

GENERAL APPROPRIATIONS ACT

**RESOLUTION TO ADOPT THE BUDGET
OF THE CITY OF LAPEER FOR THE FISCAL YEAR
JULY 1, 2011 TO JUNE 30, 2012
AND TO MAKE APPROPRIATIONS THEREFORE**

At a regular meeting of the Lapeer City Commission on Monday, May 16, 2011, at 6:30 p.m. in the Lapeer City Commission Chambers of the Lapeer City Hall, 576 Liberty Park, Lapeer, Michigan, Commissioner Robinet moved for the adoption of the following resolution. The motion was supported by Commissioner Farrington.

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

WHEREAS, the Manager has submitted said budget and recommendations along with the proposed tax millage to be levied and a public hearing has been held thereon:

NOW, THEREFORE, BE IT RESOLVED as provided in the City Charter, and in conformity to Public Act 621 of 1978, the Uniform Budgeting and Accounting Act, that the budgets attached hereto and made a part hereof by reference are hereby considered and adopted, to be administered on activity (department) level, as the budgets of the City of Lapeer to cover the operations and expenditures thereof for the fiscal year July 1, 2011 to June 30, 2012.

BE IT FURTHER RESOLVED that in addition to the levy of a City Income Tax in accordance with the State's Uniform City Income Tax Act, the sum of \$2,479,980 be raised by taxation by the levy of 9.8000 mills for operations on the assessed value of all real and personal property in the City as follows:

General Operation9.8000 mills.....\$2,479,980

BE IT FURTHER RESOLVED that the City Manger be authorized to transfer necessary amounts between activities (departments) within a fund and up to \$5,000 between funds.

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

YEAS: Commissioners Robinet, Farrington, Bennett, Marquardt, and Bostick-Tullius.

NAYS: None

ABSTAIN: None

ABSENT: None

MOTION CARRIED AND RESOLUTION ADOPTED.



Donna L. Cronce, MMC
City Clerk, City of Lapeer

THIS PAGE LEFT BLANK INTENTIONALLY

Memorandum

To: Bill Sprague, Mayor, and City Commissioners, Dan Farrington, Debbie Marquardt, Mike Robinet, A. Wayne Bennett, and Catherine Bostick Tullius
From: Dale Kerbyson, City Manager
Date: April 26, 2011
Re: Annual Budget, Fiscal Year (FY) 2011-2012

INTRODUCTION TO BUDGET

Section 8.2 of the City Charter requires that the City Manager prepare and submit a budget proposal for the next fiscal year to the Commission on or before the second Monday in May. You are presented with this year's proposal on May 2, 2011.

The brief comments below provide a short introduction to the greater than 350 page budget document. At the budget workshop, scheduled May 2011, the department heads provide detailed commentary on this document. A public hearing on the proposed budget is scheduled for Monday, May 16, 2011, at 6:30 p.m. at City Hall.

In accordance with the City Charter, and in cooperation with the City of Lapeer Department Heads, I recommend that the budget herein be adopted for the fiscal year July 1, 2011 through June 30, 2012.

The total amount of the FY 2011-2012 annual budget proposal is \$31,480,963 which includes the projects for the Capital Improvement Program in the amount of \$7,723,396.

As the City of Lapeer strives to continue to provide a wide array of services to its citizens, general fund revenues continue to decline and expenses continue to escalate. State Shared Revenue cuts and the automatic contract wage raises marked an additional increase in expenses to the City. To offset the increases City Staff have been successful in saving money on onetime and repeated expenses. Additionally, the City fulltime staff has been reduced by five or perhaps six by the time this budget is placed in effect.

REVENUE REDUCTIONS

State Shared Revenues decreased by fifteen percent between the end of fiscal year 2004 and this budget request. Revenue shortfalls and the comparative trends are summarized below.

State Shared Revenue

If shared revenue remained stagnant at the 2002 rate, the City would have received **\$2,597,305** more in revenues over the last nine years. Our projected shared revenue in the 10/11 fiscal year is 64.6% below the annual figure of what was received eight years ago.

Revenues in 01/02	\$1,037,526	
Revenues in 02/03	889,506 or	\$148,020 loss from prior year
Revenues in 03/04	862,709 or	26,797 loss from prior year
Revenues in 04/05	818,099 or	44,601 loss from prior year
Revenues in 05/06	822,638 or	4,539 gain from prior year
Revenues in 06/07	801,727 or	20,911 loss from prior year
Revenues in 07/08	784,522 or	17,205 loss from prior year
Revenues in 08/09	789,709 or	5,187 gain from prior year
Revenues in 09/10	673,073 or	116,136 loss from prior year
Projected in 10/11	668,642 or	4,431 loss from prior year
Proposed in 11/12	601,777 or	66,865 loss from last year

If funding had stayed the same as it was in 2001 the City of Lapeer should have received an additional \$2,597,305.00 over the last nine years. This indicates a 25.74% loss in revenue in this line item over nine years or about 2.9% a year.

The State of Michigan continues to shift its financial burden onto local municipalities by reducing revenue sharing and reclaiming funds it promised to municipalities when Proposition A and Headlee Amendment went into effect. Additional stress on the City is due to the reducing property tax revenues. This year is the first time that Lapeer home owners saw a reduction in their State Equalized Value and a reduction in their Taxable Value. Other actions by the legislature and the courts eliminated or reduced reimbursements to local governments for state mandated functions and three years ago the state legislature reduced personal property taxes.

Income Tax

In addition to a few major employers leaving town, Lapeer has many small businesses with low paying jobs. The rate of unemployment is high and firms have cut both overtime and the number of employees in recent years.

Based on a five 5 year trend projection at *only* the rate of inflation (1998-2003) the revenues in 2003 would have been \$2,195,775.

Actual for	2003-2004	2,164,036
Actual for	2004-2005	2,243,650
Actual for	2005-2006	2,318,485
Actual for	2006-2007	2,177,324
Actual for	2007-2008	2,393,803
Actual for	2008-2009	2,442,439
Actual for	2009-2010	2,149,120
Projected for	2010-2011	2,300,000
Requested for	2010-2011	2,320,000

INCREASES IN EXPENSES

While the cost of material and supplies continue to rise the most significant increase in expenses is the cost of providing health insurance to our employees. The premium rose from \$586,721 to \$1,441.08 in the last five years. Since the majority of our workforce is unionized, they must agree to options which could reduce costs.

The general fund figures below clearly show the efforts by department heads to cut expenses as required by our financial circumstances.

Actual for 2001- 2002	\$390,000 less than budget
Actual for 2002 -2003	\$120,242 less than budget
Actual for 2003 -2004	\$995,754 less than budget
Actual for 2004- 2005	\$339,947 less than budget
Actual for 2005- 2006	\$374,858 less than budget
Actual for 2006 -2007	\$ 80,289 less than budget
Actual for 2007 -2008	\$265,357 less than budget
Actual for 2008 -2009	\$657,407 less than budget
Actual for 2009 -2010	\$ 73,309 less than budget
Projected 2010 -2011	\$232,740 less than budget

Total Expenditures were **\$3,529,903** less than budgeted for 2001 – 2011

The General Fund amended budget for FY 2010-2011 was \$9,075,899 while projected expenditures are estimated at \$8,843,1159 or \$232,740 less than the amended budget.

BALANCING THE BUDGET

We continue to examine all options to increase revenues and reallocating monies to the general fund which supports police, fire, public works, parks and facilitates development. The following measures were taken to avoid significant cuts in staffing:

1. A return to the General Fund of contributed capital from the Wastewater Fund totaling \$300,000.
2. A return to the General Fund of collected capital from all departments for technical equipment totaling \$85,000.
3. Transferred all of the Parking Fund expense not covered by revenue to the DDA's operations of approximately \$41,544.
4. A reimbursement from the Building Department for startup cost \$20,000.
5. A return to the General Fund of contributed capital from all departments to the equipment fund totaling \$122,552.
6. The utilization of the General Fund fund balance in the amount of \$34,293.
7. Utilized Public Act 298 of 1917 and Public Act of 359 of 1925 to raise revenues of \$253,057 and \$49,076 respectively for a total of \$ 302,133.

With these adjustments we will maintain a fund balance in the general fund of approximately 1,244,011 or 13.8% of budgeted expenditures. This will allow us to weather an additional year or two of constrained budgets. Administration also requested that the LDFA and TIFA 3 reimburse its capture by 50%, therefore providing the return of excess collected tax dollars to the City General Fund and the Lapeer County General Fund. It is anticipated that the addition of the Trilogy Development and the Gestamp expansion will increase both income and property tax revenue to the City of Lapeer in this calendar year.

GENERAL FUND: FUND 101

As always, our intent is to maintain the City's strong financial condition while providing effective public services, personal and property protection, responsible development and an enhanced quality of life for all of our citizens. This year the focus is on maintaining services, jobs, equipment and the infrastructure needed to accommodate our taxpayers.

While there are more than 40 funding sources for City projects and operations, and more than 50 different funds listed in the City Budget, the fund primarily impacted by the above revenue reductions is the General Fund. In 2011 the fall in the City of Lapeer property tax value will generate in excess of a \$100,000 loss in property tax revenue for the City. Without a doubt the attack on the State Shared Revenue will be the second greatest single line item revenue loss to the City. Lapeer anticipates a 66% reduction in Statutory Revenue Sharing at a value of \$82,395. Additionally, costs for materials, supplies and services such as health care continue to rise. The General Fund supports the following services and functions:

- Legislative
- City Manager
- City Clerk & Elections
- Accounting & Financial Services
- Police & Fire Departments
- Public Works Department
- Building Department
- Planning, Zoning & Housing

MAJOR STREETS: FUND 202

This fund is currently balanced as we continue to pay the debt on the DeMille/Milville Boulevard and other projects while budgeted at a 10.3% decrease from last year. Major Street Fund will do simple street and curb repair on DeMille Boulevard and design work for the North Court Street Bridge Rehabilitation that is planned for next year. Also, an

ongoing street sign upgrade in this fiscal year. However, our Major Street Project for this year will be a reconstruction of Clay Street between Mason and Cedar Street. Project has three funding sources, Major Street Fund, DIG(Downtown Infrastructure Grant) Grant, and a contribution from City of Lapeer Downtown Development Authority plus a signage grant from the Greater Lapeer Transportation Authority. Estimated total project cost \$982,210.

For FY 2011-2012 the fund balance is estimated at \$46,439 or 5.9% of expenditures.

LOCAL STREET: FUND 203

The budget proposal for this fund is a continuation of our regular maintenance program and includes no funding for projects this fiscal year. Last year we reconstructed Mill Street as part of a Michigan Economic Development Corporation Infrastructure Capacity Enhancement Grant. The project sponsored by MEDC is the result of the sanitary sewer replacement under a major section of Mill Street. The balance of Mill Street was reconstructed using local street dollars. Mill Street will have curb and gutter and storm drainage when completed that it did not have prior to the project.

The fund balance for local streets at the end of FY 2011-2012 is \$56,436 or 17.6%.

PARKS AND RECREATION: FUND 208

The proposed budget for FY 2011-2012 is 1,762,437 which is a decrease from FY 2010-2011 at \$2,039,581 which is a decrease from the 2008-2009 budget of \$2,498,222. The only extraordinary expense this budget year is \$14,000 for Community Center Pool Strainer Replacement.

The fund balance at the close of FY 2011-2012 is estimated at \$194,968 or 11.1%. No adjustments to fees and charges are planned.

BUILDING DEPARTMENT: FUND 249

This new fund was added by City Commission action in 2008 in response to the communities need to provide better quality service in the building trades. Our staff had recognized several items that needed attention from rental inspection to building permit follow up. The City was unable to get cooperation from the private entity that provided the construction inspection and building trades oversight to our community so after several months of planning the City of Lapeer Building Department became a reality. It was anticipated that this department be revenue neutral after the third or fourth year, however, the unforeseen economic downturn put an immediate halt to construction across Michigan and Lapeer. With no immediate end to the economic situation the City of Lapeer was forced to reduce the department employees to part time. In this budget, the Lapeer Building Department will make its third installment payment to the City's General Fund to pay back its start up costs. This year the department paid back \$30,000.00.

The budget for the department is revenue neutral with a projected \$8,964 fund balance.

OAKDALE DEVELOPMENT: FUND 255

The prior lease with Mott College required that they pay all the utility costs of the Oakdale Development and a rate to \$55,000/year. This year we are proposing a \$95,664 annual budget compared to a \$101,422 09/10 budget with all other items being equal.

The Oakdale Development fund balance will be \$21,408 or 22.4%.

WASTEWATER: FUND 590

For the FY 2011-2012 budget we propose to increase the current sewer rate based on the sewer rate study that was completed in spring of 2006. As noted in the 2007 Capital Improvement Program, we anticipate expenditures of \$30 million dollars in the next 3-5 years to increase plant capacity. Part of that 30 million dollar plant expansion was replacement of a significant portion of the very old pipe leading into the Wastewater Treatment Plant in Saginaw Street. Also part of the larger project was the replacement of the Wastewater Treatment Plant flow interceptor pipe. These two projects were under construction during the 2009-2011 budget years and are 80% grant funded. Both of these projects will reduce the final 30 million dollar project as they will have already been constructed. In the FY 2010-2011 budget the City undertook, at the demand of the Michigan Department of Environmental Quality, an overdue refurbishing of the Wastewater Treatment Plant that has been in the CIP program for about seven years. The project is a scaled back version of the 30 million dollar project mentioned above. The total project cost this year for the plant rehabilitation is \$9,420,752 plus a sanitary system improvement project that will reduce storm water infiltration into the sanitary sewer system at a cost of \$1,033,606. This sanitary sewer system work will reduce the cost to operate the plant in the long run because the storm water will not be treated by the wastewater treatment facility.

Fund balance for the wastewater fund is \$1,577,810 or 16.1% of budgeted expenditures.

WATER: FUND 591

This year's budget proposal reflects a 9.3% increase in charges from the City of Detroit for water service. A water main project on Oregon Street is proposed during the upcoming fiscal year at a cost of \$85,900. It is anticipated that this new waterline will receive grant dollars as it will provide a new service to the Gestamp Automotive manufacturing facility. A side benefit of this project is that Oregon Street will need to be removed and replaced so the cost to replace it will be funded through grant dollars.

The fund balance for the water fund is \$1,856,632 or 59.4% of budgeted expenditures.

MOTOR POOL: FUND 661

During the 2011-2012 Fiscal Year the fund proposes to purchase two (2) Police Vehicles, three 3/4 ton pickup trucks, a leaf vacuum trailer, and one dump truck with under body plow.

The fund balance for motor pool fund is \$500,000 or 43.7, % of expenditures.

Motor Pool underwent a complete revision in the process for charging for equipment use. The new process allows for charging for all use of capital assets on an hourly basis and then paid to the motor pool. This way, when a piece of equipment needs replacement the dollars are on hand to do so eliminating the finance charges paid in the past and will allow the City to take advantage of various purchasing opportunities.

CAPITAL IMPROVEMENT PROGRAM

At a meeting of the Planning Commission on May 12, 2011, the City Planning Commission is anticipated to adopt the Capital Improvement Program as submitted.

Since 1985 the Capital Improvement Program listed all projects which totaled over \$2,500. To reflect the rate of inflation since then, only projects totaling \$5,000 or more were included in this budget. Due to the GASBY 34 accounting process placed on the City by the State of Michigan, only asset items will be listed in the CIP. Studies, analysis reports and purchases that don't have a tangible asset after purchase will no longer be listed in the Capital Improvement Plan.

CIP fund balance at the end of the 2011-2012 will be \$43,995 or 11.5%.

SUMMARY

The City Charter, Section 8.3, requires that the budget be adopted by resolution each May. Traditionally this has occurred at the second regularly scheduled monthly meeting of the Lapeer City Commission, which, this year, is Monday, May 16, 2011.

As a matter of interest, this budget message includes some statements from the 2004/2005/2006/2007/2008/2009 Budget Summary.

After incorporating any proposed changes to this document, a final approved version will be provided to the City Commission, administrative staff and any other interested party prior to July 1, 2011.

Without exception, all department and division heads worked diligently to constrain spending and arrive at a budget proposal that is both progressive and responsible. In my years as a City Manager, this year's budget was by far the most difficult to complete. My thanks to the administrative team, in particular to Finance Director, Paul Boucher, for compiling the Annual Budget Proposal for FY 2011-2012 and to the City Commission for their careful consideration of the same.

CITY OF LAPEER
ANNUAL BUDGET
FISCAL YEAR 2011-2012

TABLE OF CONTENTS

	<u>PAGE NO.</u>
CITY MANAGER'S BUDGET MESSAGE	
Budget Glossary.....	1
Summary of Expenditures – All Funds/Millage Recap.....	7
Summary of Expenditures and Revenues – General Fund.....	8
Summary of Expenditures – Other Funds.....	9
<u>101 – General Fund</u>	
Revenues.....	11
Expenditures:	
Legislative.....	19
Cable Advisory Board.....	22
City Manager.....	23
Income Tax.....	26
City Clerk.....	28
Board of Review.....	31
Accounting/Data Processing.....	32
City Assessor.....	36
GIS.....	40
Elections.....	43
City Hall Building Maintenance.....	45
City Attorney.....	49
Police.....	51
Fire.....	57
Department of Public Works.....	62
Housing.....	67
Planning.....	72
General Contingency.....	76
Disaster Contingency.....	77
Contributions to Other Entities	
Townships.....	78
Other Agencies.....	79
Transfers Out.....	80
<u>Other Funds</u>	
150 – Cemetery Perpetual Care.....	85
202 – Major Streets.....	89
203 – Local Streets.....	111
208 – Parks and Recreation.....	123
209 – Cemetery Fund.....	149
230 – Youth Mini-Grant Fund.....	159
249 – Building Department Fund.....	163
254 – Site Plan Review Fund.....	173
255 – Oakdale Development Fund.....	179
262 – Police K-9 Program Fund.....	187
263 – School Liaison – Dare Fund.....	191

CITY OF LAPEER
 ANNUAL BUDGET
 FISCAL YEAR 2011-2012
 TABLE OF CONTENTS – CONTINUED

	<u>PAGE NO.</u>
264 – General Forfeiture Fund	197
265 – Drug Law Enforcement Fund.....	203
266 – Highway Safety Grant Fund.....	209
274 – Public Safety Training Fund.....	217
275 – Mobile Training Unit Fund	221
288 – Housing Resource Fund.....	225
General Obligation Debt Funds	231
General Obligation Debt Schedules.....	235
403 – Capital Improvement Fund	245
Other Capital Project Funds	261
506 – Parking Fund.....	265
590 – Wastewater Fund	273
591 – Water Fund	293
661 – Motor Pool Fund.....	305
662 – Information Technology Fund.....	315
663 – Telephone Communications Fund.....	321
Special Assessment Debt Funds.....	327
Special Assessment Debt Schedules	331
<u>Capital Improvement Project Summary FY 2011-2017</u>	
Memorandum of Transmittal.....	336
Introduction.....	338
Funding Source Abbreviations.....	343
Revenue Summary.....	344
Expenditure Summary	345
Buildings and Land	347
Public Safety	348
Police	
Fire	
Parking	
Parks and Recreation	349
Cemetery.....	350
Water.....	351
Wastewater Treatment and Sewer Utility.....	353
Major Streets.....	355
Local Streets	357
Sidewalks	359
Equipment.....	360

BUDGET GLOSSARY

The Annual Budget contains specialized and technical terminology that is unique to public finance and budgeting. To assist the reader of the Annual Budget document in understanding these terms, a budget glossary has been included in the document.

Accrual Accounting: A basis of accounting in which debits and credits are recorded at the time they are incurred as opposed to when cash is actually received or spent. For example, in accrual accounting, revenue that was earned between April 1 and June 30, but for which payment was not received until July 10, is recorded as being on June 30 rather than on July 10.

Appropriation: An authorization made by the City Commission that permits the City to incur obligations and to make expenditures of resources.

Appropriation Ordinance: The official enactment by the City Commission to establish legal authority for City officials to obligate and expend resources.

Audit: A comprehensive investigation of the manner in which the government's resources were actually utilized. A financial audit is a review of the accounting system and financial information to determine how government funds were spent and whether expenditures were in compliance with the legislative body's appropriations. A performance audit consists of a review of how well the government met its stated goals.

Balance Sheet: A financial statement that discloses the assets, liabilities, reserves and balances of a specific governmental fund as of a specific date.

Bond: A written promise to pay a sum of money on a specific date at a specified interest rate. The interest payments and the repayment of the principal are detailed in a bond ordinance. The most common types of bonds are general obligation and revenue bonds. These are most frequently used for consideration of large capital projects, such as buildings, streets and bridges.

Budget: A financial plan for a specified period of time (fiscal year) that matches all planned revenues and expenditures with various municipal services.

Budget Adjustment: A legal procedure utilized by the City staff and City Commission to revise a budget appropriation. City staff has the prerogative to adjust expenditures within a departmental budget.

Budget Calendar: The schedule of key dates or milestones, which the City departments follow in the preparation, adoption and administration of the budget.

Budget Document: The instrument used by the budget-making authority to present a comprehensive financial program to the City Commission.

Budgeted Funds: Funds that are planned for certain uses but have not been formally or legally appropriated by the legislative body. The budget document that is submitted for Commission approval is composed of budgeted funds.

Budget Message: The opening section of the budget which provides the City Commission and the public with a general summary of the most important aspects of the budget, changes from the current and previous fiscal years, and the views and recommendations of the City Manager.

Budgetary Control: The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

Capital Equipment Budget: The portion of the annual operating budget that appropriates funds for the purchase of capital equipment items. These expenditures are often separated from regular operating items, such as salaries, utilities and office supplies. The Capital Equipment Budget includes funds for capital equipment, purchases, such as vehicles, machinery, and special tools, which are usually distinguished from operating items according to their value and projected useful life.

Capital Improvement Program: A plan for capital expenditures to provide long-lasting physical improvements to be incurred over a fixed period of several future years.

Capital Improvement Program Budget: A Capital Improvement Program (CIP) Budget is a separate budget from the operating budget. Items in the CIP are usually construction projects designed to improve the value of the government assets. Examples of capital improvement projects include new roads, sewer lines, buildings, recreational facilities and large scale remodeling. The City Commission receives a separate document that details the CIP costs for the upcoming fiscal year.

Cash Accounting: A basis of accounting in which transactions are recorded when cash is either received or expended for goods and services.

Cash Management: The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the highest interest and return available for temporary cash balances.

Current Taxes: Taxes that are levied and due within one year.

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

Delinquent Taxes: Taxes that remain unpaid on and after the date on which a penalty or nonpayment is attached.

Department: A major administrative division of the City, which indicates overall management responsibility for an operation or a group of related operations within a functional area.

Departmental Purpose: The primary reason for the existence of a specific department is explained through the departmental purpose statement.

Depreciation: The process of estimating and recording the lost usefulness, expired useful life or diminution of service from a fixed asset that cannot or will not be restored by repair and will be replaced. The cost of the fixed asset's lost usefulness is the depreciation or the cost to reserve in order to replace the item at the end of its useful life.

Disbursement: Payment for goods and services in cash or by check.

Encumbrance: The commitment to appropriate funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

Enterprise Fund: A governmental accounting fund in which the services provided are financed and operated similarly to those of a private business. The rate schedules for these services are established to ensure that revenues are adequate to meet all necessary expenditures. Enterprise funds are established for services such as water and sewer, parking facilities, etc.

Estimated Revenue: The amount of projected revenue to be collected during the fiscal year. The amount of revenue appropriated is the amount approved by Commission.

Expenditure: This term refers to the outflow of funds paid or to be paid for an asset obtained or goods and services obtained regardless of when the expense is actually paid. This term applies to all funds. NOTE: An encumbrance is not an expenditure. An encumbrance reserves funds to be expended.

Expenses: Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest and other charges.

Fiscal Year: The time period designated by the City signifying the beginning and ending period for recording financial transactions. The City of Lapeer has specified July 1 to June 30 as its fiscal year.

Fixed Assets: Assets of long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

Fund: An accounting entity that has a set of self-balancing accounts and that records all financial transactions for specific activities or government functions. Eight commonly used funds in public accounting are: general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, trust and agency funds, internal service funds and special assessment funds.

Fund Balance: Fund balance is the excess of assets over liabilities and is, therefore, also known as surplus funds.

Full Faith and Credit: A pledge of the general taxing power of a government to repay debt obligations (typically used in reference to bonds).

Function: A group of related programs crossing organizational (department) boundaries and aimed at accomplishing a broad goal or accomplishing a major service.

General Fund: The largest fund within the City, the General Fund accounts for most of the financial resources of the government. General Fund revenues include property taxes, licenses and permits, local taxes, service charges, and other types of revenue. This fund usually includes most of the basic operating services, such as public safety, finance, data processing, public services and general administration.

General Ledger: A file that contains a listing of the various accounts necessary to reflect the financial position of the government.

General Obligation Bonds: Bonds that finance a variety of public projects such as streets, buildings, and improvements; the repayment of bonds is usually made from the General Fund, and these bonds are backed by the full faith and credit of the issuing government.

Grant: A contribution by a government or other organization to support a particular function. Grants may be classified as either categorical or block depending upon the amount of discretion allowed the grantee.

Interfund Transfers: Amounts transferred from one fund to another.

Intergovernmental Revenue: Revenue received from another government for a specified purpose.

Internal Service Fund: Funds used to account for the financing of goods or services provided by one department to another department on a cost reimbursement basis.

Inventory: A detailed listing of property currently held by the government.

Invoice: A bill requesting payment for goods or services by a vendor or other governmental unit.

Levy: To impose taxes, special assessments, or service charges for the support of City activities.

Line-item Budget: A budget that lists each expenditure category (salary, materials, telephone service, travel, etc.) separately, along with the dollar amount budgeted for each specified category.

Long Term Debt: Debt with a maturity of more than one year after the date of issuance.

Modified Accrual Accounting: A basis of accounting in which expenditures are accrued but revenues are accounted for on a cash basis. This accounting technique is a combination of cash and accrual accounting since expenditures are immediately incurred as a liability while revenues are not recorded until they are actually received or are “measurable” and “available for expenditure”. Since this type of accounting basis is a conservative financial approach, it is recommended as the standard for most governmental funds.

Object Code: An expenditure category, such as salaries, supplies or vehicles.

Operating Budget: The portion of the budget that pertains to daily operations that provide basic governmental services. The operating budget contains appropriations for such expenditures as personnel, supplies, utilities, materials, travel and fuel.

Operating Fund: A fund restricted to a fiscal budget year.

Performance Budget: A budget that focuses upon activities rather than line items. Work load and unit cost data are collected in order to assess the efficiency of services. Typical data collected might include miles of streets paved per year, cost of paved streets per mile, etc.

Performance Measures: Specific quantitative and qualitative measures of work performance as an objective of the department.

Program Budget: A budget that focuses upon the goals and objectives of an agency or jurisdiction rather than upon its organizational budget units or object classes of expenditures.

Property Tax: Property taxes are levied on both real and personal property according to the property’s Taxable Value and the tax rate.

Reconciliation: A detailed summary of increases and decreases in departmental expenditures from one budget year to another.

Revenue: Funds that the government receives as income. It includes such items as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

Revenue Bonds: Bonds usually sold for constructing a project that will produce revenue for the government. The revenue is used to pay the principal and interest of the bond.

Requisition: A written request from a department to the purchasing office for specific goods or services. This action precedes the authorization of a purchase order.

Reserve: An account used to indicate that a portion of a fund's balance is legally restricted for a specific purpose and is, therefore, not available for general appropriation.

Risk Management: An organized attempt to protect a government's assets against accidental loss in the most economical method.

Source of Revenue: Revenues are classified according to their source or point of origin.

Taxable Value: A value that is established for real or personal property for use as a basis for levying property taxes.

Unencumbered Balance: The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purchases.

Voucher: A document indicating that a transaction has occurred. It usually contains the accounts related to the transaction.

CITY OF LAPEER
 Summary of Expenditures
 All Funds 2011-2012 Budget

	Current Year Budget	Administration Recommendation	Commission Approval
General Fund	\$ 9,079,548	\$ 9,008,415	\$ 8,908,812
Cemetery Perpetual Care Fund	100	50	\$ 50
Major Street Fund	881,589	790,005	\$ 790,005
Local Street Fund	457,661	320,645	\$ 320,645
Park and Recreation Fund	2,245,917	1,762,437	\$ 1,762,437
Cemetery Fund	174,345	193,847	\$ 193,847
Youth Mini-Grant Fund	5,000	0	\$ 0
Building Department Fund	132,173	141,878	\$ 141,878
Site Plan Review Fund	40,000	15,000	\$ 15,000
Oakdale Development Fund	105,770	95,664	\$ 95,664
Police K-9 Fund	2,700	2,700	\$ 2,700
School Liaison - Dare Fund	1,000	2,500	\$ 2,500
General Forfeiture Fund	500	500	\$ 500
Drug Law Enforcement Fund	6,500	2,000	\$ 2,000
Highway Safety Grant Program	71,130	0	\$ 0
Public Safety Training Fund	4,200	4,200	\$ 4,200
Mobile Training Unit Fund	500	500	\$ 500
Housing Resource Fund	452,000	625,000	\$ 625,000
Debt Service Fund	2,985,248	2,839,144	\$ 2,839,144
Capital Improvement Fund	411,075	383,780	\$ 383,780
2009 G.O. Construction Fund	0	0	\$ 0
2010 G.O. Construction Fund	77,569	0	\$ 0
Land Acquisition Fund	0	0	\$ 0
Parking Fund	82,028	609,350	\$ 609,350
Wastewater Fund	14,077,328	9,805,940	\$ 9,805,940
Water Fund	3,076,989	3,142,669	\$ 3,142,669
Motor Pool Fund	940,973	1,145,113	\$ 1,145,113
Information Technology Fund	283,341	286,374	\$ 286,374
Telephone Communications Fund	70,702	70,702	\$ 70,702
2010 S.A. Construction Fund	163,055	0	\$ 0
2011 S.A. Construction Fund	0	0	\$ 0
Special Assessment Debt Service Fund	\$ 191,556	\$ 232,523	\$ 232,523
TOTAL ALL FUNDS	\$ 36,020,497	\$ 31,480,936	\$ 31,381,333
General Fund - Operational Millage	9.8000	9.8000	9.8000
Act 298 of 1917 Millage	0.0000	1.0000	0.0000
Act 359 of 1925 Millage	0.0000	0.1975	0.0000
Total Millage	9.8000	10.9975	9.8000

CITY OF LAPEER
 Summary of Expenditures
 General Fund 2011-2012 Budget

	Current Year Budget	Administration Recommendation	Commission Approval
City Commission	\$ 48,186	\$ 36,547	\$ 33,747
Cable Advisory Board	1,650	393	393
City Manager	310,987	303,146	299,646
Income Tax	204,518	210,970	210,970
City Clerk	140,345	171,094	171,094
Board of Review	2,359	2,360	2,360
Accounting/Data Processing	504,304	581,289	580,589
Assessor	151,153	155,463	154,463
GIS	84,847	82,719	82,219
Elections	45,890	35,630	35,130
City Hall	101,655	47,986	47,986
City Attorney	146,548	140,760	140,760
Police	2,758,674	2,745,377	2,667,774
Fire	750,144	768,480	768,480
Department of Public Works	893,636	866,619	866,619
Housing Rehabilitation	300,208	313,115	313,115
Planning Department	284,849	287,391	284,391
Contingency	48,000	50,000	40,000
Disaster Contingency	1,000	1,000	1,000
Contribution to Townships	41,394	41,991	41,991
Contribution to GLTA	0	0	0
Contribution to Other Agencies	20,000	20,000	20,000
Transfers Out	<u>\$ 2,239,201</u>	<u>\$ 2,146,085</u>	<u>\$ 2,146,085</u>
TOTAL EXPENDITURES	\$ 9,079,548	\$ 9,008,415	\$ 8,908,812
Taxable Value	\$ 250,703,325	\$ 239,260,765	\$ 239,260,765
Property Taxes and Fees	\$ 2,891,417	\$ 3,123,498	\$ 2,817,437
Income Tax	\$ 2,335,000	\$ 2,380,000	\$ 2,380,000
State Shared Revenue	\$ 667,280	\$ 601,777	\$ 574,777
Other Revenue Sources	<u>\$ 2,588,684</u>	<u>\$ 2,868,847</u>	<u>\$ 2,868,847</u>
TOTAL REVENUES	<u>\$ 8,482,381</u>	<u>\$ 8,974,122</u>	<u>\$ 8,641,061</u>
Operational Millage	9.8000	9.8000	9.8000
Act 298 of 1917 Millage	0.0000	1.0000	0.0000
Act 359 of 1925 Millage	0.0000	0.1975	0.0000
Total Millage	9.8000	10.9975	9.8000

CITY OF LAPEER
 Summary of Expenditures
 Other Funds 2011-2012 Budget

	Current Year Budget	Administration Recommendation	Commission Approval
Cemetery Perpetual Care Fund	\$ 100	\$ 50	\$ 50
Major Street Fund	881,589	790,005	790,005
Local Street Fund	457,661	320,645	320,645
Park and Recreation Fund	2,245,917	1,762,437	1,762,437
Cemetery Fund	174,345	193,847	193,847
Youth Mini-Grant Fund	5,000	0	0
Building Department Fund	132,173	141,878	141,878
Site Plan Review Fund	40,000	15,000	15,000
Oakdale Development Fund	105,770	95,664	95,664
Police K-9 Fund	2,700	2,700	2,700
School Liaison - Dare Fund	1,000	2,500	2,500
General Forfeiture Fund	500	500	500
Drug Law Enforcement Fund	6,500	2,000	2,000
Highway Safety Grant Program	71,130	0	0
Public Safety Training Fund	4,200	4,200	4,200
Mobile Training Unit Fund	500	500	500
Housing Resource Fund	452,000	625,000	625,000
Debt Service Fund	2,985,248	2,839,144	2,839,144
Capital Improvement Fund	411,075	383,780	383,780
2009 G.O. Construction Fund	0	0	0
2010 G.O. Construction Fund	77,569	0	0
Land Acquisition Fund	0	0	0
Parking Fund	82,028	609,350	609,350
Wastewater Fund	14,077,328	9,805,940	9,805,940
Water Fund	3,076,989	3,142,669	3,142,669
Motor Pool Fund	940,973	1,145,113	1,145,113
Information Technology Fund	283,341	286,374	286,374
Telephone Communications Fund	70,702	70,702	70,702
2010 S.A. Construction Fund	163,055	0	0
2011 S.A. Construction Fund	0	0	0
Special Assessment Debt Service Fund	<u>\$ 191,556</u>	<u>\$ 232,523</u>	<u>\$ 232,523</u>
 TOTAL ALL FUNDS	 <u>\$ 26,940,949</u>	 <u>\$ 22,472,521</u>	 <u>\$ 22,472,521</u>

THIS PAGE LEFT BLANK INTENTIONALLY