

Honorable Mayor and City Council:

April 10, 2012

The fiscal year 2012-2013 proposed budget is presented in accordance with the requirements of the Portage City Charter, having been developed as a balanced budget pursuant to the Goals and Objectives adopted by the Portage City Council.

Fiscal year 2012-2013 is notable in that 2013 is the 50th anniversary of Portage being incorporated as a city. At a special election held on February 18, 1963, residents of Portage Township voted to incorporate as the City of Portage. Subsequently, on December 16, 1963 voters approved the Portage City Charter and elected the first Portage City Council.

Much has been accomplished over the first 50 years of the city's incorporation. Importantly, throughout this period the city has practiced an approach to the provision of public services that promotes lower-cost service delivery. Lower-cost efforts have included partial or complete privatization of services; the use of part-time, on-call and contracted personnel to supplement full time staff; funding of post employment benefit obligations to lessen or eliminate long-term unfunded liability and, most recently, altering benefit programs for new hires to limit added liability in the future. Conservative budgetary practices implemented during the most recent years have proven to be of added value through a time of serious economic challenge. The city has managed through this period of unprecedented revenue decline without implementation of layoffs, without implementation of furlough days, without implementation of early retirement incentives, without neglecting obligations to appropriately fund long-term liability accounts, with a reduction to overall levels of city debt and with additions to the city General Fund balance.

As the city enters the second half of its first century of incorporation, the City Administration is committed to the continued delivery of balanced budgets to the City Council. To facilitate accomplishment of this objective now and into the future, the fiscal year 2012-2013 proposed budget includes an initiative recommending a change to city budget policy to increase General Fund balance. The commitment of additional reserves will assist the city in positioning for an uncertain economic future.

Pursuant to the Goals and Objectives adopted by the Portage City Council, highlights of the fiscal year 2012-2013 proposed budget include:

- A decrease in the overall city tax rate from 10.8916 mills to 10.7778 mills.
- A decrease in budgeted General Fund expenditures of approximately 2.4 percent from fiscal year 2011-2012 budgeted General Fund expenditures.
- Incorporation of a 1.5 percent increase in property tax revenue, resulting from an increase in personal property tax revenue.
- 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.

- Allocation of an Intergovernmental Collaboration Studies Fund amount of \$100,000 to address funding needs associated with planned collaborative service studies.
- Incorporation of a recommendation to increase for the next several years the Council prescribed fund balance for the General Fund from 13 percent to 25 percent.
- 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.

In preparation of the development of the fiscal year 2012-2013 proposed budget, a financial analysis and projection of budget trends was completed by the City Administration. The results, which were shared with City Council at the 2011 City Council Goal Session, suggested:

- *The City of Portage budget continues to support a broad service delivery program as well as significant capital investment in infrastructure. However, it is anticipated the fiscal year 2012-2013 through fiscal year 2015-2016 will continue to be very challenging, with the projected dual impact of declining revenue and significant bond obligations.*
- *Two major financial risks have been identified with the proposed reduction or elimination of the personal property tax and Act 51 revenues by the State of Michigan. These risks may threaten the ability of the city to meet current bond obligations and existing service delivery levels.*
- *An annual budget gap of \$600,000 (after transfers) is projected for the 2012-2013 through 2015-2016 period, attributable to Capital Improvement Program debt service and continuing revenue losses from multiple sources – before the impact of the potential loss of personal property tax and Act 51 revenue.*
- *The Water and Sewer Funds continue to be challenged with their own separate debt service obligations. Continued rate increases will be necessary in the Water Fund to rectify the current \$3.1 million cash deficit. Sewer Fund rate increases will most likely continue from increased City of Kalamazoo treatment charges.*
- *Given the economic uncertainty facing the city, it is increasingly important that a conservative financial posture be maintained.*
- *With the risks to city finances presented through a continuing property tax base decline (necessitating continuing General Fund support to the Capital Improvement Program, Major and Local Streets and likely, the Downtown Development Authority) and the probable impact of a reduction in personal property tax revenue as well as Act 51 revenue, maintaining an emphasis on preserving fund balance will be stressed.*
- *Until a clear picture of a stabilizing revenue base can be obtained, reserves above 13 percent of General Fund expenditures will be planned.*

In accordance with the above-noted analysis and projection of budget trends, the fiscal year 2012-2013 proposed budget presents additional cost containment measures that are designed to further reduce operating expense while guarding against substantive impact to core service delivery. Notably, the fiscal year 2012-2013 proposed budget maintains cost reductions attributable to the implementation of Public Act 152, which

restricted the amount of employer contributions to employee health insurance premiums. In addition, the City Administration recommends the further alteration of benefit levels for non-union employees hired after July 1, 2012 and is implementing similar new-hire benefit modifications that have been negotiated in various labor agreements. Notwithstanding these operating cost controls, a modest compensation adjustment has been budgeted for Department Head and non-union personnel, as with various represented employees in accordance with Council-approved labor agreements.

While past actions taken by the city have facilitated the maintenance of city service delivery during a period of prolonged revenue shortfall, additional financial challenges are developing. Specifically, it is widely reported that the taxation of personal property has been identified as an area of growth impediment by the State of Michigan. With the likelihood that a portion of, if not all, personal property tax revenue will be eliminated by the state, it is prudent for the city to appropriately plan for this eventuality, even in the absence of specific direction by the State of Michigan. At the present time, personal property tax represents approximately \$2.838 million (12.7 percent) of General Fund revenue and approximately \$4.078 million of revenue to the total city budget, the loss of which would present a serious budgetary impact. Concern also exists as to the potential for further reduction of Act 51 revenue, which is an integral source of financial support for city street operations. The fiscal year 2012-2013 proposed budget includes Act 51 revenue in the amount of approximately \$3.134 million, the further reduction of which will present additional budget challenges.

In order to appropriately prepare for these additional revenue challenges, as noted above the fiscal year 2012-2013 proposed budget includes the recommendation to increase the Council-prescribed fund balance of the General Fund. Specifically, changing the Council-prescribed fund balance policy from 13 percent of General Fund expenditures to 25 percent of General Fund expenditures is advised for the foreseeable future. The additional recommended fund balance set aside will help to ensure sufficient reserves to provide the opportunity for an extended period of adjustment should personal property tax and / or Act 51 revenue be further reduced or eliminated.

With little relief to area economic difficulties anticipated in the near term, the proposed budget has been drafted to prepare the city for the anticipated additional financial challenges that lie ahead.

Overview

A total city budget of \$61.411 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 and the Capital Improvement Program Fund supplemented by Federal Highway Funds and Municipal Street Fund revenue. 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 through 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 millage levy recommended through the fiscal year 2012-2013 proposed budget is 10.7778 mills, slightly less than the fiscal year 2011-2012 millage level of 10.8916 mills. 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 0.4000 mills for the Brush and Leaf Pickup / Spring Cleanup programs, the levy of 0.3349 mills for operation of the curbside recycling program and the levy of 0.5429 mills of the Municipal Street Fund millage. A comparison of the fiscal year 2011-2012 millage and the fiscal year 2012-2013 proposed millage is provided below:

Average Single Family Residence	2011 Taxable Value \$73,300		2012 Taxable Value \$74,500		2012 Inflation Adjusted Taxes	
	Mills	Taxes	Mills	Taxes	Mills	Taxes
General Fund	7.5000	549.75	7.5000	558.75	7.5000	544.06
Capital Improvement Fund	2.0000	146.60	2.0000	149.00	2.0000	145.08
Curbside Recycling Fund	0.3603	26.40	0.3349	24.95	0.3349	24.29
Leaf Pickup/Spring Cleanup Fund	0.4000	29.32	0.4000	29.80	0.4000	29.02
Municipal Street Fund	0.6313	46.27	0.5429	40.44	0.5429	39.38
Total Millage/Taxes	10.8916	798.34	10.7778	802.94	10.7778	781.83

Significant aspects of the major budget categories are outlined below.

General Fund

After two years of declining property tax revenue the city will realize a 1.5 percent increase in General Fund property tax revenue in fiscal year 2012-2013, although the increase in revenue is attributable to an increase in

Projected State Revenue Sharing	2011-2012	2012-2013
Economic Vitality Incentive Program	\$270,036	\$270,036
Constitutional	\$2,917,902	\$3,341,184
Total Revenue Sharing	\$3,187,938	\$3,611,220
% of General Fund Budget	13.6%	15.8%

personal property tax receipts. The modest revenue increase is in contrast to the 4.4 percent decrease in property tax revenue experienced in fiscal year 2010-2011 and the additional property tax revenue decrease of 2.6 percent in fiscal year 2011-2012. State shared revenue for the City of Portage was also impacted by the loss of statutory revenue sharing in 2011, although the magnitude of this loss was reduced by the city qualifying for Economic Vitality Incentive Program revenue.

Continued qualification of the city to receive Economic Vitality Incentive Program revenue is assumed for fiscal year 2012-2013, although program details are not yet available. In addition, the State Budget Office has indicated an increase in estimated constitutional revenue sharing of 2 percent for the city in fiscal year 2012-2013, representing an increase of approximately \$423,000 from the fiscal year 2011-2012 budgeted constitutional state revenue sharing amount.

Of particular note in the fiscal year 2012-2013 budget:

- Total full-time staffing has been reduced to 179 full-time positions from 184 full-time positions in fiscal year 2011-2012 (and from 215 full-time positions in fiscal year 2005-2006).
- Transfers from the General Fund to the Major and Local Street Funds in the amount of \$570,000 will be accomplished.
- A transfer from the General Fund of \$130,000 to the Capital Improvement Program will occur.
- A projected fiscal year 2012-2013 ending fund balance of 25 percent of General Fund expenditures has been planned.

Due to decreases in Act 51 revenue, there is a continuing need for additional funding support of street related funds. Although considerable effort has been directed to reducing the cost of street operations, based on current service levels a funding shortfall in the Major and Local Streets Funds is anticipated on an annual basis. Similarly, decreased property tax revenues recently experienced and decreasing state shared revenues necessitate continued General Fund support of the Capital Improvement Program in order to meet previously incurred debt obligations.

Before transfers to the Major Street Fund, Local Street Fund and the Capital Improvement Fund, total expenditures of the General Fund are proposed at approximately \$22.136 million, which represents a 1.7 percent decrease from fiscal year 2011-2012 budgeted expenditures before transfers. Including budget transfers, the fiscal year 2012-2013 proposed budget expenditures are approximately \$22.836 million, which are approximately 2.4 percent less than in fiscal year 2011-2012.

A 25 percent ending fund balance of General Fund expenditures is planned in fiscal year 2012-2013 proposed budget. It is further recommended that a 25 percent ending fund balance of General Fund expenditures be accepted as a revision to the City Council prescribed fund balance policy for the foreseeable future. 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 2012-2013, the Public Safety Department budget represents nearly \$13.385 million (58.6 percent) of all General Fund expenditures.

Human Public Service Funding	2011-2012	2012-2013
Portage Community Center	\$126,443	\$116,513
YWCA	\$9,405	\$8,570
Housing Resources, Inc.	\$19,504	\$17,400
The Ark of Catholic Family Services	\$9,109	\$9,080
Gryphon Place 211 Service	0	\$2,000
Portage Senior Center	\$123,297	\$74,927

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 2012-2013 proposed budget. An appropriation of \$117,563 of fiscal year 2012-2013 General

Fund revenue, in addition to \$36,000 of Community Development Block Grant revenue, is proposed for allocation to human service agencies. In the fiscal year 2012-2013 proposed budget, \$116,513 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 2012-2013 proposed budget at a subsidy of \$74,927.

The fiscal year 2012-2013 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 provide funding to account for future retiree health liabilities are continued. This initiative will assist 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.

Finally, two atypical General Fund allocations included in the fiscal year 2012-2013 proposed budget relate to \$100,000 set aside for anticipated city contributions associated with collaborative service studies and an amount of \$5,000 for anticipated activities that the Council may wish to undertake in recognition of the city's 50th anniversary. A collaborative service study is currently planned for a potential county-wide consolidated dispatch operation, the last study of which was accomplished for several hundred thousand dollars. The eventual city-share cost of up to \$100,000 is anticipated for this effort should the study proceed. With regard to the city's 50th anniversary, it is expected the Council will desire to support an activity to appropriately recognize this city milestone.

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. The fiscal year 2012-2013 proposed Capital Improvement budget provides funding support for construction-related projects to be undertaken by the city in the upcoming year. Additionally, the 2012-2022 ten-year Capital Improvement Program presents a long-term plan to address infrastructure needs into the future. 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 a fund transfer from the General Fund.

With continuing and projected financial constraints, capital projects are focused on essential government functions, with careful management of the level of additional debt resulting from the Capital Improvement Program. The fiscal year 2012-2013 proposed Capital Improvement budget supports \$10.968 million directed toward infrastructure improvements. Of this total, \$3.995 million is directed to street related improvements, with \$2.205 million of these street related expenditures being directed to major and local street reconstruction projects.

2012-2013 Top Ten Capital Improvement Expenditures	
1. Major Street Reconstruction Program	\$1,605,000
2. East Kilgore Road Bridge Replacement	\$920,000
3. Centre Avenue / Portage Road Traffic Signal Interconnection	\$800,000
4. Local Street Reconstruction Program	\$600,000
5. Forest Drive Water Main Replacement	\$380,000
6. South 12th Street Lift Station (South)	\$310,000
7. Self Contained Breathing Apparatus	\$195,000
8. Police Vehicles	\$181,000
9. Storm Drainage Improvements	\$130,000
10. SCADA System Upgrade (W&S)	\$130,000

In addition to street related expenditures, approximately \$1.005 million is directed to utility infrastructure improvements and \$900,000 is proposed in public facility, police, fire and park and recreation improvements.

Maintenance of the city street infrastructure continues to receive a high budget priority, with a total of over \$38 million proposed for investment in city streets through the 2012-2022 Capital Improvement Program. Significant emphasis is placed on major and local street reconstruction projects over the duration of the ten-year program, with over \$25 million of funding programmed for this purpose.

Utility Funds

The city undertakes a Utility Rate Financial Study 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 longer-term evaluation of projected 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 on meter size, as recommended through the comprehensive rate structure analysis prepared in 2011 by Utility Financial Solutions, LLC. This trend is continued in the 2012 Utility Rate Financial Study.

The amount of accumulated debt remains an issue with the utility funds. Large working capital deficits that have developed as a result 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 situations result in the need to continue to increase consumer rates to enable adequate working capital balances to be maintained/achieved. At recommended levels of rate increases, positive working capital balances are expected to be maintained in the Sewer Fund and restored to the Water Fund in fiscal year 2013-2014.

The 2012 Utility Rate Financial Study recommends a proposed rate increase in the Sewer Fund of 6.16 percent to the typical residential customer, which is equivalent to the rate increase anticipated with the 2011 Utility Rate Financial Study. For the typical residential customer the proposed increase would result in an added monthly expense of \$2.33 for municipal sewer service.

In the Water Fund, decreasing rates of consumption have significantly impacted upon system revenues. The recommended rate increase of 3.33 percent is slightly less than the 3.41 percent rate increase projected with the 2011 Utility Rate Financial Study. For the typical residential customer the proposed increase would result in an added monthly expense of \$1.08 for municipal water service.

The combined rate of increase of 4.85 percent for the typical residential customer having both municipal water and sewer is slightly lower than the 4.89 percent rate of increase anticipated in the 2011 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 \$3.41.

Major and Local Streets Funds

In addition to the specific roadway reconstruction projects that are outlined in the 2012-2022 ten-year Capital Improvement Program, street pavement maintenance receives support in the fiscal year 2012-2013 proposed budget. Funding of \$560,000 for street pavement maintenance programs has been proposed.

Major and Local Street Funds have been scrutinized to minimize cost; however, as noted previously, 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. Absent any changes to enable additional funding assistance from the state, a shortfall of nearly \$750,000 annually is anticipated as an ongoing challenge within these funds.

Curbside Recycling Fund

The fiscal year 2012-2013 proposed budget provides for continuation of the weekly curbside recycling program and the Portage-only Saturday household hazardous waste drop-off program initiated in 1999. A slight millage decrease of 0.0254 to the Curbside Recycling millage levy is recommended, resulting in a recommended levy of 0.3349 mills, which is sufficient to maintain the current level of service.

Leaf Pickup/Spring Cleanup Fund

The fiscal year 2012-2013 proposed budget continues the provision of the Leaf Pickup Program with three fall leaf collection periods. The separate Spring Cleanup Program and the Quarterly Curbside Brush Collection Program are maintained as well. In order to provide sufficient revenue to continue planned programs and provide adequate fund reserves, the Leaf Pickup/Spring Cleanup millage has been recommended to be maintained at the maximum 0.4000 mill levy.

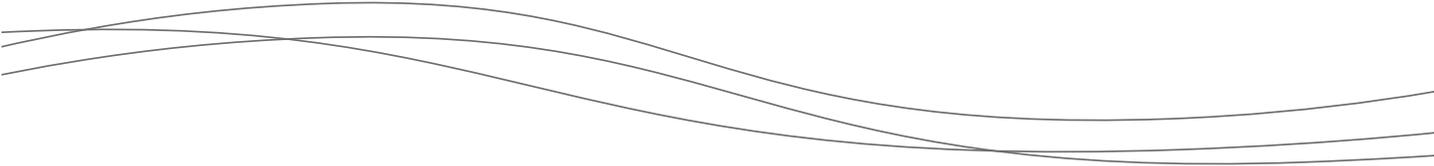
Conclusion

In summary, the fiscal year 2012-2013 proposed budget maintains the favorable standing of the City of Portage in the lower 25 percent of all Michigan cities of greater than 25,000 population in terms of millage level, while placing the city in the best position to address the anticipated financial challenges that lie ahead. This conservative financial plan is recommended to the City Council as a responsible and sound program for addressing community needs at this time.

Sincerely,

A handwritten signature in cursive script that reads "Maurice S. Evans".

Maurice S. Evans
City Manager



PORTAGE

A Place for Opportunities to Grow

City of Portage, Michigan

**PROPOSED
ANNUAL OPERATING BUDGET
Fiscal Year 2012-2013**

City Officials as of May 22, 2012

Peter J. Strazdas
Mayor

Claudette Reid
Mayor Pro Tempore

Elizabeth Campbell
Councilmember

Jim Pearson
Councilmember

Patricia M. Randall
Councilmember

Ed Sackley
Councilmember

Terry R. Urban
Councilmember

Maurice S. Evans
City Manager

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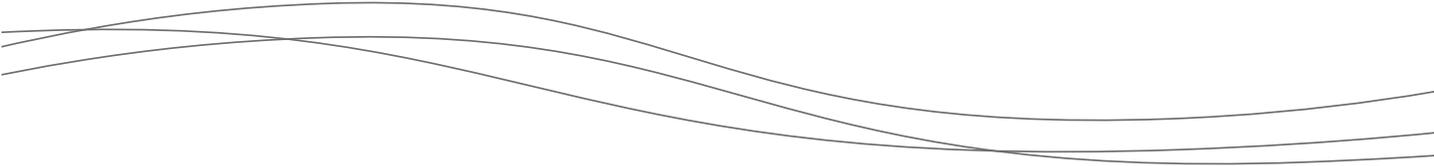
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Overview



PORTAGE

A Place for Opportunities to Grow

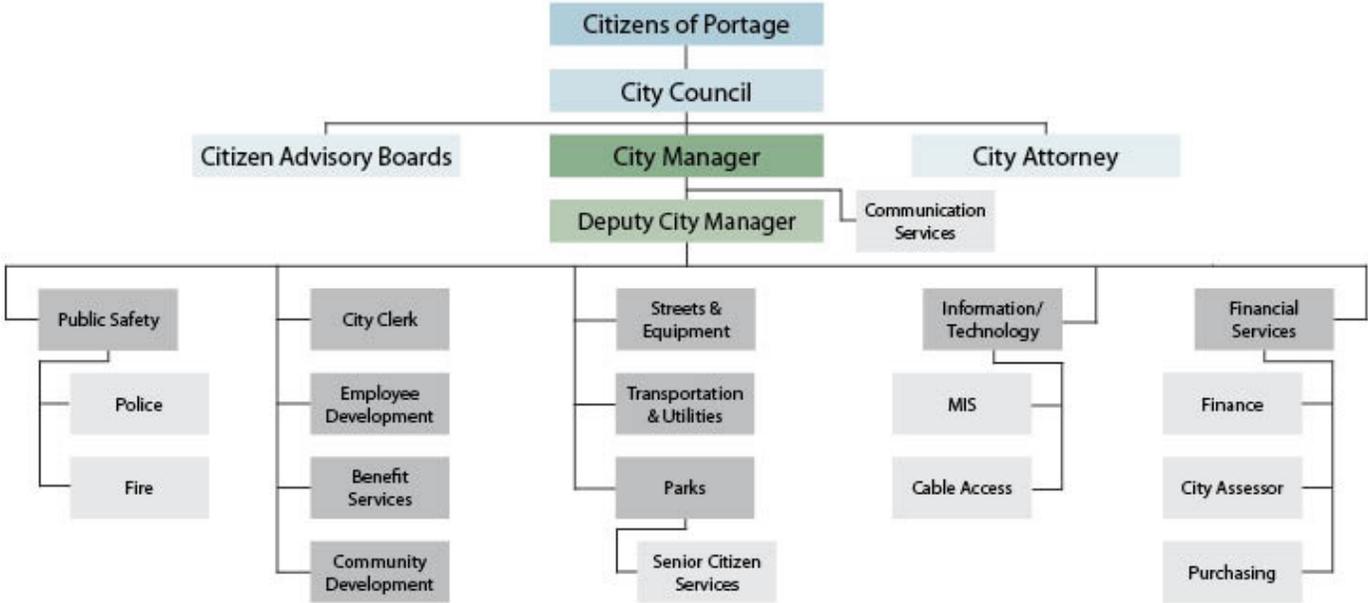
The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to the City of Portage for its annual budget for the fiscal year beginning July 1, 2011.



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



Revised: 07/01/2011

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 1950's, now Pfizer Corporation, a global pharmaceutical company that provided, and continues to provide a significant amount of jobs in the community.

From the 1960's, 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 1950's and early 1960's. 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 is 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

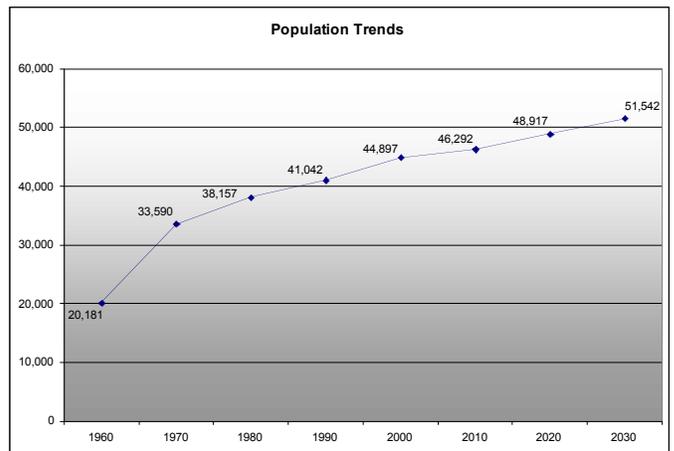
CITY OF PORTAGE COMMUNITY PROFILE

As of Fiscal Year 2011-2012

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 all of 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.

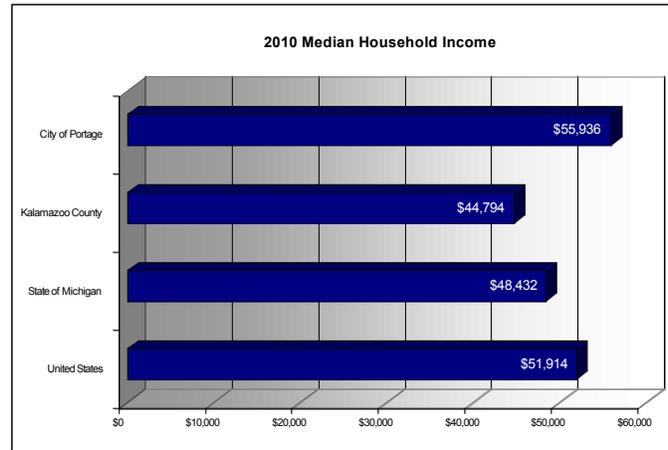
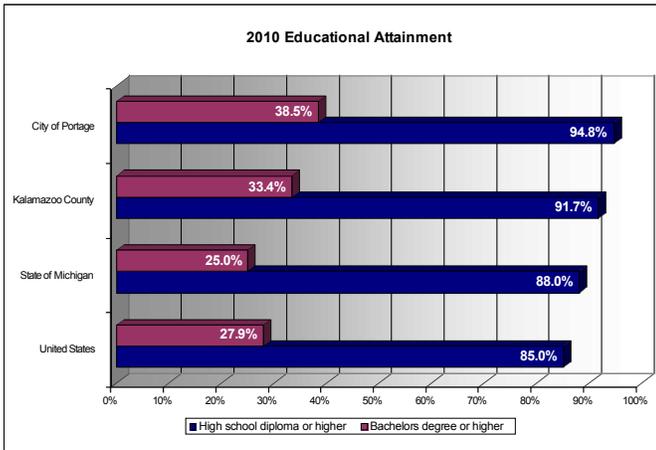


From the 1960's, and with the newly completed east-west Interstate-94 through southern Michigan, the former farming community experienced significant growth forces. Southland Mall, one of the first suburban shopping complexes in Kalamazoo County, was developed and expanded in the 1950's and early 1960's. Due to the large population growth as shown in the chart below, 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, 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.

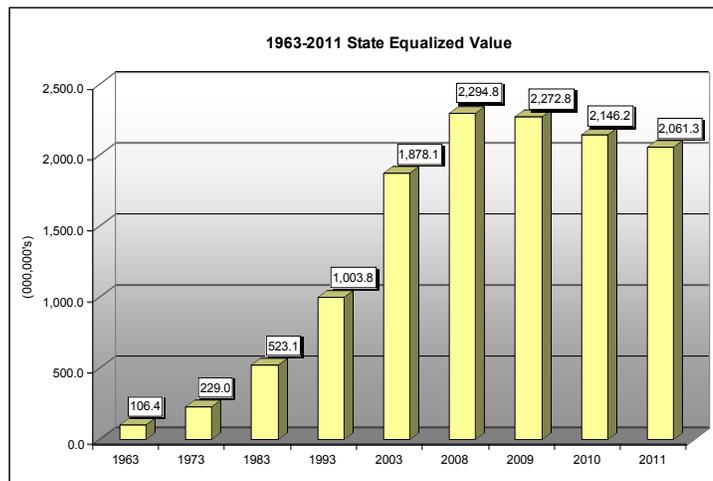


Today, Portage continues to be a place where opportunities can grow! The population of Portage has been growing at steady rates during the 1980's and 1990's and has more than doubled since 1960. By 2010, the population had grown to 46,292. The population is expected to increase to nearly 52,000 by 2030 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 education attainment. Nearly 95% of Portage residents have a high school diploma and nearly 39% have a college degree.



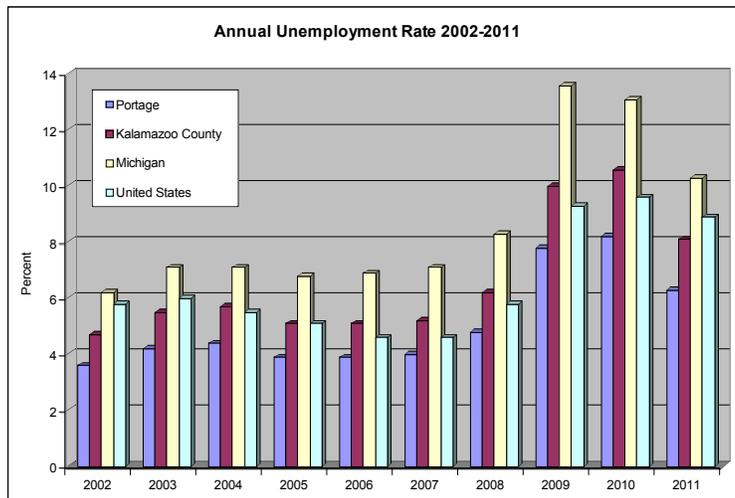
The City of Portage continues to have the largest Assessed Value (regular tax roll) of any other unit of government in Kalamazoo County. As the table to right shows, the State Equalized Value of real and personal property has increased from \$106.4 million in 1963 when the township incorporated as a city to more than \$2.0 billion in 2010. Although the total SEV experienced a decline between 2008 and 2011, as did the majority of Michigan communities, the rate of decline between 2010 and 2011 is less than the decline between 2009 and 2010 which suggests the downward trend is leveling off. An increase in the State Equalized Value is projected for 2012.



Portage is the home of several major employers in Kalamazoo County. Included on the list is the Pfizer Corporation. The Pfizer Corporation is a global manufacturer of pharmaceutical products; their primary U.S. manufacturing activities are located in Portage. The Pfizer Corporation employs approximately 2,100 people within the City of Portage. Other major employers in the city include:

- Stryker Corporation, a specialty surgical/medical products and instruments supplier that employs approximately 2,077 people;
- Portage Public School system that employs 950 people;
- State Farm Insurance Company employing 750 people;
- Meijer, Inc., a general merchandise/grocer that employs approximately 598 people;

As shown in the chart to the right, the unemployment rate for the City of Portage has generally followed the county, state and national trend during the past ten year period, but at a significantly lower rate. During this ten year period, the unemployment rate for Portage averaged 5.1%. In comparison, the ten year unemployment rate for Kalamazoo County, State of Michigan and United States averaged 6.6%, 8.7% and 6.5%, 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 4 million square feet of commercial and office building space along South Westnedge Avenue Commercial Corridor. These two 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, 36 new or expanded facilities have been completed. Additional development opportunities are still available.

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, 23 new or expanded business projects have been completed. Additional development is in the planning stages.



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 1996-2011 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	55	10	793	2,870	3,673	\$78,950,840	\$153,401,252
Industry	36	131	365	568	1,064	\$26,941,896	\$56,071,649
Totals	91	141	1,158	3,438	4,737	\$105,892,736	\$209,475,901

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 15 year period represent a nearly 1,000 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 endure the continuing effects of the Great Recession.

The most recent initiative, **South Westnedge Enhancement Projects**, was announced in 2004 and represents the largest capital improvement project in the history of the city: Public investment of more than \$16 million to complete needed roadway and utility upgrade projects within the South Westnedge Avenue Commercial Corridor between Milham Avenue and Kilgore Road. 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.

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 by former Governor Granholm as one of several State of Michigan projects funded by the American Recovery and Reinvestment Act of 2009. The \$68 million project began in 2009 and was completed in November 2011. Additional phases of this initiative are programmed to be completed over the next several years.



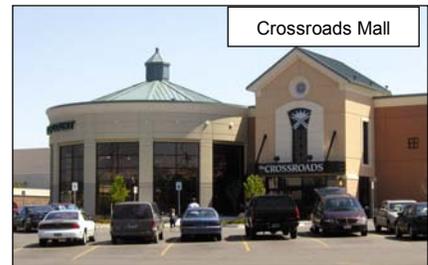
Finally, it is important to underscore that all four initiatives were accomplished without a tax increase. Project funding was provided through a combination of local tax resources, private sector participation as well as state and federal grants.

The continued expansion of existing industrial facilities 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. These facility improvements represent approximately \$62 million of investment.



In addition to the Pfizer and Stryker Corporations, a life science cluster consisting of smaller-scale companies continues to grow within the Sprinkle Road Industrial Corridor. Several new businesses have located to this corridor including Thermo Fisher Scientific, PharmOptima LLC, Borgess Research Institute, S & J Laboratories, Quality Air Service and Hospital Network. 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.

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 Lowe's, Home Depot, and Menards Home Improvement Centers. Two other retail shopping centers, Portage Crossings and the Carillon Center, have a combined building area of 308,000 square feet. Additionally, Sam's Club opened a new and expanded 135,000 square foot wholesale club in 2006 and the Shoppes at Romence Village, a 150,000 square foot planned retail center, continues with its expansion plans.



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 new commercial businesses including a second Portage Meijer store (188,000 square feet), 152,000 square foot Wal-Mart store (with plans for a 66,500 "super center" expansion), Don's Automotive and Arby's restaurant. Several industrial businesses have also opened new or expanded existing facilities including Southside Collision, Bellaire Heating and Cooling, Eliason Corporation and Midwest Fasteners.

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 street 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.

Woodbridge Hills Planned Development is a 600 acre master planned residential/office/ commercial project along 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 in the future.



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 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.

Although recessionary conditions linger, an increase in economic development activity is evident. In FY2009/2010, only \$18.2 million in new construction value occurred in the city. During the past year and a half, the amount of new construction value has increased significantly: In FY2010-2011 a total of \$56.7 million in new construction value occurred and through the first eight months of FY2011-2012, \$33 million has occurred. Several new retail projects are underway or have just been completed including several along West Centre Avenue including Greenspire Retail, a multi-phased retail/office project. The first phase, which includes construction of a 13,000 square foot retail building and associated site improvements, is nearing completion. Several financial intuitions have also been recently completed or are in the planning stages along both West and East Centre Avenue including Lake Michigan Credit Union, Horizon Bank Post Community Credit Union, 5/3 Bank and Alkhamis Financial

Development activities are also occurring along the South Westnedge Avenue commercial corridor. Celebration Cinema, located adjacent to Crossroads Mall on Ring Road, is underway with an expansion project to add an IMAX theater. The Willow Creek Shopping Center, located north of I-94, just completed exterior building façade and parking lot improvements, Los Amigos Restaurant just completed construction of a new facility just south of Garden Lane and Southland Mall is currently constructing a new addition to the existing building.

Industries are also (re)investing. 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. Midwest Fasteners completed an 80,000 square foot building expansion project valued at \$5.3 million in 2011. Smaller, but equally important projects include expansion projects to PharmOptima and Depatie Fluid Power.

A quality public school system is also an important component to the continued strength of the local economy. In November 2007, Portage voters overwhelmingly approved \$119 million bond proposal 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 high schools in the Fall of 2011.



12th Street Elementary School

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, Delta and DirectAir airlines providing over 30 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 2011, the airport served 141,000 passengers.

In 2008, Airport officials announced plans to construct a new \$39 million, 100,000 square foot airport terminal. Construction of the new terminal began in 2009 and opened for service in April 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 is in the process of constructing a new control tower. The tower is expected to be completed in 2012.



New Kalamazoo-Battle Creek International Airport Terminal

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. It 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 246 miles of water mains.



Portage City Hall

The Portage Police Department has received its third consecutive CALEA certification (Commission on Accreditation for Law Enforcement Agencies, Inc.). Only 10% 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 21st consecutive year.

Portage was ranked a Bronze level Bicycle Friendly Community by the League of American Bicyclists.

The City has received the Certificate of Achievement for Excellence in Financial Reporting for 25 consecutive years.

The City has received the Distinguished Budget Presentation Award for 25 consecutive years.



Ramona Park beach

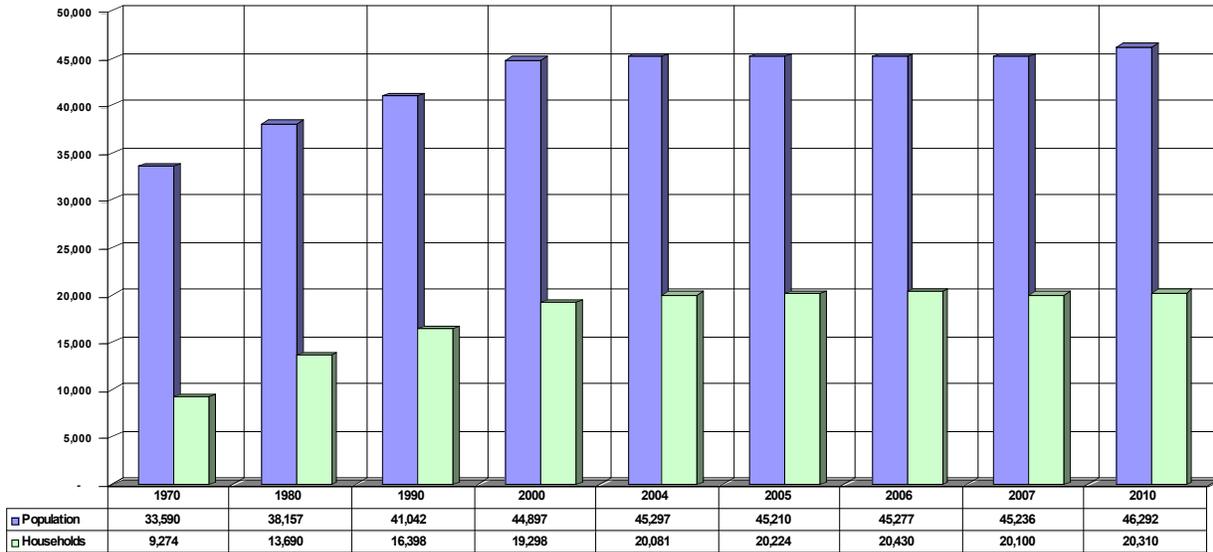


Celery Flats Historical Area Grain Elevator



Millennium Park Ice Rink

POPULATION AND HOUSEHOLDS



Data Source	Census	Census	Census	Census	Estimate	Estimate	Estimate	Estimate	Census
Population per Household	3.62	2.79	2.50	2.33	2.22	2.25	2.27	2.27	2.28
Population % Change vs Prior Census		13.6%	7.6%	9.4%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	3.1%
Households % Change vs Prior Census		47.6%	19.8%	17.7%	Not Applicable	Not Applicable	Not Applicable	Not Applicable	5.2%

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 *dwellings* 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 2012-2013

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.

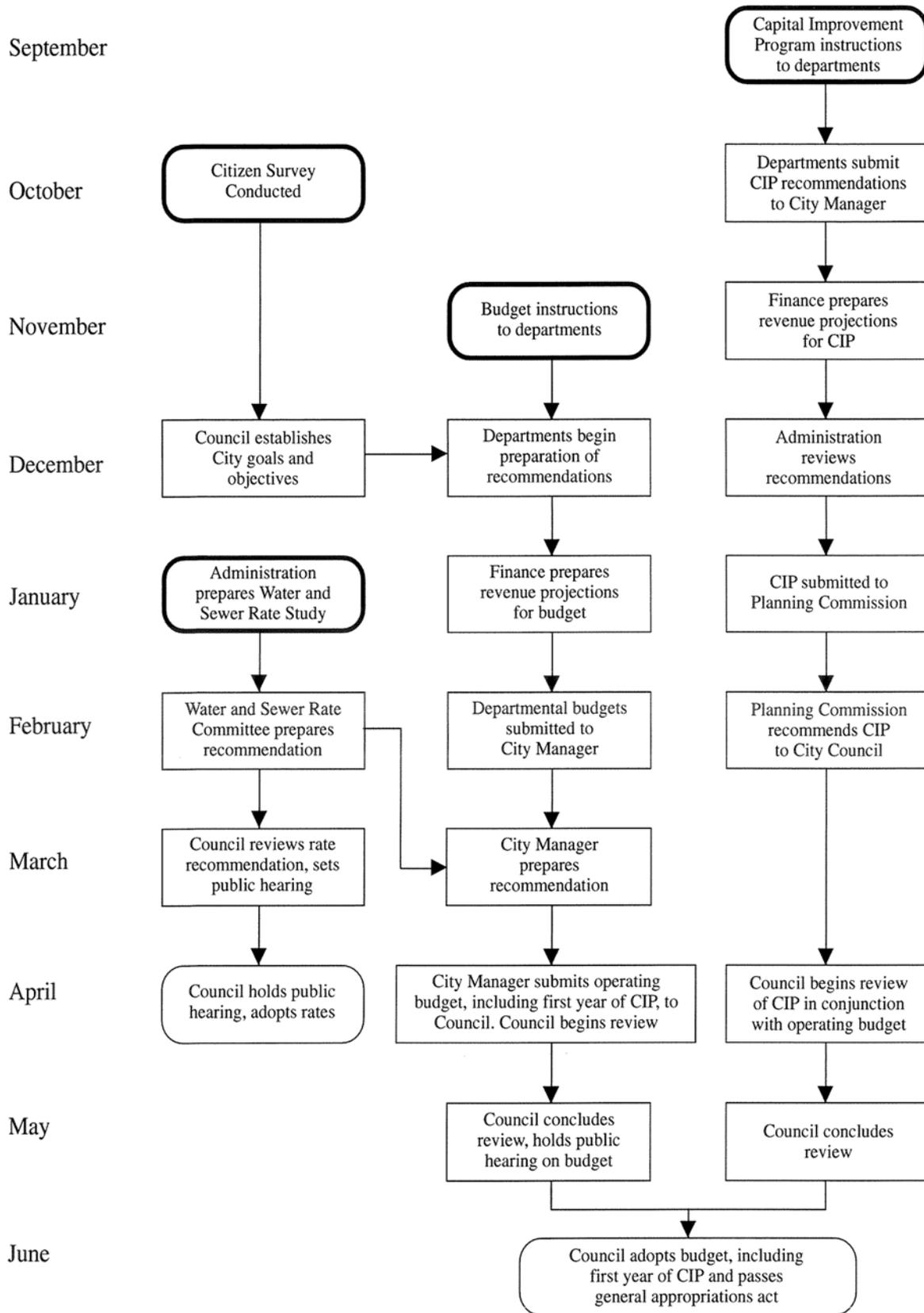
Amended Budget

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 recognizes 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 2011/2012 the amount of encumbrances liquidated at the end of the 2010/2011 fiscal year and appropriated by City Council as an amendment to the 2011/2012 budget was \$3,287,893.

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 that "The City will endeavor to maintain the fund balance of the General Fund at a level in excess of 13% of General Fund expenditures and interfund transfers." With the all but certain elimination of personal property taxes and the current reduction and potential for elimination of Act 51 funding for street maintenance at the hands of the state an increase in fund balance to 25% has been deemed necessary for the long term stability of the city.

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 9-11-01, 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.

Brownfield Redevelopment Authority

The Brownfield Redevelopment Authority, a special revenue fund, accounts for the costs and tax captures associated with specifically identified properties hampered by environmental or other contamination requiring special restoration and rehabilitation processes in order to be developed into productive businesses. The fund is inactive for 2012/2013.

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 Cultural Activities Fund, a special revenue fund, accounts for revenues and expenditures of the Summer Entertainment Series, held at various city parks. Funding is provided by grants, donations, and event admissions.

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.

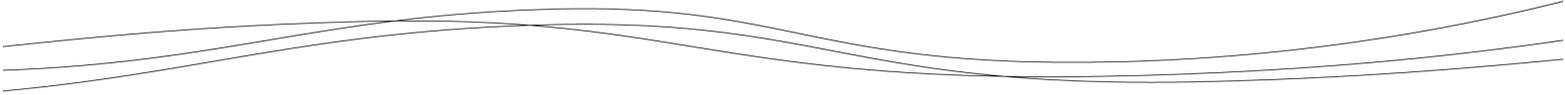
The Cable Television Fund, a special revenue fund, accounts for revenues received from the cable television permit holders. This Fund supports the operation of public access broadcasting and administration of the city's cable access television ordinance.

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.

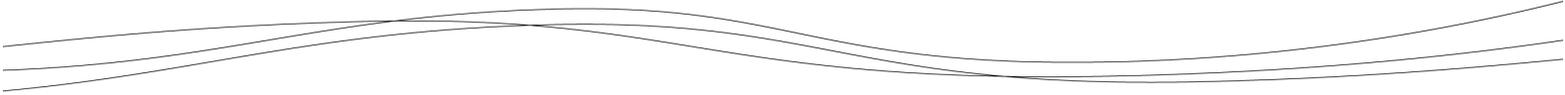


CITY OF PORTAGE
2012-2013 Council Mission Statement, Goals & Objectives

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.



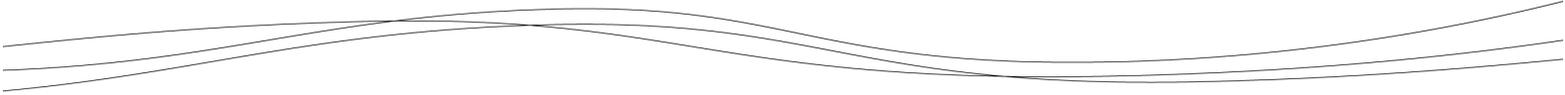
CITY OF PORTAGE
2012-2013 Council Mission Statement, Goals & Objectives

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 parkland 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
2012-2013 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
2012-2013 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:

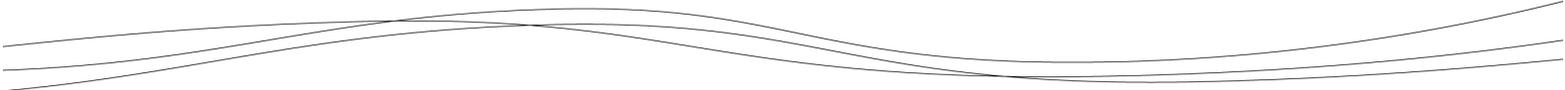
- Continue to improve the wastewater and stormwater systems.
- Continue to improve the water system.
Promote underground utilities within the city.
- Continue to expand, update and maintain equipment and facilities to provide for the effective operation of city departments.
- Maintain a systematic preventative 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.



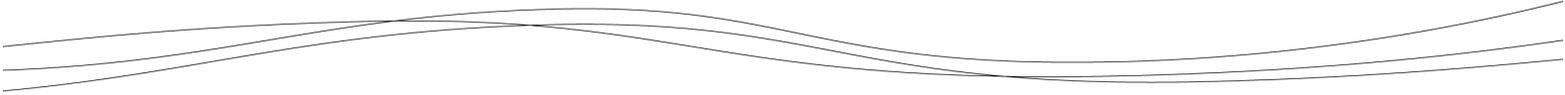
CITY OF PORTAGE
2012-2013 Council Mission Statement, Goals & Objectives

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
2012-2013 Council Mission Statement, Goals & Objectives

FINANCE AND BUDGETING

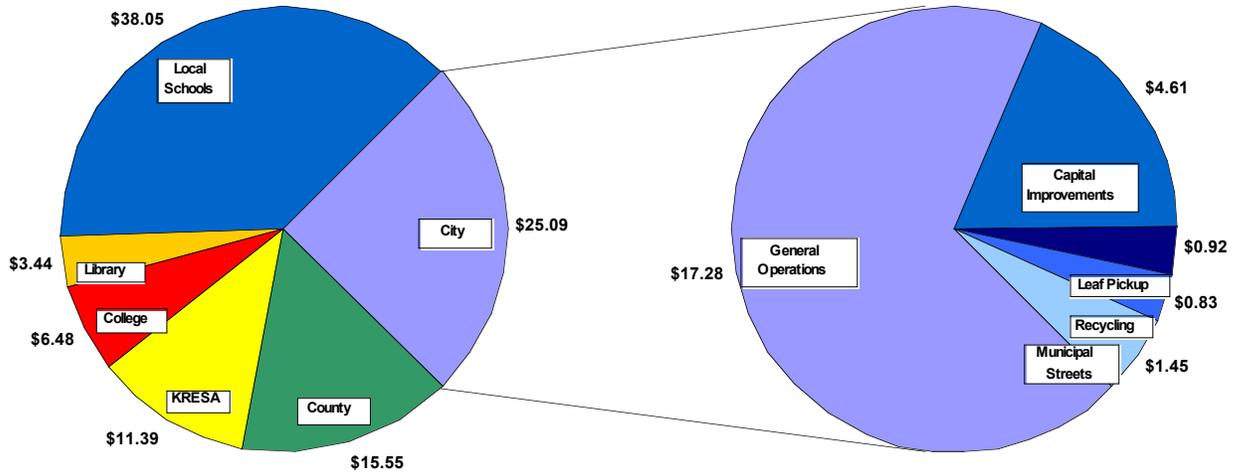
Goal: Maintain the financial health of the city.

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 2011-12

For each \$100 of property taxes paid (2011 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 2011 tax levy for the fiscal year ended June 30, 2012 as shown below:

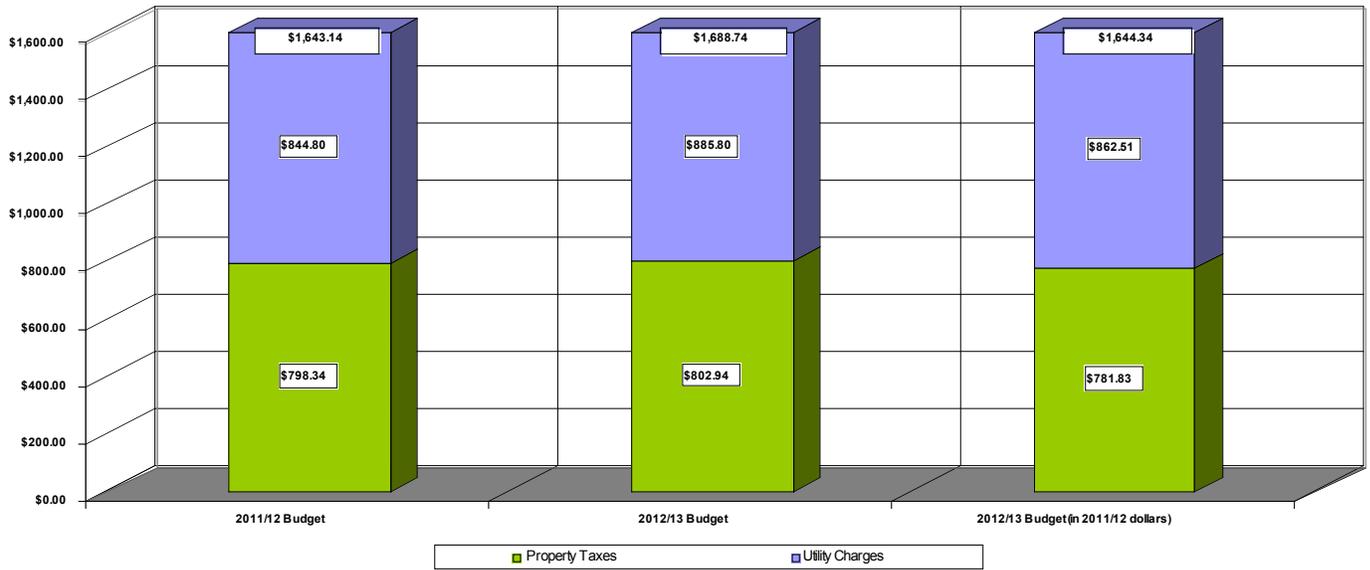
Percentage of Tax Levy

City	25.09%
County	15.55%
Kalamazoo Regional Ed. Services	11.39%
Community College	6.48%
Library	3.44%
Local Schools	<u>38.05%</u>
	100.00%

City Millage

General Operations	7.5000	\$17.28
Capital Improvements	2.0000	\$4.61
Leaf Pickup/Spring Cleanup	.4000	\$0.92
Curbside Recycling	.3603	\$0.83
Municipal Streets	<u>.6313</u>	<u>\$1.45</u>
	10.8916	\$25.09

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 increased 1.5% for 2012 from 2011,
- there is a 1.0% drop in city tax rate, 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 \$45.60 in the upcoming year. After adjusting for inflation, this change actually represents an increase of \$1.20 in 2011/2012 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:

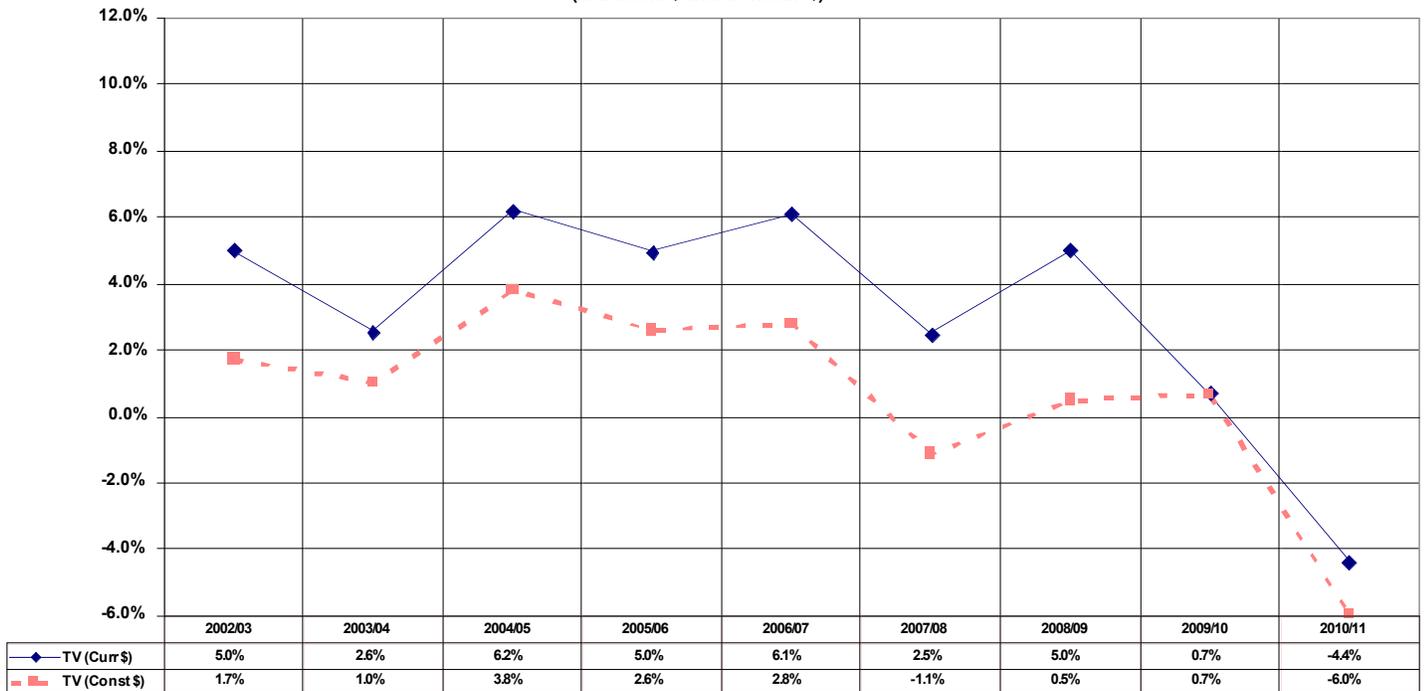
Examining per household revenues shows changes in revenues relative to changes in the number of households. As the number of households increases, it could be logically expected that revenues and the need for revenues would increase proportionately. Therefore, the level of per household revenues should remain relatively constant when adjusted for inflation. If the per household revenues are decreasing, the City might be unable to maintain existing service levels unless it finds new revenue sources or ways to reduce the cost of providing services. This reasoning assumes that the demand for services is directly related to the number of households in the City. 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:

Overall, the trend through fiscal 2007/08 has been positive. In general, the inflation-adjusted net operating revenues per household remain relatively constant. For 2002/03, the audited value of the Debt Services Funds decreased to \$77 as a result of the Pharmacia tax appeal. The net revenue for the Local Development Finance Authority was greatly reduced due to the revision of taxable value and the refund required for past years' collections. This reduced the operating revenues for the Debt Service Funds. Since that time, the Debt Service Funds have seen increased revenues in the Downtown Development Authority and the Local Development Finance Authority as a result of tax base growth in the district leading to increased captured tax revenue. In fiscal year 2008/2009 and 2009/2010, state revenue sharing continued to decrease, interest income and building permit income were also depressed.

% 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:

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

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.

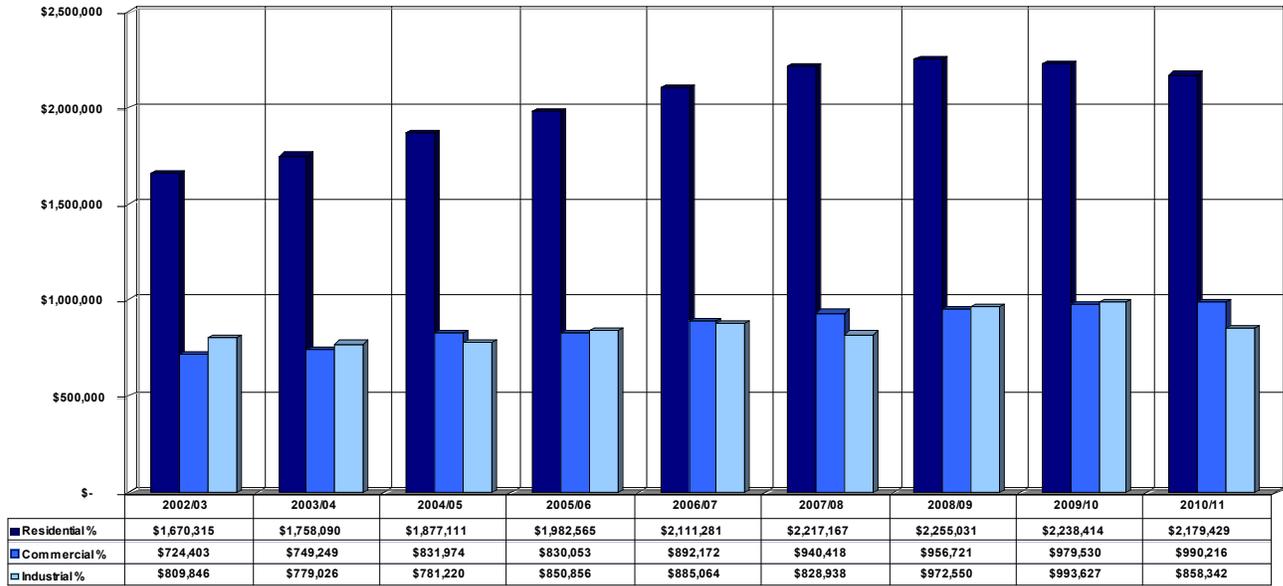
Description:

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 on most property and the Taxable Value 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 2009/2010 so that the Taxable Value increase allowed by the state's inflation adjustment factor did not increase the value of all properties. The Taxable Value may not be greater than the SEV (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 2010/2011 saw a decrease in Taxable Value of 4.4%.

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 % of market value represented by a specific category is:

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

Description:

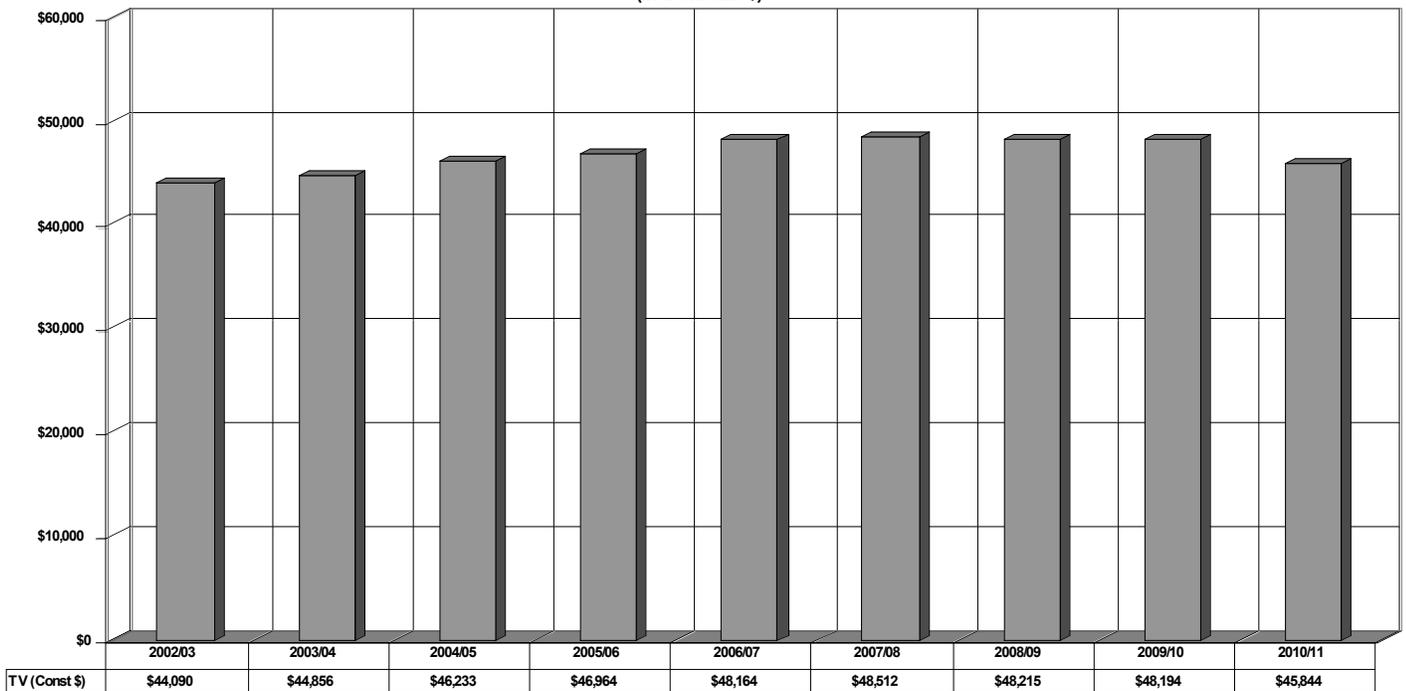
The net cost of serving residential development is, in general, higher than the net cost of serving commercial or industrial development. Residential development creates more expenditure demands than revenue receipts, whereas commercial and industrial development create more revenue receipts than it 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 principal 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 51.7% in 2001/02 to 53.9% in 2008/09 and 54.1% in 2010/2011.

TAXABLE VALUE PER HOUSEHOLD

(in Constant \$)



Fiscal Year	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/2009	2009/2010
Current \$ Taxable Value (\$000)	\$ 1,393,120	\$ 1,526,105	\$ 1,602,282	\$ 1,643,182	\$ 1,744,903	\$ 1,831,737	\$ 1,944,258	\$ 2,014,092	\$ 2,089,834	\$ 2,105,785
Constant \$ Taxable Value (\$000)	\$ 825,530	\$ 876,293	\$ 891,506	\$ 900,751	\$ 1,744,903	\$ 959,469	\$ 985,874	\$ 984,845	\$ 978,814	\$ 986,285

Warning Trend:

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

Formula:

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

State Equalized Valuation (SEV): Per Michigan law, 50% 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 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.

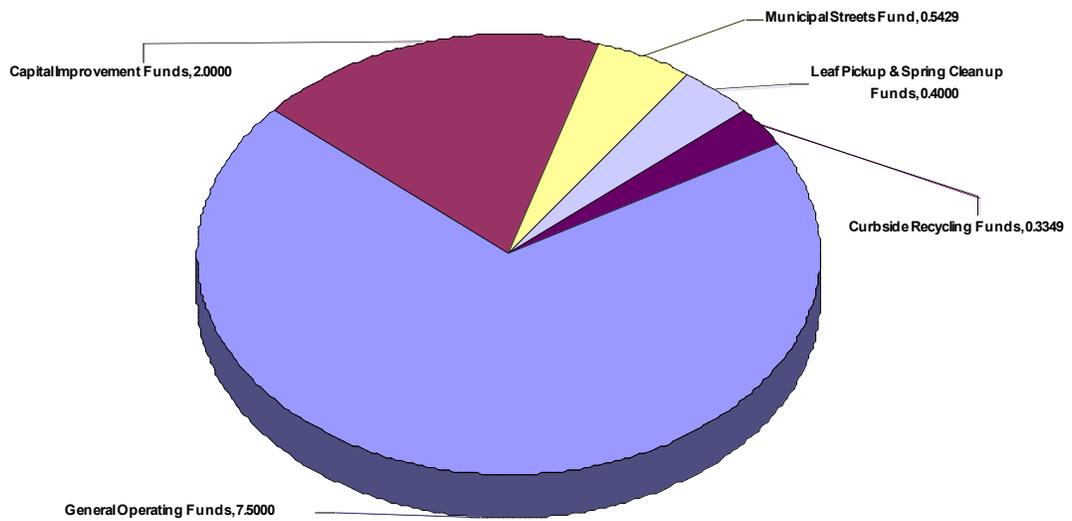
Analysis:

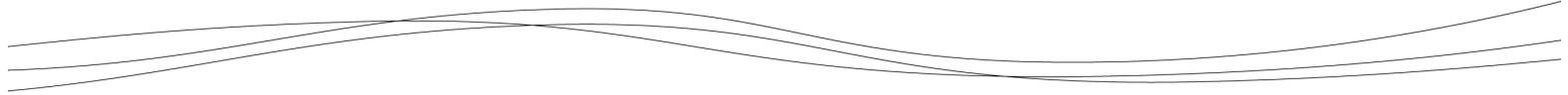
Taxable Value per household in inflation-adjusted dollars had remained relatively stable until 2009/2010. The growth of the commercial and industrial categories had kept pace with residential growth but real estate values were adversely affected by the recession and mortgage industry problems.

MILLAGE RECAP 2012/13 BUDGET

	2011/12	2012/13	CHANGE FROM
	<u>RATES</u>	<u>RATES</u>	<u>2011/13 RATES</u>
General Operating	7.5000	7.5000	0.0000
Capital Improvement	2.0000	2.0000	0.0000
Curbside Recycling	0.3603	0.3349	-0.0254
Leaf Pickup/Spring Cleanup	0.4000	0.4000	0.1050
Municipal Streets Fund	0.6313	0.5429	-0.0884
	<hr/> 10.8916	<hr/> 10.7778	<hr/> -0.1138

City Millage Breakdown by Fund Category



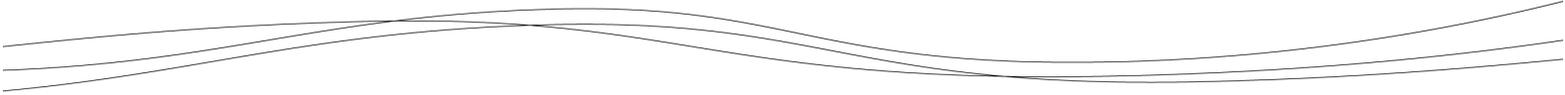


City of Portage Discussion of Accounting Methods Budgetary vs. CAFR

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:

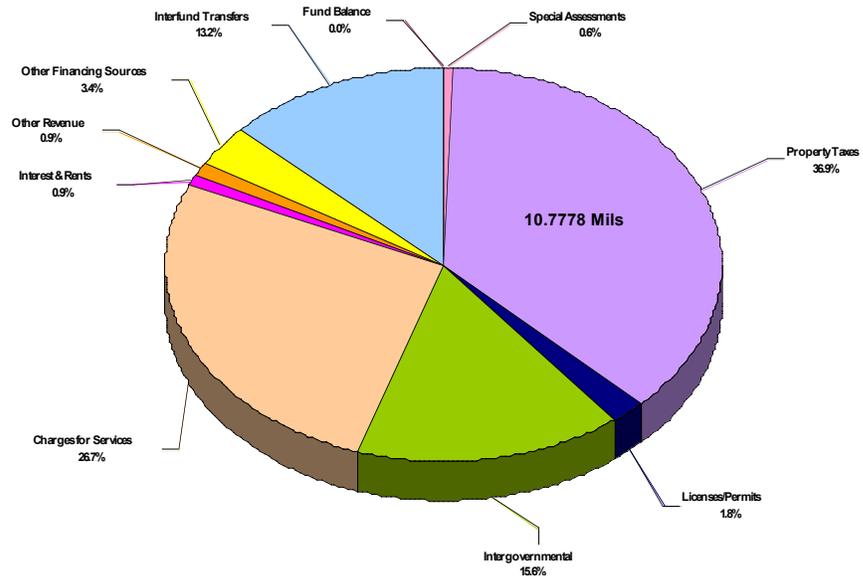
Equipment Fund

CITY OF PORTAGE, MICHIGAN

Budget Summary by Fund Type (Budgetary Basis)
FISCAL YEAR 2012 - 2013

	Modified Accrual				Full Accrual			Memorandum Only	
	General Fund	Special Revenue	Debt Services	Capital Project	Enterprise Funds	Permanent Funds	FY 2012-2013 Total	FY 2011-2012	
								Total	
REVENUE:									
Property taxes	15,773,900	2,518,800	885,800	3,870,000	-	-	23,048,500	22,941,200	23,273,800
Fees and permits	473,200	755,000	-	-	-	-	1,228,200	1,134,200	1,099,950
Federal revenue	31,809	214,178	-	2,601,000	-	-	2,846,987	254,448	229,000
State revenue	9,500	3,284,000	-	-	-	-	3,293,500	3,302,500	3,235,900
State shared revenue	3,611,184	-	-	-	-	-	3,611,184	2,917,902	3,423,884
Other grants	21,600	-	-	-	-	-	21,600	21,600	45,600
Charges for services	1,637,440	60,700	-	-	14,961,000	40,000	16,699,140	15,943,250	15,453,260
Interest and rents	285,000	17,400	473,504	15,000	21,000	4,000	795,904	1,061,711	910,180
Other revenue	439,680	63,800	-	2,043,000	-	-	2,546,480	2,300,845	3,565,047
TOTAL REVENUE	22,263,313	6,913,878	1,359,304	8,529,000	14,982,000	44,000	54,091,495	49,877,654	51,257,421
EXPENDITURES:									
Legislative	166,500	-	-	-	-	-	166,500	61,500	66,738
Judicial	56,855	-	-	-	-	-	56,855	56,855	56,855
General government	4,500,898	21,346	-	-	-	-	4,522,244	4,599,573	4,439,582
Public safety	14,124,061	52,993	-	-	-	-	14,177,054	14,556,998	14,713,975
Public works	565,000	-	-	-	-	-	565,000	488,000	488,000
Health and welfare	117,563	1,570,714	-	-	-	-	1,688,277	1,531,256	1,452,085
Recreation and cultural	2,805,051	771,170	-	-	-	-	3,576,221	3,489,308	3,463,555
Highways and streets	-	3,186,517	-	-	-	-	3,186,517	2,990,878	3,141,342
Operations and maintenance	-	70,000	-	-	7,300,422	-	7,370,422	7,930,197	7,723,057
Administration	-	-	-	-	5,102,361	-	5,102,361	4,960,273	5,531,462
Capital outlay	-	-	-	5,935,000	160,000	-	6,095,000	3,349,000	4,850,000
Debt service	-	-	6,805,077	-	-	-	6,805,077	7,415,167	7,347,290
TOTAL EXPENDITURES	22,135,928	5,672,740	6,805,077	6,935,000	12,562,783	-	53,111,528	51,429,005	53,293,951
Transfers In	124,000	570,000	5,121,942	2,439,000	45,000	-	8,299,942	8,883,861	8,551,740
Transfers Out	(700,000)	(2,308,862)	-	(5,033,000)	(254,080)	(4,000)	(8,299,942)	(8,883,861)	(8,546,740)
Addition to/Reduction of Fund Balance/Net Assets	(448,615)	(497,724)	(323,831)	-	2,210,137	40,000	979,967	(1,551,351)	(2,031,530)
Beginning Fund Balance/Net Assets	5,473,284	1,630,166	2,794,687	2,587,246	64,850,352	982,987	78,318,732	75,672,964	73,111,869
Ending Fund Balance/Net Assets	5,024,669	1,132,442	2,470,856	2,587,246	67,060,489	1,022,987	79,298,699	74,121,613	71,080,339

SOURCES OF FUNDING - ALL FUNDS

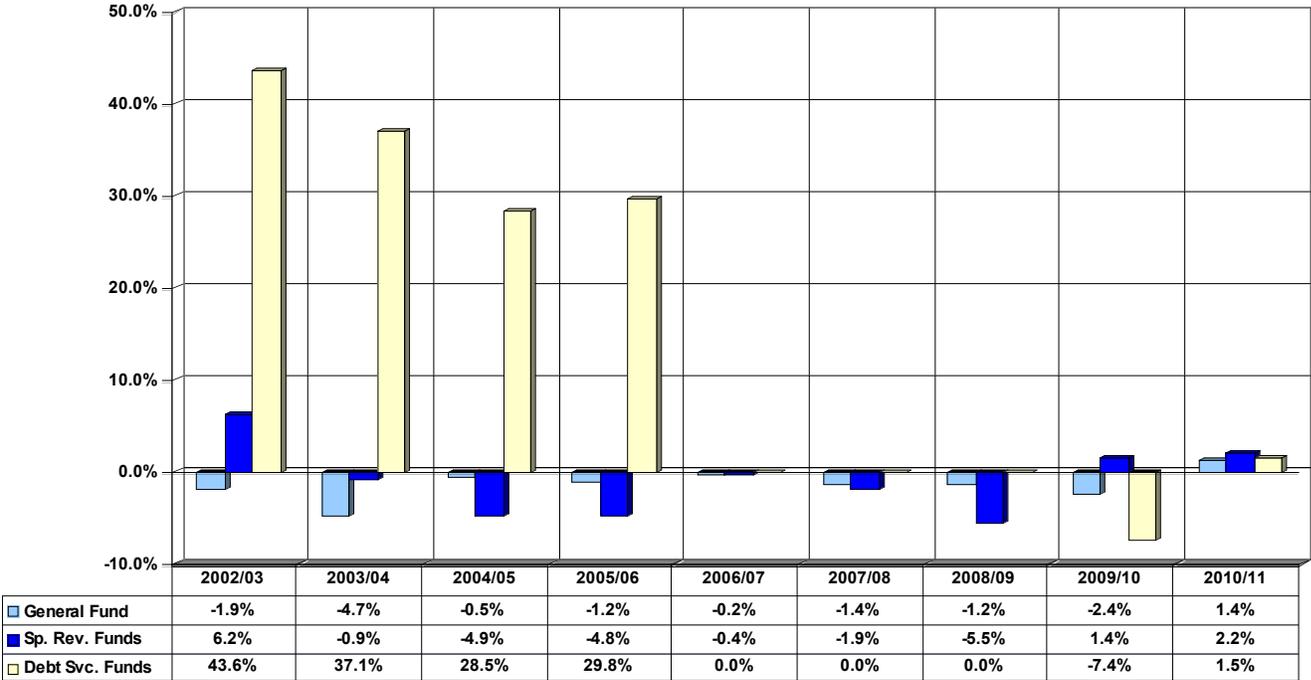


**SUMMARY OF REVENUES
ALL FUNDS
FISCAL YEAR 2012 - 2013**

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
GENERAL FUND	23,048,660	22,692,520	21,684,025	21,547,666	22,387,313
STREET FUNDS					
Major Streets	3,534,425	2,853,575	2,977,357	2,893,000	3,062,500
Local Streets	1,151,861	920,417	976,000	976,000	796,000
Municipal Streets	1,233,328	1,327,655	1,234,800	1,234,800	1,072,600
UTILITY FUNDS					
Sewer Operating	6,144,360	7,072,627	7,676,251	7,675,590	8,269,000
Water Operating	5,140,352	5,699,814	6,604,779	6,603,000	6,758,000
PUBLIC IMPROVEMENT FUNDS					
Capital Improvement	6,044,435	7,038,131	8,527,000	8,482,000	10,968,000
Brownfield Redevelopment	47	22	100	100	-
Lakes-Weed Management	6,072	14,868	13,300	13,300	11,800
DEBT SERVICE FUNDS					
General Obligation Debt	3,558,824	3,706,986	3,646,861	3,646,861	3,736,942
MTF 1997	146,158	142,000	137,000	137,000	132,000
MTF 2008	-	388,260	198,000	198,000	258,000
MTF 2010 Refunding	-	661,602	676,000	676,000	557,000
Building Authority Debt Service	842,509	1,040,252	961,111	961,111	657,283
DDA Debt Service	414,204	375,665	380,300	380,300	387,800
LDFA Debt Service	501,571	470,264	470,000	470,000	510,000
Special Assessment Debt Service	148,941	111,297	370,000	370,000	242,221
OTHER FUNDS					
Curbside Recycling	564,694	541,149	681,700	681,700	661,600
Leaf Pickup/Spring Cleanup	616,602	589,849	898,800	773,800	790,500
Cultural Activities	115,680	129,026	81,600	72,100	88,800
Community Development Block Grant	-	202,300	332,539	219,187	214,178
Mich State Housing Dev Auth Grant	-	56,689	117,665	-	-
Cable Television	666,362	708,449	710,876	662,000	755,900
Cemetery Permanent Fund	53,604	38,386	48,000	48,000	44,000
CDBG Program Income	96,735	34,731	140,000	40,000	30,000
TOTAL REVENUE	<u>54,029,424</u>	<u>56,816,534</u>	<u>59,544,064</u>	<u>58,761,515</u>	<u>62,391,437</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:

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

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

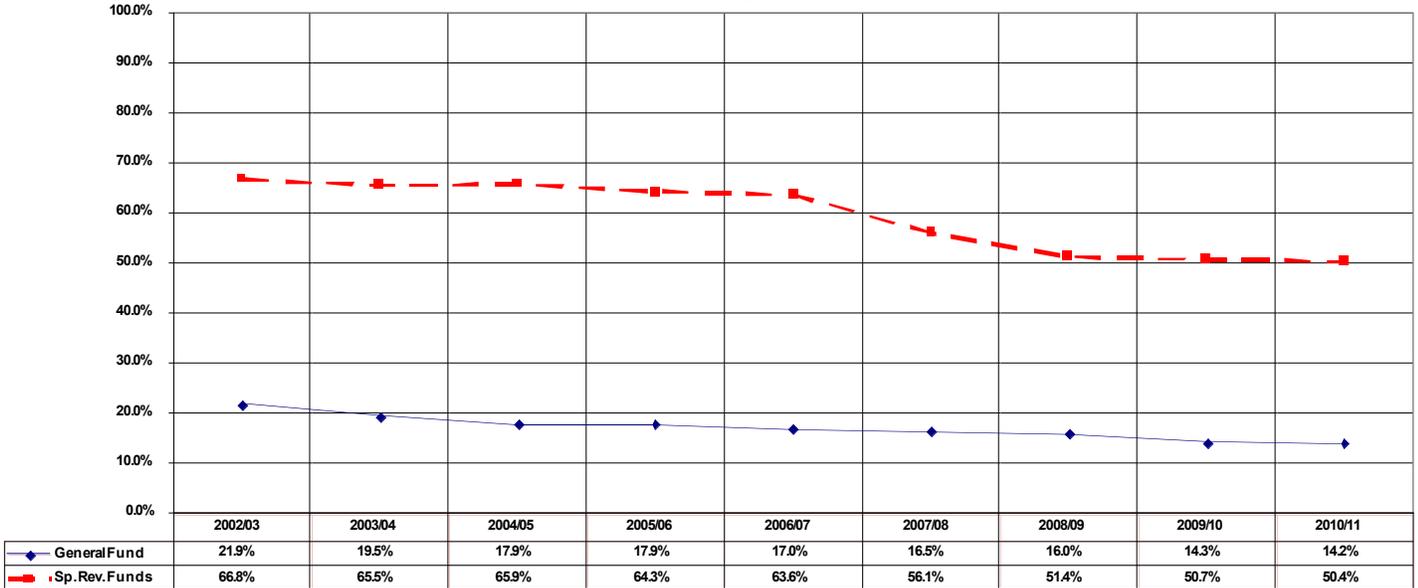
If there is a trend that indicates budgeted revenue estimates are differing from actual revenue results on a more frequent basis or by increasingly larger amounts, a detailed analysis of each revenue source should be conducted to pinpoint the source(s) and cause(s).

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 that resulted from low interest rates. Special revenue funds were negatively impacted in fiscal years since 2004/05. Collections of gasoline taxes have steadily decreased due to fewer gallons of gasoline sold. These gasoline revenues are directly based on the number of gallons sold and the tax rate in cents per gallon. More recently, the slow down in new construction due to the credit crisis, both residential and commercial, coupled with loss in value of real property across the board has combined to stall a growing economy over a very short period of time before the budget cycle could adapt.

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:

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

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:

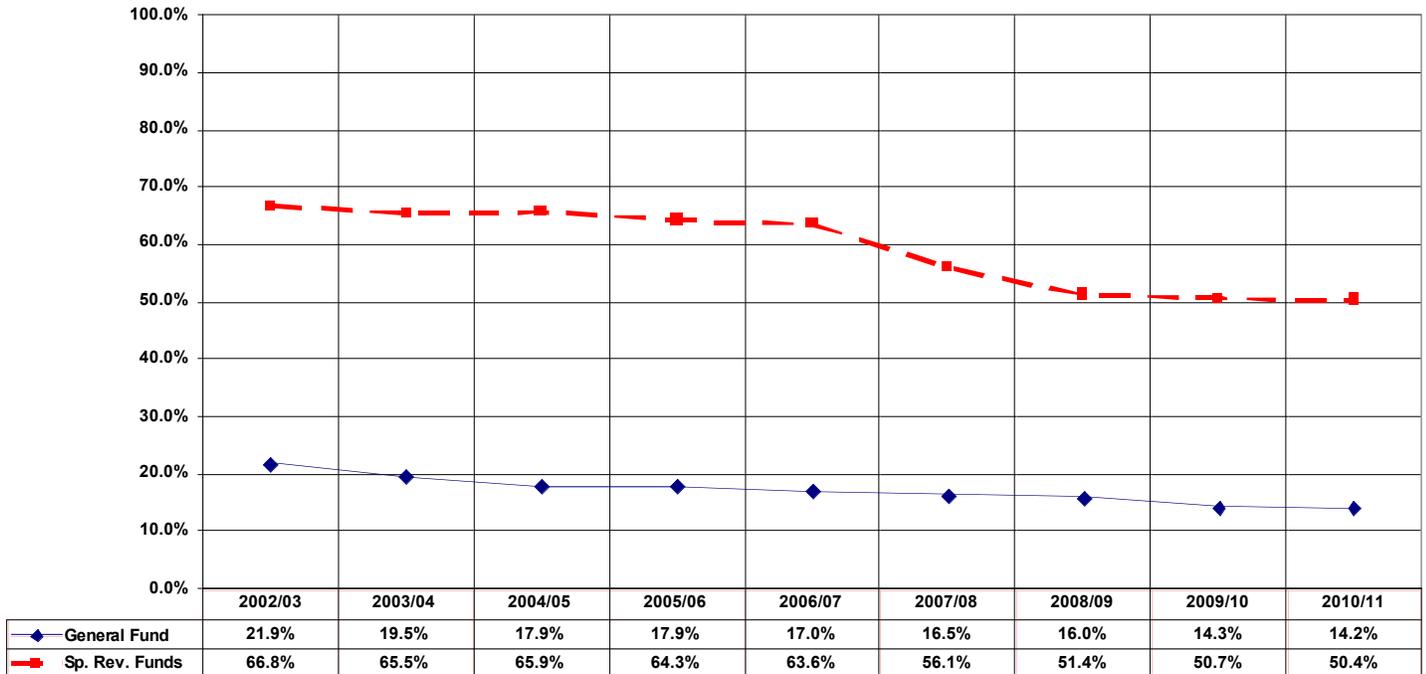
Monitoring of intergovernmental revenues is important because an overdependence on such revenues can be harmful. If the external governmental source withdraws the funds entirely or reduces its share of costs, the City is left with the choice of cutting programs or paying for the existing programs from 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, General Fund dependency is decreasing over time. Decreases in state revenue sharing revenues have caused a noticeable downward trend in the portion of General Fund revenue from intergovernmental sources. General economic conditions have caused a decrease in gasoline tax revenues.

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:

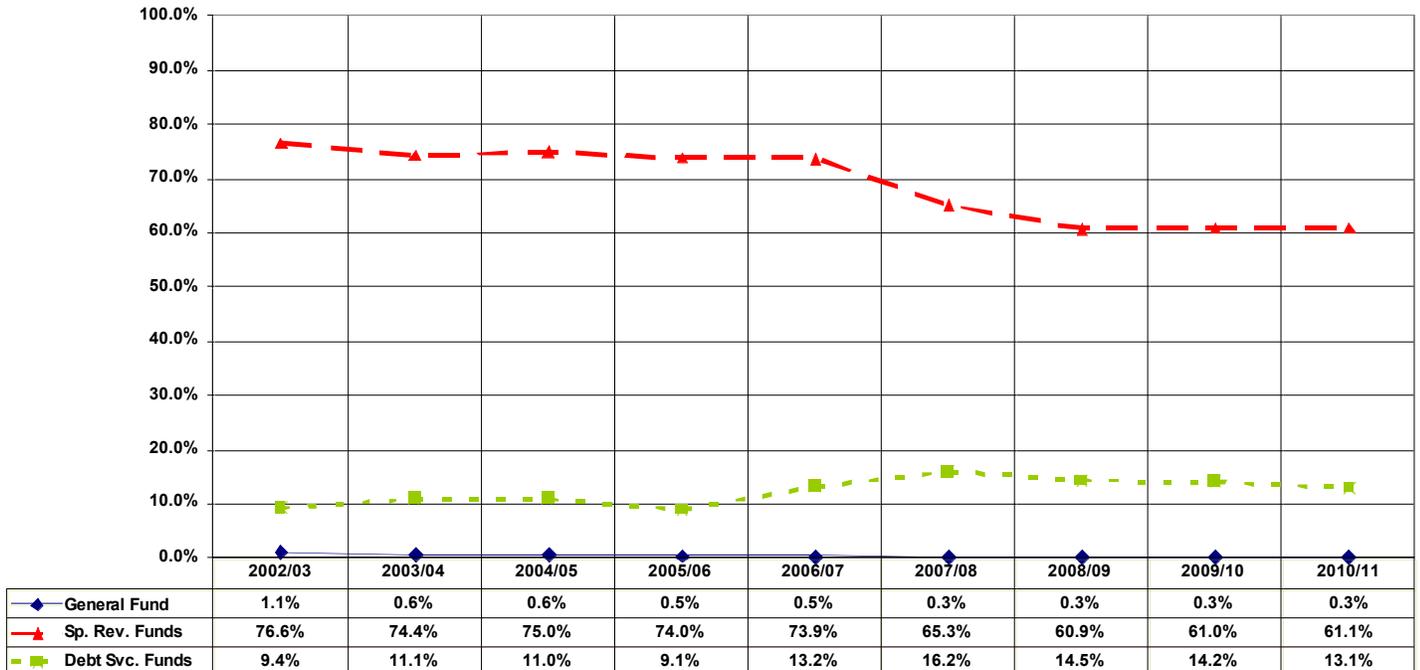
As the economic base expands or inflation increases, elastic operating revenues rise in approximately the same proportion or greater amounts. Conversely, if the economic base contracts or inflation decreases, elastic operating revenues decline in approximately the same proportion or greater amounts. 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 has generally been level. For example, the street funds are dependent on elastic Act 51 revenues because they depend on gasoline sales. There has been a decrease in the amount of gasoline actually sold thus resulting in a decrease in 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.

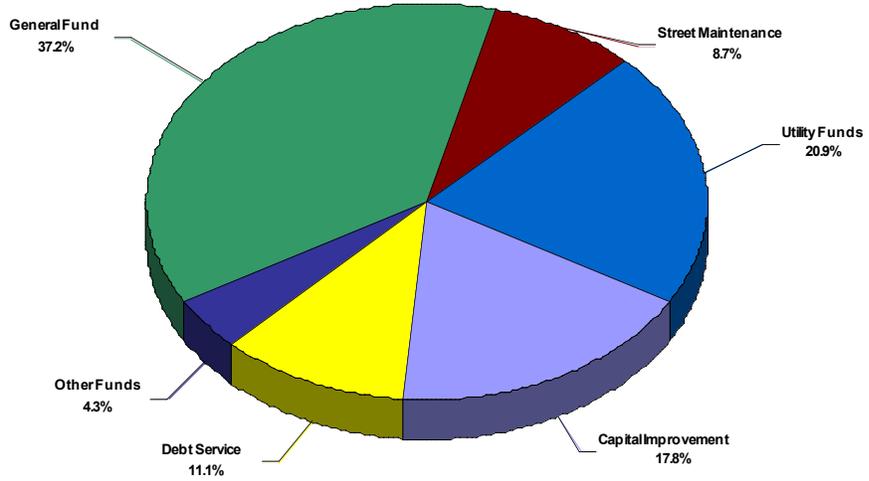
Description:

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 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



**SUMMARY OF EXPENDITURES
ALL FUNDS
FISCAL YEAR 2012 - 2013**

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
GENERAL FUND	22,349,087	21,564,570	25,241,403	23,420,394	22,835,928
STREET FUNDS					
Major Streets	1,719,534	2,926,474	3,193,462	3,069,029	3,222,408
Local Streets	1,137,839	987,836	1,103,791	1,094,449	1,059,709
Municipal Streets	117,220	1,407,408	1,091,400	1,091,400	1,043,400
UTILITY FUNDS					
Sewer Operating	6,643,155	6,672,962	8,801,445	7,559,795	7,738,202
Water Operating	5,320,020	4,701,805	5,757,439	5,574,631	5,078,661
PUBLIC IMPROVEMENT FUNDS					
Capital Improvement	6,444,882	7,809,528	16,255,620	8,482,000	10,968,000
Brownfield Redevelopment	-	300	8,650	5,000	-
Lakes-Weed Management	14,574	33,590	51,750	45,000	25,000
DEBT SERVICE FUNDS					
General Obligation Debt	3,671,242	3,670,412	3,693,768	3,693,768	3,698,052
MTF 1997	146,931	142,031	137,131	137,131	132,150
MTF 2008	193,701	202,656	198,844	198,844	258,750
MTF 2010 Refunding	19,059	661,602	677,275	677,275	558,000
Building Authority Debt Service	992,629	960,700	960,165	960,165	649,930
DDA Debt Service	393,921	408,189	416,675	416,675	406,985
LDFA Debt Service	460,533	453,843	457,728	457,728	535,750
Special Assessment Debt Service	582,222	1,784,180	835,788	835,788	565,460
OTHER FUNDS					
Curbside Recycling	601,565	614,136	638,748	631,903	648,808
Leaf Pickup/Spring Cleanup	688,107	655,225	732,065	688,165	801,929
Cultural Activities	95,190	95,365	99,648	87,748	111,137
Community Deveopment Block Grant	-	29,886	332,539	219,187	214,178
Mich State Housing Dev Auth Grant	-	56,689	113,279	-	-
Cable Television	467,968	662,205	905,409	805,526	785,033
Cemetery Permanent Fund	15,000	1,872	8,000	8,000	4,000
CDBG Program Income	24,558	25,000	140,000	90,000	70,000
TOTAL EXPENDITURE	<u>52,098,937</u>	<u>56,528,464</u>	<u>71,852,022</u>	<u>60,249,601</u>	<u>61,411,470</u>

Additional information is available in the respective detailed departmental budgets.

Total Expenditures by Department and Fund Type (Budgetary Basis)
FISCAL YEAR 2012 - 2013

Department	General Fund	Special Assessments Fund	Capital Improvement Fund	Major Streets Fund	Local Streets Fund	Municipal Streets Fund	Enterprise Funds	Nonmajor Governmental Funds	Permanent Funds	Total
Legislative	166,500	-	-	-	-	-	-	-	-	166,500
District Court	56,855	-	-	-	-	-	-	-	-	56,855
City Manager	581,112	-	-	-	-	-	-	-	-	581,112
Finance	808,081	-	-	-	-	-	-	-	-	808,081
Management Information Systems	882,744	-	53,000	-	-	-	-	-	-	935,744
City Assessor	601,508	-	-	-	-	-	-	-	-	601,508
City Attorney	201,728	-	-	-	-	-	-	-	-	201,728
City Clerk	401,657	-	-	-	-	-	-	-	-	401,657
Employee Development	433,525	-	-	-	-	-	-	-	-	433,525
Benefit Services	442,958	-	-	-	-	-	-	-	-	442,958
Purchasing	147,585	-	-	-	-	-	-	-	-	147,585
Parks/Rec/Property Mgt	2,344,332	-	200,000	-	-	-	-	-	-	2,544,332
Police	8,696,571	-	231,000	-	-	-	-	-	-	8,927,571
Fire	4,605,453	-	316,000	-	-	-	-	-	-	4,921,453
Community Development	1,082,756	-	-	-	-	71,400	12,562,783	214,178	-	1,296,934
Public Services	682,563	-	5,135,000	2,077,908	1,037,209	71,400	12,562,783	2,272,045	-	23,838,908
Nondepartmental:										
Debt Service	-	565,460	-	-	-	-	-	6,239,617	-	6,805,077
Insurance Funds	-	-	-	-	-	-	-	-	-	-
Transfers to other funds	700,000	-	5,033,000	1,144,500	22,500	972,000	254,080	169,862	4,000	8,299,942
TOTALS	22,835,928	565,460	10,969,000	3,222,408	1,059,709	1,043,400	12,816,863	8,895,702	4,000	61,411,470

All Funds - Revenue & Other Sources, Expenditures & Other Uses, and Changes in Fund Balance
Changes in Fund Balance (Budgetary Basis)
FISCAL YEAR 2012 - 2013

	Fund Balance/Net Assets Beginning of Year	Revenue	Other Sources	Expenditures & Expenses	Other Uses	Excess (Deficiency)	Net Assets/ Fund Balance End of Year
General Fund	5,473,284	22,263,313	124,000	22,135,928	700,000	(448,615)	5,024,669
Major Streets	641,253	2,552,500	510,000	2,077,908	1,144,500	(159,908)	481,345
Local Streets	331,366	736,000	60,000	1,037,209	22,500	(263,709)	67,657
Municipal Streets	143,963	1,072,600	-	71,400	972,000	29,200	173,163
Sewer Operating (Net Assets)	44,863,449	8,224,000	45,000	7,658,202	80,000	530,798	45,394,247
Water Operating (Net Assets)	19,986,903	6,758,000	-	4,904,581	174,080	1,679,339	21,666,242
Capital Improvement	2,587,246	8,529,000	2,439,000	5,935,000	5,033,000	-	2,587,246
Brownfield Redevelopment	10	-	-	-	-	-	10
Lakes-Weed Management	99,416	11,800	-	25,000	-	(13,200)	86,216
General Obligation Debt	(50,000)	1,000	3,735,942	3,698,052	-	38,890	(11,110)
MTF Debt Service	(28,548)	-	947,000	948,900	-	(1,900)	(30,448)
Building Authority Debt Service	(7,387)	218,263	439,000	648,930	-	7,353	(34)
DDA Debt Service	350,898	387,800	-	406,985	-	(19,185)	331,713
LDFA Debt Service	1,933,936	510,000	-	535,750	-	(25,750)	1,908,186
Special Assessment Debt Service	595,778	242,221	-	565,460	-	(323,239)	272,539
Curbside Recycling	77,314	661,600	-	648,808	-	12,792	90,106
Leaf Pickup/Spring Cleanup	199,966	790,500	-	782,067	19,862	(11,429)	188,567
Cultural Activities	43,893	88,800	-	111,137	-	(22,337)	21,556
Community Development Block Grant	-	214,178	-	214,178	-	-	-
CDBG Program Income	7,701	30,000	-	70,000	-	(40,000)	(32,299)
Cable Television	135,264	755,900	-	635,033	150,000	(29,133)	106,131
Cemetery Permanent Fund	982,997	44,000	-	-	4,000	40,000	1,022,997
TOTAL	78,340,184	54,091,495	8,299,942	53,111,528	8,299,942	979,967	79,348,699

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. The fund balance remaining after expenditures has been mandated by City Council to be at least 25 percent of expenditures. As a result, if the fund balance at the beginning of a budget year is greater than 25 percent due to savings achieved during the prior year, that additional sum is available for spending. A decrease in fund balance normally reflects the planned use of operating savings yielded from a prior year. The current small decrease in total fund balance reflects just such a usage.

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

Local Streets Fund: In a manner similar to Major Streets, Local Streets fund balance is being utilized for road 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.

Curbside Recycling Fund: In a manner similar to General Fund, the Curbside Recycling fund balance is being maintained at the 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 in 2011/2012 and are expected to continue into 2012/2013..

Cultural Activities Fund: The goal for the fund is that its activities are to be self-sufficient. This fund works to maintain a fund balance equal to their projected start-up costs each year. The fund is also striving to contribute to the restoration of the Celery Flats property that provides the setting for so many summer events and is contributing a little over \$22,000 to that purpose in 2012/2013 from it's highly successful 2012 Summer Entertainment events.

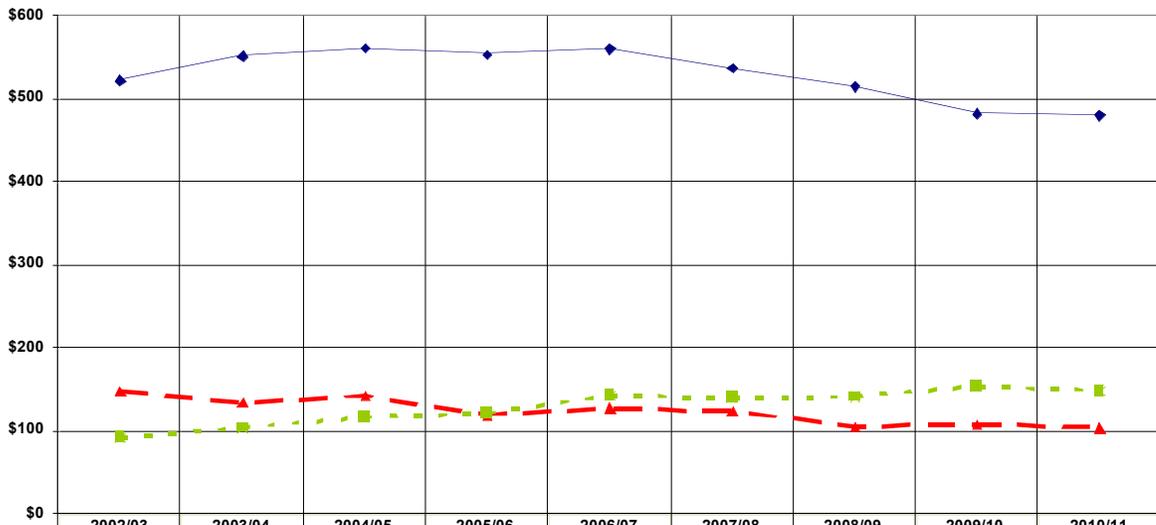
Cable Television Fund: Franchise fees and public service fees generated by contract with the local cable provider are dedicated to technological improvement and contractual support of equipment for public access programming. Fund balance builds up and is drawn down according to planned system support 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 \$\$)



	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
◆ General Fund	\$523	\$552	\$561	\$554	\$560	\$537	\$516	\$483	\$481
▲ Sp. Rev. Funds	\$149	\$135	\$143	\$121	\$128	\$124	\$107	\$109	\$105
■ Debt Svc. Funds	\$92	\$105	\$118	\$122	\$144	\$140	\$143	\$155	\$149

Warning Trend:

Increasing Net Operating Expenditures (in constant dollars) per household

Formula:

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

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:

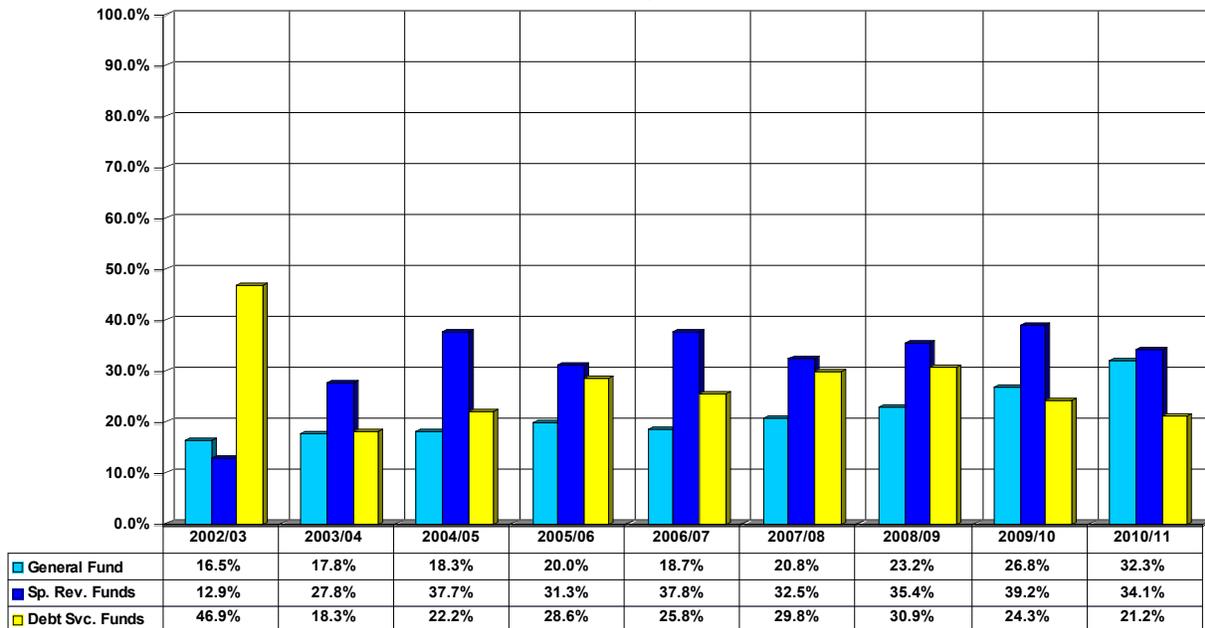
Examining per household expenditures shows changes in City expenditures relative to change in the number of households. Increasing expenditures per household can indicate that the cost of providing services is outstripping the City's ability to pay for those services. This is especially true if spending 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 remain relatively constant. Changes in special revenue funds are generally due to the amount of revenue available, particularly Act 51 street maintenance revenues. Audited 2011 expenditure per household at \$481 is \$36 less than the audited 2011 per household revenue of \$517.

UNRESERVED FUND BALANCE

As a % of Net Operating Revenues



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.

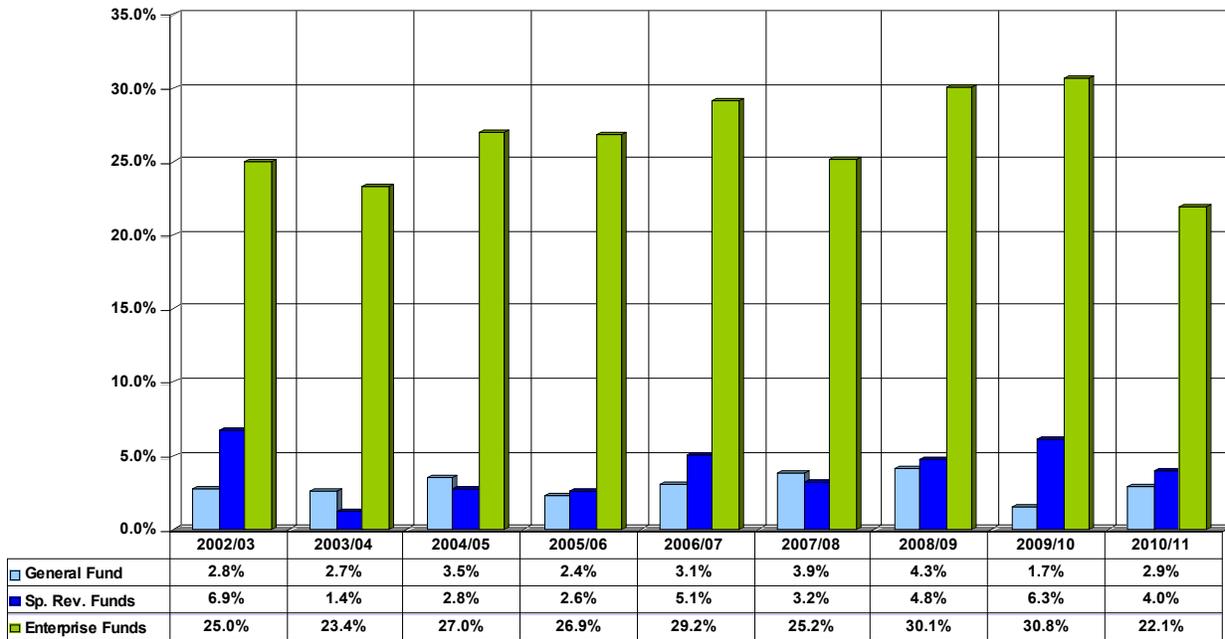
Description:

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’s commercial and industrial sectors comprise almost one-half of the tax base. Growth had averaged approximately 5.5% per year prior to 2009. Revenue per household exceeds expenditures per household allowing for an increase in the fund balance of the General Fund.

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:

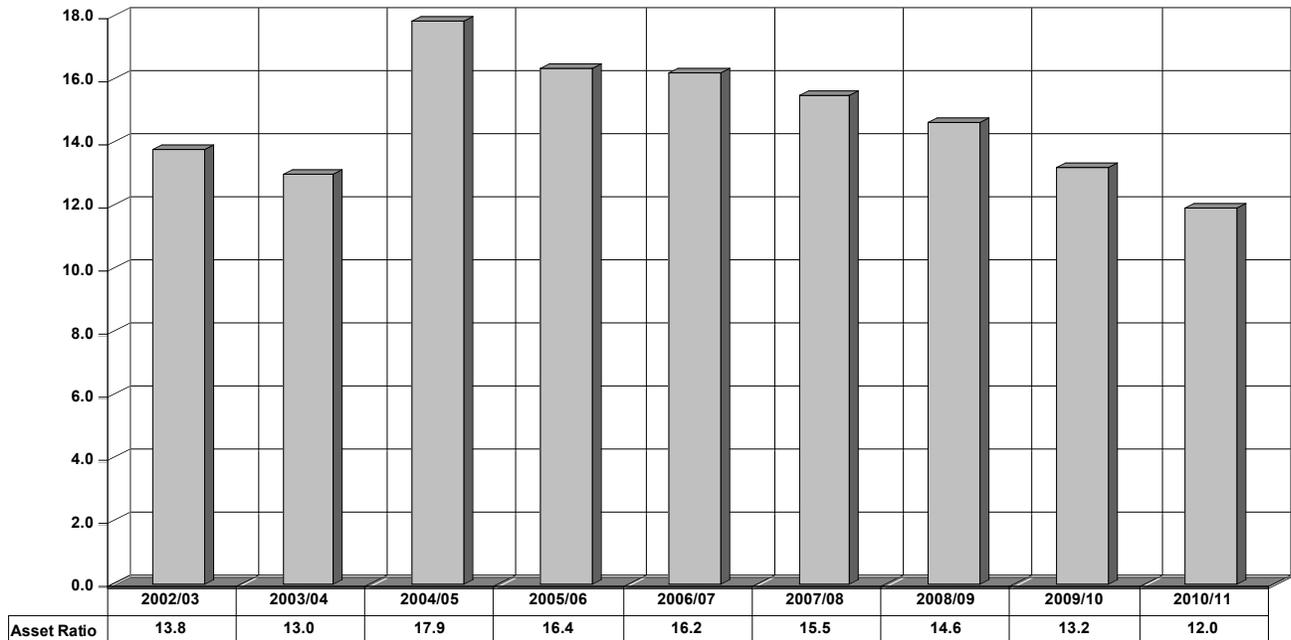
A trend of increasing percentage of short-term debt outstanding at the end of successive fiscal years can indicate liquidity problems, deficit spending, or both.

Analysis:

Current liabilities as a percentage of net operating revenues is relatively stable in the General Fund. GASB 34 revised the need to account for accrued paid leaves of absence as a liability. The General Fund's liabilities do not include this amount for Fiscal 2002/03 and forward. The enterprise funds include the current (i.e., short-term) portion of the long-term debt as a current liability. In fiscal 2010/11, the current portion of the enterprise funds long-term debt amounted to \$2,161,653 or 77% 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.

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 value 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 2012-2013 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. The rate of increase for 2012-2013 valuations is 1.95 percent.

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 April 27, 2012. The Public Hearing was held on May 8, 2012.

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

2011 Taxable Value (TV)	1,962,229,463
Cumulative changes	38,290,325
2012 Taxable Value (TV)	2,000,519,788
Consumer's Price Index (CPI):	2.7%
2011-2012 Operating Millage Rate	10.8916
2012-2013 Operating Millage Rate	10.7778

Operating Millage Components:

	<u>2011/12</u>	<u>2012/13</u>
General Fund	7.5000	7.5000
Capital Improvement Program	2.0000	2.0000
Recycling Fund	.3603	.3349
Leaf Pickup/ Spring Cleanup Fund	.4000	.4000
Municipal Streets Fund	.6313	.5429
Total	<u>10.8916</u>	<u>10.7778</u>

Formulas/Computations

2012 Truth-in-Taxation Base Tax Rate Fraction

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

$$\frac{(\$1,962,0229,463 - \$34,586,821)}{(\$2,000,519,788 - \$112,896,924)} = \frac{\$1,927,642,642}{\$1,887,622,864} = 1.0212 = 1.0000$$

As shown above, the 2012 base tax rate fraction (BTRF) is calculated to be 1.0212. According to the State Tax Commission Bulletin No. 5, March 12, 2003, the BTRF may not be greater than 1.0000. Multiplying the BTRF of 1.0000 by last year's operating levy of 10.8916 mills yields a base tax rate of 10.8916 mills for 2012.

2012 Headlee Millage Reduction Fraction

$$\frac{(\text{2011 Total T.V.} - \text{2011 Losses}) \times \text{CPI}}{(\text{2012 Total T.V.} - \text{2012 Additions})} = \frac{(\$1,962,229,463 - \$34,586,821) \times 1.027}{\$1,887,622,864} = 1.0488 = 1.0000$$

2012 Millage Reduction Fraction (Headlee)

As shown above, the 2012 millage reduction fraction (MRF) is calculated to be 1.0488. Beginning in 1995, however, the MRF used cannot exceed 1.0000. Since a MRF of 1.0000 will be used for 2012, no further reduction in the city's maximum authorized millage rate (due to Headlee rollback) will be required for 2012.

CITY OF PORTAGE
RESOLUTION OF CITY OF PORTAGE

Minutes of a regular meeting of the City Council for the City of Portage, Michigan held on April 24, 2012 at 7:30 p.m. local time at the Council Chambers in the City of Portage, Michigan.

Present: Campbell, Pearson, Randall, Reid, Sackley, Strazdas, Urban

Absent: None.

The following resolution was offered by:

Councilmember Campbell, and supported by:

Councilmember Reid.

NOW THEREFORE, BE IT RESOLVED:

That the City of Portage set a public hearing for 7:30 p.m., or as soon thereafter as may be heard, on May 8, 2012, on the proposed 2012-2013 City budget as required by Chapter Seven of the City Charter and state law.

Be it further resolved:

That notice, in substantially the following form, be published in a newspaper of general circulation within the City, giving notice of the City's intent to set the public hearing.

CITY OF PORTAGE, MICHIGAN
NOTICE OF PUBLIC HEARING
ON PROPOSED CITY BUDGET AND
PROPOSED PROPERTY TAXES

The City Council of the City of Portage will hold a public hearing at 7:30 p.m., or as soon thereafter as may be heard, on May 8, 2012 in the Council Chambers at 7900 South Westnedge Avenue on the proposed 2012-2013 City budget and on the proposed 2012 City tax levy. Copies of the proposed budget are available for public inspection during regular business hours in the offices of the City Clerk and the Finance Director.

The hearing is being held for the purpose of receiving testimony and discussing the proposed levy of the millage needed to support the proposed budget.

Public comments, oral or written, are welcome at the hearing on the proposed City budget and the proposed millage rate.

This notice published by:

CITY OF PORTAGE
7900 SOUTH WESTNEDGE AVENUE
PORTAGE, MICHIGAN 49002
(269) 329-4412

Dated: _____, 2012


City Clerk

GENERAL APPROPRIATIONS ACT
 RESOLUTION TO ADOPT THE BUDGET
 OF THE CITY OF PORTAGE FOR THE FISCAL YEAR
 JULY 1, 2012 TO JUNE 30, 2013
 AND TO MAKE APPROPRIATIONS THEREFORE

Moved by **Sackley**
 Supported by **Reid**

WHEREAS, Chapter 7 of the City Charter requires: That the City Manager submit a budget proposal with a 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 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, 2012 to June 30, 2013.

BE IT FURTHER RESOLVED that the sum of \$21,465,800 be raised by taxation by the levy of 10.7778 mills for operations on the taxable value of all real and personal property in the City as follows:

General Operating Fund	7.5000 mills	\$14,937,500
Capital Improvement Fund	2.0000 mills	3,983,300
Curbside Recycling Fund	0.3349 mills	667,000
Leaf Pickup/Spring Cleanup Fund	0.4000 mills	796,700
Municipal Street Fund	<u>0.5429 mills</u>	<u>1,081,300</u>
	<u>10.7778 mills</u>	<u>\$21,465,800</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 25% of the 2012-2013 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: **Campbell, Pearson, Randall, Reid, Sackley, Strazdas**
 NO: **None.**
 ABSENT: **Urban**


 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 22nd day of May, 2012 the original of which resolution is on file in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature this 22nd day of May, 2012.


 James R. Hudson, City Clerk

SALARY AND WAGE RESOLUTION
RESOLUTION TO ADOPT THE SALARY AND WAGE SCHEDULES FOR
THE FISCAL YEAR JULY 1, 2012 TO JUNE 30, 2013

Moved by Sackley
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, 2012 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, 2012 in accordance with applicable collective bargaining agreements:
 - Portage Police Command Officers Association (PPCOA)
 - International Association of Firefighters (IAFF)
 - United Auto Workers (UAW) - Parks/Streets & Equipments Divisions of Parks, Recreation & Public Services

- (2) Personnel of the following bargaining units shall receive compensation in accordance with bargaining agreements to be negotiated during the fiscal year ending June 30, 2013:
 - Portage Police Officers Association (PPOA)

- (3) Department Head and regular full-time non-union employees receive benefit adjustments as provided for in the 2012/2013 Employee Compensation and Benefit Plan Amendment, as recommended by the City Manager and adopted with the budget on May 22, 2012. In addition, 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 City Manager and adopted with the budget on May 22, 2012. The 2012/2013 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 by the City Manager during the fiscal year. Total adjustments for Department Head and regular full-time Non-Union employees shall not exceed \$125,000. Part-time and seasonal employees receive wage increases as approved by the City Manager. The 2012/2013 recommended budget does not provided for wage adjustments for part-time and seasonal employees. Compensation for the City Manager shall be determined by the City council.

YES: Campbell, Pearson, Randall, Reid, Sackley, Strazdas
NO: None.
ABSENT: Urban


James R. Hudson, City Clerk

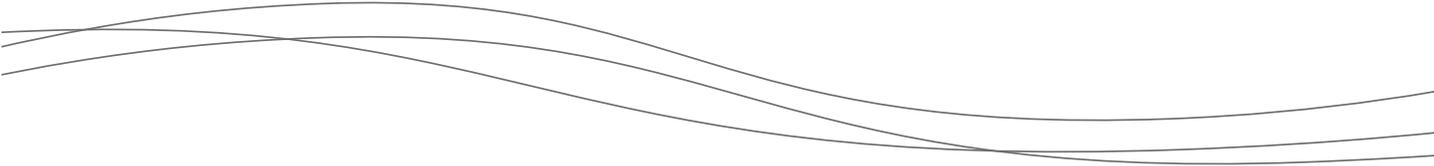
CERTIFICATION

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 22nd day of May, 2012 the original of which resolution is on file in my office.

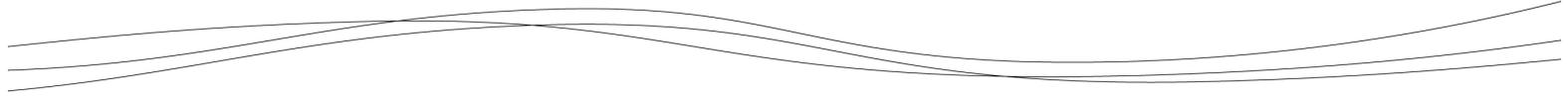
IN WITNESS WHEREOF, I have hereunto affixed my official signature this 22nd day of May, 2012.


James R. Hudson, City Clerk

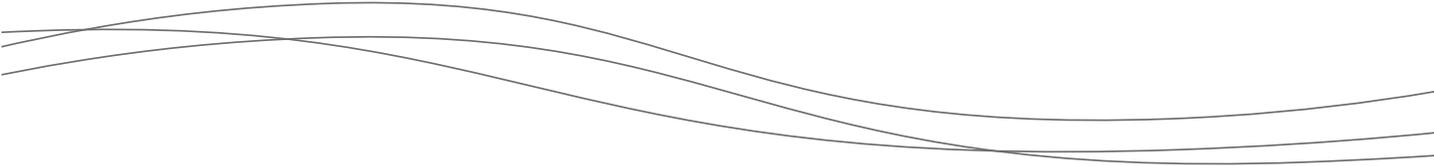


PORTAGE

A Place for Opportunities to Grow



General Fund

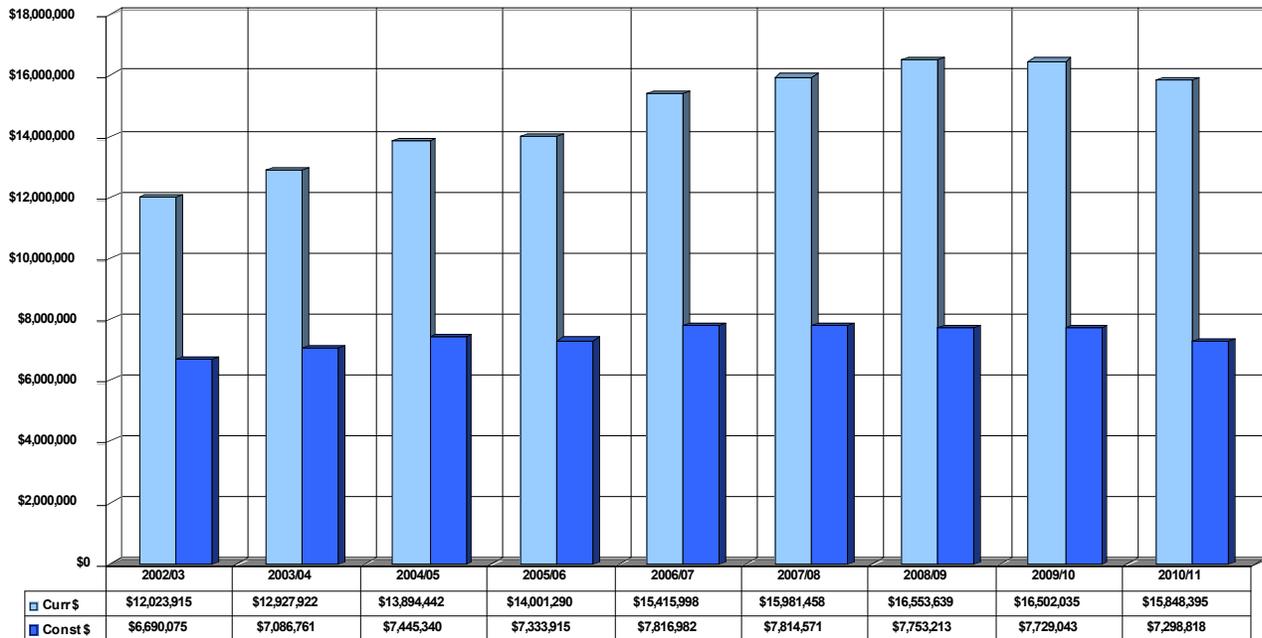


PORTAGE

A Place for Opportunities to Grow

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.

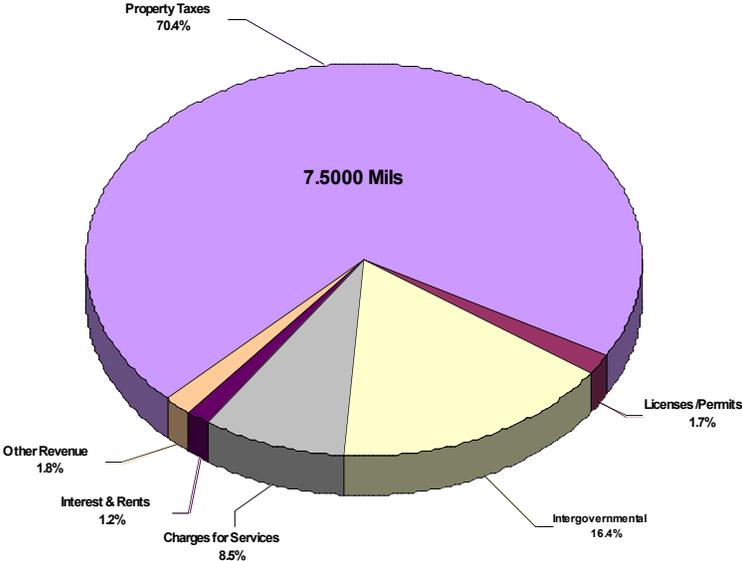
Description:

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:

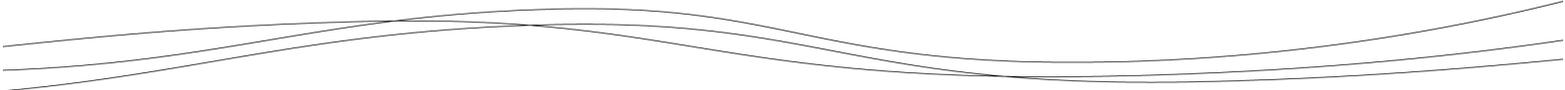
As the chart indicates, General Fund property tax revenue in constant dollars generally increased through 2007/08. The slowing rate of growth may be noted prior to the 2009/2010 is replaced with virtually no growth in 2009/2010, and a decrease in Fiscal Year 2010/2011.

GENERAL FUND REVENUES BY SOURCE



GENERAL FUND REVENUES
Fiscal Year 2012-2013

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
Revenues budgeted by department:					
Fees and permits	413,194	629,586	473,200	473,200	473,200
Federal revenue	5,000	11,584	46,109	35,259	31,809
State revenue	22,687	17,325	7,500	7,500	9,500
Other grants	52,252	37,642	24,850	21,600	21,600
Charges for services	386,440	293,107	295,500	293,000	270,500
Interest and rents	227,055	256,457	184,500	184,500	196,200
Other revenue	512,018	496,527	423,405	418,045	407,680
Transfers In	15,000	1,872	8,000	8,000	4,000
	<u>1,633,646</u>	<u>1,744,100</u>	<u>1,463,064</u>	<u>1,441,104</u>	<u>1,414,489</u>
Revenues not budgeted by department:					
Property taxes	16,502,035	15,848,396	15,497,500	15,497,500	15,773,900
State shared revenue	3,279,535	3,219,927	3,032,301	2,917,902	3,611,184
Charges for services	1,485,320	1,369,160	1,369,160	1,369,160	1,366,940
Interest and rents	120,288	68,808	120,000	120,000	68,800
Other revenue	27,836	442,129	42,000	42,000	32,000
Transfers In	-	-	160,000	160,000	120,000
	<u>21,415,014</u>	<u>20,948,420</u>	<u>20,220,961</u>	<u>20,106,562</u>	<u>20,972,824</u>
Total Revenue	<u><u>23,048,660</u></u>	<u><u>22,692,520</u></u>	<u><u>21,684,025</u></u>	<u><u>21,547,666</u></u>	<u><u>22,387,313</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 2012-2013 is projected to be 7.5000 mills, which is the same as the 2011-2012 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.

Licenses and Permits

License and permit revenue consists of building and development permits and liquor license fees. The budget for 2012-2013 is the same as 2011-2012 for liquor licenses, and less than 2011-2012 for development permits as the result of the continued slump in new housing starts due to the effects of the credit crisis, and slowing commercial development as a result of recessive economic conditions. This revenue is estimated based on trend plus known upcoming projects.

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. However, current economic conditions demonstrate consumer spending has grown ever more conservative, and so the estimate for Constitutional revenue sharing payments has been held to approximately the same level as in 2011/2012 for the 2012/2013 budget based on projections provided by the State of Michigan. Uncertainty as to the State's ultimate decision in retaining all local government statutory revenue sharing payments also calls for conservative revenue estimates.

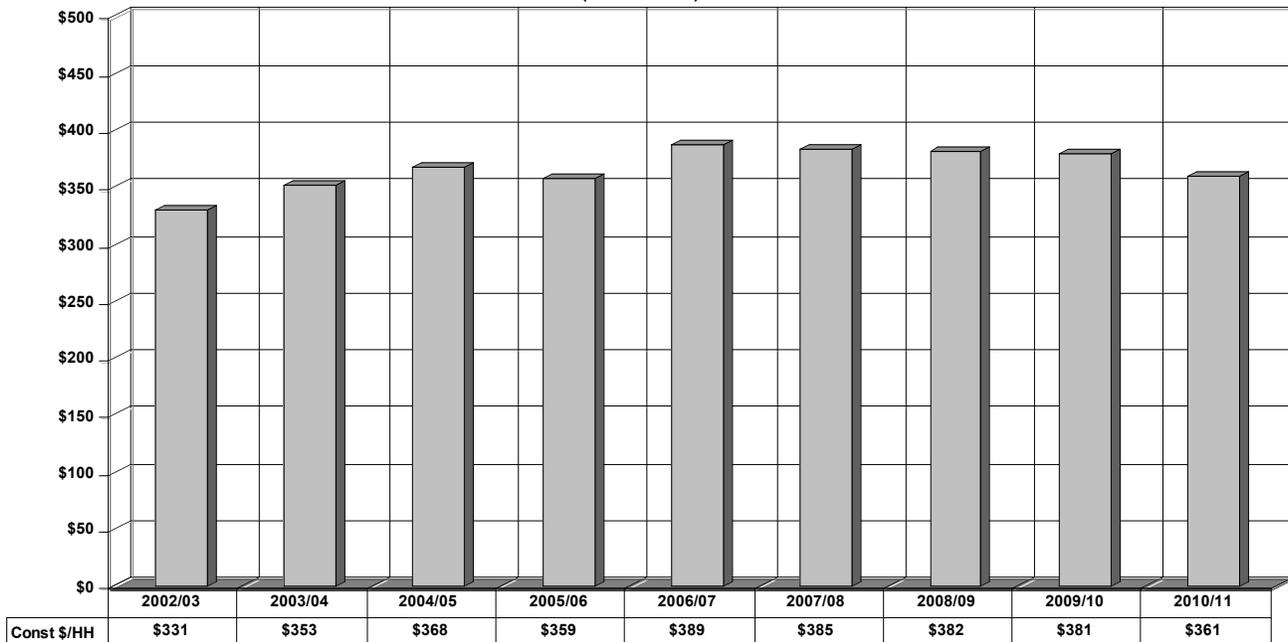
Also included in this category is State of Michigan grant money. This consists primarily of funding for police training programs ("PA 302").

Grants

The grant revenue estimate is based on the results of the most recent grant application and award.

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:

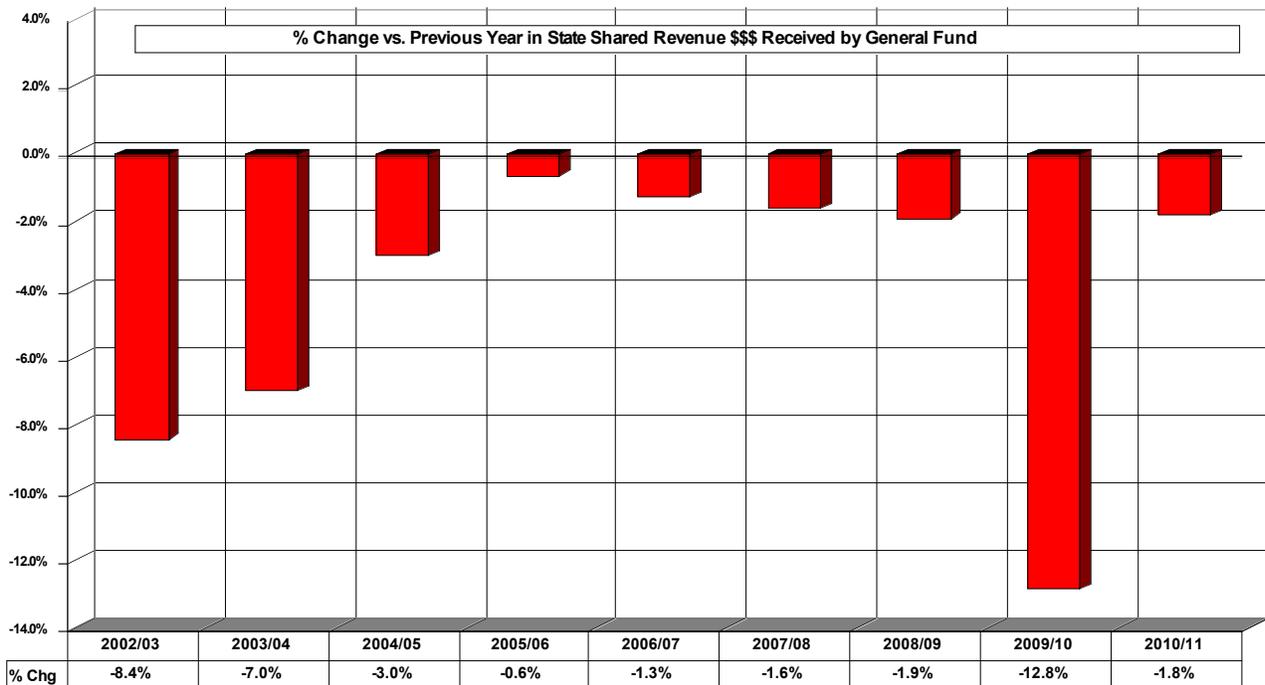
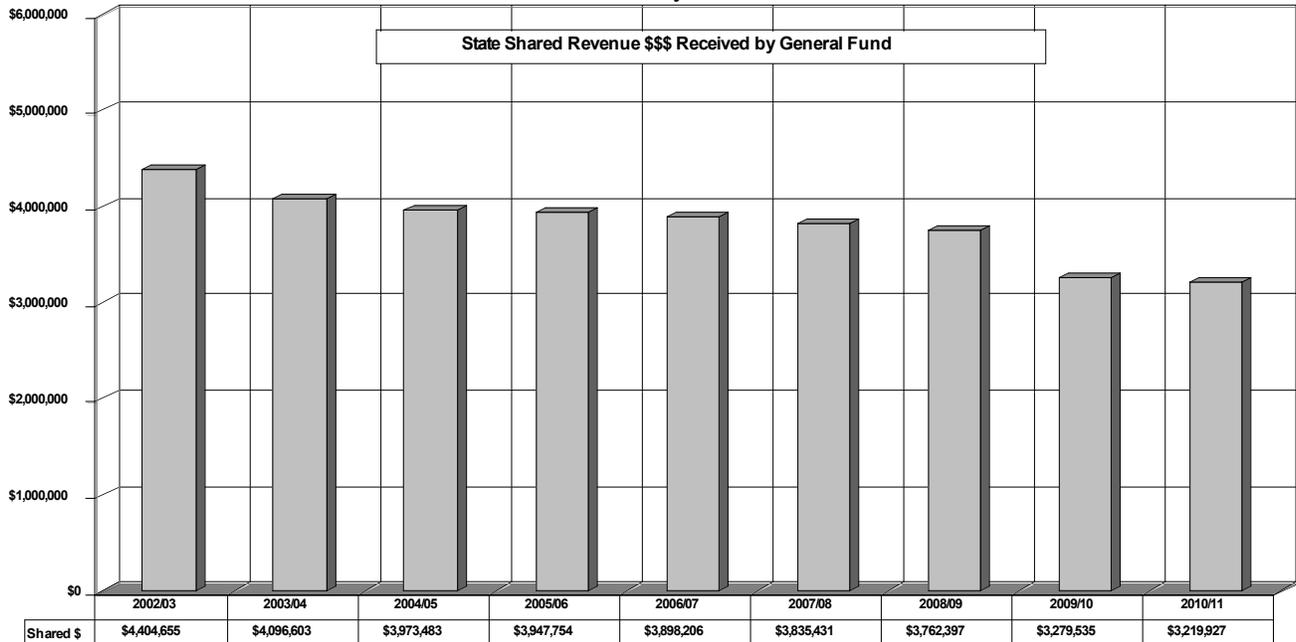
Examining property tax revenues on a *per household basis* shows changes in revenues relative to the changes in number of households. As the number of households increases, it could be reasonably expected that overall revenues and the need to expend those revenues will increase. As a result, one could 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 2009/2010, there was virtually no increase in the tax base which caused a decrease when valued in inflation adjusted constant dollars. Tax base loss in Fiscal Year 2010-2011 forced adjustments in staffing. Full time positions have decreased through attrition. Please see APPENDIX E for changes in staffing.

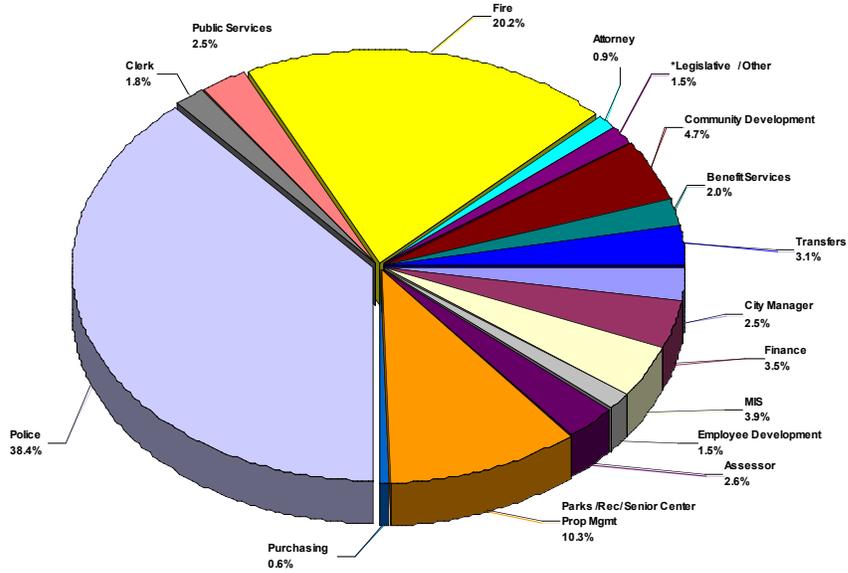
GENERAL STATE-SHARED REVENUES

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 will have a positive effect. The state constitution guarantees 15% of 4% 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, have since declined. The Governor's E.V.I.P. plan for statutory revenue sharing will require each community to qualify for a statutory revenue-sharing allotment by showing that they are trying to share more services with other communities, rein in employee compensation costs, and increase public transparency of finances.

GENERAL FUND EXPENDITURES BY DEPARTMENT



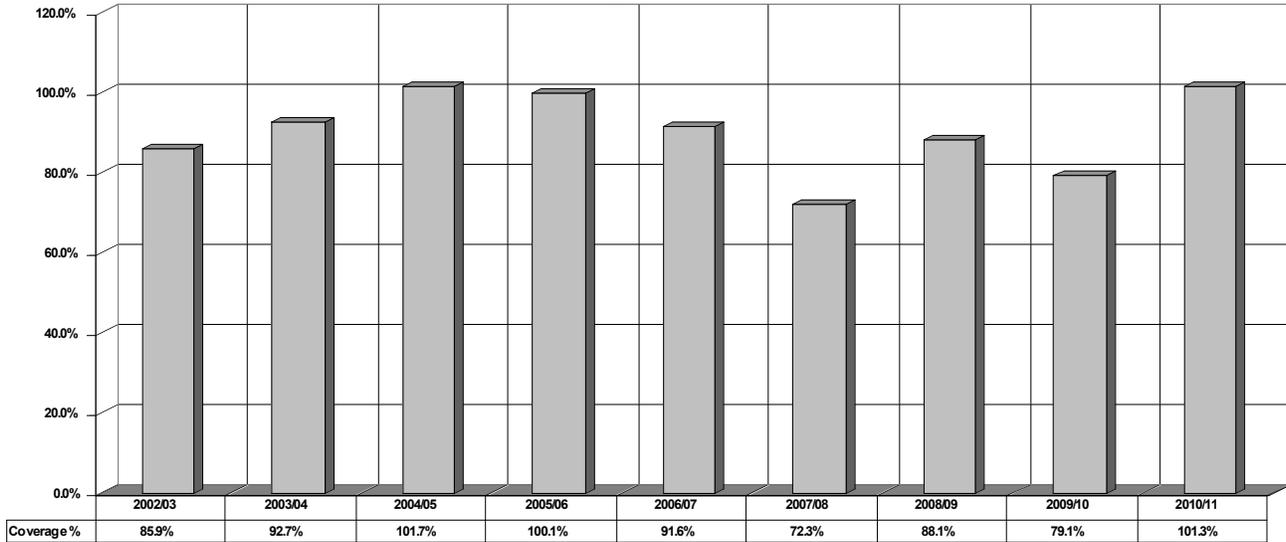
***Note: The Legislative/Other budget includes City Council, Court and Human Services**

General Fund Expenditures by Department or Function

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted	Adopted	Council
	Actuals	Actuals	Budget	Budget	Approved
City Council	60,430	58,705	62,200	61,500	166,500
Human Service Funding	170,558	114,820	117,204	117,204	117,563
District Court Facility	49,874	48,468	62,552	56,855	56,855
City Manager	634,360	525,227	593,703	592,006	581,112
Finance	757,287	751,453	1,054,407	839,637	808,081
Information Technology	655,491	689,498	1,097,773	892,621	882,744
City Assessor	540,157	550,152	718,238	605,358	601,508
City Attorney	201,145	200,987	201,728	201,728	201,728
City Clerk	292,572	350,420	410,221	389,003	401,657
Employee Development	377,677	362,829	448,607	436,364	433,525
Benefit Services	351,053	374,485	455,127	452,547	442,958
Purchasing	139,611	145,452	167,787	151,763	147,585
Parks & Recreation	2,800,146	2,631,717	2,544,680	2,416,743	2,344,332
Police Department	8,496,023	8,504,050	9,699,005	9,078,362	8,696,571
Fire Department	4,154,683	4,341,213	4,760,920	4,652,648	4,605,453
Community Development	860,017	946,283	1,295,954	1,093,758	1,082,756
Street Lighting	423,003	558,811	540,297	496,297	565,000
Transfers Out	1,385,000	410,000	1,011,000	886,000	700,000
Total Expenditures	22,349,087	21,564,570	25,241,403	23,420,394	22,835,928

Additional information is available in the respective detailed departmental budgets.

GENERAL FUND USER COVERAGE %
 % of Related General Fund Expenditures Covered by User Fees



Warning Trend:

Decreasing revenues from user service charges as a percentage of the total expenditures on related services.

Formula:

$$\text{((Revenues from User Service Fees and Charges) / (Total Expenditures for Related Services)) x 100}$$

Note: User service fees and charges include building services (i.e., permit inspections), recreation programs, cemetery operations, and the Portage Senior Center.

Description:

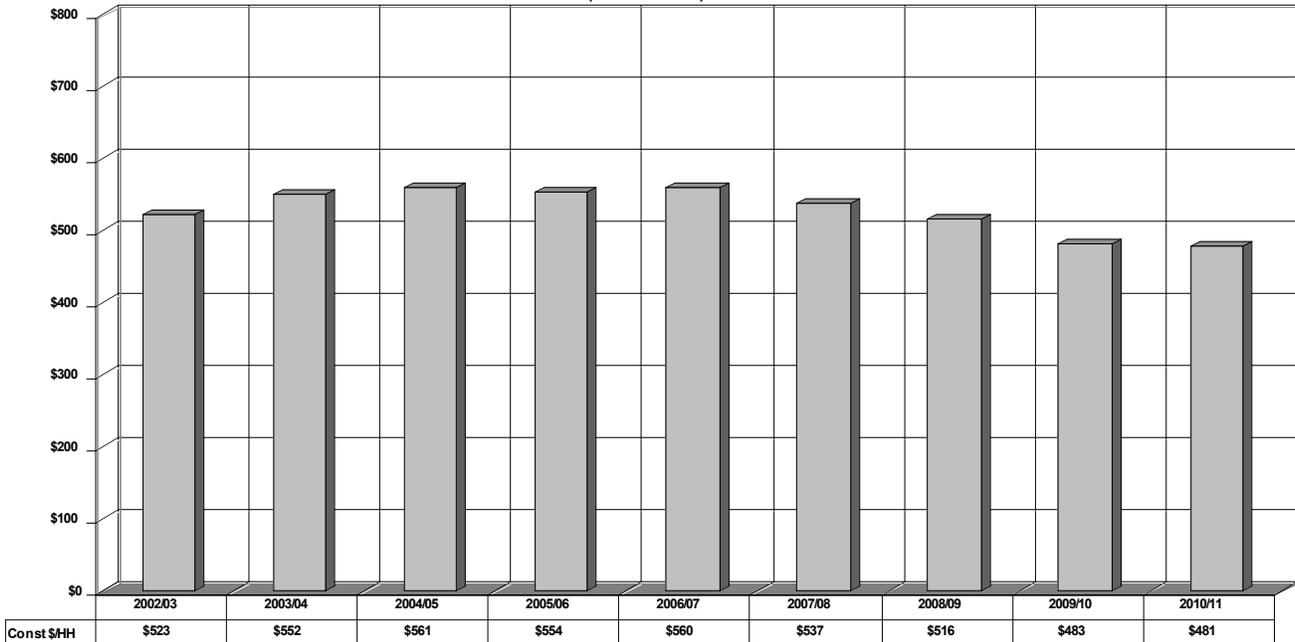
The term "user coverage" refers to whether the fees and other charges for certain services cover the entire cost of providing those services. The information depicted in the above chart applies only to General Fund programs and not those in the enterprise funds. When the fees and charges exactly match the related expenditures of providing those specific services, the user coverage percentage is equal to 100%. Similarly, if the fees and charges only cover half of the related expenditures, the user coverage percentage would equal 50%. As the user coverage % declines, it places a burden on other revenues to support these services. Since a typical municipal accounting system does not employ cost accounting techniques, it is very easy for inflation and other factors to erode the user coverage percentage unnoticed unless it is monitored explicitly in this fashion.

Analysis:

This indicator has been monitored since fiscal 1985/1986 when user charges first began to be analyzed on an annual basis. Prior to Fiscal 1986/87, records show that user charge coverage percentage in the General Fund was typically less than 40%. Since then, the higher levels of the user coverage percentage reflect an effort to increase the user service fees and other charges necessary to sustain the activities and curtailing/deleting certain programs which could not be made self-supporting. On average user fee coverage remains above the 85% target level. Building Inspection revenues usually comprise one-half of service fees and are down significantly for 2008/2009 and 2009/2010 causing the decrease in the coverage percentage.

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:

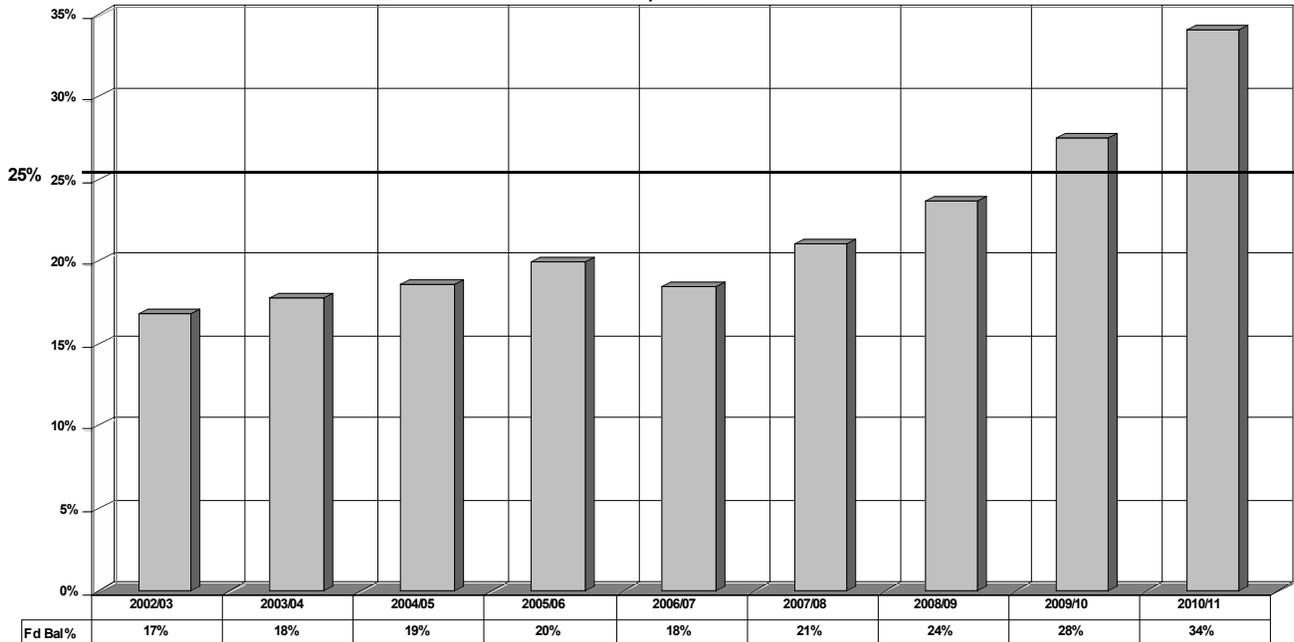
Examining expenditures on a *per household basis* shows changes in expenditures relative to the changes in number of households. Increasing per household expenditures can indicate that the cost of providing services is outstripping the City's ability to pay, especially if spending is increasing faster 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 2007/2008 are decreasing to respond to the economic situation that continues to deteriorate.

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% level. *It is also considered a warning trend if this indicator falls below 10% 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 for a specific purpose.

Description:

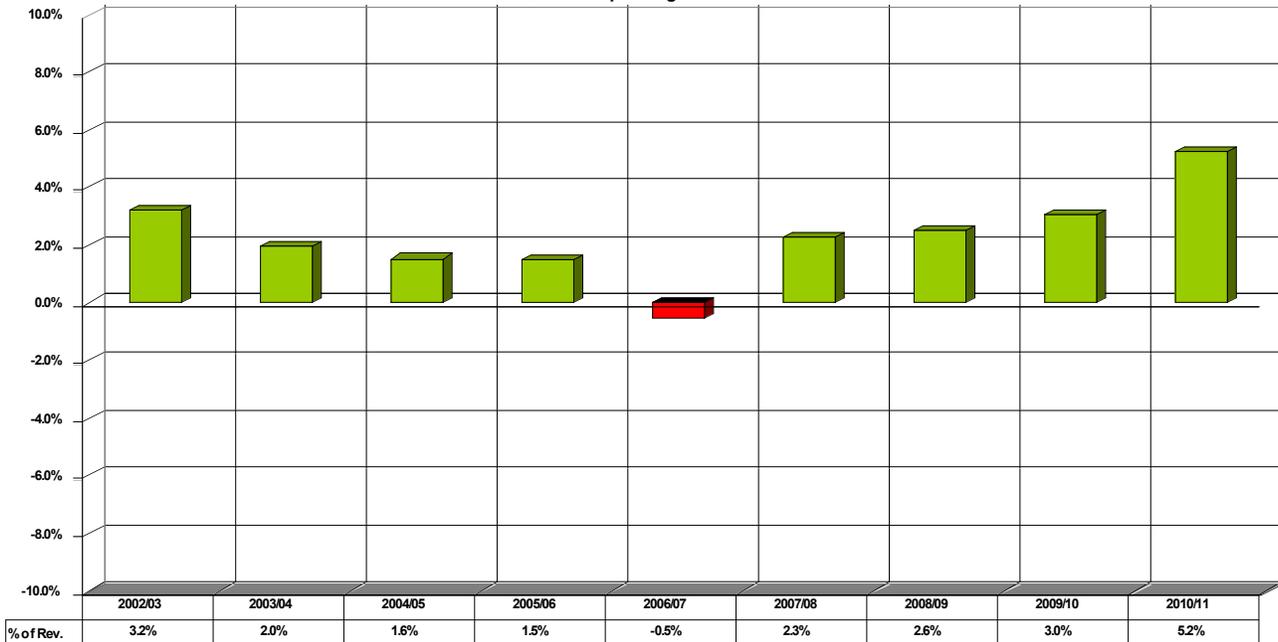
Although positive fund balances can also be thought of as reserves, the "Fund Balance" entry on a local government's annual report is not always synonymous with "available for appropriation." The annual report may also show a reservation of some or all of the fund balance as "reserved for prior years' 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. In 1985, the City Council adopted a resolution of intent to maintain the fund balance in the General Fund at a level of 13% of general fund expenditures plus Interfund transfers. Bond rating agencies consider a 10% 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% is required for the ability to cope with the loss.

Analysis:

Since 2009/2010 the fund balance of the General Fund has remained well above the 25% 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:

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

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 59 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, 2013 is at least 25 percent of fund expenditures.

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Property taxes	16,502,035	15,848,396	15,497,500	15,497,500	15,773,900
Fees and permits	413,194	629,586	473,200	473,200	473,200
Federal revenue	5,000	11,584	46,109	35,259	31,809
State revenue	22,687	17,325	7,500	7,500	9,500
State shared revenue	3,279,535	3,219,927	3,032,301	2,917,902	3,611,184
Other grants	52,252	37,642	24,850	21,600	21,600
Charges for services	1,871,760	1,662,267	1,664,660	1,662,160	1,637,440
Interest and rents	347,343	325,265	304,500	304,500	265,000
Other revenue	539,854	938,656	465,405	460,045	439,680
Transfers In	15,000	1,872	168,000	168,000	124,000
TOTAL REVENUE	23,048,660	22,692,520	21,684,025	21,547,666	22,387,313
EXPENDITURES:					
Personnel Services	16,337,292	16,433,243	17,548,667	17,025,624	16,402,029
Operations & Maintenance	2,949,663	2,844,496	3,575,130	3,282,977	3,470,631
Administrative Charges	1,674,547	1,775,266	2,258,137	1,999,874	2,056,509
Capital Outlay	2,585	101,565	848,469	225,919	206,759
Transfers Out	1,385,000	410,000	1,011,000	886,000	700,000
TOTAL EXPENDITURES	22,349,087	21,564,570	25,241,403	23,420,394	22,835,928

LEGISLATIVE DEPARTMENT

Budget Overview: In addition to City Council expenditures, the 2012-2012 Legislative budget includes contributions to various human service agencies. The human services contributions equal \$117,563 (see Appendix A for additional information) for 2012/2013.

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% of General Fund revenue	<i>Community Development</i> Continue commitment to human services

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	41,715	41,714	42,000	42,000	42,000
Operations & Maintenance	189,273	131,811	137,404	136,704	242,063
TOTAL EXPENDITURES	<u>230,988</u>	<u>173,525</u>	<u>179,404</u>	<u>178,704</u>	<u>284,063</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 2012-2013 City Council budget includes expenditures for Michigan Municipal League dues, planning retreats and Mayor Exchange Day.

	2009-2010 <u>Actuals</u>	2010-2011 <u>Actuals</u>	2011-2012 <u>Adjusted Budget</u>	2011-2012 <u>Adopted Budget</u>	2012-2013 <u>Council Approved</u>
EXPENDITURES:					
Personnel Services	41,715	41,714	42,000	42,000	42,000
Operations & Maintenance	18,715	16,991	20,200	19,500	124,500
TOTAL EXPENDITURES	<u>60,430</u>	<u>58,705</u>	<u>62,200</u>	<u>61,500</u>	<u>166,500</u>

HUMAN SERVICES 101-1085

The Human Services activity is comprised of contributions to six 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.

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

The proposed 2012-2013 budget includes a General Fund appropriation of \$80,513 for youth development and program coordination activities. An additional \$36,000 is proposed from Community Development Block Grant funds, depending on the final grant amount, bringing the potential total city contribution to PCC to \$116,513.

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

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 2012-2013 budget includes a General Fund appropriation of \$8,570.

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

3. **HOUSING RESOURCES, INC.**

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

Housing Stabilization Program - homelessness prevention and rapid re-housing assistance.

The proposed 2012-2013 budget includes a General Fund appropriation of \$17,400.

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

4. **THE ARK OF CATHOLIC FAMILY SERVICES**

The Ark of Catholic Family Services is a non-profit corporation that serves families in southwest Michigan and provides the following service for Portage families.

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

The proposed 2012-2013 budget includes a General Fund appropriation of \$9,080.

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

HUMAN SERVICES, continued

5. 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 2012-2013 budget includes a General Fund appropriation of \$2,000.

<u>Performance Indicator*</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Number of Portage clients served	1,500	2,500	2,500

*Gryphon Place did not receive funding in 2011-2012

	<u>2009-2010</u> <u>Actuals</u>	<u>2010-2011</u> <u>Actuals</u>	<u>2011-2012</u> <u>Adjusted</u> <u>Budget</u>	<u>2011-2012</u> <u>Adopted</u> <u>Budget</u>	<u>2012-2013</u> <u>Council</u> <u>Approved</u>
EXPENDITURES:					
Operations & Maintenance	170,558	114,820	117,204	117,204	117,563
TOTAL EXPENDITURES	<u>170,558</u>	<u>114,820</u>	<u>117,204</u>	<u>117,204</u>	<u>117,563</u>

CITY MANAGER

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

Budget Overview: The 2012-2013 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. *The Portager*, a full-color newspaper delivered to all Portage households, is designed and published under this budget.

CITY MANAGER, continued

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Personnel Services	547,123	464,219	500,223	497,826	483,832
Operations & Maintenance	81,332	54,760	86,500	87,200	92,500
Administrative Charges	5,905	6,248	6,980	6,980	4,780
TOTAL EXPENDITURES	634,360	525,227	593,703	592,006	581,112

<u>Service Indicator</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Council meetings	32	31	32
Council committee meetings	35	29	32
Pre-Council meetings	24	24	24
Council items processed:			
Agenda items	226	246	236
Material transmitted	73	86	80
Weekly Reports	48	45	52
Portager issues	6	6	6

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 2012-2013 the department will continue to evaluate expanded bill payment options for citizens, fine tune 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	<i>Financial Health</i> Evaluate expenditures and processes to provide for the most effective and efficient use of city resources
Financial Management	Administrative function	<i>Service Delivery</i> Provide high quality, effective and cost efficient services Evaluate alternatives to meet increased service demands <i>Financial Health</i> Maintain financial health of city Pursue revenue enhancement through alternate funding opportunities Assess financing methods for capital improvement needs
Treasury	Administrative function	<i>Public Relations</i> Continue emphasis on courteous service

FINANCE, continued

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Other revenue	7,865	(1,668)	750	750	1,000
TOTAL REVENUE	7,865	(1,668)	750	750	1,000
EXPENDITURES:					
Personnel Services	589,819	601,541	658,855	647,085	618,944
Operations & Maintenance	154,748	137,217	184,902	178,902	178,467
Administrative Charges	12,720	12,695	13,650	13,650	10,670
Capital Outlay	-	-	197,000	-	-
TOTAL EXPENDITURES	757,287	751,453	1,054,407	839,637	808,081

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	5,017	4,700	4,600
Electronic Vendor Payments (wire, EFT)	879	950	1,100
Payroll checks issued	8,122	7,400	7,400
W-2's issued	565	565	550
W-2 accuracy rate	100%	100%	100%
1099's issued	179	180	180
Issue date of annual financial report	Nov 30	Dec 16	Dec 14

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Personnel Services	211,301	218,870	247,041	235,232	232,569
Operations & Maintenance	54,641	44,995	62,608	62,608	62,344
TOTAL EXPENDITURES	265,942	263,865	309,649	297,840	294,913

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	\$3,440,000	\$2,875,000	\$2,135,000
Bond Refinancing	\$9,255,000	\$12,795,000	\$-0-
'Unqualified' audit report received	Yes	Yes	Yes

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Personnel Services	225,909	229,150	253,666	251,715	248,885
Operations & Maintenance	72,926	61,918	75,334	75,334	75,503
Administrative Charges	12,720	12,695	13,650	13,650	10,670
Capital Outlay	-	-	197,000	-	-
TOTAL EXPENDITURES	311,555	303,763	539,650	340,699	335,058

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% 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	37,860	37,696	37,800
Special assessment bills processed	1,716	1,118	1,476
Water and sewer bills processed	63,369	63,400	64,000
Cash receipts issued	109,112	109,000	110,000
Number of cash transactions per employee	27,278	27,250	27,500

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	7,865	(1,668)	750	750	1,000
TOTAL REVENUE	<u>7,865</u>	<u>(1,668)</u>	<u>750</u>	<u>750</u>	<u>1,000</u>
EXPENDITURES:					
Personnel Services	152,609	153,521	158,148	160,138	137,490
Operations & Maintenance	27,181	30,304	46,960	40,960	40,620
TOTAL EXPENDITURES	<u>179,790</u>	<u>183,825</u>	<u>205,108</u>	<u>201,098</u>	<u>178,110</u>

INFORMATION TECHNOLOGY SERVICES

The Information Technology (I/T) 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 2012-2013 budget continues the management of the privatized I/T 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 I/T 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: 2012-2013 provides for a continuation of current services.

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

<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.

I/T. continued

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Charges for services	117,948	43,300	45,000	45,000	47,000
Other revenue	2	295	100	100	100
TOTAL REVENUE	117,950	43,595	45,100	45,100	47,100
EXPENDITURES:					
Personnel Services	54,459	40,899	43,997	43,095	67,733
Operations & Maintenance	598,533	645,924	690,250	686,000	691,485
Administrative Charges	2,499	2,675	3,526	3,526	3,526
Capital Outlay	-	-	360,000	160,000	120,000
TOTAL EXPENDITURES	655,491	689,498	1,097,773	892,621	882,744

The responsibilities of the various activities are outlined as follows.

INFORMATION 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	74	74
PC's & Laptops	239	250	249
Applications	400	400	400
Network/PC training hours	700	600	550
Telephone lines supported(note 6)	279	290	290
Network servers (see note 1)	16	16	16
Midrange computers (see note 2)	4	4	4
Help desk requests	1,925	1,125	1,300
Routers/switches/hubs	36	13	13
Terminals	7	7	7
Wireless devices (see note 3)	34	32	32
Cell phone/PDA (see note 4)	92	85	85
Video Monitoring Systems (Note 5)	1	3	3

Note 1: GIS, PD Photos, ZENWorks, Groupwise including firewalls, DMS server (H T E), Fire collection, 2 firewalls, Happy main file & print

Note 2: H.T.E. i5, Police Department i5, Police Wireless RS6000, interview room server

Note 3: 19 PD, 1 CM, 3 IT, 5 Fire, 4 Parks, 5 T&U

Note 4: 18 stipend, 67 city-issued non-stipend

Note 5: (System 1) Parks Facilities, (System 2) Finance , Assessor, Conference Rooms #1 and #2, (Sys 3), Police Interview Room.

Note 6: VIOP System – CISCO call manager (2), call recording devices (1), PAI (2)

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	-	-	-	-	19,644
Operations & Maintenance	595,180	640,377	684,665	680,415	685,900
Administrative Charges	2,499	2,675	3,526	3,526	3,526
Capital Outlay	-	-	360,000	160,000	120,000
TOTAL EXPENDITURES	<u>597,679</u>	<u>643,052</u>	<u>1,048,191</u>	<u>843,941</u>	<u>829,070</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	452,086	401,643	427,000
Number of fax pages	1,353	816	1,100
Number of printing jobs processed	255	210	200
Pieces of mail processed	138,743	132,465	135,000
Website update hours	300	120	120
Package receiving/deliveries	886	963	925
Document scans	12,261	12,631	12,500

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	117,948	43,300	45,000	45,000	47,000
Other revenue	2	295	100	100	100
TOTAL REVENUE	<u>117,950</u>	<u>43,595</u>	<u>45,100</u>	<u>45,100</u>	<u>47,100</u>
EXPENDITURES:					
Personnel Services	54,459	40,899	43,997	43,095	48,089
Operations & Maintenance	3,353	5,547	5,585	5,585	5,585
TOTAL EXPENDITURES	<u>57,812</u>	<u>46,446</u>	<u>49,582</u>	<u>48,680</u>	<u>53,674</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 special assessments	<i>Financial Health</i>
	Prepare the assessment roll and administer the appeal process.	Maintain the financial health of the city

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Other revenue	110	42	500	500	200
TOTAL REVENUE	<u>110</u>	<u>42</u>	<u>500</u>	<u>500</u>	<u>200</u>
EXPENDITURES:					
Personnel Services	400,892	441,573	487,355	473,556	470,626
Operations & Maintenance	128,721	102,029	222,559	123,478	122,628
Administrative Charges	10,544	6,550	8,324	8,324	8,254
TOTAL EXPENDITURES	<u>540,157</u>	<u>550,152</u>	<u>718,238</u>	<u>605,358</u>	<u>601,508</u>

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)	\$21.5	\$20.6	\$21.4
Property taxes levied, all taxing entities (in millions)	\$86.7	\$82.0	\$83.2

	<u>2009-2010 Actuals</u>	<u>2010-2011 Actuals</u>	<u>2011-2012 Adjusted Budget</u>	<u>2011-2012 Adopted Budget</u>	<u>2012-2013 Council Approved</u>
REVENUE:					
Other revenue	110	42	500	500	200
TOTAL REVENUE	<u>110</u>	<u>42</u>	<u>500</u>	<u>500</u>	<u>200</u>
EXPENDITURES:					
Personnel Services	376,944	411,202	452,147	438,348	435,639
Operations & Maintenance	128,721	102,029	219,833	120,752	119,902
Administrative Charges	10,544	6,550	8,324	8,324	8,254
TOTAL EXPENDITURES	<u>516,209</u>	<u>519,781</u>	<u>680,304</u>	<u>567,424</u>	<u>563,795</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	350	200	200

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	23,948	30,371	35,208	35,208	34,987
Operations & Maintenance	-	-	2,726	2,726	2,726
TOTAL EXPENDITURES	<u>23,948</u>	<u>30,371</u>	<u>37,934</u>	<u>37,934</u>	<u>37,713</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.

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Operations & Maintenance	201,145	200,987	201,728	201,728	201,728
TOTAL EXPENDITURES	<u>201,145</u>	<u>200,987</u>	<u>201,728</u>	<u>201,728</u>	<u>201,728</u>

CITY CLERK

The City Clerk coordinates 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 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>
Records Management	Microfilming of records Imaging of records Records storage Records access	<i>Service Delivery</i> Evaluate alternatives to meet service demands Increase efficiency through technology

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Fees and permits	33,990	29,424	31,400	31,400	31,400
Other revenue	1,448	2,468	500	500	500
TOTAL REVENUE	35,438	31,892	31,900	31,900	31,900
EXPENDITURES:					
Personnel Services	238,453	292,759	301,998	299,938	297,924
Operations & Maintenance	49,694	53,351	103,348	84,190	99,973
Administrative Charges	4,425	4,310	4,875	4,875	3,760
TOTAL EXPENDITURES	292,572	350,420	410,221	389,003	401,657

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	2	3	2
New registrations	2,924	3,313	3,500
Cancellations	3,025	2,984	3,000
Change of address	2,080	2,100	2,100
Registered voters	36,288	36,219	36,500

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	93,492	145,012	147,036	147,036	146,171
Operations & Maintenance	24,560	26,994	45,885	35,450	46,650
Administrative Charges	480	301	455	455	455
TOTAL EXPENDITURES	<u>118,532</u>	<u>172,307</u>	<u>193,376</u>	<u>182,941</u>	<u>193,276</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. 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	9	18	12
Resolutions adopted	48	49	50
Cemetery lot burials	58	46	55
Number of meetings clerked	37	30	35

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Fees and permits	33,990	29,424	31,400	31,400	31,400
Other revenue	1,448	2,468	500	500	500
TOTAL REVENUE	35,438	31,892	31,900	31,900	31,900
EXPENDITURES:					
Personnel Services	97,539	99,995	104,476	102,416	101,377
Operations & Maintenance	13,204	17,707	41,076	33,940	36,875
Administrative Charges	3,605	3,596	3,870	3,870	3,030
TOTAL EXPENDITURES	114,348	121,298	149,422	140,226	141,282

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	125	138	125
Number of documents filmed	44,142	79,328	200,000
Processed boxes in storage	143	167	225
FOIA Requests	45	60	60
CD's processed	4	7	10

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	47,422	47,752	50,486	50,486	50,376
Operations & Maintenance	11,930	8,650	16,387	14,800	16,448
Administrative Charges	340	413	550	550	275
TOTAL EXPENDITURES	<u>59,692</u>	<u>56,815</u>	<u>67,423</u>	<u>65,836</u>	<u>67,099</u>

EMPLOYEE DEVELOPMENT 101-2610

The Employee Development Department provides staff support in the areas of recruitment and selection, safety, employee and labor relations, legal compliance and data analysis. The department also administers training programs for the city, which are designed to enhance employee technical skills, enhance customer service, prevent employee injury, and support diversity. This activity accounts for the costs associated with the administration of safety and compliance programs, recruitment and assessment programs, and provision of employee and labor relations consultation to city departments. The Employee Development staff provides assistance to the City Manager in recruitment and selection, providing a safe work environment, labor agreement administration and negotiation, job descriptions, assessment testing, performance evaluation, employee orientation and training, diversity and employee/labor relations. Major initiatives in 2012-13 will be in the safety compliance, risk auditing, labor negotiations, recruitment and selection of high quality employees and training.

Budget Overview: 2012-2013 will show a continued emphasis in the development and delivery of training programs to enhance customer service and address operations needs. Proactive approaches will continue to be focused on the prevention of employee injury, and compliance with the safety regulations. Objective criteria achieved through developing and administering job related assessments will support the recruitment and selection of employees that can be successful in job performance and customer service.

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	1,464	1,450	1,450
Training programs (internal)	784	750	750
Training programs (external)	250	230	230
Testing and assessments	197	60	60
Labor contracts negotiated	3	3	1
Grievances processed	15	15	15
New employee orientations	78	70	70
MIOSHA recordable injuries	21	18	18
Performance evaluations processed	425	400	400
Safety audits conducted	24	24	24
Interviews conducted	568	500	500

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	268,628	273,336	285,125	272,360	270,805
Operations & Maintenance	107,488	87,919	161,717	162,239	161,550
Administrative Charges	1,561	1,574	1,765	1,765	1,170
TOTAL EXPENDITURES	<u><u>377,677</u></u>	<u><u>362,829</u></u>	<u><u>448,607</u></u>	<u><u>436,364</u></u>	<u><u>433,525</u></u>

BENEFIT SERVICES 101-2650

The Benefit Services Department provides staff support in the areas of benefits and compensation administration for all city employee groups including the administration of the city self insured workers' compensation program and Health Management Programs. This activity accounts for the cost associated with the administration of employee benefit and compensation programs, workers' compensation and Health Management Programs. The Department of Benefit Services staff provides assistance to the City Manager in the areas of wages, salary and benefit administration, benefit legal compliance, and workers' compensation program compliance.

Budget Overview: The Department of Benefit Services will continue to focus in the area of workers' compensation case management and the employee Health Management Program for 2012-2013. Goals for the Health Management Program will include increasing employee health awareness, facilitating positive health behavior and reducing the number of employee health high risk factors resulting in cost savings to the city. Benefit and compensation plans will continue to be reviewed for innovative cost savings initiatives, while ensuring the city maintains competitive benefit plans for retention and recruitment purposes.

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

BENEFIT SERVICES (continued)

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Lost time workers' compensation cases	9	9	9
Benefit Contracts/Service Agreements			
Negotiated	9	11	9
Benefit/Payroll orientations	83	70	70
Participation in labor negotiations	3	4	1
Family Medical Leave Act notifications	244	252	262
COBRA (Health Ins Continuation) notifications	25	32	32

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	338,160	321,204	400,424	401,757	398,618
Operations & Maintenance	10,937	51,063	52,313	48,400	41,995
Administrative Charges	1,956	2,218	2,390	2,390	2,345
TOTAL EXPENDITURES	<u>351,053</u>	<u>374,485</u>	<u>455,127</u>	<u>452,547</u>	<u>442,958</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 2012-2013 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	<p><i>Public Relations</i></p> <p>Continue efforts to enhance communication between local government, citizens, the business community, and the local educational institutions on city projects and services.</p>
	Evaluate and improve purchasing service delivery function	<p><i>Service Delivery</i></p> <p>Continue to provide high quality effective and cost efficient municipal services</p> <p>Continue to increase efficiency by applying new technology</p> <p>Monitor, evaluate and communicate service delivery options</p> <p>Continue to evaluate contracting or privatizing city services and programs</p>
Risk Management	Continue to evaluate risk exposures	<p><i>Financial Health</i></p> <p>Continue to evaluate expenditures to provide for the most efficient use of city resources.</p> <p>Consider and implement alternative means of addressing city insurance needs to further enhance financial health of the city.</p>

PURCHASING, continued

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Personnel Services	127,699	132,870	146,227	130,203	127,525
Operations & Maintenance	5,513	6,196	14,700	14,700	14,700
Administrative Charges	6,399	6,386	6,860	6,860	5,360
TOTAL EXPENDITURES	139,611	145,452	167,787	151,763	147,585

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	4,120	4,200	4,200
Sealed bids taken	25	26	29
Joint governmental bidding projects	15	16	25

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Personnel Services	87,897	92,442	101,644	89,620	87,777
Operations & Maintenance	4,653	5,436	11,200	11,200	11,200
TOTAL EXPENDITURES	92,550	97,878	112,844	100,820	98,977

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	54	60	60

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Personnel Services	39,802	40,428	44,583	40,583	39,748
Operations & Maintenance	860	760	3,500	3,500	3,500
Administrative Charges	6,399	6,386	6,860	6,860	5,360
TOTAL EXPENDITURES	47,061	47,574	54,943	50,943	48,608

PARKS, RECREATION and PROPERTY MANAGEMENT

The Parks and Recreation Department is responsible for the operation of parks, cemeteries, and recreation and cultural arts programs, senior citizen services, the management and maintenance of Senior Center buildings and grounds, and the operation of the cultural, 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 in the country. It 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 2012-2013 budget provides for critical attention to city grounds, a continued systematic preventative maintenance program for all city buildings and operation of the Ice Rink at Millennium Park and the beach at Ramona Park. The 2012-2013 Senior Citizens Services budget provides for the continuation of services to meet needs for this growing population.

Goals and Objectives: The Parks/Recreation/Property Management 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
Parks	Parks maintenance and contractual services	<i>Community Development</i> Promote quality of life Coordinated and innovative approach to developing parkland Enhance City Centre Area Promote aesthetic enhancement <i>Public Improvements</i> Systematic preventative maintenance program <i>Service Delivery</i> Evaluate contracting or privatizing

PARKS, RECREATION and PROPERTY MANAGEMENT

continued

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

PARKS, RECREATION and PROPERTY MANAGEMENT

Senior Center,
cont.

photo opportunities to raise
community awareness of PSC
Maintain ongoing advocacy
efforts for sustainability
of older adult services in
southwestern Michigan
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

Finance and Budgeting
Pursue revenue enhancements
through alternative funding
opportunities

Service Delivery
Continue to increase efficiency
by and applying new technology

PARKS, RECREATION, and PROPERTY MANAGEMENT

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Fees and permits	37,963	37,225	43,000	43,000	43,000
Federal revenue	5,000	4,000	300	-	-
Other grants	2,500	835	2,500	2,500	2,500
Charges for services	268,492	249,807	250,500	248,000	223,500
Interest and rents	50,321	38,539	30,500	30,500	30,500
Other revenue	15,490	12,789	15,360	11,000	15,860
Transfers In	15,000	1,872	8,000	8,000	4,000
TOTAL REVENUE	394,766	345,067	350,160	343,000	319,360
EXPENDITURES:					
Personnel Services	1,283,883	1,260,383	1,215,134	1,145,655	1,128,898
Operations & Maintenance	539,161	499,321	461,140	426,964	425,185
Administrative Charges	632,973	541,144	508,136	506,227	505,822
TOTAL EXPENDITURES	2,456,017	2,300,848	2,184,410	2,078,846	2,059,905

Parks, Recreation and Property Management is comprised of five 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	65,000	65,000	35,000

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	4,411	2,700	2,700	-	1,000
TOTAL REVENUE	<u>4,411</u>	<u>2,700</u>	<u>2,700</u>	<u>-</u>	<u>1,000</u>
EXPENDITURES:					
Personnel Services	135,580	144,224	123,685	58,628	92,706
Operations & Maintenance	102,032	127,159	25,000	25,000	26,000
Administrative Charges	257,940	242,701	139,880	139,880	137,000
TOTAL EXPENDITURES	<u>495,552</u>	<u>514,084</u>	<u>288,565</u>	<u>223,508</u>	<u>255,706</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	56	46	55

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Fees and permits	37,963	37,225	43,000	43,000	43,000
Other revenue	6,650	6,659	11,000	11,000	11,000
Transfers In	15,000	1,872	8,000	8,000	4,000
TOTAL REVENUE	59,613	45,756	62,000	62,000	58,000
EXPENDITURES:					
Personnel Services	64,237	73,248	60,137	60,137	52,366
Operations & Maintenance	18,707	12,000	13,200	13,200	13,200
Administrative Charges	20,055	9,327	12,562	12,562	11,742
TOTAL EXPENDITURES	102,999	94,575	85,899	85,899	77,308

PARKS 101-2877

This activity accounts for the costs associated with the development, improvement, and maintenance of 16 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	70,000	40,000	20,000
Acres of blvd./interchange mowing	131	131	131

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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:					
Federal revenue	5,000	4,000	300	-	-
Interest and rents	32,358	28,237	30,000	30,000	30,000
Other revenue	3,929	2,930	1,660	-	3,860
TOTAL REVENUE	41,287	35,167	31,960	30,000	33,860
EXPENDITURES:					
Personnel Services	892,359	862,201	870,699	868,930	813,684
Operations & Maintenance	302,882	258,073	311,182	277,620	285,144
Administrative Charges	313,675	253,218	313,526	313,251	317,806
TOTAL EXPENDITURES	1,508,916	1,373,492	1,495,407	1,459,801	1,416,634

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.

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Personnel Services	29,599	22,594	11,578	11,578	-
Operations & Maintenance	11,210	8,711	6,000	6,000	6,000
TOTAL EXPENDITURES	40,809	31,305	17,578	17,578	6,000

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	5,986	7,000	7,000
Programs	60	55	55

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Other grants	2,500	835	2,500	2,500	2,500
Charges for services	208,482	193,612	190,500	188,000	167,000
Interest and rents	450	620	500	500	500
TOTAL REVENUE	211,432	195,067	193,500	191,000	170,000
EXPENDITURES:					
Personnel Services	63,634	64,400	62,808	62,179	80,328
Operations & Maintenance	21,353	21,263	23,950	23,950	22,950
Administrative Charges	5,408	5,399	5,800	5,800	4,540
TOTAL EXPENDITURES	90,395	91,062	92,558	91,929	107,818

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	3,111	2,565	2,610
Teams	213	171	174
League Divisions	21	21	22
Tournaments	13	7	8

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	11,486	8,087	12,468	10,444	15,147
Operations & Maintenance	55,485	49,672	57,370	59,394	50,091
TOTAL EXPENDITURES	<u>66,971</u>	<u>57,759</u>	<u>69,838</u>	<u>69,838</u>	<u>65,238</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	26,600	23,406	23,000
Daily beach permits	5,105	3,859	3,950
Annual beach permits	668	652	570

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	35,315	38,545	42,151	42,151	42,151
Operations & Maintenance	5,165	4,820	9,638	7,000	7,000
TOTAL EXPENDITURES	<u>40,480</u>	<u>43,365</u>	<u>51,789</u>	<u>49,151</u>	<u>49,151</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	66	67	70
Total participants	8,690	9,000	8,500

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	60,010	56,195	60,000	60,000	56,500
TOTAL REVENUE	<u>60,010</u>	<u>56,195</u>	<u>60,000</u>	<u>60,000</u>	<u>56,500</u>
EXPENDITURES:					
Personnel Services	35,085	32,578	31,608	31,608	32,516
Operations & Maintenance	13,043	8,786	14,800	14,800	14,800
Administrative Charges	35,895	30,499	36,368	34,734	34,734
TOTAL EXPENDITURES	<u>84,023</u>	<u>71,863</u>	<u>82,776</u>	<u>81,142</u>	<u>82,050</u>

SENIOR CITIZEN SERVICES

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Other grants	49,752	36,807	22,350	19,100	19,100
Interest and rents	8,871	9,378	10,000	10,000	10,000
Other revenue	161,413	153,889	185,500	185,500	180,400
TOTAL REVENUE	220,036	200,074	217,850	214,600	209,500
EXPENDITURES:					
Personnel Services	249,207	244,634	247,490	231,751	182,451
Operations & Maintenance	64,607	60,249	79,176	73,100	70,100
Administrative Charges	30,315	25,986	33,604	33,046	31,876
TOTAL EXPENDITURES	344,129	330,869	360,270	337,897	284,427

The total budget for Senior Citizen Services, a division of the Parks, Recreation and Building Management department 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 three divisions, as follows:

SENIOR CENTER, 101-6720

This activity accounts for the costs associated with provision of activities and services which contribute to the physical and mental well-being of mature adults 50 years of age and over. This activity also accounts for the costs of building maintenance. Each year changes have been made in programs and services in response to the needs and interests of participants. Expenses have been reduced or modified annually in response to decreased funding provided through the state. However, service levels have been maintained through sustained emphasis on volunteerism.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Number of members	1,500	1,650	1,600
Activity attendance	81,389	60,000	60,000
Number of mini-bus rides	2,457	3,400	3,000
Number of volunteer hours	30,768	36,000	36,000

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Other grants	25,041	18,603	19,100	19,100	19,100
Interest and rents	8,871	9,378	10,000	10,000	10,000
Other revenue	102,303	92,701	133,400	133,400	133,400
TOTAL REVENUE	136,215	120,682	162,500	162,500	162,500
EXPENDITURES:					
Personnel Services	197,591	198,403	214,631	202,142	162,351
Operations & Maintenance	58,640	54,562	71,476	65,400	65,400
Administrative Charges	30,315	25,986	33,604	33,046	31,876
TOTAL EXPENDITURES	286,546	278,951	319,711	300,588	259,627

SENIOR TRIPS, 101-6721

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

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Other revenue	34,248	39,397	45,000	45,000	45,000
TOTAL REVENUE	34,248	39,397	45,000	45,000	45,000
EXPENDITURES:					
Personnel Services	18,481	19,327	20,491	20,491	20,100
Operations & Maintenance	3,768	3,489	4,700	4,700	4,700
TOTAL EXPENDITURES	22,249	22,816	25,191	25,191	24,800

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.

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Other revenue	6,078	7,351	2,000	2,000	2,000
TOTAL REVENUE	6,078	7,351	2,000	2,000	2,000

PUBLIC SAFETY

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 will maintain 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. In addition, the Department of Public Safety has assumed responsibility for the management of the District Court facility lease located within the Police facility. The District Court division is now included as part of Public Safety.

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Fees and permits	59,342	74,025	51,300	51,300	55,300
Federal revenue	-	7,584	45,809	35,259	31,809
State revenue	22,687	17,325	7,500	7,500	9,500
Other revenue	282,039	288,489	202,420	201,420	197,320
TOTAL REVENUE	364,068	387,423	307,029	295,479	293,929
EXPENDITURES:					
Personnel Services	11,427,142	11,447,381	12,522,282	12,116,453	11,586,579
Operations & Maintenance	751,586	756,880	1,006,079	894,642	984,870
Administrative Charges	519,267	587,905	922,647	710,851	705,671
Capital Outlay	2,585	101,565	71,469	65,919	81,759
TOTAL EXPENDITURES	12,700,580	12,893,731	14,522,477	13,787,865	13,358,879

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 2012-2013 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 Technical Services, and Drug Law Enforcement. The Police Division budget includes two Police/School Liaison Officer positions, which are 50 percent funded by Portage schools, participation in the Kalamazoo Valley Enforcement Team (KVET) area-wide drug enforcement effort, 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 Liaison 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/Technical Services	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	<i>Service Delivery and Finance</i> Promote volunteerism
	Continue computer system upgrade	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

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Fees and permits	59,083	72,638	51,000	51,000	55,000
Federal revenue	-	7,584	45,809	35,259	31,809
State revenue	22,687	17,325	7,500	7,500	9,500
Other revenue	229,073	236,268	160,000	160,000	155,900
TOTAL REVENUE	310,843	333,815	264,309	253,759	252,209
EXPENDITURES:					
Personnel Services	7,654,246	7,531,670	8,308,746	7,933,066	7,559,426
Operations & Maintenance	501,856	483,749	720,159	639,246	620,080
Administrative Charges	337,336	397,023	614,791	461,291	461,756
Capital Outlay	2,585	91,608	55,309	44,759	55,309
TOTAL EXPENDITURES	8,496,023	8,504,050	9,699,005	9,078,362	8,696,571

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	11	10	10
Internal investigations	17	13	13
Letters to citizens/other agencies	109	100	100

	2009-2010 <u>Actuals</u>	2010-2011 <u>Actuals</u>	2011-2012 <u>Adjusted Budget</u>	2011-2012 <u>Adopted Budget</u>	2012-2013 <u>Council Approved</u>
REVENUE:					
Fees and permits	59,083	72,638	51,000	51,000	55,000
Federal revenue	-	7,584	45,809	35,259	31,809
State revenue	-	-	-	-	-
Other revenue	145,799	153,199	119,800	119,800	113,700
TOTAL REVENUE	<u>204,882</u>	<u>233,421</u>	<u>216,609</u>	<u>206,059</u>	<u>200,509</u>
EXPENDITURES:					
Personnel Services	417,506	448,737	598,685	578,712	422,298
Operations & Maintenance	96,745	76,133	53,190	119,190	44,800
Administrative Charges	222,924	255,500	276,986	276,986	284,551
Capital Outlay	-	77,098	30,809	20,259	30,809
TOTAL EXPENDITURES	<u>737,175</u>	<u>857,468</u>	<u>959,670</u>	<u>995,147</u>	<u>782,458</u>

YOUTH SERVICES, 101-3006

This activity accounts for the costs associated with youth services and crime prevention. The two Police/School Liaison 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	66	96	100
Adult arrests	18	34	30
Cases assigned	399	368	400
Police/School liaison hours	3,600	3,600	3,600
Crime prevention assignments	303	300	300

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	468,709	425,105	451,448	451,448	448,595
Operations & Maintenance	7,144	12,066	18,731	18,610	18,410
Administrative Charges	-	-	275	275	275
TOTAL EXPENDITURES	<u>475,853</u>	<u>437,171</u>	<u>470,454</u>	<u>470,333</u>	<u>467,280</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	987	900	900
Charges authorized	222	166	166
Cases cleared	985	800	800
Intelligence reports	101	100	100
Liquor license application investigations	20	10	10

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	637,944	579,452	616,847	607,868	593,172
Operations & Maintenance	9,178	12,114	18,760	18,760	17,760
Administrative Charges	1,787	1,986	1,650	1,650	1,650
TOTAL EXPENDITURES	<u>648,909</u>	<u>593,552</u>	<u>637,257</u>	<u>628,278</u>	<u>612,582</u>

PATROL, 101-3010

This activity accounts for the costs associated with the patrol and the parking enforcement programs. 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	20,951	21,114	21,500
Cases investigated	9,455	9,000	9,000
Average response time (minutes)	16.04	17.00	17.00
Personal injury accidents	245	250	250
Property damage accidents	1,274	1,200	1,200
Drunk-driving arrests	186	200	200
Total adult arrests	2,653	3,000	3,000
Property recovered	\$348,933	\$374,300	\$375,000
Property loss	\$1,545,286	\$1,600,000	\$1,600,000
Hazardous traffic citations	2,562	2,600	2,600
Non-hazardous traffic citations (excludes parking)	1,650	1,600	1,600

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	70	40	200	200	200
TOTAL REVENUE	<u>70</u>	<u>40</u>	<u>200</u>	<u>200</u>	<u>200</u>
EXPENDITURES:					
Personnel Services	4,739,150	4,722,826	5,249,450	4,919,149	4,746,523
Operations & Maintenance	139,125	130,948	180,406	164,732	160,812
Administrative Charges	111,656	138,494	324,850	173,850	167,230
Capital Outlay	2,585	14,510	24,500	24,500	19,600
TOTAL EXPENDITURES	<u>4,992,516</u>	<u>5,006,778</u>	<u>5,779,206</u>	<u>5,282,231</u>	<u>5,094,165</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	25	30	30
Total volunteer hours	40	50	50

*There were no volunteer parking enforcement officers from July 1, 2009 through February, 2010.

	2010-2011 Actuals	2011-2012 Y-T-D Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Operations & Maintenance					
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	324	1,296	345	1,380	345	1,380
Criminal investigation	80	1,280	72	1,152	72	1,152
Legal/Civil Law	583	175	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	1	40	1	40
Management	10	200	10	200	10	200
Tactical training	390	3,120	390	3,120	390	3,120
Support Operations	46	480	52	542	52	542
Policy/CALEA	546	164	546	164	546	164
Field Training	5	200	2	64	2	64
Public/Private School Resource	15	120	15	120	15	120

TRAINING, continued

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Personnel Services	79,304	56,392	65,239	61,239	59,905
Operations & Maintenance	28,614	46,035	57,586	47,000	47,000
Administrative Charges	228	303	275	275	275
TOTAL EXPENDITURES	108,146	102,730	123,100	108,514	107,180

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 which are related to grant revenue be segregated.

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
State revenue	11,091	10,000	6,000	6,000	8,000
TOTAL REVENUE	11,091	10,000	6,000	6,000	8,000
EXPENDITURES:					
Operations & Maintenance	7,719	2,843	12,840	12,840	10,800
TOTAL EXPENDITURES	7,719	2,843	12,840	12,840	10,800

PUBLIC SAFETY DISPATCH/TECHNICAL SERVICES, 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 monitoring prisoners, 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 which integrates the Law Enforcement Information Network (LEIN), Secretary of State (SOS) and National Crime Information Center (NCIC) systems with the in-house data base.

This activity accounts for the costs associated with additional computer support functions. The Technical Services Manager is responsible for planning and implementing new computer technology within Public Safety.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Calls for service (police and fire)	24,957	25,000	25,000
*9-1-1 wireline calls & "other"	6,653	6,500	6,500
9-1-1 cell calls	20,525	22,000	22,000
Warrants processed	1,212	1,200	1,200

*includes VOIP, unknown and ANI Failure calls

Division 30 Public Safety Dispatch

EXPENDITURES:

Personnel Services	609,330	558,082	577,933	567,533	555,622
Operations & Maintenance	194,415	182,538	240,318	220,463	207,897
Administrative Charges	184	-	480	480	-
TOTAL EXPENDITURES	803,929	740,620	818,731	788,476	763,519

Division 31 Emergency Warning Siren

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Operations & Maintenance	-	11,672	8,000	8,000	8,000
TOTAL EXPENDITURES	-	11,672	8,000	8,000	8,000

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

Division 35 911 CMRS PSAP

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Other revenue	83,204	83,029	40,000	40,000	42,000
TOTAL REVENUE	83,204	83,029	40,000	40,000	42,000
EXPENDITURES:					
Personnel Services	89,456	192,597	185,637	185,317	184,333
TOTAL EXPENDITURES	89,456	192,597	185,637	185,317	184,333

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	2,955	3,000	3,000
Subpoena services	1,767	1,750	1,750
False alarms processed	938	950	950
Computerized case documents	22,961	23,000	23,000
Scanned documents	15,839	15,900	15,900
Juvenile Court petitions	777	500	500
Criminal record checks	1,131	750	750
Freedom of Information Act requests	2,189	2,300	2,300

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	380	400	400
State handgun registration document processing, units	836	850	850
Handgun purchase permits	463	475	475
Evidence submitted	2,802	2,800	2,800

RECORDS/PROPERTY, 101-3040 continued

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Personnel Services	495,123	448,988	460,913	459,206	453,134
Operations & Maintenance	18,916	9,400	27,401	29,651	29,601
Administrative Charges	283	453	-	-	-
TOTAL EXPENDITURES	514,322	458,841	488,314	488,857	482,735

DRUG LAW ENFORCEMENT, 101-3050

This activity accounts for the activities of the drug law enforcement effort. One officer is assigned full-time to the county-wide cooperative drug enforcement team known as the Kalamazoo Valley Enforcement Team (KVET).

<u>*Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Arrests	27	40	40
Estimated value of seized drugs	\$52,926	\$50,000	\$50,000
Search warrants obtained	8	10	10
Cases investigated	34	40	40

*The indicators are based on calendar year statistics from KVET.

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
State revenue	3,373	1,989	1,500	1,500	1,500
TOTAL REVENUE	3,373	1,989	1,500	1,500	1,500
EXPENDITURES:					
Personnel Services	117,724	99,491	102,594	102,594	95,844
Administrative Charges	274	287	10,275	7,775	7,775
TOTAL EXPENDITURES	117,998	99,778	112,869	110,369	103,619

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>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	-	-	102,927	-	75,000
Capital Outlay	-	-	-	-	4,900
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>102,927</u>	<u>-</u>	<u>79,900</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 2012-2013 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 Pursue intergovernmental ventures
	Technological equipment upgrades	Increase efficiency by applying new technology
Fire Prevention	Annual fire inspection program Public education activities	<i>Community Development</i> Effective community safety programs
On-call	On-call firefighter program	<i>Service Delivery</i> Evaluate alternatives to meet service demands

PUBLIC SAFETY-FIRE, continued

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 Situation 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

	2009-2010 <u>Actuals</u>	2010-2011 <u>Actuals</u>	2011-2012 <u>Adjusted Budget</u>	2011-2012 <u>Adopted Budget</u>	2012-2013 <u>Council Approved</u>
REVENUE:					
Fees and permits	259	1,387	300	300	300
Other revenue	12,466	1,910	1,920	920	920
TOTAL REVENUE	<u>12,725</u>	<u>3,297</u>	<u>2,220</u>	<u>1,220</u>	<u>1,220</u>
EXPENDITURES:					
Personnel Services	3,772,896	3,915,711	4,213,536	4,183,387	4,027,153
Operations & Maintenance	232,053	255,362	262,065	235,541	344,935
Administrative Charges	149,734	160,183	269,159	212,560	206,915
Capital Outlay	-	9,957	16,160	21,160	26,450
TOTAL EXPENDITURES	<u>4,154,683</u>	<u>4,341,213</u>	<u>4,760,920</u>	<u>4,652,648</u>	<u>4,605,453</u>

The Fire Division is comprised of six 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>
Insurance company information requests	19	15	18
Pre-fire surveys completed	80	72	70
Vehicle service and equipment Maintenance performed	305	300	300

	<u>2009-2010 Actuals</u>	<u>2010-2011 Actuals</u>	<u>2011-2012 Adjusted Budget</u>	<u>2011-2012 Adopted Budget</u>	<u>2012-2013 Council Approved</u>
REVENUE:					
Fees and permits	259	1,387	300	300	300
Other revenue	11,170	659	1,100	100	100
TOTAL REVENUE	<u>11,429</u>	<u>2,046</u>	<u>1,400</u>	<u>400</u>	<u>400</u>
EXPENDITURES:					
Personnel Services	234,627	344,194	373,552	349,320	338,673
Operations & Maintenance	171,194	189,073	136,109	170,341	201,204
Administrative Charges	124,697	128,261	152,959	152,060	137,115
Capital Outlay	-	2,340	1,800	1,800	1,200
TOTAL EXPENDITURES	<u>530,518</u>	<u>663,868</u>	<u>664,420</u>	<u>673,521</u>	<u>678,192</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	115	116	120
Emergency medical calls	1,778	1,822	1,800
Rescue calls	208	214	200
False Alarm	287	300	300
Hazardous Conditions	338	300	300
Service Calls	269	250	250
Good Intent Calls	347	300	300
Mutual Aid provided	67	42	50
Mutual Aid received	31	48	40
Lecture/demonstration provided	54	25	40
Building inspections (commercial, industrial, including hazardous material sites)	3,025	2,153	2,314

	2009-2010 <u>Actuals</u>	2010-2011 <u>Actuals</u>	2011-2012 <u>Adjusted Budget</u>	2011-2012 <u>Adopted Budget</u>	2012-2013 <u>Council Approved</u>
EXPENDITURES:					
Personnel Services	3,219,584	3,213,198	3,492,321	3,461,330	3,440,394
Operations & Maintenance	40,108	39,734	38,775	41,150	48,470
Administrative Charges	25,037	31,922	116,200	60,500	69,800
Capital Outlay	-	7,617	14,360	19,360	25,250
TOTAL EXPENDITURES	<u>3,284,729</u>	<u>3,292,471</u>	<u>3,661,656</u>	<u>3,582,340</u>	<u>3,583,914</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.

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Personnel Services	125,596	146,024	151,100	151,100	142,138
Operations & Maintenance	8,763	11,660	4,980	4,980	11,620
TOTAL EXPENDITURES	134,359	157,684	156,080	156,080	153,758

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	39	60	50
Plan Reviews	100	100	100
Technical inspections	226	355	300
Public education events	67	70	90
Recreational fire permits issued	130	126	120
Infant/child car seat installation activity	70	79	100

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Other revenue	1,296	1,251	820	820	820
TOTAL REVENUE	1,296	1,251	820	820	820
EXPENDITURES:					
Personnel Services	100,309	115,911	114,802	114,802	105,948
Operations & Maintenance	3,614	6,497	8,090	6,090	8,595
TOTAL EXPENDITURES	103,923	122,408	122,892	120,892	114,543

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	146	150	150
EMS training sessions	39	50	50
Technical rescue training sessions	52	50	50
Hazardous materials training sessions	10	11	11
Other department training sessions	62	60	60
County-wide Fire Investigations	12	10	10
Kalamazoo Country HazMat Team Training	12	12	12

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	92,780	96,384	81,761	106,835	-
Operations & Maintenance	7,865	7,848	16,292	12,292	18,227
TOTAL EXPENDITURES	<u>100,645</u>	<u>104,232</u>	<u>98,053</u>	<u>119,127</u>	<u>18,227</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	3	1	1
Countywide emergency management Exercises	1	1	1

	<u>2009-2010 Actuals</u>	<u>2010-2011 Actuals</u>	<u>2011-2012 Adjusted Budget</u>	<u>2011-2012 Adopted Budget</u>	<u>2012-2013 Council Approved</u>
EXPENDITURES:					
Operations & Maintenance	509	550	688	688	688
TOTAL EXPENDITURES	509	550	688	688	688

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>2009-2010 Actuals</u>	<u>2010-2011 Actuals</u>	<u>2011-2012 Adjusted Budget</u>	<u>2011-2012 Adopted Budget</u>	<u>2012-2013 Council Approved</u>
EXPENDITURES:					
Operations & Maintenance	-	-	57,131	-	56,131
TOTAL EXPENDITURES	-	-	57,131	-	56,131

DISTRICT COURT 101-1501

This activity accounts for the provision and maintenance of chambers provided to the District Court of Southwestern Michigan for which the City of Portage is reimbursed under a lease agreement.

	<u>2009-2010</u> <u>Actuals</u>	<u>2010-2011</u> <u>Actuals</u>	<u>2011-2012</u> <u>Adjusted</u> <u>Budget</u>	<u>2011-2012</u> <u>Adopted</u> <u>Budget</u>	<u>2012-2013</u> <u>Council</u> <u>Approved</u>
REVENUE:					
Other revenue	40,500	50,311	40,500	40,500	40,500
TOTAL REVENUE	<u>40,500</u>	<u>50,311</u>	<u>40,500</u>	<u>40,500</u>	<u>40,500</u>
EXPENDITURES:					
Personnel Services	-	-	-	-	-
Operations & Maintenance	17,677	17,769	23,855	19,855	19,855
Administrative Charges	32,197	30,699	38,697	37,000	37,000
TOTAL EXPENDITURES	<u>49,874</u>	<u>48,468</u>	<u>62,552</u>	<u>56,855</u>	<u>56,855</u>

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 manages public building maintenance activities at City Hall, Public Services, Senior Center and Police/Court locations.

Budget Overview: The 2012-2013 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	<p><i>Community Development</i> Promote quality of life in Portage Ensure decent and safe housing and the livability of community neighborhoods</p> <p><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</p> <p><i>Public Improvements</i> Continue to improve the water system</p> <p>Ensure decent and safe housing and the livability of community neighborhoods</p>
	Cross connection backflow prevention	
	Housing Assistance Programs	

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> Evaluate and propose possible ordinance revisions
	Public Buildings Maintenance	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

Activity/Program

Description

Goal/Objective

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
Public Relations
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

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Fees and permits	281,899	488,912	347,500	347,500	343,500
Interest and rents	167,863	208,540	144,000	144,000	155,700
Other revenue	39,380	35,423	13,475	13,475	7,500
TOTAL REVENUE	489,142	732,875	504,975	504,975	506,700
EXPENDITURES:					
Personnel Services	770,112	870,730	697,557	723,945	726,094
Operations & Maintenance	66,925	56,789	173,314	164,730	143,387
Administrative Charges	22,980	18,764	205,083	205,083	213,275
Capital Outlay	-	-	220,000	-	-
TOTAL EXPENDITURES	860,017	946,283	1,295,954	1,093,758	1,082,756

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 building facility 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*	399	400	400
Plumbing permits*	310	300	300
Electrical permits*	495	450	450
Mechanical permits*	661	500	500
Housing/ Property Maintenance inspections	50	75	75
Program coordination and inspections	400	400	400

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

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted Budget</u>	<u>Adopted Budget</u>	<u>Council Approved</u>
REVENUE:					
Fees and permits	247,203	458,959	300,000	300,000	300,000
Other revenue	4,235	1,244	-	-	-
TOTAL REVENUE	251,438	460,203	300,000	300,000	300,000
EXPENDITURES:					
Personnel Services	364,384	379,277	342,397	312,457	338,097
Operations & Maintenance	9,568	8,544	11,336	7,750	7,750
Administrative Charges	14,409	11,127	14,271	14,271	13,011
TOTAL EXPENDITURES	388,361	398,948	368,004	334,478	358,858

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	19	29	25
Special Land Use Permits	11	15	20
Rezoning	3	3	3
Zoning Ordinance amendments	7	1	2
Zoning Board of Appeals application reviews	18	25	25
Commercial Parking/Plot Plan Review	6	6	8
Residential plot plan reviews	186	160	160
Home occupation reviews	4	3	3
Business special event application reviews	18	15	15
Sign permit application reviews	144	135	135
Zoning compliance reviews	12	10	10
Plat reviews	0	2	2
Public utility plan review	7	6	10
Landscape plan review	15	22	24
Land division/lot line adjustment reviews	7	8	12
Computer mapping:			
Notification maps	35	27	40
Maps/prints for customer use	954	850	900
Residential driveway applications review	46	35	40
Assign addresses for properties	42	25	25
Citizen service requests	1,352	1,300	1,300
Act 198 abatement requests	8	4	5

These two activities follow:

PLANNING and DEVELOPMENT, 101-3720

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Fees and permits	34,696	29,953	25,000	25,000	25,000
Other revenue	-	-	2,000	2,000	1,500
TOTAL REVENUE	34,696	29,953	27,000	27,000	26,500
EXPENDITURES:					
Personnel Services	215,235	275,987	223,997	221,225	218,904
Operations & Maintenance	46,588	39,819	56,974	53,650	53,600
Administrative Charges	7,050	6,571	7,870	7,870	6,365
TOTAL EXPENDITURES	268,873	322,377	288,841	282,745	278,869

NEIGHBORHOOD SERVICES, 101-3730

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Fees and permits	-	-	22,500	22,500	18,500
Interest and rents	167,863	208,540	144,000	144,000	155,700
Other revenue	35,145	34,179	11,475	11,475	6,000
TOTAL REVENUE	203,008	242,719	177,975	177,975	180,200
EXPENDITURES:					
Personnel Services	190,493	214,685	131,163	129,638	168,690
Operations & Maintenance	10,769	8,426	12,690	10,080	12,690
Administrative Charges	1,521	1,066	2,823	2,823	2,930
TOTAL EXPENDITURES	202,783	224,177	146,676	142,541	184,310

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

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Personnel Services	-	781	-	60,625	403
Operations & Maintenance	-	-	92,314	93,250	69,347
Administrative Charges	-	-	180,119	180,119	190,969
Capital Outlay	-	-	220,000	-	-
TOTAL EXPENDITURES	-	781	492,433	333,994	260,719

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.

Budget Overview: The 2012-2013 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 first 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	2,667	2,704	2,710
Street light requests	0	7	5

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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:					
Administrative Charges	423,003	558,811	540,297	496,297	560,000
Capital Outlay	-	-	-	-	5,000
TOTAL EXPENDITURES	<u>423,003</u>	<u>558,811</u>	<u>540,297</u>	<u>496,297</u>	<u>565,000</u>

PORTAGE PUBLIC SCHOOLS CONTRACT, 101-8111

Budget Overview: On July 17, 2009, the City of Portage entered into a contract with Portage Public Schools (PPS) to provide fuel from the City fueling station for PPS staff vehicles. The contract shall run for a term of two years, with one renewal period of an additional two years unless cancelled by the City. The additional two year renewal period is now in force. Fuel is provided to PPS at cost, and PPS pays the City a service and usage fee to cover the administrative overhead incurred by the City for overseeing and administering the contract, as well as the additional wear and tear on the site and equipment over the term of the contract. The service and usage fee is \$400 per month.

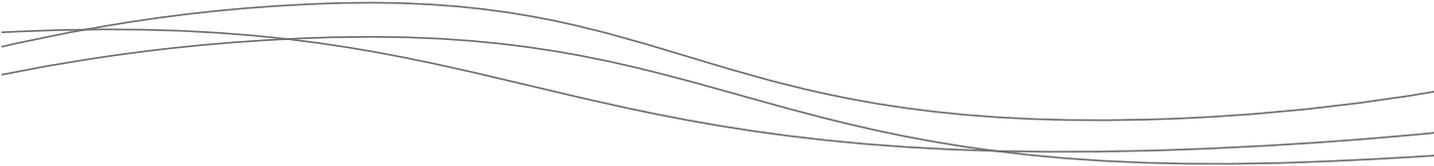
	<u>2009-2010</u> <u>Actuals</u>	<u>2010-2011</u> <u>Actuals</u>	<u>2011-2012</u> <u>Adjusted</u> <u>Budget</u>	<u>2011-2012</u> <u>Adopted</u> <u>Budget</u>	<u>2012-2013</u> <u>Council</u> <u>Approved</u>
REVENUE:					
Other revenue	4,271	4,800	4,800	4,800	4,800
TOTAL REVENUE	<u>4,271</u>	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>

TRANSFERS OUT, 101-9610

Budget Overview: Subsidies to other funds are: Major Streets Fund \$510,000, Local Streets Fund \$60,000, and \$130,000 to Capital Improvement Fund.

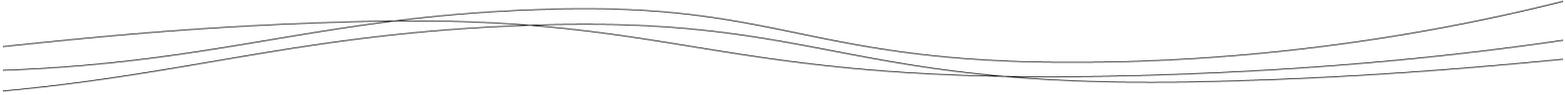
	<u>2009-2010</u> Actuals	<u>2010-2011</u> Actuals	<u>2011-2012</u> Adjusted Budget	<u>2011-2012</u> Adopted Budget	<u>2012-2013</u> Council Approved
EXPENDITURES:					
Transfers Out	1,385,000	410,000	1,011,000	886,000	700,000
TOTAL EXPENDITURES	<u>1,385,000</u>	<u>410,000</u>	<u>1,011,000</u>	<u>886,000</u>	<u>700,000</u>

This activity reflects subsidies provided to other funds.

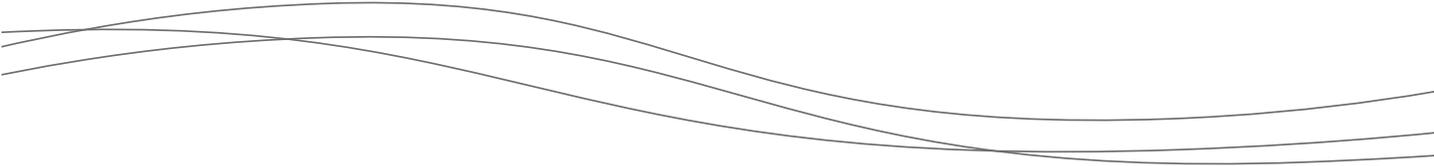


PORTAGE

A Place for Opportunities to Grow



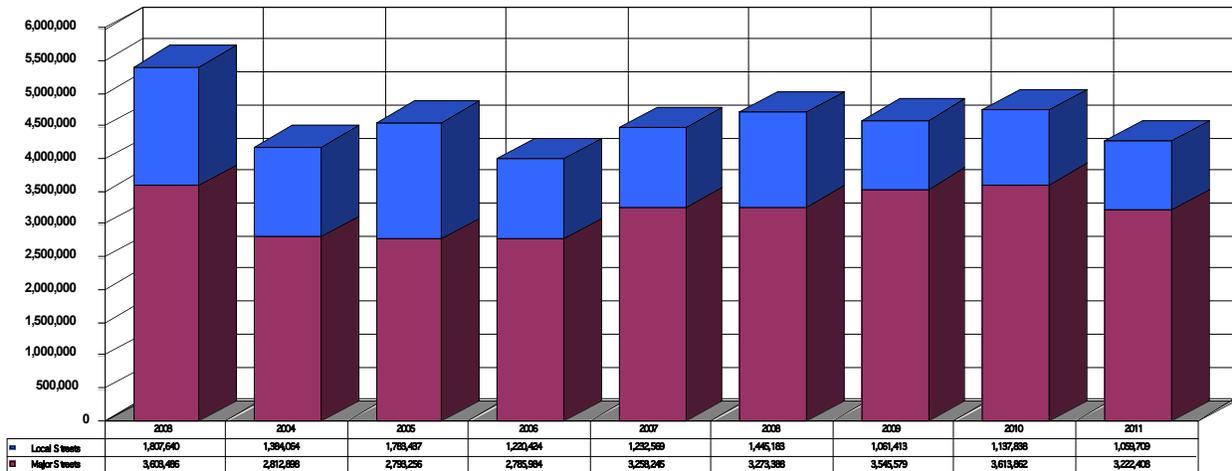
Streets



PORTAGE

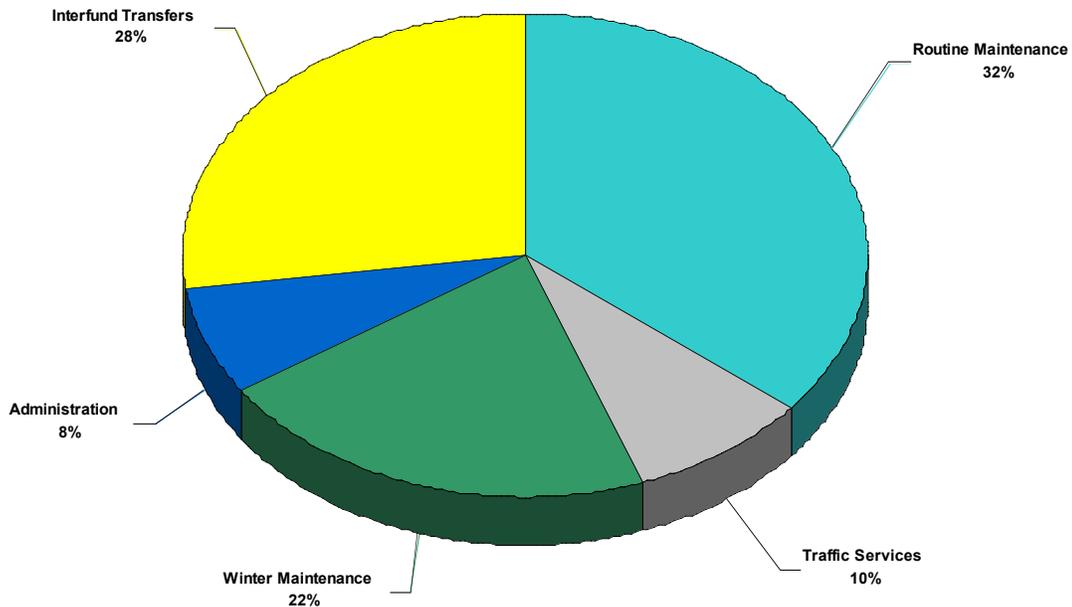
A Place for Opportunities to Grow

STREET MAINTENANCE EXPENDITURES



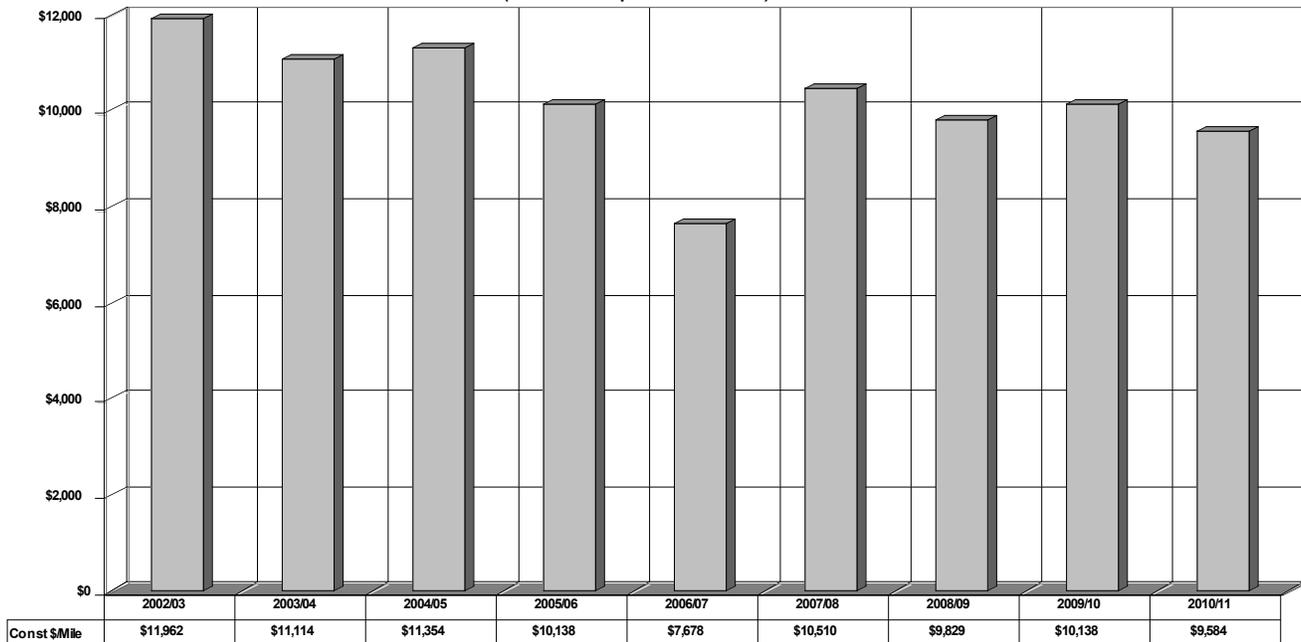
Local Street fund expenditures are funded by state gasoline taxes and vehicle registration revenue. Since a portion of these revenues is allocated based on population, the 2010 Census count is expected to have a positive effect on future revenues. Additional monies are made available through General 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

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 2012-2013 Major Streets Fund budget provides for contracted tree trimming/removal, tree planting, pavement markings, guardrail replacements, and 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
	Sign program	<i>Transportation</i> Enhance maintenance programs <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

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
State revenue	2,559,889	2,581,305	2,645,357	2,561,000	2,550,000
Interest and rents	2,038	2,270	2,000	2,000	2,500
Other revenue	2,498	-	-	-	-
Transfers In	970,000	270,000	330,000	330,000	510,000
TOTAL REVENUE	3,534,425	2,853,575	2,977,357	2,893,000	3,062,500
EXPENDITURES:					
Personnel Services	587,109	603,546	644,744	640,386	578,327
Operations & Maintenance	807,680	895,157	1,048,057	929,146	1,235,395
Administrative Charges	303,245	205,771	278,661	277,497	264,186
Transfers Out	21,500	1,222,000	1,222,000	1,222,000	1,144,500
TOTAL EXPENDITURES	1,719,534	2,926,474	3,193,462	3,069,029	3,222,408

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 months patch material is applied to potholes.

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

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Miles of mowing	9.2	9.2	9.2
Permanent patch - tons	164	90	90
Cold patch - tons	11	75	45
Contracted paving in miles	4.73	1.90	3.11

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	2,559,889	2,581,305	2,645,357	2,561,000	2,550,000
Interest and rents	2,038	2,270	2,000	2,000	2,500
Transfers In	970,000	270,000	330,000	330,000	510,000
TOTAL REVENUE	<u>3,531,927</u>	<u>2,853,575</u>	<u>2,977,357</u>	<u>2,893,000</u>	<u>3,062,500</u>

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	288,544	283,740	284,745	284,745	238,392
Operations & Maintenance	240,007	296,995	284,815	286,315	559,700
Administrative Charges	166,751	119,693	148,096	146,932	138,802
TOTAL EXPENDITURES	<u>695,302</u>	<u>700,428</u>	<u>717,656</u>	<u>717,992</u>	<u>936,894</u>

TRAFFIC SERVICES MAINTENANCE, 202-4215

This program consists of repainting road delineators such as line striping, 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	45	60	60
New signs	1	5	5
Guardrails repaired or replaced, ft.	0	72	124

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Personnel Services	40,365	40,840	52,443	52,443	49,958
Operations & Maintenance	99,441	95,102	98,412	96,912	93,500
Administrative Charges	13,122	8,227	12,442	12,442	12,442
TOTAL EXPENDITURES	152,928	144,169	163,297	161,797	155,900

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 sand	1,540	800	0
Tons of salt	2,930	2,250	2,063
Gallons of Deicer	2,500	14,500	23,346

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Personnel Services	184,990	167,912	187,497	187,497	178,771
Operations & Maintenance	171,789	164,472	180,681	173,500	176,084
Administrative Charges	109,177	68,446	103,519	103,519	103,519
TOTAL EXPENDITURES	465,956	400,830	471,697	464,516	458,374

ADMINISTRATION-MAINTENANCE, 202-4218

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

	<u>2009-2010</u> <u>Actuals</u>	<u>2010-2011</u> <u>Actuals</u>	<u>2011-2012</u> <u>Adjusted</u> <u>Budget</u>	<u>2011-2012</u> <u>Adopted</u> <u>Budget</u>	<u>2012-2013</u> <u>Council</u> <u>Approved</u>
EXPENDITURES:					
Personnel Services	5,877	16,535	14,917	12,636	9,075
Operations & Maintenance	6,474	22,998	20,460	18,960	24,160
Administrative Charges	14,195	9,405	14,604	14,604	9,423
TOTAL EXPENDITURES	26,546	48,938	49,981	46,200	42,658

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	19	29	25
Plat reviews	1	2	1

	<u>2009-2010</u> <u>Actuals</u>	<u>2010-2011</u> <u>Actuals</u>	<u>2011-2012</u> <u>Adjusted</u> <u>Budget</u>	<u>2011-2012</u> <u>Adopted</u> <u>Budget</u>	<u>2012-2013</u> <u>Council</u> <u>Approved</u>
EXPENDITURES:					
Personnel Services	67,333	94,519	105,142	103,065	102,131
Operations & Maintenance	15,737	12,228	16,959	16,959	20,801
TOTAL EXPENDITURES	83,070	106,747	122,101	120,024	122,932

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>2009-2010 Actuals</u>	<u>2010-2011 Actuals</u>	<u>2011-2012 Adjusted Budget</u>	<u>2011-2012 Adopted Budget</u>	<u>2012-2013 Council Approved</u>
EXPENDITURES:					
Operations & Maintenance	103,472	108,628	180,330	150,600	165,250
TOTAL EXPENDITURES	<u>103,472</u>	<u>108,628</u>	<u>180,330</u>	<u>150,600</u>	<u>165,250</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>2009-2010 Actuals</u>	<u>2010-2011 Actuals</u>	<u>2011-2012 Adjusted Budget</u>	<u>2011-2012 Adopted Budget</u>	<u>2012-2013 Council Approved</u>
EXPENDITURES:					
Operations & Maintenance	170,760	194,734	266,400	185,900	195,900
TOTAL EXPENDITURES	<u>170,760</u>	<u>194,734</u>	<u>266,400</u>	<u>185,900</u>	<u>195,900</u>

TRANSFERS OUT, 202-9610

Interfund transfers are as follows: To the Capital Improvement Fund for Major Street related expenditures, \$1,200,000; transfer to the Sewer Fund for a share of the street sweeping costs, \$22,000.

	<u>2009-2010 Actuals</u>	<u>2010-2011 Actuals</u>	<u>2011-2012 Adjusted Budget</u>	<u>2011-2012 Adopted Budget</u>	<u>2012-2013 Council Approved</u>
EXPENDITURES:					
Transfers Out	21,500	1,222,000	1,222,000	1,222,000	1,144,500
TOTAL EXPENDITURES	<u>21,500</u>	<u>1,222,000</u>	<u>1,222,000</u>	<u>1,222,000</u>	<u>1,144,500</u>

LOCAL STREETS FUND

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 2012-2013 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

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
State revenue	734,165	778,676	734,000	734,000	734,000
Interest and rents	2,390	1,711	2,000	2,000	2,000
Other revenue	306	30	-	-	-
Transfers In	415,000	140,000	240,000	240,000	60,000
TOTAL REVENUE	1,151,861	920,417	976,000	976,000	796,000
EXPENDITURES:					
Personnel Services	580,642	550,873	596,181	596,181	551,303
Operations & Maintenance	282,549	246,027	261,132	251,790	267,354
Administrative Charges	253,148	168,936	224,478	224,478	218,552
Transfers Out	21,500	22,000	22,000	22,000	22,500
TOTAL EXPENDITURES	1,137,839	987,836	1,103,791	1,094,449	1,059,709

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 an inch 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.

Cold patch - During the winter months patch material is applied to potholes.

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

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Trees and stumps removed	283	260	270
Miles of mowing	41	41	41
Permanent patch - tons	60	89	50
Cold patch - tons	50	75	50
Contracted reconstruction in miles	3.9	3.87	2.81
Yards of gravel used	132	150	150
Miles of reconstructed shoulders	1.4	1.5	1.6

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
State revenue	734,165	778,676	734,000	734,000	734,000
Interest and rents	2,390	1,711	2,000	2,000	2,000
Other revenue	306	30	-	-	-
Transfers In	415,000	140,000	240,000	240,000	60,000
TOTAL REVENUE	1,151,861	920,417	976,000	976,000	796,000

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Personnel Services	267,897	251,388	259,314	260,310	231,732
Operations & Maintenance	77,650	60,141	58,161	57,500	61,500
Administrative Charges	130,703	91,870	108,014	108,014	101,964
TOTAL EXPENDITURES	476,250	403,399	425,489	425,824	395,196

TRAFFIC SERVICES MAINTENANCE, 203-4215

This program consists of repainting road delineators (line striping, 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 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	211	110	125
New signs	4	5	5
Visual obstructions cleared	26	30	30

	<u>2009-2010 Actuals</u>	<u>2010-2011 Actuals</u>	<u>2011-2012 Adjusted Budget</u>	<u>2011-2012 Adopted Budget</u>	<u>2012-2013 Council Approved</u>
EXPENDITURES:					
Personnel Services	21,411	23,201	28,915	28,915	27,640
Operations & Maintenance	16,184	10,048	8,000	6,500	9,000
Administrative Charges	1,920	1,203	1,820	1,820	1,820
TOTAL EXPENDITURES	<u>39,515</u>	<u>34,452</u>	<u>38,735</u>	<u>37,235</u>	<u>38,460</u>

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	146.79	147.49	147.49
Tons of sand	1,540	800	1,200
Tons of salt	1,460	2,250	2,180

	<u>2009-2010 Actuals</u>	<u>2010-2011 Actuals</u>	<u>2011-2012 Adjusted Budget</u>	<u>2011-2012 Adopted Budget</u>	<u>2012-2013 Council Approved</u>
EXPENDITURES:					
Personnel Services	212,303	186,761	192,251	191,255	180,725
Operations & Maintenance	177,242	168,189	178,181	171,000	171,564
Administrative Charges	106,389	66,697	100,875	100,875	100,875
TOTAL EXPENDITURES	<u>495,934</u>	<u>421,647</u>	<u>471,307</u>	<u>463,130</u>	<u>453,164</u>

ADMINISTRATION-MAINTENANCE, 203-4218

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

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Personnel Services	11,574	12,325	12,636	12,636	9,075
Operations & Maintenance	7,759	3,743	6,690	6,690	9,190
Administrative Charges	13,845	8,852	13,404	13,404	13,683
TOTAL EXPENDITURES	33,178	24,920	32,730	32,730	31,948

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	19	29	25
Plat reviews	0	0	1

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Personnel Services	67,457	77,198	103,065	103,065	102,131
Operations & Maintenance	3,714	3,906	4,900	4,900	10,900
Administrative Charges	291	314	365	365	210
TOTAL EXPENDITURES	71,462	81,418	108,330	108,330	113,241

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>2009-2010</u> <u>Actuals</u>	<u>2010-2011</u> <u>Actuals</u>	<u>2011-2012</u> <u>Adjusted</u> <u>Budget</u>	<u>2011-2012</u> <u>Adopted</u> <u>Budget</u>	<u>2012-2013</u> <u>Council</u> <u>Approved</u>
EXPENDITURES:					
Operations & Maintenance	-	-	5,200	5,200	5,200
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>5,200</u>	<u>5,200</u>	<u>5,200</u>

TRANSFERS OUT, 203-9610

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

	<u>2009-2010</u> <u>Actuals</u>	<u>2010-2011</u> <u>Actuals</u>	<u>2011-2012</u> <u>Adjusted</u> <u>Budget</u>	<u>2011-2012</u> <u>Adopted</u> <u>Budget</u>	<u>2012-2013</u> <u>Council</u> <u>Approved</u>
EXPENDITURES:					
Transfers Out	21,500	22,000	22,000	22,000	22,500
TOTAL EXPENDITURES	<u>21,500</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,500</u>

MUNICIPAL STREET FUND - 204

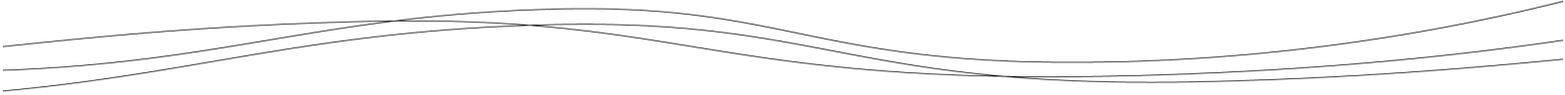
The municipal street fund was established beginning in fiscal 2007-2008 to administer up to a 1 mill tax levy to fund street improvements that were formerly funded by special assessments on the property benefiting from the improvement. The purpose of the fund is to collect the tax assessment and forward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

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Property taxes	1,229,261	1,324,839	1,233,300	1,233,300	1,070,100
Interest and rents	4,067	2,816	1,500	1,500	2,500
TOTAL REVENUE	<u>1,233,328</u>	<u>1,327,655</u>	<u>1,234,800</u>	<u>1,234,800</u>	<u>1,072,600</u>
EXPENDITURES:					
Administrative Charges	117,220	80,000	71,400	71,400	71,400
Transfers Out	-	1,327,408	1,020,000	1,020,000	972,000
TOTAL EXPENDITURES	<u>117,220</u>	<u>1,407,408</u>	<u>1,091,400</u>	<u>1,091,400</u>	<u>1,043,400</u>

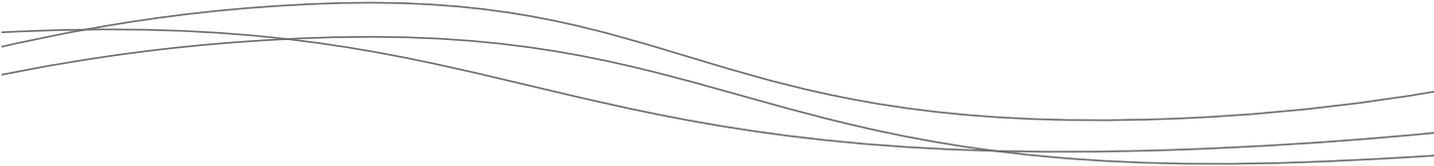
BROWNFIELD REDEVELOPMENT AUTHORITY - 243

The Brownfield Redevelopment Authority was established to administer expenses incurred to encourage reclamation of specifically identified properties in the City that are hampered by environmental or other contamination requiring special restoration and rehabilitation processes in order to be developed into productive businesses. The authority will also monitor the tax capture as provided by state law. The fund is inactive in 2012/2013.

	<u>2009-2010</u> <u>Actuals</u>	<u>2010-2011</u> <u>Actuals</u>	<u>2011-2012</u> <u>Adjusted</u> <u>Budget</u>	<u>2011-2012</u> <u>Adopted</u> <u>Budget</u>	<u>2012-2013</u> <u>Council</u> <u>Approved</u>
REVENUE:					
Interest and rents	47	22	100	100	-
TOTAL REVENUE	<u>47</u>	<u>22</u>	<u>100</u>	<u>100</u>	<u>-</u>
EXPENDITURES:					
Operations & Maintenance	-	300	8,650	5,000	-
TOTAL EXPENDITURES	<u>-</u>	<u>300</u>	<u>8,650</u>	<u>5,000</u>	<u>-</u>



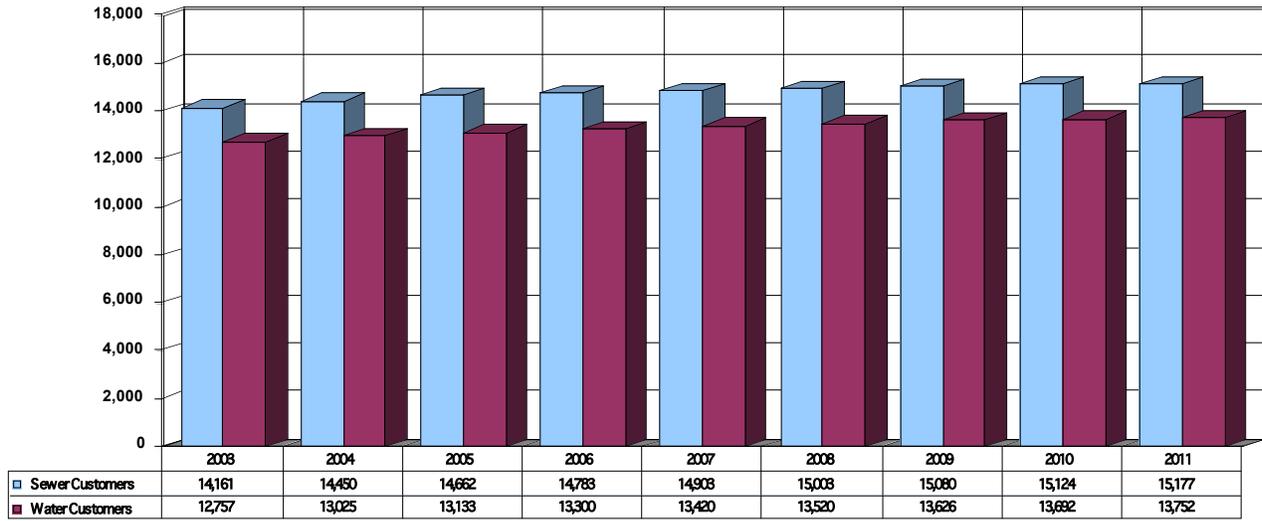
Utilities



PORTAGE

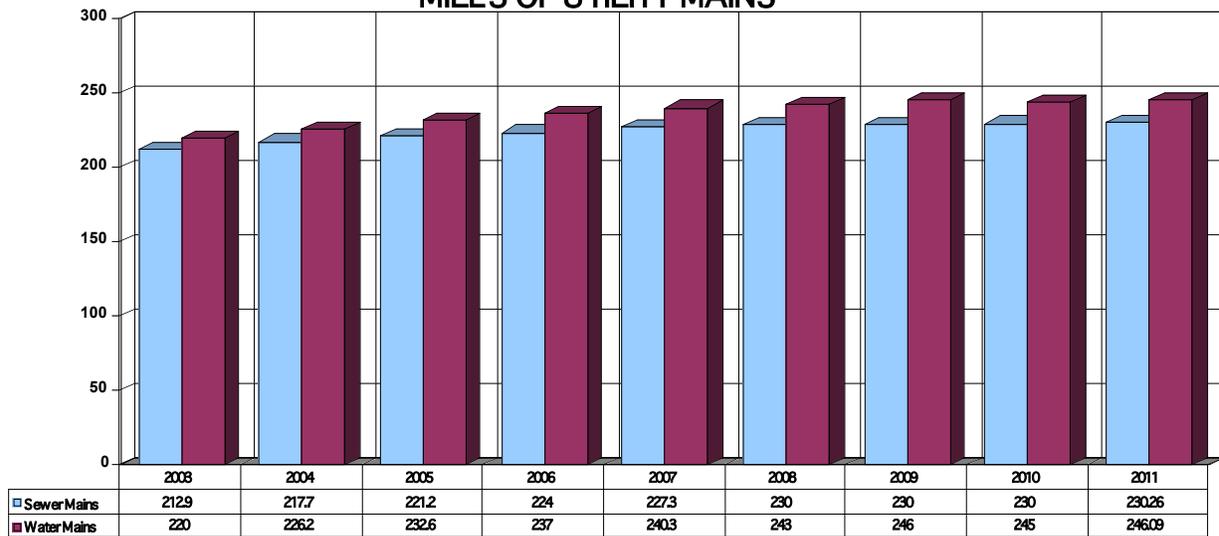
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NUMBER OF UTILITY CUSTOMERS



There were significant increases in customers up to the late 1990's 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.

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.

SEWER OPERATING FUND

The Sewer Fund accounts for the costs associated with the collection and transport of sewage from approximately 15,177 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 2012-2013 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> Improve sanitary sewer system Expand the public sanitary sewer system to all properties in the city.</p> <p><i>Environmental Quality</i> Protect ground water and lake quality Meet all state and federal environmental standards</p> <p><i>Service Delivery</i> Meet increased service demands Increase efficiency by applying new technology</p>
Administration		<p><i>Public Improvements</i> Ensure sanitary sewer systems in new developments meet city standards Cooperate with adjoining township in expanding sanitary sewer systems</p> <p><i>Environmental Quality</i> Ensure all environmental standards are met in new developments Enforce environmental requirements in all development projects Protect lakes and surface water quality</p> <p><i>Financial Health</i> Maintain financial health of sewer fund through annual rate evaluation</p>

SEWER OPERATING FUND (continued)

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Charges for services	6,087,537	7,020,251	7,592,251	7,591,590	8,209,000
Interest and rents	13,823	8,376	40,000	40,000	15,000
Transfers In	43,000	44,000	44,000	44,000	45,000
TOTAL REVENUE	<u>6,144,360</u>	<u>7,072,627</u>	<u>7,676,251</u>	<u>7,675,590</u>	<u>8,269,000</u>
EXPENDITURES:					
Personnel Services	379,495	471,870	469,677	469,017	465,628
Operations & Maintenance	2,265,063	2,324,544	2,829,688	2,596,375	2,656,069
Administrative Charges	3,918,597	3,796,548	5,362,080	4,354,403	4,446,505
Capital Outlay	-	-	60,000	60,000	90,000
Transfers Out	80,000	80,000	80,000	80,000	80,000
TOTAL EXPENDITURES	<u>6,643,155</u>	<u>6,672,962</u>	<u>8,801,445</u>	<u>7,559,795</u>	<u>7,738,202</u>

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	15,124	15,177	15,225
Sewage transported (MG)	1,420	1,360	1,300
Number of lift stations	55	55	55
Lift station inspections	1,929	1,800	1,800
Lift station pumps repaired	16	16	20
Sanitary sewer overflows	0	1	0
Miles of sanitary sewer	230	230	231
Miles of sanitary sewer cleaned	77	77	77
Sanitary sewer blockages per mile	0.10	0.18	0.20

	2009-2010 <u>Actuals</u>	2010-2011 <u>Actuals</u>	2011-2012 <u>Adjusted Budget</u>	2011-2012 <u>Adopted Budget</u>	2012-2013 <u>Council Approved</u>
REVENUE:					
Charges for services	6,087,537	7,020,251	7,592,251	7,591,590	8,209,000
Interest and rents	13,823	8,376	40,000	40,000	15,000
Transfers In	43,000	44,000	44,000	44,000	45,000
TOTAL REVENUE	<u>6,144,360</u>	<u>7,072,627</u>	<u>7,676,251</u>	<u>7,675,590</u>	<u>8,269,000</u>

	2009-2010 <u>Actuals</u>	2010-2011 <u>Actuals</u>	2011-2012 <u>Adjusted Budget</u>	2011-2012 <u>Adopted Budget</u>	2012-2013 <u>Council Approved</u>
EXPENDITURES:					
Operations & Maintenance	1,470,994	1,569,843	2,042,213	1,808,900	1,877,357
Administrative Charges	3,316,738	3,119,500	4,618,317	3,610,640	3,702,608
Capital Outlay	-	-	60,000	60,000	90,000
TOTAL EXPENDITURES	<u>4,787,732</u>	<u>4,689,343</u>	<u>6,720,530</u>	<u>5,479,540</u>	<u>5,669,965</u>

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.

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Personnel Services	379,495	471,870	469,677	469,017	465,628
Operations & Maintenance	30,686	27,451	70,400	70,400	84,400
Administrative Charges	601,859	677,048	743,763	743,763	743,897
TOTAL EXPENDITURES	<u>1,012,040</u>	<u>1,176,369</u>	<u>1,283,840</u>	<u>1,283,180</u>	<u>1,293,925</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.

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Operations & Maintenance	763,383	727,250	717,075	717,075	694,312
TOTAL EXPENDITURES	<u>763,383</u>	<u>727,250</u>	<u>717,075</u>	<u>717,075</u>	<u>694,312</u>

TRANSFERS OUT, 590-9610

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

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Transfers Out	80,000	80,000	80,000	80,000	80,000
TOTAL EXPENDITURES	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>

WATER OPERATING FUND

The Water Operating fund accounts for the costs associated with providing water service to approximately 13,752 customers. The system also provides water to residences in Pavilion and Schoolcraft Townships.

Budget Overview: The 2012-2013 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 2012-2013 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		<i>Public Improvements</i> 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
		<i>Environmental quality</i> Meet all state and federal environmental standards Protect and improve water quality Properly manage ground water resources
		<i>Service Delivery</i> Meet increased service demands Increase efficiency by applying new technology Provide safe drinking water Ensure storm water system is clean and properly maintained
Administration		<i>Public Improvements</i> 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

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Charges for services	5,118,157	5,698,410	6,579,779	6,578,000	6,752,000
Interest and rents	11,501	5,412	25,000	25,000	6,000
Other revenue	10,694	(4,008)	-	-	-
TOTAL REVENUE	5,140,352	5,699,814	6,604,779	6,603,000	6,758,000
EXPENDITURES:					
Personnel Services	428,466	205,317	221,225	219,446	217,892
Operations & Maintenance	3,914,535	3,781,162	4,697,839	4,516,810	3,960,833
Administrative Charges	867,387	634,446	605,870	605,870	655,856
Capital Outlay	59,632	30,880	110,000	110,000	70,000
Transfers Out	50,000	50,000	122,505	122,505	174,080
TOTAL EXPENDITURES	5,320,020	4,701,805	5,757,439	5,574,631	5,078,661

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	15,013	15,210	15,270
New meters installed	60	70	60
Meters requiring repair	951	1,045	1,000
Meter reads for billing	66,076	66,440	70,000
Estimated bills	35	42	60

	2009-2010 <u>Actuals</u>	2010-2011 <u>Actuals</u>	2011-2012 <u>Adjusted Budget</u>	2011-2012 <u>Adopted Budget</u>	2012-2013 <u>Council Approved</u>
EXPENDITURES:					
Operations & Maintenance	91,594	63,145	85,788	85,788	111,108
TOTAL EXPENDITURES	<u>91,594</u>	<u>63,145</u>	<u>85,788</u>	<u>85,788</u>	<u>111,108</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	13,692	13,752	13,800
Water pumped and treated (MG)	1,718	1,750	1,800
Production well inspections	5,299	5,850	5,500
Samples analyzed	7,599	7,400	7,250
Water monitoring violations	0	0	0
Miles of water mains	245.5	246	246.5
Number of fire hydrants	2,639	2,653	2,668
Fire hydrants flushed and inspected	5,304	5,321	5,400
Main breaks per mile of main	0.12	0.10	0.10
Miles of streets	220	220	220
Miles of street sweeping	4,615	4,395	5,000
Sweepings collected (cubic yards)	2,229	2,348	1,700

WATER OPERATIONS, 591-4626, continued

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Charges for services	5,118,157	5,698,410	6,579,779	6,578,000	6,752,000
Interest and rents	11,501	5,412	25,000	25,000	6,000
Other revenue	10,694	(4,008)	-	-	-
TOTAL REVENUE	<u>5,140,352</u>	<u>5,699,814</u>	<u>6,604,779</u>	<u>6,603,000</u>	<u>6,758,000</u>
	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Operations & Maintenance	1,095,936	934,055	1,742,295	1,567,539	1,192,300
TOTAL EXPENDITURES	<u>1,095,936</u>	<u>934,055</u>	<u>1,742,295</u>	<u>1,567,539</u>	<u>1,192,300</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	60	60	60
Responses to hazardous materials incidents	3	1	3

	<u>2009-2010 Actuals</u>	<u>2010-2011 Actuals</u>	<u>2011-2012 Adjusted Budget</u>	<u>2011-2012 Adopted Budget</u>	<u>2012-2013 Council Approved</u>
EXPENDITURES:					
Personnel Services	428,466	205,317	221,225	219,446	217,892
Operations & Maintenance	41,092	49,458	137,973	131,700	143,700
Administrative Charges	867,387	634,446	605,870	605,870	655,856
Capital Outlay	19,986	29,880	70,000	70,000	70,000
TOTAL EXPENDITURES	<u>1,356,931</u>	<u>919,101</u>	<u>1,035,068</u>	<u>1,027,016</u>	<u>1,087,448</u>

DEBT SERVICE, 591-9510

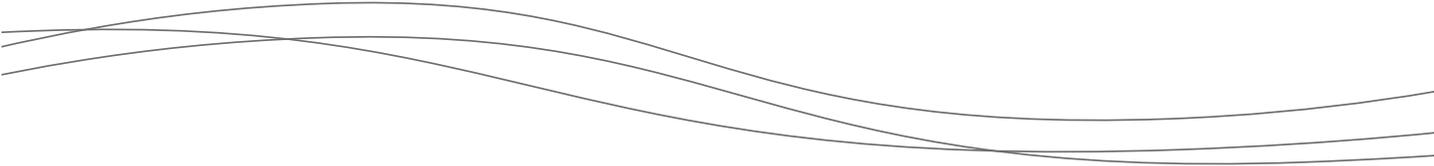
This activity accounts for the costs associated with the interest and principal payments on debt associated with Water Fund capital assets.

	<u>2009-2010 Actuals</u>	<u>2010-2011 Actuals</u>	<u>2011-2012 Adjusted Budget</u>	<u>2011-2012 Adopted Budget</u>	<u>2012-2013 Council Approved</u>
EXPENDITURES:					
Operations & Maintenance	2,685,913	2,734,504	2,731,783	2,731,783	2,513,725
TOTAL EXPENDITURES	<u>2,685,913</u>	<u>2,734,504</u>	<u>2,731,783</u>	<u>2,731,783</u>	<u>2,513,725</u>

TRANSFERS OUT, 591-9610

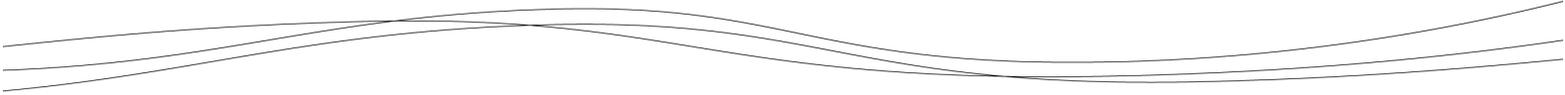
The transfers are being directed to the Capital Improvement Fund with Water Operating capital assets.

	<u>2009-2010</u> <u>Actuals</u>	<u>2010-2011</u> <u>Actuals</u>	<u>2011-2012</u> <u>Adjusted</u> <u>Budget</u>	<u>2011-2012</u> <u>Adopted</u> <u>Budget</u>	<u>2012-2013</u> <u>Council</u> <u>Approved</u>
EXPENDITURES:					
Transfers Out	50,000	50,000	122,505	122,505	174,080
TOTAL EXPENDITURES	<u>50,000</u>	<u>50,000</u>	<u>122,505</u>	<u>122,505</u>	<u>174,080</u>

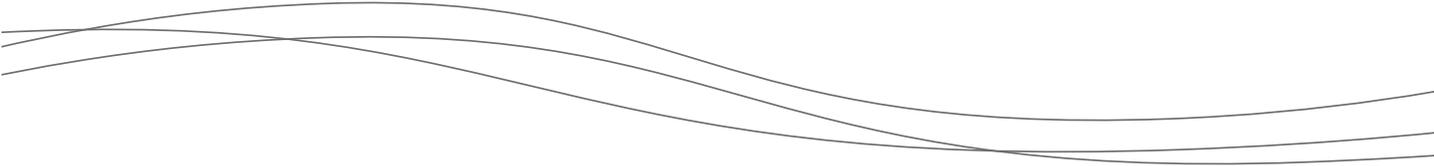


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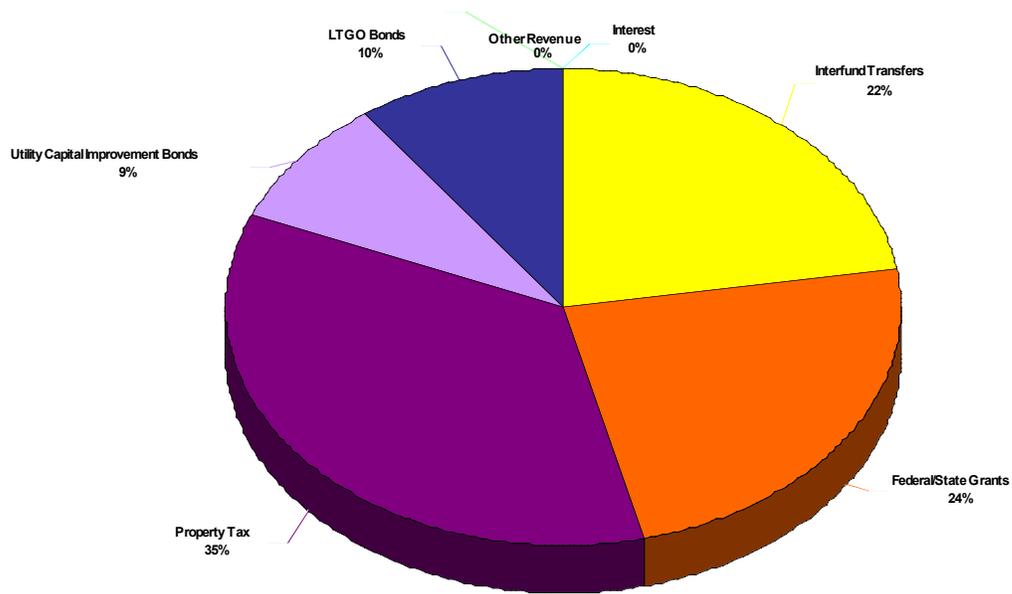
Public Improvements



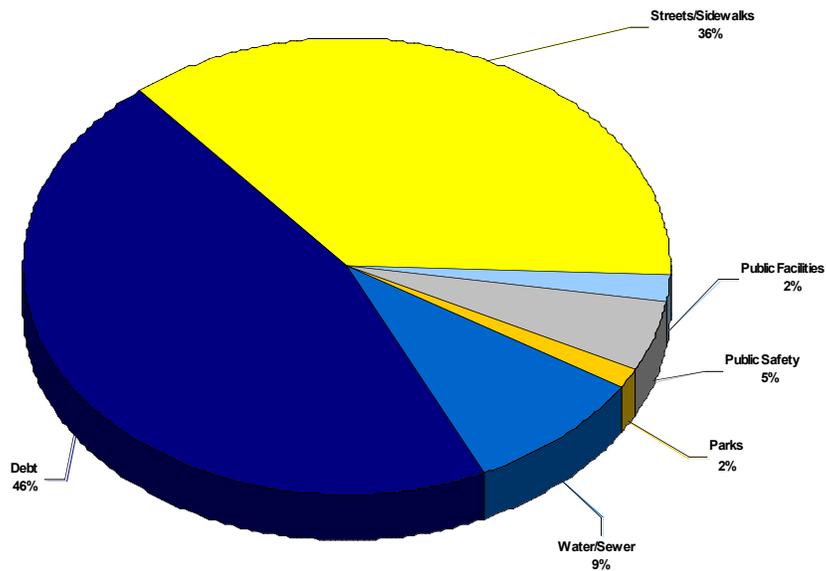
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CAPITAL IMPROVEMENT REVENUES



CAPITAL IMPROVEMENT EXPENDITURES



These graphs show the revenues and expenditures by category for the first year of the 2012-2022 Capital Improvement Program.

CAPITAL IMPROVEMENT PROGRAM SUMMARY

	Fiscal Year											Total
	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22		
REVENUES AND EXPENDITURES (000)												
[REVENUES AND OTHER SOURCES]												
Property tax	3,870	3,832	3,832	3,918	3,985	4,084	4,206	4,332	4,457	4,594	41,110	
Interest	15	15	15	15	15	15	50	70	90	110	410	
LDFA Bonds			1,153								1,153	
Revenue from General Obligation bonds (1)	671	1,041	743	413	240	967	800	850	1,273	439	7,437	
Utility Capital Improvement revenue from bonds	930	1,135	3,497	775	2,495	1,440	1,840	2,560	7,585	5,805	28,102	
MTF revenue from bonds (1)	422	323	880	781	1,267	2,027	2,067	1,460	1,216	1,376	11,819	
DCA revenue from bond							500	250			750	
Cable TV Fund	30										30	
Major Street Fund	1,122	1,069	1,000	1,000	1,000	1,000	797	266	59		7,353	
Re-programmed CIP Funds		316									316	
Municipal Street Fund	972	1,022	1,040	1,144	1,093	1,118	1,103	1,345	2,099	1,744	12,680	
Sanitary Sewer Fund	80	80	80	80	80	80	80	80	80	80	800	
Water Fund	105	50	50	50	50	105	50	50	50	50	610	
General Fund	130	364	543	512	343	292					2,184	
Total city revenues and sources	8,367	9,207	12,833	8,088	10,568	11,148	11,493	11,263	16,940	14,198	114,954	
Local Bridge Funds	700										700	
SAFETEA-LU	1,083	1,150	1,020	1,165	980	1,100	1,100	1,100	900	900	10,498	
Safety-Lu - CMAQ	728	170									898	
Federal/State grants	0	0	0	0	0	0	0	2.5	0	0	2.5	
Other Revenue	0	480	45	0	0	0	40	40	40	0	615	
Special Assn grants/bonds/Water and Sewer only	0	0	40	70	70	310	235	235	465	495	1,920	
Total Revenues and Sources	10,968	11,017	13,938	9,023	11,618	12,338	12,628	12,663	18,334	15,593	120,500	
<i>(1) In 2022 the rate of general obligation bonds became available for a wider range of projects. All bond revenue will be from the sale of General Obligation Bonds and when permitted, combined into one category to decrease cost of issuance expenses.</i>												
[EXPENDITURES]												
Streets	3,995	2,665	2,900	3,000	3,270	4,760	5,250	4,435	3,730	4,020	38,065	
Skateways and Bikeways	35	35		35		35			60		200	
Water	645	810	4,050	225	1,735	1,035	695	1,265	5,100	4,400	19,980	
Sanitary Sewer	360	325	680	690	900	255	900	1,250	3,415	1,900	10,675	
Police	231	700	431	148	159	157	236	190	160	187	2,689	
Fire	316	623	475	81	115	540	650	650	1,209	94	4,747	
Public Facilities	193	242	97	177	130	262	160	80	80	184	1,601	
Parks and Recreation	160	215	60	215	75	210	90	265	50	384	1,723	
Debt Service	5,033	5,312	5,245	5,332	5,234	5,284	4,887	4,528	4,536	4,432	46,823	
Total Expenditures	10,968	11,017	13,938	9,023	11,618	12,338	12,628	12,663	18,334	15,593	120,500	

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 2012-2013 portion of the 2012-2022 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 2011-2012 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 \$739,000 or approximately 23% 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).

	2012-2013 Council Approved
REVENUE:	
Property taxes	3,870,000
Federal grants	2,601,000
Interest and rents	15,000
Other revenue	2,043,000
Transfers In	2,439,000
 TOTAL REVENUE	 <u>10,968,000</u>
 EXPENDITURES:	
Capital Outlay	5,935,000
Transfers Out	5,033,000
 TOTAL EXPENDITURES	 <u>10,968,000</u>

PUBLIC FACILITIES

PROGRAM TITLE: Senior Center Improvements, 400-9007
 PROGRAM DESCRIPTION: Routine preventative maintenance to the Senior Center to include replacement of the vinyl flooring and other necessary work on the facility that will be 30 years old in 2012.

PROGRAM TITLE: Cemetery Improvements,400-2896
 PROGRAM DESCRIPTION: Overlay asphalt roads as needed within South and Central Cemetery. Upgrades will be made to signage and fencing at Indian Field, Dry Prairie, South and Central Cemeteries. No expected impact on overall operating costs.

PROGRAM TITLE: Two Way Radio Communication Upgrade, 400-9038
 PROGRAM DESCRIPTION: Replace the current Department of Parks, Recreation and Public Services mobile and base station two way, analog, broad band radio communication system with a digital, narrow band system. The existing system will no longer function after January 1, 2013, and cannot be converted due to the obsolescence of the equipment. The new equipment will reduce the ongoing maintenance costs associated with the current system.

PROGRAM TITLE: Information System Improvements, 400-2114
 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	
Senior Center Improvements	25,000
Cemetery Improvements	40,000
2-Way RadioCommunication	
Upgrade	75,000
Information System Improvements	53,000
Total Public Facilities	193,000

PARKS AND RECREATION

PROGRAM TITLE: Schrier Park Improvements, 400-2828
 PROGRAM DESCRIPTION: Connect pavilion to city water. Refinish floor in main meeting room. Upgrade electrical distribution panel and inside/outside outlet circuits. Provide security monitoring equipment. Water utility will cost \$800 per year, security equipment maintenance contract at \$200 per year.

PROGRAM TITLE: Ramona Park Improvements, 400-2802
 PROGRAM DESCRIPTION: Renovate storage space to better accommodate multiple uses for beach and fishing programs. Upgrade interior spaces to accommodate increased attendance and staffing needs. Replacement of the beach house roof. Repair damaged sections of the retaining wall and concrete handicap ramp. Structural repairs will extend life of property. Otherwise, no impact on operating costs.

PROGRAM TITLE: Softball Field Improvements, 400, 2837
 PROGRAM DESCRIPTION: Critical field renovations to include filling of large depressions, grading and seeding. Current field conditions are substandard and hazardous. With precipitation, the upper diamonds are often unplayable. Potential for injury has increased due to these depressions. Capital maintenance of softball fields should decrease annual maintenance and irrigation repair expense by approximately \$2,000 per year.

PROGRAM TITLE: Park Restroom/Shelter Improvements, 400, 2839
 PROGRAM DESCRIPTION: Replacement of privacy partitions and fixtures as needed, painting of interior and exterior walls, doors and trim, and upgrading of interior and exterior lighting systems. Parks would include Schrier, Oakland Drive, South Westnedge, Harbors West, Haverhill, West Lake Nature Preserve, and Bicentennial Park. No direct impact on operating costs.

Parks and Recreation	
Shrier Park Improvements	25,000
Ramona Park Improvements	40,000
Softball Field Improvements	40,000
Park Restroom/Shelter Improvements	55,000
Total Parks and Recreation	160,000

POLICE

PROGRAM TITLE: Police Vehicles, 400-3002
PROGRAM DESCRIPTION: Replace marked units after 95,000 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. As the mileage and engine hours increase the vehicles become less responsive in maneuvering, and the repair costs increase significantly.

PROGRAM TITLE: Police Facility Improvements, 400-3014
PROGRAM DESCRIPTION: This project will ensure facility integrity and maintain structural, electrical, plumbing, mechanical and heating systems. The projects include replacement of selected HVAC units to address humidity and air quality concerns based on recommendations from an independent consultant for the police facilities.

PROGRAM TITLE: Dispatch Telephone Upgrade, 400-3085
PROGRAM DESCRIPTION: Upgrade existing equipment to digital-compatible system. Impact on General Fund will be the cost of an annual maintenance contract for the equipment.

Police	
Police Vehicles	181,000
Police Facility Improvements	20,000
Dispatch Telephone Upgrade	30,000
Total Police	231,000

FIRE

PROGRAM TITLE: Replace Thermal Imaging Devices, 400-3303
PROGRAM DESCRIPTION: Replace existing thermal imaging devices with new, state-of-the-art units at planned intervals. These units are used to locate trapped occupants, find hidden fire during overhaul, and locate heat sources to enable firefighters to be more efficient and safer at fire scenes. Replacement will result in reduced maintenance costs.

PROGRAM TITLE: Radio Upgrades, 400-3345
PROGRAM DESCRIPTION: Purchase new radios to become compliant with Federal Communications Commission mandate regarding narrow banding frequencies and to replace existing radios at the end of their useful lives. No anticipated impact on operating costs.

PROGRAM TITLE: Replace 1989 Brush Truck w/Battalion Chief Vehicle, 400-3346
PROGRAM DESCRIPTION: Replace the Brush Truck with a new Battalion Chief vehicle. The Brush Truck vehicle will be 26 years old and is obsolete. Its purpose is accomplished by means of the existing Kalamazoo County Mutual Aid Agreement. The new vehicle will be used as a primary response unit at emergency scenes.

PROGRAM TITLE: Self-Contained Breathing Apparatus, 400-3313
PROGRAM DESCRIPTION: Replace existing Self-Contained Breathing Apparatus at the end of its' useful life. Air tanks must be replaced to comply with DOT requirements concerning pressurized tanks. A small reduction in maintenance costs is expected.

Fire	
Replace Thermal Imaging Equip.	24,000
Radio Upgrades	27,000
Replace 1989 Brush Truck	70,000
Replace SCBA PPE	195,000
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 where heavy maintenance activities have been applied, that require a greater level of sub-base pavement rehabilitation to ensure long-term serviceability. Improvements will also include localized storm drainage improvements, necessary 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: Accessible Pedestrian Signal Installation, 400-4234
PROGRAM DESCRIPTION: Installation of audible pedestrian signal actuators and indicators at signalized intersections as warranted by citizen requests and pedestrian traffic analysis. A nominal increase in utility costs to operate the signals will be carried by the Streets funds.
- PROGRAM TITLE: South Westnedge Traffic Signal System Upgrade, 400-4235
PROGRAM DESCRIPTION: Traffic Signals on South Westnedge Avenue are interconnected with fiber optic cable from Kilgore Road to West Centre Avenue. This traffic responsive system coordinates signal timing for the traffic signals on South Westnedge Avenue utilizing a state-of-the-art transportation management system which will also allow future integration of existing coordinated systems on Milham Avenue, Mall Drive, Romence Road, Oakland Drive, Centre Avenue, Portage Road, Constitution Boulevard and Lovers Lane. For 2012-2013, the upgrade of the traffic operations center computer controller and systems server is planned to provide the capacity to monitor and control traffic signals on major street corridors. The upgrade will provide a system backup for emergency operations.

PROGRAM TITLE: Centre Avenue/Portage Road Traffic Signal Interconnect, 400-4236
 PROGRAM DESCRIPTION: Installation of fiber optic interconnect cable, traffic signal hardware and software and traffic signal timing optimization to coordinate traffic flow. The interconnection will include certain major existing signals on West Centre Avenue, East Centre at Lovers Lane, and Portage Road. Interconnection of the traffic signals will allow for the coordination of the signal timing and improve traffic progression through the corridor. A nominal increase in utility costs will be carried by the Streets fund to operate the cables and communication equipment.

PROGRAM TITLE: East Kilgore Bridge Replacement, 400-4237
 PROGRAM DESCRIPTION: Complete replacement of the existing Kilgore Road concrete bridge structure over Portage Creek west of Lovers Lane. Project includes replacement of existing sidewalk and guardrail. Project has approved federal bridge funding for a portion of the replacement. Bridge is to be constructed during the 2013 construction season.

Streets	
Major Street Reconstruction	1,605,000
Local Street Reconstruction	600,000
Accessible Pedestrian Signalization	20,000
S. Westnedge Signal System Upgrade	50,000
Centre Ave./Portage Road Signal Interconnect	800,000
East Kilgore Road Bridge Replacement	920,000
Streets total	3,995,000

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.

Sidewalks and Bikeways	
Bikeway Improvement	35,000
Bikeway total	35,000

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	5,033,000
Total Transfers Out	5,033,000

SEWER CAPITAL IMPROVEMENT

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

PROGRAM TITLE: SCADA System Upgrade, 490-4548
PROGRAM DESCRIPTION: Replacement of the program logic controllers and radios for the utility supervisory control and data acquisition system (SCADA), which controls and monitors the utility system consisting of 20 wells at 14 city well site, 55 sanitary sewer lift stations, Garden Lane Water Treatment Facility and two water towers. The city plans the replacement/upgrade of the critical hardware of the SCADA system every 5 years. Cost savings may be realized in service and maintenance.

PROGRAM TITLE: South 12th Street Lift Station Renovation, 490-4593
PROGRAM DESCRIPTION: Renovation would include replacement of control panels and pumps, rehabilitation of force main and additional site landscaping. A substantial reduction in maintenance cost should result.

EXPENSES:	
SCADA system replacement	50,000
S 12th lift station renovation	310,000
TOTAL EXPENSES	<u>360,000</u>

WATER CAPITAL IMPROVEMENT

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

PROGRAM TITLE: Water System Reliability Study, 491-4679
PROGRAM DESCRIPTION: The Michigan Safe Drinking Water Act requires that water system owners provide the Michigan Department of Natural Resources and Environment with a water system reliability study. The study analyzes present and projected average daily water demands, fire flow demands and the basis of computed demand projections. There is no impact on operating costs.

PROGRAM TITLE: SCADA System Upgrade, 491-4648
PROGRAM DESCRIPTION: Replacement of the program logic controllers and radios for the utility supervisory control and data acquisition system (SCADA), which controls and monitors the utility system consisting of 20 wells at 14 city well site, 55 sanitary sewer lift stations, Garden Lane Water Treatment Facility and two water towers. The city plans the replacement/upgrade of the critical hardware of the SCADA system every 5 years. Cost savings may be realized in service and maintenance.

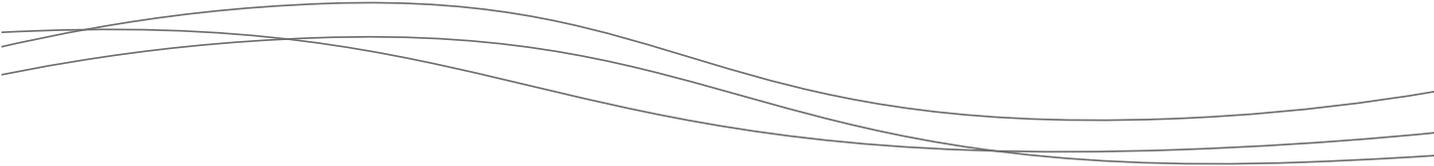
PROGRAM TITLE: Storm Drainage Improvements Program, 491-4702
PROGRAM DESCRIPTION: Address identified flooding problem areas that adversely impact public streets, commercial areas and private properties. Improvements planned under this program include expansion of retention basins, structural modifications, storm retention basins, berming to redirect storm flows, storm sewer improvements, and drainage channel regarding among others. Planned projects will reduce maintenance costs.

WATER CAPITAL IMPROVEMENT, continued

PROGRAM TITLE: Forest Drive Water Main Replacement, 491-4635
PROGRAM DESCRIPTION: Replace existing undersized water mains on Forest Drive between Lovers Lane and Portage Road in conjunction with the reconstruction of Forest Drive that is included in the Major Street Reconstruction Program. A minimal reduction in operating costs will result.

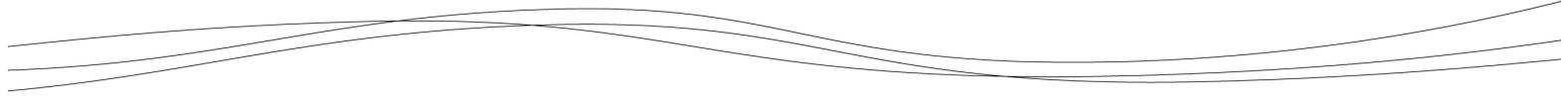
EXPENSES

Forest Drive water main	380,000
SCADA system upgrade	80,000
Water system reliability study	55,000
Storm drainage	130,000
TOTAL EXPENSES	<u>645,000</u>

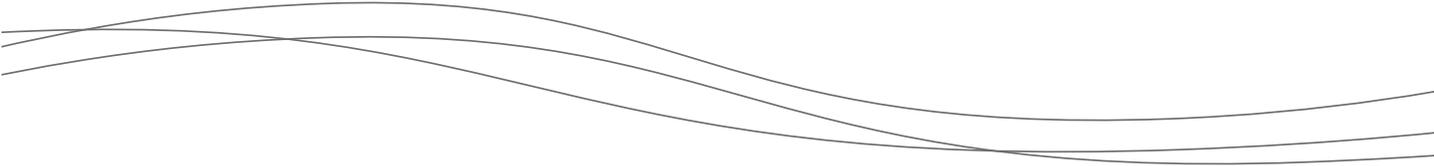


PORTAGE

A Place for Opportunities to Grow



Debt Service

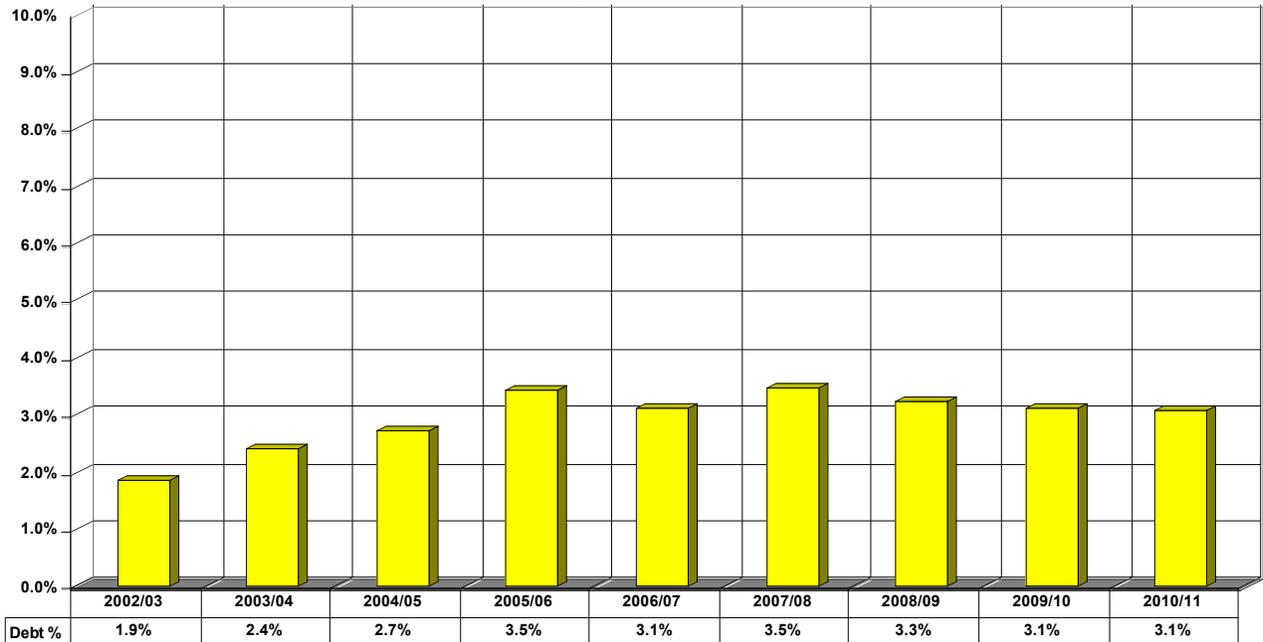


PORTAGE

A Place for Opportunities to Grow

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.

Description:

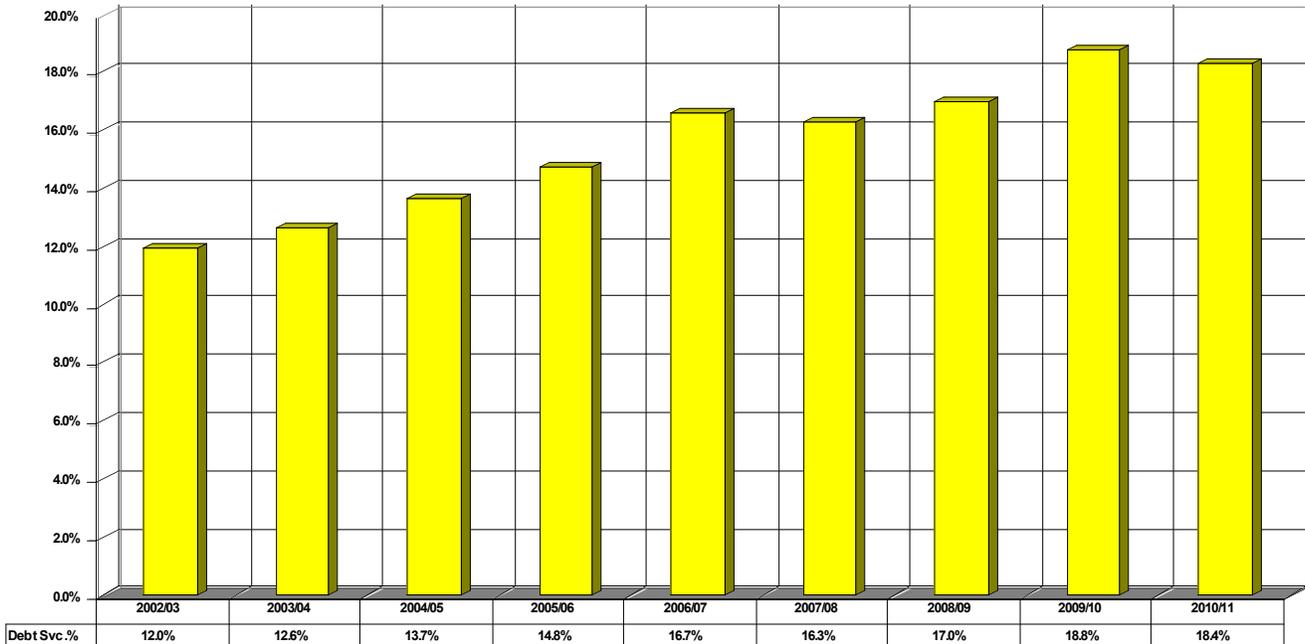
Direct debt is bonded debt for which the City has pledged its full faith and credit. Self-supporting debt is bonded debt that the City has pledged to repay from a source separate from its general tax revenues. In order to apply this indicator correctly for this City, direct debt includes all debt except utility revenue bonds, special assessment bonds (self-supporting 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. The payment sources for this debt include General Obligation Millage, Capital Improvement Millage, Local Development Finance Authority property taxes, Downtown Development Authority property taxes, and rental income from the Portage District Library.

Analysis:

Tax-supported debt is remaining relatively stable and under 10% of SEV which is a benchmark used by credit rating agencies.

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:

Increasing debt service reduces expenditure flexibility, primarily in the Capital Improvement Fund, by adding to the City's obligations. Debt service is a major part of the City's fixed costs. Increasing net direct debt service as a percentage of total net operating revenues may indicate excessive debt and fiscal strain.

Analysis:

A net direct debt service percentage that exceeds 20% of net operating revenues is considered a potential problem. The city's net direct debt service percentage is below 20% of net operating revenues.

Significant capital improvements made in the early 2000's that were financed by the sale of bonds have increased the level of debt as a percentage of net operating revenues. Also, the loss of tax base growth, reduction in interest income and reduction in new building has cause a decrease in operating revenues. This chart includes the Michigan Transportation Fund bond debt service.

DEBT SUMMARY

At March 30, 2012 the outstanding debt obligations of the city not associated with proprietary fund type areas are as follows:

Special Assessment Bonds	\$ 3,525,000
Limited Tax General Obligation Bonds	2,550,000
Unlimited Tax General Obligation Bonds	-0-
Local Development Finance Authority Bond	5,570,000
Building Authority Bonds	6,355,000
Downtown Development Authority	4,985,000
Motor Vehicle Highway Bonds	8,205,000
Capital Improvement Bonds	57,970,000
Land Contracts and Notes Payable	<u>-0-</u>
 Total	 <u>\$89,160,000</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 <u>Bonds</u>	Limited Tax General Obligation <u>Bonds</u>	Notes Payable	Capital Improvement <u>Bonds</u>
SEV	\$2,082,829,500	\$2,082,829,500	\$2,082,829,500	\$2,082,829,500
Applicable percentage limitation	12.00%	10.00%	1.25%	5.00%
Legal debt limitation	\$ 249,939,540	\$208,282,950	\$26,035,369	\$104,141,475
Related obligations	\$ 3,525,000	\$ 80,955,000	-	\$ 57,970,000
Legal debt margin	\$ 246,414,540	\$127,327,950	\$ 26,035,369	\$ 46,171,475

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. The City Manager's budget transmittal letter notes that an additional \$130,000 was required from the General Fund by the Capital Improvement Fund in fiscal year 2012/2013 to support debt service due to declining taxable values. In the event of continuing further declines in taxable values, there may be adverse impacts on city services because this support will continue to be required.

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

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Property taxes	-	-	-	-	-
Interest and rents	1,667	1,145	-	-	1,000
Other revenue	-	-	-	-	-
Transfers In	3,557,157	3,705,841	3,646,861	3,646,861	3,735,942
TOTAL REVENUE	<u>3,558,824</u>	<u>3,706,986</u>	<u>3,646,861</u>	<u>3,646,861</u>	<u>3,736,942</u>
EXPENDITURES:					
Bond costs	3,671,242	3,670,412	3,693,768	3,693,768	3,698,052
Transfers Out	-	-	-	-	-
TOTAL EXPENDITURES	<u>3,671,242</u>	<u>3,670,412</u>	<u>3,693,768</u>	<u>3,693,768</u>	<u>3,698,052</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>2009-2010</u> <u>Actuals</u>	<u>2010-2011</u> <u>Actuals</u>	<u>2011-2012</u> <u>Adjusted</u> <u>Budget</u>	<u>2011-2012</u> <u>Adopted</u> <u>Budget</u>	<u>2012-2013</u> <u>Council</u> <u>Approved</u>
REVENUE:					
Interest and rents	-	-	-	-	-
Transfers In	146,158	142,000	137,000	137,000	132,000
TOTAL REVENUE	<u>146,158</u>	<u>142,000</u>	<u>137,000</u>	<u>137,000</u>	<u>132,000</u>
EXPENDITURES:					
Bond costs	146,931	142,031	137,131	137,131	132,150
Transfers Out	-	-	-	-	-
TOTAL EXPENDITURES	<u>146,931</u>	<u>142,031</u>	<u>137,131</u>	<u>137,131</u>	<u>132,150</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.

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Interest and rents	-	-	-	-	-
Transfers In	-	388,260	198,000	198,000	258,000
TOTAL REVENUE	<u>-</u>	<u>388,260</u>	<u>198,000</u>	<u>198,000</u>	<u>258,000</u>
EXPENDITURES:					
Bond costs	193,701	202,656	198,844	198,844	258,750
Transfers Out	-	-	-	-	-
TOTAL EXPENDITURES	<u>193,701</u>	<u>202,656</u>	<u>198,844</u>	<u>198,844</u>	<u>258,750</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%.

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Interest and rents	-	-	-	-	-
Transfers In	-	661,602	676,000	676,000	557,000
TOTAL REVENUE	<u>-</u>	<u>661,602</u>	<u>676,000</u>	<u>676,000</u>	<u>557,000</u>
EXPENDITURES:					
Bond costs	19,059	661,602	677,275	677,275	558,000
Transfers Out	-	-	-	-	-
TOTAL EXPENDITURES	<u>19,059</u>	<u>661,602</u>	<u>677,275</u>	<u>677,275</u>	<u>558,000</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.

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Interest and rents	237,509	227,939	223,111	223,111	218,283
Transfers In	605,000	812,313	738,000	738,000	439,000
TOTAL REVENUE	842,509	1,040,252	961,111	961,111	657,283
EXPENDITURES:					
Bond costs	992,629	960,700	960,165	960,165	649,930
Transfers Out	-	-	-	-	-
TOTAL EXPENDITURES	992,629	960,700	960,165	960,165	649,930

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.

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Property taxes	410,511	373,678	378,300	378,300	385,800
Interest and rents	3,693	1,987	2,000	2,000	2,000
Transfers In	-	-	-	-	-
TOTAL REVENUE	414,204	375,665	380,300	380,300	387,800
EXPENDITURES:					
Bond costs	393,921	408,189	416,675	416,675	406,985
Transfers Out	-	-	-	-	-
TOTAL EXPENDITURES	393,921	408,189	416,675	416,675	406,985

L DFA 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.

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
REVENUE:					
Property taxes	484,093	461,762	450,000	450,000	500,000
Interest and rents	17,478	8,502	20,000	20,000	10,000
Transfers In	-	-	-	-	-
TOTAL REVENUE	501,571	470,264	470,000	470,000	510,000
EXPENDITURES:					
Bond costs	460,533	453,843	447,728	447,728	525,750
Development expenditures	-	-	10,000	10,000	10,000
Transfers Out	-	-	-	-	-
TOTAL EXPENDITURES	460,533	453,843	457,728	457,728	535,750

SPECIAL ASSESSMENT DEBT SERVICE FUNDS

	2010-2011 <u>Actual</u>	2011-2012 <u>Amended Budget</u>	2011-2012 <u>Final Estimate</u>	2012-2013 <u>Council Approved</u>
Beginning Fund Balance	<u>2,745,685</u>	<u>1,061,566</u>	<u>1,061,566</u>	<u>994,382</u>
Revenue:				
Special Assessments	342,061	260,000	280,000	280,000
Interest on Special Assessments	100,403	95,000	95,000	95,000
Interest on Investments	<u>12,453</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
Total Revenue	454,917	370,000	390,000	390,000
Expenditures:				
Interest and Fiscal Charges	209,036	165,788	96,092	149,570
Bond Principal (1)	<u>1,930,000</u>	<u>835,788</u>	<u>511,092</u>	<u>564,570</u>
Total Expenditures	2,139,036	835,788	835,788	565,460
Ending Fund Balance (2)	<u>1,061,566</u>	<u>595,778</u>	<u>994,382</u>	<u>819,812</u>

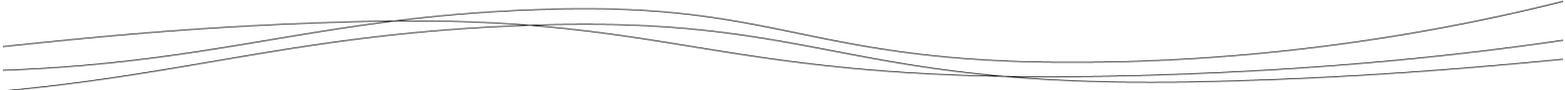
1 Principal paid in 2010-2011 includes \$1,215,000 early redemption of bonds with high interest rates.

2 The ending fund balance in 2011-2012 includes \$53,908 of capitalized interest payable in fiscal year 2012-2013.

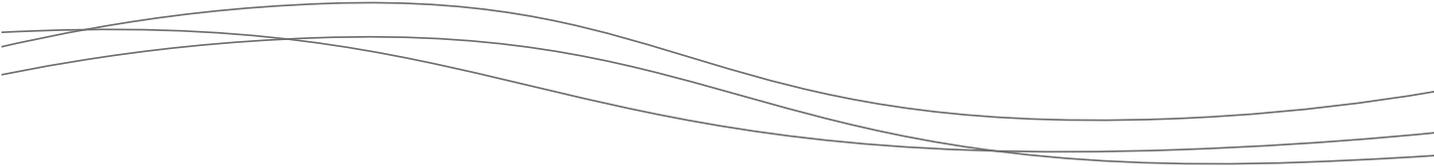
The Special Assessment Debt Service Fund is used to account for the repayment of bonds issued to finance the costs of various construction projects. Costs of the projects are estimated and property owners are assessed a proportionate share, as determined by Council resolution. The property owners have 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

	<u>2009-2010</u> <u>Actuals</u>	<u>2010-2011</u> <u>Actuals</u>	<u>2011-2012</u> <u>Adjusted</u> <u>Budget</u>	<u>2011-2012</u> <u>Adopted</u> <u>Budget</u>	<u>2012-2013</u> <u>Council</u> <u>Approved</u>
REVENUE:					
Payments on special assessments	124,589	100,403	355,000	355,000	232,421
Interest on investments	24,352	10,894	15,000	15,000	9,800
TOTAL REVENUE	<u>148,941</u>	<u>111,297</u>	<u>370,000</u>	<u>370,000</u>	<u>242,221</u>
EXPENDITURES:					
Interest and fiscal charges	191,581	164,233	165,788	165,788	150,460
Bond principal	390,641	1,619,947	670,000	670,000	415,000
TOTAL EXPENDITURES	<u>582,222</u>	<u>1,784,180</u>	<u>835,788</u>	<u>835,788</u>	<u>565,460</u>



Other Funds



PORTAGE

A Place for Opportunities to Grow

CURBSIDE RECYCLING FUND - 223

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
	Curbside recycling	<i>Financial Health</i> Continue to evaluate expenditures to provide for effective and efficient use of city resources
	All programs	<i>Environmental Quality</i> Enhance environmental quality <i>Service Delivery</i> Promote effective recycling 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	12,800	12,800	12,800
Pounds collected per month	360,464	398,168	395,000

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted Budget</u>	<u>Adopted Budget</u>	<u>Council Approved</u>
REVENUE:					
Property taxes	561,688	539,826	679,300	679,300	660,200
Interest and rents	3,006	1,323	2,400	2,400	1,400
TOTAL REVENUE	<u>564,694</u>	<u>541,149</u>	<u>681,700</u>	<u>681,700</u>	<u>661,600</u>
EXPENDITURES:					
Personnel Services	39,184	32,732	33,046	33,046	32,711
Operations & Maintenance	506,120	524,816	549,362	542,517	558,517
Administrative Charges	56,261	56,588	56,340	56,340	57,580
TOTAL EXPENDITURES	<u>601,565</u>	<u>614,136</u>	<u>638,748</u>	<u>631,903</u>	<u>648,808</u>

LEAF PICKUP/SPRING CLEANUP

This fund accounts for the costs associated with the Fall Leaf Pickup, Leaf Composting/Management and Spring Cleanup 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

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Property taxes	611,805	587,647	771,800	771,800	788,500
Interest and rents	4,722	1,924	2,000	2,000	2,000
Other revenue	75	278	-	-	-
Transfers In	-	-	125,000	-	-
TOTAL REVENUE	616,602	589,849	898,800	773,800	790,500
EXPENDITURES:					
Personnel Services	60,334	71,653	79,069	65,056	89,249
Operations & Maintenance	447,233	436,860	490,690	460,803	516,240
Administrative Charges	160,383	126,972	141,950	141,950	176,578
Transfers Out	20,157	19,740	20,356	20,356	19,862
TOTAL EXPENDITURES	688,107	655,225	732,065	688,165	801,929

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.

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Property taxes	611,805	587,647	771,800	771,800	788,500
Interest and rents	4,722	1,924	2,000	2,000	2,000
Other revenue	75	278	-	-	-
Transfers In	-	-	125,000	-	-
TOTAL REVENUE	616,602	589,849	898,800	773,800	790,500
EXPENDITURES:					
Administrative Charges	88,701	75,928	73,130	73,130	84,620
TOTAL EXPENDITURES	88,701	75,928	73,130	73,130	84,620

SPRING CLEANUP, 226-4532

This activity accounts for the costs associated with the collection of discarded materials to enhance community appearance and encourage recycling.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Compacted cubic yards collected	1,760	1,800	1,800
Days offered	24	24	24

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Operations & Maintenance	213,752	280,422	220,832	217,882	232,600
TOTAL EXPENDITURES	213,752	280,422	220,832	217,882	232,600

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	15,914	14,739	15,000		
	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Personnel Services	60,334	71,653	79,069	65,056	89,249
Operations & Maintenance	146,368	139,160	143,337	155,400	183,619
Administrative Charges	38,058	29,965	46,754	46,754	91,958
TOTAL EXPENDITURES	<u>244,760</u>	<u>240,778</u>	<u>269,160</u>	<u>267,210</u>	<u>364,826</u>

LEAF/BRANCH REMOVAL/MANAGEMENT, 226-4540

The removal and management of the large mass of leaves and branches from the spring clean 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 removed	15,000	20,000	15,000		
Cubic years of chips removed	5,000	10,000	6,000		
	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Operations & Maintenance	87,113	17,278	126,521	87,521	100,021
Administrative Charges	33,624	21,079	22,066	22,066	-
TOTAL EXPENDITURES	<u>120,737</u>	<u>38,357</u>	<u>148,587</u>	<u>109,587</u>	<u>100,021</u>

TRANSFERS OUT, 226-9610

Transfer is made to the General Obligation Debt fund.

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Transfers Out	20,157	19,740	20,356	20,356	19,862
TOTAL EXPENDITURES	<u>20,157</u>	<u>19,740</u>	<u>20,356</u>	<u>20,356</u>	<u>19,862</u>

CULTURAL ACTIVITIES - 235

This fund accounts for the costs of the Cultural Activities Program. The Cultural Activities Program includes the Bandshell Concert Series, Celery Flats Special Events, the Hayloft Theatre, the Celery Flats Amphitheater, and Millennium Park Amphitheater. Attendance is impacted by weather.

Goals and Objectives: The Cultural Activities Fund supports the following goals and objectives.

<u>Activity/Program</u>	<u>Description</u>	<u>Goal/Objective</u>
All activities	All programs	<i>Community Development</i> Promote aesthetic and cultural enhancement
		<i>Service Delivery</i> Promote teamwork between the public and private sector
		<i>Financial Health</i> Pursue revenue enhancement

As the budget is prepared during the very early stages of the events-booking process, no further detail can be provided regarding specific programs. An events guide will be published in early May and distributed through the Portager and other local media outlets. Expenditures may exceed revenues due to timing differences from restricted contributions received in the prior fiscal year for budget year programs.

<u>Service Indicators</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Concert attendance	7,409	7,400	6,500
Performances	41	30	28
Special events	2	2	2

	<u>2009-2010</u> <u>Actuals</u>	<u>2010-2011</u> <u>Actuals</u>	<u>2011-2012</u> <u>Adjusted</u> <u>Budget</u>	<u>2011-2012</u> <u>Adopted</u> <u>Budget</u>	<u>2012-2013</u> <u>Council</u> <u>Approved</u>
REVENUE:					
Charges for services	31,516	43,020	31,500	31,500	30,700
Interest and rents	5,074	4,996	6,600	6,600	6,100
Other revenue	79,090	81,010	43,500	34,000	52,000
TOTAL REVENUE	115,680	129,026	81,600	72,100	88,800
EXPENDITURES:					
Personnel Services	36,846	36,505	37,188	37,188	46,107
Operations & Maintenance	52,690	52,327	55,300	43,400	57,450
Administrative Charges	5,654	6,533	7,160	7,160	7,580
TOTAL EXPENDITURES	95,190	95,365	99,648	87,748	111,137

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, downpayment 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 was notified that the 2012-2013 entitlement would be \$214,178. The 2011-2012 the grant total was \$192,254, and the 2010-2011 grant total was \$230,723 .

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

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Federal revenue	-	202,300	332,539	219,187	214,178
TOTAL REVENUE	-	202,300	332,539	219,187	214,178
EXPENDITURES:					
Personnel Services	-	-	174,627	174,627	120,279
Operations & Maintenance	-	29,886	107,912	44,560	93,899
TOTAL EXPENDITURES	-	29,886	332,539	219,187	214,178

The responsibilities of the various activities are outlined as follows.

HUMAN SERVICES, 293-6624

These funds were awarded to the Portage Community Center, which is a primary provider of human service related activities within the City of Portage.

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
EXPENDITURES:					
Operations & Maintenance	-	-	-	22,334	36,000
TOTAL EXPENDITURES	-	-	-	22,334	36,000

HOUSING PROGRAMS, 293-6625

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.

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Personnel Services	-	-	73,434	73,434	49,992
Operations & Maintenance	-	28,886	104,335	18,649	53,847
TOTAL EXPENDITURES	-	28,886	177,769	92,083	103,839

NEIGHBORHOOD IMPROVEMENT, 293-6626

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.

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Personnel Services	-	-	65,372	65,372	52,141
Operations & Maintenance	-	-	852	852	852
TOTAL EXPENDITURES	-	-	66,224	66,224	52,993

ADMINISTRATION, 293-6627

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.

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Personnel Services	-	-	35,821	35,821	18,146
Operations & Maintenance	-	1,000	2,725	2,725	3,200
TOTAL EXPENDITURES	-	1,000	88,546	38,546	21,346

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

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Property taxes	-	-	-	-	-
Fees and permits	665,308	707,563	691,000	661,000	755,000
Interest and rents	1,054	886	1,000	1,000	900
Other revenue	-	-	18,876	-	-
TOTAL REVENUE	666,362	708,449	710,876	662,000	755,900
EXPENDITURES:					
Personnel Services	101,678	103,894	109,816	109,816	101,603
Operations & Maintenance	319,145	343,322	361,207	280,200	297,700
Administrative Charges	44,040	51,500	52,510	52,510	57,730
Capital Outlay	3,105	44,489	181,876	163,000	178,000
Transfers Out	-	119,000	200,000	200,000	150,000
TOTAL EXPENDITURES	467,968	662,205	905,409	805,526	785,033

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.

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Personnel Services	101,678	103,894	109,816	109,816	101,603
Operations & Maintenance	319,145	292,429	348,100	279,200	296,700
Administrative Charges	44,040	51,500	52,510	52,510	57,730
Capital Outlay	-	-	80,000	80,000	-
TOTAL EXPENDITURES	464,863	447,823	590,426	521,526	456,033

PUBLIC SERVICE FEE, 298-7014

This activity records the required expenditure of public service fee monies.

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Operations & Maintenance	-	50,893	13,107	1,000	1,000
Capital Outlay	3,105	44,489	101,876	83,000	178,000
TOTAL EXPENDITURES	3,105	95,382	114,983	84,000	179,000

TRANSFERS OUT, 298-9610

To supply resources required for technology enhancements in the Capital Improvement Fund.

	2009-2010	2010-2011	2011-2012	2011-2012	2012-2013
	Actuals	Actuals	Adjusted Budget	Adopted Budget	Council Approved
EXPENDITURES:					
Transfers Out	-	119,000	200,000	200,000	150,000
TOTAL EXPENDITURES	-	119,000	200,000	200,000	150,000

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

	<u>2009-2010</u> Actuals	<u>2010-2011</u> Actuals	<u>2011-2012</u> Adjusted Budget	<u>2011-2012</u> Adopted Budget	<u>2012-2013</u> Council Approved
REVENUE:					
Interest and rents	848	468	1,500	1,500	-
Other revenue	5,224	14,400	11,800	11,800	11,800
TOTAL REVENUE	<u>6,072</u>	<u>14,868</u>	<u>13,300</u>	<u>13,300</u>	<u>11,800</u>
EXPENDITURES:					
Operations & Maintenance	14,574	33,590	51,750	45,000	25,000
TOTAL EXPENDITURES	<u>14,574</u>	<u>33,590</u>	<u>51,750</u>	<u>45,000</u>	<u>25,000</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 2012-2013 the cost of cemetery operations will exceed the permanent fund transfers and other cemetery revenue by approximately \$19,308.

	2009-2010 Actuals	2010-2011 Actuals	2011-2012 Adjusted Budget	2011-2012 Adopted Budget	2012-2013 Council Approved
REVENUE:					
Charges for services	45,525	34,450	40,000	40,000	40,000
Interest and rents	8,079	3,936	8,000	8,000	4,000
TOTAL REVENUE	53,604	38,386	48,000	48,000	44,000
EXPENDITURES:					
Transfers Out	15,000	1,872	8,000	8,000	4,000
TOTAL EXPENDITURES	15,000	1,872	8,000	8,000	4,000

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, downpayment 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 2012-2013 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 Downpayment assistance loans	<i>Community Development</i> Ensure decent and safe housing

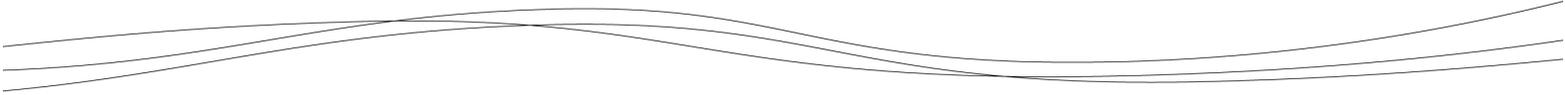
	2009-2010 <u>Actuals</u>	2010-2011 <u>Actuals</u>	2011-2012 <u>Adjusted Budget</u>	2011-2012 <u>Adopted Budget</u>	2012-2013 <u>Council Approved</u>
REVENUE:					
Charges for services	96,735	34,731	90,000	40,000	30,000
Interest and rents	-	-	-	-	-
Other revenue	-	-	-	-	-
Transfers In	-	-	50,000	-	-
TOTAL REVENUE	<u>96,735</u>	<u>34,731</u>	<u>140,000</u>	<u>40,000</u>	<u>30,000</u>
EXPENDITURES:					
Personnel Services	-	-	-	-	-
Operations & Maintenance	24,558	25,000	140,000	90,000	70,000
Administrative Charges	-	-	-	-	-
Debt Service	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Transfers Out	-	-	-	-	-
TOTAL EXPENDITURES	<u>24,558</u>	<u>25,000</u>	<u>140,000</u>	<u>90,000</u>	<u>70,000</u>

The activities carried out by this fund are as follows.

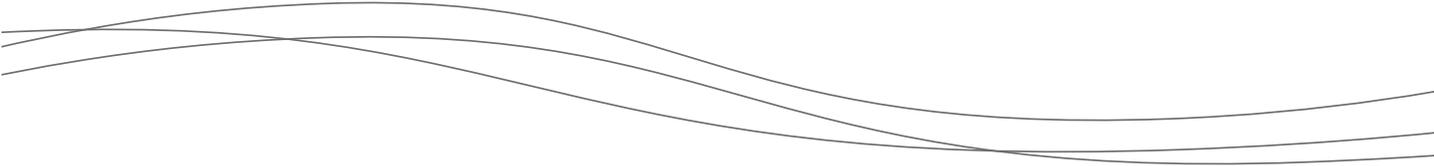
PROGRAMS, 792-6015

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 2012/2013 designates \$70,000 for housing rehabilitation/emergency repairs.

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</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	-	-	-	-	-
Operations & Maintenance	24,558	25,000	140,000	90,000	70,000
Administrative Charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Transfers Out	-	-	-	-	-
TOTAL EXPENDITURES	<u>24,558</u>	<u>25,000</u>	<u>140,000</u>	<u>90,000</u>	<u>70,000</u>



Appendices



PORTAGE

A Place for Opportunities to Grow

CITY of PORTAGE						
Contributions to Outside Agencies						
Fiscal Year 2012-2013						
			2011-2012	2012-2013	2012-2013	
			Original	Agency	Council	
			Budget	Request	Approved	
General Fund						
Legislative:						
	Michigan Municipal League		9,000	9,000	9,000	
			9,238	9,000	9,000	
Human Services:						
	Portage Community Center		79,109	107,000	80,513	
	YWCA		9,405	14,000	8,570	
	Housing Resources, Inc.		19,504	25,000	17,400	
	Catholic Family Services (Ark)		9,109	11,137	9,080	
	Gryphon Place		0	6,000	2,000	
			117,127	163,137	117,563	
Parks:						
	Kalamazoo in Bloom, Inc.		6,000	6,000	6,000	
	Total, General Fund		132,365	178,137	132,563	
Other Funds						
CDBG Fund:						
	Portage Community Center		22,334	29,000	36,000	
CDBG Program Income Fund:						
	Portage Community Center		25,000	0	0	
	Total, All Funds		179,699	207,137	168,563	
Total, Portage Community Center						
	Center		126,443	136,000	116,513	

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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.

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

APPENDIX B

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.

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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.

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 2010-2011.

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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.

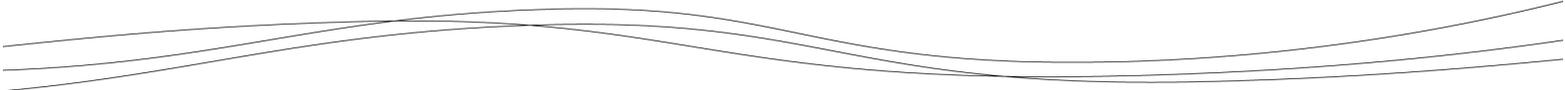
Construction Board of Appeals - hears appeals of building, electrical, mechanical and plumbing code requirements. This board has monthly meetings and is made up of seven members serving three-year terms.

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.



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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.

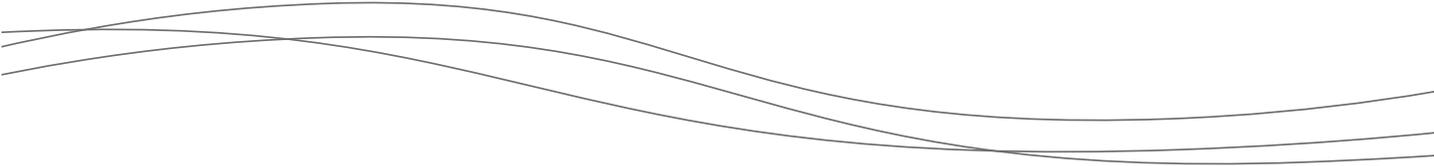
Local Development Finance Authority (LDFA) - meets to create and implement development plans within the boundaries of the Local Development Authority district. The members meet when called.

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.

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.



PORTAGE

A Place for Opportunities to Grow

APPENDIX D

CITY OF PORTAGE

Property Tax Rates – Direct and Overlapping Governments
(Per \$1,000 of Taxable Value)

1998-2012

Fiscal Year Ended June 30,	City of Portage						Total City of Portage Tax Rate
	General Fund	Capital Improvements	Debt Service	Curbside Recycling	Leaf Pickup Spring Cleanup	Muni Street	
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
2000	7.1469	2.0000	.1931	.3600	.4000	--	10.1000
1999	7.1559	2.0000	.2011	.4200	.4000	--	10.1770
1998	7.2100	2.0000	.2130	.4200	.3340	--	10.1770

CITY OF PORTAGE

**Property Tax Rates – Direct and Overlapping Governments
(Per \$1,000 of Taxable Value)**

1998-2012

<u>Portage District Library¹</u>	<u>State Education Tax</u>	<u>Portage Public Schools</u>	<u>Kalamazoo County</u>	<u>Regional Educational Service Agency</u>	<u>Kalamazoo Valley Community College</u>	<u>Kalamazoo Total All Jurisdictions</u>
1.5000	6.00	5.0400 ²	6.7412 ³	4.8616	2.8135	37.8479
1.5000	6.00	5.0400 ²	6.7412 ³	4.8566	2.8135	37.6825
1.5000	6.00	5.0400 ²	6.7212 ³	4.8316	2.8135	37.5661
1.4900	6.00	5.0400 ²	6.3012	4.8316	2.8135	37.1361
1.4900	6.00	2.7000 ²	6.7162	4.5416	2.8135	34.7505
1.4900	6.00	2.7000 ²	6.5862	4.5416	2.8135	34.2755
1.4900	6.00	2.7000 ²	6.1362	4.5416	2.8135	33.8255
1.4900	6.00	3.7000 ²	6.1362	3.0416	2.8135	33.3255
1.4900	5.00	3.7000 ²	6.1362	3.0416	2.8139	32.3259
1.4900	6.00	3.7000 ²	6.1362	3.0416	2.8139	33.4834
1.4900	6.00	3.7000 ²	6.1400	3.0416	2.8151	33.1867
1.4900	6.00	3.7000 ²	6.1400	3.0416	2.8151	33.1867
1.3800	6.00	2.6762 ²	6.1400	3.0418	2.8152	32.1532
1.4200	6.00	2.6762 ²	6.1400	3.0500	2.8231	32.2863

¹In 1998, the Portage District Library became a separate legal entity apart from the City of Portage. To facilitate comparison, all historical Library data has been segregated from city operations.

²Assumes Principal Residence Exemption (PRE) (formerly called 'Homestead') status. Add 18.00 mills for non-PRE.

³Includes 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 2012-2013

Department	2009-2010 Actual	2010-2011 Actual	2011-2012 Budget	2012-2013 Council Approved
City Manager	5.00	4.00	5.00	5.00
Finance	9.00	9.00	9.00	9.00
Information Technology	3.00	2.00	1.00	1.00
City Assessor	5.00	5.00	5.00	5.00
City Clerk	3.00	3.00	3.00	3.00
Purchasing	2.50	2.50	2.50	2.00
Employee Development	3.00	3.50	3.50	3.50
Benefit Services	5.00	4.00	4.50	4.50
Parks and Recreation	15.58	15.33	13.73	12.14
Public Safety - Police	77.25	74.25	75.15	75.15
Public Safety - Fire	35.50	34.50	33.00	31.13
Community Development	15.00	14.00	13.50	12.00
Senior Center	4.94	4.71	4.23	2.83
Transportation and Utilities	7.00	6.00	5.00	5.00
Streets and Equipment	19.85	19.10	19.10	19.10
Total	209.62	200.89	196.71	190.35

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 work week. $60 / 40 = 1.5$).

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
 1990-2013

Fiscal Year	Positions
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
1989-90	234

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 been from internal reorganizations based on retirements and attrition.

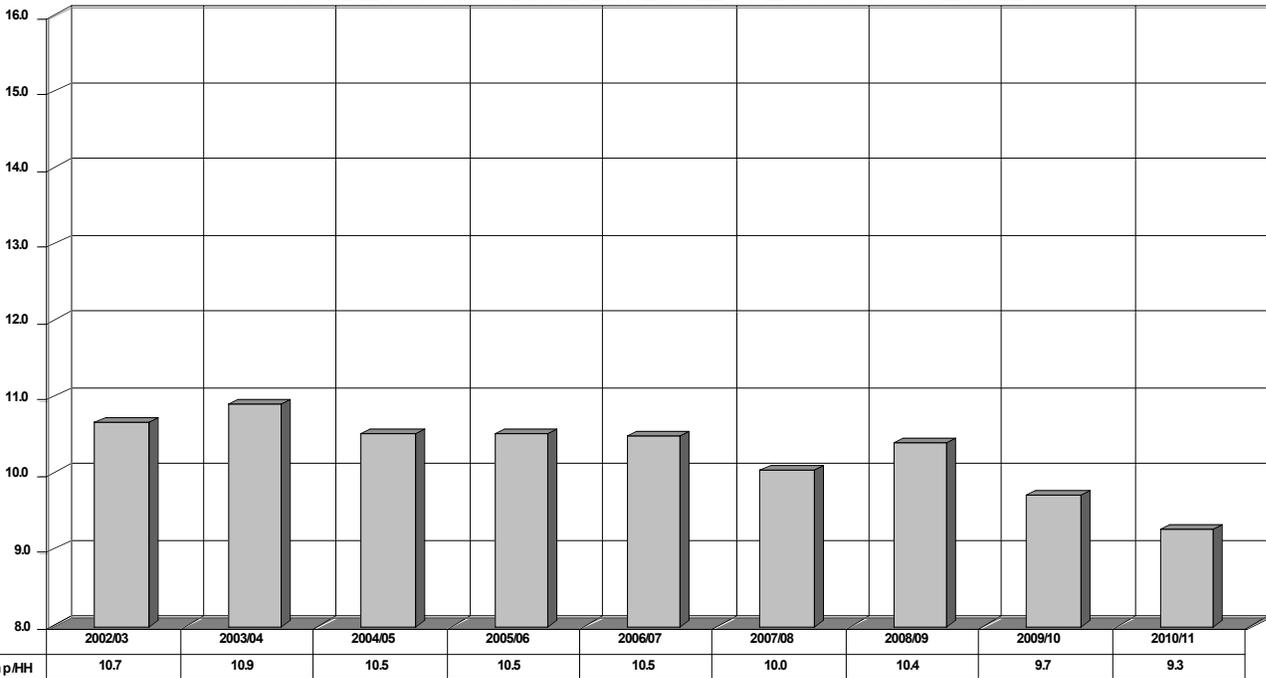
APPENDIX E

City of Portage 2012-2013 Budget Position Comparison (Budgetary Basis)

Full Time Authorized Positions	Actual <u>2009-2010</u>	Actual <u>2010-2011</u>	Budget <u>2011-2012</u>	Council Approved <u>2012/2013</u>
General Fund				
City Administration	6	4	4	4
Finance	9	9	9	9
IT	2	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
Purchasing	2	2	2	2
Parks and Recreation	12.15	11.9	11.9	11.9
Public Safety				
Police Command	13	13	13	13
Police Sworn Officers	42	46	45	45
Police Civilian	<u>17</u>	<u>11</u>	<u>11</u>	<u>11</u>
Police total	72	70	69	69
Fire	35	34	33	30
Community Development	15	14	13	12
Senior Citizen Services	<u>3</u>	<u>2</u>	<u>2</u>	<u>1</u>
Total, General Fund	170.15	162.90	159.9	154.9
Streets and Equipment Funds	19.85	19.10	19.10	19.10
Transportation and Utilities	<u>7</u>	<u>6</u>	<u>5</u>	<u>5</u>
Total Full Time Positions	197	188	184	179

The partial positions in Parks and Streets departments represent the sharing of employees between the two departments. This permits them to maximize utilization of staffing in departments that have offsetting peak labor seasons.

NUMBER OF MUNICIPAL EMPLOYEES PER 1000 HOUSEHOLDS



Fiscal Year	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/2009	2009/10
Number of Full-Time Employees	219	216	219	213	215	211	213	207	197
Number of Households	19,804	20,220	20,081	20,224	20,430	20,100	20,310	19,872	20,301

Warning Trend:

Increasing number of municipal employees per 1,000 households

Formula:

$$((\text{Number of Municipal Employees}) / (\text{Number of City Households})) \times 1000$$

Description:

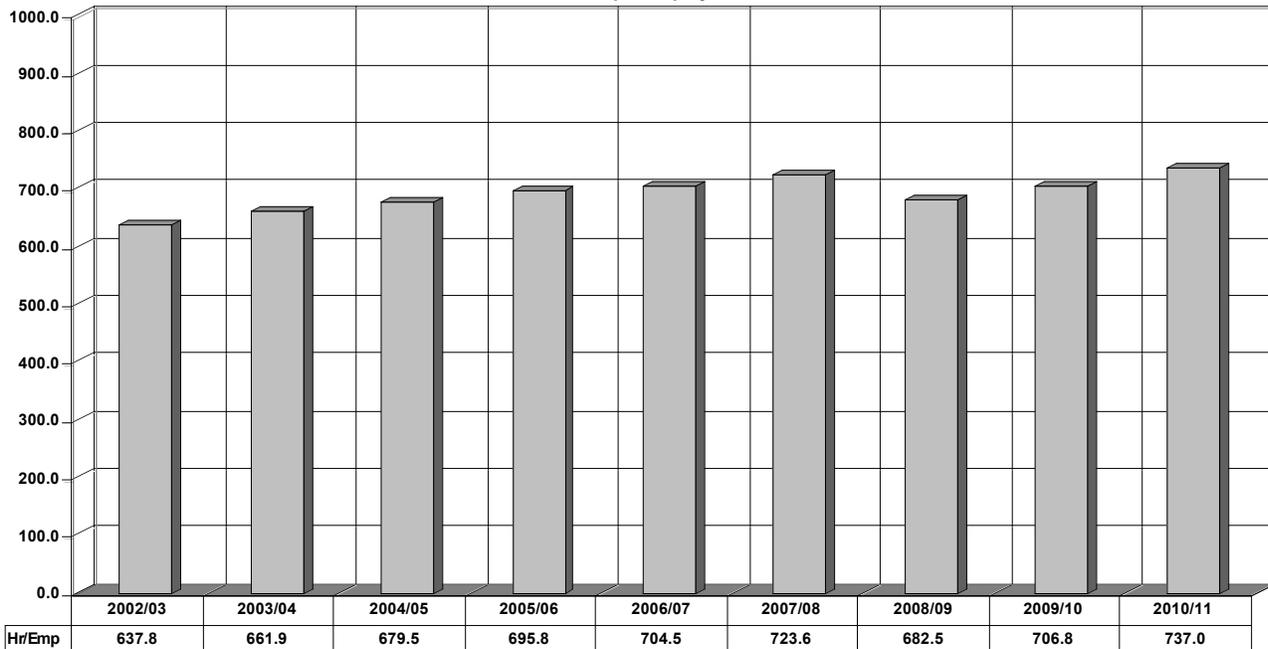
Personnel costs are a major component of the City's operating budget. Tracking change in the number of municipal employees per 1,000 households provides an excellent way to track change in productivity. Increases in this indicator might indicate that personnel expenditures are rising faster than the 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% 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% 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 as follows:

- As of July 1, 2000 for the PPCOA
- As of July 1, 2002 for the PPOA
- As of July 1, 2003 for non-union staff
- As of July 1, 2004 for the IAFF

APPENDIX F

		City of Portage		
		Fiscal Year Ending June 30, 2013		
		Capital Outlay		
	General Fund			
	Police			
	Scheduled replacement of Tasers	9,800		
	Scheduled replacement of old protective vests	9,800		
	Additional repairs to HVAC system	4,900		
	Hardware & software for computer based training system used for monthly training program for all employees - funded fully by federal JAG grant	30,809		
		55,309		55,309
	Fire			
	Replace mattresses at station 3	1,200		
	NFPA & MIOSA replacements - PPE 30 pair leather boots, 13 pair rubber boots	9,000		
	PPE 25 each pairs gloves, hoods and other gear	3,450		
	Technical rescue - annual rope/webbing/strap replacement	5,000		
	Training ground building improvements	3,000		
	1 Automatic Defibrulators	300		
	Fire hose annual replacement program	4,500		
		26,450		26,450
	Total General Fund			81,759
	Equipment Fund			
	Replace #215 1994 Ford Dump Truck 31,698 miles, Streets	183,000		
	Replace #228 1994 Ford Dump Truck 73,160 miles, Streets	183,000		
	Replace #57 1994 GMC work truck, 143,953 miles	40,000		
	Replace #416 2006 Ford pickup 114,766 miles, Parks	19,000		
	Replace #426 2006 Ford pickup 111,953 miles, Parks	19,000		
				444,000
	Cable TV Fund			
	Equipment and software upgrades for Council Chambers and conference rooms - Phase III	30,000		
	Internet content filtering	15,000		
	Centralized storage array	30,000		
	Training video equipment upgrades	28,000		
	Cable Access Equipment Management with PMN	75,000		
				178,000
	Sewer Fund			
	Manhole reconstruction	15,000		
	Lift Station Rehabilitation	75,000		
				90,000
	Water Fund			
	Localized Flooding - Streets leaching basins	30,000		
	Retention Basin Rehab and Reconstruction	40,000		
				70,000
	Total Capital Outlay Requested			863,759

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 2012-2013 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

	2009-2010 <u>Actuals</u>	2010-2011 <u>Actuals</u>	2011-2012 <u>Adjusted Budget</u>	2011-2012 <u>Adopted Budget</u>	2012-2013 <u>Council Approved</u>
REVENUE:					
Charges for services	1,764,274	1,301,248	1,620,120	1,618,070	1,555,683
Interest and rents	-	549	4,000	4,000	500
Other revenue	48,115	63,813	36,000	36,000	36,000
TOTAL REVENUE	<u>1,812,389</u>	<u>1,365,610</u>	<u>1,660,120</u>	<u>1,658,070</u>	<u>1,592,183</u>
EXPENDITURES:					
Personnel Services	283,148	354,627	381,837	379,787	309,752
Operations & Maintenance	770,619	811,829	886,500	939,800	1,082,400
Administrative Charges	129,067	149,839	102,500	102,500	102,275
Debt Service	267,332	262,907	267,443	267,443	256,386
Capital Outlay	8,426	-	265,534	173,666	444,000
TOTAL EXPENDITURES	<u>1,458,592</u>	<u>1,579,202</u>	<u>1,903,814</u>	<u>1,863,196</u>	<u>2,194,813</u>

The activities carried out by this fund are as follows:

OPERATION and MAINTENANCE, 661-4020

This activity accounts for the costs associated with acquisition, operation, and maintenance of approximately 185 pieces of equipment.

<u>Performance Measures</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Budget Year</u>
Preventative maintenance service requests	71	132	140
Work orders completed	1,450	1,172	1,200
Gasoline usage - gallons	46,448	46,969	48,000
Diesel fuel usage - gallons	33,884	28,494	40,000

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted Budget</u>	<u>Adopted Budget</u>	<u>Council Approved</u>
EXPENDITURES:					
Personnel Services	122,874	123,132	133,230	133,230	132,081
Operations & Maintenance	669,792	713,953	799,712	853,400	992,500
Capital Outlay	8,426	-	265,534	173,666	444,000
TOTAL EXPENDITURES	801,092	837,085	1,198,476	1,160,296	1,568,581

BUILDING ADMINISTRATION, 661-4026

This activity accounts for the costs associated with the operation and maintenance of the city maintenance and storage garages.

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted Budget</u>	<u>Adopted Budget</u>	<u>Council Approved</u>
EXPENDITURES:					
Personnel Services	160,274	231,495	248,607	246,557	177,671
Operations & Maintenance	100,827	97,876	86,788	86,400	89,900
Administrative Charges	129,067	149,839	102,500	102,500	102,275
TOTAL EXPENDITURES	390,168	479,210	437,895	435,457	369,846

DEBT SERVICE, 661-9510

This activity accounts for the costs associated with the payments of the related debt.

	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2011-2012</u>	<u>2012-2013</u>
	<u>Actuals</u>	<u>Actuals</u>	<u>Adjusted Budget</u>	<u>Adopted Budget</u>	<u>Council Approved</u>
EXPENDITURES:					
Debt service	267,332	262,907	267,443	267,443	256,386
TOTAL EXPENDITURES	267,332	262,907	267,443	267,443	256,386

APPENDIX H

CITY OF PORTAGE Financial Trends Fiscal Year 2012-2013

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

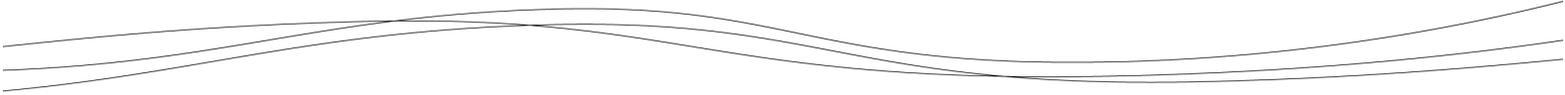
The term *operating position* refers to the city's ability to (1) balance its budget on a current basis, (2) maintain reserves for emergencies, and (3) have sufficient liquidity to pay its bills on time.

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

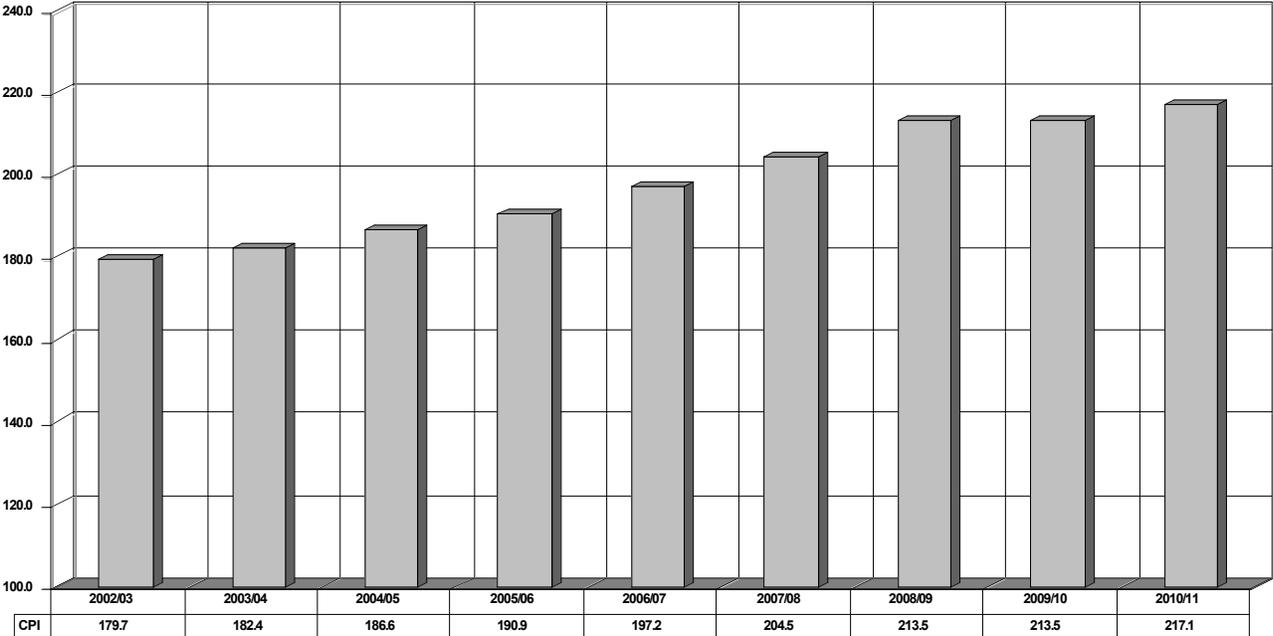
The indicators are monitored regularly. Results are used in administrative sessions and presented to City Council at least annually. They are used as tools for evaluating the financial condition of the city in the goal setting process as well as reviewing the proposed annual operating budget.

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.

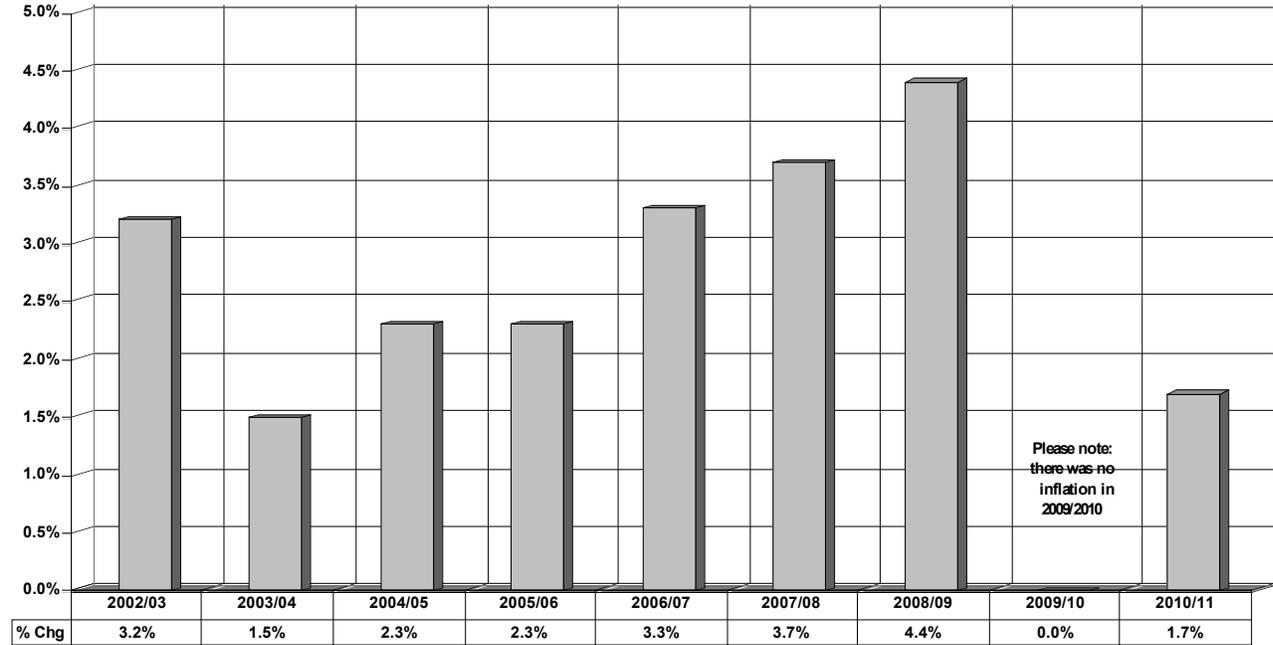
CONSUMER PRICE INDEX

Based on the Michigan State Tax Commission Annual Inflation Rate Multiplier



ANNUAL % CHANGE IN THE CONSUMER PRICE INDEX

Source: Michigan State Tax Commission Annual Inflation Rate Multiplier



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.