Crime prevention	2	88	2	80	2	80
Management	14	232	14	232	14	232
Tactical training	300	2,400	300	2,400	300	2,400
Support Operations	54	520	54	560	54	560
Policy/CALEA	400	150	400	150	400	150
Field Training	5	200	2	64	2	64
Public/Private School Resource	15	120	15	120	15	120

TRAINING, continued

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Personnel Services	58,964	61,332	60,013	60,013	60,395
Operations & Maintenance	42,690	39,480	50,725	48,200	48,200
Administrative Charges	273	364	398	398	420
TOTAL EXPENDITURES	<u>101,927</u>	<u>101,176</u>	<u>111,136</u>	<u>108,611</u>	<u>109,015</u>

TRAINING - CRIMINAL JUSTICE GRANT, 101-3021

This activity accounts for training, the revenues for which are supplied through P.A. 302 Training Funds. These funds must be used for additional officer training and may not be used to reduce "normal" training expenditures. Accounting standards require that expenditures that are related to grant revenue be segregated.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
State revenue	9,656	9,459	8,000	8,000	8,000
TOTAL REVENUE	<u>9,656</u>	<u>9,459</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>
EXPENDITURES:					
Operations & Maintenance	10,680	6,931	8,000	8,000	8,000
TOTAL EXPENDITURES	<u>10,680</u>	<u>6,931</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>

PUBLIC SAFETY DISPATCH, 101-3030/31/35

This activity accounts for the costs associated with receiving police and fire emergency telephone calls and dispatching the appropriate units. In addition, the Central Communications activity is responsible for processing emergency calls for road and utility problems and referrals after normal hours. The Central Communications staff operates the central communications console, the Computer Aided Dispatch (CAD) system that integrates the Law Enforcement Information Network (LEIN), Secretary of State (SOS) and National Crime Information Center (NCIC) systems with the in-house database.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Calls for service (police and fire)	24,753	25,000	25,000
*9-1-1 wireline calls & "other"	5,669	5,700	5,700
9-1-1 cell calls	22,055	22,000	22,000
Warrants processed	1,582	1,600	1,600

*includes VOIP, unknown and ANI Failure calls

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
REVENUE:					
State revenue	8,684	13,882	-	-	14,000
TOTAL REVENUE	<u>8,684</u>	<u>13,882</u>	<u>-</u>	<u>-</u>	<u>14,000</u>
EXPENDITURES:					
Personnel Services	542,591	643,786	751,995	648,544	742,240
Operations & Maintenance	190,618	194,628	241,217	209,217	206,127
Administrative Charges	194	-	-	-	-
TOTAL EXPENDITURES	<u>733,403</u>	<u>838,414</u>	<u>993,212</u>	<u>857,761</u>	<u>948,367</u>

PUBLIC SAFETY DISPATCH, 101-3030/31/35 (continued)

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Operations & Maintenance	5,600	6,485	8,000	8,000	8,000
TOTAL EXPENDITURES	5,600	6,485	8,000	8,000	8,000
REVENUE:					
Other revenue	86,833	87,390	85,000	85,000	85,000
TOTAL REVENUE	86,833	87,390	85,000	85,000	85,000
EXPENDITURES:					
Personnel Services	180,789	173,983	217,773	185,104	195,521
TOTAL EXPENDITURES	180,789	173,983	217,773	185,104	195,521

RECORDS/PROPERTY, 101-3040

This activity accounts for the costs associated with support functions for the Police Division. These functions include: coordination of computer services, maintenance of all Police Division records including data entry, filing and retrieval, processing criminal records, and Freedom of Information Act requests. Retrieval of statistical data is used for crime analysis, scheduling, selective enforcement and other uses.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Arrests processed	3,397	3,400	3,400
Subpoena services	770	900	900
False alarms processed	926	1,000	1,000
Computerized case documents	22,651	23,000	23,000
Scanned documents	24,188	18,000	18,000
Juvenile Court petitions	312	350	350
Criminal record checks	595	500	500
Freedom of Information Act requests	1,793	2,000	2,000

RECORDS/PROPERTY, 101-3040, continued

This activity also accounts for the costs associated with additional support functions for the Police Division. These functions include: the processing, safekeeping and disposal of all evidence and property, operation of the information center, non-criminal fingerprinting, vehicle repairs, building maintenance, weapon permits and registrations, and general information telephone calls. The school crossing guard program is part of this activity.

<u>Performance Measures</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Equipment maintenance	376	400	400
State handgun registration			
document processing, units	1,331	1,100	1,100
Handgun purchase permits	519	200	200
Evidence submitted	2,241	2,100	2,100
Evidence disposed	17,383	4,000	4,000

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	416,321	413,781	468,421	468,421	439,171
Operations & Maintenance	21,578	28,184	35,626	33,301	36,051
TOTAL EXPENDITURES	<u>437,899</u>	<u>441,965</u>	<u>504,047</u>	<u>501,722</u>	<u>475,222</u>

DRUG LAW ENFORCEMENT, 101-3050

This activity accounts for the activities of drug law enforcement efforts.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Arrests	304	350	350
Estimated value of seized drugs	\$60,000	\$70,000	\$70,000
Search warrants obtained	10	10	10
Cases investigated	470	350	350

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
REVENUE:					
State revenue	84	665	1,500	1,500	1,000
TOTAL REVENUE	<u>84</u>	<u>665</u>	<u>1,500</u>	<u>1,500</u>	<u>1,000</u>
EXPENDITURES:					
Personnel Services	100,425	63,139	76,774	76,774	83,150
Administrative Charges	9,791	334	7,898	7,898	7,900
TOTAL EXPENDITURES	<u>110,216</u>	<u>63,473</u>	<u>84,672</u>	<u>84,672</u>	<u>91,050</u>

BUILDING MAINTENANCE, 101-3065

This activity provides for the costs associated with operating and maintaining the Police Division facility. The budget was formerly in Police administration, 101-3005.

	<u>2011-2012</u> <u>Actuals</u>	<u>2012-2013</u> <u>Actuals</u>	<u>2013-2014</u> <u>Adjusted</u> <u>Budget</u>	<u>2013-2014</u> <u>Adopted</u> <u>Budget</u>	<u>2014-2015</u> <u>Council</u> <u>Approved</u>
EXPENDITURES:					
Operations & Maintenance	50,937	69,314	59,500	59,500	62,400
Capital Outlay	-	-	157,356	4,900	-
TOTAL EXPENDITURES	<u>50,937</u>	<u>69,314</u>	<u>216,856</u>	<u>64,400</u>	<u>62,400</u>

PUBLIC SAFETY-FIRE

The Fire Division provides fire prevention and emergency response services including fire suppression, technical rescues (ice, confined space, high angle, etc.), emergency medical responses, vehicle extraction and hazardous materials incident mitigation. The Fire prevention activities include plan reviews, technical inspections and a range of public education activities including fall and spring presentations in the Portage Public Schools. Firefighters perform annual inspections of all commercial and industrial facilities to ensure compliance with the fire code and ordinances, as well as providing infant and child car safety seat installation services. The Emergency Coordination Center is located at Fire Station #1, and oversight of emergency management is provided by the Public Safety administrative division. The Fire Division operates with a combination of highly trained career and on-call personnel.

Budget Overview: The 2014-2015 budget provides for the provision of Fire Department services to the community. The budget includes: a) funding to maintain the firefighting apparatus, support vehicles, three fire stations and the training facility; b) initial training and ongoing education for all members; c) maintenance or replacement of essential equipment needed for fire, rescue, and emergency medical services; and d) operational costs of the department.

Goals and Objectives: The Fire Division budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Administration	Facilities maintenance and renovation initiatives	<i>Public Improvements</i> Maintain a systematic preventative maintenance program for station buildings
	Pre-fire survey development	Increase efficiency through Applying new technology
	Apparatus maintenance and replacement initiatives	Maintain a systematic preventative maintenance and replacement plan for equipment for effective operations
Operations	Kalamazoo County Haz-Mat Team	<i>Service Delivery</i> Promote teamwork and unity of purpose between public and private sector
	Kalamazoo County Training Committee	Pursue intergovernmental ventures
	Kalamazoo County Fire Investigation Team	Provide teamwork and unity
	5 th District Technical Rescue Team	Increase efficiency by applying new technology
Fire Prevention	Technological equipment upgrades	<i>Community Development</i> Effective community safety programs
	Annual fire inspection program Public education	

PUBLIC SAFETY-FIRE, continued

On-call	On-call firefighter program	<i>Service Delivery</i> Evaluate alternatives to meet service demands
Training	Continuing education	<i>Service Delivery</i> Employee training for a well-trained work force
	Safety Initiatives	<i>Finance</i> Promote safety and minimize risk exposure by identifying situations to prevent accidents
Emergency Management	Backup County EOC	<i>Service Delivery</i> Pursue intergovernmental ventures
	Emergency Management Exercises	Promote teamwork and unity between public and private sector

FIRE DIVISION budget

	2011-2012 <u>Actuals</u>	2012-2013 <u>Actuals</u>	2013-2014 <u>Adjusted Budget</u>	2013-2014 <u>Adopted Budget</u>	2014-2015 <u>Council Approved</u>
REVENUE:					
Fees and permits	1,159	1,942	900	900	900
Other revenue	3,071	1,782	1,120	1,120	2,420
TOTAL REVENUE	<u><u>4,230</u></u>	<u><u>38,737</u></u>	<u><u>2,020</u></u>	<u><u>2,020</u></u>	<u><u>3,320</u></u>
EXPENDITURES:					
Personnel Services	3,652,424	3,802,893	4,054,618	4,066,997	4,023,184
Operations & Maintenance	255,835	282,111	382,967	363,078	444,760
Administrative Charges	92,227	152,303	204,870	204,870	196,417
Capital Outlay	16,029	26,161	62,000	62,000	73,500
TOTAL EXPENDITURES	<u><u>4,016,515</u></u>	<u><u>4,263,468</u></u>	<u><u>4,704,455</u></u>	<u><u>4,696,945</u></u>	<u><u>4,737,861</u></u>

The Fire Division is comprised of seven activities that follow.

ADMINISTRATION, 101-3310

This activity accounts for the costs associated with the administration of the Fire Division. Areas of responsibility include personnel management, fleet maintenance, physical plant operation, budget preparation, goals and objectives development, labor relations and contract administration, and response to citizen service requests.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Pre-fire surveys completed	20	20	20
Vehicle service and equipment Maintenance performed	300	300	300

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
REVENUE:					
Fees and permits	1,159	1,942	900	900	900
Other revenue	1,223	769	300	300	1,600
TOTAL REVENUE	<u>2,382</u>	<u>37,724</u>	<u>1,200</u>	<u>1,200</u>	<u>2,500</u>
EXPENDITURES:					
Personnel Services	219,610	312,193	337,069	337,069	345,017
Operations & Maintenance	132,474	144,658	230,675	211,350	264,070
Administrative Charges	56,985	117,225	134,870	134,870	140,917
Capital Outlay	1,674	1,179	-	-	7,500
TOTAL EXPENDITURES	<u>410,743</u>	<u>575,255</u>	<u>702,614</u>	<u>683,289</u>	<u>757,504</u>

OPERATIONS, 101-3320

This activity accounts for the costs associated with fire suppression, rescue and EMS services and the annual fire inspection of commercial and industrial facilities.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Fire calls	120	120	120
Emergency medical calls	2,290	2,300	2,300
False Alarm	270	270	270
Hazardous Conditions	170	200	200
Service Calls	245	250	250
Good Intent Calls	330	360	360
Mutual Aid provided	50	60	60
Mutual Aid received	27	30	30
Lecture/demonstration provided	40	50	50
Building inspections (commercial, industrial, including hazardous material sites)	2,500	2,500	2,500

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	3,237,591	3,298,683	3,546,139	3,487,518	3,433,465
Operations & Maintenance	38,661	48,331	51,374	51,275	69,675
Administrative Charges	35,242	35,078	70,000	70,000	55,500
Capital Outlay	14,355	24,982	62,000	62,000	66,000
TOTAL EXPENDITURES	<u>3,325,849</u>	<u>3,407,074</u>	<u>3,729,513</u>	<u>3,670,793</u>	<u>3,624,640</u>

ON-CALL FIREFIGHTERS, 101-3330

Performance Measures for Fire Operations apply to this activity. This activity accounts for the expenses associated with on-call firefighter employment. On-call firefighter activity is included in the service indicator activity for fire operations above.

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Personnel Services	107,831	93,718	84,660	137,660	138,119
Operations & Maintenance	4,967	8,248	19,230	19,230	19,530
TOTAL EXPENDITURES	112,798	101,966	103,890	156,890	157,649

FIRE PREVENTION, 101-3340

The Fire Prevention activity is responsible for building and site inspections, fire protection plan review, fire code enforcement, public education, smoke detector/sprinkler programs, and fire investigation.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Fire investigations	86	95	95
Plan Reviews	165	150	150
Technical inspections	247	250	250
Public education events	90	90	90
Recreational fire permits issued	161	160	160
Infant/child car seat installation activity	242	240	240

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Other revenue	1,848	1,013	820	820	820
TOTAL REVENUE	1,848	1,013	820	820	820
EXPENDITURES:					
Personnel Services	62,596	98,299	86,250	104,250	106,083
Operations & Maintenance	8,058	8,328	9,830	9,830	14,560
TOTAL EXPENDITURES	70,654	106,627	96,080	114,080	120,643

TRAINING/SAFETY, 101-3350

This activity accounts for the costs associated with the coordination, scheduling and implementation of employee competency and safety training. The staff is also responsible for ensuring compliance with state and federal safety regulations and maintaining a safe work environment.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Fire training sessions	120	120	120
EMS training sessions	40	40	40
Technical rescue training sessions	50	50	50
Hazardous materials training sessions	20	10	10
Other department training sessions	40	35	35
County-wide Fire Investigations	5	10	10
Kalamazoo Country HazMat Team Training	10	10	10

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	24,796	-	500	500	500
Operations & Maintenance	15,468	17,995	18,877	18,877	24,405
TOTAL EXPENDITURES	<u>40,264</u>	<u>17,995</u>	<u>19,377</u>	<u>19,377</u>	<u>24,905</u>

EMERGENCY MANAGEMENT, 101-3331

This program separately identifies the costs of Emergency Management activities in support of major incidents that require the coordination of multiple city or regional resources. The City Emergency Management Support Plan is maintained and administered through this division of the Fire Department.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
City emergency management exercises	1	1	1
Countywide emergency management Exercises	1	1	1

	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
EXPENDITURES:					
Operations & Maintenance	684	550	750	750	5,800
TOTAL EXPENDITURES	684	550	750	750	5,800

BUILDING MAINTENANCE, 101-3365

This activity provides for the costs associated with operating and maintaining the Fire Division facilities. The budget was formerly in Fire administration, 101-3310.

	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
EXPENDITURES:					
Operations & Maintenance	55,523	54,001	52,231	51,766	46,720
TOTAL EXPENDITURES	55,523	54,001	52,231	51,766	46,720

COURT FACILITY 101-1501

This activity accounts for the maintenance of chambers formerly provided to the District Court of Southwestern Michigan. The District Court vacated the premises, located within the Portage Police Department building, on March 1, 2013, and they are presently vacant. The property was leased by the District Court “in perpetuity”. In vacating the property, an agreement was negotiated with Kalamazoo County providing for compensatory income through June 30, 2023.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Other revenue	-	-	52,343	-	70,000
TOTAL REVENUE	-	-	52,343	-	70,000
EXPENDITURES:					
Operations & Maintenance	17,748	21,669	23,859	19,855	31,855
Administrative Charges	29,417	29,806	35,500	35,500	35,500
TOTAL EXPENDITURES	47,165	51,475	59,359	55,355	67,355

COMMUNITY DEVELOPMENT

The Department of Community Development has oversight responsibility for all private development projects and planning for community growth in order to maintain and improve the overall quality of life in the community. This is accomplished through the provision of development project review, neighborhood improvement, building construction and housing services designed to preserve and expand the tax base, to improve business and industry centers and to assure the stability of neighborhoods with housing opportunities for citizens at all income levels in the city. Activities designed to achieve compliance with master plan objectives, adopted community goals and city codes relevant to planning and property improvement including land development and zoning, new construction, housing rehabilitation, property maintenance, and historic districts are performed by this department. This department also administers Community Development Block Grant (CDBG) funds, which are accounted for in non-General Fund accounts. Additionally, the department plays a role in encouraging existing business expansion, and attracting new business and industrial growth. The department is the building manager for City Hall.

Budget Overview: The 2014-2015 budget includes: a) continuation of planning, development and neighborhood activities; and b) continuation of residential and nonresidential construction and inspection services and neighborhood protection activities all of which help to ensure functional, quality business and industrial centers and the livability of neighborhoods.

Goals and Objectives: The Community Development Department budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Building and Housing Services	Building project review	<i>Community Development</i> Promote quality of life in Portage Ensure decent and safe housing and the livability of community neighborhoods
	Cross connection backflow prevention	<i>Public Relations</i> Continue efforts to enhance communication between government, citizens, business and educational institutions on city projects and services Continue emphasis on courteous public service
	Housing Assistance Programs	<i>Public Improvements</i> Continue to improve the water system Ensure decent and safe housing and the livability of community neighborhoods

COMMUNITY DEVELOPMENT, continued

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
		Coordinate with area-wide economic development organizations.
		<i>Service Delivery</i>
	Public Buildings Maintenance	Evaluate and propose possible ordinance revisions Continue to evaluate contracting/privatizing of service/programs
		<i>Community Development</i>
		Continue planning/implementing programs and projects to enhance the City Centre area
	Liaison to Construction Board of Appeals and participate with Historic District Commission	Improve the utility of citizen advisory boards Monitor, evaluate, and communicate service delivery options
		<i>Public Relations</i>
		Continue emphasis on courteous public service
Planning, Development and Neighborhood Services	Community and Economic Development	<i>Community Development</i> Ensure decent and safe housing and the livability of community neighborhoods
	Neighborhood Support Program	Maintain effective planning and development programs to promote orderly, attractive and environmentally sound growth
	Human/Public Services	Continue commitment to human services to enhance desirability of community
	Zoning Review and Zoning Administration	Continue planning and implementing programs and projects to enhance the City Centre area.
	Development Review/Approval	<i>Quality of Environment</i> Enhance environmental quality and protect natural resources
		<i>Economic Development.</i> Promote business diversification
		<i>Service Delivery</i> Promote teamwork and unity of purpose between public and private sectors.
		Continue to increase efficiency

COMMUNITY DEVELOPMENT, continued

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
		by applying new technology communicate service delivery options Evaluate and propose possible ordinance revisions
	Liaison to Planning Commission, Human Services Board, Zoning Board of Appeals, Brownfield Authority, Local Development Finance Authority, Economic Development Authority/Tax Increment Finance Authority, and Downtown Development Authority	Improve the utility of citizen advisory boards <i>Public Relations</i> Continue emphasis on courteous public service Continue efforts to enhance communication between government, citizens, the business community and educational institutions on city projects and services

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Fees and permits	483,650	625,478	344,500	344,500	395,000
Interest and rents	149,508	161,555	154,000	154,000	155,500
Other revenue	31,653	46,999	6,500	6,500	6,500
TOTAL REVENUE	664,811	834,032	505,000	505,000	557,000
EXPENDITURES:					
Personnel Services	636,329	677,075	724,301	724,301	738,980
Operations & Maintenance	136,489	129,999	160,060	146,495	151,765
Administrative Charges	188,641	199,877	227,994	227,994	229,290
TOTAL EXPENDITURES	961,459	1,006,951	1,123,137	1,098,790	1,120,035

The responsibilities of the various activities are outlined as follows.

COMMUNITY DEVELOPMENT, continued

BUILDING AND HOUSING SERVICES, 101-3710

This activity accounts for the costs associated with ensuring that new construction and redevelopment projects conform to various professional codes and ordinances and assists with development responsibilities associated with housing and property maintenance administration and enforcement. This section assists in responding to citizen requests regarding community or city concerns. The city cross connection/backflow prevention program to protect the city water system and ensure proper connections involving private property is administered by this section. Staff act as liaison to the Construction Board of Appeals and assists with the Historic District Commission. This activity also involves housing rehabilitation project services associated with the Community Development Block Grant housing programs by assisting applicants with housing project specifications, inspections and finalization. The Building and Housing Services section also manages City Hall building maintenance activities and coordinates the National Flood Insurance program annual certification.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Building permits*	435	400	400
Plumbing permits*	296	300	300
Electrical permits*	566	500	500
Mechanical permits*	658	550	550
Housing/ Property Maintenance inspections Backflow Program	50	75	75
Coordination and inspections	203	400	400

*Between one and ten inspections are made for each, depending upon the complexity of the project.

	<u>2011-2012</u> <u>Actuals</u>	<u>2012-2013</u> <u>Actuals</u>	<u>Adjusted</u> <u>Budget</u>	<u>Adopted</u> <u>Budget</u>	<u>Council</u> <u>Approved</u>
REVENUE:					
Fees and permits	448,174	586,209	300,000	300,000	350,000
Other revenue	8,733	-	-	-	-
TOTAL REVENUE	<u>456,907</u>	<u>586,209</u>	<u>300,000</u>	<u>300,000</u>	<u>350,000</u>
EXPENDITURES:					
Personnel Services	312,005	316,390	336,413	336,413	342,287
Operations & Maintenance	5,834	9,095	9,550	7,550	8,350
Administrative Charges	8,196	12,713	13,191	13,191	13,697
TOTAL EXPENDITURES	<u>326,035</u>	<u>338,198</u>	<u>359,154</u>	<u>357,154</u>	<u>364,334</u>

PLANNING, DEVELOPMENT and NEIGHBORHOOD SERVICES, 101-3720 and 3730

This activity accounts for the costs associated with providing community planning, zoning, and computer mapping services. The Planning, Development and Neighborhood staff oversees private development projects, the Capital Improvement Program and assists with activities of the Planning Commission. The section administers the Zoning Code and reviews plats, site plans, parking plans and various development applications. This activity also administers the Community Development Block Grant program and oversees a range of other activities including Human Service contracts and the Neighborhood Support Program. Staff acts as liaison to the Human Services Board and assists with the responsibilities of the Zoning Board of Appeals. Community and economic development assistance is also provided in this section, when necessary to facilitate private projects with economic incentives such as payment in lieu of taxes proposals (PILOTs), tax abatements and tax increment financing. Service indicators for activities for activities associated with provided with community planning, zoning, and GIS/computer mapping services are shown below.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Site plan review	22	24	25
Special Land Use Permits	9	10	10
Rezoning ¹	2	3	3
Zoning Ordinance amendments	1	3	2
Zoning Board of Appeals application reviews	31	24	24
Commercial Parking/Plot Plan Review	4	5	5
Residential plot plan reviews	190	185	185
Business special event application reviews	24	12	14
Sign permit application reviews	172	150	150
Zoning compliance reviews	14	16	16
Plat reviews	2	4	3
Public utility plan review	7	8	10
Landscape plan review	12	16	16
Land division/lot line adjustment reviews	16	15	15
Computer mapping:			
Notification maps	42	44	45
Maps/prints for customer use	1,224	722	700
Residential driveway applications review	33	40	45
Assign addresses for properties	27	97	55
Citizen service requests	1,156	1,200	1,200
Act 198 abatement requests	6	3	5
Payment in lieu of taxes (PILOT)	1	3	2
Collection box permit (incl. renewal)	11	16	16
Urban chicken permits	10	5	5

¹Also includes tentative plan amendments and re-approvals.

These three activities follow:

PLANNING and DEVELOPMENT, 101-3720

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Fees and permits	35,476	39,269	25,500	25,500	25,000
Other revenue	-	-	500	500	500
TOTAL REVENUE	35,476	39,269	26,000	26,000	25,500
EXPENDITURES:					
Personnel Services	205,122	203,474	219,181	219,181	224,210
Operations & Maintenance	45,364	53,701	58,949	55,100	55,070
Administrative Charges	1,730	5,600	7,254	7,254	7,779
TOTAL EXPENDITURES	252,216	262,775	285,384	281,535	287,059

NEIGHBORHOOD SERVICES, 101-3730

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Fees and permits	-	-	19,000	19,000	20,000
Interest and rents	149,508	161,555	154,000	154,000	155,500
Other revenue	22,920	46,999	6,000	6,000	6,000
TOTAL REVENUE	172,428	208,554	179,000	179,000	181,500
EXPENDITURES:					
Personnel Services	119,202	157,211	168,304	168,304	172,080
Operations & Maintenance	11,195	10,271	19,382	14,295	13,795
Administrative Charges	2,689	2,815	1,627	1,627	1,629
TOTAL EXPENDITURES	133,086	170,297	189,313	184,226	187,504

BUILDING MAINTENANCE, 101-3765

This activity accounts for the costs associated with the management and maintenance of the City Hall building. The operational needs for City Hall include operating supply, repairs, maintenance contracts, janitorial services, and utilities.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Building area (square feet)	28,000	28,000	28,000

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	-	-	403	403	403
Operations & Maintenance	74,096	56,932	72,179	69,550	74,550
Administrative Charges	176,026	178,749	205,922	205,922	206,185
TOTAL EXPENDITURES	<u>250,122</u>	<u>235,681</u>	<u>289,286</u>	<u>275,875</u>	<u>281,138</u>

GENERAL PUBLIC SERVICES, 101-4210

This division has long been titled for the single purpose it has served, the provision of street lighting. With the addition of another activity, the formal name of General Public Services returns to use to more fully describe the range of activities covered.

Budget Overview: The 2014-2015 budget provides for costs associated with the Street Lighting program. The street lighting budget includes the funding for existing and estimated future streetlights on major and local streets. As new streetlights are installed, the fixtures are converted from mercury vapor to high pressure sodium bulbs resulting in lower energy costs.

The entry listed as capital outlay represents the city share of special assessment payments for the Austin Lake bio-augmentation project. This is the second of 5 annual assessments of \$5,000 by Austin Lake Governmental Lake Board on the city.

<u>Activity Measures</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Current street lights	2,704	2,722	2,724
Street light requests	7	4	2

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Operations & Maintenance	-	-	50,000	50,000	-
Administrative Charges	515,968	482,287	560,000	560,000	560,000
Capital Outlay	-	5,000	17,000	17,000	5,000
TOTAL EXPENDITURES	<u>515,968</u>	<u>487,287</u>	<u>627,000</u>	<u>627,000</u>	<u>565,000</u>

TRANSFERS OUT, 101-9610

Budget Overview: Subsidies to other funds are: Major Streets Fund \$250,000, Local Streets Fund \$300,000, \$1,179,000 to the Capital Improvement Fund, and \$100,000 to the Downtown Development Authority.

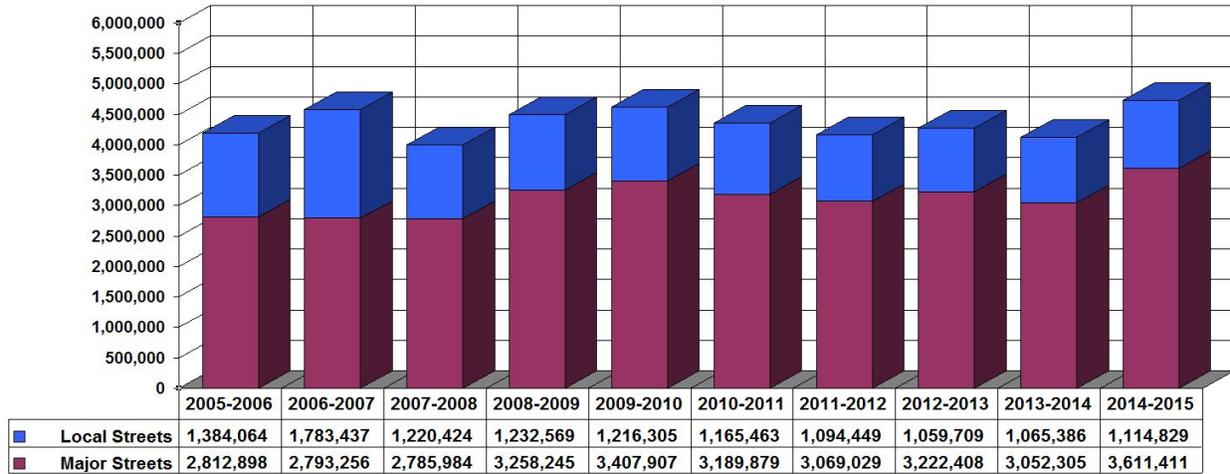
	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Transfers Out	886,000	2,358,220	2,629,636	1,815,000	1,829,000
 TOTAL EXPENDITURES	<u>886,000</u>	<u>2,358,220</u>	<u>2,629,636</u>	<u>1,815,000</u>	<u>1,829,000</u>

This activity reflects subsidies provided to other funds.



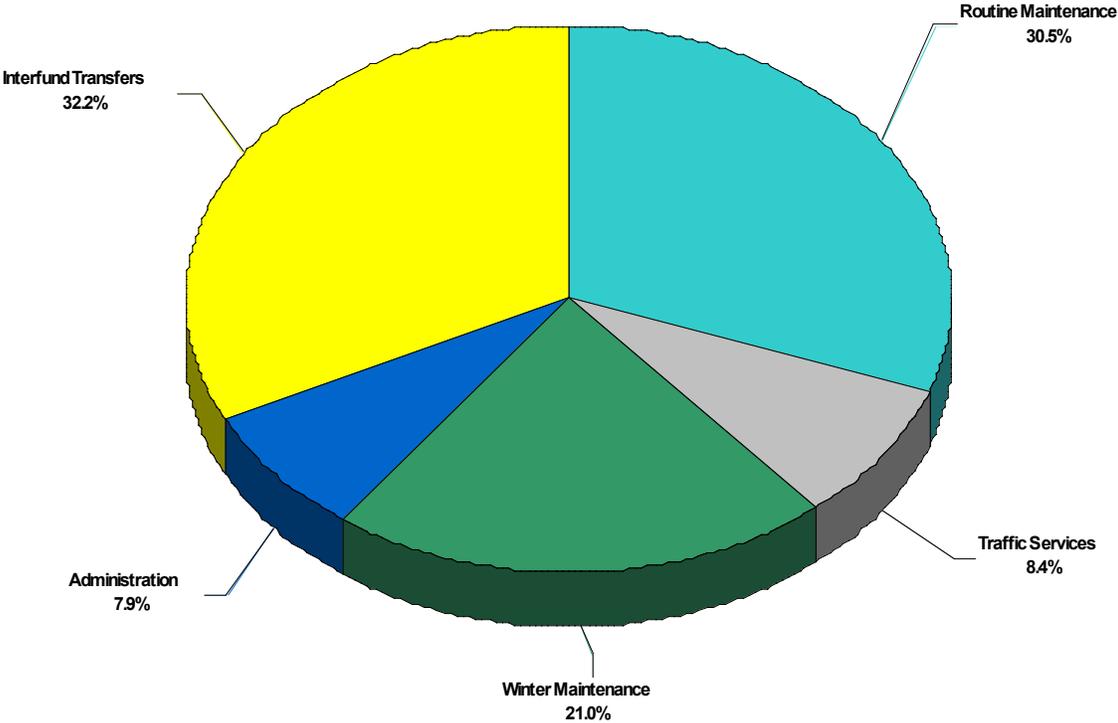
Streets

STREET MAINTENANCE EXPENDITURES

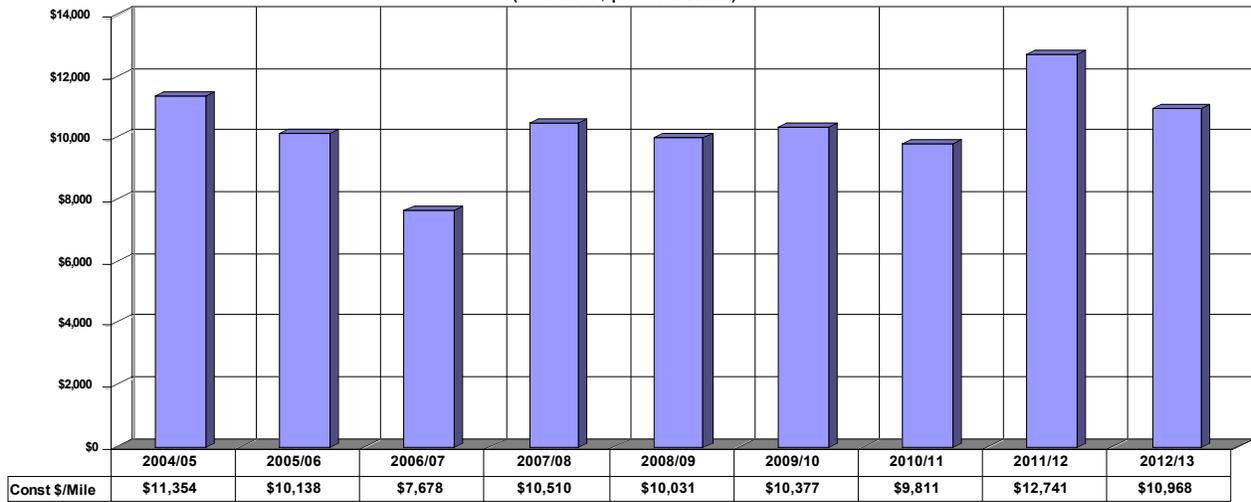


Local Street fund expenditures are funded by state gasoline taxes and vehicle registration revenue. Since a portion of these revenues is allocated based on population, the population gain from the 2010 Census count has had a positive effect on revenues. Additional monies are made available through General Fund Transfers since the revenues from the gasoline tax and vehicle registration are seldom sufficient to provide a continuing level of service in these critical areas of maintenance.

STREET MAINTENANCE EXPENDITURES BY CATEGORY



STREET MAINTENANCE EFFORT
(in Constant \$ per Mile of Streets)



Warning Trend:

Declining street maintenance expenditures in constant dollars per mile of streets

Formula:

$$\frac{((\text{Maintenance Expenditures for Local Streets}) + (\text{Maintenance Expenditures for Major Streets})) / (\text{CPI}/100)}{((\text{Miles of Local Streets}) + (\text{Miles of Major Streets}))}$$

Description:

City Streets are built at great cost. Their decline can have far reaching effects on business activity, property values, and city operating expenditures. Deferring maintenance of such assets can also create significant unfunded liabilities. In general, street maintenance expenditures in constant dollar per mile should remain relatively stable. A declining trend in street maintenance expenditures in constant dollar per mile may be an early warning sign that the City's streets will begin to deteriorate. If the trend is allowed to persist, the deterioration will eventually push these maintenance expenditures up.

Analysis:

Maintenance expenditures for the City's Streets are dependent in large part on Act 51 revenue monies received from the State of Michigan. These revenues are relatively elastic with respect to economic fluctuations. Additional fluctuation in these expenditures is also dependent upon the winter weather experienced since the severity of the winter will directly affect the cost of snow removal. Significant attention has also been paid to completion of the heavy maintenance program. Fluctuation in recent years reflects passage of the Municipal Streets millage and coordination of shifting reconstruction activity to the Capital Improvement Fund. Road improvements funded through federal stimulus grants are not reflected in this chart.

MAJOR STREETS FUND

This fund is now part of the Department of Parks, Recreation and Public Services.

The Major Streets Fund accounts for the costs associated with the maintenance of major streets. Financing is provided primarily from State-collected gasoline and vehicle registration taxes. This fund accounts for the costs associated with major street routine maintenance, shoulder maintenance, road repairs, roadside maintenance, pavement markings, signs, signals and crossings, and winter maintenance.

Budget Overview: The 2014-2015 Major Streets Fund budget provides for routine street maintenance, winter maintenance, contracted tree trimming/removal, tree planting, pavement markings, guardrail replacements, traffic signal maintenance and boulevard mowing.

Goals and Objectives: The Major Streets budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Maintenance- Roadside	Tree trimming/removal	<i>Environmental Quality</i> Enhance maintenance programs <i>Service Delivery</i> Contracting services
	Boulevard mowing	<i>Transportation</i> Enhance maintenance programs <i>Service Delivery</i> Contracting services
	Tree planting	<i>Community Development</i> Promote aesthetic enhancement <i>Environmental Quality</i> Enhance environmental quality
Road Repairs	Reconstruction & shoulder paving	<i>Transportation</i> Implement projects in the major thoroughfare plan Improve traffic safety and movement Promote alternate transportation methods Enhance maintenance programs <i>Service Delivery</i> Contracting services

MAJOR STREETS FUND, continued

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Traffic Services	Pavement markings	<i>Transportation</i> Implement projects in the major thoroughfare plan Enhance maintenance programs
	Guardrail replacements	<i>Service Delivery</i> Contracting services <i>Transportation</i> Enhance maintenance programs
	Sign program	<i>Service Delivery</i> Contracting services Meet increased service demands
Administration	Kalamazoo Area Transportation Survey (K.A.T.S.) participation and subsidy	<i>Transportation</i> Plan and implement improvements to traffic safety Implement projects in the major thoroughfare plan <i>Service Delivery</i> Meet increased service demands Pursue mutually beneficial intergovernmental ventures

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
State revenue	2,746,859	2,789,864	2,949,860	2,729,000	2,795,580
Interest and rents	1,332	2,565	2,500	2,500	2,600
Transfers In	330,000	497,767	1,049,636	250,000	250,000
TOTAL REVENUE	3,078,191	3,290,196	4,001,996	2,981,500	3,048,180
EXPENDITURES:					
Personnel Services	569,780	568,914	580,652	566,627	577,676
Operations & Maintenance	910,313	1,008,524	2,460,195	1,124,954	1,244,512
Administrative Charges	226,521	252,012	268,724	268,724	271,723
Transfers Out	1,222,000	1,132,267	1,092,000	1,092,000	1,500,000
TOTAL EXPENDITURES	2,928,614	2,961,717	4,401,571	3,052,305	3,593,911

The responsibilities of the various activities are outlined as follows.

ROUTINE MAINTENANCE, 202-4216

This program includes:

Roadside clearing - Clearing of dead trees, stumps and brush from the city right-of-way. A major portion of this service will be contracted.

Road repair - Repair of surface deflections and utility cuts, and repaving around manholes and storm drainage basins.

Hot/Cold patch - During the winter and summer patch material is applied to potholes.

Road edges are maintained with gravel which increases the life of pavement edges and promotes drainage.

Dura Patch repair – During the spring, summer and fall, liquid patch material is applied to cracks and holes in the pavement.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Locations mowed	8	8	8
Hot patch - tons	172	45	45
Cold patch - tons	15	25	25
Dura Patch - Gallons	N/A	14,000	20,000

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
REVENUE:					
State revenue	2,746,859	2,789,864	2,949,860	2,729,000	2,795,580
Interest and rents	1,332	2,565	2,500	2,500	2,600
Transfers In	330,000	497,767	1,049,636	250,000	250,000
TOTAL REVENUE	<u>3,078,191</u>	<u>3,290,196</u>	<u>4,001,996</u>	<u>2,981,500</u>	<u>3,048,180</u>

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	265,946	254,758	258,994	243,969	247,220
Operations & Maintenance	284,421	327,609	1,625,884	404,050	447,127
Administrative Charges	97,336	128,197	136,722	136,722	122,071
TOTAL EXPENDITURES	<u>647,703</u>	<u>710,564</u>	<u>2,021,600</u>	<u>784,741</u>	<u>816,418</u>

TRAFFIC SERVICES MAINTENANCE, 202-4215

This program consists of repainting road delineators such as line striping and crosswalks, arrows and railroad markings. This program also accounts for the costs associated with the replacement and repair of street signs, guard rails, and traffic signs as well as tree and brush trimming.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>		<u>Budget Year</u>	
Lineal miles of major streets restriped (by contract)	72.04	72.04		72.04	
Street signs repaired or replaced	78	85		90	
New signs	1	5		5	
Guardrails repaired or replaced, ft.	217	70		70	
	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Personnel Services	47,578	47,207	52,162	53,162	51,188
Operations & Maintenance	94,512	95,246	118,828	97,000	100,500
Administrative Charges	12,442	12,442	12,442	12,442	12,442
TOTAL EXPENDITURES	<u>154,532</u>	<u>154,895</u>	<u>183,432</u>	<u>162,604</u>	<u>164,130</u>

WINTER MAINTENANCE, 202-4217

During the winter months, the plowing, sanding and salting of streets constitutes normal winter maintenance. Major Streets receive first priority for service and may require service several times per day depending on the severity of the snow event.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>		<u>Budget Year</u>	
Miles of major roads	72.04	72.04		72.04	
Tons of salt	1,954	2,275		2,500	
Gallons of Deicer	9,664	42,000		42,000	
	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Personnel Services	170,175	166,707	146,471	146,471	152,775
Operations & Maintenance	177,286	116,667	202,885	185,410	228,066
Administrative Charges	103,519	103,519	104,429	104,429	122,779
TOTAL EXPENDITURES	<u>450,980</u>	<u>386,893</u>	<u>453,785</u>	<u>436,310</u>	<u>503,620</u>

ADMINISTRATION-MAINTENANCE, 202-4218

This activity reflects the costs associated with administering the routine maintenance for the major streets of the city.

	<u>2011-2012</u> <u>Actuals</u>	<u>2012-2013</u> <u>Actuals</u>	<u>2013-2014</u> <u>Adjusted</u> <u>Budget</u>	<u>2013-2014</u> <u>Adopted</u> <u>Budget</u>	<u>2014-2015</u> <u>Council</u> <u>Approved</u>
EXPENDITURES:					
Personnel Services	13,959	5,921	9,190	9,190	9,410
Operations & Maintenance	20,170	21,985	29,346	25,160	27,650
Administrative Charges	13,224	7,854	15,131	15,131	14,431
TOTAL EXPENDITURES	<u>47,353</u>	<u>35,760</u>	<u>53,667</u>	<u>49,481</u>	<u>51,491</u>

ADMINISTRATION-TRANSPORTATION, 202-4225

This activity reflects the costs associated with administering the engineering and traffic studies for the major roads in the city.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Site plan reviews	28	24	24
Plat reviews	2	4	3

	<u>2011-2012</u> <u>Actuals</u>	<u>2012-2013</u> <u>Actuals</u>	<u>2013-2014</u> <u>Adjusted</u> <u>Budget</u>	<u>2013-2014</u> <u>Adopted</u> <u>Budget</u>	<u>2014-2015</u> <u>Council</u> <u>Approved</u>
EXPENDITURES:					
Personnel Services	72,122	94,321	113,835	113,835	117,083
Operations & Maintenance	15,317	17,506	41,160	38,834	34,069
TOTAL EXPENDITURES	<u>87,439</u>	<u>111,827</u>	<u>154,995</u>	<u>152,669</u>	<u>151,152</u>

SIGNALS AND CROSSINGS, 202-4226

This program consists of contractual cost sharing with Kalamazoo County Road Commission and MDOT for the operation and maintenance of shared traffic signal devices on the major road system, as well as contractual service agreements on traffic signals throughout the city.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Signal locations shared with: Kalamazoo County Road Commission	5	5	5
Michigan Department of Transportation	4	4	4

	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
EXPENDITURES:					
Operations & Maintenance	141,216	137,723	216,133	179,100	183,700
TOTAL EXPENDITURES	<u>141,216</u>	<u>137,723</u>	<u>216,133</u>	<u>179,100</u>	<u>183,700</u>

ROADSIDE MAINTENANCE, 202-4228

This program primarily consists of roadside mowing - mowing, trimming, etc. along all major streets and intersections to maximize visibility and appearance. These costs have been segregated to enhance accountability for the use of State of Michigan METRO funds. METRO funds must be expended "...solely for rights-of-way related purposes..." (PA 48 of 2002).

	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
EXPENDITURES:					
Operations & Maintenance	177,391	291,788	225,959	195,400	223,400
TOTAL EXPENDITURES	<u>177,391</u>	<u>291,788</u>	<u>225,959</u>	<u>195,400</u>	<u>223,400</u>

TRANSFERS OUT, 202-9610

Interfund transfers are as follows: To the Capital Improvement Fund for Major Street related expenditures, \$1,477,000; a transfer to the Sewer Fund for a share of the street sweeping costs, \$23,000.

	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
EXPENDITURES:					
Transfers Out	1,222,000	1,132,267	1,092,000	1,092,000	1,500,000
TOTAL EXPENDITURES	<u>1,222,000</u>	<u>1,132,267</u>	<u>1,092,000</u>	<u>1,092,000</u>	<u>1,500,000</u>

LOCAL STREETS FUND

This fund is now part of the Department of Parks, Recreation and Public Services.

The Local Street Fund accounts for the costs associated with the maintenance of local streets, which includes routine maintenance, shoulder maintenance, road repairs, roadside maintenance, pavement markings, signs, signals and crossings and winter maintenance. Financing is provided from State-collected gasoline and vehicle registration taxes, and transfers from the General and Major Streets Funds.

Budget Overview: The 2014-2015 Local Streets Fund budget provides for contracting tree trimming/ removal, tree planting, pavement markings, a portion of the road repair programs and an extensive strip paving program.

Goals and Objectives: The Local Streets budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
All	All	<i>Transportation</i> Implement operational and functional street improvements Ensure improvements to local street system
Maintenance-Roadside	Tree trimming/removal	<i>Transportation</i> Enhance maintenance programs <i>Environmental Quality</i> Promote environmental protection <i>Service Delivery</i> Contracting services
	Tree planting	<i>Environmental Quality</i> Enhance environmental quality
Road Repairs	Reconstruction & shoulder paving	<i>Transportation</i> Promote alternate transportation methods Enhance maintenance programs <i>Service Delivery</i> Promote teamwork Contracting services
Traffic Services	Pavement markings	<i>Transportation</i> Enhance maintenance programs <i>Service Delivery</i> Contracting services

LOCAL STREETS, continued

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
State revenue	790,461	864,894	796,000	796,000	811,920
Interest and rents	966	814	2,000	2,000	800
Other revenue	140	110	-	-	-
Transfers In	240,000	565,000	315,000	300,000	300,000
TOTAL REVENUE	1,031,567	1,430,818	1,113,000	1,098,000	1,112,720
EXPENDITURES:					
Personnel Services	517,502	532,147	520,665	522,640	534,016
Operations & Maintenance	248,672	632,876	460,890	302,406	327,861
Administrative Charges	196,269	214,164	217,340	217,340	233,752
Transfers Out	22,000	22,500	23,000	23,000	23,000
TOTAL EXPENDITURES	984,443	1,401,687	1,221,895	1,065,386	1,118,629

The responsibilities of the various activities are outlined as follows.

ROUTINE MAINTENANCE, 203-4216

This program includes:

Roadside clearing - Clearing of dead trees, stumps and brush from the city right-of-way. A major portion of this service will be contracted.

Roadside mowing - Mowing along city owned property and intersections to maximize visibility and appearance.

Road repair - Repair of surface deflections and utility cuts, and repaving around manholes and storm drainage basins.

Reconstruction, limited - The addition of asphalt to road surfaces. This process is the best use of the limited funds available, as limited reconstruction lowers maintenance cost and adds additional years to driving surfaces.

Hot and Cold patch - During the winter and summer patch material is applied to potholes.

Road edges are maintained with gravel which increases the life of pavement edges and promotes drainage.

Dura Patch repair – During the spring, summer and fall, liquid patching material is applied to cracks and holes in the pavement.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Trees and stumps removed	232	260	270
Locations mowed	15	15	15
Hot patch - tons	74	25	25
Cold patch - tons	16	20	25
Dura Patch – tons	N/A	7,000	7,000

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
REVENUE:					
State revenue	790,461	864,894	796,000	796,000	811,920
Interest and rents	966	814	2,000	2,000	800
Other revenue	140	110	-	-	-
Transfers In	240,000	565,000	315,000	300,000	300,000
TOTAL REVENUE	1,031,567	1,430,818	1,113,000	1,098,000	1,112,720

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	237,274	229,398	218,416	220,391	224,178
Operations & Maintenance	57,406	481,492	205,194	79,125	87,075
Administrative Charges	80,244	98,296	100,414	100,414	90,535
TOTAL EXPENDITURES	374,924	809,186	524,024	399,930	401,788

TRAFFIC SERVICES MAINTENANCE, 203-4215

This program consists of repainting road delineators (line striping and crosswalks). This program also accounts for the costs associated with the replacement and repair of street signs, guard rails, and traffic signs, as well as tree and bush trimming.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Lineal miles of local streets restriped (by contract)	3.7	3.7	3.7
Street signs repaired or replaced	116	125	130
New signs	2	5	5
Visual obstructions cleared	6	10	15

	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
EXPENDITURES:					
Personnel Services	25,655	29,819	30,783	30,783	28,530
Operations & Maintenance	6,695	15,854	10,000	10,000	11,000
Administrative Charges	1,820	1,820	1,820	1,820	1,820
TOTAL EXPENDITURES	34,170	47,493	42,603	42,603	41,350

WINTER MAINTENANCE, 203-4217

During the winter months, the plowing, sanding and salting of streets, plus removal of snow from cul-de-sacs and dead-ends constitute normal winter maintenance.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Miles of local streets	147.77	147.77	147.77
Tons of sand	1,500	2,500	2,500
Tons of salt	1,954	2,275	2,500

	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
EXPENDITURES:					
Personnel Services	174,864	172,474	148,441	148,441	154,815
Operations & Maintenance	174,351	112,219	210,017	182,091	202,386
Administrative Charges	100,875	100,875	100,875	100,875	120,049
TOTAL EXPENDITURES	450,090	385,568	459,333	431,407	477,250

ADMINISTRATION-MAINTENANCE, 203-4218

This activity reflects the costs associated with administering the routine maintenance for the roads in the city.

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	9,488	5,875	9,190	9,190	9,410
Operations & Maintenance	6,444	10,385	11,353	9,190	10,330
Administrative Charges	13,068	12,993	13,931	13,931	13,931
TOTAL EXPENDITURES	<u>29,000</u>	<u>29,253</u>	<u>34,474</u>	<u>32,311</u>	<u>33,671</u>

ADMINISTRATION-TRANSPORTATION, 203-4225

This activity reflects the costs associated with administering the engineering and traffic studies for the local roads in the city.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Site plan reviews	3	3	4
Plat reviews	2	4	3

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2014-2015</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted</u>	<u>Adopted</u>	<u>Council</u>
			<u>Budget</u>	<u>Budget</u>	<u>Approved</u>
EXPENDITURES:					
Personnel Services	70,221	94,581	113,835	113,835	117,083
Operations & Maintenance	2,826	7,740	18,626	16,300	11,370
Administrative Charges	262	180	300	300	7,417
TOTAL EXPENDITURES	<u>73,309</u>	<u>102,501</u>	<u>132,761</u>	<u>130,435</u>	<u>135,870</u>

SIGNALS and CROSSINGS, 203-4226

This program consists of contractual cost sharing with Grand Elk Railroad for the operation and maintenance of shared traffic signal devices on the local road system, as well as contractual service agreements on railroad signals and crossings.

	<u>2011-2012</u> <u>Actuals</u>	<u>2012-2013</u> <u>Actuals</u>	<u>2013-2014</u> <u>Adjusted</u> <u>Budget</u>	<u>2013-2014</u> <u>Adopted</u> <u>Budget</u>	<u>2014-2015</u> <u>Council</u> <u>Approved</u>
EXPENDITURES:					
Operations & Maintenance	950	5,186	5,700	5,700	5,700
TOTAL EXPENDITURES	<u>950</u>	<u>5,186</u>	<u>5,700</u>	<u>5,700</u>	<u>5,700</u>

TRANSFERS OUT, 203-9610

This is a transfer to the Sewer Fund for a share of the street sweeping costs.

	<u>2011-2012</u> <u>Actuals</u>	<u>2012-2013</u> <u>Actuals</u>	<u>2013-2014</u> <u>Adjusted</u> <u>Budget</u>	<u>2013-2014</u> <u>Adopted</u> <u>Budget</u>	<u>2014-2015</u> <u>Council</u> <u>Approved</u>
EXPENDITURES:					
Transfers Out	22,000	22,500	23,000	23,000	23,000
TOTAL EXPENDITURES	<u>22,000</u>	<u>22,500</u>	<u>23,000</u>	<u>23,000</u>	<u>23,000</u>

MUNICIPAL STREET FUND - 204

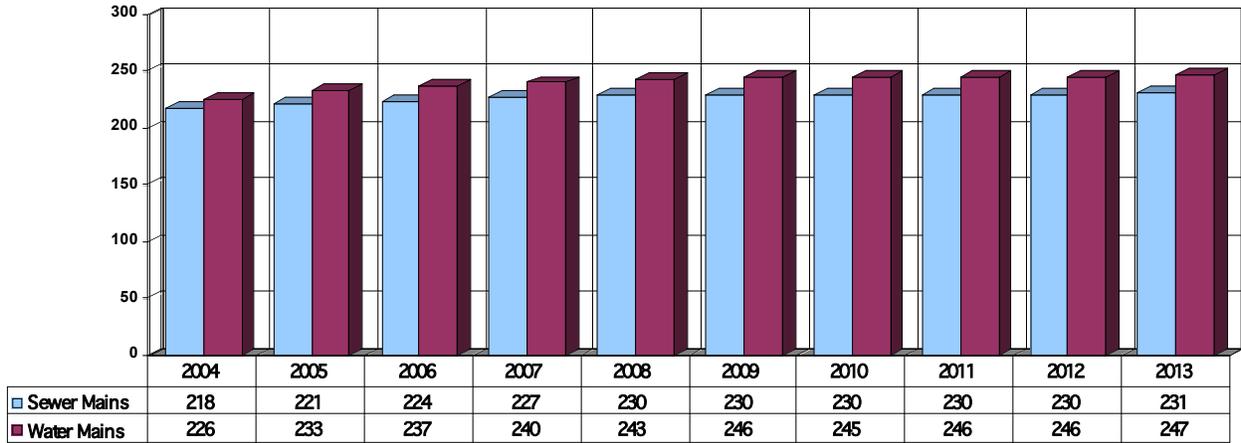
The municipal street fund was established beginning in fiscal 2007-2008 to administer up to a 1 mill tax levy to fund street improvements that were formerly funded by special assessments on the property benefiting from the improvement. The purpose of the fund is to collect the tax assessment and forward it to the Capital Improvement Fund for street capital improvements.

	2011-2012 <u>Actuals</u>	2012-2013 <u>Actuals</u>	2013-2014 <u>Adjusted Budget</u>	2013-2014 <u>Adopted Budget</u>	2014-2015 <u>Council Approved</u>
REVENUE:					
Property taxes	1,215,423	1,076,435	1,215,800	1,215,800	1,525,000
Interest and rents	1,230	1,812	2,500	2,500	1,800
TOTAL REVENUE	<u><u>1,216,653</u></u>	<u><u>1,078,247</u></u>	<u><u>1,218,300</u></u>	<u><u>1,218,300</u></u>	<u><u>1,526,800</u></u>
EXPENDITURES:					
Administrative Charges	71,400	71,400	71,400	71,400	75,000
Transfers Out	1,020,000	972,000	1,158,000	1,158,000	1,454,000
TOTAL EXPENDITURES	<u><u>1,091,400</u></u>	<u><u>1,043,400</u></u>	<u><u>1,229,400</u></u>	<u><u>1,229,400</u></u>	<u><u>1,529,000</u></u>



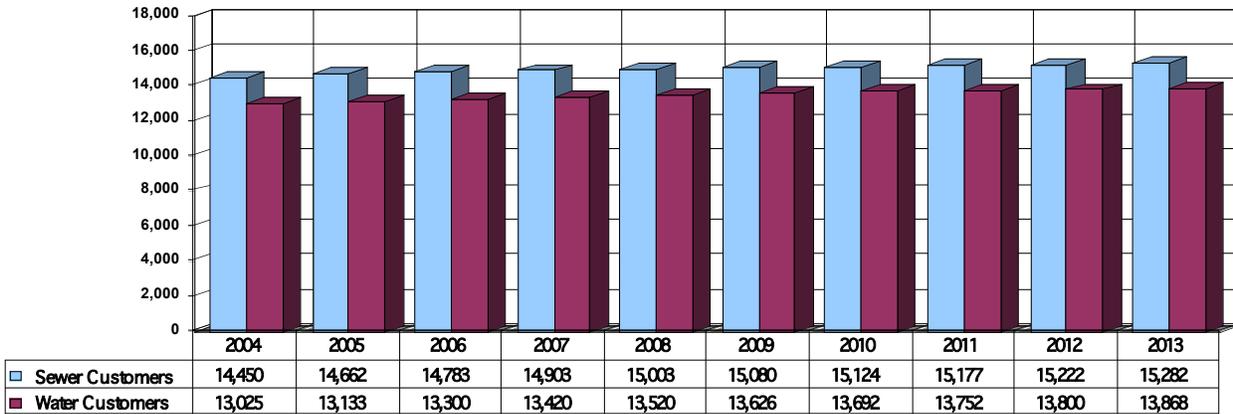
Utilities

MILES OF UTILITY MAINS



The current ten-year Capital Improvement Program maintains the focus in this vital area of infrastructure. Since the system is close to its maximum in potential customers, the need for new mains will come primarily from new housing developments.

NUMBER OF UTILITY CUSTOMERS



There were significant increases in customers up to the late 1990s but the system is close to serving the maximum number of potential customers available. Any significant increase in future customers is likely to come from new housing developments.

SEWER OPERATING FUND

The Sewer Fund accounts for the costs associated with the collection and transport of sewage from approximately 15,200 customers to the City of Kalamazoo Wastewater Treatment Plant. The system also transports sewage from Pavilion, Texas, Brady and Schoolcraft Townships, as well as the Village of Vicksburg.

Budget Overview: The 2014-2015 budget provides funding for waste water collections, which includes the inspection and maintenance of sanitary sewer lines, force mains and pumping stations. The city contracted with a private company to operate the city-owned sewer facilities in March of 1997.

Goals and Objectives: The Sewer Operating budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Operations and Maintenance	All programs	<p><i>Public Improvements</i></p> <p>Improve sanitary sewer system</p> <p>Expand the public sanitary sewer system to all properties in the city.</p> <p><i>Environmental Quality</i></p> <p>Protect ground water and lake quality</p> <p>Meet all state and federal environmental standards</p> <p><i>Service Delivery</i></p> <p>Meet increased service demands</p> <p>Increase efficiency by applying new technology</p>
Administration		<p><i>Public Improvements</i></p> <p>Ensure sanitary sewer systems in new developments meet city standards</p> <p>Cooperate with adjoining township in expanding sanitary sewer systems</p> <p><i>Environmental Quality</i></p> <p>Ensure all environmental standards are met in new developments</p> <p>Enforce environmental requirements in all development projects</p> <p>Protect lakes and surface water quality</p> <p><i>Financial Health</i></p> <p>Maintain financial health of sewer fund through annual rate evaluation</p>

SEWER OPERATING FUND (continued)

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Charges for services	7,604,320	8,183,828	8,642,000	8,642,000	8,813,000
Interest and rents	11,988	38,193	15,000	15,000	6,700
Transfers In	44,000	45,000	46,000	46,000	46,000
TOTAL REVENUE	7,660,308	8,267,021	8,703,000	8,703,000	8,865,700
EXPENDITURES:					
Personnel Services	419,062	445,292	454,355	454,355	404,348
Operations & Maintenance	2,338,211	2,293,768	2,607,967	2,463,625	2,470,433
Administrative Charges	3,994,313	3,967,735	4,982,892	4,318,033	4,786,924
Capital Outlay	-	5,255	90,000	90,000	150,000
Transfers Out	-	80,000	80,000	80,000	910,000
TOTAL EXPENDITURES	6,751,586	6,792,050	8,215,214	7,406,013	8,721,705

The responsibilities of the various activities are outlined as follows.

OPERATION and MAINTENANCE, 590-4550

This activity accounts for the costs associated with the operation and maintenance of the sanitary sewer system and treatment charges paid to the City of Kalamazoo.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Number of sewer customers	15,282	15,270	15,282
Sewage transported (MG)	1,465	1,522	1,500
Number of lift stations	55	55	55
Lift station inspections	1, 833	1,918	1,800
Lift station pumps repaired	9	9	20
Sanitary sewer overflows	0	1	0
Miles of sanitary sewer	230	231	231
Miles of sanitary sewer cleaned	76	73	80
Sanitary sewer blockages per mile	0.04	0.04	0.04

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Charges for services	7,604,320	8,183,828	8,642,000	8,642,000	8,813,000
Interest and rents	11,988	38,193	15,000	15,000	6,700
Transfers In	44,000	45,000	46,000	46,000	46,000
TOTAL REVENUE	7,660,308	8,267,021	8,703,000	8,703,000	8,865,700

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Operations & Maintenance	1,583,145	1,568,169	1,896,121	1,752,000	1,754,900
Administrative Charges	3,304,171	3,231,809	4,242,002	3,577,143	4,007,117
Capital Outlay	-	5,255	90,000	90,000	150,000
TOTAL EXPENDITURES	4,887,316	4,805,233	6,228,123	5,419,143	5,912,017

ADMINISTRATION, 590-4501

This activity accounts for the costs associated with the administration of all Sewer Fund operations, including the mandatory sewer hookup program and overall contract administration. The city monitors the contractor very closely in order to ensure that Portage residents continue to receive prompt, quality service.

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Personnel Services	419,062	445,292	454,355	454,355	404,348
Operations & Maintenance	37,685	26,366	87,121	86,900	80,453
Administrative Charges	690,142	735,926	740,890	740,890	779,807
TOTAL EXPENDITURES	<u>1,146,889</u>	<u>1,207,584</u>	<u>1,282,366</u>	<u>1,282,145</u>	<u>1,264,608</u>

DEBT SERVICE, 590-9510

This activity accounts for the costs associated with the interest and principal payments on debt associated with Sewer Fund capital assets.

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Operations & Maintenance	717,381	699,233	624,725	624,725	635,080
TOTAL EXPENDITURES	<u>717,381</u>	<u>699,233</u>	<u>624,725</u>	<u>624,725</u>	<u>635,080</u>

TRANSFERS OUT, 590-9610

This transfer provides for the Sewer Fund share of debt service for related Capital Improvement Program projects.

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Transfers Out	-	80,000	80,000	80,000	910,000
TOTAL EXPENDITURES	<u>-</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>910,000</u>

WATER OPERATING FUND

The Water Operating fund accounts for the costs associated with providing water service to approximately 13,800 customers. The system also provides water to residences in Pavilion and Schoolcraft Townships.

Budget Overview: The 2014-2015 budget provides funding for the operation and maintenance of the water and storm sewer systems, which includes the pumping and treatment of water, maintenance of water mains and hydrants, maintenance of all storm sewers, street sweeping, environmental monitoring and response and all functions directed at protecting and preserving groundwater quality. The city contracted with a private company to operate the city-owned facilities in March of 1997. The 2014-2015 budget continues that relationship.

Goals and Objectives: The Water Operating budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Operations and Maintenance		<p><i>Public Improvements</i></p> <ul style="list-style-type: none"> Expand the public water system to all properties in the city Expand the storm water system to address known flooding areas Improve fire protection throughout the city Improve water system operating characteristics <p><i>Environmental quality</i></p> <ul style="list-style-type: none"> Meet all state and federal environmental standards Protect and improve water quality Properly manage ground water resources <p><i>Service Delivery</i></p> <ul style="list-style-type: none"> Meet increased service demands Increase efficiency by applying new technology Provide safe drinking water Ensure storm water system is clean and properly maintained
Administration		<p><i>Public Improvements</i></p> <ul style="list-style-type: none"> Ensure water and storm water systems in new developments meet city standards Cooperate with adjoining townships in expanding their water systems

WATER OPERATING FUND, continued

Activity/Program Description
Administration (continued)

Goal/Objective
Environmental Quality
Ensure all environmental standards are met in new developments
Enforce environmental requirements in all development projects
Protect surface water and lake quality
Financial Health
Maintain financial health through annual rate evaluation

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Charges for services	6,631,281	6,806,281	6,840,000	6,840,000	6,931,000
Interest and rents	4,777	21,583	6,000	6,000	11,600
Other revenue	4,138	1,380	-	-	-
TOTAL REVENUE	<u>6,640,196</u>	<u>6,971,477</u>	<u>6,846,000</u>	<u>6,846,000</u>	<u>6,942,600</u>
EXPENDITURES:					
Personnel Services	200,921	223,307	265,857	265,857	259,955
Operations & Maintenance	3,786,844	3,755,233	3,878,753	3,819,853	3,892,160
Administrative Charges	600,481	654,587	651,557	651,557	691,667
Capital Outlay	38,362	109,519	102,746	90,000	110,000
Transfers Out	72,505	119,080	116,785	116,785	50,000
TOTAL EXPENDITURES	<u>4,699,113</u>	<u>4,861,726</u>	<u>5,015,698</u>	<u>4,944,052</u>	<u>5,003,782</u>

The responsibilities of the various activities are outlined as follows.

WATER SERVICES, 591-4625

This activity accounts for the costs associated with the installation of water services, which is one of the duties of the contractor.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>		
Number of meters	15,259	15,310	15,394		
New meters installed	50	67	75		
Meters requiring repair	1,942	711	500		
Meter reads for billing	66,537	57,200	60,000		
Estimated bills	41	100	100		
	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted	Adopted	Council
			Budget	Budget	Approved
EXPENDITURES:					
Operations & Maintenance	64,338	101,278	109,918	109,918	119,785
TOTAL EXPENDITURES	<u>64,338</u>	<u>101,278</u>	<u>109,918</u>	<u>109,918</u>	<u>119,785</u>

OPERATION and MAINTENANCE, 591-4626

This activity accounts for the total costs associated with the City of Portage water operation. Besides the contract cost, costs associated with maintaining the infrastructure of the city are included here.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Number of water customers	13,800	13,850	13,868
Water pumped and treated (MG)	2,053	1,846	2,000
Production well inspections	6,915	6,398	6,500
Samples analyzed	7,123	6,660	7,200
Water monitoring violations	0	0	0
Miles of water mains	246.5	246.5	247
Number of fire hydrants	2,662	2,670	2,678
Fire hydrants flushed and inspected	5,481	6,034	5,500
Main breaks per mile of main	0.11	0.10	0.10
Miles of streets	220	220	220
Miles of street sweeping	2,910	2,143	2,500
Sweepings collected (cubic yards)	1,695	1,760	1,700

WATER OPERATIONS, 591-4626, continued

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Charges for services	6,631,281	6,806,281	6,840,000	6,840,000	6,931,000
Interest and rents	4,777	21,583	6,000	6,000	11,600
Other revenue	4,138	1,380	-	-	-
TOTAL REVENUE	<u>6,640,196</u>	<u>6,971,477</u>	<u>6,846,000</u>	<u>6,846,000</u>	<u>6,942,600</u>
	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Operations & Maintenance	949,465	1,018,623	1,270,918	1,212,739	1,202,189
TOTAL EXPENDITURES	<u>949,465</u>	<u>1,018,623</u>	<u>1,270,918</u>	<u>1,212,739</u>	<u>1,202,189</u>

GENERAL and ADMINISTRATIVE, 591-4601

This activity accounts for the costs associated with the administration of Water Fund operations and overall contract administration. Enhanced soil erosion and retention basin inspections have been added to routine environmental monitoring. The city will monitor the contractor very closely in order to ensure that Portage residents continue to receive prompt, quality service.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Site plans reviewed	10	10	10
Environmental inspections/monitoring	62	60	60
Responses to hazardous materials incidents	2	2	3

	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
EXPENDITURES:					
Personnel Services	200,921	223,307	265,857	265,857	259,955
Operations & Maintenance	45,704	83,386	174,921	174,200	164,856
Administrative Charges	600,481	654,587	651,557	651,557	691,667
Capital Outlay	30,390	77,490	102,746	90,000	110,000
TOTAL EXPENDITURES	<u><u>877,496</u></u>	<u><u>1,038,770</u></u>	<u><u>1,195,081</u></u>	<u><u>1,181,614</u></u>	<u><u>1,226,478</u></u>

DEBT SERVICE, 591-9510

This activity accounts for the costs associated with the interest and principal payments on debt associated with Water Fund capital assets.

	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
EXPENDITURES:					
Operations & Maintenance	2,727,337	2,551,946	2,322,996	2,322,996	2,405,330
TOTAL EXPENDITURES	<u><u>2,727,337</u></u>	<u><u>2,551,946</u></u>	<u><u>2,322,996</u></u>	<u><u>2,322,996</u></u>	<u><u>2,405,330</u></u>

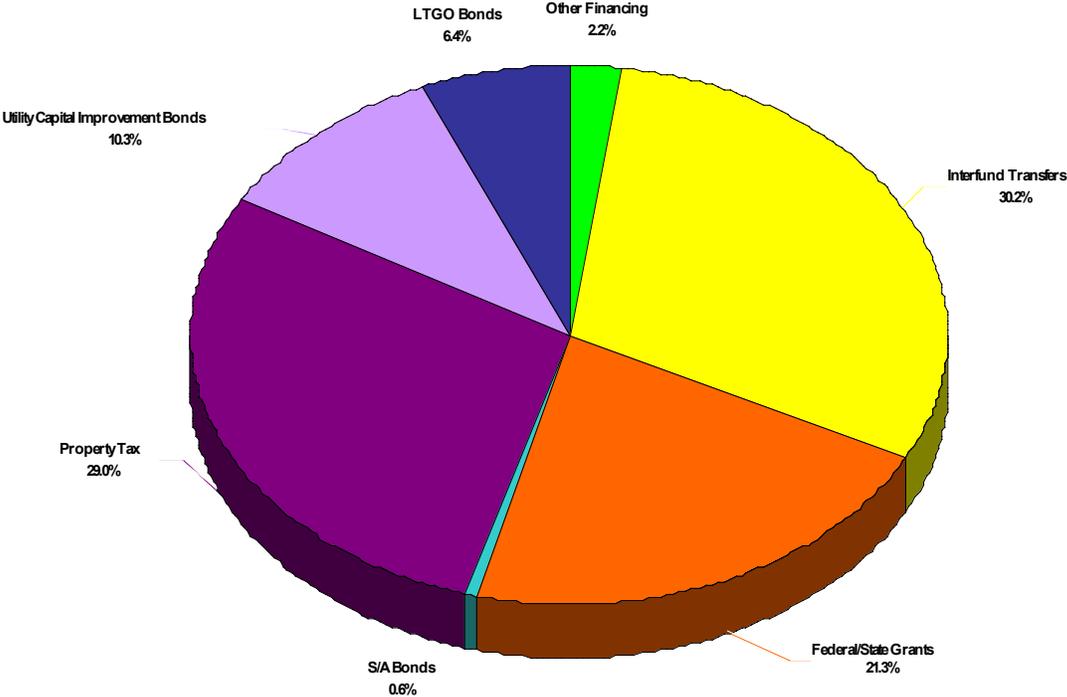
TRANSFERS OUT, 591-9610

The transfers are being directed to the Capital Improvement Fund with Water Operating capital assets.

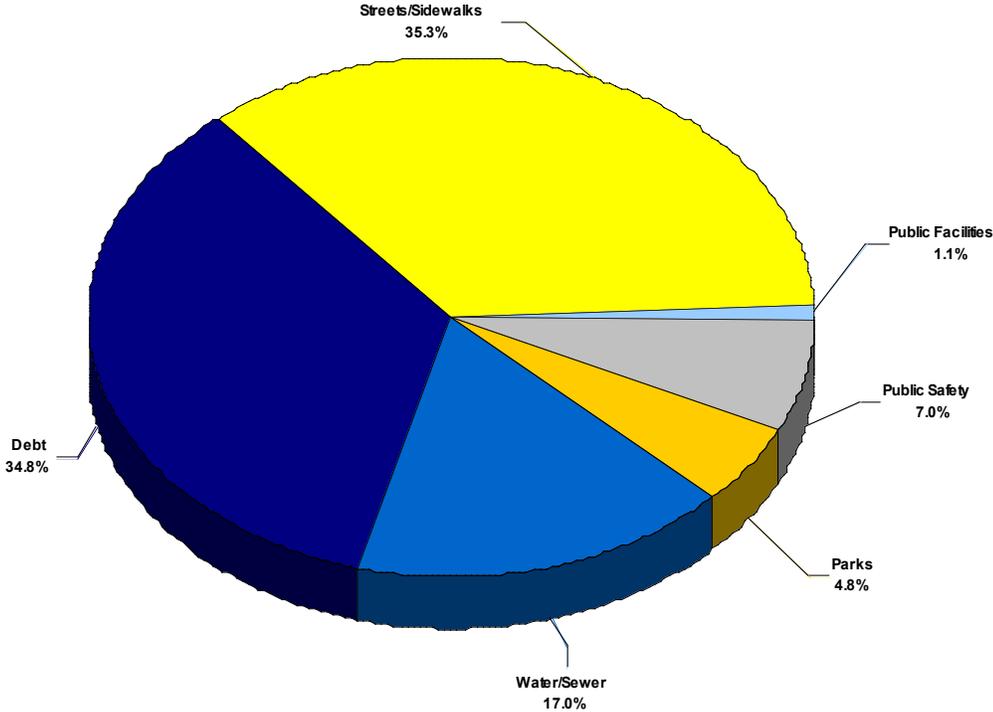
	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
EXPENDITURES:					
Transfers Out	72,505	119,080	116,785	116,785	50,000
TOTAL EXPENDITURES	<u>72,505</u>	<u>119,080</u>	<u>116,785</u>	<u>116,785</u>	<u>50,000</u>

Public Improvements

CAPITAL IMPROVEMENT REVENUES



CAPITAL IMPROVEMENT EXPENDITURES



These graphs show the revenues and expenditures by category for the first year of the 2014-2024 Capital Improvement Program.

CAPITAL IMPROVEMENT PROGRAM SUMMARY

Revenues and Expenditures (000)

	Fiscal Year										Total	
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24		
[REVENUES AND OTHER SOURCES]												
Property tax (1)	3,937	3,968	3,957	3,983	4,010	4,037	4,065	4,093	4,120	4,148	40,318	
Interest	15	15	15	15	15	15	50	70	90	110	410	
L DFA Bonds												
Revenue from General Obligation bonds	943	941	747	1,775	1,118	1,095	1,660	460	468	907	10,114	
Utility Capital Improvement revenue from bonds	1,325	350	1,325	375	1,375	1,395	1,550	1,050	5,540	1,200	15,485	
MIF revenue from bonds		2,036	1,030	695	900	1,340	1,350	1,660	980	1,510	11,501	
DDA revenue from bonds												
Transfer from the General Fund for Other projects												
Major Street Fund	1,477	979	1,048	1,148	1,148	781	703	605	84	51	8,024	
Reprogrammed CIP Funds												
Municipal Street Fund	1,454	1,651	1,465	1,420	1,285	1,565	1,525	1,690	1,280	1,610	14,945	
Sanitary Sewer Fund	910	1,210	1,000	1,190	80	80	80	80	80	80	4,790	
Water Fund	50	50	50	50	6,105	50	50	50	50	105	6,610	
General Fund - for debt service	236	65	233	133	149	68	68	68	69	70	1,159	
Total city revenues and sources	10,347	11,265	10,870	10,784	16,185	10,426	11,101	9,826	12,761	9,791	113,356	
MAP - 21 Funding	1,836	962	885	1,000	1,000	1,000	1,000	1,000	1,000	1,000	10,683	
Federal/State grants(SAFETEA-LU Parks)	243	0	0	0	0	0	0	0	0	0	243	
Other Revenue	1,092		245	40	0	25	40	250	0	0	1,692	
Special Assessments/bonds-Water and Sewer only	75	80	165	70	50	0	0	0	0	0	440	
Total Revenues and Sources	13,593	12,307	12,165	11,894	17,235	11,451	12,141	11,076	13,761	10,791	126,414	
<i>(1) In FY 2016-17, Industrial personal property taxes (PPT) may be phased out. The revenue estimates for property taxes account for this change and includes an estimated reimbursement from the state for non-essential services. This plan assumes a local assessment by the Council to provided for 100% reimbursement of PPT revenue related to Police and Fire Services.</i>												
[EXPENDITURES]												
Streets	4,713	4,616	3,215	3,045	3,130	3,855	3,875	4,350	3,260	4,120	38,179	
Sidewalks and Bikeways	85	45	430	45	50	45	50	45	50	45	890	
Water	1,325	350	1,325	375	7,005	875	1,550	650	5,540	1,255	20,250	
Sanitary Sewer	980	1,290	1,250	1,250	535	620	400	400			6,325	
Police	637	252	164	715	222	244	164	165	215	931	3,709	
Fire	316	388	87	530	852	720	1,370	85	95	332	4,775	
Public Facilities	147	235	160	360	194	180	180	80	143	107	1,786	
Parks and Recreation	655	355	520	400	150	255	180	580	210	230	3,535	
Debt Service	4,735	4,776	5,014	5,174	5,097	4,657	4,772	4,721	4,248	3,771	46,965	
Total Expenditures	13,593	12,307	12,165	11,894	17,235	11,451	12,141	11,076	13,761	10,791	126,414	

CAPITAL IMPROVEMENT

The Capital Improvement Funds account for the revenue and costs of all capital projects in the city when the project costs are equal to, or greater than, \$10,000. These funds reflect the 2014-2015 portion of the 2014-2024 ten-year Capital Improvement Program (CIP). Additional information and supporting documentation regarding all of the various facets of the CIP are included in the Capital Improvement Program document. In conformance with generally accepted accounting principles, project-related debt service is paid from the appropriate debt service fund or enterprise fund. Where that debt was planned to have been paid from the CIP, a corresponding transfer is made from the Capital Improvement Fund to the appropriate fund in which the debt payment is recorded. A capital improvement is defined as a public physical improvement or acquisition related to a public physical improvement with a minimum cost of \$10,000 and an expected service life of at least 3 years. In contrast, public physical improvements and acquisitions with costs between \$5,000 and \$10,000 are considered capital outlays and are separately shown in the operating budgets of the City, while improvements and acquisitions costing less than \$5,000 are treated as general costs of operation within the annual budgets of City departments.

Goals and Objectives: The Capital Improvement budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Capital Improvement	All programs	<i>Community Development</i> Promote quality of life <i>Economic Development</i> Develop infrastructure improvement strategy
Public Facilities	Technology improvement project	<i>Service Delivery</i> Increase efficiency through technology
Parks and Recreation	All projects	<i>Community Development</i> Develop parkland and recreational opportunities Maintain a coordinated and innovative approach toward developing parkland and providing recreational opportunities
Police	Patrol and technical services equipment	<i>Service Delivery</i> Increase efficiency through technology
Streets	All projects	<i>Transportation</i> Implement projects in the major thoroughfare plan Implement operational and functional improvements to improve traffic movement and safety

CAPITAL IMPROVEMENT - continued

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Sidewalk/Bikeways	All projects	<i>Transportation</i> Alternative transportation modes
Sewer Construction	All projects	<i>Environmental Quality</i> Enhance environmental quality and protect natural resources <i>Financial Health</i> Maintain financial health of the city
Water Construction	All projects	<i>Environmental Quality</i> Protect water quality <i>Financial Health</i> Maintain financial health of the city <i>Environmental Quality</i> Protect water quality

The 2014-2015 Capital Improvement Fund expenditures will not materially affect the operating expenditures of the tax supported funds of the city. The budgets for Public Facilities, Parks and Recreation, Sidewalks and Bikeways, Police and Fire capital improvement activities total \$1,840,000 or approximately 13.5 percent percent of the total Capital Improvement Fund budget. The other activities in the Capital Improvement Fund are related to operations which are either supported by rate payers (e.g., Water and Sewer) or State shared revenue (e.g., Streets).

**Capital Improvement
Total**

	2014-2015 Council Approved
REVENUE:	
Property taxes	3,937,000
Federal grants	791,000
State grants	810,000
Interest and rents	15,000
Other revenue	1,682,000
Transfers In	5,070,000
 TOTAL REVENUE	 <u>12,305,000</u>
 EXPENDITURES:	
Capital Outlay	7,570,000
Transfers Out	4,735,000
 TOTAL EXPENDITURES	 <u>12,305,000</u>

PUBLIC FACILITIES

PROGRAM TITLE: Work Order System, 400-9030
 PROGRAM DESCRIPTION: Purchasing of a new work order system that allows the tracking of repairs to the Streets and Parks infrastructure. The old system is obsolete and no longer supported by the manufacturer. It cannot be accessed by mobile devices. A new system will allow to input repair data and pictures directly from the field saving time and permitting more specific evaluations.

PROGRAM TITLE: Replace Copier/Scanner, 400-9033
 PROGRAM DESCRIPTION: Building plans, engineering plans, site plans, and other large format documents are required to be archived after project approval and completion. An onsite copier/scanner reduces annual archiving costs, and facilitates timely response to internal and external customer requests for large format documents. The existing black and white scanner/copier, which is utilized by multiple city departments, is 11 years old and is well beyond the recommended replacement cycle. The equipment is not compatible with the Windows 7 operating system and many replacement parts are no longer available. Annual maintenance cost is \$2,000 to be offset by \$500 in annual income from sale of copies and a savings in annual archiving cost of \$1,000 per year.

PROGRAM TITLE: Information System Improvements, 400-9040
 PROGRAM DESCRIPTION: Information system infrastructure sustainability and equipment upgrades required for citywide operations. Currently, over 300 core components are replaced on an industry-standard 3-to-4 year schedule including computers, printers, scanners, servers and other essential hardware. Savings will continue to be realized due to warrantee provisions and extensions paid under the lease agreement that precludes the necessity to purchase separate maintenance contracts with operating funds.

Public Facilities - other	
Work Order System	38,000
Replace Large Format Copy/Scanner	12,000
Information system Improvements	97,000
Total Public Facilities	147,000

PARKS AND RECREATION

PROGRAM TITLE: Park Trail Improvements, 400-2812
 PROGRAM DESCRIPTION: Bridge replacement on Millennium Trail. Replacement is necessary for the safety and enjoyment of those who enjoy the trail.

PROGRAM TITLE: Playground Improvements, 400-2822
 PROGRAM DESCRIPTION: Replacement of play structures and swing sets at Schrier Park, and Lakeview Park (near picnic shelters) is needed to maintain safe play areas for the community. These play structures were installed prior to 1992 and replacement parts are no longer available.

PROGRAM TITLE: Eliason Nature Reserve Development, 400-2842
 PROGRAM DESCRIPTION: Phase I development to include construction of the central multi-use trail through the Reserve and development of the southern trailhead with an entry drive, parking and restrooms. The multi-use trail will complete a central trail through the Portage community from West Osterhout Avenue to East Kilgore Road over seven miles in length.

Parks and Recreation	
Playground Improvements	100,000
Eliason Nature Reserve Development	525,000
Park Trail Improvements	30,000
Total Parks and Recreation	655,000

POLICE

PROGRAM TITLE: Police Vehicles, 400-3002
PROGRAM DESCRIPTION: Replace marked units after 105,000 miles. Replace unmarked units after 95,000 miles or ten years. New marked vehicle purchases to include extended warranty. Corresponding replacements of both marked and unmarked vehicles with equipment are planned for future years. Project will reduce annual repair and maintenance costs estimated at \$30,000 annually.

PROGRAM TITLE: Public Safety Facility Improvements, 400-3004
PROGRAM DESCRIPTION: Based on recent building study, prepare detailed scope of work, specifications and cost estimates for heating, cooling, and associated repairs to South Public Safety building.

PROGRAM TITLE: Mobile Computer/Mobile Video Replacement Project, 400-3051
PROGRAM DESCRIPTION: The mobile computer/mobile video project will upgrade all existing hardware, including all patrol car ruggedized mobile computers and digital mobile recorders. Project includes electronic traffic citations, computerized crash/traffic reports, and remote connected handheld devices. With technology advances, computer/video replacements for marked patrol cars are scheduled for upgrades as the equipment reaches its life expectancy. Project will reduce anticipated repair costs of up to \$20,000 annually for existing system components.

Police	
Police Vehicles	237,000
Public Safety Facility Improvements	50,000
Mobile Computer/Mobile Video Replacement	350,000
Total Police	637,000

FIRE

PROGRAM TITLE: Fire Station #2 Facility Improvement, 400-3306
PROGRAM DESCRIPTION: Upgrades to include new roof, door and window refurbishment, waterproofing and add a dedicated life safety automatic transfer switch. Improvements will reduce maintenance and operating costs.

PROGRAM TITLE: Fire Station #1 Facility Improvements,400-3332
PROGRAM DESCRIPTION: Building upgrades to include restrooms, doors, painting and window work. Renovation of sump drainage system to include new oil/water separator system, new concrete slab, and new grates followed by refinishing if epoxy floor coating to the apparatus bays. Improvements will reduce maintenance and operating costs.

PROGRAM TITLE: Replace Personal Protective Equipment, 400-3334
PROGRAM DESCRIPTION: Replacement of firefighting personal protective equipment components. Replacement reduces liability and provides greater protection during firefighting and rescue operations.

PROGRAM TITLE: Plymovent Replacement Project, 400-3352
PROGRAM DESCRIPTION: Replacement of existing exhaust removal system at all three fire stations. The current muffler exhaust system is over 15 years old, and was identified by the infrastructure study as a priority project.

Fire	
Fire Sta. #2 Facility Improvement	83,000
Fire Sta #1 Facility Improvement	100,000
Replace Personal Protective Equip	63,000
Plymovent Replacement Project	70,000
Total Fire	316,000

STREETS

PROGRAM TITLE: Major Street Reconstruction Program, 400-4294
PROGRAM DESCRIPTION: Reconstruction of major streets that were previously strip paved, or where heavy maintenance activities have been applied, that are anticipated to require a greater level of sub-base and pavement rehabilitation to ensure long-term serviceability. Improvements will also include localized storm drainage improvements, necessary curb and gutter or paved shoulder replacement/repair, necessary drive approaches and lawn restoration as appropriate. A decrease in maintenance costs will be enjoyed by the operating fund.

PROGRAM TITLE: Local Street Reconstruction Program, 400-4343
PROGRAM DESCRIPTION: Reconstruction of local streets that were previously strip paved, or that require a greater level of sub-base pavement rehabilitation to ensure long-term serviceability. Improvements will also include localized storm drainage improvements, curb and gutter or paved shoulder replacement/repair, sidewalk repairs, including installation of Americans with Disabilities Act specified handicap ramps and necessary drive approaches and lawn restoration as appropriate. A significant decrease in maintenance costs will be enjoyed by the operating fund.

PROGRAM TITLE: Portage Road, East Centre Avenue to Romence Road Parkway, 400-4801
PROGRAM DESCRIPTION: Reconstruction of Portage Road from East Centre Avenue to Romence Road Parkway, including widening pavement to provide a continuous center left turn lane from the East Centre Avenue intersection to 2,500 feet south of Romence Road Parkway to match the existing left turn lane. Project consists of widening pavement with new curb and gutter, drainage structures and driveways.

PROGRAM TITLE: Oakland Drive, I-94 to West Kilgore, 400-4802
PROGRAM DESCRIPTION: Reconstruction of pavement including curb and gutter repairs, sidewalk ramp compliance with barrier free requirements, surface milling and pavement RESURFACING. This project will also incorporate a rehabilitation of the existing West Fork Portage Creek culvert as well as "Natural Place To Move" enhancements where appropriate.

PROGRAM TITLE:

Romence Road Traffic Signal Improvements, 400-4803

PROGRAM DESCRIPTION:

Installation of fiber optic interconnection, traffic signal hardware and traffic signal timing optimization to coordinate for optimal traffic flow. The interconnect will include Oakland Drive/Romence Road, Constitution Boulevard/Romence Road and Sears Drive/Romence Road intersections. Interconnection of the traffic signals will allow for the coordination of the signal timing and improve traffic progression through the traffic corridor. The project will also include the installation of two video monitor traffic cameras.

Streets	
Major Street Reconstruction	982,000
Local Street Reconstruction	900,000
Portage Rd., E. Centre to Romence Road	1,003,000
Oakland Dr., I-94 to W. Kilgore	310,000
Romence Rd. Traffic Signal Improvement	230,000
Streets total	3,425,000

SIDEWALK/BIKEWAYS

PROGRAM TITLE: Bikeway Improvements, 400-4405
PROGRAM DESCRIPTION: Pave shoulder bikeway overlays, upgrade signs and ongoing preventative maintenance to existing off road trails.

PROGRAM TITLE: Sidewalk Improvements, 400-4406
PROGRAM DESCRIPTION: Public sidewalk reconstruction and preventative maintenance of deteriorating sidewalks, and construction of new sidewalks where minor gaps in existing networks exist.

Sidewalks and Bikeways	
Bikeway Improvement	35,000
Sidewalk Improvement	50,000
Bikeway total	85,000

TRANSFERS OUT, 400-9610

Transfers to: 1) General Obligation Debt Fund for payment of city share of LTGO bonds, not related to sewer or water improvements, and equipment lease purchases; 2) MTF Bond Fund for repayment of Motor Transportation Fund Bonds; and 3) Building Authority Debt Service Fund for repayment of Building Authority Bonds. No impact on operating fund.

Debt Service Funds	4,735,000
Total Transfers Out	4,735,000

SEWER CAPITAL IMPROVEMENT

This fund, one of the Capital Improvement Funds, accounts for water-related projects, as detailed below.

PROGRAM TITLE: Pine View Drive, Bacon Avenue to north end, 490-4541
PROGRAM DESCRIPTION: Install sanitary sewer and appurtenances in Pine View Drive from Bacon Avenue to north road end. This project is in conjunction with the local street reconstruction.

PROGRAM TITLE: West Osterhout Avenue, Lloy Street to South Westnedge Avenue, 490-4542
PROGRAM DESCRIPTION: Install sanitary sewer in West Osterhout Avenue from Lloy Street to South Westnedge Avenue. This project is in conjunction with the West Osterhout Avenue street reconstruction.

	<u>2014-2015 Admin Recommend</u>
REVENUE:	
Other revenue	75,000
Transfers In	905,000
TOTAL REVENUE	<u>980,000</u>
EXPENSES:	
Pineview Dr / Bacon - north end	300,000
W Osterhout / Lloy - S Westnedge	680,000
TOTAL EXPENSES	<u>980,000</u>

WATER CAPITAL IMPROVEMENT

This fund, one of the Capital Improvement Funds, accounts for water-related projects, as detailed below.

PROGRAM TITLE: Garden Lane Transmission Water Main Replacement 491-4620

PROGRAM DESCRIPTION: Replace deteriorated sections of water transmission mains within the Garden Lane Wellfield area.

PROGRAM TITLE: South Westnedge Avenue Water Main Replacement Dawnlee Avenue to Mall Drive, 491-4623

PROGRAM DESCRIPTION: Replacement of deteriorating water mains in South Westnedge Avenue from Dawnlee Avenue to Mall Drive to improve reliability and water quality in this area of the city.

PROGRAM TITLE: Storm Drainage Improvement Program, 491-4702

PROGRAM DESCRIPTION: Address identified flooding problem areas that adversely impact public streets, commercial areas and private properties. Improvements planned under this program include expansion of retention basins, structural modifications, storm retention basins, berming to redirect storm flows, storm sewer improvements, and drainage channel regarding among others.

PROGRAM TITLE: Oakland Drive Culvert Rehabilitation, 491-4627

PROGRAM DESCRIPTION: The existing nine foot diameter corrugated metal pipe that conveys the West Fork of Portage Creek under Oakland Drive was installed in the 1960's and has since deteriorated. The project will construct a structural concrete lining and will be coordinated with the planned roadway improvements.

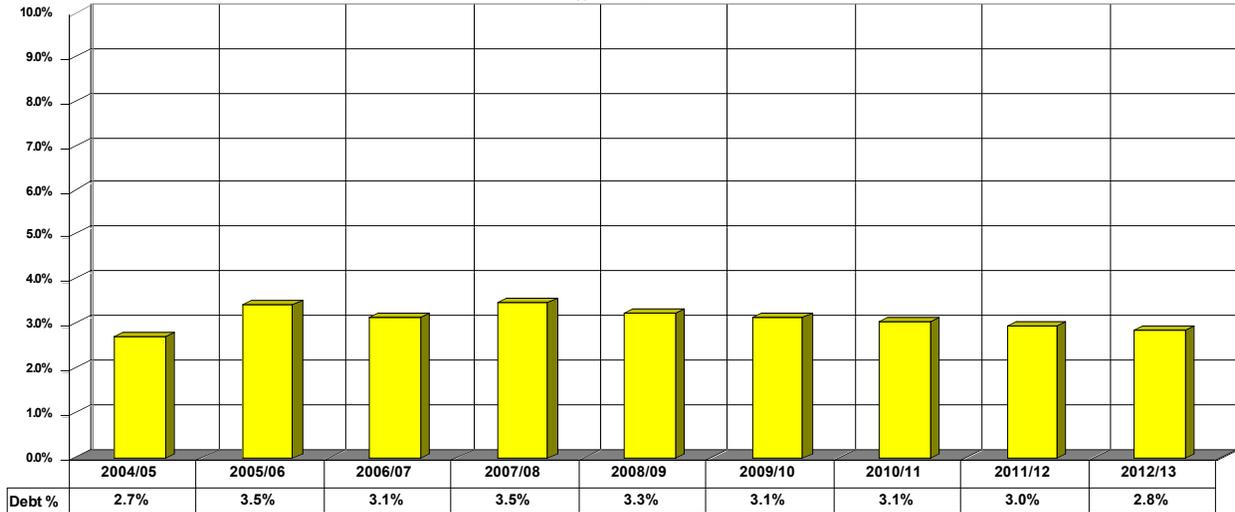
WATER CAPITAL IMPROVEMENT, continued

Water Capital Improvement

	2014-2015 Admin Recommend
REVENUE:	
Other revenue	1,325,000
TOTAL REVENUE	<u>1,325,000</u>
EXPENSES	
Garden Ln trans. water main replcmnt	500,000
S Westnedge / Dawnlee - Mall Drive	575,000
Oakland Dr culvert rehab	150,000
Storm drainage	100,000
TOTAL EXPENSES	<u>1,325,000</u>

Debt Service

NET LONG-TERM DEBT
As a % of Taxable Value



Warning Trend:

Increasing levels of net direct long-term debt as a percentage of taxable value (TV)

Formula:

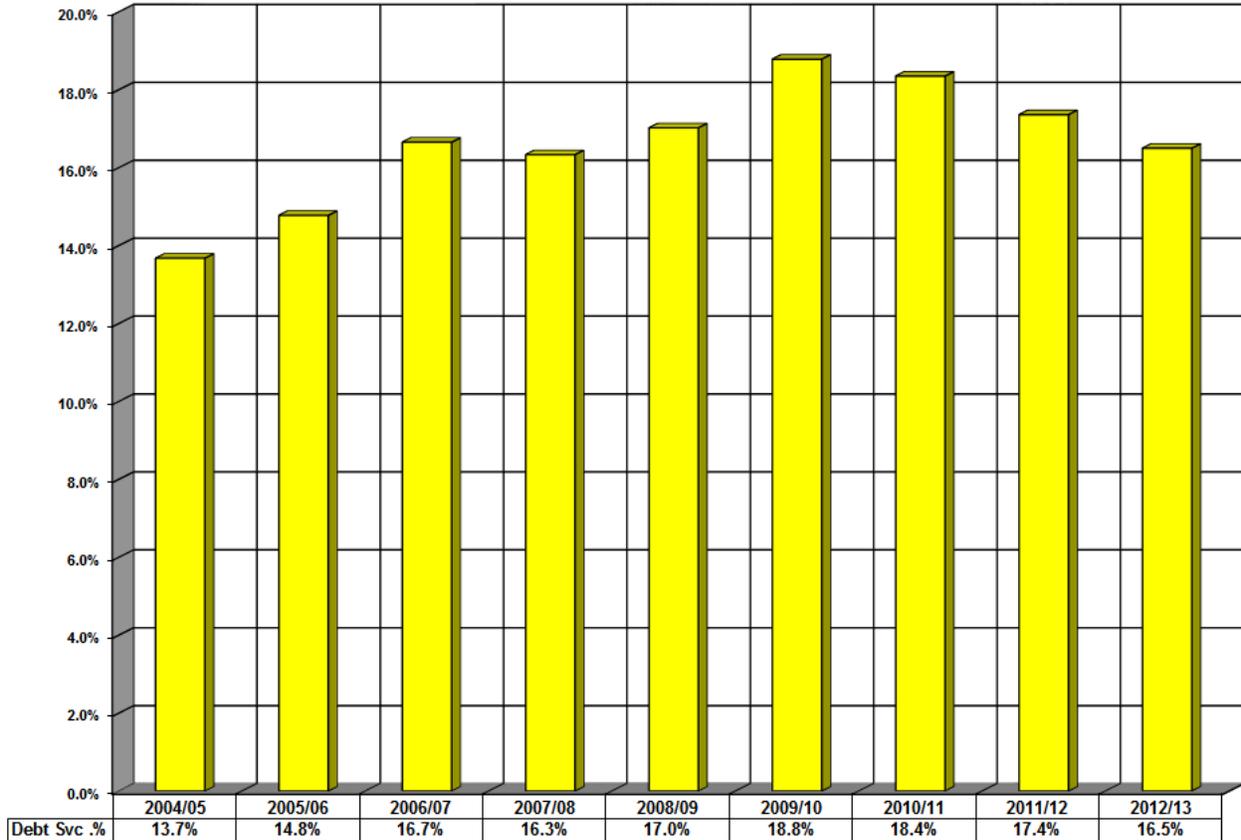
$$(Net\ Direct\ Long-Term\ Debt) / (Taxable\ Value) \times 100$$

Net direct long-term debt is defined as:

All debt paid through the General Obligation Debt Fund, the TIFA debt service fund, the LDFA debt service fund, and all other capital leases, installment contracts, and land contracts *not paid* from the enterprise funds. This indicator does not include motor vehicle highway bonds, special assessment bonds, or any revenue bonds or LTGO bonds paid through the enterprise funds.

NET DEBT SERVICE

As a % of Net Operating Revenues for Combined General Fund, Special Revenue Funds, & Debt Service Funds



Warning Trend:

Increasing net direct debt service as a percentage of total net operating revenues

Formula:

$$((\text{Net Direct Debt Service}) / (\text{Total Net Operating Revenues})) \times 100$$

Net debt service is defined as the total of the annual payments of principal and interest paid on long-term debt.

Total net operating revenues is defined as the sum of the net operating revenues from the General Fund, the special revenue funds, and the applicable debt services funds.

Description:

Direct debt is bonded debt for which the City has pledged its full faith and credit. Self-supporting debt is bonded debt that the City has pledged to repay from a source separate from its general tax revenues. In order to apply this indicator correctly for this City, direct debt includes all debt except utility revenue bonds, special assessment bonds (self-supporting bonds (self-supporting debt) and all other debt repaid through the Enterprise Funds (LTGO bonds for the City's Share of Water and Sewer Projects). This provides an accurate measure of all long-term debt for which the City has obligated general tax revenues.

Analysis:

Debt Service on net direct debt exceeding 20 percent of operating revenues is considered a potential problem. Ten percent is considered acceptable.

DEBT SUMMARY

At March 30, 2014 the outstanding debt obligations of the city not associated with proprietary fund type areas are as follows:

Special Assessment Bonds	\$ 1,675,000
Limited Tax General Obligation Bonds	700,202
Unlimited Tax General Obligation Bonds	-0-
Local Development Finance Authority Bond	5,120,000
Building Authority Bonds	5,260,000
Downtown Development Authority	4,565,000
Motor Vehicle Highway Bonds	6,510,000
Capital Improvement Bonds	29,261,926
Land Contracts and Notes Payable	<u>-0-</u>
 Total	 <u>\$53,092,128</u>

The city is subject to several legal debt limitations. The debt limitations are for specific types of debt and expressed as a percentage of State Equalized Valuation (SEV). The debt limits and debt margins are as follows:

	Special Assessment Bonds	Limited Tax General Obligation Bonds	Notes Payable	Capital Improvement Bonds
SEV	\$2,035,639,500	\$2,035,639,500	\$2,035,639,500	\$2,035,639,500
Applicable percentage limitation	12.00%	10.00%	1.25%	5.00%
Legal debt limitation	\$ 244,276,740	\$203,563,950	\$25,445,494	\$101,781,975
Related obligations	\$1,675,000	\$700,202	-	\$29,261,926
Legal debt margin	\$242,601,740	\$202,863,748	\$25,445,494	\$72,520,049

With this comparison of related obligation-types to their specific legal debt margins, the City is significantly under the dollar limits as prescribed by state law. As illustrated in the charts on the preceding pages, the debt load is manageable and should not adversely impact future operations.

GENERAL OBLIGATION DEBT, 301

The General Obligation Debt Fund accumulates monies for the payment of principal and interest on various street, public facilities and the city share of special assessment bond issues. These serial bonds are due in annual principal installments, plus semi-annual interest installments, until maturity. Financing is to be provided by a specific annual property tax levy for bonds issued prior to December 23, 1978 when tax limitation amendments to the Michigan Constitution became effective. All of these bonds have been paid in full. Financing for debt issued after December 23, 1978 is provided by appropriation of a portion of a property tax levy for public improvements authorized pursuant to the City Charter.

In conformance with generally accepted accounting principles, Capital Improvement Program project-related debt service is recorded in this fund with offsetting transfers from the Capital Improvement Fund.

The expenditures classified as bond costs can be further classified into the following groups:

Limited Tax General Obligation Installment Notes Payable

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Interest and rents	1,016	598	1,000	1,000	600
Transfers In	3,660,478	3,593,709	3,038,647	3,038,647	3,064,000
TOTAL REVENUE	<u>3,661,494</u>	<u>3,594,307</u>	<u>3,039,647</u>	<u>3,039,647</u>	<u>3,064,600</u>
EXPENDITURES:					
Bond costs	3,660,478	3,449,511	3,024,690	3,024,690	3,048,010
TOTAL EXPENDITURES	<u>3,660,478</u>	<u>3,449,511</u>	<u>3,024,690</u>	<u>3,024,690</u>	<u>3,048,010</u>

MTF 1997, 347

This fund is used to account for the debt service on the Motor Transportation Fund (M.T.F.) bonds issued for Oakland/Milham intersection, Angling Road research park improvements, South Westnedge Avenue improvements, City Centre railroad safety improvements and Oakland/Romence intersection.

	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
REVENUE:					
Transfers In	137,000	132,000	128,000	128,000	122,135
TOTAL REVENUE	<u>137,000</u>	<u>132,000</u>	<u>128,000</u>	<u>128,000</u>	<u>122,135</u>
EXPENDITURES:					
Bond costs	137,131	132,131	127,150	127,150	122,135
TOTAL EXPENDITURES	<u>137,131</u>	<u>132,131</u>	<u>127,150</u>	<u>127,150</u>	<u>122,135</u>

MTF 2008, 352

This fund refinanced the 2000 MTF issue that accounted for the debt service on \$2,445,000 in Motor Transportation Fund (MTF) bonds issued for twelve road improvement projects.

	<u>2011-2012</u> Actuals	<u>2012-2013</u> Actuals	<u>2013-2014</u> Adjusted Budget	<u>2013-2014</u> Adopted Budget	<u>2014-2015</u> Council Approved
REVENUE:					
Interest and rents	-	-	-	-	100
Transfers In	198,000	258,000	272,000	272,000	274,300
TOTAL REVENUE	<u><u>198,000</u></u>	<u><u>258,000</u></u>	<u><u>272,000</u></u>	<u><u>272,000</u></u>	<u><u>274,400</u></u>
EXPENDITURES:					
Bond costs	198,062	258,475	272,000	272,000	274,300
TOTAL EXPENDITURES	<u><u>198,062</u></u>	<u><u>258,475</u></u>	<u><u>272,000</u></u>	<u><u>272,000</u></u>	<u><u>274,300</u></u>

MTF REFUNDING 2010, 353

In March, 2010, three Michigan Transportation Fund (M.T.F.) bond issues were refunded due to current low interest rates. This refunding provided a net present value savings and resulted in a restructuring of the M.T.F. debt. The principal value refinanced was \$6,680,000 at an interest rate of 2.75 percent.

	<u>2011-2012</u> Actuals	<u>2012-2013</u> Actuals	<u>2013-2014</u> Adjusted Budget	<u>2013-2014</u> Adopted Budget	<u>2014-2015</u> Council Approved
REVENUE:					
Transfers In	676,000	557,000	823,000	823,000	935,565
TOTAL REVENUE	<u><u>676,000</u></u>	<u><u>557,000</u></u>	<u><u>823,000</u></u>	<u><u>823,000</u></u>	<u><u>935,565</u></u>
EXPENDITURES:					
Bond costs	675,775	556,475	822,025	822,025	935,925
TOTAL EXPENDITURES	<u><u>675,775</u></u>	<u><u>556,475</u></u>	<u><u>822,025</u></u>	<u><u>822,025</u></u>	<u><u>935,925</u></u>

BUILDING AUTHORITY DEBT SERVICE, 369

This fund is used to account for the debt service on Building Authority bonds issued for city projects such as Fire Station #3, Department of Public Service facilities, the Library expansion, Bicentennial Park acquisition and development, South Westnedge Park improvements, and major equipment purchases.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Interest and rents	218,538	208,984	203,810	203,810	236,443
Transfers In	738,000	439,000	407,000	407,000	339,000
TOTAL REVENUE	956,538	647,984	610,810	610,810	575,443
EXPENDITURES:					
Bond costs	645,272	645,765	611,555	611,555	577,130
TOTAL EXPENDITURES	645,272	645,765	611,555	611,555	577,130

DDA DEBT SERVICE, 394

Downtown Development Authority (DDA) debt service is paid from the taxes levied on the captured value of the improvements made to parcels within the DDA boundaries.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Property taxes	310,412	259,973	424,000	424,000	257,000
Interest and rents	1,060	1,094	2,000	2,000	1,100
Other revenue	54,875	53,250	51,750	51,750	-
Transfers In	-	-	-	-	100,000
TOTAL REVENUE	366,347	314,317	477,750	477,750	358,100
EXPENDITURES:					
Bond costs	416,424	404,750	423,700	423,700	314,430
Transfers Out	-	-	70,265	70,265	70,265
TOTAL EXPENDITURES	416,424	404,750	493,965	493,965	384,695

LDFA DEBT SERVICE, 397

This fund accumulates tax monies from the captured tax base in the Local Development Finance Authority district for the payment of principal and interest on the 2004 and 2005 Local Development Finance Authority (LDFA) bonds. The 2004 LDFA bond was issued for the purchase of 80 acres of land to be conveyed to industry to facilitate development. The 2005 LDFA bond was issued for road widening and improvements for Sprinkle Road, and water main installation.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Property taxes	530,503	479,811	500,000	500,000	485,000
Interest and rents	5,716	7,588	5,000	5,000	7,600
TOTAL REVENUE	536,219	487,399	505,000	505,000	492,600
EXPENDITURES:					
Bond costs	447,153	525,463	515,250	515,250	504,775
Development expenditures	-	-	10,000	10,000	-
TOTAL EXPENDITURES	447,153	525,463	525,250	525,250	504,775

SPECIAL ASSESSMENT DEBT SERVICE FUNDS

	2012-2013 <u>Actual</u>	2013-2014 <u>Amended Budget</u>	2013-2014 <u>Final Estimate</u>	2014-2015 <u>Admin Recommend</u>
Beginning Fund Balance	<u>858,757</u>	<u>858,797</u>	<u>858,797</u>	<u>546,852</u>
Revenue:				
Special Assessments	280,000	201,000	201,000	200,000
Interest on Special Assessments	95,000	117,200	117,200	115,500
Interest on Investments	<u>15,000</u>	<u>5,680</u>	<u>5,000</u>	<u>5,675</u>
Total Revenue	390,000	323,880	323,200	321,175
Expenditures:				
Interest and Fiscal Charges	149,570	131,720	133,883	98,280
Bond Principal	<u>415,000</u>	<u>300,000</u>	<u>295,000</u>	<u>230,000</u>
Total Expenditures	564,570	431,720	428,883	328,280
Ending Fund Balance	<u>684,227</u>	<u>544,695</u>	<u>546,852</u>	<u>539,747</u>

The Special Assessment Debt Service Fund is used to account for the repayment of bonds issued to finance the costs of various construction projects. Costs of the projects are estimated and property owners are assessed a proportionate share, as determined by Council resolution. The property owners have the option of either paying the assessment in full within 60 days of the first billing, or over an extended period (up to 20 years) through annual installments, which include interest. The installment plan is very popular. Interest is charged on the unpaid assessment at rates approximately equal to the interest on the related bonds. Bond principal and interest are paid with the monies collected through the assessment process. This information summarizes the 800 series of funds.

SPECIAL ASSESSMENT DEBT SERVICE FUNDS, continued

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Payments on special assessments	66,951	72,847	117,200	117,200	115,500
Interest on investments	4,979	5,675	5,680	5,680	5,700
Transfers In	-	-	70,265	70,265	70,265
TOTAL REVENUE	<u><u>71,930</u></u>	<u><u>78,522</u></u>	<u><u>193,145</u></u>	<u><u>193,145</u></u>	<u><u>191,465</u></u>
EXPENDITURES:					
Interest and fiscal charges	132,204	133,056	133,795	133,795	98,280
Bond principal	204,682	219,326	300,000	300,000	230,001
TOTAL EXPENDITURES	<u><u>336,886</u></u>	<u><u>352,382</u></u>	<u><u>433,795</u></u>	<u><u>433,795</u></u>	<u><u>328,281</u></u>



Other Funds

CURBSIDE RECYCLING FUND - 223

This fund is now part of the Department of Parks, Recreation and Public Services.

The Curbside Recycling Fund accounts for the revenue and expenditures associated with the operation of the Curbside Recycling Program. This program, provided through a contract with a private vendor, is funded through a voter approved 0.5 mill maximum tax levy and includes payment for use of the Republic Waste Recycling Facility and funding for the Household Hazardous Waste Disposal program.

Goals and Objectives: The Curbside Recycling budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Recycling	Hazardous Waste Program	<i>Environmental Quality</i> Responsible disposal of hazardous waste
	Reduced millage	<i>Service Delivery</i> Continue to evaluate privatizing city services <i>Financial Health</i> Continue to evaluate expenditures to provide for effective and efficient use of city resources
	Curbside recycling All programs	<i>Environmental Quality</i> Enhance environmental quality Promote effective recycling <i>Service Delivery</i> Evaluate alternatives to meet service demands

This activity accounts for all expenditures of the Curbside Recycling Program.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Number of recycling pickups per month	15,300	15,300	15,300
Pounds collected per month	287,348	290,000	290,000

CURBSIDE RECYCLING FUND – 223, continued

	2011-2012 <u>Actuals</u>	2012-2013 <u>Actuals</u>	2013-2014 <u>Adjusted Budget</u>	2013-2014 <u>Adopted Budget</u>	2014-2015 <u>Council Approved</u>
REVENUE:					
Property taxes	694,541	663,794	590,800	590,800	601,000
Interest and rents	775	1,358	1,400	1,400	1,400
 TOTAL REVENUE	 <u>695,316</u>	 <u>665,152</u>	 <u>592,200</u>	 <u>592,200</u>	 <u>602,400</u>
 EXPENDITURES:					
Personnel Services	30,368	31,854	31,994	31,994	32,738
Operations & Maintenance	574,722	546,430	560,626	558,990	571,077
Administrative Charges	54,900	57,387	57,140	57,140	1,176
 TOTAL EXPENDITURES	 <u>659,990</u>	 <u>635,671</u>	 <u>649,760</u>	 <u>648,124</u>	 <u>604,991</u>

LEAF PICKUP/SPRING CLEANUP

This fund is now part of the Department of Parks, Recreation and Public Services.

This fund accounts for the costs associated with the Fall Leaf Pickup, Leaf/Branch Removal/Management, Spring Cleanup and Quarterly Brush Pickup programs.

Goals and Objectives: The Leaf Pickup/Spring Cleanup budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Administration	All programs	<i>Community Development</i> Promote quality of life <i>Service Delivery</i> Evaluate service provision options <i>Financial Health</i> Maintain financial health

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Property taxes	771,128	792,737	669,600	669,600	680,000
Interest and rents	832	1,586	2,000	2,000	1,600
Other revenue	255	-	-	-	-
TOTAL REVENUE	772,215	794,323	671,600	671,600	681,600
EXPENDITURES:					
Personnel Services	76,182	95,069	63,177	63,177	64,367
Operations & Maintenance	477,162	470,772	532,317	532,140	519,455
Administrative Charges	140,537	150,998	141,190	141,190	91,046
Transfers Out	20,356	19,862	19,862	19,862	-
TOTAL EXPENDITURES	714,237	736,701	756,546	756,369	674,868

The responsibilities of the various activities are outlined as follows.

ADMINISTRATION, 226-4501

This activity accounts for the costs associated with administering the three programs that follow.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Property taxes	771,128	792,737	669,600	669,600	680,000
Interest and rents	832	1,586	2,000	2,000	1,600
Other revenue	255	-	-	-	-
TOTAL REVENUE	772,215	794,323	671,600	671,600	681,600
	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Administrative Charges	71,690	84,427	61,120	61,120	10,976
TOTAL EXPENDITURES	71,690	84,427	61,120	61,120	10,976

SPRING CLEANUP and BRUSH PICKUP, 226-4532

This activity accounts for the costs associated with the collection of discarded materials to enhance community appearance and encourage the removal of brush and recycling.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Compacted cubic yards collected	1,489	1,705	1,700
Days offered	24	24	24
Number of brush stops	6,642	7,000	7,000
Cubic years of brush chipped	1,517	2,000	2,000

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Operations & Maintenance	220,832	221,967	230,457	225,780	229,780
TOTAL EXPENDITURES	220,832	221,967	230,457	225,780	229,780

LEAF PICKUP, 226-4523

This activity accounts for the costs associated with the yearly collection of leaves and brush, the composting of leaves, keeping streets and storm drains clear of leaves, and maintaining water quality.

<u>Activity Measures</u>	<u>Prior Year</u>		<u>Current Year</u>		<u>Budget Year</u>
Compacted cubic yards collected	13,615		14,663		14,500
	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted	Adopted	Council
			Budget	Budget	Approved
EXPENDITURES:					
Personnel Services	76,182	95,069	63,177	63,177	64,367
Operations & Maintenance	130,226	150,817	201,785	206,285	189,100
Administrative Charges	46,781	66,571	80,070	80,070	80,070
TOTAL EXPENDITURES	<u>253,189</u>	<u>312,457</u>	<u>345,032</u>	<u>349,532</u>	<u>333,537</u>

LEAF/BRANCH REMOVAL/MANAGEMENT, 226-4540

The removal and management of the large mass of leaves and branches from the brush pick up and leaf pick up programs has been identified as a separate program in order to monitor costs.

<u>Service Indicators</u>	<u>Prior Year</u>		<u>Current Year</u>		<u>Budget Year</u>
Cubic yards of leaves/chips removed	20,358		11,850		12,000
	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted	Adopted	Council
			Budget	Budget	Approved
EXPENDITURES:					
Operations & Maintenance	126,104	97,988	100,075	100,075	100,575
Administrative Charges	22,066	-	-	-	-
TOTAL EXPENDITURES	<u>148,170</u>	<u>97,988</u>	<u>100,075</u>	<u>100,075</u>	<u>100,575</u>

TRANSFERS OUT, 226-9610

Transfer made to the General Obligation Debt fund has been discontinued.

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted	Adopted	Council
			Budget	Budget	Approved
EXPENDITURES:					
Transfers Out	20,356	19,862	19,862	19,862	-
TOTAL EXPENDITURES	<u>20,356</u>	<u>19,862</u>	<u>19,862</u>	<u>19,862</u>	<u>-</u>

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

The Community Development Block Grant Fund accounts for the receipt and disbursement of funds received from the U.S. Department of Housing and Urban Development. The use of these funds is restricted by the grantor to those programs and services that benefit low and moderate income families.

Budget Overview: The CDBG Fund budget is highlighted by continued funding of improvement of the housing stock through housing rehabilitation loans, down payment assistance loans, funding of the Portage Community Center (P.C.C.) for human/public service needs, neighborhood improvement, fair housing activities and administration. The city estimates that the 2014-2015 entitlement will be \$218,672. The 2013-2014 the grant total was \$218,364, and the 2012-2013 grant total was \$214,178.

Goals and Objectives: The Community Development Block Grant budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Human Services	Continued P.C.C. funding	<i>Community Development</i> Continued commitment to human services
Housing Programs	Homeowner Rehabilitation Loan programs Emergency repair grant Homebuyer assistance program	<i>Community Development</i> Ensure decent and safe housing
Neighborhood Improvement	Administer and Enforce community quality codes Neighborhood protection program Fair Housing and services	<i>Community Development</i> Continue effective community safety programs through prevention, enforcement and education Enhance the livability of community neighborhoods Fair housing education <i>Community Development</i> Further promote quality of life Further promote aesthetic and cultural enhancement

CDBG, continued

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Federal revenue	-	187,388	312,459	198,100	218,672
TOTAL REVENUE	<u>-</u>	<u>187,388</u>	<u>312,459</u>	<u>198,100</u>	<u>218,672</u>
EXPENDITURES:					
Personnel Services	-	110,623	119,289	119,289	121,895
Operations & Maintenance	-	36,643	193,170	78,811	96,777
TOTAL EXPENDITURES	<u>-</u>	<u>147,266</u>	<u>312,459</u>	<u>198,100</u>	<u>218,672</u>

The responsibilities of the various activities are outlined as follows.

HUMAN SERVICES, 295-6624

These funds were awarded to the Portage Community Center, which is a primary provider of human service related activities within the City of Portage.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Operations & Maintenance	-	-	34,844	31,804	37,972
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>34,844</u>	<u>31,804</u>	<u>37,972</u>

HOUSING PROGRAMS, 295-6625

This activity accounts for the costs associated with various payment-deferred loans for low/moderate income homeowners. Programs include: home rehabilitation loans, emergency repair grants, and down-payment assistance loans.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Personnel Services	-	45,663	49,581	49,581	50,621
Operations & Maintenance	-	36,643	154,124	42,805	54,604
TOTAL EXPENDITURES	-	82,306	203,705	92,386	105,225

NEIGHBORHOOD IMPROVEMENT, 295-6626

This activity accounts for the costs associated with maintaining and improving low and moderate income neighborhoods within the city. The equivalent of 0.90 full-time zoning and code administrator will be funded.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Personnel Services	-	48,045	51,711	51,711	52,810
Operations & Maintenance	-	-	852	852	851
TOTAL EXPENDITURES	-	48,045	52,563	52,563	53,661

ADMINISTRATION, 295-6627

This activity accounts for the administrative costs for both the CDBG annual program and the CDBG Program Income (Fund 792) program. Additionally, fair housing activities will be funded including support for the Fair Housing Center of Southwest Michigan.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Personnel Services	-	16,915	17,997	17,997	18,464
Operations & Maintenance	-	-	3,350	3,350	3,350
TOTAL EXPENDITURES	-	16,915	21,347	21,347	21,814

CABLE TELEVISION FUND

This fund accounts for the receipt and allocation of cable television permit holder fees and administration of the city cable television ordinance. It also provides for operation of public access broadcasting.

Goals and Objectives: The Cable Television Fund budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Administration	All programs	<i>Public Relations</i> Continue efforts to enhance communication with citizens

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Fees and permits	747,074	784,466	795,000	765,000	765,000
Interest and rents	539	701	900	900	700
Other revenue	18,875	-	-	-	-
TOTAL REVENUE	766,488	785,167	795,900	765,900	765,700
EXPENDITURES:					
Personnel Services	101,298	100,468	104,661	104,661	106,887
Operations & Maintenance	322,975	338,787	330,125	300,125	404,420
Administrative Charges	52,510	57,730	62,170	62,170	60,000
Capital Outlay	92,039	131,853	218,280	178,000	178,000
Transfers Out	200,000	150,000	250,000	250,000	-
TOTAL EXPENDITURES	768,822	778,838	965,236	894,956	749,307

The responsibilities of the various activities are Citizen Access Programs, City Government Programming, Event & Council/Board meeting coverage, video development and released public relations activities. The Cable Television activities are outlined as follows.

ADMINISTRATION, 298-7015

This activity records the expenses related to the administration of the cable television ordinance. The budget also provides for the operation of public access services, which allows for the broadcast of City Council and Board meetings, as well as community-produced programs.

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Personnel Services	101,298	100,468	104,661	104,661	106,887
Operations & Maintenance	310,868	338,787	329,125	299,125	314,125
Administrative Charges	52,510	57,730	62,170	62,170	60,000
Capital Outlay	-	8,763	-	-	-
TOTAL EXPENDITURES	464,676	505,748	495,956	465,956	481,012

PUBLIC SERVICE FEE, 298-7014

This activity records the required expenditure of public service fee monies.

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Operations & Maintenance	12,107	-	1,000	1,000	1,000
Capital Outlay	92,039	123,090	218,280	178,000	178,000
TOTAL EXPENDITURES	104,146	123,090	219,280	179,000	179,000

COMMUNITY MARKETING 298-7016

To provide a coordinated marketing approach for the City in all its media and publications. The *Portager*, a full-color newsletter delivered six times annually to all Portage households, is designed, published and delivered under this budget.

	2011-2012	2012-2013	2013-2014	2013-2014	2014-2015
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Operations & Maintenance	-	-	-	-	89,295
TOTAL EXPENDITURES	-	-	-	-	89,295

TRANSFERS OUT, 298-9610

To supply resources required for technology enhancements in the Capital Improvement Fund.

	<u>2011-2012</u> <u>Actuals</u>	<u>2012-2013</u> <u>Actuals</u>	<u>2013-2014</u> <u>Adjusted</u> <u>Budget</u>	<u>2013-2014</u> <u>Adopted</u> <u>Budget</u>	<u>2014-2015</u> <u>Council</u> <u>Approved</u>
EXPENDITURES:					
Transfers Out	200,000	150,000	250,000	250,000	-
TOTAL EXPENDITURES	<u>200,000</u>	<u>150,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>

WEST LAKE WEED MANAGEMENT - 252

This fund accounts for the costs associated with the lake management program at West Lake. This is a multi-year program funded primarily by special assessments to the lakeside residences. Expenditures vary from year to year based on guidance from consultants as to the required treatment that will improve lake quality with the least environmental impact.

Goals and Objectives: The West Lake Weed Management fund supports the following goals and objectives:

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Weed Control	Weed control	<i>Environmental Quality</i> Protect water quality Promote environmental protection planning, monitoring and educational programs <i>Service Delivery</i> Alternatives to handle service demands

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Interest and rents	282	263	-	-	200
Other revenue	13,314	11,050	23,800	23,800	10,250
TOTAL REVENUE	<u>13,596</u>	<u>11,313</u>	<u>23,800</u>	<u>23,800</u>	<u>10,450</u>
EXPENDITURES:					
Operations & Maintenance	28,450	21,170	57,180	35,000	35,000
TOTAL EXPENDITURES	<u>28,450</u>	<u>21,170</u>	<u>57,180</u>	<u>35,000</u>	<u>35,000</u>

CEMETERY PERMANENT FUND - 711

The Cemetery Permanent Fund accounts for revenue from the sale of cemetery lots. Per State law, the principal received from such sales must remain intact, but the interest earned may be used to fund the ongoing care of the cemeteries. This activity accounts for the transfer to the General Fund to partially offset the cost of cemetery maintenance. In 2014-2015 the cost of cemetery operations will exceed the permanent fund transfers and other cemetery revenue by approximately \$21,000.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
REVENUE:					
Charges for services	36,050	35,715	40,000	40,000	40,000
Interest and rents	2,808	3,724	2,500	2,500	3,700
TOTAL REVENUE	38,858	39,439	42,500	42,500	43,700
EXPENDITURES:					
Transfers Out	2,808	3,724	4,000	4,000	3,500
TOTAL EXPENDITURES	2,808	3,724	4,000	4,000	3,500

CDBG PROGRAM INCOME FUND

The Community Development Block Grant (CDBG) Program Income Fund is comprised of the repayment of housing assistance loans originally made through CDBG programs and the subsequent reallocation of these monies for CDBG eligible activities. Such activities have included housing rehabilitation projects, down payment assistance loans, funding for human services, including Portage Community Center (P.C.C.), affordable housing development by non-profit organizations and park improvement projects.

Budget Overview: The CDBG Program Income Fund 2014-2015 budget is expected to result in no change in fund balance.

Goals and Objectives: The CDBG Program Income Fund budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
Housing Loans	Housing rehabilitation and Down payment assistance loans	<i>Community Development</i> Ensure decent and safe housing

	<u>2011-2012 Actuals</u>	<u>2012-2013 Actuals</u>	<u>2013-2014 Adjusted Budget</u>	<u>2013-2014 Adopted Budget</u>	<u>2014-2015 Council Approved</u>
REVENUE:					
Charges for services	29,192	23,420	25,000	25,000	25,000
Transfers In	-	-	-	-	-
TOTAL REVENUE	<u>29,192</u>	<u>23,420</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
EXPENDITURES:					
Operations & Maintenance	12,746	32,289	60,000	60,000	60,000
TOTAL EXPENDITURES	<u>12,746</u>	<u>32,289</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>

The activities carried out by this fund are as follows.

PROGRAMS, 792-6015

The CDBG Program Income Fund was instituted to make monies available under the same criteria as those adopted for the Community Development Block Grant program. As loans made by the CDBG housing programs are repaid, the funds will become available to this program. The plan for 2014-2015 designates \$54,000 for housing rehabilitation/emergency repairs, and \$6,000 for down-payment assistance.

	<u>2011-2012</u> <u>Actuals</u>	<u>2012-2013</u> <u>Actuals</u>	<u>2013-2014</u> <u>Adjusted</u> <u>Budget</u>	<u>2013-2014</u> <u>Adopted</u> <u>Budget</u>	<u>2014-2015</u> <u>Council</u> <u>Approved</u>
EXPENDITURES:					
Operations & Maintenance	12,746	32,289	60,000	60,000	60,000
TOTAL EXPENDITURES	<u><u>12,746</u></u>	<u><u>32,289</u></u>	<u><u>60,000</u></u>	<u><u>60,000</u></u>	<u><u>60,000</u></u>

Appendices



Appendix A

CITY of PORTAGE Contributions to Outside Agencies Fiscal Year 2014-2015

	2013-2014 Original Budget*	2014-2015 Agency Request	2014-2015 Council Approved
General Fund			
Legislative:			
Michigan Municipal League	9,000	9,100	9,100
	9,000	9,100	9,100
Human Services:			
Portage Community Center	84,476	98,000	83,535
YWCA	8,501	8,695	8,915
Housing Resources, Inc.	17,295	20,000	18,110
Catholic Charities (Ark)	8,989	11,137	9,433
Gryphon Place	1,976	6,000	2,077
Goodwill Industries	0	2,650	1,020
	121,237	146,482	123,090
Parks:			
Kalamazoo in Bloom, Inc.	6,000	6,000	6,000
Total, General Fund	136,237	161,582	138,190
Other Funds			
CDBG Fund:			
Portage Community Center	31,804	32,000	37,972
Total, All Funds	168,041	193,582	176,162

*Note: On June 25, 2013, City Council approved a budget amendment as the result of the late announcement of the award of Federal CDBG funds. These CDBG Funds received adjusted the 2013-2014 Original Budget as follows:

Portage Community Center	83,650
YWCA	8,695
Housing Resources, Inc.	17,665
Catholic Charities (Ark)	9,200
Gryphon Place	2,027
Goodwill Industries	0
	121,237
CDBG Fund:	
Portage Community Center	34,844

APPENDIX B

CITY OF PORTAGE Glossary of Terms and Acronyms

Activity - The budgetary expenditure level adopted in the General Appropriations Act. An activity is generally a subset of a departmental organization for budgetary purposes. For example, the Fire Department is budgeted in the General Fund as five separate operational activities: Administration, Operations, On-Call Firefighter Program, Fire Prevention, and Training/Safety. An activity is further broken down into object classes of expenditures: Activity categories are in conformance with the Uniform Chart of Accounts for Counties and Local Units of Government in Michigan.

Accrual Basis - The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at the time) and expenditures are recorded when goods and services are received (whether cash disbursements are made at the same time or not), synonymous with "full accrual".

Adopted Budget, Approved Budget - The revenue and expenditure plan of the city for the fiscal year as reviewed and given final approval by the City Council.

Appropriation - An authorization or allocation made by the legislative body that permits officials to incur obligations against, and to make expenditures of, governmental resources (revenues).

Assessed Valuation - The valuation set upon real estate and certain personal property by the Assessor as a basis for levying property taxes.

Authorized Positions - Employee positions that are authorized in the adopted budget to be filled during the year.

Bond - A long-term IOU or promise to pay. It is a promise to repay a specified amount of money (the face amount of the bond) on a particular date (the maturity date). Bonds are primarily used to finance capital projects.

General Obligation (G.O.) Bond - This type of bond is backed by the full faith, credit and taxing power of the City.

Revenue Bond - This type of bond is backed only by revenues from a specific enterprise or project.

Budget Amendment - An adjustment made to the budget during the fiscal year by the City Council to properly account for unanticipated changes which occur in revenues and/or expenditures and for program initiatives approved during the fiscal year. The adjustment is made by formally amending the General Appropriations Act.

Budget Year - The fiscal year to which the recommended budget relates, i.e., the fiscal year beginning on July 1 following the current fiscal year.

APPENDIX B

Capital Outlay - Expenditures relating to the purchase of equipment, facility modifications, land, or other fixed assets made out of general operating funds. To be categorized as a capital outlay item (fixed asset), the purchase must have a value of at least \$5,000 and a useful life of more than one fiscal year. See also Capital Projects Funds.

Capital Projects/Improvements Fund - A fund used to account for the purchase and/or construction of public physical improvements and major acquisitions. The Capital Improvement Fund is the first fiscal year of the annually updated 10 year Capital Improvement Program (CIP). The detailed ten-year CIP plan is contained in a separate document. The Capital Improvement Fund is divided into activities related to various operations of the city, e.g., Water Construction, Street Construction. Capital projects are financed through a combination of dedicated tax millage, bonds, and grants unlike capital outlay items (See Appendix F) that are considered departmental operating expenditures, and are not a part of the 10 year Capital Improvement Program.

Cash Basis - A basis of accounting in which transactions are recognized only when cash is increased or decreased.

CDBG - Community Development Block Grant. Funding administered by the U.S. Department of Housing and Urban Development (HUD).

CIP - Capital Improvement Program. A 10-year plan, revised and approved annually, governing the purchase and/or installation of facility and infrastructure improvements, and the method of financing public physical improvements.

DDA - Downtown Development Authority. See Appendix C.

Debt Service - Expenditures relating to the retirement of long-term bonded debt principal and interest.

Debt Service Funds - are used to account for the payment of general long-term debt principal and interest. Budgeted debt service funds are General Obligation Debt, Special Assessment Debt Service, Building Authority, Downtown Development Authority, and Local Development Finance Authority each defined by the type of bond financing issued.

Enterprise Funds - are used to account for the financing of services provided to the general public where all or most of the costs involved are recovered through service charges to the users. The Sewer Operating and Water Operating Funds are Enterprise Funds. Enterprise funds employ the full accrual method of accounting in contrast to governmental funds that employ modified accrual method for budgetary purposes.

Fiscal Year - a twelve-month period designated as the operating year for an entity. The fiscal year for the city is July 1 - June 30. In general use, "Fiscal 2006" would refer to the fiscal year ending June 30, 2006. And so, fiscal year would refer to the current year ending June 30th.

APPENDIX B

Fund - An independent fiscal entity with a self-balancing set of accounts recording cash and other resources, together with all related liabilities, obligations, reserves and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Funds are categorized for accounting purposes as General, Special Revenue, Debt Service, Capital Projects, Enterprise, Internal Service, and Permanent. Within the budget, funds are categorized on an operational organizational basis: General, Major and Local Streets, Equipment, Utility, Capital Improvements, Debt Service, and Other Funds. For budgetary purposes a fund may consist of the activities of one or more departments. Funds are defined in the *Uniform Chart of Accounts for Counties and Local Units of Government in Michigan*.

Fund Balance - An accumulated excess of revenues over expenditures segregated by fund. Exception: proprietary funds (Enterprise, Internal Service) are accounted for in a similar manner as private businesses, and record net assets as opposed to fund balance. The budgets for these funds are prepared on a net asset basis, which equates to fund balance. See Unreserved Fund Balance and Net Assets. Fund balance is a cash basis concept applicable to budget policy, but superceded by full accrual basis net assets for financial reporting purposes under GASB Statement No. 34.

General Appropriations Act - The formal act by which the City Council adopts the recommended budget and establishes the millage rate for taxation of property during the budget year.

General Fund - The fund used to account for all financial transactions except those required to be accounted for in another fund. Serves as the primary operating fund for the City.

Interfund Transfers - Budgeted allocations of the resources of one fund transferred to another fund. This is typical for those funds that do not receive sufficient revenues to pay for necessary expenditures incurred in their operations. Transfers are also made from certain operating funds to debt retirement funds to retire debt related to the operations of the transferring fund.

Intergovernmental Revenue - Funds received from federal, state and other local government sources in the forms of grants, shared revenues and payments in lieu of taxes.

Internal Service Funds - Are used to finance, administer, and account for the financing of goods and services provided by one department to other departments of the city on a cost reimbursement basis. The Equipment Fund is an internal service fund used to centralize repair and maintenance of vehicles and machinery used by city departments.

Infrastructure - The basic physical framework or foundation of the city, referring to its buildings, roads, bridges, sidewalks, water system, and sewer system.

KRESA - Kalamazoo Regional Education Service Agency.

APPENDIX B

LDFA - Local Development Finance Authority. See Appendix C.

Mill - A taxation unit equal to one dollar of tax obligation for every \$1,000 of taxable valuation of property.

Millage - The total tax obligation per \$1,000 of taxable valuation of property.

Modified Accrual Basis of Accounting - The method of accounting under which expenditures other than accrued interest on general long-term debt are recorded at the time that liabilities are incurred and revenues are recorded when received in cash except for material and/or available revenues, which should be accrued to reflect properly the taxes levied and revenue earned.

MTF - Michigan Transportation Funds. Funds established for the repayment of motor vehicle highway bonds issued by the State of Michigan to finance Major Street improvements.

Net Assets - For proprietary funds, the equivalent of retained earnings in a private business; the difference between assets and liabilities.

Object Class of Expenditure - Totals of detailed line items that are grouped to facilitate comparison and discussion. Object classes include Personnel Services, Operation and Maintenance, Administrative Charges, Capital Outlay, Debt Service and Transfers Out.

Operation and Maintenance - Expenditures for the materials, supplies, and contracted goods and services required for a department to function.

Organizational Chart - A chart representing the authority, responsibility, and relationships of departmental entities within the city organization.

Other Services and Charges - Expenditures relating to services rendered to the city by private contractors or other units of government such as telephone service, utility costs, repairs and maintenance, insurance, and publishing and printing.

Permanent Funds - Are used to account for assets held by the city as trustee. These funds are legally restricted to the extent that any earnings, and not principal, may be used for purposes that support the reporting government's programs. Budgeted trust funds are the Cemetery Permanent Fund, and CDBG Program Income Fund.

Personnel Services - Expenditures relating to compensating employees of the city including wages and salaries, longevity pay, holiday pay, shift differential, contractual fringe benefits, employer share of Social Security tax, health insurance, and pension plan payments.

Prior Year - The most recently completed fiscal year. In the current budget document, 'prior year' refers to fiscal year 2013-2014.

APPENDIX B

Professional - Expenditures relating to services rendered to the city by external providers of legal services, auditing, architectural services, medical services, and other professional consultation.

Proposal A - an Act passed in 1994 which limits the increase of a parcel's taxable value to not more than the increase in the Consumer Price Index or 5 percent, whichever is less.

Recommended Budget - The revenue and expenditure plan of the city for the budget year as prepared and recommended by the City Manager for consideration by City Council; administration recommendation.

Special Assessment District - A method of financing public improvements by distributing the cost of a project to those properties realizing a direct benefit. Types of projects most often financed through special assessments include sanitary sewers, water mains, road construction and reconstruction, and sidewalk construction.

Special Revenue Funds - Are used to account for the proceeds of specific revenue sources or to finance specified activities in accordance with statutory or administrative requirements. Budgeted special revenue funds are Major Streets, Local Streets, Curbside Recycling, Leaf Pickup, Cultural Activities, Community Development Block Grant, and Cable Television.

State Equalized Valuation (SEV) - The assessed valuation of property in the City as determined by the City Assessor subject to review by higher levels of government to assure that it equals 50 percent of market value, as required by State law.

Supplies and Materials - Expenditures relating to the purchase of expendable items utilized in service delivery such as office supplies, operating supplies, and parts and repair items.

Tax Base - The total value of taxable property in the city.

TIFB - Tax Increment Finance Board. Established in 1985 pursuant to Public Act No. 450 of 1980 (MCL 125.1801 et seq., MSA 3.540 (201) 35 seq.) The mission of the board is to advise and implement recommendations relative to promoting urban growth and improvement in development areas.

Transfers Out - See Interfund transfers.

Unreserved Fund Balance - The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

CITY OF PORTAGE
Advisory Boards and Commissions

Advisory Boards and Commissions are comprised of interested residents who give their time to assist in many facets of city government and the Portage community. This appendix lists all Advisory Boards and Commissions alphabetically and provides a brief summary of their responsibilities, the meeting schedules and the number of members. For further information, contact the City Clerk.

Board of Canvassers - confirms the result of votes cast at all city elections and performs a recount if necessary. This Board meets after all city elections, and is made up of four members (two Democrats, two Republicans) who have four-year terms.

Board of Review - hears tax assessment appeals. This Board meets for four days every March, and is made up of three members serving three-year terms.

Brownfield Redevelopment Authority - aids in the redevelopment of brownfield areas in the community. The members meet when called.

Building Authority - assists in financing new city buildings through sale of bonds. The members meet when called.

Construction Board of Appeals - hears appeals of building, electrical, mechanical and plumbing code requirements. This board has monthly meetings and is made up of seven members serving three-year terms.

Downtown Development Authority (DDA) - meets to create and implement development plans within the specified district. The members meet when called.

Economic Development Corporation - reviews economic development initiatives; provides financial assistance through sale of bonds and other financial tools. This group has nine members serving six-year terms and meets when called.

Environmental Board - conducts environmental studies and research, drafts plans to protect the environment and recommends policies for preserving the environment. Recommends strategies and policies protecting the quality of groundwater aquifers. This Board meets monthly, and has nine members serving three-year terms.

Historic District and Commission - reviews plans for exterior alterations to sites in the Historic District. Promotes historic preservation and researches historic sites in Portage. This Commission meets monthly and has nine members serving three-year terms.

APPENDIX C

Human Services Board - advises City Council on present and future social and public transportation needs. This Board meets monthly, and has nine members serving three-year terms.

Local Development Finance Authority (LDFA) - meets to create and implement development plans within the boundaries of the Local Development Authority district. The members meet when called.

Park Board - promotes parks and recreation programs and recommends policies for operating city parks. This Board has monthly meetings and has nine members serving three-year terms.

Planning Commission - reviews site plans, plats, preliminary plan applications and zoning changes, recommends a ten-year Capital Improvement Program and advises City Council regarding implementation of the Comprehensive Plan. This Commission meets bi-monthly and has nine members serving three-year terms.

Senior Citizens Advisory Board - recommends programs and activities, develops policies, and promotes fundraising for the Portage Senior Center. This Board meets monthly and has nine members serving three-year terms.

Youth Advisory Board – to provide involvement and participation of youthful members of the community in city government.

Zoning Board of Appeals - hears appeals of zoning regulations and may authorize variances or exception from the Zoning Ordinance. This Board meets monthly and has seven members serving three-year terms.

APPENDIX D

CITY OF PORTAGE

Property Tax Rates – Direct and Overlapping Governments
(Per \$1,000 of Taxable Value)

2001-2014

City of Portage

Fiscal Year Ended June 30	General Fund	Capital Improvements	Debt Service	Curbside Recycling	Leaf Pickup / Spring Cleanup	Municipal Street	Total City of Portage Tax Rate
2014	7.5000	2.0000	.0000	.3049	.3455	.6274	10.7778
2013	7.5000	2.0000	.0000	.3349	.4000	.5429	10.7778
2012	7.5000	2.0000	.0000	.3603	.4000	.6313	10.8916
2011	7.5000	2.0000	.0000	.2710	.2950	.6652	10.7312
2010	7.5000	2.0000	.0000	.2710	.2950	.5938	10.6598
2009	7.5000	2.0000	.0000	.2922	.3520	.5156	10.6598
2008	7.5000	2.0000	.0000	.2742	.3700	.3450	10.4892
2007	7.5000	2.0000	.0000	.2742	.3700	--	10.1442
2006	7.4372	2.0000	.0000	.3070	.4000	--	10.1442
2005	7.4712	2.0000	.0000	.3200	.3530	--	10.1442
2004	7.3592	2.0000	.0000	.3850	.4000	--	10.1442
2003	7.4672	2.0000	.1575	.2900	.3870	--	10.3017
2002	7.1480	2.0000	.1920	.3730	.2870	--	10.0000
2001	7.0849	2.0000	.1931	.4350	.2870	--	10.0000

APPENDIX D

CITY OF PORTAGE

Property Tax Rates – Direct and Overlapping Governments
(Per \$1,000 of Taxable Value)

2001-2014

Portage District Library	State Education Tax	Portage Public Schools ¹	Kalamazoo County	Kalamazoo Regional Educational Service Agency	Kalamazoo Valley Community College	Total All Jurisdictions
1.5000	6.00	5.8000	6.7695 ²	4.8916	2.8135	38.5524
1.5000	6.00	5.8000	6.7596 ²	4.8666	2.8135	38.5175
1.5000	6.00	5.0400	6.7412 ²	4.8616	2.8135	37.8470
1.5000	6.00	5.0400	6.7412 ²	4.8566	2.8135	37.6825
1.5000	6.00	5.0400	6.7412 ²	4.8316	2.8135	37.5661
1.4900	6.00	5.0400	6.3012	4.8316	2.8135	37.1361
1.4900	6.00	2.7000	6.7162	4.5416	2.8135	34.7505
1.4900	6.00	2.7000	6.5862	4.5416	2.8135	34.2755
1.4900	6.00	2.7000	6.1362	4.5416	2.8135	33.8255
1.4900	6.00	2.7000	6.1362	3.0416	2.8135	33.3255
1.4900	5.00	2.7000	6.1362	3.0416	2.8139	32.3259
1.4900	6.00	2.7000	6.1362	3.0416	3.8139	33.4834
1.4900	6.00	2.7000	6.1400	3.0416	2.8151	33.1867
1.4900	6.00	2.7000	6.1400	3.0416	2.8151	33.1867

¹ Assumes Principal Residence Exemption (PRE) (formerly called 'Homestead') status. Add 18.00 mills for non-PRE.

² Includes County Transportation Authority Millage at .4 mills first levied in 2009, and Juvenile Home levy in 2011.

APPENDIX E

CITY OF PORTAGE Full-Time Equivalent Positions by Department Fiscal Year 2014-2015

Department	2011-2012 Actual	2012-2013 Actual	2013-2014 Budget	2014-2015 Council Approved
City Manager	5.00	5.00	5.00	5.00
Finance and Purchasing	11.50	11.00	11.00	11.00
Technology Services	1.00	1.00	1.00	1.00
City Assessor	5.00	5.00	5.00	3.00
City Clerk	3.00	3.00	3.00	3.00
Employee Development	3.50	3.50	3.50	3.50
Benefit Services	4.50	4.50	4.50	5.13
Parks and Recreation	13.73	12.14	13.89	14.29
Public Safety - Police	74.15	75.15	75.21	77.21
Public Safety - Fire	33.00	31.13	31.13	31.13
Community Development	13.50	12.00	12.00	12.00
Senior Center	4.23	2.83	1.49	2.11
Transportation and Utilities	5.00	5.00	6.00	5.00
Streets and Equipment	19.10	19.10	20.10	20.10
Total	196.71	190.35	193.21	195.47

Full-Time Equivalent (FTE) position counts measure the true human resources used by a Department. FTE calculations take into account the contributions made by part-time employees. For example, two employees who each work 30 hours per week would be counted as 1.5 FTE. (30 hours x 2 employees equals 60 hours worked in one 40-hour workweek. $60 / 40 = 1.5$).

This chart counts FTE's by departmental authority, not function. For example, the Streets and Equipment Department FTE's perform functions in the Major Street, Local Street, and Equipment funds.

CITY OF PORTAGE
 Authorized Full-Time Positions
 1991-2015

Fiscal Year	Positions
2014-15	182
2013-14	181
2012-13	179
2011-12	184
2010-11	188
2009-10	197
2008-09	207
2007-08	213
2006-07	211
2005-06	215
2004-05	213
2003-04	219
2002-03	216
2001-02	219
2000-01	219
1999-00	217
1998-99	234
1997-98	235
1996-97	257
1995-96	260
1994-95	259
1993-94	254
1992-93	246
1991-92	241
1990-91	237

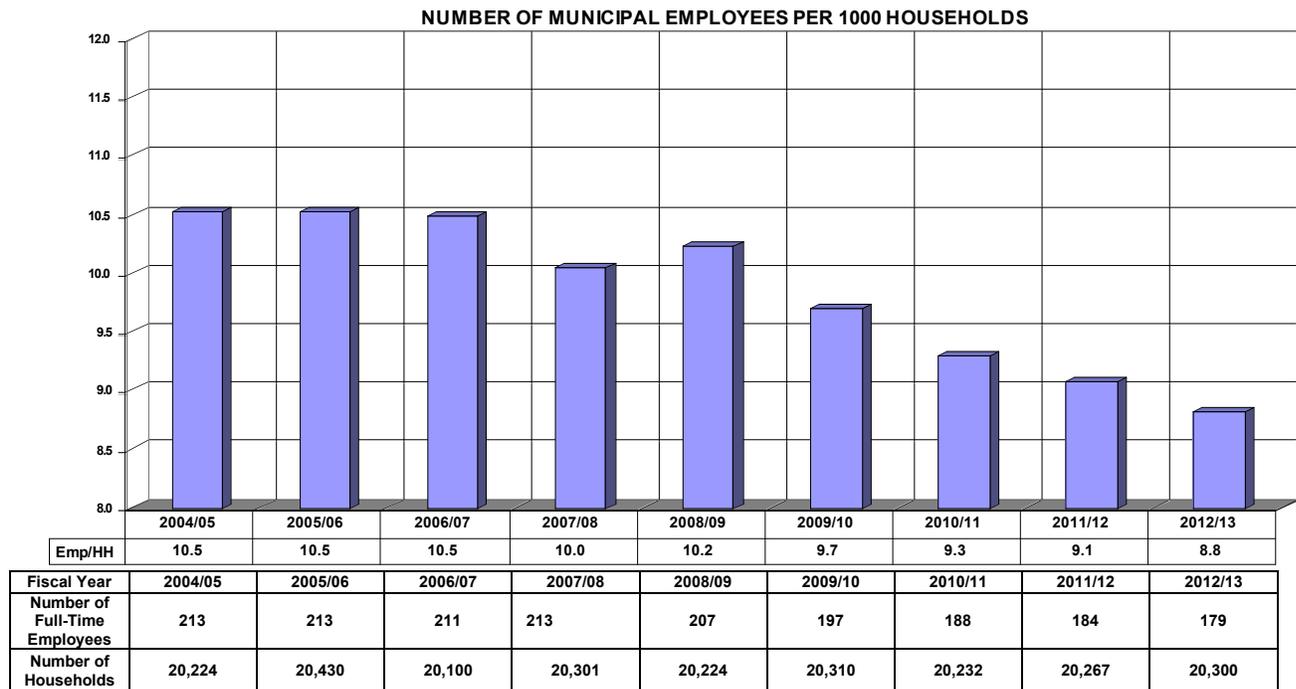
This chart illustrates the number of full-time employees as opposed to full-time *equivalent* employees. Full-time employees receive a comprehensive benefit package, as negotiated through union contracts or granted by City Council. The decrease in 1997-98 was due to privatizing the water and sewer operations. The decrease from 2007-2008 to 2008-2009 was from planned staff reductions based on retirements and attrition. The decrease from 2008-2009 through 2012-2013 has resulted from internal reorganizations based on retirements and attrition. The increase from 2012-13 to 2014-2015 is to accomplish levels of succession planning, and also optimization of operational efficiency in certain areas.

APPENDIX E

CITY OF PORTAGE
 2014-2015 Budget
 Position Comparison (Budgetary Basis)

Full Time Authorized Positions	<u>Actual 2011-2012</u>	<u>Actual 2012-2013</u>	<u>Budget 2013-2014</u>	<u>Council Approved 2014-2015</u>
General Fund				
City Administration	4	4	4	4
Finance and Purchasing	11	11	11	11
Technology Services	1	1	1	1
City Assessor	5	5	5	5
City Clerk	3	3	3	3
Employee Development	3	3	3	3
Benefit Services	4	4	4	4
Parks and Recreation	11.9	12	12	11.4
Public Safety				
Police Command	13	10	10	10
Police Sworn Officers	45	50	50	50
Police Civilian	<u>11</u>	<u>10</u>	<u>10</u>	<u>12</u>
Police total	69	70	70	72
Fire	33	30	30	30
Community				
Development	13	12	12	12
Senior Citizen Services	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
 Total, General Fund	 154.9	 156	 156	 157.4
Streets and Equipment Funds	19.10	19	19	19.6
Transportation and Utilities	<u>5</u>	<u>5</u>	<u>6</u>	<u>5</u>
 Total Full Time Positions	 179	 181	 181	 182

APPENDIX E



Description:

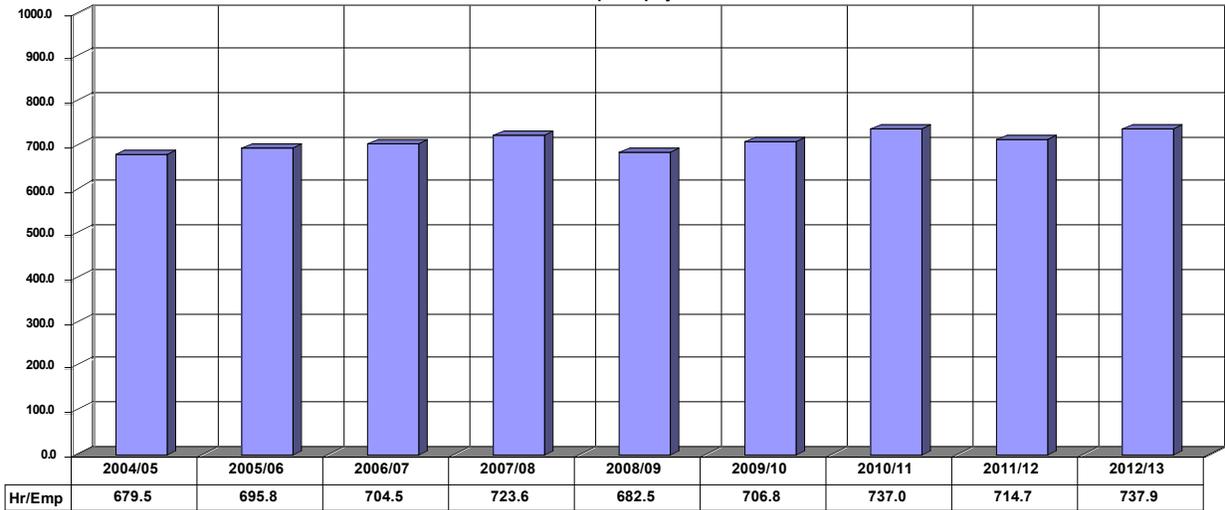
Personnel costs are a major component of the City's operating budget. Tracking change in the number of municipal employees per 1,000 households provides an excellent way to track change in productivity. Increases in this indicator might indicate that personnel expenditures are rising faster than the revenue base that supports it. It might also indicate that the services provided by the City are becoming more labor intensive or that personnel productivity is declining.

Analysis:

Historically through 1997, the number of municipal employees per 1,000 Households had remained relatively constant at about 13-15 employees per 1,000 households. Through use of technology where appropriate, the City has been able to increase the effectiveness of its staff and maintain constant staffing levels in times of increasing service demands. Since 2001, when a position becomes vacant, the need for replacement is analyzed and, if warranted, the position is filled. As the economy has worsened, attrition has provided opportunities to reorganize operations for efficiency.

APPENDIX E

ACCUMULATED EMPLOYEE LEAVE
In Hours per Employee



Warning Trend:

Increasing number of accumulated leave hours per employee

Formula:

$$((\text{Total Unused Employee Vacation Hours}) + (\text{Total Unused Employee Sick Hours})) / (\text{Number of Employees})$$

Description:

The City generally allows employees to accumulate no more than 150 percent of their annual vacation leave allowance. However, depending on the rules and contracts governing various employee groups, sick leave hours may be accumulated to a stated maximum amount. At retirement or termination, 50 percent of accumulated sick leave hours is paid, subject to maximums determined by contract or personnel rules. On an annual basis, these accumulations represent a potential amount of work for which payment is made but work is not performed by the employee in the ensuing fiscal year. Most importantly, these hours become a real expenditure for the City when an employee retires or terminates employment.

Analysis:

This indicator continues to increase primarily due to higher maximum sick leave accumulations permitted in bargaining unit agreements or personnel rules covering non-union staff. The maximum accumulated sick leave hours were raised from 1,200 hours to 1,400 hours for all employee groups as of July 1, 2004, but the accrual rate and maximum accumulated amount for full time employees hired after July 1, 2011 was reduced.

APPENDIX F

		City of Portage Fiscal Year Ending June 30, 2015 Capital Outlay		
General Fund				
	Police			
	Scheduled replacement of Tasers	9,900		
	Scheduled replacement of old protective vests	9,800		
	Video conferencing equipment and software	7,000		
			26,700	
				26,700
	Fire			
	Replace 20 training room tables	5,000		
	Replace office chairs at all three stations	2,500		
	Technical rescue equipment - annual upgrades	5,000		
	Training ground building replace exterior siding	20,000		
	Fire hose replacement plan to comply with NFPA standard	25,000		
	Replace supplied air respirators (4)	16,000		
			66,000	
				66,000
	Austin Lake Assessment			5,000
				97,700
Total General Fund				
	Equipment Fund			
	Parks pickup truck replace #417 2007 Ford Ranger 170,677 miles	24,000		
	Streets pickup truck replace #270 2003 GMC pickup 139,227 miles	24,000		
	Streets SUV replace #74 2000 Chevy Blazer 110,339 miles	21,000		
	T&U SUV replace #146 2001 Chevy Blazer 73,501 miles	21,000		
	Parks tractor replace #84 1985 John Deere tractor 5568 hours	50,000		
	Streets snow plow/dump truck replace #223 1994 Ford L8000 68,241 miles	190,000		
	Streets snow plow/dump truck replace #233 1998 Int'l 62,924 miles	190,000		
	T&U pickup replace #21 2001 Dodge 77,471 miles	23,000		
	T&U pickup replace #121 2001 Dodge 93,461 miles	23,000		
	Streets pickup replace #47 1997 GMC flatbed truck 117,567 miles	45,000		
				611,000
	Cable TV Fund			
	Cable Access equipment management with PMN	75,000		
	Internet Content Filtering	15,000		
	Centralized Storage array	30,000		
	Council Chambers Upgrades - Phase III	30,000		
	Training video equipment upgrades	28,000		
				178,000
	Sewer Fund			
	Lift station rehabilitation	75,000		
	Update electrical	15,000		
	Landscaping	10,000		
	Manhole reconstruction	50,000		
				150,000
	Water Fund			
	Localized Flooding - Street leaching basins	30,000		
	Retention basin rehabilitation - brush removal, fence replacement, sediment removal	80,000		
				110,000
	Total Capital Outlay Requested			1,146,700

APPENDIX G

EQUIPMENT FUND-Information Only

The equipment fund is an internal service fund whose function is to simplify accounting for centrally owned and maintained vehicles and equipment used by other city departments. The revenue received by the Equipment fund is the amount of interfund rental budgeted in each city department and division that uses the equipment fund assets. The equipment fund budget is established to break even. Including the fund in the overall budget would have the effect of double counting the costs. As a result, it is shown in this appendix in detail to support the underlying costs that are charged out by the Equipment fund as equivalent to the rent budgeted by the operating funds. The Equipment Fund records the costs of purchasing, maintaining, and operating vehicles and other equipment. It functions as an Internal Service Fund with the costs of its operations charged to the user departments.

Budget Overview: The 2014-2015 budget includes funding for the orderly repair, maintenance, and replacement of the city fleet. The fund is planning to rent large items on an as-needed basis, rather than purchasing and maintaining a large fleet of equipment that may be called upon a few times per year.

Goals and Objectives: The Equipment Fund budget supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>			
Operation and Administration	Upgrade fleet	<i>Public Improvements</i>			
	Building maintenance	Update equipment and facilities maintenance			
		Maintain facilities			
		2013-2014	2013-2014	2014-2015	
		Adjusted	Adopted	Council	
		Budget	Budget	Approved	
REVENUE:					
Charges for services	1,618,070	1,556,369	1,543,671	1,543,671	1,489,359
Interest and rents	746	1,822	500	500	1,800
Other revenue	18,923	707	36,000	36,000	21,000
TOTAL REVENUE	1,637,739	1,558,898	1,580,171	1,580,171	1,512,159
EXPENDITURES:					
Personnel Services	334,119	272,117	294,009	294,009	290,187
Operations & Maintenance	670,681	712,454	938,114	925,530	952,160
Administrative Charges	79,147	84,843	102,398	102,398	147,400
Debt Service	258,979	257,833	326,310	326,310	188,490
Capital Outlay	1,329	68,974	723,617	723,500	611,000
TOTAL EXPENDITURES	1,344,255	1,396,221	2,384,448	2,371,747	2,189,237

The activities carried out by this fund are as follows:

APPENDIX G

OPERATION and MAINTENANCE, 661-4020

This activity accounts for the costs associated with acquisition, operation, and maintenance of approximately 185 pieces of equipment.

Performance Measures	Prior Year	Current Year	Budget Year
Preventive maintenance service requests	117	100	100
Work orders completed	1,522	1,300	1,250
Gasoline usage - gallons	46,185	43,500	48,000
Diesel fuel usage - gallons	27,782	41,150	40,000

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Personnel Services	123,465	122,386	131,716	131,716	137,425
Operations & Maintenance	586,861	629,748	817,644	812,630	823,360
Capital Outlay	1,329	68,974	723,617	723,500	611,000
TOTAL EXPENDITURES	711,655	821,108	1,672,977	1,667,846	1,571,785

BUILDING ADMINISTRATION, 661-4026

This activity accounts for the costs associated with the operation and maintenance of the city maintenance and storage garages.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Personnel Services	210,654	149,731	162,293	162,293	152,762
Operations & Maintenance	83,820	82,706	120,470	112,900	128,800
Administrative Charges	79,147	84,843	102,398	102,398	147,400
TOTAL EXPENDITURES	373,621	317,280	385,161	377,591	428,962

DEBT SERVICE, 661-9510

This activity accounts for the costs associated with the payments of the related debt.

	2011-2012 Actuals	2012-2013 Actuals	2013-2014 Adjusted Budget	2013-2014 Adopted Budget	2014-2015 Council Approved
EXPENDITURES:					
Debt service	258,979	257,833	326,310	326,310	188,490
TOTAL EXPENDITURES	258,979	257,833	326,310	326,310	188,490

APPENDIX H

CITY OF PORTAGE Financial Trends Fiscal Year 2014-2015

The Finance Department is using the Financial Trend Monitoring System (FTMS) developed by the International City Management Association for evaluating the financial condition of the city. The first presentation of city historical and projected financial condition using the FTMS was made at the City Council goal setting session in December of 1986. The FTMS charts provide flags for identifying problems, clues to their causes, and time to take corrective action. Financial condition refers to: the ability to maintain existing service levels, withstand local and regional economic disruption, and meet the demands of natural growth, decline, and change. These charts are featured throughout the budget document where they can best help explain the material presented.

Information subjected to analysis is derived from Comprehensive Annual Financial Reports (CAFR), annual operating budgets, actuarial reports, and other sources as necessary. Financial condition indicators analyzed and discussed within this report fall into seven broad categories: Revenues, Expenditures, Operating Position, Debt Structure, Unfunded Liabilities, Condition of Capital Plant, and Community Needs and Resources.

The information provided in the FTMS charts is presented in the following manner:

- Unless specifically noted otherwise, the data presented refers to a period consistent with the City's fiscal year ending June 30. The City's historical financial data used in these charts comes from the same data sources as used in the City's Comprehensive Annual Financial Report (CAFR).
- The charts present at least five years of history to provide the reader with a clear picture of both short-term and long-term trends.
- Differences in the FTMS charts between the data presented with this 2009/10 Annual Budget and previous annual budgets result from a conscious effort to correct previously used data, where appropriate, add data to make the report more complete, and ensure that all data elements are used in a consistent manner from chart to chart.
- The pages containing the FTMS charts generally provide:
 - A bar chart or line chart with an underlying data table that contains the data depicted on the chart.
 - A text explanation of the formula used to derive the data shown in the chart and identification of what trend in the indicator would serve as a "warning trend".
 - A text explanation containing more detailed commentary and analysis of the trends and spikes that are evident in the data depicted on the FTMS chart.

REVENUE

Revenues determine the capacity of a city to provide services. Important issues to consider are growth, diversity, reliability, flexibility, and administration. Under ideal conditions, the revenue bases would be growing at a rate equal to or greater than the combined effects of inflation and service demands. Additionally, they would be sufficiently flexible to allow necessary adjustments to changing conditions. They would also be balanced with some growing with the economic base and others growing with inflation. Finally, they would be diversified by source and user fees that would be regularly reevaluated to cover costs of services.

EXPENDITURES

Expenditures are a rough measure of municipal service output. Since most cities are required to have a balanced budget, it seems unlikely that expenditure growth could exceed revenue growth. There are, however, a number of ways to balance the annual budget but still create an imbalance that would have a long-term negative impact on financial condition. Some of the more common ways are to use bond proceeds for operations, borrow from other funds, defer maintenance and capital outlay purchases, or defer funding of a pension plan. Analyzing a city's expenditure profile helps to identify these types of problems.

OPERATING POSITION

The term *operating position* refers to the city's ability to (1) balance its budget on a current basis, (2) maintain reserves for emergencies, and (3) have sufficient liquidity to pay its bills on time.

DEBT

Debt structure is important to analyze because debt is an obligation that must be satisfied when due. Debt is an effective way to finance capital improvements and even out short-term revenue flows, but misuse can cause serious financial difficulties. Temporary inability to repay can result in loss of credit rating, increased cost of future borrowing, and loss of autonomy to State and other regulatory bodies. The most common forms of city debt are general obligation, limited tax general obligation, special assessment, and revenue bonds. The city also purchases equipment through installment contracts and land for parks through land contracts.

UNFUNDED LIABILITIES

An unfunded liability is one that is incurred during the current or prior years that does not have to be paid until a future year, and for which reserves have not been set aside. It is similar to debt in that it represents a legal commitment to pay at some time in the future. An analysis of unfunded pension liabilities can point out whether pension contributions, pension plan assets and investment earnings are keeping pace with the growth in liabilities. (The City has zero unfunded pension liabilities.) Also analyzed is employee leave (compensated absences) so that related liabilities do not go unnoticed until severe problems have been created.

APPENDIX H

CAPITAL PLANT

These indicators include major maintenance of buildings and equipment, maintenance of the street system, and timely replacement of Enterprise and Internal Service Fund assets. Deferral of these expenditures is a relatively painless, short-term way to reduce expenditures and ease financial strain. If continued, it can create serious problems that become exaggerated because of the huge sums of money invested in capital facilities.

COMMUNITY NEEDS AND RESOURCES

All of the indicators tracked are placed into the context of community needs and resources, or, simply, service demands and revenues. For this reason, population, number of households, and tax base are among the indicators monitored.

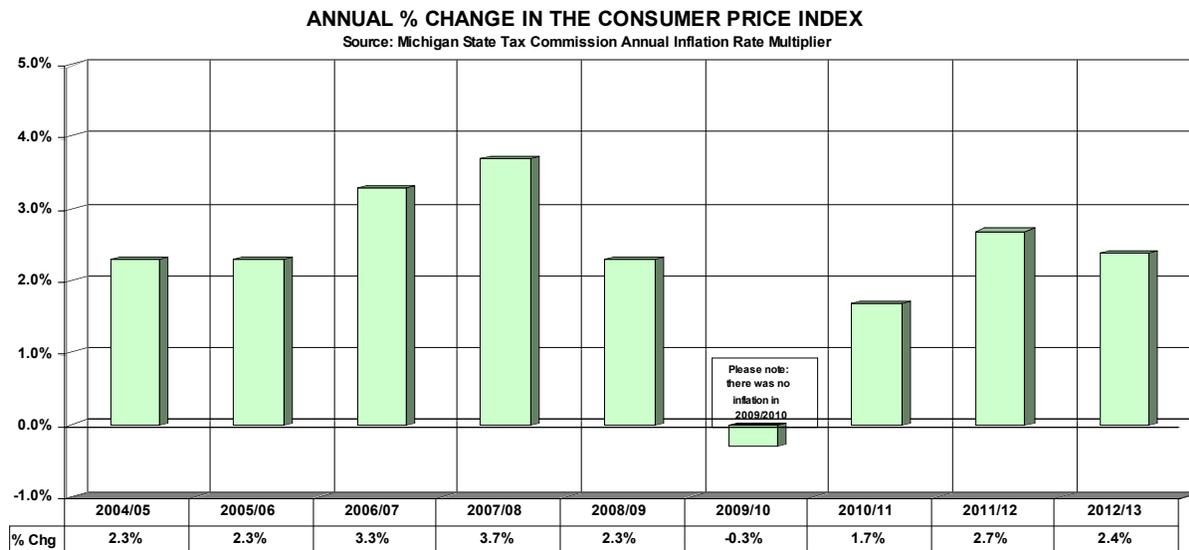
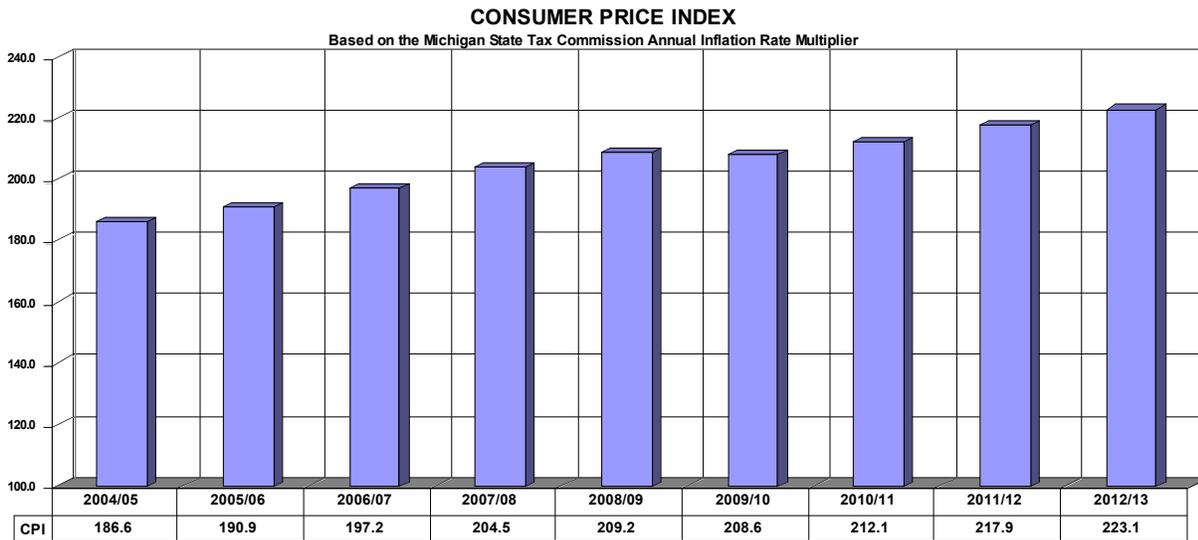
SUMMARY

The indicators are monitored regularly. Results are used in administrative sessions and presented to City Council at least annually. They are used as tools for evaluating the financial condition of the city in the goal setting process as well as reviewing the proposed annual operating budget.

The indicators show projections of marginally slowed growth for the city. Past growth has caused general long-term expansion of resources necessary to fund growth-related service demands. Per capita real dollar expenditures are stable in the long term. Reliance on external and elastic revenues is not too heavily weighted. Therefore, adverse economic fluctuations and funding decisions by higher levels of government will not have too strong a negative impact on city services unless escalated and continued over a period of years. Operating position is at a reasonable level with very favorable fund balances. Previous Enterprise Fund shortfalls will be eliminated over the near term. Debt indicators require a continued focus; short-term and long-term debt will continue to be managed closely. Capital maintenance indicators are also favorable.

The financial condition of the city will continue to be monitored in order to identify and anticipate problems. Timely countering of the problems by the most effective means can then be implemented before problems become unmanageable.

APPENDIX H



The City of Portage has determined that the most relevant measure of inflation to use in analyzing its financial indicators on a “constant dollar” basis is the Inflation Rate Multiplier published annually by the Michigan State Tax Commission. Its basis is the numerical average of the monthly CPI-U values from the Bureau of Labor Statistics for the last two State of Michigan fiscal years. The Inflation Rate Multiplier is used by local assessors in the Annual Capped Value Formula and the Headlee Millage Reduction Fraction calculations required by law. These calculations effectively place a maximum value on the amount of revenue that a local government can collect via property taxes in a given fiscal year.

The CPI index value shown in the chart above reflects annual adjustment of the CPI index received from the Michigan State Tax Commission.