

City of Pontiac, Michigan

Proposed Budgets

2014-15 Fiscal Year

2015-16 Fiscal Year

www.pontiac.mi.us

248-758-3000

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Community Profile

The City of Pontiac, incorporated in 1861, is a 20-square mile city, the county seat of Oakland County, Michigan. The 2010 census reported a population of 59,515. Pontiac is organized as a home rule city under the laws of the State of Michigan and is operating under a city charter amended and effective May 3, 1982. The city charter establishes a strong-mayor form of government with a part-time seven-member city council elected in districts. The mayor appoints all department heads with confirmation by the city council to be made within 30 days, except the city clerk whom is appointed by the city council. The city council as a body or any council member is expressly prohibited from providing any order or direction, either publicly or privately, to any employee or appointee of the executive branch. The mayor must attend all city council meetings. The mayor has the authority to veto resolutions or ordinances adopted by the city council.

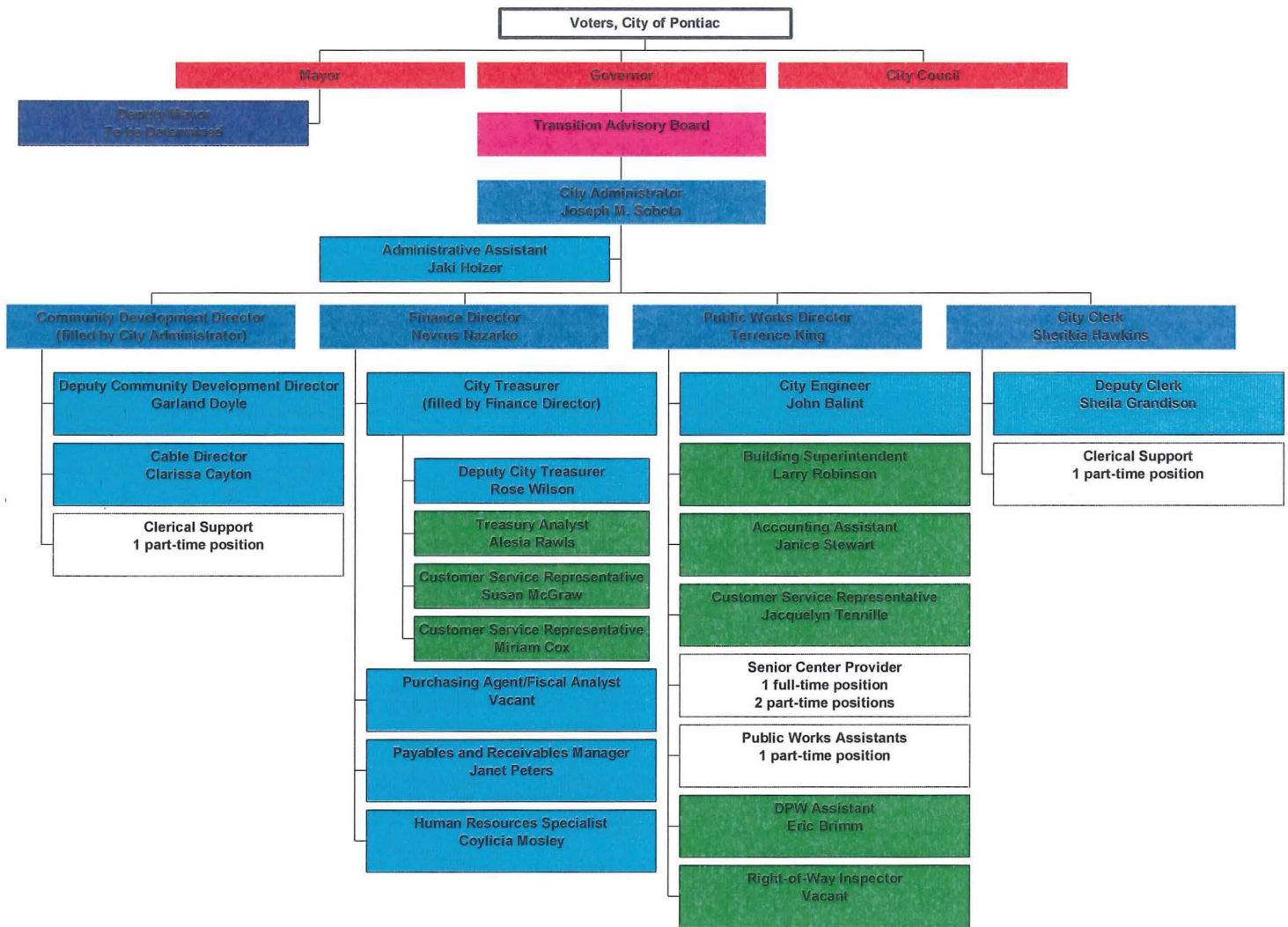
Since July 1, 2009, the City of Pontiac's finances have been under the superintending control of the State of Michigan because of a financial emergency; technically, the City is considered in "receivership" under Public Act 436 of 2012. The State of Michigan appointed three successive emergency financial managers/emergency managers to address the causes of the financial emergency and develop a fiscal and operating plan that aligns the City's expenditures with realistic projected revenues. The City's revenue base decreased nearly fifty percent over a span of six years, making the fiscal problems more challenging to address. Since the appointment of the first emergency financial manager, the City's operating structure has radically changed and has resulted in improved service delivery at a lower cost to the tax payers. The City has gone from a traditional operating model of services provided directly by city employees who receive benefits in addition to salary to an operating model of services provided either by neighboring government agencies or by private contractors that specialize in providing such service at a lower cost. These service providers are monitored by a small group of city employees, most of whom do not receive any benefits.

On August 19, 2013, the last emergency manager of the City of Pontiac tendered his resignation to the governor. Before his departure, the emergency manager issued a final order (S-334) which delegated day-to-day administrative responsibilities to a city administrator who reports directly to the transition advisory board that the governor appointed. Actions taken by the mayor and city council are subject to review by the city administrator and the transition advisory board. The final order was amended April 23, 2014. Copies of all orders issued by the last emergency manager are available on the City's website.

The Planning Commission will be completing its revision to the City's master plan this summer. The master plan is not expected to propose any significant changes to the City's infrastructure that would have a significant impact on the City's finances, other than the restoration of Saginaw Street through the footprint of the Phoenix Center. Most of the changes in the City's master land use plan will reflect the changes to Pontiac's industrial economy following the closure of most of the General Motors factories.

Organizational Chart

City of Pontiac Organization Chart



Key

Red – Elected Official

Blue – Personal Staff Member, salaried

Mid Blue – Executive Exemption, salaried

Cyan – Administrative Exemption, salaried

Light Green – full-time, non-union, hourly

White – part-time hourly

Note – One full-time Customer Service Representative and four part-time crossing guard positions not pictured report to the Oakland County Sheriff.

Budget Process

The budget process in the city charter in Section 5.102 is outlined as follows:

- The department heads are to provide to the mayor their budget estimates and requests.
- By May 30, the mayor is required to present to the city council a proposed budget and a proposed annual appropriations ordinance. The budget is to be balanced.
- According to the Budget Hearings of Local Governments Act (MCL 141.411 *et seq.*), the city council shall advertise in a newspaper of general circulation that the council will hold a public hearing on the proposed budget and tax rate to support the budget. Notice of the hearing must be published at least six days before the hearing.
- The city charter requires that an ordinance, except an emergency ordinance, is published in a newspaper of general circulation before the effective date. An emergency ordinance must still be published. The mayor has the ability to issue a full veto or a line-item veto of the proposed budget ordinance. For a normal ordinance, the clerk shall present the mayor the proposed budget ordinance within four business days after the ordinance is adopted. Upon receipt, the mayor has seven calendar days to issue his veto or sign the ordinance, except the mayor shall notify the clerk within 24 hours of the receipt of an emergency ordinance of his intention to veto. The council has seven days from receipt of the veto to consider an override.

The Code of Ordinances further directs the City's budget process as follows:

- On or before March 15 in each year, the finance director shall distribute the budget request packet to each department head, whom shall return the completed budget request packet to the finance director on or before April 1 in each year.
- On or before April 15 in each year, the finance director shall transmit the departmental requests to the mayor, who may revise or alter the estimates, and then shall return a copy of a balanced budget as revised to the finance director for tabulation on or before May 1 each year along with a list clearly indicating the changes the mayor made in order to arrive at a balanced budget.
- The finance director shall recalculate the balanced budget proposed by the mayor and shall inform the mayor of any inconsistencies.
- On or before May 15 in each year, the mayor shall submit to the city council the proposed budget and appropriations ordinance for the ensuing two fiscal years and the proposed tax rate for the ensuing fiscal year. The proposed budgets shall be balanced. The mayor shall provide a budget message with the proposed budgets that identifies revenues, expenditures, and significant revenues and significant expenditures.

The 2014-15 budget was prepared and adopted by the emergency manager on June 17, 2013. Any amendments to the 2014-15 budget must be approved by the state treasurer upon the recommendation of the transition advisory board. This document contains proposed amendments to the 2014-15 budget.

For the 2015-16 budget process, the finance director submitted the departmental budget requests to the mayor on March 31. The mayor met with the city administrator, finance director, and the department heads during the month of April to review the requests. On April 29, the mayor completed her review of the budget requests and submitted a proposed budget to the finance director. The mayor's proposed budget must be submitted to the city council on or before May 15. Under the revised Order S-334, the mayor is responsible for preparing the proposed budget. Before the mayor's budget is presented to the city council, the Michigan Department of Treasury must review the budget. The city administrator is responsible for presenting the proposed budget following the review of the Treasury Department.

Under the charter, the budget would be amended in the same process used to amend an ordinance, unless the appropriations ordinance permits a different method. With the departure of the emergency manager, the mayor is responsible for monitoring the budget and proposing budget amendments as necessary. The city council is permitted to amend the budget through June 30, 2015 only upon approval from the Michigan Department of Treasury, but after June 30, 2015, budget amendments will require the approval only of the transition advisory board such should body still exist.

During the fiscal year, the finance director will present monthly revenue and expenditure reports to the city council to the same detail level as the adopted budget. The finance director will also present monthly balance sheets. These financial reports will be discussed with the city council finance committee.

Description of Funds Subject to Appropriation

The City has prepared the budget in accordance with generally accepted accounting principles (GAAP). All funds of the City use modified accrual accounting, except enterprise and internal service funds which use full accrual accounting. The following funds are subject to appropriation in this budget document:

General Fund: The General Fund is the main operating fund of the City as nearly all of the City's daily operations are funded by the General Fund. The General Fund accounts for and reports all financial resources that are not accounted for and reported in another fund. The General Fund derives its revenue from three major sources: city income tax, state revenue sharing, and property taxes. In addition, certain functions in the General Fund are supported by user fees. Every municipal government in Michigan has a General Fund.

Special Revenue Funds: Special revenue funds are used to account for and to report the proceeds of specific revenue sources that are restricted or committed to spending for purposes specified by an external source. The City's special revenue funds reflected in this budget are:

- **Cable Fund** - Fees paid by subscribers to cable and internet service provided by Comcast and AT&T which are restricted for use by the City to maintain and operate a cable television studio. Applicable legislation: Public Act 480 of 2006.
- **Major Street Fund** - Gas tax revenue distributed by the State of Michigan to the City which is restricted to construct and maintain streets classified as "major" in the City. Applicable legislation: Public Act 51 of 1951.
- **Local Street Fund** - Gas tax revenue distributed by the State of Michigan to the City which is restricted to construct and maintain streets classified as "local" in the City. Applicable legislation: Public Act 51 of 1951.
- **Senior Activities Fund** - Property tax revenue levied specifically for the operation of facilities that primarily benefit senior citizens. The City funds operations at the Ruth Peterson and Robert Bowen senior centers. This millage was approved by voters on November 7, 2006 and expires in 2016. Applicable legislation: Public Act 39 of 1976.
- **Chapter 20 Drains Fund** - Special assessment revenue levied specifically for the maintenance of storm drains in the City. Applicable legislation: Public Act 40 of 1956.
- **Sanitation Fund** - Property tax revenue and user fees levied specifically for the collection and disposal of garbage in the City and the operation of the City's landfill. Applicable legislation: Public Act 298 of 1917.
- **Brownfield Redevelopment Authority Fund** - Property tax revenues on specific parcels captured for the sole purpose of reimbursing developers for costs incurred for redeveloping brownfields in the City. The City has three active brownfield plans: USF Holland, Saginaw Street Industrial, and Lafayette Lofts. These funds are supervised by the Brownfield Redevelopment Authority, which is considered a component unit of the City in the City's financial statements. Applicable legislation: Public Act 381 of 1996.

- **Tax Increment Finance Authority Area #2 Fund** - Property tax revenues on specific parcels captured for the sole purpose of supporting a specific development plan. These funds are supervised by the Tax Increment Finance Authority, which is considered a component unit of the City in the City's financial statements. Applicable legislation: Public Act 450 of 1980.
- **Tax Increment Finance Authority Area #3 Fund** - Property tax revenues on specific parcels captured for the sole purpose of supporting a specific development plan. These funds are supervised by the Tax Increment Finance Authority, which is considered a component unit of the City in the City's financial statements. Applicable legislation: Public Act 450 of 1980.
- **Tax Increment Finance Authority Area #4 Fund** - Property tax revenues on specific parcels captured for the sole purpose of supporting a specific development plan. These funds are supervised by the Tax Increment Finance Authority, which is considered a component unit of the City in the City's financial statements. Applicable legislation: Public Act 450 of 1980.
- **Home Buyers Assistance Fund** - Grant received from the United States Department of Housing and Urban Development to be used for the purpose of improving residential housing for low and moderate income people in the City. This is commonly known as the HOME program. Beginning with program year 2013, Oakland County will receive the City's funds and administer the HOME program at no cost to the City.
- **Drug Enforcement Fund** - Funds seized from drug dealers under federal and state law that can be used for specific law enforcement purposes. Applicable legislation: Public Act 368 of 1978.
- **Public Act 48 Telecommunications Fund** - Fees paid by telecommunications providers to the State of Michigan which are restricted for use by the City for maintenance of rights of way. Applicable legislation: Public Act 48 of 2002.
- **District Court Fund** - Fund used to support the operating expenditures of the 50th District Court. The 50th District Court is an agency of the State of Michigan that is funded by the City of Pontiac.

Capital Project Funds: Capital project funds are used to account for and report the financial resources that are restricted, committed, or assigned to be used on capital outlays, including the construction or acquisition of facilities and other capital assets.

- **Capital Improvement Fund** - Property tax revenue levied specifically for the construction and acquisition of capital outlays. This millage is authorized by the City charter.

Debt Service Funds: Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned only for principal and interest payments for issued debt. The City has no debt service funds.

Proprietary Funds: Proprietary funds are used to account for and report financial resources that receive significant support from user fees and charges. Proprietary funds do not require an adopted budget under state law, but the City has chosen to adopt budgets for such funds. Proprietary funds are accounted for on a full accrual basis rather than a modified accrual basis.

- **Building Inspection Fund** - Fund supported by user fees paid by applicants for construction code permits, rental inspections, and business licenses. This fund is created for the 2015-16 fiscal year to address the note deficiency identified in the City's annual financial report because of the City's failure to properly calculate the actual cost for provide construction code services.
- **Parking Enterprise Fund** - Fund supported by user fees paid by users of City owned and operated parking lots and the Phoenix Center garage. The City no longer operates any parking lots and has closed the Phoenix Center because operating revenues did not support operations, let alone capital needs. An appropriation is made for the demolition of the Phoenix Center and the subsequent sale of the land and disposition of the proceeds of the sale. The Parking Fund will be closed upon the demolition of the Phoenix Center.

Internal Service Funds: Internal Service Funds are proprietary funds that are used to report any activity that provides goods or services to other funds, departments, or agencies of the City and its component units or to other governments on a cost-reimbursement basis. Internal service funds are budgeted and reported in the full accrual basis.

- **Self Insurance Workers Compensation Fund** - Used to report the financial resources committed to pay all expenses associated with workers compensation claims against the City before July 1, 2012.
- **Employee Sick and Vacation Fund** - Used to accrue cash to pay off earned but unused sick and vacation time by City employees upon their retirement or separation from the City.
- **Insurance Fund** - Used to report the financial resources committed to pay the health, dental, and life insurance expenses of the City's active employees who receive such benefits and the City's retirees and to pay the property and general liability insurance expenses of the City and associated administrative costs.

Fiduciary Funds: Fiduciary funds are used to account for and report financial resources that the City holds as a trustee or agent on behalf of an outside party that cannot be used by the City to support the City's own programs. Therefore, fiduciary funds are not budgeted. Fiduciary funds used by the City include the Tax Collection Fund, Payroll Fund, and Fire Insurance Withholding Fund.

Description of Activities, Services, and Functions

General Government

- Operations under this category include the city council, mayor, clerk, attorney, human resources, assessing, income tax, information technology, treasurer, finance administration, and building maintenance. These are the core roles that are required for a government to function.

Public Safety

- Operations under this category include police, fire, building safety, and crossing guards. These are the roles that a city uses to keep the public safe.

Public Works

- Operations under this category include DPW administration, engineering, and street lighting which are funded by the General Fund and road construction, summer road maintenance, winter road maintenance, and traffic control which are funded by a grant from the State of Michigan (Act 51).

Community Development

- Operations under this category include City property sales and federal grant administration and planning and zoning.

Recreation and Culture

- Operations under this category include expenses related to park maintenance and the historic district commission.

Other Functions

- Operations under this category include funding for retiree pension and insurance benefits.

Debt Service

- This is the area that reflects payments on outstanding bonds. The City no longer has General Fund debt.

Transfers Out

- These are diversions of money in the General Fund to support activities in other funds that do not have enough revenue to cover basic operations. This includes transfers out to support the 50th District Court and to support the shortfall in the Tax Increment Finance Authority.

Budget Message – City Administrator



CITY OF PONTIAC

OFFICE OF THE CITY ADMINISTRATOR

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May 15, 2014

Taxpayers of the City of Pontiac:

Traditionally, the budget message would be prepared by the mayor, but since the mayor only recently was given authority over the development of the budget, I, as city administrator will serve as author of the budget message.

A proper budget document should serve four purposes to the reader. First, the budget is a policy document in which the policies that guide the City and shape the budget are clearly stated. Second, the budget is a financial plan in which information about revenues and expenditures by fund are clearly displayed and which the short-term and long-term financial prospects of the City are discussed. Third, the budget is an operations guide that identifies the level of funding for a described service. Finally, the budget is a communications device that gives residents a clear explanation how public funds are being spent. This budget document seeks to meet all four purposes identified above. The reader will find the greatest explanation and detail in the budget message.

2014-15 General Fund Budget Amendments

The proposed amended General Fund budget for the 2014-15 fiscal year, prepared according to generally accepted accounting principles, projects General Fund revenues and transfers in of \$30,805,076 and proposes expenditures and transfers out totaling \$31,168,064. The amendment will maintain the \$3,212 operating surplus adopted by the emergency manager if the delayed spending from the 2013-14 fiscal year is excluded. The General Fund is forecasted to have a fund balance of \$1,449,848 as of June 30, 2015. Although the fund balance appears healthy, if the fund balance is more closely examined, about \$850,000 will be considered nonspendable because the fund balance will be comprised of prepaid expenditures and inventory. Because of the low spendable fund balance, the cash flow in the General Fund will continue to be challenged at the end of the fiscal year.

A more detailed summary of the amendments to the 2014-15 budget and a copy of the resolution to amend the budget (including those that have no need for amendment) are included in Appendix A and Appendix B. Readers may refer to the 2013-14 and 2014-15 budget document approved by the emergency manager for a more detailed discussion of 2014-15 budget.

The City's control over the 2014-15 budget adopted by the emergency manager is limited. Although amendments can be made, such amendments must be approved by both the transition advisory board and the state treasurer. The amendments must serve a critical operational need for the City in order to be considered and approved. The proposed amendments to the 2014-15 budgets are attributed to two major reasons. First, the City needs to recognize the debt payments that were not included in the original budget adopted by the emergency manager. Second, the City needs to formally recognize in the 2014-15 budget the delayed spending of items ordered and authorized by the emergency manager in the 2013-14 budget. The funds being amended to recognize the debt payments are the General Fund and the three Tax Increment Finance Authority Funds. The General Fund, Major Street Fund, and Capital Improvement Fund are being amended to recognize delayed spending of items previously ordered and authorized by the emergency manager in the 2013-14 budget. Additional amendments are required to the Self-Insurance Workers Compensation Fund, Insurance Fund, and District Court Fund to recognize minimal increases in expenses to meet the day-to-day operating needs of the City.

Compared to the original General Fund budget adopted by the emergency manager, projected revenues have increased \$677,920 and projected expenditures have increased \$678,320. Not included in the total expenditures are \$328,000 in delayed expenditures on behalf of the Police and Fire Retirement System, \$25,000 to obtain an environmental assessment to allow the sale of the Ewalt Center, and \$13,200 for the acquisition of software that will allow customers to apply for and obtain building permits online. As a result of these three delayed expenditures, the 2014-15 General Fund amended budget will demonstrate an operating deficit of \$362,988. As part of its participation in the One Stop Ready Program with Oakland County, the City will begin accepting credit cards for payments for both building permits and taxes during the 2014-15 fiscal year.

The other changes to the 2014-15 General Fund budget to rebalance the budget previously adopted and amended by the emergency manager are described as follows:

Changes in Inflows

In summary, revenue increases were attributable to two main sources: \$496,185 from State revenue sharing and a net \$148,673 from a change in the way the City calculates administrative fees that are charged to various funds. On a positive note, the City is anticipating collecting \$287,444 more in property tax than anticipated, but the City overestimated penalties on taxes by \$280,000, so the net impact to the General Fund revenue is minimal; however, the captures in the TIF districts are higher than anticipated which has resulted in a lower subsidy from the General Fund to make the debt payments. The capture value in the TIF districts is a direct result of the City selling several parcels to private developers, so we believe that the significant increase was a one-time event.

Changes in Outflows

The largest impact to the increase in expenditures was the \$533,273 subsidy to the TIFA districts for bond payments. Two of the three bond payments were missed when the budget was originally prepared. Other major corrections were made to workers compensation and property and general liability insurance expenditures which were increased \$285,000 and \$186,081 respectively. The

increase in the Sheriff's contract, approved by Mr. Schimmel after the budget was adopted is offset by a decrease in subsidy to the Court Fund as the officer has demonstrated that the revenue generated from traffic tickets covers the cost and helps offset some of the operating costs of the 50th District Court.

The rebalancing assumes that the City will be able to obtain concessions or decreases in costs from three of its contractors. The largest reduction is anticipated to be realized from the City's information technology provider, Sarcom. In the original contract, Sarcom's costs included the licensing and maintenance fees of the City's software providers, which have or will soon be eliminated. In addition, the City no longer has the demand for services as the City had when the contract was signed. We have only five buildings and less than 80 employees and contractors using the City's systems, thus the need to have the same level of staffing is greatly diminished. The second reduction is being sought from Plante Moran concerning budget preparation in the amount of \$30,000. In previous years, Plante Moran would essentially prepare the City's budget with administration only reviewing and providing limited input. With fewer employees and funds and with the new BS&A module, the time and effort required to prepare the annual budget has decreased. Additionally, both the city administrator and finance director are providing a more active role in the process and department heads enter their budget requests directly into the computer system. The third contract concession the City is seeking is \$8,000 from the City's auditors. With fewer funds and greater reliability of automatic journal entries, preparation for the audit should be condensed. With better preparation, the auditors will need to spend less time working on the audit.

The final significant cost decrease is for telephone and internet services. The recent contract signed by the City reduces this cost in the budget by an estimated \$111,708.

Potential Concerns

Both the city administrator and finance director are concerned that budget appropriations for the liability and property insurance could potentially be understated by \$328,698. As of today, the City is aware of at least two cases in which the general liability reserves exceed the City's \$500,000 deductible. On the positive side, an aggressive delinquent income tax collection program could net the City an additional \$400,000, but the program has not yet been implemented due to the current income tax collection season.

Deputy Mayor

In order for the TAB to approve the position of deputy mayor as proposed in March by the city administrator, the City was required to find a dedicated recurring funding source for this position. A salary of \$85,000 without benefits was identified as being fair compensation for performing the duties that the deputy mayor will be given at the time of hire. No benefits will be provided. Through discussions with the mayor and the financing identified, the deputy mayor's position (approximately \$90,000 including expenses) will be funded on an annual basis as follows:

- \$43,600 - elimination of the position of Community Relations Specialist;
- \$ 8,400 – Use of existing budget for deputy mayor;
- \$20,000 – reduction of grass cutting in City parks from once a week to twice a week;
- \$10,000 – reduction in use of outside legal counsel;
- \$ 8,000 – additional savings from reduced cost of the audit.

In addition to the items identified above, the following non-recurring items are of note to this position. First, the deputy mayor will be working on the City's demolition program which is funded by CDBG and NSP funds. The time spent by the deputy mayor can be directly charged to the respective grants as project-related costs. The estimate is that the deputy mayor will spend one-quarter of his time on this task, resulting in reimbursement of \$22,600 in costs. If the City discontinues the demolition program, then this source of revenue will need to be replaced in future years. The second consideration is the one-time expenditure of unemployment for the Community Relations Specialist; this is budgeted at \$7,240.

The budget has recurring expenditures totaling \$31,530 for the city administrator (\$10,000 for professional services and \$21,530 for salary and related costs). Assuming the deputy mayor will assume the duties of the city administrator at some point, the costs for the city administrator can be attributed to the deputy mayor to increase compensation for the position in the future. The proposed budget continues to fund the position of city administrator until such time that the position is formally repealed by the transition advisory board.

Mayor's Recommendations to Rebalance the Budget

The city administrator and finance director met with the mayor on Friday, March 21. At the time of the meeting, the 2014-15 budget was \$290,230 out of balance because expenditures exceeded revenues. The hour and one-half meeting resulted in the following budget reductions and revenue enhancements:

- \$43,600 – elimination of Community Relations Specialist;
- \$35,000 – elimination of the SAFER grant match requested by Waterford Fire;
- \$ 8,000 – reduction in audit fees;
- \$ 3,000 – reduction in costs for election administration;
- \$20,000 – reduction in costs for outside legal representation;
- \$20,000 – reduction in costs to plow snow by City Hall and the Sheriff's substation;
- \$ 5,000 – reduction in the electric bill for City Hall;
- \$30,000 – reduction in the frequency of cutting grass in parks and on City-owned lots;
- \$ 7,240 – increase in costs for unemployment resulting from elimination of position;
- \$ 2,870 – reduction in various other costs;
- \$130,000 – revenue from Pontiac School District to reimburse City for school officer.

After our meeting, the city administrator and the finance director agreed that because of the uncertainty of payment for the school officer, this revenue source should not be included in the budget. Since administrative fees were calculated the following week, the recognition of the \$130,000 from the school district was removed from the budget.

2014-15 Budget Amendment for Other Funds

Previously ordered and approved projects by the emergency manager which have been delayed until the 2014-15 fiscal year include the repair of the Featherstone Bridge, south Saginaw road improvement, conversion of streetlights to LED, and costs associated with the litigation concerning the Phoenix Center. In addition, the City received a grant to upgrade the Giddings and Walton intersection. The City's match is being fully reimbursed by Notre Dame Preparatory and Marist Academy. The City's expenditures for worker's compensation, liability and property insurance, and the operations of the 50th District Court are projected to be slightly higher than previously authorized by the emergency manager. Finally, the City was informed by HUD that the City has approximately \$65,000 of community development block grant funds available to spend; therefore, a budget amendment is required to formally authorize the spending of such funds.

Changes in Salaries

This budget document also identifies some changes in salaries from the 2014-15 budget document. Some changes were either previously authorized and approved by the emergency manager or transition advisory board, or some changes are new requests.

The city clerk previously received a \$5,000 raise approved by the emergency manager before his departure. One DPW assistant was elevated to full-time by the transition advisory board. The proposed budget includes a raise of \$3,150 to \$52,000 from the \$48,850 raise previously approved by the emergency manager for the Deputy Treasurer who assumed additional responsibilities when the position of City Treasurer was not filled with a full-time Treasurer. The incoming Purchasing Agent/Fiscal Analyst will be receiving \$2,000 less than the authorized salary, but the \$2,000 in savings is proposed to be redirected equally between the Accounts Payable and Receivables Manager and Human Resources Specialist. These two positions have a higher level of responsibility than Customer Service Representatives who all currently receive the same compensation, and as such, they should be compensated accordingly.

As previously discussed in the 2014-15 General Fund Budget Amendment section, one of the new spending priorities already approved by the transition advisory board is the elevation of the position of deputy mayor to full-time. The Board approved a salary of \$85,000 and no benefits for the 2014-15 fiscal year. This position is being funded within the General Fund as follows:

- \$43,600 - elimination of the position of Community Relations Specialist;
- \$ 8,400 – Use of existing budget for deputy mayor;
- \$20,000 – reduction of grass cutting in City parks from once a week to twice a week;
- \$10,000 – reduction in use of outside legal counsel;
- \$ 8,000 – additional savings from reduced cost of the audit.

For the 2015-16 fiscal year, the mayor is proposing a \$95,000 salary and full insurance benefits for the deputy mayor.

2015-16 Budget

The balance of this message will address the proposed 2015-16 budget. The 2015-16 budget was developed in consultation with department heads and the city administrator, but is proposed by the mayor and reflects her spending priorities. A more thorough discussion on the decisions made to balance the budget will follow later in this message.

The proposed General Fund budget for the 2015-16 fiscal year, prepared according to generally accepted accounting principles, projects General Fund revenues and transfers in of \$28,686,137 and proposes expenditures and transfers out totaling \$28,686,120. The reason for the significant decrease in total revenues, expenditures, and transfers compared to the 2014-15 budget is the direct result of the creation of a new Building Inspection Fund which will account for all of the expenses related to the Building Safety Department. This activity was previously reported as a department of the General Fund. This change is to eliminate the City's need for an annual note disclosure on the relationship of fees generated and related costs, including administrative charges. Since the year 2000, the City has been unable to properly calculate administrative charges and make the necessary and proper note disclosure. Since the Building Safety Department's fees are fully expected to cover the cost of all department activities, including administration, the separation of the funding and expenses of the operations of the Building Safety Department from the General Fund will help the City to comply with State law and reporting requirements.

The City is forecasted to have a fund balance of \$1,449,866 as of June 30, 2016. Order S-334, requires the City to have a goal of a spendable fund balance of 15% of total expenditures in the General Fund. Based on expenditures for the 2015-16 fiscal year, the fund balance target is about \$4.3 million. The best way for the City to achieve this goal is to set aside all one-time sources of revenue.

The City of Pontiac continues to be fiscally challenged in its effort to adopt an operating budget without using one-time revenues to balance the City's budget. Although the City expects several one-time revenue items to be received by the City during the next two years, management has chosen not to project any associated gain in the budget documents. Proceeds from the sale of City property and royalties from the Rizzo waste transfer station are among the one-time revenue sources anticipated to be received by the City. The City is assuming that the demolition program funded by the community development block grant program will continue during the 2015-16 fiscal year and will result in \$22,500 in revenue; however, once this program is discontinued, the City will be required to replace this revenue source. In only one instance did the City use a one-time reduction in expenditures to balance the 2015-16 budget, and that was to provide for only one election in the budget instead of two, although there are no elections scheduled for the 2015-16 fiscal year. The mayor and clerk believed the City would be prudent in budgeting for one election.

Revenues

In the 2015-16 fiscal year, the City will not face significant revenue shortfalls compared to the 2012-13 to the 2013-14 fiscal year. Collections of property taxes are expected to decline only 3% while state revenue sharing and income taxes are expected to either stabilize or result in a slight increase. The City

continues to be challenged by a decreasing tax base, but the pace of decline slowed to one percent for the 2014-15 fiscal year attributable to the large number of parcels sold by the City and added to the tax base, but is expected to decrease by 3% in the 2015-16 fiscal year. Oakland County projects a declining tax base to continue in Pontiac for at least two more years. Additionally, continued reductions in captured taxable value by the Tax Increment Finance Authority will result in the General Fund subsidizing previously issued bonds in the ensuing and in future fiscal years, despite the significant reduction in bonded debt over the past year. If the City had not used the proceeds from the disposition of the waste water transfer station to retire outstanding bonds, the General Fund's contribution to the TIFA would have been millions of dollars higher.

For the fiscal year beginning July 1, 2015 the City anticipates receiving revenue of approximately \$28.6 million excluding any one-time sources. This means that the General Fund must incur no more than \$28.6 million in expenditures, excluding one-time expenses. The City anticipates property tax revenues to decrease another 4% over the next two years, thus placing the City in the position to operate on a \$27.6 million budget by fiscal year 2016-17. Revenue sharing and city income tax collections have stabilized and have the potential of improving, and as long as the economy does not worsen, the City should not experience any other significant decreases in these two other main sources of revenue; however, the day this document was prepared, the Michigan Department of Treasury reduced revenue sharing projections by \$40,000. The City will also be implementing an aggressive program to identify, invoice, and collect delinquent income taxes owed to the City since 2010. The potential increase in income tax revenue is still being analyzed as this document is prepared. The program will result in the filing of criminal misdemeanor complaints in the 50th District Court against those individual residents and non-residents and corporations that fail to follow the City's income tax ordinance.

In the 2015-16 fiscal year, the three largest regular sources of revenue for the General Fund are: income tax (\$10.2 million), state sources (\$9.7 million), and property taxes (\$5.0 million). These three sources account for eighty-seven percent (87%) of total regular revenue sources for the General Fund. This is the third year that property taxes will no longer be the largest source of revenue for the City, and property taxes will trail both income tax and state sources, which are both highly dependent on the economy and other external conditions. The City is assuming no change in income tax collections, a slight increase in state revenue sharing, and a decrease of 3% in property taxes in 2015-16.

Although the City still has surplus property that can be sold, the 2015-16 budget does not anticipate any revenue from these sales as these revenues are truly one-time sources and should not be used to meet daily operating expenditures of the City.

Expenditures

In the 2015-16 fiscal year, expenditures exclusive of one-time items will total \$28.6 million. If you include the \$2.9 million in the Building Inspection Fund, this is about \$.7 million more than the \$30.8 million in expenditures anticipated for the 2014-15 fiscal year.

The three largest expenditures of the General Fund are police services (\$12.4 million), fire services (\$6.5 million), and retiree fringes (\$2.0 million). These three budget areas alone total \$20,932,024, and consume all but \$7,754,113 of total revenues, excluding one-time sources.

Categorized, the largest expenditures in the 2015-16 General Fund budget are:

<u>Category</u>	<u>Cost</u>
Contracts with Third Parties	\$ 20,043,720
Personnel Costs including Workers Compensation	\$ 2,020,188
Police Fire Pension Contribution	\$ 2,000,000
50th District Court Subsidy	\$ 1,047,033
Contribution for TIFA Debt	\$ 853,355
DTE Streetlights	\$ 800,000
Property and Liability Insurance	\$ 899,737
Other (supplies, utilities, maintenance)	\$ 1,022,086
TOTAL	\$ 28,686,119

To balance the budget for both the 2013-14 and 2014-15 fiscal year, the former emergency manager requested and received approval from the state treasurer to temporarily suspend the City's responsibility of funding retiree health insurance and other post employment benefits for a period of two years or the period of receivership, whichever is longer and to suspend actuarially required contributions to the Police and Fire VEBA. If the City was required to fund these obligations, the estimated cost to the General Fund would exceed \$12 million each year.

With the possibility that OPEB benefits and contributions to the VEBA potentially being reinstated as soon as September of 2015, the mayor was required to make a policy decision for budget purposes. The mayor could have assumed that the receivership designation would continue and thus not be required to provide for these expenditures, or the mayor could have assumed that the receivership designation would be lifted, and thus a plan would need to be articulated as to how the City would provide for these expenditures. In the proposed 2015-16 budget, the mayor is assuming that the City will not be in receivership and is presenting the following plan to fund the various obligations:

1. Implement an IRS Section 420 transfer from the GERS pension plan that will cover the health insurance cost of all GERS retirees; if 420 does not cover the cost, then the retirees will be responsible for the difference. Retirees will be fully responsible for all other OPEB benefits.
2. Sign an agreement with the Police and Fire VEBA in which the VEBA will assume all pre-1996 police and fire retirees will be absorbed by the PF VEBA and their benefits will be paid by the PF VEBA (\$7,350,000 for both one and two).
3. Sign an agreement with the VEBA in which the City will have an agreement with the VEBA not to make the actuarial required contribution (ARC) calculated contribution (\$4,500,000). Although the ARC will not be required, the City will still be required to record the missed payment as a liability on government-wide financial statements.

Other assumptions that the mayor made to balance the 2015-16 General Fund budget:

1. The cost of Oakland County Sheriff services will be unchanged from 2014-15 instead of a three-percent increase (\$407,448).
2. Only one election instead of two during the fiscal year (\$30,035).
3. State revenue sharing will increase \$250,000 from 2014-15 budget estimates, resulting from a compromise between House and Senate proposals (\$250,000).
4. Property tax chargebacks will be only \$1.5 million instead of \$1.75 million; supported by the assumption that 75% of the delinquent 2014 tax roll will remain unpaid and properties will not be sold (\$250,000).
5. The Pontiac Board of Education will begin paying for the school liaison officer (\$130,000). In the event that the Board of Education will be unable to pay, the City will need to eliminate the assignment.
6. Only a three percent reduction in property taxes from the 2014-15 fiscal year instead of five percent (\$278,820). (2014-15 had only a one percent decrease from 2013-14, but was most likely the result of several large previously tax exempt parcels added to the tax roll and lack of major demolitions in town.)

The mayor also identified the following new spending priorities in the 2015-16 General Fund budget:

1. Allocation of \$25,000 to the city council to use the services of the City Attorney.
2. \$138,625 increase in subsidy to 50th District Court due to contractually mandated full cost coverage for employee insurance benefits.
3. Membership dues will be reinstated (\$37,281). The dues included in the budget are: Michigan Municipal League (\$17,771), SEMCOG (\$6,706), Woodward Avenue Action Association (\$6,250), U.S. Conference of Mayors (\$5,269), Pontiac Regional Chamber (\$200), and Michigan Association of Mayors (\$85).
4. Deputy mayor will receive a \$10,000 raise and complete insurance benefit package (\$28,250).
5. Election clerk in the clerk's office will be elevated to full-time without benefit package (\$9,240).
6. \$10,000 for training for mayor.

The mayor rejected the following new spending requests from department heads in the 2015-16 General Fund budget:

1. Having on site a city planner for five days per week (\$78,000).
2. Weekly grass cutting in City parks (\$30,000).
3. Building maintenance expenditures (\$20,000).
4. Funding storm water expenditures (\$10,000 and funded out of other funds).
5. Reinstatement of longevity for district court judges (need written authorization from the State Court Administrator's Office to confirm legality).

The following spending priorities were discussed during the various stages of budget preparation but were not formally requested and are not included in the 2015-16 General Fund budget:

1. Full health insurance benefits for all full-time City employees.
2. Additional resources for code enforcement (\$150,000).
3. Establishing a new full-time position for a grant writer and business recruitment officer (\$120,000).
4. Additional resources for litter clean ups and maintenance of City-owned lots (\$100,000).
5. Establishment of a deferred compensation match for City employees in lieu of a pension plan.

To maintain a balanced budget, the 50th District Court must operate within its \$1,047,033 million subsidy from the General Fund. The City is the funding unit for the District Court, but the City cannot tell the Court how to spend its appropriations. The City anticipates a significant reduction in Court expenditures for the 2016-17 fiscal year and Court union employees will be required to share in the cost of health insurance. Presently, the City pays 100% of all insurance benefits for court union employees.

Over the past four years, the City has taken many unprecedented steps to reduce the cost of government while providing basic services at a level equal to or better than previously directly provided by City employees. The City has contracted assessing, law enforcement, and dispatch with Oakland County and shifted the responsibility of animal control, vital records, soil erosion permitting, and federal grant administration to Oakland County. The City has contracted with Waterford Township to provide fire protection services. The City has contracted with Star EMS to provide emergency medical service at no cost to the City. The City also contracted with various vendors to provide accounting, building safety, planning, legal, income tax, road maintenance, and information technology services at a significant savings, both short term and long term. The City also formally separated with the Library Board, Retirement System, and Housing Commission, thus relieving the City of the burden of providing administrative support for each of these independent agencies. Finally, the City absolved itself of responsibility for the water and sewerage operations of the City by monetizing the utility with Oakland County Water Resources Commission. Before the departure of the emergency manager, the City's remaining labor unions voluntarily dissolved. These savings are continued to be reflected in the budget.

The City has also sought concessions from vendors whose services are funded by general revenue in the General Fund. The City has requested concessions from its information technology provider and its accounting services provider. These cost reductions can be directly attributed to the massive reorganization and downsizing of City operations.

Retiree Benefits

The City budgeted a \$2,000,000 payment to the Police and Fire Pension Fund for the 2015-16 fiscal year. Because of the assumptions made by the mayor, the General Fund is not demonstrating any budget appropriation for retiree benefits. The mayor believes that through a combination of an IRS Section 420 transfer, retiree contributions, and an agreement with the Police and Fire VEBA, the General Fund will not be exposed to a potential \$12 million in charges for OPEB benefits.

In order to adequately provide funding for retiree OPEB obligations, the best option would be to have the GERS Retirement Board approve a transfer of the GERS pension plan to MERS (Michigan Employee Retirement System), which would result in a 120% funded pension plan and would leave approximately \$150 million to be placed in the MERS retirement post employment benefit trust to cover the cost of other post employment benefits. The City of Pontiac's pension funds would be separately accounted for in the MERS system and protected. This funding mechanism is identified by the emergency manager in his financial and operating plan. Unfortunately, the GERS Retirement Board has rejected this option. The current city council has yet to consider this option. Instead, the City's current elected officials have approved a plan to permit an IRS Section 420 transfer. This plan is significantly flawed because the plan fails to adequately address all of the OPEB obligations of the City.

Unfunded Requests

As a result of the City's continuing financial challenges, the mayor chose to deny a number of spending requests. Proposals to have the City Planner on-site for five days per week (\$78,000) and weekly grass cutting in City parks (\$30,000) were denied. In addition, during review with department heads, the mayor determined that building maintenance expenditure (\$20,000) and storm water maintenance expenditure (\$10,000) requests could be denied. Reinstatement of longevity for District Court judges was not included in the proposed budget until written authorization from State Court Administrative Office is received to confirm that the payment of such benefits are legal.

The city council has requested staff to assist them in investigating and addressing resident complaints. Council members do not have the authority to provide direction to any administrative official. Council members should direct residents directly to the mayor's office or to the appropriate department. Furthermore, the city council is a part-time body as are nearly all city councils in the state, and most councils do not have staff. In addition, the city council has requested the ability to appoint their own attorney. No other comparable City appoints an attorney that is independent from the executive branch. Order S-334 prohibits such an appointment.

During a goal setting session with the city council in February, the city council members expressed a need to increase code enforcement activities in the City. Although the need to increase code enforcement activities is shared by all interested parties, the City does not have any available funds to dedicate to this function, however the community development director has been challenged to review the current system and determine if efficiencies can be identified.

Also in the area of community development, the director has identified that the City has several privately owned structures that are abandoned and open to trespass. The City does not have the funds to secure these structures or cut the grass. Rather, the City should continue its aggressive condemnation process and demolish dangerous structures as soon as possible. Although the number of dangerous structures exceeds the grants received to demolish such buildings, the City does not have General Fund capability to demolish all homes. The community development director is encouraged to continue to use outside sources of revenue to demolish dangerous structures in accordance with the master demolition plan.

The City also does not have the funds to maintain grass on hundreds of City-owned properties. The City will continue its efforts to sell all vacant and unused property in its inventory.

Other Funds

A structural deficit is reflected in the Senior Citizens fund; however, this function can continue to operate provided no large capital expenditures are required until such time that a millage renewal is placed before the voters in 2016. If the voters fail to renew the millage, the City will need to consider the option of closing and selling both senior centers. Even if the voters renew the millage, the City will need to identify significant cost savings in the budget as the centers are operating under a structural deficit and both centers have many capital improvement needs. As a cost saving move effective July 1, 2014, the City will not fill the position of the Ruth Peterson Center director who resigned, and instead will have the Bowen Center director supervise both facilities and will offer full-time employment to the two remaining part-time employees.

The fund balance in the Chapter 20 Drain Fund is decreasing and is expected to be eliminated by June 30, 2016. The City will need to consider issuing special assessments for drain maintenance within the next few years as the City did several years ago.

The City is planning to officially close the Collier Road Landfill during the 2015-16 fiscal year. Today, the City has tentative approval from the State of Michigan to use currently escrowed funds to fund the estimated \$673,000 cost to officially close the facility. These expenditures are reflected in the budget.

The Tax Increment Finance Authority no longer captures enough taxes to make its last remaining bond payments. Because the bonds are general obligation, the General Fund must subsidize the shortfall each year by a transfer out.

Capital Projects

The City is severely challenged in identifying and securing funds to pay for the hundreds of millions of dollars needed to repair the roads in the City. Presently, a PASER study of all City roads is being conducted, and following the study, the DPW director will be presenting a comprehensive capital improvement plan to address road repairs. The funding may include a request for a dedicated millage for road repairs.

Conclusion

The proposed budget that follows is structurally balanced for the next two ensuing fiscal years. The City will need to continue to address funding challenges in the future and continue to explore options that will allow the City to provide increased or better services at a lower cost and increasing spendable fund balance.

Joseph M. Sobota, M.P.A.
City Administrator

Financial and Operating Plan - Progress Report

The Financial and Operating Plan presented below was approved by the last emergency manager. The plan was amended to provide for an alternate staffing plan for the Treasurer's Office by the emergency manager prior to his departure. The City is required to follow the plan as a provision of Order S-334. The original plan is presented in its totality with comments on the status of various aspects.

City of Pontiac Financial and Operating Plan, June 7, 2013

The following plan is submitted in accordance with Public Act 436 of 2012 and replaces all other financial and operating plans on file.

Current Financial Condition of the City of Pontiac

As of June 30, 2013, the City of Pontiac is projected to complete the 2012-2013 fiscal year with a surplus of approximately \$575,000. According to professional standards, the City should have a fund balance of approximately two months of operating expenditures, which would be about \$5,000,000. This demonstrates that the City is not yet considered financially healthy, but the fund balance demonstrates that the City has improved significantly since the end of the 2011-2012 fiscal year, which ended with a fund deficit of \$3.4 million.

The positive estimated fund balance for the current fiscal year was the result of a significant one-time source of revenue. In August of 2013, the City realized a one-time revenue infusion of \$50 million upon the monetization of the waste water treatment plant. Proceeds from the monetization allowed the City to retire \$36.2 million of existing bonds issued by the City saving the City an additional \$12.7 million in interest over the next 15 years. These proceeds also allowed the City to make contributions of \$4.2 million to the Police and Fire Pension and VEBA plans of the City, thus eliminating the need for a court-ordered tax judgment on the property owners, and a \$4.0 million payment to General Motors in exchange for General Motors forgiving the City \$11 million for a property tax refund owed by the City.

On occasion, I have been criticized for using the proceeds from the monetization of the waste water treatment plant to retire bonds rather than using the proceeds to pay retiree health insurance and other post employment benefits. My response is that by paying off bonds early, the City has saved \$12.7 million of interest costs which is now available to pay for City services such as police and fire protection. My plan as emergency manager has always been to reduce the City's debt rather than to issue more bonds and increase the City's debt, which would simply delay the impact of the City's financial crisis. If I had not paid off the bonds, the City would not have a structurally balanced budget and would have needed to consider the reduction of police and fire services since those two services comprise about \$17 million of the City's \$30 million budget.

I have prepared a two-year budget for the City of Pontiac as required by Public Act 436. The budget is structurally balanced. The budget message discusses the current financial

condition of the City in greater detail. I continue to stress my concerns of the decreasing property tax base over the next three years and the method to fund retiree health insurance into the future.

After all one-time revenues and expenditures are removed from the budget, the City must operate on revenues of approximately \$30 million each year. These revenue challenges have forced the City to make difficult policy decisions on which programs the City can and cannot offer. Under more favorable revenue projections, the City could budget additional funding for nuisance abatement such as illegal dumping, tall grass, buildings open to trespass, and dangerous buildings, but until revenues recover, the City will need to provide limited nuisance abatement programs. The City also needs to implement a sidewalk inspection program and inform property owners of defective sidewalks to shift the liability from the City to the property owners.

The financial condition of the City has significantly improved over the past year as a result of the successful implementation of a variety of initiatives that have helped reduce long term liabilities and improved service delivery to the residents of Pontiac. However, additional savings or revenues need to be achieved so that at the minimum, the fund balance is increased to a professionally accepted level of at least two months of operating expenditures.

Successful initiatives completed to balance the budget over time include:

Completed Major Projects with Long Term Benefits

- Reduction in General Fund expenditures from nearly \$57 million six years ago to \$28 million to match the reduction in revenue. Working to finalize a structurally balanced five-year budget where operating revenues support operating expenditures without the use of one-time sources of revenue.
- Water and Sewage Disposal System – sale of excess capacity for \$55 million with proceeds used to retire City debt.
- Reduced City's bonded General Fund obligation debt from \$106 million (June 2010) to \$29 million (May 2013). Saved City's General Fund \$12.7 in future interest payments.
- Negotiated \$4 million payment to GM to settle \$15 million of debt owed.
- Upgraded City's bond outlook from negative to stable (Fitch).
- Structured the City's tax increment finance authority to meet its debt obligations without incurring a subsidy from the General Fund.
- Negotiated Labor Union Contracts with present contracts expiring in 2016 giving the City a solid cost structure. Among the concessions gained from most unions included: elimination of retiree insurance for new hires; closure of the GERS defined benefit pension plan and creation of a defined contribution pension plan for new hires. Acceptance of new health and dental insurance cost sharing program. Acceptance of new health and dental insurance plan designs. Elimination of optical insurance, hearing insurance, disability insurance and longevity payments for current employees.

Contracting of law enforcement services with Oakland County Sheriff. Contracting of fire protection services with Waterford Regional Fire Department.

- Reduced number of full-time City employees from nearly 502 six years ago to the proposed number of 20 (excluding court employees), thus nearly eliminating the long term costs of pensions, health insurance, and other post employment benefits to future retirees, as only five employees will receive these benefits.
- Hired educated, professionally trained, experienced, flexible, and motivated staff members whom work to address the needs of the City without the long-term liabilities of pensions and other post employment benefits.
- Numerous lawsuits settled resulting in substantial savings to the City.
- Instituted general liability insurance revisions resulting in substantial savings to City.
- As of July 1, 2013, City is no longer self-insured for workmen's compensation.
- Pontiac Public Library separated from City, eliminating liability and financial dependence.
- Pontiac Housing Commission separated from City, eliminating liability.
- Retirement Board personnel separated from City, eliminating liability.
- Police department disbanded, eliminating liability.
- Fire department disbanded, eliminated liability.
- Water and sewer system transferred to Oakland County Water Resources Commission, eliminating liability; customers to realize cost savings.
- Contracted all DPW City services and sold all equipment and property, thus eliminating the cost of equipment, facility improvement and management, and eliminating the long term costs of pensions, health insurance, and other post employment benefits to retirees. DPW Equipment Auction resulting in one-time net revenues of \$633,000 million. Sold DPW Building to Consumers Power, eliminating the potential for environmental liabilities.
- Streamlined, consolidated, relocated, and improved efficiency of departments within one building - City Hall - to improve customer service.
- Installed security cameras in City Hall and restricted after hour access to the building to only critical staff. Staffed city hall during public meetings for security reasons and to insure compliance with the Open Meetings Act.
- Instituted a program of retention, storage and shredding of records - (252,250 lbs. or 126 tons shredded to date) in conformance with the Record Retention Policy.
- New telephone system and new computer systems purchased to improve customer service.
- New BS&A software purchased which consolidated four non-interfaced financial management software systems into one integrated financial management system saving over \$200,000 per year and allowing management to better monitor the City's finances and enhanced internal controls.
- Redesigned City web site to be more user friendly.
- Revised or adopted dozens of ordinances to comply with State law and improve the operations of the City.
- Reviewed various fees and adjusted fees to cover the cost of the City providing service.

- Implemented sanitation fee to eliminate General Fund support.
- 50th District Court funding subsidy reduced about \$500,000 along with cooperation with the Court to increase efficiencies in operations.
- Centerpoint Parkway agreement cancelled, saving City at least \$1,000,000 in necessary improvements.
- Signed lease agreement with Martin Baseball Group to improve Jaycee Park and operate a youth baseball program.
- Abolished nonfunctioning and inactive boards and commissions.
- Appointed a Board of Appeals comprised of three construction professionals and two residents concerned with blight to make the final decision on the condemnation of dangerous buildings, thereby removing the city council from the decision making process.
- Required a cash bond from property owners who promise to correct major property violations in exchange for not condemning a structure.
- Released liens on over 200 privately owned properties that had previously received federal funds for property improvement; liens should have been released many years ago.

Economic Development Projects

- Improved the ability for developers to work with the City by eliminating the need for the city council to approve each new business opening in the City.
- Approval of the Oakland County One-Stop Ready program that demonstrates to developers that the City is an easy place to do business.
- Ended the unofficial and illegal practice of requiring developers to receive support from local council districts before plans being considered by the Planning Commission.
- Worked in cooperation with the Pontiac Downtown Business Association for special events inside the loop.
- Worked with the Pontiac Downtown Business Association to continue the Main Street USA program.
- Abolished the Economic Development Corporation and Downtown Development Authority, eliminating the fractured economic development governing structure that was often at odds with the City and eliminating unnecessary costs of duplicated services.
- Supported the rezoning petitions of a former GM Site rezoned to make way for new retail, M1 Concourse on a former GM site, and Ultimate Soccer for new development which will increase the property tax roll and increase income taxes.
- Authorization to allow the Oakland County Brownfield Redevelopment Authority to manage the cleanup and redevelopment for M1 Concourse.
- Approved the Brownfield Redevelopment Plan at the site of the former Sears that resulted in the construction of the Lafayette Lofts, Lafayette Market, and Ultimate Fitness.
- Granted tax abatement to General Motors for new research facility which will result in 300 new jobs and increased property taxes.

- Granted tax abatement to 28 North LLC for the purpose of creating residential lofts in downtown Pontiac.
- Denied tax abatement to the owners of the Pontiac Silverdome which would not have resulted in any new jobs.
- Cancelled the Bloomfield Park Brownfield Plan freeing thousands of dollars in previously captured property taxes to be used for the City's General Fund.

General Fund Departmental Cost Savings and Service Improvements

General Government

- City Council - Staff eliminated. Benefits for elected officials eliminated. Salary reflects the charter identified role of a part-time councilmember. Annual savings - \$450,000.
- Mayor's Office - Staff reduced. Current staff receives no benefits. Annual savings - \$200,000.
- Controller and Budget Administration (Plante Moran) - All staff eliminated. Contracted with a full-service governmental accounting firm with all staff being licensed CPAs. Annual savings - \$46,000.
- Accounts Payable and Purchasing - Hired accounting specialists in the field. Annual savings \$125,000.
- Income Tax Administration (Innovative Software Solutions) - All staff eliminated. Software vendor processes income tax returns and payments. Income tax returns entered into system upon receipt. Electronic filing instituted. Electronic payments instituted. Income tax refunds issued within two weeks, saving the City from paying interest. Participated in State non-filer program to identify additional tax revenue. Invoices mailed to delinquent tax payers. Annual savings - \$175,000.
- Vital Records (Oakland County Clerk) - Reduced staff. Transferred to Oakland County Clerk. Vital records now protected from fire. Revenue from sales failed to cover cost of staff needed to service requests and pay for proper protection.
- Internal Auditor - Eliminated staff. Simplicity of current operations negates the need for an internal auditor. Function can be performed by City's external auditor upon request. Annual savings - \$265,000.
- IT Services (SARCOM) - Eliminated staff. Annual savings - \$60,000.
- Assessing & Property Tax Appeals (Oakland County Equalization) - Maintained by previous action of City; however, renewed agreement now has Oakland County handling minor matters before the Tax Tribunal saving the City legal fees of approximately \$100,000.
- Elections - Reduced number of precincts from 28 to 21 and number of voting locations from 11 to 9, making election setup and Election Day administration more manageable. Reduced election costs by 25%.
- Building and Grounds (Kristel Cleaning) - Selected new service provider. Biannual carpet cleaning included in contract. Annual savings - \$38,400.
- Legal Department (Giamarco, Mullins & Horton) - Staff eliminated. All attorney services, previously provided by fifteen outside firms in addition to City staff, now less than one multispecialty firm. Annual savings - \$280,000.

- Human Resources - Staff reduced commensurate to the overall reduction in City staffing. Payroll function separated from Human Resources to improve internal controls. Annual savings - \$300,000.

Public Safety

- Police Services (Oakland County Sheriff) - More officers on the street and significantly better response time. Annual savings \$2.2 million.
- Dispatch (Oakland County) - Savings and efficiencies included with police services.
- Crossing Guards - Crossing guards assigned and supervised by Oakland County Sheriff. Annual savings - \$100,000.
- Fire Services (Waterford Township) - Improved response time. Annual savings \$3.6 million.
- Building Department (Wade Trim) – Number of inspections per inspector per day increased from 2.12 in fiscal year 2008-09 to 9.38 in fiscal year 2011-12. Wade Trim staff performed more code enforcement inspections during the first nine months of 2011 than City inspectors performed in all of 2008, 2009, and 2010 combined. Wade Trim inspectors average 2,365 inspections per year while previous City staff averaged 525 inspections annually per inspector. Improved business licensing and rental registration program.
- Animal Control (Oakland County) - County now provides service the County is required to provide to the City by law for free. Annual savings - \$80,000.

Public Works

- Street Patching & Rail Maintenance (Asphalt Specialists Inc.), Street Sweeping (National Industrial Maintenance, Inc.), Street Winter Maintenance – major roads (Oakland Co. Road Commission), Street Winter Maintenance – major and local roads (TDE Group USA Inc.), Street Signs Maintenance (Great Lakes Municipal), Traffic Signal Maintenance (J. Ranck Electric), Street Light Maintenance (J. Ranck Electric) – Eliminated staff. Sold all equipment. Sold DPW property. Annual savings will be several hundred thousand dollars.
- Engineering Department (Tucker Young Jackson Tull) - Eliminated staff. Engineering services on call. Annual savings \$650,000.
- Soil Erosion and Sedimentation Control (Oakland County Water Resources Commission) - County now provides service the County is required to provide to the City by law for free.
- Trash Pick-up (Advanced Waste/Veolia) - Call center, special pickups, downtown and park waste collection services now provided by vendor. Annual savings – Increased and improved customer service at no cost to the City.
- Water, Sewer and Sewage Disposal System (Oakland County Water Resources Commission) - System now operated by professional waste water treatment operators.

Health and Welfare

- Emergency Medical Services (Star EMS) - Service provided at no cost to the City. Annual savings included with Fire Department savings.

Community and Economic Development

- HUD Federal Programs Administration (Oakland County) - Assignment of funds to Oakland County prevented federal government from withholding all funding due to 20 plus-year long record of federally documented poor management of prior programs. Home improvement program reinstated after being suspended. Greater focus on a limited number of projects

allows projects to be bigger and more effective. Hired an attorney who specializes in federal funds to insure funds are properly spent.

- Planning and Zoning (Wade Trim) - Planning Commission reconstituted to comply with new State law. Planning commissioners properly trained. Zoning amendment updated to comply with new State law. Annual savings - \$100,000.

Recreation and Culture

- Grounds Maintenance –All services provided by subcontractors. Community Centers closed or sold. Annual savings \$440,000.

Other Functions

- Insurance Administration (Meadowbrook & Huttenlocher) – Risk Management staff eliminated and duties disbursed among remaining staff and insurance agents. Annual savings - \$80,000.

Debt Service

- Eliminated annual payments of direct General Fund expenses of \$2.1 million to pay Budget Stabilization Bonds.
- Eliminated annual payments to subsidize shortfall in the Tax Increment Finance Authority of at least \$2,369,394.

Transfers Out (Subsidies)

- Parking System - All parking lots sold. Parking meters removed. Downtown parking enforcement assigned to Downtown Business Association - Annual savings - \$445,000 in personnel costs and any capital and maintenance costs.
- Cemeteries managed by Detroit Memorial Park Cemetery Management - Annual savings - \$475,000
- Golf Course Management (Torre Golf Management) - Annual savings - \$430,000 and capital costs.

State-Approved Temporary Contract Modifications

- Health Care and other Insurance Reforms - 87 plans consolidated into 5, improving management efficiencies.
- Instituted Pension & VEBA funding changes

One-Time Projects

- Applied for and received \$996,000 in State Demolition Grant Funds allowing the City to demolish approximately 150 dangerous buildings which will improve neighborhood stability and public safety.
- Applied for and received State EVIP Funds for the Fire cooperative agreements receiving nearly \$250,000 in implementation cost recovery.

- Streetlight Improvements – new LED lights installed in downtown area to improve public safety in the business district
- Property Sales – numerous and ongoing, reducing liability and maintenance expenses. Placed all of the City's parking lots, former landfills, former community centers, long-closed fire station, former library building, and hundreds of vacant residential lots on the tax roll.
- Sold vacant Strand Theatre and 8 N. Saginaw office building for redevelopment in downtown Pontiac, eliminating the drain on the City's finances.

Nearing Completion

Among the projects still pending and nearing completion are:

- Phoenix Center Demolition (in process, litigation pending), will save the City at least \$500,000 annually in expenses for the structure to stand vacant. **Still in litigation.**
- Working to transfer the small business loan program from the now abolished Pontiac Economic Development Corporation to the Oakland County Economic Development Corporation. **Determined to be unfeasible and abandoned in June of 2013.**
- Closure of the Collier Road Landfill. Should free several hundred thousand dollars that can be used to reduce the sanitation user fee. **Closure costs included in 2015-16 budget.**
- Neighborhood Enterprise Zone for fifty new owner-occupied housing units. **Ordinance providing basis for an NEZ was adopted in August of 2013.**
- Adoption of revised personnel policies and financial management policies and several other ordinance revisions. **Completed in August of 2013.**

Financial and Operating Plan

In order for the City to return to local control and operate as a progressive modern American City, the City must continue my initiatives highlighted above and also address those issues under its control, including working to stabilize and begin to increase its sources of revenue by supporting private sector economic development projects and creating a business-friendly environment in City Hall.

The major initiatives going forward are as follows:

1. Modifications to Collective Bargaining Agreements – Under Public Act 4 of 2011, the City received permission from the state treasurer to temporarily modify provisions of collective bargaining agreements. These temporary modifications assisted the City in reducing expenditures and balancing its budget:
 - Consolidation of over 72 health, dental, life, optical, hearing, and disability plans into four health insurance plans, two dental insurance plans, four classes of life insurance, and the elimination of optical, hearing, and disability plans for active employees and retirees. These waivers save the City \$6,000,000.

- Waiver of the provision of the contracts with the police and firefighters to make an annual contribution to Police and Firemen VEBA. This waiver saves the City \$5,079,102.

These waivers need to be continued through the period of receivership as the City does not have the revenue to support the original contractual provisions. **Temporary waiver still in effect, but the implementation of the plan is presently in litigation.**

2. Retiree Health Care Funding Solutions – The single largest expense to the City for which the current residents receive no benefit is for the legacy costs of retiree benefits, totaling over \$6 million in the General Fund, despite the reasonable changes made to health, dental, optical, and life insurance over the past year. The City is self-insured for health insurance up to the first \$200,000 of claims submitted per employee and retiree insurance contract of non-Medicare eligible retirees. With 1,200 retirees, 500 of which are on the City's self-insured plan, this means that the City faces an annual exposure up to \$100 million per year. Currently, the City does not generate enough revenue to continue to support these benefits at any level. In November of 2012, the voters of the City clearly stated that they do not want to increase taxes to pay for such benefits as they defeated a proposed millage dedicated to paying the benefits of retirees. Therefore, the City is left with limited options. The best option is to close the City's defined benefit pension plan and to transfer the assets to the Michigan Employee Retirement System. At its latest actuarial evaluation dated December 31, 2012, the GERS plan has total assets of \$450 million to pay benefits valued at \$300 million. This leaves an overfunding of \$150 million that can be used to fund retiree health insurance and other post employment benefits. Even with the transfer of the \$150 million, the pension plan would be more than adequately funded, at a level of 120%, and professionally managed and will allow approximately \$150 million to be divested from the pension plan and deposited into the Michigan Employee Retirement System Health Care Savings Account. MERS has a proven record of sound investment strategies. Unfortunately, this decision can only be made by the GERS Board, and they are opposed to even investigating the possibility. Therefore, there is only one feasible option: the elimination of retiree health care and dental benefits. The City's current benefit administrator has identified a plan that retirees could enroll in, but the benefit levels are lower than retirees currently receive. To assist in the deferment of the costs of the plan, a one-year pension enhancement in an amount to be determined will be provided to all pensioner recipients. Understanding that the overfunding of the pension plan was the result of the overfunded hospital pension plan merging with the underfunded GERS plan many years ago, hospital retirees will also be given a one-year increase in their pension. After the one year, unless the GERS Board agrees to dissolve and transfer its assets to MERS, offsetting the cost of retiree health insurance will not be possible. The Pontiac city council has submitted an alternative to this plan to the Treasury Department. Either my plan or the Council's plan will be accepted. **No action taken on this issue.**
3. Sale of Golf Course – At best the golf course breaks even; in previous years it has been a money loser. Currently the City is fortunate to have a company leasing and operating the golf course on a month-to-month basis. The revenues generated do not cover the cost of any capital improvements or any legacy costs. The City has listed the golf course with a specialty golf course broker at a minimum price of \$800,000. The city council failed to approve or deny the request to sell the golf course, and thus the proposed sale is considered approved. By placing the property in the hands of a private owner, the property would generate tax revenues in the future. **Golf course sold in August of 2013.**

4. Sale of Lot 9 – Lot 9 was originally created by the Downtown Development Authority for the purpose of assembling a large parcel of downtown property for future development. During an open auction in March, the City received an offer of \$1.28 million for the property, but the purchaser failed to close due to pending litigation. The City needs to sell the property with the proceeds targeted to offset the cost of retiree health insurance through August 31, 2013. **Lot 9 sold in June of 2013.**
5. Sale of Excess City Properties – The City has hundreds of parcels of excess property that only serve as a liability to the City. For several of the large parcels, the City has either received offers to purchase or has individuals expressing an interest in the property. The city council failed to approve or deny the request to sell the following parcels, and thus the proposed sales are considered approved at the following levels:
 - Lot 1AH - \$75,750 (**Sold.**)
 - Lot 1AP - \$230,000
 - Lot 5 - \$50,250
 - Kennett Road Landfill - \$150,000

In addition, the City has several hundred residential lots available sized at one-half acre or less. Lots one-quarter acre or less will be sold for a minimum price of \$150 per lot and lots one-half acre or less but greater than one-quarter acre will be sold for a minimum price of \$300 per lot. Exceptions to these prices are properties purchased with federal funds that must be sold for a \$300 minimum and parcels that are being packaged with other parcels to create a larger parcel group that will be sold at near-market rates. **Several hundred parcels still available.**

The City has other parcels that are generally larger than one-half acre, may contain a structure valued at less than \$50,000, may be zoned for commercial use and have a higher market value, or may be grouped with other parcels to create a larger parcel package. These properties should also be sold, and their sale proceeds can be used to fund one-time expenditures. **Still available.**

6. Demolition of the Phoenix Center and Sale of the Property – The City received an engineering study stating that the structure needs \$1.8 million of repairs to be made over the next 18 months and a total of \$8 million over the next 10 years in order to be fully usable. The City does not have the money to make such repairs. If the Center was repaired it is estimated that it would cost the City \$500,000 annually to properly operate the facility. The facility is viewed by many as a deterrent to the development of the downtown area and demolition of the facility would represent a milestone in the turnaround of the City of Pontiac. The City has received a bid in the amount of \$1,825,000 for the demolition of the facility. Oakland County has received grant money to do a study and is assisting in putting together a plan to redevelop the area that includes the Phoenix Center land area consisting of 12.7 acres. Demolishing the facility would open up the access to Saginaw Street which is the main downtown street in the City. The City was able to retire all outstanding debt on the Phoenix Center, and is now free to sell the remaining property. Assuming that the property receives as much interest as the sale of Lot 9, the City will be able to realize a one-time General Fund revenue increase of \$750,000 or more. **Issue still in litigation.**

7. Reorganization of City Departments and Staffing Plan – The City of Pontiac is now a model City for communities facing financial distress, or as a way to operate more efficiently and effectively than the standard governing model. Nearly all services are either provided by another governing unit, which benefits both governing units, or services are provided by private contractors. In either case, Pontiac is now receiving better services for a lower cost annual cost in addition to the long term savings by no longer needing to pay pensions or health insurance benefits to retirees if the City continued to employ staff to deliver service. Most importantly, the City has shed the accumulation of significant future long-term uncontrollable liabilities such as retiree insurance benefits and pensions because the City no longer has employees eligible to receive such benefits for the rest of their lives. As a result, the need for many City departments and employees has been eliminated. The City can now function on a more compact model and organizational chart. Ordinances are in the process of being drafted and adopted to reflect the new governing model for the City of Pontiac, and will include minimal educational and experience requirements for department heads.

The City of Pontiac shall be organized into three departments and two offices effective July 1, 2013:

Department of Community Development (Implemented July 1, 2013)

Responsible for construction code enforcement, vacant property registration, residential rental registration program, business license program, planning, zoning, economic development liaison, cable, historic district commission, federal grant implementation, fire insurance withholding program, City real estate disposition, tax abatements, capital improvement planning, support and reporting for the TIFA and BRA, document retention for the former GBA, DDA, PBDC, and EDC. The Department will be staffed by up to three full-time and up to one part-time employees.

Department of Public Works (Implemented July 1, 2013)

Responsible for summer and winter road maintenance, park maintenance, sanitation, engineering, City-owned public lighting, City-owned traffic control devices, City building and property maintenance, cemeteries, senior citizen centers, and sidewalks. The Department will be staffed by up to five full time employees, six part-time employees, and two seasonal part-time employees.

Department of Finance (Modified plan implemented August, 2013)

Responsible for accounting, budgeting, income tax , purchasing, investing of surplus funds, information technology, payroll, assessing, employee and retiree benefits, workers' compensation, human resource functions, grant administration, unemployment reporting, collections of delinquent debts, and debt payments. The Department will be staffed by up to seven full-time employees.

Office of the Clerk (Implemented July 1, 2013)

Responsible for serving as secretary to the city council, conducting elections, posting all Open Meeting Act notices, and processing daily receipts. The Office will be staffed by up to two full-time and one part-time employees and 900 hours of seasonal assistance.

Office of the Mayor (Partially implemented and amended; Community Relations Specialist position eliminated and position of deputy mayor elevated to full-time status effective April 14, 2014. The city clerk remains telephone operator for City Hall.)

The mayor is responsible for contract administration of the city attorneys, Star EMS, Oakland County Sheriff, and Waterford Regional Fire Department, and oversight of the three department heads and document retention for the files of the former Law Department. The mayor will also have a Community Relations Specialist and Administrative Assistant to assist the mayor in carrying out the duties of the office. The mayor's office will become the central telephone operator for the City. Risk management liaison will fall under this office. The office will be staffed by one elected official and two full-time employees. The deputy mayor will be compensated on a per-diem based on the deputy mayor's attendance at a council meeting.

City Council (Implemented January 2014)

Because Pontiac operates under a strong-mayor form of government, the city council does not have any administrative or executive authority, and thus is not involved in the day-to-day operation of the City. The charter clearly prohibits the council as a body and its members as individuals from giving direction to City employees. The role of the city council is that of a legislative body, and the charter clearly identifies the roles and responsibilities of the city council: to adopt ordinances to govern the City, to set the salaries of City employees, to award contracts, and to adopt and amend the budget when necessary. State law also bestows additional responsibilities on the city council such as making or confirming the mayor's appointments to certain boards and commissions, designate certain areas of the City for special tax treatment, and set the tax rate of the City. As such, the Pontiac city council has the same roles and responsibilities as most other cities in the State of Michigan, and thus has no need to be present daily in City Hall or operate an office; however, due to the tradition in the City of Pontiac, council members, should they choose, may continue to have individual offices and office hours in City Hall, but the City will not financially support any operations of the council office. The council area will be remodeled to allow greater opportunity for the public to access their individual council members. The new compensation package for city council represents their true function by paying council members on a per diem for meetings attended.

In addition, current members of the city council will receive training so they understand their roles and responsibilities under the charter, under the Open Meetings Act, and in reading and understanding financial statements and periodic financial reports. Also, all persons who will appear on the general election ballot for each elective office will be provided complete copies of the agenda packet provided to council members. This will allow those elected to office to have a smooth transition. In addition, training and orientation sessions should be provided to newly elected officials before assuming office to assist the person to understand their roles and responsibilities of their new position and to understand the finances and operations of the City.

The city council should also be encouraged to change its operating rules and meeting procedures to improve the operations of the city council. All items submitted to the council for action should be placed on the council's agenda immediately and not held back by the council president. An agenda item should be listed for hearing and receiving committee reports. Public comments should be limited to two minutes per person. The process of calling special meetings on the same day as regular meetings should be eliminated by incorporating such items on the council agenda. Agenda packets should be distributed to council members no less than 48 hours before the meeting.

8. Adoption of Model Charter Provisions (Charter Revision Commission still meeting) – The Pontiac city charter is presently under review by vote of the people. The Charter Revision Commission needs to consider the following amendments to the Pontiac city charter to reflect the new operating model and needs of the City:
- 2.105 – Remove city assessor from election commission and replace with one registered voter appointed by the city council since Oakland County Equalization has notified the City that it will not send a representative to sit on the election commission.
 - 2.107 – Require 250 signatures to run for mayor and 150 signatures to run for city council.
 - 3.105 – Change from weekly council meetings to regular meetings only twice per month. Most city councils in Michigan meet only twice per month and the responsibilities of the city council do not warrant more than two meetings each month.
 - 3.114 – delete (hospital does not exist).
 - 3.115 – delete (council does not need staff).
 - 3.301 – delete (internal auditor no longer required).
 - Article IV, Chapter 2 – delete all references to the Law Department and make clear that the City Attorney can be a firm appointed by the mayor.
 - 4.204 – delete (allowing the city council to appoint their own legal counsel encourages conflict between the mayor and the city council and the city attorney).
 - Article IV, Chapter 4 – (Police Department) delete in its entirety and replace with a provision that states that the City may contract for law enforcement services.
 - Article IV, Chapter 5 – (Fire Department) delete in its entirety and replace with a provision that states that the City may contract for fire protection services.

- 5.104 – require budget to be adopted on a functional basis rather than on a departmental or line item basis.
- 5.105 – delete because the provision allowing for an interim budget is illegal, and replace with a provision that docks the mayor one month pay for every month or portion thereof that he is late in fulfilling his budget preparation duties and the city council one month pay for every month or portion thereof that the council is late in adopting the budget, and prohibit retroactive payment upon fulfillment of duties.
- 5.205 – Change to read as follows (eliminates reference to minimum staffing in fire department):

The total amount of taxes which may be levied against property for City purposes in any one year shall not exceed \$10.00 on each \$1,000.00 of the taxable valuation. An additional tax of \$1.50 on each \$1,000.00 of the taxable valuation may be levied for capital improvements or to pay any principal and interest on bonds therefore; and a further additional tax of \$2.00 on each \$1,000.00 of the taxable valuation may be levied to for fire protection services, in addition to such other revenues as may be regularly utilized for those purposes. The provisions of this Section shall not prevent the levy and collection of the full amount of taxes required by law for payment of debts.

- 5.305 – allow audit to be completed by December 31, not 120 days after the end of the fiscal year.
- 6.301 – delete (Administrative Rules) as rule making is an executive function.
- 6.302 – delete (Emergency Rules) not needed if 6.301 is deleted.

I am proposing to include all of the above initiatives in the City budget I am preparing for the coming fiscal year beginning July 1, 2013. It is my opinion that the above initiatives will result in structurally balancing the City of Pontiac's revenues and expenses for the coming years providing there is no further significant decline in City revenues.

Louis H. Schimmel
Emergency Manager
City of Pontiac

Capital Projects

The City defines a capital asset as a purchase that will have a lifespan of at least one year and has a total cost of the following minimum amounts:

<u>Asset Class</u>	<u>Minimum</u>
Land	\$ 10,000.00
Land Improvements	\$ 25,000.00
Buildings and Building Improvements	\$ 50,000.00
Machinery and Equipment	\$ 10,000.00
Vehicles	\$ 20,000.00
Office Machines	\$ 10,000.00
Office Furniture	\$ 10,000.00
Intangible Assets	\$ 10,000.00

Additionally, an expenditure can be considered capital if the result will increase the expected life of the asset and improve its use.

The capital plan is prepared by the director of community development with input from the director of the department of public works and the finance director. Over the next five years, the City is focusing the use of its capital improvement millage for upgrade to the City's street lights. Major and Local Street Funds will be used to match grants obtained to repair several bridges and roads. As of the preparation of this document, no costs have been incurred for any of these projects.

The following capital projects are provided in the 2014-15 budget:

General Fund

- Building Department Pay Online (\$13,200)

Major Street Fund

- Giddings and Walton signal box (\$53,417, reimbursed by Notre Dame Preparatory)
- Featherstone bridge (\$366,765)
- N. Saginaw (\$230,000)
- S. Saginaw (\$400,000)
- Opdyke (\$77,000, City contribution to County road project)
- To be determined (\$200,000)

Local Street Fund

- To be determined (\$700,000)

Capital Projects Fund

- Streetlight improvements (\$1,225,000)
- Computer upgrades (\$50,000)
- Citizen Request for Action (\$14,575)

The following capital projects are provided in the 2015-16 budget:

Major Street Fund

- Paddock from Central to Grandview, preliminary engineering (\$100,000)
- Franklin from Raid to south City limit, preliminary engineering (\$145,000)
- Various roads to be identified (\$277,000)

Local Street Fund

- Michigan from M-59 to Eastway, preliminary engineering (\$175,000)
- Emerson from University to Pennsylvania, preliminary engineering (\$200,000)

Senior Activities Fund

- Bowens Center parking lot (\$227,549)

Capital Projects Fund

- Computer upgrades (\$50,000)
- Demolition of pedestrian bridge over M-59 near the Silverdome (\$235,000)
- Demolition of pedestrian bridge over Auburn Road (\$20,000)
- Streetlight improvements (\$100,000)
- City Hall Parking lot repairs (\$100,000)

The following projects are requested to be funded in the 2016-17 budget:

General Fund

- New carpet for the Shrine Room (\$3,500) [not a capital project]

The following projects are requested to be funded in the 2017-18 budget:

General Fund

- New blinds for the clerk's office (\$2,000) [not a capital project]

The following capital projects were and will continue to be submitted to the Oakland County Federal Aid Committee for funding assistance, and will not be implemented until funding has been secured:

Road Repairs

- Pike Street from Franklin Street to Marshall Street, 8,900 feet; estimated cost is \$1,694,211.
- Mill Street from University Drive to Huron Street, 260 feet; estimated cost is \$99,316.
- Joslyn Avenue from Perry Street to Beverly Avenue, 4,400 feet; estimated cost is \$1,691,060.
- Joslyn Avenue from Beverly Avenue to Walton Blvd, 4,300 feet; estimated cost is \$1,627,071.

The following capital projects have been designated as critical, but no funding source has been identified:

Road Repairs

- Martin Luther King Jr., Blvd., 7,370 feet; estimated costs vary from \$2,797,961 for a mill and overlay to \$5,160,384 for a rigid reconstruction. These estimates do not include costs for preliminary and construction engineering (PE and CE).
- Paddock south of Auburn, 12,305 feet; estimated cost for flexible reconstruction is \$2,912,588. This estimate does not include costs for preliminary and construction engineering (PE and CE).
- Franklin Blvd between South Blvd. and Rapid, 6,245 feet; estimated cost for flexible reconstruction is \$1,482,536. This estimate does not include costs for preliminary and construction engineering (PE and CE).
- Perry Street, downtown, 2,450 feet; estimated cost for flexible reconstruction is \$828,435. This estimate does not include costs for preliminary and construction engineering (PE and CE).
- Mill Street, downtown, 1,400 feet; estimated cost for rigid reconstruction is \$607,239. This estimate does not include costs for preliminary and construction engineering (PE and CE).
- Michigan Ave, between M-59 and Eastway, 5,975 feet; estimated cost for flexible reconstruction is \$1,039,317. This estimate does not include costs for preliminary and construction engineering (PE and CE).
- E. Pike Street, 6,252 feet; estimated cost for flexible reconstruction is \$1,920,638. This estimate does not include costs for preliminary and construction engineering (PE and CE).
- E. Pike Street, west of Woodward, 2,590 feet; estimated cost for rigid reconstruction is \$956,668. This estimate does not include costs for preliminary and construction engineering (PE and CE).

The City will also be conducting an evaluation survey of all of the streets in Pontiac in order to identify and prioritize streets to be repaired in future years. Due to the significant financial demands for various road repairs in Pontiac, the City must identify funding sources outside of the Major and Local Street funds. One possibility is to request the voters to approve a dedicated millage to fund road repairs.

The improvements to the City's streetlights will result in the conversion to LED lights which in turn will reduce the City's street lighting bill, which is funded by the General Fund. Thus, the City is using other funds as leverage to reduce expenditures in the General Fund.

Debt Obligations

When the City issues debt, the City is admitting that the City does not have the current financial resources to pay for a function of government at the time of use or purchase and has chosen to pay off the cost of such use or function over time, with interest. As debt levels increase, the City has fewer resources to use to pay for current expenditures.

The following bonds previously issued by the Tax Increment Finance Authority are the City's responsibility as of July 1, 2013:

TIFA 2 2007C Bond

Original Issue Amount \$1,315,000:

Fiscal Year Ending	Principal	Interest	Total
June 30, 2014	\$ 170,000.00	25,712.50	195,712.50
June 30, 2015	180,000.00	19,762.50	199,762.50
June 30, 2016	180,000.00	13,462.50	193,462.50
June 30, 2017	185,000.00	6,937.50	191,937.50
	\$ 715,000.00	65,875.00	780,875.00

TIFA 2 2007C Bond

Original Issue Amount \$3,280,000:

Fiscal Year Ending	Principal	Interest	Total
June 30, 2014	\$ 240,000.00	133,206.26	373,206.26
June 30, 2015	250,000.00	124,806.26	374,806.26
June 30, 2016	260,000.00	116,056.26	376,056.26
June 30, 2017	275,000.00	106,631.26	381,631.26
June 30, 2018	280,000.00	96,318.76	376,318.76
June 30, 2019	295,000.00	85,118.76	380,118.76
June 30, 2020	305,000.00	73,318.76	378,318.76
June 30, 2021	315,000.00	60,737.50	375,737.50
June 30, 2022	305,000.00	44,987.50	349,987.50
June 30, 2023	305,000.00	29,737.50	334,737.50
June 30, 2024	305,000.00	14,487.50	319,487.50
	\$ 3,135,000.00	885,406.32	4,020,406.32

TIFA 3 2007C Bond

Original Issue Amount \$24,450,000:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2014	\$ 720,000.00	1,047,831.26	1,767,831.26
June 30, 2015	745,000.00	1,022,631.26	1,767,631.26
June 30, 2016	770,000.00	996,556.26	1,766,556.26
June 30, 2017	800,000.00	968,643.76	1,768,643.76
June 30, 2018	1,025,000.00	938,643.76	1,963,643.76
June 30, 2019	1,065,000.00	897,643.76	1,962,643.76
June 30, 2020	1,105,000.00	855,043.76	1,960,043.76
June 30, 2021	1,155,000.00	809,462.50	1,964,462.50
June 30, 2022	1,555,000.00	751,712.50	2,306,712.50
June 30, 2023	1,680,000.00	673,962.50	2,353,962.50
June 30, 2024	1,410,000.00	589,962.50	1,999,962.50
June 30, 2025	1,520,000.00	522,987.50	2,042,987.50
June 30, 2026	1,630,000.00	450,787.50	2,080,787.50
June 30, 2027	1,745,000.00	373,362.50	2,118,362.50
June 30, 2028	1,565,000.00	290,475.00	1,855,475.00
June 30, 2029	1,570,000.00	220,050.00	1,790,050.00
June 30, 2030	1,675,000.00	149,400.00	1,824,400.00
June 30, 2031	1,645,000.00	74,025.00	1,719,025.00
	<u><u>\$ 23,380,000.00</u></u>	<u><u>11,633,181.32</u></u>	<u><u>35,013,181.32</u></u>

The bond payments are due in annual installments of \$590,000 to \$1,985,000 through the year 2031 with interest rates at 3.5% to 5.0%. The tax increment finance authority receives its revenues from a tax increment finance district that captures certain City, County, school, community college, and other property taxes. The property tax capture for the 2015-16 fiscal year is projected to be \$1,445,797 while principal and interest payments are scheduled to be \$2,336,076. Because tax revenue captures are not anticipated to be able to cover debt payments, the City's General Fund is obligated to make up the

difference. This will be accomplished by a transfer out from the General Fund to the Tax Increment Finance Authority.

In the fiscal year ended June 30, 2013, the City set aside \$296,000 and to pay the accrued sick time of police officers who separated from the City in 2011. The City agreed to pay these officers their sick time upon application for retirement as a condition of the agreement to allow the Oakland County Sheriff to patrol Pontiac. Payments will be made over the next several years as former officers apply for retirement. The City has chosen to pay accrued sick and vacation time as current employees separate from the City using current available resources rather than from the Sick and Vacation Fund once the Sick and Vacation fund is fully expended.

In addition to the bond issue, the City also has other debt obligations that it does not intend to make nor is required to make under the law, but are required to be recorded and reported on the government wide financial statements. The first debt obligation is the net obligation for other post employment benefits which total \$50,301,010. Cumulatively, all of the City's other post employment benefits have an unfunded actuarial accrued liability of \$453,263,530. The closing of the GERS pension plan and the transfer of the required assets to MERS would relieve at least \$150 million to address these long-term liabilities.

The City also reported a net pension obligation of \$464,931 as of June 30, 2013. The City is disputing this calculation with the Police and Fire pension system.

Proposed Tax Rates to Support 2014-15 Budget

The following are the proposed tax rates to support the budget for the 2014-15 fiscal year (still subject to Headlee Rollback limitations):

Millage	Original Rate	2013 Rate	2014 Allowed	2014 Proposed
Operating	12.0000	11.2737	11.2737	11.2737
Capital Improvement	1.5000	1.4091	1.4091	1.4091
Sanitation	3.0000	2.8183	2.8183	2.8183
Senior Services	0.5000	0.5000	0.5000	0.5000

State law permits a Home Rule City like Pontiac to levy up to 20.0000 mills under its charter. The Charter authorizes the Operating and Capital Improvement millages. The City of Pontiac has permission to levy an additional 7.3172 mills should the voters approve an amendment to the city charter and override the Headlee Amendment.

The Senior Services levy expires on December 31, 2016 and would need to be renewed by vote of the people.

Because the millage reduction factor for 2015 is not available until May of 2015, the millage rate to support the 2015-16 fiscal year budget cannot be calculated; however, the City is assuming that because of decreasing property values, all millage rates levied by the City will remain constant. The city council will be required to hold a public hearing on the proposed tax rates in June of 2015 before adopting the rates.

Performance Dashboard

	2010	2011	2012	Trend	Performance
Fiscal Stability					
Annual GF Expenditures per capita	\$622	\$495	\$671	35.5%	Negative
Fund Balance as % of Annual GF Expenditures	-11.1%	1.9%	-8.6%	-555.6%	Negative
Unfunded Pension & Retiree health care liability, as a % of annual GF revenue	229%	594%	607%	2.2%	Negative
Debt burden per capita	\$1,335	\$1,243	\$1,159	-6.8%	Positive
Percentage of road funding provided by the General Fund	0.0%	0.0%	0.0%	0%	Neutral
Ratio of pensioners to employees	4.26	5.31	8.47	59.5%	Negative
Number of services delivered via cooperative venture	1	1	6	500.0%	Positive
Economic Strength					
% of community with access to high speed broadband	100%	100%	100%	0.0%	Neutral
% of community age 25+ with Bachelor's Degree or higher.	12%	12%	12%	0.0%	Neutral
Average age of critical infrastructure (years)	17.8	18.3	17.9	-2.3%	Positive
Public Safety					
Violent crimes per thousand	37	41	39	-4.8%	Positive
Property crimes per thousand	59	68	55	-9.4%	Positive
Traffic injuries or fatalities	428	583	392	-32.8%	Positive
Quality of Life					
Miles of sidewalks and non-motorized paths/trails as a factor of total miles of local/major road streets	1.33	1.33	1.33	0.0%	Neutral
Percent of GF Expenditures Committed to Arts, Culture and Recreation	1.8%	1.6%	0.7%	-56.3%	Neutral
Acres of park per thousand residents	15.5	15.5	15.5	0.0%	Neutral
Percent of community being provided with curbside recycling	0%	0%	0%	0.0%	Negative

Trends

General Fund's Revenues, Expenditures, Other Items, Annual Change in Fund Balance, and Fund Balance at the End of the Fiscal Year.

*Year End 6/30/2014 is estimated.

<u>Year End</u>	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Sources (Uses) and Special Items</u>	<u>Change in Fund Balance</u>	<u>Fund Balance (end of year)</u>
6/30/2014	\$ 30,605,334	\$ 30,552,954	\$ (31,287)	\$ 21,093	\$ 896,176
6/30/2013	\$ 32,119,565	\$ 76,744,023	\$ 48,925,135	\$ 4,300,677	\$ 875,083
6/30/2012	\$ 38,709,018	\$ 39,958,067	\$ (2,731,277)	\$ (3,980,326)	\$ (3,425,594)
6/30/2011	\$ 35,632,707	\$ 29,482,321	\$ (1,506,455)	\$ 4,643,931	\$ 554,732
6/30/2010	\$ 37,806,348	\$ 36,994,403	\$ (111,073)	\$ 700,872	\$ (4,089,199)
6/30/2009	\$ 43,473,421	\$ 41,046,081	\$ (209,454)	\$ 2,217,886	\$ (4,790,071)
6/30/2008	\$ 48,826,048	\$ 46,193,123	\$ (3,562,642)	\$ (929,717)	\$ (7,007,957)
6/30/2007	\$ 45,761,033	\$ 47,487,525	\$ (238,545)	\$ (1,965,037)	\$ (6,078,240)
6/30/2006	\$ 47,361,896	\$ 50,110,618	\$ 30,333,066	\$ 27,584,344	\$ (4,113,203)
6/30/2005	\$ 48,936,199	\$ 55,834,525	\$ (3,953,252)	\$ (10,851,578)	\$ (31,697,547)
6/30/2004	\$ 49,207,772	\$ 54,102,915	\$ (3,461,406)	\$ (8,356,549)	\$ (20,845,969)

Trend of State Equalized Value and Taxable Value in the City of Pontiac and Total Property Taxes Levied by the City across All Funds.

<u>Year</u>	<u>State Equalized Value</u>	<u>Taxable Value</u>
2014	\$ 733,839,920	\$ 700,303,240
2013	\$ 607,058,490	\$ 574,588,690
2012	\$ 840,440,760	\$ 791,583,260
2011	\$ 980,172,850	\$ 907,996,950
2010	\$ 1,339,878,320	\$ 1,177,478,710
2009	\$ 1,674,413,280	\$ 1,377,212,650
2008	\$ 1,952,517,700	\$ 1,472,949,920
2007	\$ 1,986,819,560	\$ 1,437,075,310
2006	\$ 1,970,814,650	\$ 1,403,513,742
2005	\$ 1,897,656,450	\$ 1,325,354,962
2004	\$ 1,811,264,850	\$ 1,286,757,160
2003	\$ 1,726,666,710	\$ 1,210,474,968

Summer and Winter Millage Rates for Pontiac Property Owners

<i>Tax Season</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
<i>Fiscal Year</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>	<i>FY08</i>	<i>FY09</i>
CITY - SUMMER TAX BILL					
City Operating	11.2737	11.2737	11.2737	11.2737	9.9068
Capital Improvement	1.4091	1.4091	1.4091	1.4091	1.4091
Refuse Collection	2.8183	2.8183	2.8183	2.8183	2.8183
Debt	2.1400	4.3000	2.4700		
CITY TOTAL	17.6411	19.8011	17.9711	15.5011	14.1342
LIBRARY				1.0000	1.0000
SENIORS				0.5000	0.5000
MINOR RECREATION				0.5000	
POLICE				0.8172	
TOTAL CITY VOTED	-	-	-	2.8172	1.5000
SCHOOL DISTRICT					
Operating Nonhomestead	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	0.7000	1.7200	1.3500	1.3500	1.7400
STATE EDUCATION TOTAL	6.0000	6.0000	6.0000	6.0000	6.0000
OAKLAND INTERMEDIATE SCHOOL DISTRICT					
Operating	0.2009	0.2003	0.2003	0.2003	0.2003
Special Education	2.5530	2.5456	2.5456	2.5456	2.5456
Vocational Education	0.6250	0.6231	0.6231	0.6231	0.6231
INTERMEDIATE SCHOOL TOTAL	3.3789	3.3690	3.3690	3.3690	3.3690
OAKLAND COMMUNITY COLLEGE					
Operating	1.5889	1.5844	1.5844	1.5844	1.5844
CHAPTER 20 DRAINS	0.6558	-	-		
COUNTY					
Operating			2.8000	4.1900	4.1900
CITY LAW SUITS					
ORDERED DEBT					
ORDERED DEBT					
TOTAL JULY TAX RATE HOMESTEAD	29.9647	32.4745	30.2745	30.6217	32.5176
TOTAL JULY TAX RATE NON HOMESTEAD	47.9647	50.4745	48.2745	48.6217	50.5176

<i>Tax Season</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
<i>Fiscal Year</i>	<i>FY10</i>	<i>FY11</i>	<i>FY12</i>	<i>FY13</i>	<i>FY14</i>
CITY - SUMMER TAX BILL					
City Operating	11.2737	11.2737	11.2737	11.2737	11.2737
Capital Improvement	1.4091	1.4091	1.4091	1.4091	1.4091
Refuse Collection	2.8183	2.8183	2.8183	2.8183	2.8183
Debt					
CITY TOTAL	15.5011	15.5011	15.5011	15.5011	15.5011
LIBRARY	1.0000	1.0000	1.0000	1.0000	1.0000
SENIORS	0.5000	0.5000	0.5000	0.5000	0.5000
MINOR RECREATION					
POLICE					
TOTAL CITY VOTED	1.5000	1.5000	1.5000	1.5000	1.5000
SCHOOL DISTRICT					
Operating Nonhomestead	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	1.8500	2.1800	2.2500	3.0500	3.8700
MESSA Judgment - 2013					0.3071
STATE EDUCATION TOTAL	6.0000	6.0000	6.0000	6.0000	6.0000
OAKLAND INTERMEDIATE SCHOOL DISTRICT					
Operating	0.2003	0.2003	0.2003	0.2003	0.2003
Special Education	2.5456	2.5456	2.5456	2.5456	2.5456
Vocational Education	0.6231	0.6231	0.6231	0.6231	0.6231
INTERMEDIATE SCHOOL TOTAL	3.3690	3.3690	3.3690	3.3690	3.3690
OAKLAND COMMUNITY COLLEGE					
Operating	1.5844	1.5844	1.5844	1.5844	1.5844
CHAPTER 20 DRAINS					
COUNTY					
Operating	4.1900	4.1900	4.1900	4.1900	4.1900
CITY LAW SUITS					
ORDERED DEBT			0.0470		
ORDERED DEBT			0.0070	0.0542	
TOTAL JULY TAX RATE HOMESTEAD	33.9945	34.3245	34.4485	35.2487	36.3216
TOTAL JULY TAX RATE NON HOMESTEAD	51.9945	52.3245	52.4485	53.2487	54.3216

<i>Tax Season</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
<i>Fiscal Year</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>	<i>FY08</i>	<i>FY09</i>
WINTER TAX BILL					
COUNTY					
Operating	4.1900	4.1900	1.3900		
Parks & Recreation	0.2422	0.2415	0.2415	0.2415	0.2415
Huron Clinton Authority	0.2154	0.2146	0.2146	0.2146	0.2146
SMART	0.5962	0.5950	0.5900	0.5900	0.5900
ZOO AUTHORITY					0.1000
ART INSTITUTE					
CITY LAW SUITS					
ORDERED DEBT					
ORDERED DEBT					
TOTAL DECEMBER TAX RATE	5.2438	5.2411	2.4361	1.0461	1.1461

<i>Tax Season</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>
<i>Fiscal Year</i>	<i>FY10</i>	<i>FY11</i>	<i>FY12</i>	<i>FY13</i>	<i>FY14</i>
WINTER TAX BILL					
COUNTY					
Operating					
Parks & Recreation	0.2415	0.2415	0.2415	0.2415	0.2415
Huron Clinton Authority	0.2146	0.2146	0.2146	0.2146	0.2146
SMART	0.5900	0.5900	0.5900	0.5900	0.5900
ZOO AUTHORITY	0.1000	0.1000	0.1000	0.1000	0.1000
ART INSTITUTE			0.2000	0.2000	0.2000
CITY LAW SUITS					
ORDERED DEBT		0.18	0.0470		
ORDERED DEBT		0.04	0.0070		
TOTAL DECEMBER TAX RATE	1.1461	1.3661	1.4001	1.3461	1.3461

Budgeted Third Party Services with Direct Cost to the City, 2014-15

The City has contracted with the following vendors to provide the following services to the City:

Vendor	Service	Cost	Expires
<u>General Fund</u>			
Oakland County Sheriff	police patrol	\$ 10,373,842	12/31/2015
Oakland County Sheriff	police overtime	\$ 900,000	12/31/2015
Oakland County Sheriff	police and fire dispatch	\$ 140,909	12/31/2015
Kristel Cleaning	janitorial - substation	\$ 38,400	6/30/2016
TDE Group	salting and plowing - substation	\$ 10,000	1/4/2018
Waterford Regional Fire Department	fire protection	\$ 6,200,000	1/17/2022
Star EMS	emergency medical service	\$ -	1/31/2016
Wade Trim	building inspection	\$ 1,455,000	6/30/2017
Wade Trim	planning	\$ 114,000	6/30/2017
Wade Trim	nuisance abatement - admin	\$ 720,000	6/30/2017
Wade Trim	nuisance abatement - clearing	\$ 280,000	6/30/2017
Innovative Software	income tax collection	\$ 265,500	upon notice
Innovative Software	income tax collection - court	\$ 100,000	upon notice
Oakland County	assessing	\$ 413,000	6/30/2016
Plante Moran	accounting	\$ 250,000	6/30/2015
Plante Moran	budget	\$ 10,000	6/30/2015
SARCOM	information technology	\$ 300,000	10/17/2015
Rehman	external audit	\$ 85,000	upon notice
Giamarco, Mullins & Horton	city attorney	\$ 445,000	upon notice
Kristel Cleaning	janitorial - City Hall	\$ 40,000	6/30/2016
TDE Group	salting and plowing - City Hall	\$ 20,000	1/4/2018
Tucker Young Jackson Tull	civil engineering	\$ 75,000	5/29/2016
Detroit Memorial Park	cemeteries	\$ -	2/28/2017
United Lawnscape	grass cutting, city property	\$ 50,000	12/31/2014
GENERAL FUND TOTAL		\$ 22,285,651	
<u>Major and Local Street Funds</u>			
Road Commission for Oakland County	salting and plowing	\$ 225,000	12/20/2018
Curbco	pothole patching	\$ 300,111	11/21/2015
National Industrial Maintenance	street sweeping	\$ 271,200	1/14/2015
TDE Group	salting and plowing	\$ 156,000	1/4/2018
J. Ranck Electric	street light maintenance	\$ 250,000	1/14/2014
J. Ranck Electric	traffic signal maintenance	\$ 52,000	1/14/2016
Great Lakes Municipal	street and traffic signs	\$ 100,000	11/11/2014
Clarkston Tree	trees in ROW	\$ 75,000	
WB Maintenance	grass cutting, right-of-way	\$ 100,000	12/31/2014
MAJOR AND LOCAL STREET FUNDS TOTAL		\$ 1,529,311	
<u>Sanitation Fund</u>			
Advanced Disposal	garbage collection	\$ 2,950,000	6/30/2024

Budgeted Third Party Services with Direct Cost to the City, 2015-16

The City has contracted with the following vendors to provide the following services to the City.

Vendor	Service	Cost	Expires
<u>General Fund</u>			
Oakland County Sheriff	police patrol	\$ 10,459,320	12/31/2015
Oakland County Sheriff	police overtime	\$ 900,000	12/31/2015
Oakland County Sheriff	police and fire dispatch	\$ 144,000	12/31/2015
Kristel Cleaning	janitorial - substation	\$ 38,400	6/30/2016
TDE Group	salting and plowing - substation	\$ 12,000	1/4/2018
Waterford Regional Fire Department	fire protection	\$ 6,355,000	1/17/2022
Star EMS	emergency medical service	\$ -	1/31/2016
Wade Trim	planning	\$ 114,000	6/30/2017
Innovative Software	income tax collection	\$ 275,000	upon notice
Innovative Software	income tax collection - court	\$ 100,000	upon notice
Oakland County	assessing	\$ 413,000	6/30/2016
Plante Moran	accounting	\$ 250,000	6/30/2015
Plante Moran	budget	\$ 10,000	6/30/2015
SARCOM	information technology	\$ 303,000	10/17/2015
Rehman	external audit	\$ 85,000	upon notice
Giamarco, Mullins & Horton	city attorney	\$ 400,000	upon notice
Kristel Cleaning	janitorial - City Hall	\$ 40,000	6/30/2016
TDE Group	salting and plowing - City Hall	\$ 20,000	1/4/2018
Tucker Young Jackson Tull	civil engineering	\$ 75,000	5/29/2016
Detroit Memorial Park	cemeteries	\$ -	2/28/2017
United Lawnscape	grass cutting, city property	\$ 50,000	12/31/2014
GENERAL FUND TOTAL		\$ 20,043,720	
<u>Major and Local Street Funds</u>			
Road Commission for Oakland County	salting and plowing	\$ 415,000	12/20/2018
Curbco	pothole patching	\$ 174,500	11/21/2015
National Industrial Maintenance	street sweeping	\$ 271,200	1/14/2015
TDE Group	salting and plowing	\$ 346,000	1/4/2018
J. Ranck Electric	street light maintenance	\$ 140,000	1/14/2014
J. Ranck Electric	traffic signal maintenance	\$ 152,000	1/14/2016
Great Lakes Municipal	street and traffic signs	\$ 120,000	11/11/2014
Clarkston Tree	trees in ROW	\$ 75,000	
WB Maintenance	grass cutting, right-of-way	\$ 100,000	12/31/2014
MAJOR AND LOCAL STREET FUNDS TOTAL		\$ 1,793,700	
<u>Sanitation Fund</u>			
Advanced Disposal	garbage collection	\$ 3,097,500	6/30/2024

The City will be funding building inspection services out of the Building Inspection Fund starting in fiscal year 2015-16. The City is allocating the same amount to Wade Trim in 2015-16 as it is in 2014-15.

Services Provided by other Governments at No Cost to the City

The City has absolved itself of all control over each of the following services which are now provided by the following government agencies. As a result, these services are now provided at no cost to the City. Any questions or concerns about the following services should be directed to the government agency as listed.

<u>Provider</u>	<u>Service</u>	<u>Telephone Number</u>
Oakland County	animal control	248-391-4102
Water Resources Commission	soil erosion and sedimentation control	248-858-5389
Water Resources Commission	waste water treatment	248-335-6399
Water Resources Commission	drinking water distribution	248-335-6399
Oakland County Clerk	birth and death certificates	248-858-0571
Oakland County	HOME improvement program	248-858-5401
SMART	senior citizen commuter bus service	866-962-5515

Staffing Levels

The following staffing levels are represented by function in the proposed budget:

Function	Full Time Employees				Part-Time Employees			
	Ended	Amended	Proposed	Proposed	Ended	Amended	Proposed	Proposed
	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
City Council	0	0	0	0	0	7	7	7
Emergency Manager	4	0	0	0	1	0	0	0
City Administrator	0	1.5	1.5	1.5	0	0	0	0
Mayor	0	2	2	2	0	0	0	0
Finance	1	1	1	1	0	0	0	0
Accounts Payable	0	1	1	1	0	0	0	0
Attorney	0	0	0	0	0	0	0	0
City Clerk	1	2	2	3	1	1	1	0
Human Resources	0	1	1	1	1	1	1	1
Purchasing	0	0.5	0.6	0.6	0	0	0	0
Risk Management	1	0.5	0.1	0.1	0	0	0	0
Payroll	0.5	0.5	0.3	0.3	0	0	0	0
Treasurer	5	4	4	4	0	0	0	0
Building Maintenance	1	1	1	1	0	0	0	0
Sheriff	0	1	1	1	0	0	0	0
Crossing Guards	0	0	0	0	4	4	4	4
Building Safety	1	0	0	0	0	0	0	0
Department of Public Works	4	6	7	7	2	1	1	1
Tele-Van	1	0	0	0	0	0	0	0
Redevelopment and Housing	1	1	1.5	1.5	1	1	1	1
Cable	1	1	1	1	0	0	0	0
Senior Centers	4	2	1	1	0	2	2	2
Totals:	25.5	26	26	27	10	17	17	16

During the 2013-14 fiscal year, the City changed its staff plan from the plan announced last year in the budget. The Treasurer's Office was staffed using an alternative staffing plan with the finance director serving as City Treasurer. The office staff is comprised of the Deputy Treasurer, Treasury Analyst, and two Customer Service Representatives. Also during the fiscal year, one of the part-time DPW assistants was elevated to full-time status because of the heavy demand during the winter snow season. In addition, the position of Community Relations Specialist was eliminated while the position of deputy mayor was elevated to a full-time position.

For the 2014-15 fiscal year, a request has been made to add a full-time right-of-way inspector to the DPW staff. The right-of-way inspector will be used to respond to MISDIG calls to stake the City's underground electrical facilities, monitor the street lighting contractor, and will also back-up both DPW assistants. The right-of-way inspector will be almost entirely funded by the Major Street, Local Street, and Sanitation funds. The City will also eliminate one full-time vacant senior center director position.

For the 2015-16 fiscal year, the city clerk has requested to elevate the part-time clerical assistant to full-time. The clerk maintains that three full-time members is comparable to other city clerk offices and will allow the clerk to be more proactive in reviewing the voter registration file. The clerk will continue to use part-time employees during elections.

Cost of Employees

City Employees for 2014-15 Fiscal Year

<u>Dept.</u>	<u>Last Name</u>	<u>Title</u>	<u>Salary</u>	<u>Fringes</u>	<u>Total Cost</u>	<u>Pension</u>	<u>Retiree Health Care</u>
Council	Carter	Council person	7,000	563	7,563	No	No
Council	Holland	Council person	7,000	563	7,563	No	No
Council	Pietila	Council person	7,000	563	7,563	No	No
Council	Taylor Burks	Council person	7,000	563	7,563	No	No
Council	Waterman	Council person	7,000	563	7,563	No	No
Council	Williams	Council person	7,000	563	7,563	No	No
Council	Woodward	Council person	7,000	563	7,563	No	No
Mayor	Waterman	Mayor	100,000	13,308	113,308	No	No
Mayor	Vacant	Deputy Mayor	85,000	6,842	91,842	No	No
City Admin	Sobota	City Administrator	20,000	1,545	21,545	No	No
City Admin	Holzer	Executive Assistant	60,000	4,830	64,830	No	No
Finance	Nazarko	Finance Director	104,500	23,937	128,437	No	No
Finance	Wilson	Deputy Treasurer	52,000	16,613	68,613	Yes	Yes
Finance	Vacant	Purchasing Agent/Fiscal Analyst	48,000	3,872	51,872	No	No
Finance	Rawls	Treasury Analyst	46,000	3,704	49,704	No	No
Finance	Peters	Payables and Receivables Manager	46,000	3,699	49,699	No	No
Finance	Mosley	Human Resources Specialist	46,000	3,699	49,699	No	No
Finance	McCraw	Customer Service Representative	31,200	2,511	33,711	No	No
Finance	Cox	Customer Service Representative	24,960	2,009	26,969	No	No
Finance	Jimenez	Clerical Assistant	26,075	2,099	28,174	No	No
Clerk	Hawkins	City Clerk	80,000	6,440	86,440	No	No
Clerk	Grandison	Deputy City Clerk	45,000	3,622	48,622	No	No
Clerk	Wesley	Clerical Assistant	22,620	1,821	24,441	No	No
Public Works	King	DPW Director	90,000	7,205	97,205	No	No
Public Works	Balint	City Engineer	80,000	7,680	87,680	Yes	No
Public Works	Robinson	Building Superintendent	70,720	29,293	100,013	Yes	Yes
Public Works	Brimm	DPW Assistant	33,800	12,852	46,652	No	No
Public Works	Stewart	Accounting Assistant	48,500	10,423	58,923	Yes	Yes
Public Works	Tennille	Customer Service Representative	45,000	3,622	48,622	No	No
Public Works	Vacant	Right-of-Way Inspector	41,600	13,178	54,778	No	No
Public Works	Johnson	DPW Assistant	22,620	2,985	25,605	No	No
Public Works	Moss	Senior Center Director	34,986	2,816	37,802	No	No
Public Works	Stevens	Senior Services Provider	20,508	1,654	22,162	No	No
Public Works	Teasley	Senior Services Provider	18,720	1,517	20,237	No	No
Comm. Dev.	Sobota	Community Development Director	100,000	7,724	107,724	No	No
Comm. Dev.	Doyle	Deputy Comm. Development Dir.	70,000	5,635	75,635	No	No
Comm. Dev.	Cayton	Cable Director	65,000	22,283	87,283	Yes	Yes
Comm. Dev.	Vacant	Clerical Assistant	22,620	1,821	24,441	No	No
Sheriff	Reis	Customer Service Representative	45,000	3,622	48,622	No	No
Sheriff	Butler	Crossing Guard	4,000	407	4,407	No	No
Sheriff	Hardy	Crossing Guard	4,000	407	4,407	No	No
Sheriff	Millmine	Crossing Guard	4,000	407	4,407	No	No
Sheriff	Murphy	Crossing Guard	4,000	407	4,407	No	No
					1,951,859		

50th District Court Employees for 2014-15 Fiscal Year

<u>Dept.</u>	<u>Last Name</u>	<u>Title</u>	<u>Salary</u>	<u>Fringes</u>	<u>Total Cost</u>	<u>Pension</u>	<u>Retiree Health Care</u>
Court	Adams	Court Clerk	38,979	33,642	72,621	Yes	Yes
Court	Bell	Court Officer	40,372	31,710	72,082	Yes	Yes
Court	Best	Chief Account Clerk	39,436	32,145	71,581	Yes	Yes
Court	Chamberlain	Court Clerk	34,935	14,712	49,647	Yes	Yes
Court	Chandler	Court Officer	40,372	31,907	72,279	Yes	Yes
Court	Devine	Court Recorder	42,702	14,320	57,022	Yes	Yes
Court	Escobar	Court Clerk I	35,068	15,654	50,722	Yes	Yes
Court	Ewing	Court Warrant Officer	40,372	34,961	75,333	Yes	Yes
Court	Finley	Court Recorder	35,609	21,585	57,194	Yes	Yes
Court	Flye	Chief Court Officer	56,742	8,132	64,874	Yes	Yes
Court	Garner	Court Clerk I	35,068	33,219	68,287	Yes	Yes
Court	Gifford	Part Time	25,997	2,093	28,090	No	No
Court	Gracey	Court Warrant Officer	40,372	30,271	70,643	Yes	Yes
Court	Greer-Alvarez	Chief Probation Officer	59,592	27,448	87,040	Yes	Yes
Court	Gross	District Court Judge	45,724	8,325	54,049	Yes	Yes
Court	Herrgott	Court Officer	40,372	18,228	58,600	Yes	Yes
Court	Huff	Probation Officer I	49,816	33,070	82,886	Yes	Yes
Court	King	Compliance Auditor	58,240	5,133	63,373	Yes	Yes
Court	Martinez	District Court Judge	45,724	18,975	64,699	Yes	Yes
Court	Vacant	Court Warrant Officer	40,372	32,284	72,656	Yes	Yes
Court	Neill	Court Recorder	47,652	22,280	69,932	Yes	Yes
Court	Nelson	Court Assistant	25,683	10,113	35,796	Yes	Yes
Court	Polanco	Court Warrant Officer	40,372	35,386	75,758	Yes	Yes
Court	Powell	Court Clerk	35,068	33,146	68,214	Yes	Yes
Court	Ratliff	Court Clerk I	35,068	18,462	53,530	Yes	Yes
Court	Sellers	Court Secretary	34,569	6,274	40,843	Yes	Yes
Court	Thomas	District Court Judge	45,724	17,949	63,673	Yes	Yes
Court	Vacant	Court Clerk	29,972	29,305	59,277	Yes	Yes
Court	Thompson	Court Clerk	35,068	17,408	52,476	Yes	Yes
Court	Walker	District Court Judge	45,724	18,550	64,274	Yes	Yes
Court	Ward	Court Administrator	100,000	25,611	125,611	Yes	Yes
Court	Wilkerson	Court Recorder	44,948	11,758	56,706	Yes	Yes
Court	Zanin	Court Officer	40,372	38,482	78,854	Yes	Yes
Court		Part Time and Overtime	47,750	3,816	51,566	No	No
					2,190,187		

City Employees for 2015-16 Fiscal Year

<u>Dept.</u>	<u>Last Name</u>	<u>Title</u>	<u>Salary</u>	<u>Fringes</u>	<u>Total Cost</u>	<u>Pension</u>	<u>Retire Healt Care</u>
Council	Carter	Council person	7,000	563	7,563	No	No
Council	Holland	Council person	7,000	563	7,563	No	No
Council	Pietila	Council person	7,000	563	7,563	No	No
Council	Taylor Burks	Council person	7,000	563	7,563	No	No
Council	Waterman	Council person	7,000	563	7,563	No	No
Council	Williams	Council person	7,000	563	7,563	No	No
Council	Woodward	Council person	7,000	563	7,563	No	No
Mayor	Waterman	Mayor	100,000	11,244	111,244	No	No
Mayor	Vacant	Deputy Mayor	95,000	24,748	119,748	No	No
City Admin	Sobota	City Administrator	20,000	1,545	21,545	No	No
City Admin	Holzer	Executive Assistant	60,000	4,830	64,830	No	No
Finance	Nazarko	Finance Director	104,500	24,862	129,362	No	No
Finance	Wilson	Deputy Treasurer	52,000	18,221	70,221	Yes	Yes
Finance	Vacant	Purchasing Agent/Fiscal Analyst	48,000	3,872	51,872	No	No
Finance	Rawls	Treasury Analyst	46,000	3,704	49,704	No	No
Finance	Peters	Payables and Receivables Manager	46,000	3,699	49,699	No	No
Finance	Mosley	Human Resources Specialist	46,000	3,699	49,699	No	No
Finance	McCraw	Customer Service Representative	31,200	2,511	33,711	No	No
Finance	Cox	Customer Service Representative	24,960	2,009	26,969	No	No
Finance	Jimenez	Clerical Assistant	26,075	2,099	28,174	No	No
Clerk	Hawkins	City Clerk	80,000	6,440	86,440	No	No
Clerk	Grandison	Deputy City Clerk	45,000	3,622	48,622	No	No
Clerk	Wesley	Clerical Assistant	31,200	2,477	33,677	No	No
Public Works	King	DPW Director	90,000	7,205	97,205	No	No
Public Works	Balint	City Engineer	80,000	7,680	87,680	Yes	No
Public Works	Robinson	Building Superintendent	70,720	29,590	100,310	Yes	Yes
Public Works	Brimm	DPW Assistant		46,652	46,652	No	No
Public Works	Stewart	Accounting Assistant	48,500	11,081	59,581	Yes	Yes
Public Works	Tennille	Customer Service Representative	45,000	3,622	48,622	No	No
Public Works	Vacant	Right-of-Way Inspector	41,600	13,178	54,778	No	No
Public Works	Johnson	DPW Assistant	22,620	2,985	25,605	No	No
Public Works	Moss	Senior Center Director	34,986	2,816	37,802	No	No
Public Works	Stevens	Senior Services Provider	20,508	1,654	22,162	No	No
Public Works	Teasley	Senior Services Provider	18,720	1,517	20,237	No	No
Comm. Dev.	Sobota	Community Development Director	100,000	7,724	107,724	No	No
Comm. Dev.	Doyle	Deputy Comm. Development Dir.	70,000	5,635	75,635	No	No
Comm. Dev.	Cayton	Cable Director	65,000	23,341	88,341	Yes	Yes
Comm. Dev.	Vacant	Clerical Assistant	22,620	1,821	24,441	No	No
Sheriff	Reis	Customer Service Representative	45,000	3,622	48,622	No	No
Sheriff	Butler	Crossing Guard	4,000	407	4,407	No	No
Sheriff	Hardy	Crossing Guard	4,000	407	4,407	No	No
Sheriff	Millmine	Crossing Guard	4,000	407	4,407	No	No
Sheriff	Murphy	Crossing Guard	4,000	407	4,407	No	No
					1,991,483		

50th District Court Employees for 2015-16 Fiscal Year

<u>Dept.</u>	<u>Last Name</u>	<u>Title</u>	<u>Salary</u>	<u>Fringes</u>	<u>Total Cost</u>	<u>Pension</u>	<u>Retiree Health Care</u>
Court	Adams	Court Clerk	38,979	37,635	76,614	Yes	Yes
Court	Bell	Court Officer	40,372	35,542	75,914	Yes	Yes
Court	Best	Chief Account Clerk	39,436	36,139	75,575	Yes	Yes
Court	Chamberlain	Court Clerk	34,935	17,968	52,903	Yes	Yes
Court	Chandler	Court Officer	40,372	35,739	76,111	Yes	Yes
Court	Devine	Court Recorder	42,702	15,825	58,527	Yes	Yes
Court	Escobar	Court Clerk I	35,068	17,460	52,528	Yes	Yes
Court	Ewing	Court Warrant Officer	40,372	38,955	79,327	Yes	Yes
Court	Finley	Court Recorder	35,609	25,360	60,969	Yes	Yes
Court	Flye	Chief Court Officer	56,742	8,132	64,874	Yes	Yes
Court	Garner	Court Clerk I	35,068	37,213	72,281	Yes	Yes
Court	Gifford	Part Time	25,997	2,093	28,090	No	No
Court	Gracey	Court Warrant Officer	40,372	33,859	74,231	Yes	Yes
Court	Greer-Alvarez	Chief Probation Officer	59,592	31,223	90,815	Yes	Yes
Court	Gross	District Court Judge	45,724	9,831	55,555	Yes	Yes
Court	Herrgott	Court Officer	40,372	20,034	60,406	Yes	Yes
Court	Huff	Probation Officer I	49,816	36,901	86,717	Yes	Yes
Court	King	Compliance Auditor	58,240	5,133	63,373	Yes	Yes
Court	Martinez	District Court Judge	45,724	22,750	68,474	Yes	Yes
Court	Vacant	Court Warrant Officer	40,372	36,278	76,650	Yes	Yes
Court	Neill	Court Recorder	47,652	26,055	73,707	Yes	Yes
Court	Nelson	Court Assistant	25,683	11,619	37,302	Yes	Yes
Court	Polanco	Court Warrant Officer	40,372	39,380	79,752	Yes	Yes
Court	Powell	Court Clerk	35,068	37,140	72,208	Yes	Yes
Court	Ratliff	Court Clerk I	35,068	20,269	55,337	Yes	Yes
Court	Sellers	Court Secretary	34,569	6,274	40,843	Yes	Yes
Court	Thomas	District Court Judge	45,724	21,370	67,094	Yes	Yes
Court	Vacant	Court Clerk	29,972	33,299	63,271	Yes	Yes
Court	Thompson	Court Clerk	35,068	19,214	54,282	Yes	Yes
Court	Walker	District Court Judge	45,724	21,970	67,694	Yes	Yes
Court	Ward	Court Administrator	100,000	27,116	127,116	Yes	Yes
Court	Wilkerson	Court Recorder	44,948	13,263	58,211	Yes	Yes
Court	Zanin	Court Officer	40,372	42,475	82,847	Yes	Yes
Court		Part Time and Overtime	47,750	3,815	51,565	No	No
					2,281,163		

Total cost includes any overtime that is allocated to a particular employee based on history.

The base pay of city council members is \$100 per meeting with an additional \$50 per committee meeting per month with a limit of three committee meetings. Compensation of the city council and the mayor is established by the Local Officials Compensation Commission which is schedule to meet in 2015. Their minutes are available on the City's web site.

The City has budgeted for a 12% increase in health insurance benefits in the 2014-15 fiscal year and a 15% increase in health insurance benefits in the 2015-16 fiscal year for the District Court employees and assumes a 3% inflationary increase for the five City employees who receive benefits. The union employees of the 50th District Court are entitled to full coverage of all insurance costs through June 30, 2016, while all other employees of the City and the non-union employees of the Court whom receive

insurance benefits must share in the cost of the insurance benefits. For the fiscal year ending June 30, 2016, the family insurance plan for Court union employees is estimated to cost the City \$30,616, while the City will expend around \$16,000 for family insurance plans for the other employees.

Glossary

Abate - To suppress or end a nuisance (such as weed abatement).

Accrual Basis of Accounting - A method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows.

Activity - Cost center within a fund or department to which specific expenses are to be allocated.

Assessed Valuation - The estimated value placed upon real and personal property by the City Assessor. Assessed value is required to be at 50% of true cash value.

Annual Appropriation Ordinance - The final City operating budget as approved by the city council. It reflects the City's operating budget at the beginning of the fiscal year on July 1st.

Appropriations - Money set aside by formal action by city council for specific governmental expenditures.

Balanced Budget - A budget in which revenues are at least equal to expenditures. It refers to a budget that has no budget deficit, but could possibly have a budget surplus.

Budget Ordinance - An ordinance adopting and approving a budget for the fiscal year beginning July 1st.

Budgetary Control - The level at which expenditures cannot legally exceed the appropriated amounts.

Capital Outlay - A disbursement of money, which results in the acquisition of or addition to fixed assets. The item must have a minimum purchase price as determined by City management and have a useful life of more than 1 year.

Census - The official process of counting the number of people in a country, city, or town and collecting demographic information.

City Administrator - The position established by order of the emergency manager that is responsible for day-to-day administration of the city and reports to and serves at the pleasure of the transition advisory board.

Contingency - An estimated amount of funds needed for deficiency or emergency purposes. An annual appropriation to cover short falls in revenue and/or underestimation of expenditures. Under Michigan law, to be used, contingencies must be moved to a more distinctive appropriation by a budget amendment.

Contractual Services - Expenditures resulting from services that the City receives from an outside company.

Debt Service - The City's obligation to pay the principal and interest of all bonds and other debt instruments according to a pre-determined payment schedule.

EVIP - State of Michigan Public Act 63 of 2011 introduced the Economic Vitality Program (EVIP). Each city, village, or township that received a FY 2010 statutory payment greater than \$4,500 and fulfills the specific requirements for all of the three categories will be eligible to receive a maximum of 67.837363% of its FY 2010 total statutory payment (rounded to the nearest dollar). An eligible City, Village, or Townships will receive 1/3 of the maximum amount for each of the three categories they fulfill the specific requirements for. The three categories are Accountability and Transparency, Consolidation of Services, and Employee Compensation. Each eligible city, village, or township must submit the certification form and required attachments for each category to qualify for payment.

Expenditure - Represents the money going out from the government to pay for the services or functions and facilities the government provides for its jurisdiction.

Expense - The cost of goods delivered and services rendered, whether paid or unpaid in the Enterprise Funds.

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance - The excess of an entity's assets over liabilities. A negative fund balance is sometimes called a deficit.

GAAP - Abbreviation for Generally Accepted Accounting Principles.

GASB - The Governmental Accounting Standards Board, which provides direction in accounting and reporting requirements for units of government.

Headlee Override - A Headlee override is a vote by the electors to return the millage to the amount originally authorized via charter, state statute, or a vote of the people, and is necessary to counteract the effects of the Headlee Rollback.

Headlee Rollback - A term resulting from the 1978 passage of the Headlee Amendment to the Constitution of the State of Michigan. The Headlee Amendment requires a local unit of government to reduce its millage when annual growth on existing property is greater than the rate of inflation. As a consequence, the local unit's millage rate is "rolled back" so that the resulting growth in property tax revenue, community-wide, is no more than the rate of inflation.

Legacy Costs - Costs incurred by the City in prior years under different leadership. These costs consist primarily of obligations to pay health care costs for retirees.

Liabilities - Debt or other legal obligations arising out of transactions in the past, which must be liquidated, renewed or refunded at some future date. The term does not include encumbrances.

Long Term Debt - Debt with a maturity of more than one year.

Maturities - The date on which the principal or stated values of investments or debt obligation mature and may be reclaimed.

Modified Accrual Basis of Accounting - Basis of accounting according to which (a) revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar obligations, which should be recognized when due.

Operating Deficit - An excess of expenditures over revenue for a certain time period such as one fiscal year. The City's fiscal year runs from July 1st – June 30th each year.

Ordinance - A law or rule made by an authority such as a city government.

Revenue - The amount of monies available for all of the City's functions.

Revenue Shortfall - Projected revenues are less than expected.

Structural Deficit – An underlying imbalance in government revenues and expenditures. When this situation exist, operating revenues do not support the cost of operations without one-time revenue sources and results in the current revenue structure (e.g., taxes, fees, and other sources), not being sufficient to maintain services at the current level.

Property Tax Chargeback - The amount of uncollected property taxes invoiced by the County Treasurer to the City for uncollected real property taxes at least two years delinquent.

Property Tax Rate - The percentage of the value of a property to be paid as a tax. It is also known as a millage rate or mill (which is also one-thousandth of a currency unit). To calculate the property tax, the City will multiply the taxable value of the property by the mill rate and then divide by 1,000. For example, a property with a taxable value of \$50,000 located in a City with a mill rate of 20 mills would have a property tax bill of \$1,000 per year.

SEV - Abbreviation for State Equalized Value which is one half of a property's true cash value.

Taxable Value - This is a value used as a base for levying property taxes. The increase to taxable value each year is limited to the lesser of the actual market increase, the rate of inflation as established by the inflation rate multiplier, or 5%, whichever is less. When property changes ownership, the value returns to 50% of true cash value.

Transition Advisory Board – A four-member board appointed by the governor under Public Act 436 of 2012 that is charged with monitoring the activities and decisions of the city; also referred to as the TAB.

Appendix A

BUDGET SUMMARY, 2014-15 FISCAL YEAR
WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
401	TAXES	16,263,520	15,732,541	12,830,064	15,732,541	15,676,425	15,683,869
450	LICENSES AND PERMITS	2,348,281	2,873,500	2,092,627	2,873,500	2,898,200	2,900,500
501	FEDERAL GRANTS	0	0	0	0	25,000	0
539	STATE GRANTS	8,967,340	9,242,041	6,127,196	9,242,041	9,006,266	9,502,451
580	CONTRIBUTION FROM LOCAL UNITS	159,789	0	0	0	0	0
600	CHARGES FOR SERVICES	1,632,309	1,272,182	981,132	1,272,182	1,278,382	1,280,500
655	FINES AND FORFEITS	0	60,000	0	60,000	0	60,000
664	INTEREST AND RENTS	19,519	65,000	83,458	65,000	15,000	75,000
671	OTHER REVENUE	2,286,942	1,360,070	1,064,571	1,360,070	924,516	1,056,889
699	OPERATING TRANSFERS IN	51,565,853	848,713	610,963	848,713	245,867	245,867
701	PERSONAL SERVICES	15,020,487	4,020,912	1,238,878	4,020,912	3,655,701	4,327,311
726	SUPPLIES	114,499	195,427	102,322	195,427	206,305	142,650
800	OTHER SERVICES AND CHARGES	45,029,098	26,336,615	22,250,702	26,336,615	25,156,680	25,804,903
970	CAPITAL OUTLAY	0	0	0	0	0	13,200
990	DEBT SERVICE	16,492,552	0	0	0	0	0
999	APPROPRIATION (OPERATING) TRANSFE	2,240,887	880,000	733,333	880,000	1,047,758	880,000
NET OF REVENUES/APPROPRIATIONS - FUND 101		4,346,030	21,093	(535,224)	21,093	3,212	(362,988)

BUDGET SUMMARY, 2014-15 FISCAL YEAR
WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
600	CHARGES FOR SERVICES	170,244	130,000	67,438	130,000	130,000	130,000
701	PERSONAL SERVICES	137,914	131,602	67,324	131,602	125,429	87,284
726	SUPPLIES	995	12,440	6,265	12,440	12,500	15,500
800	OTHER SERVICES AND CHARGES	5,431	13,512	6,106	13,512	13,452	28,597
970	CAPITAL OUTLAY	83,795	30,000	15,278	30,000	30,000	47,634
NET OF REVENUES/APPROPRIATIONS - FUND 113		(57,891)	(57,554)	(27,535)	(57,554)	(51,381)	(49,015)

BUDGET SUMMARY, 2014-15 FISCAL YEAR
WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
539	STATE GRANTS	3,164,024	3,140,380	2,319,676	3,140,380	3,140,380	3,140,380
600	CHARGES FOR SERVICES	22,666	0	4,738	0	0	0
671	OTHER REVENUE	0	0	0	0	0	53,417
699	OPERATING TRANSFERS IN	2,681	0	0	0	0	0
701	PERSONAL SERVICES	78,579	39,050	18,648	39,050	35,071	76,475
726	SUPPLIES	230,326	165,000	40,523	165,000	5,000	155,000
800	OTHER SERVICES AND CHARGES	1,390,256	2,098,470	1,159,844	2,098,470	1,957,290	1,765,886
970	CAPITAL OUTLAY	280,078	858,020	256,108	858,020	507,000	1,327,182
999	APPROPRIATION (OPERATING) TRANSFE	(74,924)	453,275	30,175	453,275	471,100	471,100
NET OF REVENUES/APPROPRIATIONS - FUND 202		1,285,056	(473,435)	819,116	(473,435)	164,919	(601,846)

BUDGET SUMMARY, 2014-15 FISCAL YEAR
 WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
539	STATE GRANTS	961,511	954,205	812,826	954,205	954,205	954,205
699	OPERATING TRANSFERS IN	426,257	423,100	0	423,100	471,100	471,100
701	PERSONAL SERVICES	38,702	32,070	21,773	32,070	13,152	40,736
726	SUPPLIES	35,586	49,800	9,206	49,800	0	50,000
800	OTHER SERVICES AND CHARGES	898,727	715,682	489,286	715,682	596,532	518,948
970	CAPITAL OUTLAY	0	0	0	0	700,000	700,000
NET OF REVENUES/APPROPRIATIONS - FUND 203		414,753	579,753	292,561	579,753	115,621	115,621

BUDGET SUMMARY, 2014-15 FISCAL YEAR
WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
401	TAXES	237,359	223,537	200,685	223,537	208,362	220,850
664	INTEREST AND RENTS	10,693	9,000	11,200	9,000	9,000	9,000
701	PERSONAL SERVICES	190,772	155,424	114,972	155,424	161,152	105,702
726	SUPPLIES	8,250	12,818	7,663	12,818	12,625	13,196
800	OTHER SERVICES AND CHARGES	172,721	178,009	152,228	178,009	151,554	180,245
970	CAPITAL OUTLAY	9,923	229,662	0	229,662	10,000	10,000
NET OF REVENUES/APPROPRIATIONS - FUND 212		(133,614)	(343,376)	(62,978)	(343,376)	(117,969)	(79,293)

BUDGET SUMMARY, 2014-15 FISCAL YEAR
 WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
401	TAXES	669	(250)	0	(250)	(250)	(250)
800	OTHER SERVICES AND CHARGES	92,645	197,762	41,378	197,762	197,762	193,527
NET OF REVENUES/APPROPRIATIONS - FUND 213		(91,976)	(198,012)	(41,378)	(198,012)	(198,012)	(193,777)

BUDGET SUMMARY, 2014-15 FISCAL YEAR
WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

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ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
401	TAXES	1,342,704	1,336,118	1,128,054	1,336,118	1,336,118	1,320,767
600	CHARGES FOR SERVICES	3,296,798	2,800,000	2,175,690	2,800,000	2,800,000	2,815,351
664	INTEREST AND RENTS	141	0	105	0	0	0
701	PERSONAL SERVICES	540,752	278,372	72,390	278,372	283,653	241,321
726	SUPPLIES	2,290	4,140	2,936	4,140	1,140	4,140
800	OTHER SERVICES AND CHARGES	3,684,165	3,781,489	2,565,556	3,781,489	3,779,089	3,818,421
NET OF REVENUES/APPROPRIATIONS - FUND 226		412,436	72,117	662,967	72,117	72,236	72,236

BUDGET SUMMARY, 2014-15 FISCAL YEAR
WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
401	TAXES	20,108	69,730	43,418	69,730	69,730	36,498
800	OTHER SERVICES AND CHARGES	0	69,730	24,425	69,730	69,730	56,606
NET OF REVENUES/APPROPRIATIONS - FUND 235		20,108	0	18,993	0	0	(20,108)

BUDGET SUMMARY, 2014-15 FISCAL YEAR
WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
401	TAXES	(1,221,720)	0	156,034	0	0	0
600	CHARGES FOR SERVICES	38,000	38,000	38,000	38,000	38,000	38,000
664	INTEREST AND RENTS	26,593	0	0	0	0	0
671	OTHER REVENUE	20,384,020	568,919	569,615	568,919	0	537,820
699	OPERATING TRANSFERS IN	510,849	0	0	0	0	0
800	OTHER SERVICES AND CHARGES	10,000	0	(1,830)	0	0	0
990	DEBT SERVICE	20,766,749	568,919	568,919	568,919	0	575,820
999	APPROPRIATION (OPERATING) TRANSFE	0	38,000	0	38,000	38,000	0
NET OF REVENUES/APPROPRIATIONS - FUND 239		(1,039,007)	0	196,560	0	0	0

BUDGET SUMMARY, 2014-15 FISCAL YEAR
WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
401	TAXES	1,310,904	1,102,000	1,155,546	1,102,000	1,034,400	1,096,541
671	OTHER REVENUE	0	306,082	306,082	306,082	326,582	322,035
699	OPERATING TRANSFERS IN	0	284,117	246,117	284,117	421,383	349,256
800	OTHER SERVICES AND CHARGES	0	0	(6,666)	0	0	0
990	DEBT SERVICE	1,767,081	1,771,082	1,767,831	1,771,082	1,771,082	1,767,832
NET OF REVENUES/APPROPRIATIONS - FUND 240		(456,177)	(78,883)	(53,420)	(78,883)	11,283	0

BUDGET SUMMARY, 2014-15 FISCAL YEAR
 WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
401	TAXES	415,929	325,000	310,822	325,000	304,500	349,256
999	APPROPRIATION (OPERATING) TRANSFE	510,849	246,117	246,117	246,117	383,383	349,256
NET OF REVENUES/APPROPRIATIONS - FUND 241		(94,920)	78,883	64,705	78,883	(78,883)	0

BUDGET SUMMARY, 2014-15 FISCAL YEAR
WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
401	TAXES	671,359	680,746	565,488	680,746	637,000	672,853
539	STATE GRANTS	221,442	0	0	0	0	0
800	OTHER SERVICES AND CHARGES	62,951	4,810	3,205	4,810	0	0
970	CAPITAL OUTLAY	166,698	825,000	58,670	825,000	650,000	1,289,575
999	APPROPRIATION (OPERATING) TRANSFE	0	255,000	0	255,000	0	0
NET OF REVENUES/APPROPRIATIONS - FUND 245		663,152	(404,064)	503,613	(404,064)	(13,000)	(616,722)

BUDGET SUMMARY, 2014-15 FISCAL YEAR
 WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
501	FEDERAL GRANTS	620,489	0	0	0	0	65,000
671	OTHER REVENUE	167	0	16,088	0	0	0
701	PERSONAL SERVICES	21,413	0	0	0	0	0
800	OTHER SERVICES AND CHARGES	397,994	0	0	0	0	65,000
NET OF REVENUES/APPROPRIATIONS - FUND 252		201,249	0	16,088	0	0	0

BUDGET SUMMARY, 2014-15 FISCAL YEAR
WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
501	FEDERAL GRANTS	301,424	497,398	244,503	497,398	40,000	40,000
701	PERSONAL SERVICES	10,441	10,815	8,280	10,815	0	0
726	SUPPLIES	(2,934)	1,200	132	1,200	0	0
800	OTHER SERVICES AND CHARGES	293,917	485,383	298,563	485,383	40,000	40,000
NET OF REVENUES/APPROPRIATIONS - FUND 263		0	0	(62,472)	0	0	0

BUDGET SUMMARY, 2014-15 FISCAL YEAR
 WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
655	FINES AND FORFEITS	42,612	0	34,982	0	0	0
800	OTHER SERVICES AND CHARGES	8,735	142,980	6,277	142,980	89,699	89,699
970	CAPITAL OUTLAY	242,487	0	20,146	0	0	0
NET OF REVENUES/APPROPRIATIONS - FUND 270		(208,610)	(142,980)	8,559	(142,980)	(89,699)	(89,699)

BUDGET SUMMARY, 2014-15 FISCAL YEAR
WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
450	LICENSES AND PERMITS	0	0	500	0	0	0
539	STATE GRANTS	200,419	200,000	0	200,000	200,000	195,867
726	SUPPLIES	24	0	0	0	0	0
800	OTHER SERVICES AND CHARGES	24,328	0	0	0	0	0
999	APPROPRIATION (OPERATING) TRANSFE	729,336	200,000	0	200,000	200,000	195,867
NET OF REVENUES/APPROPRIATIONS - FUND 480		(553,269)	0	500	0	0	0

BUDGET SUMMARY, 2014-15 FISCAL YEAR
WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
401	TAXES	5,485	(35,000)	(2,865)	(35,000)	0	0
600	CHARGES FOR SERVICES	196,866	85,875	82,518	85,875	0	85,875
664	INTEREST AND RENTS	3,000	0	0	0	0	0
671	OTHER REVENUE	0	0	40,012	0	0	0
699	OPERATING TRANSFERS IN	328,611	255,000	0	255,000	0	0
701	PERSONAL SERVICES	(1,840)	0	0	0	0	0
726	SUPPLIES	1,436	0	0	0	0	0
800	OTHER SERVICES AND CHARGES	901,240	3,127,820	201,253	3,127,820	0	2,917,300
NET OF REVENUES/APPROPRIATIONS - FUND 585		(366,874)	(2,821,945)	(81,588)	(2,821,945)	0	(2,831,425)

BUDGET SUMMARY, 2014-15 FISCAL YEAR
 WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
671	OTHER REVENUE	1,096,472	600,000	242,305	600,000	600,000	645,465
701	PERSONAL SERVICES	1,277,523	600,000	253,701	600,000	600,000	645,465
800	OTHER SERVICES AND CHARGES	(121,396)	0	(263,032)	0	0	0
NET OF REVENUES/APPROPRIATIONS - FUND 677		(59,655)	0	251,636	0	0	0

BUDGET SUMMARY, 2014-15 FISCAL YEAR
 WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
671	OTHER REVENUE	872,630	0	0	0	0	0
701	PERSONAL SERVICES	872,630	25,000	61	25,000	25,000	0
NET OF REVENUES/APPROPRIATIONS - FUND 729		0	(25,000)	(61)	(25,000)	(25,000)	0

BUDGET SUMMARY, 2014-15 FISCAL YEAR
 WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
671	OTHER REVENUE	11,656,493	976,343	5,352,540	976,343	1,411,062	980,410
699	OPERATING TRANSFERS IN	371,854	0	212,640	0	0	0
701	PERSONAL SERVICES	8,802,442	2,064,851	4,443,019	2,064,851	171,062	112,553
726	SUPPLIES	101	0	4	0	0	0
800	OTHER SERVICES AND CHARGES	641,909	1,525,000	856,710	1,525,000	1,219,387	1,291,748
NET OF REVENUES/APPROPRIATIONS - FUND 759		2,583,895	(2,613,508)	265,447	(2,613,508)	20,613	(423,891)

BUDGET SUMMARY, 2014-15 FISCAL YEAR
WORKING ON 14-15 PROP AMEND TO REBALANCE BUDGET

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ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	2014-15 ADOPTED BUDGET	2014-15 PROP AMEND BUDGET
539	STATE GRANTS	182,896	183,000	137,172	183,000	183,000	183,000
600	CHARGES FOR SERVICES	829,835	793,550	695,446	793,550	793,550	801,718
655	FINES AND FORFEITS	785,286	900,001	875,366	900,001	755,000	922,758
664	INTEREST AND RENTS	1,584	0	2,368	0	0	0
671	OTHER REVENUE	(10,626)	(6,910)	(4,589)	(6,910)	(6,910)	(6,910)
699	OPERATING TRANSFERS IN	2,269,649	880,000	733,333	880,000	1,047,758	880,000
701	PERSONAL SERVICES	3,459,657	2,148,271	1,555,452	2,148,271	2,171,027	2,204,423
726	SUPPLIES	82,569	55,250	43,694	55,250	55,250	75,250
800	OTHER SERVICES AND CHARGES	497,183	480,120	383,616	480,120	480,120	434,893
970	CAPITAL OUTLAY	8,303	16,000	4,768	16,000	16,000	16,000
999	APPROPRIATION (OPERATING) TRANSFE	10,915	50,000	28,528	50,000	50,000	50,000
NET OF REVENUES/APPROPRIATIONS - FUND 760		(3)	0	423,038	0	1	0
ESTIMATED REVENUES - ALL FUNDS		135,011,930	49,173,988	42,563,864	49,173,988	46,973,626	48,115,338
APPROPRIATIONS - ALL FUNDS		128,147,247	55,580,899	39,904,737	55,580,899	47,159,685	53,196,245
NET OF REVENUES/APPROPRIATIONS - ALL FUNDS		6,864,683	(6,406,911)	2,659,127	(6,406,911)	(186,059)	(5,080,907)

Appendix B

2014-15 Budget Amendment

Whereas, the Emergency Manager adopted the 2014-15 budget on June 18, 2013; and,

Whereas, the Mayor, City Administrator, and Finance Director have determined that certain assumptions made over one year ago have resulted in changes to the financial condition of the City that require the City to amend various budgets for the 2014-15 fiscal year; and,

Whereas, the Michigan Department of Treasury has reviewed the proposed amendments and concurs that the amendments are necessary for the City to comply with State law;

Now, therefore, be it resolved that the Pontiac City Council formally approves the following budget amendments and requests approval from the Transition Advisory Board and the State Treasurer:

General Fund

ESTIMATED REVENUES

Taxes	15,683,869
Licenses and Permits	2,900,500
State Grants	9,502,451
Charges for Services	1,280,500
Fines and Forfeits	60,000
Interest and Rents	75,000
Other Revenue	<u>1,056,889</u>
TOTAL ESTIMATED REVENUES	30,559,209
Transfers In and Other Uses	245,867

APPROPRIATIONS

General Government	3,559,766
Public Safety	21,509,997
Public Works	1,446,991
Community and Economic Development	1,192,173
Recreation and Culture	153,897
Other Functions	<u>2,425,240</u>
TOTAL APPROPRIATIONS	30,288,064
Transfers Out and Other Uses	880,000

General Fund	NET OF	
	REVENUES/APPROPRIATIONS	(362,988)
	Estimated Beginning Fund	
	Balance	1,812,836
	Estimated Ending Fund Balance	1,449,848

Cable Fund

ESTIMATED REVENUES

Charges for Services	<u>130,000</u>
TOTAL ESTIMATED REVENUES	130,000
Transfers In and Other Sources	0

APPROPRIATIONS

General Government	<u>179,015</u>
TOTAL APPROPRIATIONS	179,015
Transfers Out and Other Uses	0

Cable Fund	NET OF REVENUES/APPROPRIATIONS	(49,015)
	Estimated Beginning Fund Balance	1,003,944
	Estimated Ending Fund Balance	954,929

Major Street Fund

ESTIMATED REVENUES

State Grants	3,140,380
Other Revenue	<u>53,417</u>

TOTAL ESTIMATED REVENUES 3,193,797

Transfers In and Other Sources 0

APPROPRIATIONS

Public Works 3,324,543

TOTAL APPROPRIATIONS 3,324,543

Transfers Out and Other Uses 471,100

Major Street Fund	NET OF REVENUES/APPROPRIATIONS	(601,846)
	Estimated Beginning Fund Balance	2,012,793
	Estimated Ending Fund Balance	1,410,947

Local Street Fund

ESTIMATED REVENUES

State Grants 954,205

TOTAL ESTIMATED REVENUES 954,205

Transfers In and Other Sources 471,100

APPROPRIATIONS

Public Works 1,309,684

TOTAL APPROPRIATIONS 1,309,684

Transfers Out and Other Uses 0

Local Street Fund	NET OF REVENUES/APPROPRIATIONS	115,621
	Estimated Beginning Fund Balance	1,505,454
	Estimated Ending Fund Balance	1,621,075

Senior Activities

ESTIMATED REVENUES

Taxes 220,850

Charges for Services 9,000

TOTAL ESTIMATED REVENUES 229,850

Transfers In and Other Sources 0

APPROPRIATIONS		
Recreation and Culture		309,143
	TOTAL APPROPRIATIONS	309,143
Transfers Out and Other Uses		0

	NET OF	
Senior Activities Fund	REVENUES/APPROPRIATIONS	(79,293)
	Estimated Beginning Fund	
	Balance	929,089
	Estimated Ending Fund Balance	849,796

Chapter 20 Drain Fund

ESTIMATED REVENUES		
Taxes		(250)
	TOTAL ESTIMATED REVENUES	(250)
Transfers In and Other Sources		0

APPROPRIATIONS		
Public Works		193,527
	TOTAL APPROPRIATIONS	193,527
Transfers Out and Other Uses		0

	NET OF	
Chapter 20 Drain Fund	REVENUES/APPROPRIATIONS	(193,777)
	Estimated Beginning Fund	
	Balance	391,789
	Estimated Ending Fund Balance	198,012

Sanitation Fund

ESTIMATED REVENUES		
Taxes		1,320,767
Charges for Services		2,815,351
Interest and Rents		0
	TOTAL ESTIMATED REVENUES	4,136,118
Transfers In and Other Sources		0

APPROPRIATIONS		
Public Works		4,063,882
	TOTAL APPROPRIATIONS	4,063,882
Transfers Out and Other Uses		0

	NET OF	
Sanitation Fund	REVENUES/APPROPRIATIONS	72,236
	Estimated Beginning Fund	
	Balance	2,662,968
	Estimated Ending Fund Balance	2,735,204

Brownfield Redevelopment Authority**ESTIMATED REVENUES**

Taxes		<u>36,498</u>
	TOTAL ESTIMATED REVENUES	36,498
Transfers In and Other Sources		0

APPROPRIATIONS

Community and Economic Development		<u>56,606</u>
	TOTAL APPROPRIATIONS	56,606
Transfers Out and Other Uses		0

	NET OF	
	REVENUES/APPROPRIATIONS	
Brownfield Redevelopment Authority Fund	Estimated Beginning Fund	(20,108)
	Balance	20,108
	Estimated Ending Fund Balance	0

Tax Increment Financing Authority
District 2**ESTIMATED REVENUES**

Charges for Services		38,000
Other Revenue		<u>537,820</u>
	TOTAL ESTIMATED REVENUES	575,820
Transfers In and Other Sources		0

APPROPRIATIONS

Community and Economic Development		<u>575,820</u>
	TOTAL APPROPRIATIONS	0
Transfers Out and Other Uses		0

	NET OF	
	REVENUES/APPROPRIATIONS	
Tax Increment Financing District 2 Fund	Estimated Beginning Fund	0
	Balance	0
	Estimated Ending Fund Balance	0

Tax Increment Financing Authority
District 3**ESTIMATED REVENUES**

Taxes		1,096,541
Other Revenue		<u>322,035</u>
	TOTAL ESTIMATED REVENUES	1,397,732
Transfers In and Other Sources		349,256

APPROPRIATIONS

Debt Service		<u>1,767,832</u>
	TOTAL APPROPRIATIONS	1,767,832
Transfers Out and Other Uses		0

Tax Increment Financing District 3 Fund	NET OF REVENUES/APPROPRIATIONS	0
	Estimated Beginning Fund Balance	0
	Estimated Ending Fund Balance	0

Tax Increment Financing Authority District 4

ESTIMATED REVENUES

Taxes		<u>349,256</u>
	TOTAL ESTIMATED REVENUES	349,256
Transfers In and Other Sources		0

APPROPRIATIONS

Community and Economic Development		<u>0</u>
	TOTAL APPROPRIATIONS	0
Transfers Out and Other Uses		349,256

Tax Increment Financing District 4 Fund	NET OF REVENUES/APPROPRIATIONS	0
	Estimated Beginning Fund Balance	0
	Estimated Ending Fund Balance	0

Capital Improvement

ESTIMATED REVENUES

Taxes		<u>672,853</u>
	TOTAL ESTIMATED REVENUES	672,853
Transfers In and Other Sources		0

APPROPRIATIONS

General Government		64,575
Public Works		<u>1,225,000</u>
	TOTAL APPROPRIATIONS	1,289,575
Transfers Out and Other Uses		0

Capital Improvement Fund	NET OF REVENUES/APPROPRIATIONS	(616,722)
	Estimated Beginning Fund Balance	634,941
	Estimated Ending Fund Balance	18,219

CDBG

ESTIMATED REVENUES

Federal Grants		<u>65,000</u>
	TOTAL ESTIMATED REVENUES	65,000
Transfers In and Other Sources		0

APPROPRIATIONS		
Community and Economic Development		<u>65,000</u>
	TOTAL APPROPRIATIONS	65,000
Transfers Out and Other Uses		0

	NET OF	
CDBG Fund	REVENUES/APPROPRIATIONS	0
	Estimated Beginning Fund	
	Balance	0
	Estimated Ending Fund Balance	0

HOME Investment Partnerships Grant

ESTIMATED REVENUES		
Federal Grants		<u>40,000</u>
	TOTAL ESTIMATED REVENUES	40,000
Transfers In and Other Sources		0

APPROPRIATIONS		
Community and Economic Development		<u>40,000</u>
	TOTAL APPROPRIATIONS	40,000
Transfers Out and Other Uses		0

	NET OF	
HOME Investment Partnerships Grant Fund	REVENUES/APPROPRIATIONS	0
	Estimated Beginning Fund	
	Balance	0
	Estimated Ending Fund Balance	0

Drug Enforcement Fund

ESTIMATED REVENUES		
Fines and Forfeits		<u>0</u>
	TOTAL ESTIMATED REVENUES	0
Transfers In and Other Sources		0

APPROPRIATIONS		
Public Safety		<u>89,699</u>
	TOTAL APPROPRIATIONS	89,699
Transfers Out and Other Uses		0

	NET OF	
Drug Enforcement Fund	REVENUES/APPROPRIATIONS	(89,699)
	Estimated Beginning Fund	
	Balance	160,271
	Estimated Ending Fund Balance	70,572

PA 48 Telecommunications Fund

ESTIMATED REVENUES		
State Grants		<u>195,867</u>
	TOTAL ESTIMATED REVENUES	195,867

Transfers In and Other Sources	0
APPROPRIATIONS	
Public Works	<u>0</u>
TOTAL APPROPRIATIONS	0
Transfers Out and Other Uses	195,867

PA 48 Telecommunications Fund	NET OF REVENUES/APPROPRIATIONS	0
	Estimated Beginning Fund Balance	0
	Estimated Ending Fund Balance	0

Parking Fund

ESTIMATED REVENUES	
Interest and Rents	<u>85,875</u>
TOTAL ESTIMATED REVENUES	85,875
Transfers In and Other Sources	0

APPROPRIATIONS	
Public Works	45,000
Recreation and Culture	<u>2,872,300</u>
TOTAL APPROPRIATIONS	2,917,300
Transfers Out and Other Uses	0

Insurance Fund	NET OF REVENUES/APPROPRIATIONS	(2,831,425)
	Estimated Beginning Net Assets	15,118,760
	Estimated Ending Net Assets	12,287,335

Self-Insurance Workers' Compensation Fund

ESTIMATED REVENUES	
Other Revenue	<u>645,465</u>
TOTAL ESTIMATED REVENUES	645,465
Transfers In and Other Sources	0

APPROPRIATIONS	
Other Functions	<u>645,465</u>
TOTAL APPROPRIATIONS	645,465
Transfers Out and Other Uses	0

Self-Insurance Worker's Compensation Fund	NET OF REVENUES/APPROPRIATIONS	0
	Estimated Beginning Net Assets	33,519
	Estimated Ending Net Assets	33,519

Employee Sick and Vacation Fund

ESTIMATED REVENUES

	TOTAL ESTIMATED REVENUES	0
Transfers In and Other Sources		0

APPROPRIATIONS

	TOTAL APPROPRIATIONS	0
Transfers Out and Other Uses		0

Sick and Vacation Fund	NET OF REVENUES/APPROPRIATIONS	0
	Estimated Beginning Net Assets	0
	Estimated Ending Net Assets	0

Insurance Fund

ESTIMATED REVENUES

Other Revenue		980,410
	TOTAL ESTIMATED REVENUES	980,410
Transfers In and Other Sources		0

APPROPRIATIONS

General Government		94,923
Other Functions		1,309,378
	TOTAL APPROPRIATIONS	1,404,301
Transfers Out and Other Uses		0

Insurance Fund	NET OF REVENUES/APPROPRIATIONS	(423,891)
	Estimated Beginning Net Assets	2,583,895
	Estimated Ending Net Assets	2,160,004

District Court Fund

ESTIMATED REVENUES

State Sources		183,000
Charges for Services		801,718
Fines and Forfeits		922,758
Other Revenue		(6,910)
	TOTAL ESTIMATED REVENUES	1,900,566
Transfers In and Other Sources		880,000

APPROPRIATIONS

General Government		2,780,566
	TOTAL APPROPRIATIONS	2,780,566
Transfers Out and Other Uses		0

District Court Fund	NET OF REVENUES/APPROPRIATIONS	0
	Estimated Beginning Fund Balance	0
	Estimated Ending Fund Balance	0

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Appendix C

BUDGET SUMMARY, 2015-16 FISCAL YEAR

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WORKING ON 14-15 MAYOR REC 15-16

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	DEPT	2014-15 REQ. 15-1 BUDGET	2014-15 MAYOR REC 15-16	2014-15 BUDGET
401	TAXES	16,263,520	15,732,541	12,830,064	15,732,541		15,401,547	15,930,367	
450	LICENSES AND PERMITS	2,348,281	2,873,500	2,092,627	2,873,500		2,901,000	7,500	
539	STATE GRANTS	8,967,340	9,242,041	6,127,196	9,242,041		9,502,451	9,752,451	
580	CONTRIBUTION FROM LOCAL UNITS	159,789	0	0	0		0	0	
600	CHARGES FOR SERVICES	1,632,309	1,272,182	981,132	1,272,182		1,206,000	1,375,840	
655	FINES AND FORFEITS	0	60,000	0	60,000		60,000	0	
664	INTEREST AND RENTS	19,519	65,000	83,458	65,000		160,875	160,875	
671	OTHER REVENUE	2,286,942	1,360,070	1,064,571	1,360,070		1,054,689	1,213,237	
699	OPERATING TRANSFERS IN	51,565,853	848,713	610,963	848,713		245,867	245,867	
701	PERSONAL SERVICES	15,020,487	4,020,912	1,238,878	4,020,912		15,849,427	4,020,188	
726	SUPPLIES	114,499	195,427	102,322	195,427		158,680	108,030	
800	OTHER SERVICES AND CHARGES	45,029,098	26,336,615	22,250,702	26,336,615		26,668,889	23,510,868	
990	DEBT SERVICE	16,492,552	0	0	0		0	0	
999	APPROPRIATION (OPERATING) TRANSFE	2,240,887	880,000	733,333	880,000		880,000	1,047,033	
NET OF REVENUES/APPROPRIATIONS - FUND 101		4,346,030	21,093	(535,224)	21,093		(13,024,567)	18	

BUDGET SUMMARY, 2015-16 FISCAL YEAR
WORKING ON 14-15 MAYOR REC 15-16

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ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	DEPT	2014-15 REQ. 15-1 BUDGET	MAYOR REC 15-16	2014-15 BUDGET
600	CHARGES FOR SERVICES	170,244	130,000	67,438	130,000		140,000		140,000
701	PERSONAL SERVICES	137,914	131,602	67,324	131,602		87,284		88,342
726	SUPPLIES	995	12,440	6,265	12,440		12,000		12,000
800	OTHER SERVICES AND CHARGES	5,431	13,512	6,106	13,512		21,571		21,571
970	CAPITAL OUTLAY	83,795	30,000	15,278	30,000		20,000		18,087
NET OF REVENUES/APPROPRIATIONS - FUND 113		(57,891)	(57,554)	(27,535)	(57,554)		(855)		0

BUDGET SUMMARY, 2015-16 FISCAL YEAR
WORKING ON 14-15 MAYOR REC 15-16

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ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13	2013-14	2013-14	2013-14	DEPT	2014-15	2014-15
		ACTIVITY	AMENDED BUDGET	THRU 04/30/14 ACTIVITY	PROJECTED ACTIVITY		REQ. 15-1 BUDGET	MAYOR REC 15-16 BUDGET
539	STATE GRANTS	3,164,024	3,140,380	2,319,676	3,140,380		3,140,380	3,140,380
600	CHARGES FOR SERVICES	22,666	0	4,738	0		0	0
699	OPERATING TRANSFERS IN	2,681	0	0	0		0	0
701	PERSONAL SERVICES	78,579	39,050	18,648	39,050		76,475	76,475
726	SUPPLIES	230,326	165,000	40,523	165,000		180,000	180,000
800	OTHER SERVICES AND CHARGES	1,390,256	2,098,470	1,159,844	2,098,470		2,641,483	2,091,483
970	CAPITAL OUTLAY	280,078	858,020	256,108	858,020		287,000	887,000
999	APPROPRIATION (OPERATING) TRANSFE	(74,924)	453,275	30,175	453,275		471,100	471,100
NET OF REVENUES/APPROPRIATIONS - FUND 202		1,285,056	(473,435)	819,116	(473,435)		(515,678)	(565,678)

BUDGET SUMMARY, 2015-16 FISCAL YEAR

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		WORKING ON 14-15 MAYOR REC 15-16											
		2012-13	2013-14	2013-14	2013-14	2014-15	2014-15			2014-15	2014-15		
		ACTIVITY	AMENDED	ACTIVITY	PROJECTED	DEPT	REQ. 15-1	MAYOR	REC	15-16	15-16		
			BUDGET	THRU 04/30/14	ACTIVITY		BUDGET			BUDGET	BUDGET		
539	STATE GRANTS	961,511	954,205	812,826	954,205		954,205			954,205	954,205		
699	OPERATING TRANSFERS IN	426,257	423,100	0	423,100		471,100			471,100	471,100		
701	PERSONAL SERVICES	38,702	32,070	21,773	32,070		40,736			40,736	40,736		
726	SUPPLIES	35,586	49,800	9,206	49,800		50,000			50,000	50,000		
800	OTHER SERVICES AND CHARGES	898,727	715,682	489,286	715,682		694,220			694,220	694,220		
970	CAPITAL OUTLAY	0	0	0	0		700,000			700,000	375,000		
NET OF REVENUES/APPROPRIATIONS - FUND 203		414,753	579,753	292,561	579,753		(59,651)				265,349		

BUDGET SUMMARY, 2015-16 FISCAL YEAR
WORKING ON 14-15 MAYOR REC 15-16

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ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13	2013-14	2013-14	2013-14	DEPT	2014-15	2014-15
		ACTIVITY	AMENDED BUDGET	THRU 04/30/14	ACTIVITY		REQ. 15-1 BUDGET	MAYOR REC 15-16 BUDGET
401	TAXES	237,359	223,537	200,685	223,537		211,824	211,824
664	INTEREST AND RENTS	10,693	9,000	11,200	9,000		5,000	5,000
701	PERSONAL SERVICES	190,772	155,424	114,972	155,424		131,890	111,456
726	SUPPLIES	8,250	12,818	7,663	12,818		12,818	12,818
800	OTHER SERVICES AND CHARGES	172,721	178,009	152,228	178,009		202,299	202,299
970	CAPITAL OUTLAY	9,923	229,662	0	229,662		227,549	227,549
NET OF REVENUES/APPROPRIATIONS - FUND 212		(133,614)	(343,376)	(62,978)	(343,376)		(357,732)	(337,298)

BUDGET SUMMARY, 2015-16 FISCAL YEAR

WORKING ON 14-15 MAYOR REC 15-16

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	DEPT	2014-15 REQ. 15-1 BUDGET	MAYOR REC 15-16	2014-15 BUDGET
401	TAXES	669	(250)	0	(250)		(250)		(250)
800	OTHER SERVICES AND CHARGES	92,645	197,762	41,378	197,762		194,996		194,996
NET OF REVENUES/APPROPRIATIONS - FUND 213		(91,976)	(198,012)	(41,378)	(198,012)		(195,246)		(195,246)

BUDGET SUMMARY, 2015-16 FISCAL YEAR

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WORKING ON 14-15 MAYOR REC 15-16

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	DEPT	2014-15 REQ. 15-1 BUDGET	MAYOR REC 15-16	2014-15 BUDGET
401	TAXES	1,342,704	1,336,118	1,128,054	1,336,118		1,269,893		1,269,893
600	CHARGES FOR SERVICES	3,296,798	2,800,000	2,175,690	2,800,000		2,850,874		2,950,377
664	INTEREST AND RENTS	141	0	105	0		0		0
701	PERSONAL SERVICES	540,752	278,372	72,390	278,372		241,366		241,366
726	SUPPLIES	2,290	4,140	2,936	4,140		4,240		4,240
800	OTHER SERVICES AND CHARGES	3,684,165	3,781,489	2,565,556	3,781,489		4,024,664		4,647,664
NET OF REVENUES/APPROPRIATIONS - FUND 226		412,436	72,117	662,967	72,117		(149,503)		(673,000)

BUDGET SUMMARY, 2015-16 FISCAL YEAR

WORKING ON 14-15 MAYOR REC 15-16

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	DEPT	2014-15 REQ. 15-1 BUDGET	MAYOR REC 15-16	2014-15 BUDGET
401	TAXES	20,108	69,730	43,418	69,730		69,730		69,730
800	OTHER SERVICES AND CHARGES	0	69,730	24,425	69,730		69,730		69,730
NET OF REVENUES/APPROPRIATIONS - FUND 235		20,108	0	18,993	0		0		0

BUDGET SUMMARY, 2015-16 FISCAL YEAR

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WORKING ON 14-15 MAYOR REC 15-16

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	DEPT	2014-15 REQ. 15-1 BUDGET	MAYOR REC 15-16	2014-15 REC 15-16 BUDGET
401	TAXES	(1,221,720)	0	156,034	0		0		0
600	CHARGES FOR SERVICES	38,000	38,000	38,000	38,000		38,000		38,000
664	INTEREST AND RENTS	26,593	0	0	0		0		0
671	OTHER REVENUE	20,384,020	568,919	569,615	568,919		531,520		531,520
699	OPERATING TRANSFERS IN	510,849	0	0	0		0		0
800	OTHER SERVICES AND CHARGES	10,000	0	(1,830)	0		0		0
990	DEBT SERVICE	20,766,749	568,919	568,919	568,919		569,520		569,520
999	APPROPRIATION (OPERATING) TRANSFE	0	38,000	0	38,000		0		0
NET OF REVENUES/APPROPRIATIONS - FUND 239		(1,039,007)	0	196,560	0		0		0

BUDGET SUMMARY, 2015-16 FISCAL YEAR

WORKING ON 14-15 MAYOR REC 15-16

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	DEPT	2014-15 REQ. 15-1 BUDGET	MAYOR REC 15-16	2014-15 BUDGET
401	TAXES	1,310,904	1,102,000	1,155,546	1,102,000		1,075,697		1,075,697
671	OTHER REVENUE	0	306,082	306,082	306,082		321,835		321,835
699	OPERATING TRANSFERS IN	0	284,117	246,117	284,117		370,100		370,100
800	OTHER SERVICES AND CHARGES	0	0	(6,666)	0		0		0
990	DEBT SERVICE	1,767,081	1,771,082	1,767,831	1,771,082		1,767,632		1,767,632
NET OF REVENUES/APPROPRIATIONS - FUND 240		(456,177)	(78,883)	(53,420)	(78,883)		0		0

BUDGET SUMMARY, 2015-16 FISCAL YEAR
 WORKING ON 14-15 MAYOR REC 15-16

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ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	DEPT	2014-15 REQ. 15-1 BUDGET	2014-15 MAYOR REC 15-16 BUDGET
401	TAXES	415,929	325,000	310,822	325,000		370,100	370,100
999	APPROPRIATION (OPERATING) TRANSFE	510,849	246,117	246,117	246,117		370,100	370,100
NET OF REVENUES/APPROPRIATIONS - FUND 241		(94,920)	78,883	64,705	78,883		0	0

BUDGET SUMMARY, 2015-16 FISCAL YEAR

WORKING ON 14-15 MAYOR REC 15-16

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	DEPT	2014-15 REQ. 15-1 BUDGET	2014-15 MAYOR REC 15-16 BUDGET
401	TAXES	671,359	680,746	565,488	680,746		647,417	647,417
539	STATE GRANTS	221,442	0	0	0		0	0
800	OTHER SERVICES AND CHARGES	62,951	4,810	3,205	4,810		0	0
970	CAPITAL OUTLAY	166,698	825,000	58,670	825,000		0	620,000
999	APPROPRIATION (OPERATING) TRANSFE	0	255,000	0	255,000		0	0
NET OF REVENUES/APPROPRIATIONS - FUND 245		663,152	(404,064)	503,613	(404,064)		647,417	27,417

BUDGET SUMMARY, 2015-16 FISCAL YEAR

WORKING ON 14-15 MAYOR REC 15-16

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	DEPT	2014-15 REQ. 15-1 BUDGET	MAYOR REC 15-16	2014-15 BUDGET
501	FEDERAL GRANTS	301,424	497,398	244,503	497,398		40,000		40,000
701	PERSONAL SERVICES	10,441	10,815	8,280	10,815		0		0
726	SUPPLIES	(2,934)	1,200	132	1,200		0		0
800	OTHER SERVICES AND CHARGES	293,917	485,383	298,563	485,383		40,000		40,000
NET OF REVENUES/APPROPRIATIONS - FUND 263		0	0	(62,472)	0		0		0

BUDGET SUMMARY, 2015-16 FISCAL YEAR

WORKING ON 14-15 MAYOR REC 15-16

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	DEPT	2014-15 REQ. 15-1 BUDGET	MAYOR REC 15-16	2014-15 REC 15-16 BUDGET
655	FINES AND FORFEITS	42,612	0	34,982	0		0		40,000
726	SUPPLIES	0	0	0	0		0		3,000
800	OTHER SERVICES AND CHARGES	8,735	142,980	6,277	142,980		89,699		86,699
970	CAPITAL OUTLAY	242,487	0	20,146	0		0		0
NET OF REVENUES/APPROPRIATIONS - FUND 270		(208,610)	(142,980)	8,559	(142,980)		(89,699)		(49,699)

BUDGET SUMMARY, 2015-16 FISCAL YEAR

WORKING ON 14-15 MAYOR REC 15-16

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	DEPT	2014-15 REQ. 15-1 BUDGET	2014-15 MAYOR REC 15-16 BUDGET
450	LICENSES AND PERMITS	0	0	500	0		0	0
539	STATE GRANTS	200,419	200,000	0	200,000		195,867	195,867
726	SUPPLIES	24	0	0	0		0	0
800	OTHER SERVICES AND CHARGES	24,328	0	0	0		0	0
999	APPROPRIATION (OPERATING) TRANSFE	729,336	200,000	0	200,000		195,867	195,867
NET OF REVENUES/APPROPRIATIONS - FUND 480		(553,269)	0	500	0		0	0

BUDGET SUMMARY, 2015-16 FISCAL YEAR
WORKING ON 14-15 MAYOR REC 15-16

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	DEPT	2014-15 REQ. 15-1 BUDGET	2014-15 MAYOR REC 15-16 BUDGET
450	LICENSES AND PERMITS	0	0	0	0		0	2,893,500
600	CHARGES FOR SERVICES	0	0	0	0		0	23,160
655	FINES AND FORFEITS	0	0	0	0		0	60,000
726	SUPPLIES	0	0	0	0		0	42,150
800	OTHER SERVICES AND CHARGES	0	0	0	0		0	2,934,508
NET OF REVENUES/APPROPRIATIONS - FUND 542		0	0	0	0		0	2

BUDGET SUMMARY, 2015-16 FISCAL YEAR

WORKING ON 14-15 MAYOR REC 15-16

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13	2013-14	2013-14	2013-14	2014-15	2014-15
		ACTIVITY	AMENDED BUDGET	THRU 04/30/14	ACTIVITY	PROJECTED ACTIVITY	REQ. 15-1 MAYOR REC 15-16 BUDGET
671	OTHER REVENUE	1,096,472	600,000	242,305	600,000	645,465	645,064
701	PERSONAL SERVICES	1,277,523	600,000	253,701	600,000	640,865	640,464
800	OTHER SERVICES AND CHARGES	(121,396)	0	(263,032)	0	4,600	4,600
NET OF REVENUES/APPROPRIATIONS - FUND 677		(59,655)	0	251,636	0	0	0

BUDGET SUMMARY, 2015-16 FISCAL YEAR

WORKING ON 14-15 MAYOR REC 15-16

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	DEPT	2014-15 REQ. 15-1 BUDGET	MAYOR REC 15-16	2014-15 BUDGET
671	OTHER REVENUE	872,630	0	0	0		0		0
701	PERSONAL SERVICES	872,630	25,000	61	25,000		0		0
NET OF REVENUES/APPROPRIATIONS - FUND 729		0	(25,000)	(61)	(25,000)		0		0

BUDGET SUMMARY, 2015-16 FISCAL YEAR

WORKING ON 14-15 MAYOR REC 15-16

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13 ACTIVITY	2013-14 AMENDED BUDGET	2013-14 ACTIVITY THRU 04/30/14	2013-14 PROJECTED ACTIVITY	DEPT REQ. 15-1	2014-15 MAYOR REC 15-16 BUDGET	2014-15 MAYOR REC 15-16 BUDGET
671	OTHER REVENUE	11,656,493	976,343	5,352,540	976,343	12,242,984	12,251,422	
699	OPERATING TRANSFERS IN	371,854	0	212,640	0	0	0	
701	PERSONAL SERVICES	8,802,442	2,064,851	4,443,019	2,064,851	11,062,009	11,070,447	
726	SUPPLIES	101	0	4	0	0	0	
800	OTHER SERVICES AND CHARGES	641,909	1,525,000	856,710	1,525,000	1,209,898	1,275,898	
NET OF REVENUES/APPROPRIATIONS - FUND 759		2,583,895	(2,613,508)	265,447	(2,613,508)	(28,923)	(94,923)	

BUDGET SUMMARY, 2015-16 FISCAL YEAR

WORKING ON 14-15 MAYOR REC 15-16

ACCOUNT CLASSIFICATION	DESCRIPTION	2012-13	2013-14	2013-14	2013-14	2014-15	2014-15
		ACTIVITY	AMENDED BUDGET	THRU 04/30/14	PROJECTED ACTIVITY	DEPT REQ. 15-1 BUDGET	MAYOR REC 15-16 BUDGET
539	STATE GRANTS	182,896	183,000	137,172	183,000	183,000	183,000
600	CHARGES FOR SERVICES	829,835	793,550	695,446	793,550	788,250	788,250
655	FINES AND FORFEITS	785,286	900,001	875,366	900,001	939,000	946,715
664	INTEREST AND RENTS	1,584	0	2,368	0	0	0
671	OTHER REVENUE	(10,626)	(6,910)	(4,589)	(6,910)	(6,910)	(6,910)
699	OPERATING TRANSFERS IN	2,269,649	880,000	733,333	880,000	880,000	1,047,033
701	PERSONAL SERVICES	3,459,657	2,148,271	1,555,452	2,148,271	2,126,647	2,281,518
726	SUPPLIES	82,569	55,250	43,694	55,250	79,000	79,000
800	OTHER SERVICES AND CHARGES	497,183	480,120	383,616	480,120	520,709	524,070
970	CAPITAL OUTLAY	8,303	16,000	4,768	16,000	23,500	23,500
999	APPROPRIATION (OPERATING) TRANSFE	10,915	50,000	28,528	50,000	50,000	50,000
NET OF REVENUES/APPROPRIATIONS - FUND 760		(3)	0	423,038	0	(16,516)	0
ESTIMATED REVENUES - ALL FUNDS		133,857,312	48,868,113	42,428,111	48,868,113	58,907,510	60,360,166
APPROPRIATIONS - ALL FUNDS		126,827,004	52,453,079	39,703,484	52,453,079	72,698,463	61,983,224
NET OF REVENUES/APPROPRIATIONS - ALL FUNDS		7,030,308	(3,584,966)	2,724,627	(3,584,966)	(13,790,953)	(1,623,058)

Appendix D

Ordinance No. 2xxx

An Ordinance to appropriate the sums of money necessary to meet the expenditures set forth in the budget recommended for the operation of the City of Pontiac, Michigan; to defray the debts, expenditures, and liabilities of said City for the fiscal year beginning the first day of July, 2015.

The City of Pontiac Ordains:

Section 1. Title.

This ordinance shall be known as the City of Pontiac 2015-2016 General Appropriations Act.

Section 2. Public Hearing on the Budget.

Pursuant to MCLA 141.412 and .413, notice of a public hearing on the proposed budget was published in The Oakland Press, a newspaper of general circulation on Saturday, May 31, 2014 and a public hearing on the proposed budget was held on Thursday, June 5, 2014.

Section 3. Millage Levy, Administration Fee, and Penalties.

In 2015, the City Council shall hold a public hearing in accordance with the General Property Tax Act on the millage rates required to support this adopted budget. The City Council shall levy the millage rates necessary to support this adopted budget. The City Treasurer is hereby authorized to impose a one percent (1%) property tax administration fee for all property taxes due, and a late penalty charge when applicable, in conformance with Section 44 of Public Act 206 of 1893.

Section 4. Adoption of budget by Function.

The City Council of the City of Pontiac adopts the 2015-2016 fiscal year budgets for the various funds by function. City officials responsible for the expenditures authorized in the budget may expend City funds up to, but not to exceed, the total appropriation authorized for each function.

Section 5. Payment of Bills.

Pursuant to the Local Financial Stability and Choice Act and the Accounting Procedures Manual for Local Governments in Michigan, all claims (bills) against the City shall be, approved by the Finance Director of the City of Pontiac prior to being paid.

Section 6: Estimated Revenues and Expenditures--Estimated total revenues and expenditures, including transfers in and out and other sources, for the various funds of the City of Pontiac beginning July 1, 2015 are:

<u>Fund Number</u>	<u>Fund</u>	<u>Revenues</u>	<u>Expenditures</u>
101	General	\$ 28,686,137.00	\$ 28,686,120.00
113	Cable	\$ 140,000.00	\$ 140,000.00
202	Major Street	\$ 3,140,380.00	\$ 3,706,058.00
203	Local Street	\$ 1,425,305.00	\$ 1,159,956.00
212	Senior Activities	\$ 216,824.00	\$ 554,122.00
213	Chapter 20 Drain	\$ (250.00)	\$ 194,996.00
226	Sanitation Fund	\$ 4,220,270.00	\$ 4,893,270.00
235	Brownfield Redevelopment Authority	\$ 69,730.00	\$ 69,730.00
239	TIFA District 2	\$ 38,000.00	\$ 569,520.00
240	TIFA District 3	\$ 1,767,632.00	\$ 1,767,632.00
241	TIFA District 4	\$ 370,100.00	\$ 370,100.00
245	Capital Improvement	\$ 647,417.00	\$ 620,000.00
263	HOME Buyers Assistance	\$ 40,000.00	\$ 40,000.00
270	Drug Enforcement	\$ 40,000.00	\$ 89,699.00
480	Public Act 48	\$ 195,867.00	\$ 195,867.00
542	Building Inspection	\$ 2,976,660.00	\$ 2,976,658.00
677	Self-Insurance Wk Comp	\$ 645,064.00	\$ 645,064.00
729	Sick and Vacation	\$ -	\$ -
759	Insurance	\$ 12,251,422.00	\$ 12,346,345.00
760	District Court	\$ 2,958,088.00	\$ 2,958,088.00

with expenditure authorization by function as herein provided:

General Fund

ESTIMATED REVENUES

Taxes	15,930,367
Licenses and Permits	7,500
State Grants	9,752,451
Federal Grants	0
Charges for Services	1,375,840
Interest and Rents	160,875
Other Revenue	<u>1,213,237</u>
TOTAL ESTIMATED REVENUES	28,440,270
Transfers In and Other Uses	245,867

APPROPRIATIONS

General Government	3,689,924
Public Safety	19,094,154
Public Works	1,324,415
Community and Economic Development	1,257,307
Recreation and Culture	183,262
Other Functions	<u>2,090,025</u>
TOTAL APPROPRIATIONS	27,639,087
Transfers Out and Other Uses	1,047,033

General Fund		NET OF REVENUES/APPROPRIATIONS	18
		Estimated Beginning Fund Balance	1,449,848
		Estimated Ending Fund Balance	1,449,866
<u>Cable Fund</u>			
ESTIMATED REVENUES			
Charges for Services			<u>140,000</u>
	TOTAL ESTIMATED REVENUES		140,000
Transfers In and Other Sources			0
APPROPRIATIONS			
General Government			<u>140,000</u>
	TOTAL APPROPRIATIONS		140,000
Transfers Out and Other Uses			0
Cable Fund		NET OF REVENUES/APPROPRIATIONS	0
		Estimated Beginning Fund Balance	954,929
		Estimated Ending Fund Balance	954,929
<u>Major Street Fund</u>			
ESTIMATED REVENUES			
State Grants			<u>3,140,380</u>
	TOTAL ESTIMATED REVENUES		3,140,380
Transfers In and Other Sources			0
APPROPRIATIONS			
Public Works			<u>3,234,958</u>
	TOTAL APPROPRIATIONS		3,234,958
Transfers Out and Other Uses			471,100
Major Street Fund		NET OF REVENUES/APPROPRIATIONS	(565,678)
		Estimated Beginning Fund Balance	1,410,947
		Estimated Ending Fund Balance	845,269
<u>Local Street Fund</u>			
ESTIMATED REVENUES			
State Grants			<u>954,205</u>
	TOTAL ESTIMATED REVENUES		954,205
Transfers In and Other Sources			471,100
APPROPRIATIONS			
Public Works			<u>1,159,956</u>
	TOTAL APPROPRIATIONS		1,159,956
Transfers Out and Other Uses			0

Local Street Fund	NET OF REVENUES/APPROPRIATIONS	265,349
	Estimated Beginning Fund Balance	1,621,075
	Estimated Ending Fund Balance	1,886,424

Senior Activities

ESTIMATED REVENUES

Taxes	211,824
Interest and Rents	<u>5,000</u>
	216,824
TOTAL ESTIMATED REVENUES	0
Transfers In and Other Sources	

APPROPRIATIONS

Recreation and Culture	<u>554,122</u>
	554,122
TOTAL APPROPRIATIONS	0
Transfers Out and Other Uses	

Senior Activities Fund	NET OF REVENUES/APPROPRIATIONS	(337,298)
	Estimated Beginning Fund Balance	849,796
	Estimated Ending Fund Balance	512,498

Chapter 20 Drain Fund

ESTIMATED REVENUES

Taxes	(250)
	(250)
TOTAL ESTIMATED REVENUES	0
Transfers In and Other Sources	

APPROPRIATIONS

Public Works	<u>194,996</u>
	194,996
TOTAL APPROPRIATIONS	0
Transfers Out and Other Uses	

Chapter 20 Drain Fund	NET OF REVENUES/APPROPRIATIONS	(195,246)
	Estimated Beginning Fund Balance	198,012
	Estimated Ending Fund Balance	2,766

Sanitation Fund

ESTIMATED REVENUES

Taxes	1,269,893
Charges for Services	2,950,377
Interest and Rents	<u>0</u>
	4,220,270
TOTAL ESTIMATED REVENUES	0
Transfers In and Other Sources	

APPROPRIATIONS		
Public Works		<u>4,893,270</u>
	TOTAL APPROPRIATIONS	4,893,270
Transfers Out and Other Uses		0
	NET OF	
Sanitation Fund	REVENUES/APPROPRIATIONS	(673,000)
	Estimated Beginning Fund	
	Balance	<u>2,735,204</u>
	Estimated Ending Fund Balance	2,062,204

Brownfield Redevelopment Authority

ESTIMATED REVENUES		
Taxes		<u>69,730</u>
	TOTAL ESTIMATED REVENUES	69,730
Transfers In and Other Sources		0

APPROPRIATIONS		
Community and Economic Development		<u>69,730</u>
	TOTAL APPROPRIATIONS	69,730
Transfers Out and Other Uses		0

	NET OF	
Brownfield Redevelopment Authority Fund	REVENUES/APPROPRIATIONS	0
	Estimated Beginning Fund	
	Balance	0
	Estimated Ending Fund Balance	0

Tax Increment Financing Authority District 2

ESTIMATED REVENUES		
Charges for Services		38,000
Other Revenue		<u>531,520</u>
	TOTAL ESTIMATED REVENUES	569,520
Transfers In and Other Sources		0

APPROPRIATIONS		
Debt Service		<u>569,520</u>
	TOTAL APPROPRIATIONS	0
Transfers Out and Other Uses		0

	NET OF	
Tax Increment Financing District 2 Fund	REVENUES/APPROPRIATIONS	0
	Estimated Beginning Fund	
	Balance	0
	Estimated Ending Fund Balance	0

Tax Increment Financing Authority**District 3**

ESTIMATED REVENUES

Taxes		1,075,697
Other Revenue		<u>321,835</u>
	TOTAL ESTIMATED REVENUES	1,397,532
Transfers In and Other Sources		370,100

APPROPRIATIONS

Debt Service		<u>1,767,632</u>
	TOTAL APPROPRIATIONS	1,767,632
Transfers Out and Other Uses		0

	NET OF	
	REVENUES/APPROPRIATIONS	0
	Estimated Beginning Fund	
	Balance	0
	Estimated Ending Fund Balance	0

Tax Increment Financing District 3 Fund**Tax Increment Financing Authority****District 4**

ESTIMATED REVENUES

Taxes		<u>370,100</u>
	TOTAL ESTIMATED REVENUES	370,100
Transfers In and Other Sources		0

APPROPRIATIONS

Community and Economic Development		<u>0</u>
	TOTAL APPROPRIATIONS	0
Transfers Out and Other Uses		370,100

	NET OF	
	REVENUES/APPROPRIATIONS	0
	Estimated Beginning Fund	
	Balance	0
	Estimated Ending Fund Balance	0

Tax Increment Financing District 4 Fund**Capital Improvement**

ESTIMATED REVENUES

Taxes		<u>647,417</u>
	TOTAL ESTIMATED REVENUES	647,417
Transfers In and Other Sources		0

APPROPRIATIONS

General Government		50,000
Public Works		470,000
Other Functions		<u>100,000</u>

TOTAL APPROPRIATIONS	620,000
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Transfers Out and Other Uses		0
Capital Improvement Fund	NET OF REVENUES/APPROPRIATIONS	27,417
	Estimated Beginning Fund Balance	18,219
	Estimated Ending Fund Balance	45,636
<u>HOME Investment Partnerships Grant</u>		
ESTIMATED REVENUES		
Federal Grants		<u>40,000</u>
	TOTAL ESTIMATED REVENUES	40,000
Transfers In and Other Sources		0
APPROPRIATIONS		
Community and Economic Development		<u>40,000</u>
	TOTAL APPROPRIATIONS	40,000
Transfers Out and Other Uses		0
HOME Investment Partnerships Grant Fund	NET OF REVENUES/APPROPRIATIONS	0
	Estimated Beginning Fund Balance	0
	Estimated Ending Fund Balance	0
<u>Drug Enforcement Fund</u>		
ESTIMATED REVENUES		
Fines and Forfeits		<u>40,000</u>
	TOTAL ESTIMATED REVENUES	40,000
Transfers In and Other Sources		0
APPROPRIATIONS		
Public Safety		<u>89,699</u>
	TOTAL APPROPRIATIONS	89,699
Transfers Out and Other Uses		0
Drug Enforcement Fund	NET OF REVENUES/APPROPRIATIONS	(49,699)
	Estimated Beginning Fund Balance	70,572
	Estimated Ending Fund Balance	20,873
<u>PA 48 Telecommunications Fund</u>		
ESTIMATED REVENUES		
State Grants		<u>195,867</u>
	TOTAL ESTIMATED REVENUES	195,867
Transfers In and Other Sources		0
APPROPRIATIONS		
Public Works		<u>0</u>
	TOTAL APPROPRIATIONS	0

Transfers Out and Other Uses		0
PA 48 Telecommunications Fund	NET OF REVENUES/APPROPRIATIONS	0
	Estimated Beginning Fund Balance	0
	Estimated Ending Fund Balance	0
<u>Building Inspection Fund</u>		
ESTIMATED REVENUES		
Licenses and Permits		2,893,500
Charges for Services		23,160
Fines and Forfeits		<u>60,000</u>
	TOTAL ESTIMATED REVENUES	2,976,660
Transfers In and Other Sources		0
APPROPRIATIONS		
Public Safety		<u>2,976,658</u>
	TOTAL APPROPRIATIONS	2,976,658
Transfers Out and Other Uses		0
Building Inspection Fund	NET OF REVENUES/APPROPRIATIONS	2
	Estimated Beginning Net Assets	0
	Estimated Ending Net Assets	2
<u>Self-Insurance Workers' Compensation Fund</u>		
ESTIMATED REVENUES		
Other Revenue		<u>645,064</u>
	TOTAL ESTIMATED REVENUES	645,064
Transfers In and Other Sources		0
APPROPRIATIONS		
Other Functions		<u>645,064</u>
	TOTAL APPROPRIATIONS	645,064
Transfers Out and Other Uses		0
Self-Insurance Worker's Compensation Fund	NET OF REVENUES/APPROPRIATIONS	0
	Estimated Beginning Net Assets	33,519
	Estimated Ending Net Assets	33,519

Employee Sick and Vacation Fund

ESTIMATED REVENUES		
Other Revenue		<u>0</u>
	TOTAL ESTIMATED REVENUES	0
Transfers In and Other Sources		0

APPROPRIATIONS		
Other Functions		<u>0</u>
	TOTAL APPROPRIATIONS	0
Transfers Out and Other Uses		0

	NET OF	
Sick and Vacation Fund	REVENUES/APPROPRIATIONS	0
	Estimated Beginning Net Assets	0
	Estimated Ending Net Assets	0

Insurance Fund

ESTIMATED REVENUES		
Other Revenue		<u>12,251,422</u>
	TOTAL ESTIMATED REVENUES	12,251,422
Transfers In and Other Sources		0

APPROPRIATIONS		
General Government		94,923
Other Functions		<u>12,251,422</u>
	TOTAL APPROPRIATIONS	12,346,345
Transfers Out and Other Uses		0

	NET OF	
Insurance Fund	REVENUES/APPROPRIATIONS	(94,923)
	Estimated Beginning Net Assets	2,160,004
	Estimated Ending Net Assets	2,065,081

District Court Fund

ESTIMATED REVENUES		
State Sources		183,000
Charges for Services		788,250
Fines and Forfeits		946,715
Other Revenue		<u>(6,910)</u>
	TOTAL ESTIMATED REVENUES	1,911,055
Transfers In and Other Sources		1,047,033

APPROPRIATIONS		
General Government		<u>2,958,088</u>
	TOTAL APPROPRIATIONS	2,958,088
Transfers Out and Other Uses		0

	NET OF	
District Court Fund	REVENUES/APPROPRIATIONS	0
	Estimated Beginning Fund Balance	0
	Estimated Ending Fund Balance	0

Section 7. Specific Appropriations.

There are no specific appropriations contained in the budget.

Section 8. Periodic Financial Reports.

The Finance Director shall provide the City Administrator, Mayor, and City Council financial reports on a monthly basis.

Section 9. Budget Monitoring and Amending.

Whenever it appears to the Mayor that the actual and probable revenues in any fund will be less than the estimated revenues upon which appropriations from such fund were based, and when it appears that expenditures will exceed an appropriation upon which appropriations from such fund were based, the Mayor shall present to the Finance Director recommendations to prevent expenditures from exceeding available revenues or appropriations for the fiscal year. Such recommendations shall include proposals for reducing appropriations, increasing revenues or both. The Finance Director is hereby authorized to amend accounts within functions in a fund and among functions in a fund during the fiscal year provided that such amendments do not change the total revenues or total expenditures for the fund as approved by the City Council. If the total revenues or the total expenditures, including transfers in and out and other sources and uses within a single fund must be changed, then the Mayor and Finance Director shall present such amendment to the City Council for approval.

Section 10. Severability.

If any section, clause, or provision of this Ordinance shall be declared to be unconstitutional, void, illegal, or ineffective by any Court of competent jurisdiction, such section, clause, or provision declared to be unconstitutional, void, or illegal shall thereby cease to be a part of this Ordinance, but the remainder of this Ordinance shall stand and be in full force and effect.

Section 11. Repealer.

All Ordinances or parts of Ordinances in conflict herewith are hereby repealed only to the extent necessary to give this Ordinance full force and effect.

Section 12. Publication.

The Clerk shall publish this Ordinance in a newspaper of general circulation.

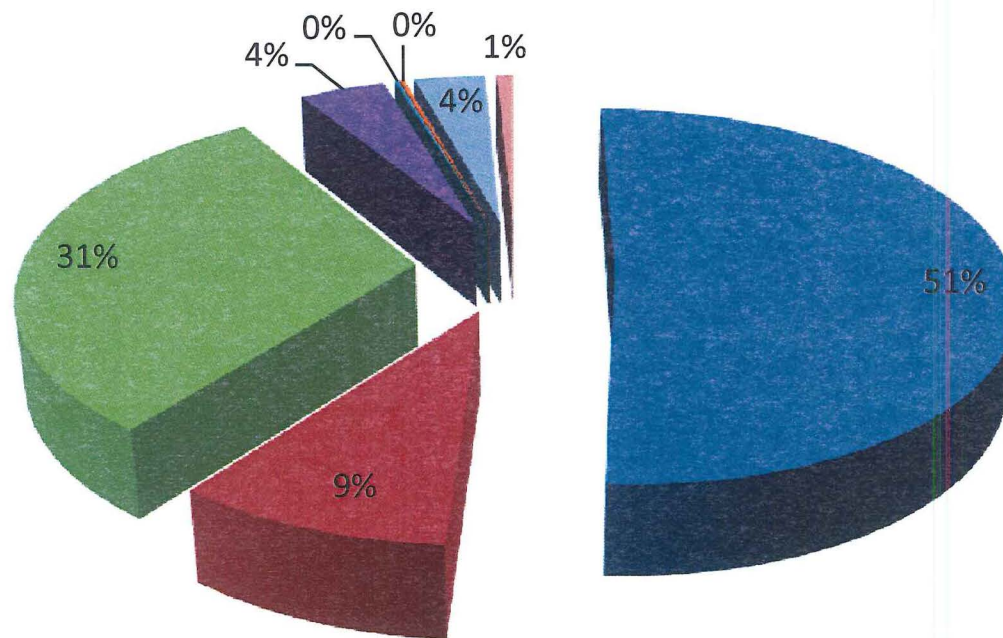
Section 13. Effective Date.

This Ordinance shall be effective ten days after date of adoption and approval by the Transition Advisory Board.

Appendix E

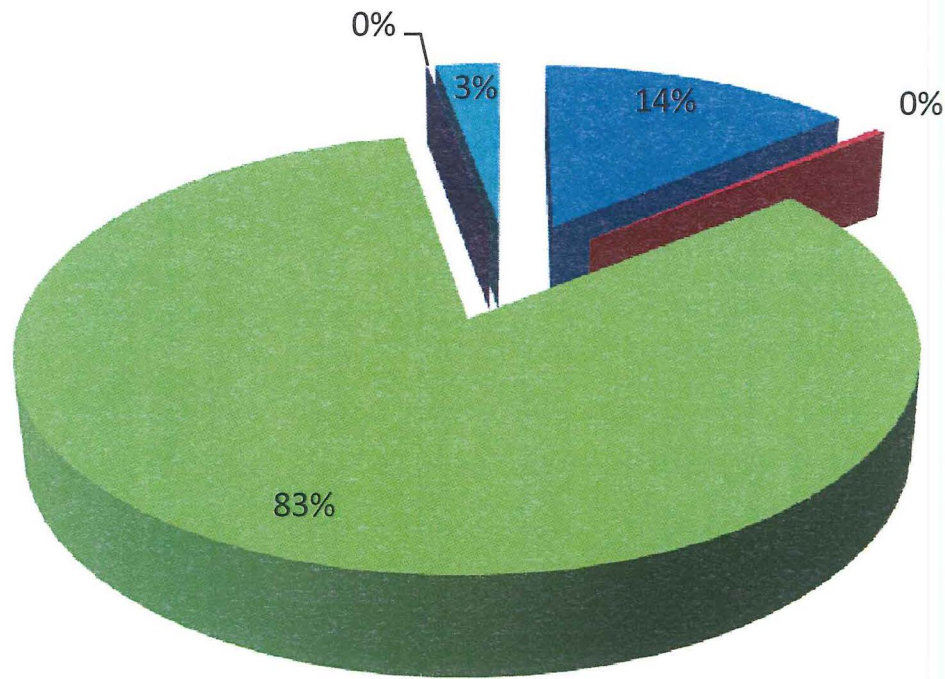
2014-15 General Fund Revenues

- Taxes
- Licenses and Permits
- State Grants
- Charges for Services
- Fines and Forfeits
- Interest and Rents
- Other Revenue
- Operating Transfers In



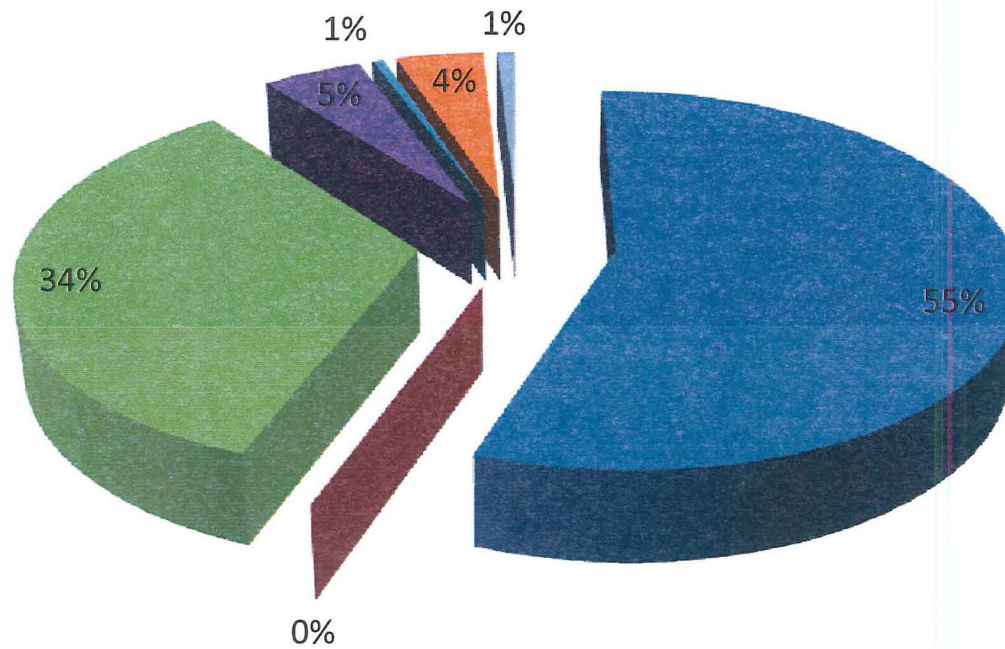
2014-15 General Fund Expenditures

■ Personnel Services ■ Supplies ■ Other Services and Charges ■ Capital Outlay ■ Transfer Out



2015-16 General Fund Revenues

■ Taxes ■ Licenses and Permits ■ State Grants ■ Charges for Services
■ Interest and Rents ■ Other Revenue ■ Operating Transfers In



2015-16 General Fund Expenditures

■ Personnel Services ■ Supplies ■ Other Services and Charges ■ Transfer Out

