



ADMINISTRATIVE BUDGET MESSAGE

CITY OF SAULT STE. MARIE

www.saultcity.com



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Mission Statement: The mission of the City of Sault Ste. Marie is to provide a sustainable small urban environment in an international setting for the well-being of its citizens by planning for and managing its physical development in an environmentally friendly manner, by fostering an economy to support its public and private infrastructure, and by nurturing historical, cultural, and recreational activities that enhance the quality of life within it.

Submitted to the City Commission April 17, 2023 | Approved by the City Commission May 15, 2023

2023-2024 CITY OF SAULT STE MARIE BUDGET MESSAGE

The Michigan Department of Treasury Uniform Budget Manual states: The key to sound fiscal health of governmental units is proper accounting, budgeting, and auditing of the local unit. The accounting, budgeting, and auditing requirements for Michigan local units are contained in Public Act 2 of 1968, as amended, through Public Act 493 of 2000 (MCL 141.421, et al.).

Local unit officials meet their campaign commitments and evidence their support of various public programs through the various priority assigned programs in the budgeting process. The only way elected officials can be assured that resources have been spent in accordance with their wishes is through proper accounting and auditing of the expenditures of the local units. Governmental units account for public resources on a "fund basis" of accounting to enhance taxpayers' and elected officials' ability to monitor and control expenditures of public monies in accordance with their wishes. Hence, no expenditure of public monies can be made without an appropriations act passed by the legislative body of a local unit, which is an expression of the wishes and priorities of elected officials to provide public services within the resources made available. The appropriations act is the final product of the budget cycle and is the key to controlling the finances of a local unit.

According to the Attorney General, "The authority of each local unit to expend the funds of that unit must be found in the budget and in the appropriations therefrom. Except for funds budgeted and appropriated in accordance with governing law, there is no basis for levying or collecting taxes or otherwise making available or disbursing public monies." Current programs must be reviewed, and their value weighed against the value of new programs to determine the most efficient allocation of existing resources. The purpose of the Budget Act is to require that all local units of government in Michigan adopt balanced budgets, to establish responsibilities and define the procedure for the preparation, adoption, and maintenance of the budget, and to require certain information for the budget process.

The Uniform Budgeting Act states that the chief administrative officer of the local unit of government shall have final responsibility for budget preparation, presentation of the budget to the legislative body, and the control of expenditures under the budget and the general appropriations act. Section 8.2 of the City Charter provides that the City Manager will submit a budget to the City Commission on the third Monday in April of each year. This budget is recommended for the City Commission's consideration for the fiscal year beginning on the upcoming July 1 through June 30 of the following year and includes a second fiscal year. The City Commission thereafter reviews the budget at work sessions held beginning on the following Tuesday at 4:15 p.m. At budget work sessions Commissioners can propose modifications to the budget. This year, no proposed modifications were suggested by City Commission. Had there been modifications, they'd be evaluated by City Administration and included in a report for the full Commission's consideration at a special meeting that would have been held on the last Monday in April at 4:15 p.m.

The reconciled budget is subsequently presented to the City Commission at its first meeting in May, where the budget is formally proposed for adoption and the necessary public hearings are scheduled for the second City Commission meeting in May. Before the final passage of a general appropriations act by the legislative body, a public hearing shall be held as required. Final approval of the budget by the City Commission is generally at this second meeting in May following necessary public hearings.

Work on the annual budget is initiated following the completion of the annual audit process for the previous fiscal year. The recommended budget is a result of coordinated efforts by City administrative staff starting months ahead of the Manager’s Recommended Budget proposal.

Budget Schedule

The City Commission’s first direct involvement with the development of the budget was through a goal setting session that was postponed this year but is usually scheduled in mid-February of each year. During this day-long session, the City Commission reviews various issues impacting the City, identifies those items of importance to be considered in the next budget and prioritizes these goals accordingly. The goals would be formally adopted by the City Commission at the first meeting in March [last City Commission Goal Setting Session was held in February 2020].

The complete schedule for the preparation and approval of the 2023-2024 Fiscal Year budget follows:

TASK	COMPLETION DATE
Capital Improvements Plan 2023-2029 Distributed by Engineering	November 10, 2022
Capital Improvements Plan 2023-2029 Due to Engineering	December 28, 2022
User Fee Schedule Distributed by Finance to Dept. Heads	January 17, 2023
Personnel Services Forms Distributed by Finance to Dept. Heads	January 23, 2023
Finance Budget Entry Training/Refresher	January 24, 2023
User Fee Schedule Due from Departments	January 31, 2023
Personnel Budget Forms Due from Departments	February 7, 2023
City Commission Budget 101 Work Session [postponed/cancelled]	February 20, 2023
City Commission Goal Setting Session [postponed/cancelled]	Mid-February
User Fee Schedule Approved by the Commission	February 20, 2023
Operating Budgets Due from Department Heads	February 25, 2023
Department Budget Meetings with City Manager	March 20-24, 2023
City Manager Submission to City Commission of Annual Budget	April 17, 2023
Capital Improvements Plan 2023-2029 Approved by City Commission	April 17, 2023
Commission Budget Work Session	April 18, 2023
Introduction of the Budget as Proposed by the City Commission	May 1, 2023
Public Hearing and Final Budget Approval	May 15, 2023
Latest Date for Budget Approval by Charter	June 1, 2023

Budget Documents

The budget book includes detailed budget worksheets for each operational fund of the City. The legal level of budgetary control adopted by the governing body is at the function level for the General Fund, and the fund level for all other funds. Each fund includes a line-item budget for the current fiscal year, next budget year and a projected fiscal year followed by the ending fund balance for each year shown. On the detailed budget worksheet, there is information by line item of the actual revenues and expenditures for the past fiscal year as well. For the current fiscal year, the budget, as proposed and amended through the current date is provided. Please note that the significant budget amendments approved since February are not included in these numbers. The revenues and expenditures through eight months (July – February) as well as an estimate of the total revenues and expenditures that are anticipated at the close of the fiscal year on June 30th are also included. For the upcoming fiscal year there is a column for each budget level, including the Department Requested, City Manager Recommended and finally the Commission Approved budget. The second budget year will remain at a Department Requested budget level until it is modified and formally approved by the City Commission next year at this time.

At the end of this detailed budget book there is a capital outlay budget, which includes equipment and projects, as well as the proposed water and sewer rates recommended for the next fiscal year.

The User Fee Schedule contains most of the fees that are established by resolution by the City Commission for various services provided at a charge to citizens. This includes fees such as ambulance charges, building permit fees, various parking fines, and other fees charged by the City. The User Fees Schedule has been approved ahead of the rest of the budget process to spread the workload over time.

Budget Adoption

On Monday, May 15, 2023 the City Commission met in a regular session to conduct public hearings on the proposed budget for the fiscal year beginning July 1, 2023 and ending June 30, 2024. Three public hearings were held including the 2023-2024 tax levy, the 2023-2024 water and sewer utility rates and the general appropriations act for the 2023-2024 fiscal year. Following the public hearings and considering any comments made, the Commission approved resolutions adopting the proposed 2023 tax levy, the 2023-2024 water and sewer utility rates, and the general appropriations act for the 2023-2024 fiscal year. These resolutions are included in Appendix A, B and C of this document. The final budget documents are available for review at the City Clerk's office and on the City of Sault Ste. Marie website – www.saultcity.com

Governmental Accounting

To understand the budget process, it is helpful to have some understanding of the requirements for local governments to utilize various types of funds for budgetary and accounting purposes. Many of the funds utilized by the City of Sault Ste. Marie are required by state law while other funds are required due to bond covenants, Charter requirements, or for financial management purposes. The first set of funds used is called governmental funds. These are used to account for various operational costs and revenues for local government programs. Governmental funds include the General Fund, Major Street Fund, Local Street Fund, the Capital Project Fund, and other similar funds. In these funds, the balance at the end of the year (fund balance) represents cash and investments that are available to fund programs.

The next set of funds is proprietary funds that are intended to be run like a non-profit business. These are the funds that are generally self-supporting through charges for services. The most substantial proprietary fund is the Water and Sewer Fund. Other proprietary funds are internal service funds such as the Stock and Equipment and the Information Systems. Unlike governmental funds, the balance sheets for these funds record long-term assets and liabilities. Therefore, when you see a fund balance in the Water and Sewer Fund, it is important to note that required debt service reserves, depreciation reserves, and the values of assets (water plants, wastewater plant, and water and sewer mains) less depreciation are included in these funds. This is a significant difference from Governmental Funds where assets and liabilities are not included in the fund balance. For your reference, cash balances are shown for all proprietary funds that record capital assets. Please note that from a budgetary standpoint in the proprietary fund the proposed revenues and expenditures are typically shown on a cash basis in this budget. At the fiscal year-end, depreciation, equipment purchases, and other adjustments are made to the assets and liabilities to comply with proprietary fund accounting standards.

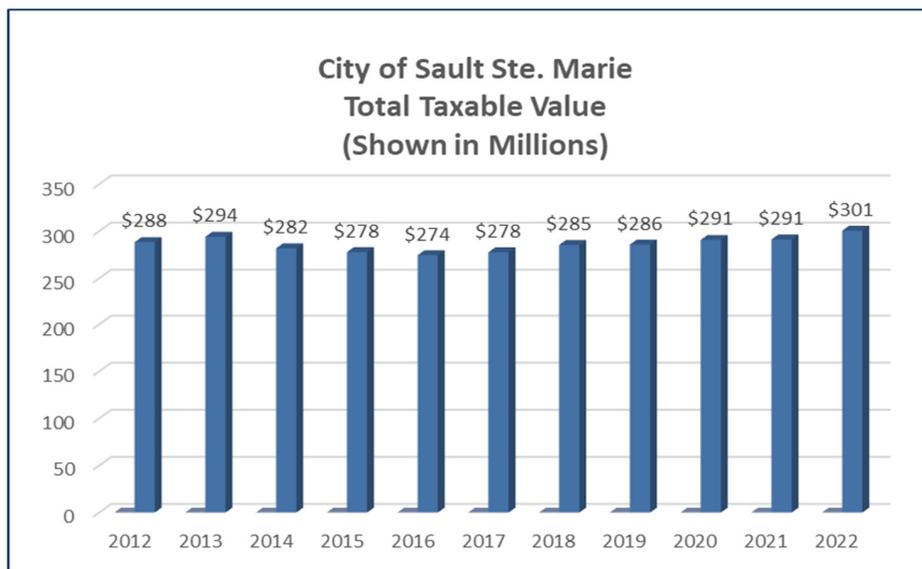
The third set of funds is fiduciary funds. In this case, the City is a trustee of the funds that are being held because of a trust arrangement for the use of the beneficiary. City fiduciary funds include the Seal Trust Fund, Osborn Trust Fund, Perpetual Care Fund, Police-Fire Pension Fund, and the Post-Employment Healthcare Fund. You will note that the Seal Trust (Fund 155) and the Osborn Estate Trust (Fund 156) hold the principal for these two trusts. When earnings from the fiduciary funds are used to fund recreation or historical operations, those interest dollars are transferred to the Seal Operating Fund (Fund 105) or the Osborn Operating Fund (Fund 106) which are governmental funds. The amount of money that is shown in the governmental funds (105 and 106) is available to be spent by the City Commission for a public improvement which is recreational or historic in nature. However, the balance in the two trust funds (155 and 156) cannot be spent by the City of Sault Ste. Marie in accordance with Trust documents.

PROPOSED 2023-2024 FISCAL YEAR BUDGET

General Fund - Revenues

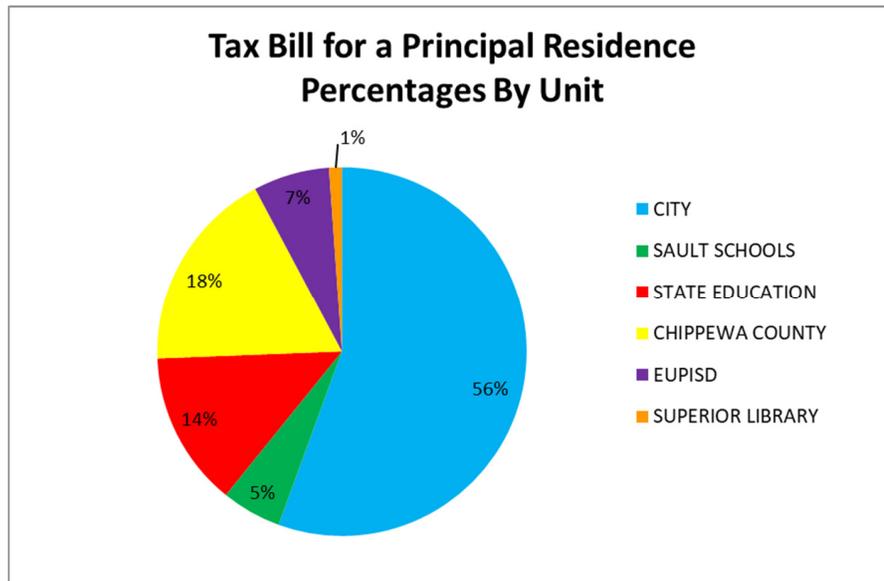
Property Taxes

The City's largest single source of revenue for General Fund operations is through the collection of property taxes. The recommended budget was built upon the slight increase of 3.4% in taxable value for the 2023-2024 Fiscal Year, however growth is relatively slow with just 4.2% over the past 10 years as shown in the table below. Total Taxable Value as of December 31, 2022, adjusted for abatements, is \$300,571,571.

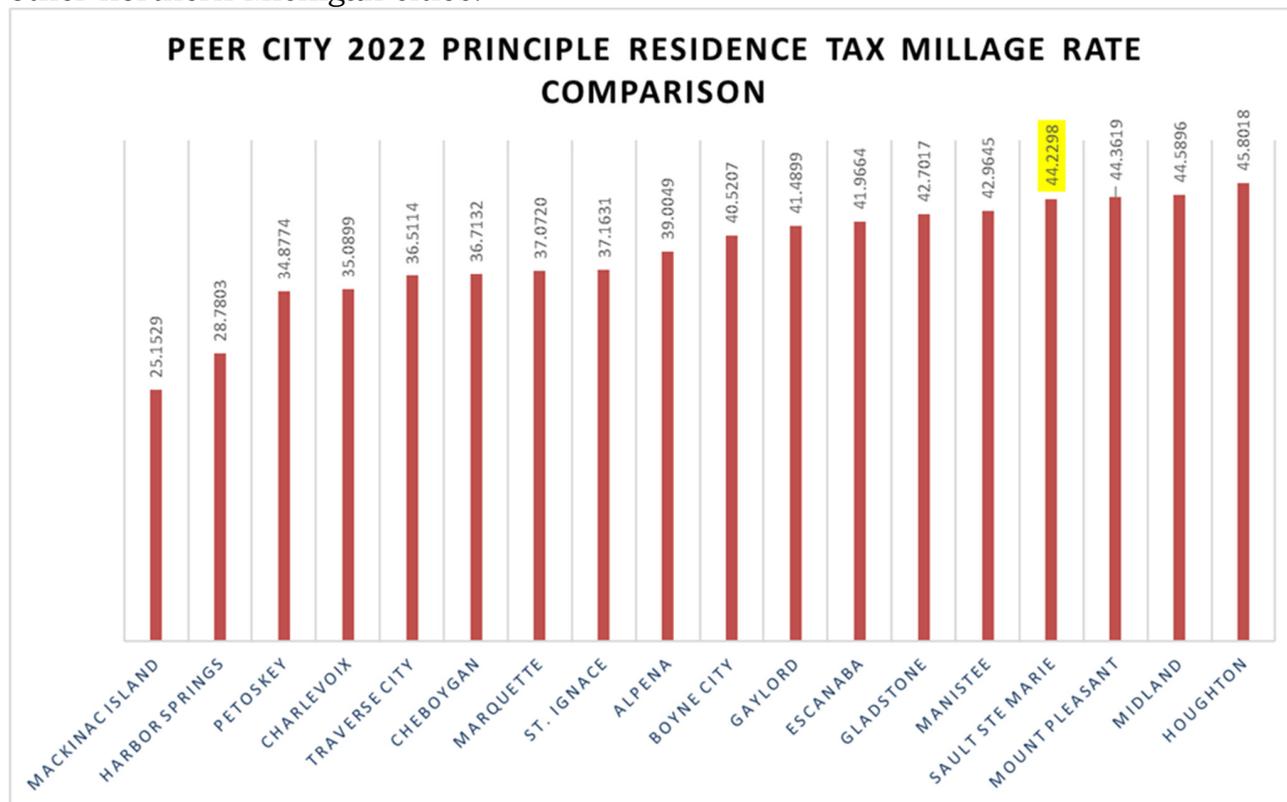


The City bills taxes for all taxing units beginning with the summer bill issued on July 1st and a winter bill is sent on December 1st. Collections run through the last day in February and unpaid bills are transferred to Chippewa County. The average taxable value for a residential home within the City is \$36,635, which equates to a true value of \$73,270. In 2022, property taxes for typical residence with principal residence exemption (PRE) totaled \$1,620 or \$135 per month. 56% of this bill is revenue to the City and the rest goes to other taxing units including Chippewa County, Sault Schools, EUP Intermediate School District, and the Superior District Library. Services provided by these governmental entities are available to all residents.

Property taxes are computed by multiplying the taxable value of the property by the number of mills levied. Millage rate is the rate at which property taxes are levied on property. A mill is 1/1000 of a dollar. The City operating millage is restricted and cannot be raised, but the others are tied to a specific expenditure.



2022 Millages for the City of Sault Ste. Marie are comparable to other cities in Michigan of a similar size/population although each city has a unique set of services and financial challenges. A significant and long-term issue for the taxpayers is the ratio of taxable parcels as compared to tax exempt, including governmentally owned. Most tax-exempt entities provide valuable services, but this ratio is the largest contributor to Sault Ste. Marie's relatively high property tax burden as compared to other northern Michigan cities.

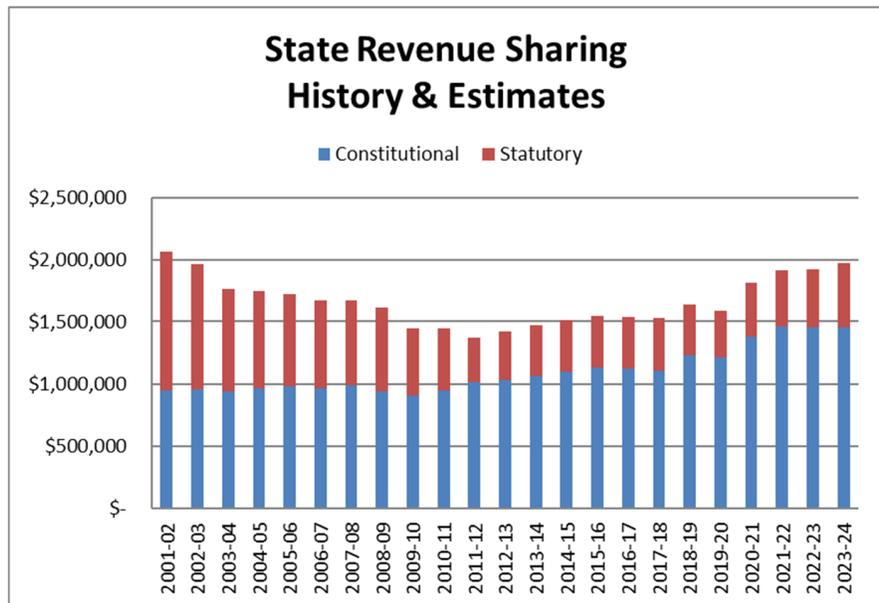


The millage rate for General Operations is proposed to remain the same at 16.7298 for the 2023-2024 fiscal year. The Solid Waste millage is to remain the same at 0.6520 to cover a portion of these services. A millage change from 6.2185 mills to 6.2518 mills was approved for the Police and Firefighters Pension millage to meet the employer contribution as calculated by actuaries. These millage changes would result in an increase in taxes on a home with a taxable value of \$50,000 (true cash value of \$100,000) of \$1.67 for the upcoming year.

The Resolution for Purposes of Establishing the 2023 Tax Levy is provided as Appendix A of this document.

Revenue Sharing

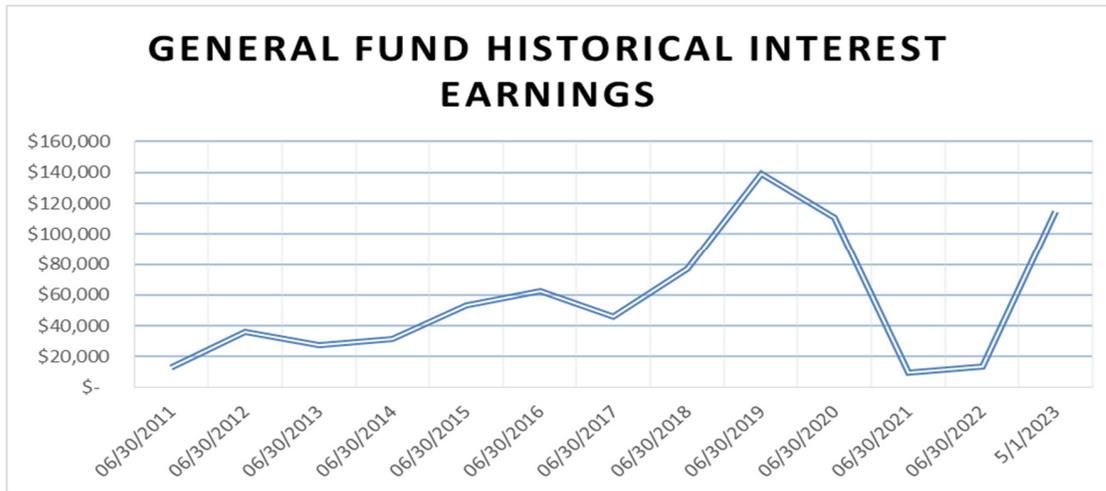
Revenue sharing is the City’s third largest single source of revenue for the City’s general fund after property taxes and fees for services. Sault Ste. Marie’s revenue sharing peaked out during the 2000-01 fiscal year with revenue sharing equaling \$2,121,096. The Michigan Department of Treasury’s published estimate for the City’s revenue sharing for the 2023-2024 Fiscal Year is \$1,975,000. Below is the revenue sharing history for the City of Sault Ste. Marie during this period, showing the composition of both constitutional and statutory amounts.



Revenue sharing for the City of Sault Ste. Marie is divided between constitutional revenue sharing and statutory revenue sharing. Constitutional revenue sharing is guaranteed as a percentage of the State’s collection of sales tax due to cities and villages by the State Constitution whereas statutory revenue sharing, also called City Village Township Revenue Sharing (CVTRS) requires the City to meet certain accountability and transparency requirements. Since this began, the City has met all criteria to receive its full allotment of CVTRS funds and yet it has decreased 54% over 20 years.

Interest Earnings

Interest earnings have been highly variable in recent years and positive yields can help offset rising costs in all City funds. Interest earnings in the General Fund in 2006-07 were \$306,799. Last fiscal year closed with interest revenue of \$13,921 and the budget includes a projection of interest revenue in the current fiscal year of \$112,000 which has already been surpassed.

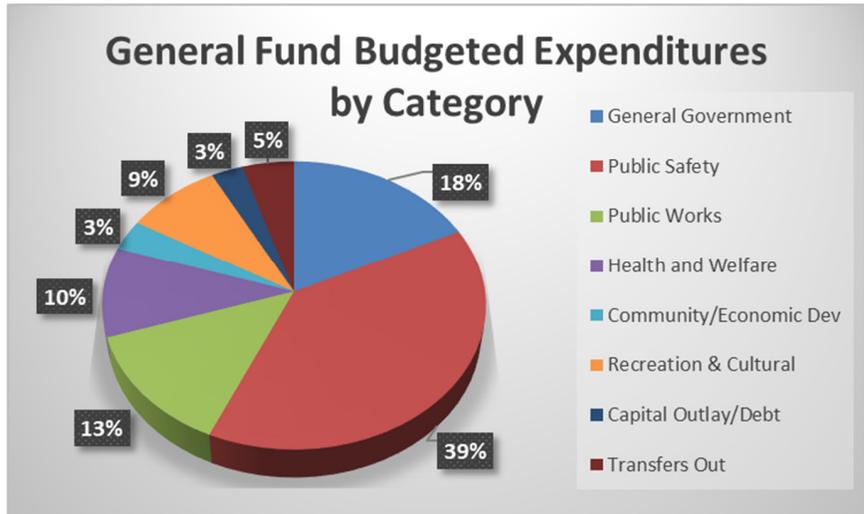


General Fund – Expenditures

Total appropriations in the General Fund budget for 2023-2024 have remained relatively flat next fiscal year at \$14,315,000 as compared to the current year amended budget of \$14,149,700. With revenue generally not growing in step with the rate of inflation, the City makes every effort to contain costs in all funds without reductions in services.

The 2023-2024 General Fund expenditure budget allocates \$5,563,000 to Public Safety which includes Police and Fire Departments. The second largest category is General Government with \$2,543,700 comprised mainly of City Commission, Manager, Clerk, Finance, and Assessing. Other cost categories in order of amount appropriated include Public Works, Health/Ambulance, and Recreation/Parks. A smaller portion is allocated to Community and Economic Development, Capital Outlay, and Transfers Out. See the percentage allocated to cost categories in this budget.

Transfers out records support of other City funds, and includes \$232,900 in contributions to debt service, \$149,400 as a subsidy to the Parking Deck Fund, and \$210,000 as a subsidy to the Healthcare Fund. The Parking Deck Fund needs support as it continues to struggle under the weight of debt used to construct the Osborn Boulevard



parking structure, however this bond will mature in November 2026. Healthcare Fund is an Internal Service Fund that tracks activity for the City’s self-insured health plan which covers active employees and retirees. Retirees of the City are charged a premium as the City does not provide health insurance upon retirement. A few large dollar claims during this year have challenged the fund and support is needed to renew its fund balance this current fiscal year and next. The Resolution for the General Appropriations Act for the Fiscal Year Beginning July 1, 2023 and Ending June 30, 2024 is provided as Appendix C of this document.

General Fund – Current Fiscal Year Budget and Projections

Changes between the original 2022-2023 budget, approved last year at this time, and the projected totals for the year include no significant changes in revenues. Expenditures that show significant changes include the following departments and expected increases: Police at \$72,700, Carbide Dock with \$53,600, Airport with \$77,300 but partially offset by transfer in from TIFA 3 of \$22,000, Kemp Marina with \$70,500 as we amended the budget for administration of this facility to bring it in-house, Ambulance with \$111,800, and Transfers Out expecting \$288,400 over mainly due to support of Healthcare Fund.

Overall, conservative projections for this year would result in the General Fund balance closing the year with \$529,200 less in the fund balance than the Commission originally anticipated in its approved budget.

General Fund - Fund Balance

The 2023-2024 Fiscal Year approved budget estimates that the City will retain an approximate General Fund balance of \$3,580,700; this includes an estimated unrestricted fund balance of \$3,453,200.

General Fund - Fund Balance Ratio

6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Actual	Actual	Actual	Actual	Projected	Budgeted
26.9%	15.7%	23.8%	31.4%	25.4%	25.5%

This unrestricted fund balance is a healthy 25.5% of the fiscal year’s operational expenditures. The City’s Fund Balance Policy established the minimum unrestricted fund balance in the General Fund to be from 15 to 20 percent of the current fiscal year’s operational expenditures and routine outgoing transfers. If it fell below the appropriate range, the Fund Balance Policy has measures to replenish any deficiency, with the first strategy being to reduce recurring expenditures to eliminate any structural deficit or increase revenues or pursue other funding sources. Slight fluctuations from year to year are normal, however longer-term trends would be an indication that change is needed.

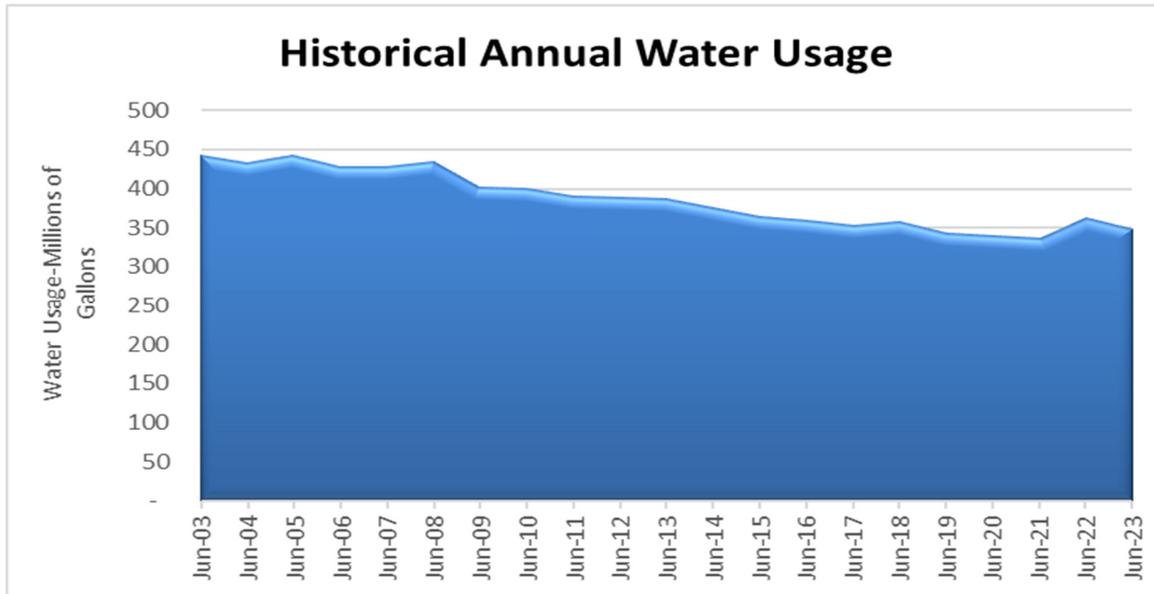
Water and Sewer Fund

The Water and Sewer Fund revenue is expected to close the year on target with budgeted expectations with consumption projected to be consistent with estimated amounts. Future year budgeted revenue projects continued reductions in water usage. On the expenses side, the fund is performing on target with final total estimates coming in just a little under the amount originally budgeted. The Water and Sewer Fund will close the current year with over \$5.7 million in cash, and of that, 70%, or \$4 million, is held in reserves for debt service to be paid out during the upcoming year. At the end of June 2024, this fund is expected to have \$6.7 million with a similar amount in reserves. This anticipated unreserved cash balance of \$2,745,900 is a reasonable 25% of appropriations less debt service of \$11,012,200.

Water and Sewer Utility Rates

Water and sewer rates are calculated annually to recover all projected costs related to operating the City’s water and sewer systems in accordance with the City Charter and the Michigan Department of Natural Resources and Environmental Quality requirements for low interest bonds utilized for the Combined Sewer Overflow project. There are three components to the water and sewer rates, which include an administrative charge, a commodity charge, and a capital charge. The administrative charge includes charges related to billing water customers such as postage, computer services, insurance, and metering. These costs are divided based on the number of customers and billed as a flat monthly amount. The commodity charge recovers the cost for operating the plants and transmission and distribution of water and sewage throughout the system. These commodity costs include salaries and wages, utilities, purchase of various chemicals for treatment, repair and maintenance, and all other operational costs. The final category for cost recovery are capital costs including all debt payments on past improvements to the water and sewer system, contributions

to capital reserves set aside for future improvements, and any capital expenses that come up during the year.



While most costs for providing water and sewer services are fixed, the quantity of water and sewer services sold is variable. Since the rates need to cover the financial obligations, when usage decreases, the fixed costs must be allocated on fewer units sold. Number of units sold is impacted by many factors, including the price of the service, replacement of less efficient appliances, fluctuations in tourism and weather which could impact water needed for lawns and gardens. The following chart exhibits the steady reduction of water usage levels from 2003, a reduction of 1.03%, to the present and forecasted amounts for next fiscal year.

The costs used for rate setting are based on the recommended budget for the Water and Sewer Fund. The administrative charge is a fixed fee that is allocated equally on a per month basis amongst all customers of the City. The commodity charge and capital charge are based on gallons of water used by each customer. Average water usage over prior years is used to determine estimated billable flows for the next year. The method of calculating water and sewer rates was approved as a requirement by the Department of Environmental Quality in exchange for subsidized interest rates on past capital projects. This rate setting procedure is periodically evaluated and no improvements to the process are recommended. The Resolution for the Adoption of Water and Sewer Rates for the Fiscal Year is provided as Appendix B of this document.

This year's water and sewer rates are being increased by 2.2% for customers utilizing 5,000 gallons of water for water and sewer services. The recommended water and sewer rates for the 2023-2024 and 2024-2025 fiscal years are provided in the water rates section near the end of the budget document. According to the 2022 Rate Survey from the State's Department of Environment, Great Lakes, and Energy, an

excerpt shown below, our rates appear to be in the middle of comparable providers across the Upper Peninsula. The survey, updated once every five years, is based on residential rates for 5,000 gallons of monthly usage with the smallest diameter water service line.

City	2022 Monthly Cost at 5,000 Gallons of Water Consumed	% Rate Increase in Past 5 Years
Kinross	\$56.80	94.3%
Menominee	\$75.71	26.1%
Stephenson	\$76.34	23.4%
Houghton	\$79.84	16.4%
Escanaba	\$124.88	138.2%
Sault Ste Marie	\$130.97	28.9%
Marquette	\$149.18	56.0%
Munising	\$156.91	16.1%
Negaunee	\$164.54	30.8%
Ishpeming	\$181.98	32.3%
Manistique	\$198.52	26.5%

Streets and Stock and Equipment Funds

The City’s Department of Public Works maintains over 60 miles of roads and the equipment used in three funds; Major and Local Street governmental funds, and Stock and Equipment which is the internal service fund that maintains the fleet of equipment. Street fund receipts from the Build Michigan and Gas and Weight Tax are running at the amount anticipated for the budget, with improved state road funding of recent years. Major Street will provide support for the Local Street Fund this year in the amount of \$50,000 and is expected to close the new fiscal year with a fund balance of \$2,009,600, 14% higher than at the close of this current year. The Local Street Fund needs support as it maintains 68% of the roads within the City with less funding allocated from the State. With support from Major Street, this fund is expected to close next year with a fund balance of \$240,400. Stock and Equipment Fund purchases equipment used to maintain the roads, and this current year has allocated \$600,800 toward new equipment including \$400,000 for a street sweeper and a plow truck, paint machines, and a paramedic intercept vehicle. The Stock and Equipment Fund is expected to close next budget year with a fund balance of \$419,400 and \$158,119 in operating cash, which includes \$80,000 in support from the General Fund.

Component Units DDA and EDC

The City has two component units, including the Downtown Development Authority [DDA] and the Economic Development Corporation [EDC].

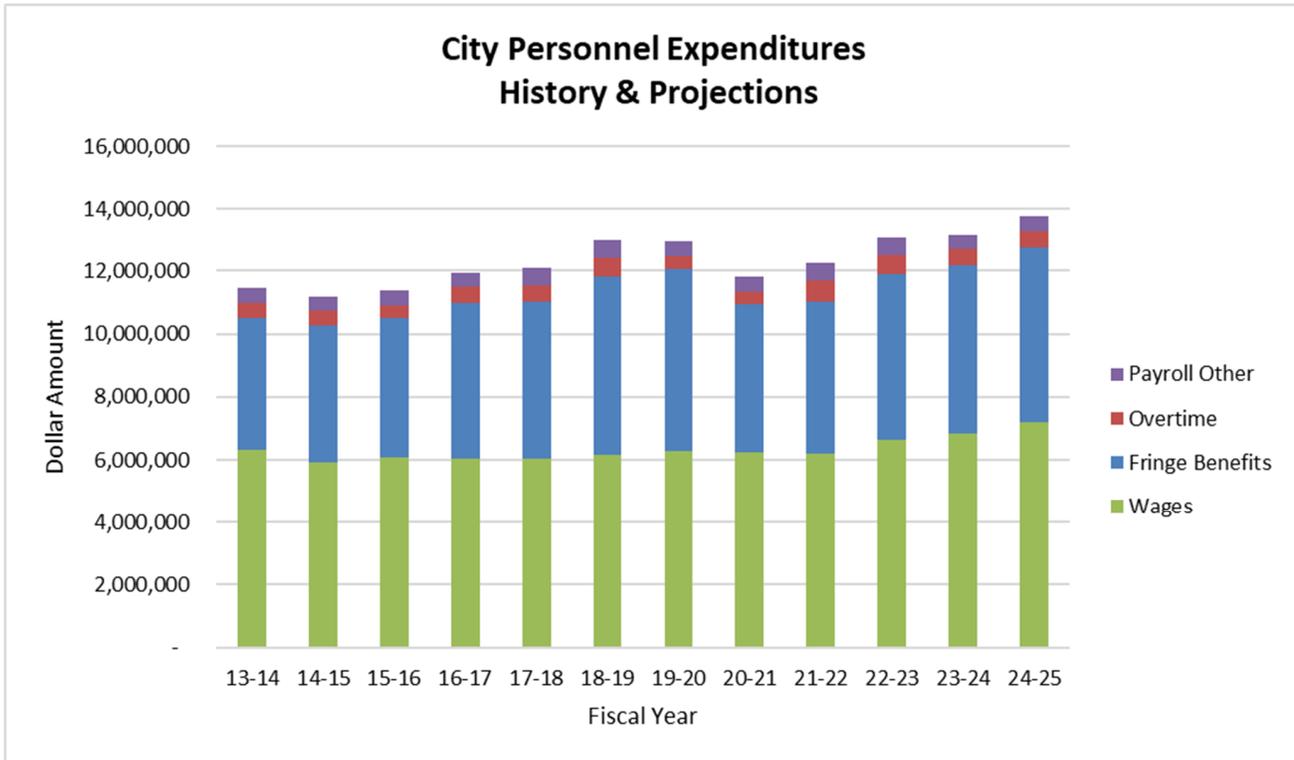
The DDA includes its operating fund and two Tax Increment Financing Authorities (TIFA) 1 and 2. The DDA board manages programs and utilizes tax captures to fund projects that support and engage the downtown district. Total expenditures for the operating fund are budgeted at \$319,300, 35% higher than the prior year. The DDA relies heavily on its annual appropriation from the General Fund, which peaked at \$93,600 in 2020, but has decreased to \$75,000 in the approved budget. The downtown TIFA districts continue to face serious financial challenges with limited resources being directed toward repayment of the Parking Deck debt, although these funds are needed for capital investments in our downtown. As a standalone fund, the DDA has been evaluating the current model of operation and looking for local contributions and fundraising initiatives to support the programs it manages.

As the name indicates, the EDC promotes economic development for the City with programs that support and encourage its employers. Additionally, the EDC manages the Airport and its related Tax Increment Financing Authorities (TIFA) 3. After its appropriation from the General Fund peaked at \$124,000 in 2020, the City gradually cut it entirely for this fiscal year. With a net position of \$646,846 at the close of 2022, and fund balance ratio of over 180%, the appropriation was considered unnecessary to fund operations of this entity. The EDC recently changed its financial management practices, voting to fully utilize the City Finance Department to fill its accounting function, a move which may enable EDC staff to focus on its programs and specialized services to our area.

Expenditure Trends all Funds

Personnel

As with any service-driven organization, personnel costs are of primary consideration, being the largest cost component. In the General Fund, wages and fringe benefits are 68% of total budgeted appropriations. Over the past few years, the City has reduced staff by eliminating the following full-time positions: City Attorney, Police Captain, Water Treatment Plant Operator, Wastewater Treatment Plant Operator, and Meter Reader. As of January 2023, a new full-time position was created to manage the Kemp Marina and serve as Harbor Master. The current budget added the Police Captain position, a part time assistant for the DDA Director, and six Firefighter/EMS positions *may* be added if SAFER grant funding is awarded. Following is a chart to show personnel expenditures over time for all City staff and the share of straight wages, payroll other/differential pay, overtime, and fringe benefits.



Fringe benefits include standard and required employer taxes, insurance for unemployment, workmen’s compensation, life, disability and health, and pensions. The City is unique in that it does not have the costly obligation of healthcare for retirees which has become a financial crisis for many governmental organizations across the state and country. Instead, the City offers a fixed annual contribution to a healthcare plan from which retirees may utilize for eligible expenses, tax free.

Pensions

The City of Sault Ste. Marie has two separate pension plans. The first pension system is the Municipal Employees’ Retirement System of Michigan (MERS) which covers general administrative, clerical and department of public works staff. The second pension system covers police and fire personnel. The City has contributed to both pension systems in accordance with actuarial recommendations but the struggle to improve funding levels continues. While total assets have increased annually, total liabilities climb at a significantly faster pace.

Up until 2003, the MERS pension plan was funded more than 100%. In other words, assets held by the plan were more than the estimated cost future obligations to retirees and their beneficiaries. With the recession of 2008, the investment market downturn propelled a drop in funding level which has not fully returned since. In 2012, a new and less costly retirement benefit package was created for employees hired after this date as a proactive measure of cost containment. The most recent valuation of 67% shows the annual employer contribution at \$1,128,432 for the

upcoming fiscal year. The MERS pension system covers 196 participants including 74 active employees and 122 retirees, beneficiaries and/or deferred participants. Of the 74 active employee participants, 36 are in the post 2012 group.

The City of Sault Ste. Marie Firemen and Policemen’s Retirement System is the second pension plan which is regulated under Act No. 345 of Public Acts of 1937. This legislation along with a 1942 vote of the residents established the plan and enabled the City to levy a millage to fund it. The recession of 2008 caused a drop in funding level for this plan as well, from 60% to 51%. After reaching its low of 48% in 2012, it gradually worked its way up to 57% with the most recent valuation. Due to the underfunded status of this pension, it is eligible for \$2.6 million from the Protecting MI Pension grant program under the State’s Department of Treasury. Additionally, the City is required to send a portion of its CVTRS funding as an additional lump sum payment to the plan, budgeted at \$152,100 for 2023-2024.

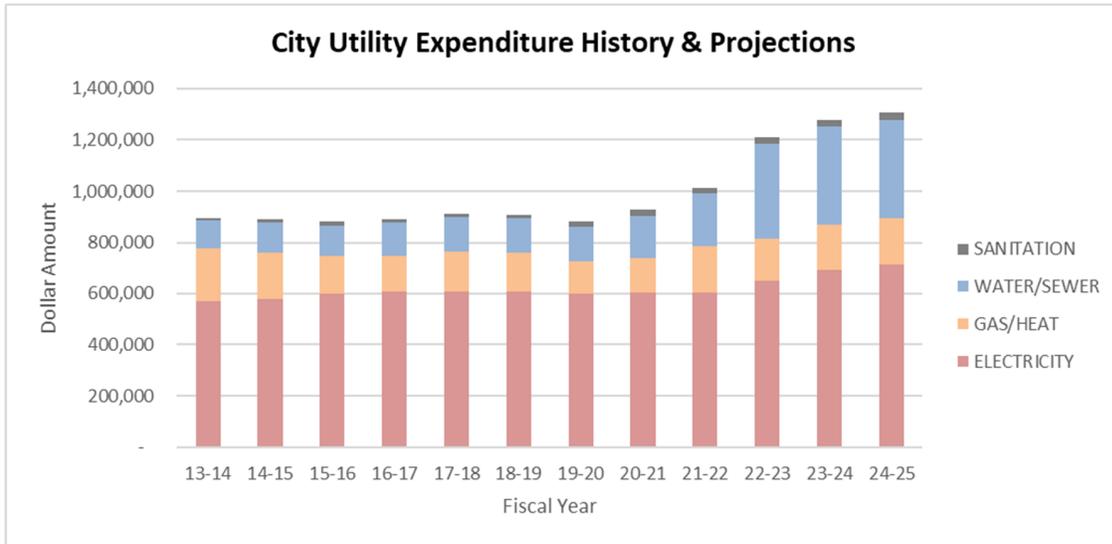
The Police and Fire pension system covers 101 participants in total, with 38 active employees and 63 retirees, beneficiaries and/or deferred participants.

The City is not alone as public and private pensions across the country are facing similar and worse scenarios. The City will continue to manage this and all its long-term obligations with help from actuarial reports that provide an estimate of the full liability and a plan to fund it over time.

City of Sault Ste. Marie General Pension System Five Year History				City of Sault Ste. Marie Police and Fire Pension System Five Year History			
Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Funded Ratio	Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Funded Ratio
December 31				June 30			
2017	\$ 31,010,238	\$ 21,473,401	69.2%	2018	\$ 32,469,315	\$ 16,914,137	52.1%
2018	\$ 31,601,607	\$ 21,099,559	66.8%	2019	\$ 32,495,876	\$ 17,229,081	53.0%
2019	\$ 33,317,147	\$ 20,932,490	62.8%	2020	\$ 32,524,821	\$ 17,692,313	54.4%
2020	\$ 34,214,201	\$ 21,357,364	62.4%	2021	\$ 33,869,398	\$ 19,282,010	56.9%
2021	\$ 35,911,635	\$ 24,013,347	66.9%	2022	\$ 34,777,815	\$ 19,815,702	57.0%

Utilities, Fuel, Repair and Maintenance

Additional major expenses for the City are utilities, fuel and repair and maintenance. The following chart shows recent increases in utilizes, which are budgeted at \$1,277,400 across all funds in the upcoming year.

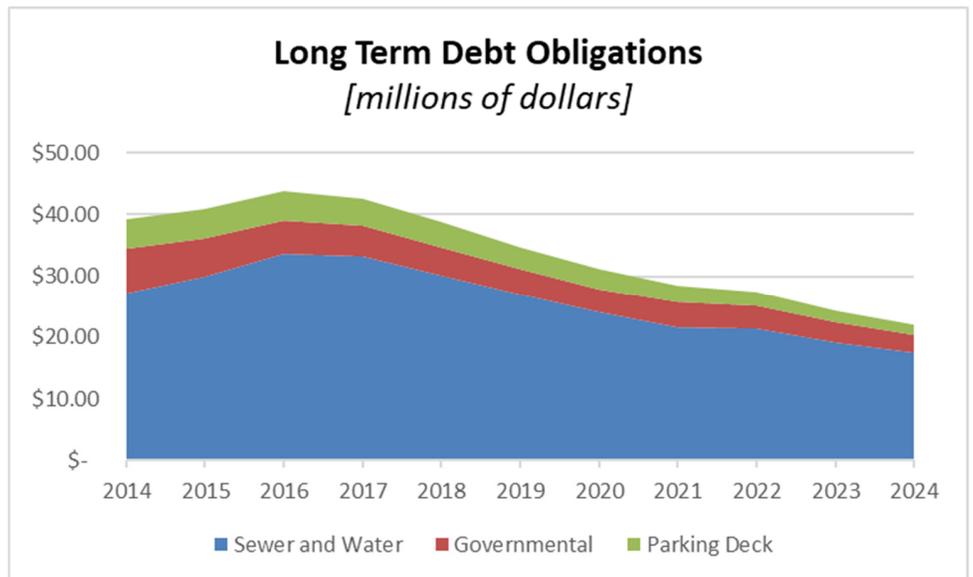


The City is a large consumer of fuel as it uses a variety of heavy equipment to maintain infrastructure and facilities and uses vehicles to transport patients and patrol the city. Fuel costs across all funds dropped 24% at the close of 2020, and another 11% the next year, but came back with a 67% increase at the end of 2022. This line item for all funds is budgeted at \$448,000 next year, and of that, \$221,300 will be charged to the General Fund and \$180,000 to Stock and Equipment Fund.

Equipment repair and building maintenance is another significant expenditure, totaling \$623,600 across all funds. The General Fund will be charged with the largest portion of that at \$227,700 or 37% of the total, whereas Sewer and Water Fund and Stock and Equipment Fund both account for 30% of the total.

Debt

The City budget includes debt service payments of \$3,823,400 in the upcoming fiscal year. Of this, 16% is for interest and fees, and the remainder of 84%, or \$3.2 million, covers principal payments which reduce the obligations. The following chart shows the City’s long term debt obligations over the past decade divided by fund type. Governmental debt includes bonds issued for street upgrades and



recreation. The balance is generally decreasing as debt is paid down since the last bond issuance of 2016.

As of June 30, 2022, total debt obligations outstanding, including compensated absences but excluding pension liabilities, was \$28,151,060. Of this amount, 76% funded Sewer and Water capital improvements. As of June 30, 2023, assuming no new obligations are added and compensated absences remain consistent, we expect the total debt obligations to be down to \$24,580,900.

Capital Outlay

The City utilizes a six-year Capital Improvement Plan as a tool to help plan for future outlays to fund capital projects and equipment. The recently approved plan can be found on the City website under Engineering Department or using the following link: <https://bit.ly/ssm-cip> The first- and second-year capital outlays that have made it to the capital budget are detailed in the back section of the 2023-2024 and 2024-2025 Fiscal Year budget detail book. The list includes various items of equipment and projects as requested by departments and as recommended, or not, by the City Manager. The 2023-2024 Fiscal Year includes \$3,109,800 invested in capital, with \$430,800 funded by the General Fund. Larger outlays this year are to fund improvements at the Pullar, purchase a street sweeper, paint and upgrade the water tower on 4th Avenue, add lining and reinforcements to sections of water mains, and a sludge pump replacement at the Wastewater Treatment Plant. The second-year capital budget totals \$7,659,900 and includes two large sewer and water projects for \$5,720,000 that are included in an application for funding from the State. Capital equipment items are budgeted in the operational funds, but projects are tracked in a capital project fund not shown in this presentation. Capital outlay budgets will be reviewed annually and carried over each fiscal year until completion. If there is residual funding upon completion, it will be returned to the source fund or may be re-directed to another project.

Five Year Projections

A budget projection for major funds is prepared annually in the fall of each year to be included with the City's Cities Villages and Townships Revenue Sharing reporting. This process is recommended as part of strategic planning to anticipate trends in revenues and expenditures and minimize negative impacts on operations and services to residents. The Long-Term Budget Forecast report can be found at the back of the Performance Dashboard, available on the City's website by searching CVTRS or following this link: <https://bit.ly/ssm-cvtrs>. It is very important to make sure that an adequate portion of the budget is available to continue significant capital outlay projects in the City. Financial modeling must consider the critical need to continue rebuilding infrastructure for the City to be a place where citizens and businesses will want to reside, and visitors will enjoy all that we have to offer.

Guiding Financial Principals

In 2003, the City Commission appointed a Task Force on City Finances that reviewed many existing practices and provided a series of recommendations for addressing the structural deficit that was occurring in 2003. Many of these recommendations have since been implemented by the City Commission. At the time the Task Force recommended, and the City Commission adopted the following Guiding Financial Principals, which have been utilized in the preparation of the budget for the current fiscal year. These Guiding Principles are as follows:

A. The City should continue being pro-active in addressing financial situations before they become a crisis.

The City should take steps to address future shortfalls when it is apparent that these shortfalls will indeed occur. The City should carefully evaluate the filling of any vacant positions among City staff. Vacancies create an opportunity to consolidate duties or reassign responsibilities in a tighter economic climate.

B. Involve Department Heads and Employees in Various Discussions Regarding Budget Shortfalls and Adjustments.

One of the leading causes of organizational stress are budget constraints, financial pressures, and lay-offs/reduction in staffing - all of which can be exasperated by poor communications. All employees should understand the full picture of the City's finances. Department heads and employees should be challenged to come up with solutions providing services with less resources for any department, not just their own.

C. Avoid Quick Fixes.

Implementing wage freezes or across the board, indiscriminate budget cuts are politically expedient but not well suited for long range adjustments to the City's organization and services provided to its citizens.

D. Stick with the Basics.

Understand and remember which basic services are most important to your citizens.

E. Stay True to the Capital Plan.

It is often tempting to sacrifice capital improvements to relieve stress on the operating budget. Some adjustments may be necessary, but giving up the capital plan will have long-term consequences.

F. Invest in the Future.

It is critical for the City to continue investing in economic and employee development. Economic development is key to future financial stability and the hope for prosperity for the community. Local businesses and industry need as much support from the community as can be provided in order that they can help spur economic growth in that community. Employee development is necessary to assure that the citizens are being served by a local government who is utilizing the best practices in delivering services to its citizens.

G. Hierarchy of Long-Term Reduction of Costs.

Generally, the City should reduce costs: first through implementation of better operations efficiencies, then by eliminating positions through attrition, if possible. If further cuts are necessary, the City will need to eliminate positions in those areas where service cuts are deemed appropriate. If a short-term financial adjustment is necessary, capital outlay projects could be deferred.

We have utilized these guiding principles in developing budget recommendations to the City Commission for the Commission's consideration. Our long-term financial situation requires more than a quick fix. The City must remain committed to proceeding with various capital improvements that will enhance the City's future. We must provide sufficient resources to make long-term investments to move the community in a forward direction. The City will also need to be cognizant of the very significant current state, federal, and global economic downturn. We will need to react smartly to both a projected structural deficit and the recession that may severely impact the global, national, state, and local economy. The City Commission and City staff will need to size this organization so that we can not only live within the revenue resources available to the City but continue moving forward on street and utility reconstruction and other projects that will generate future growth and provide an acceptable standard of living to the residents of this community.

City of Sault Ste. Marie Organizational Structure

Chapter 4 of the City Charter provides that the City of Sault Ste. Marie shall operate in a Commission-Manager form of government. Under this system, the citizens of Sault Ste. Marie elect a Commission consisting of six City Commissioners and the Mayor. The Commission constitutes the legislative and governing body of the City and shall have the power and authority, except as otherwise provided in this Charter or by state statute, to exercise all powers conferred upon or possessed by the City including the right to adopt laws, ordinances, and resolutions. The City Commission appoints the City Manager to be responsible for and serve at the pleasure of the Commission.

The City Charter provides that the City Manager shall prepare and submit to the City Commission on the third Monday in April a recommended budget covering the next fiscal year, which will include detailed estimates and supporting explanation of all proposed expenditures, revenues, and fund balances for the City's various operating funds. Following a public hearing and implementing any changes in the budget that are agreed upon by the Commission, the Commission shall formally propose the budget for a public hearing and adopt the budget no later than the first day of June.

The City Charter provides that the administrative officers of the City shall be the City Manager, Clerk, Treasurer, Assessor, Police Chief, Fire Chief, Accountant, Superintendent of Water, Superintendent of Public Works, or Engineer. Appointments of the administrative officers of the City, except for the City Manager, are made by the City Manager subject to confirmation by the City Commission. The City Manager may terminate the service of any department head without confirmation of the City Commission.

The City Charter provides that the City Commission shall be responsible for public infrastructure such as roads, streets, alleys, sidewalks, and parking facilities, the City can operate various utilities, the City shall establish various regulations of land uses through zoning, the City can regulate trades and occupations, and the City is responsible for the prevention of injuries or annoyances to the inhabitants of the City among other activities. To read the provisions of the City Charter, please see the City's web site, www.saultcity.com and click on City Code of Ordinances that is provided by the Municipal Code Corporation for the City of Sault Ste. Marie, Michigan.

**FINAL RESOLUTION FOR PURPOSES OF ESTABLISHING
2023 TAX LEVY
CITY OF SAULT STE MARIE**

A meeting of the Commission of CITY OF SAULT STE MARIE, said City being a taxing unit of Chippewa County, was held at CITY HALL, SAULT STE MARIE, MICHIGAN on the 15th day of May 2023 at 7:00 o'clock P.M.

The meeting was called to order by DONALD GERRIE, Mayor of said City.

PRESENT: MAYOR GERRIE, COMMISSIONER BAUER, HABUSTA, MARBLE,
MILLER, AND RUBINSTEIN

ABSENT: COMMISSIONER BOSBOUS-RATH

The following preamble and resolution were offered by Commissioner Rubinstein and supported by Commissioner Marble.

WHEREAS, Act 5, of Public Acts of Michigan 1982, as amended by Act 75 of Public Acts of 1991, provides that the Commission shall not levy ad valorem property taxes for operating purposes for the ensuing fiscal year which yields an amount more than the sum of taxes levied at the base tax rate on additions within the taxing unit for the ensuing fiscal year plus an amount equal to the taxes levied for operating purposes for the concluding fiscal year on existing property; and

WHEREAS, the Commission has been advised that the taxable value for the 2023 tax year of all property located within the City of Sault Ste. Marie is \$312,763,785; and

WHEREAS, the City Charter authorizes a maximum levy of 20 mills annually for operational millage, and the city is also entitled to levy up to 3 mills by statute for waste collection; and

WHEREAS, after application of the millage reduction fractions required by MCL 211.34 and 211.34d the operating millages of the City be reduced by a compound millage reduction fraction of 0.9950, thereby reducing the City operating millage to 16.7298 mills, and the waste collection operating millage to 2.5221 mills; and

WHEREAS, this Commission, after careful examination of its estimated operating expense for the ensuing fiscal year and estimated revenues based on said taxable valuation, has determined that the best interests of the taxing unit require the levy of 16.7298 mills for charter operations, 0.6520 mill for waste collection; and

WHEREAS, in addition the CITY OF SAULT STE MARIE COMMISSION is authorized to levy 6.2518 mills for POLICE AND FIRE PENSION; and

2023 TAX LEVY RESOLUTION [CONTINUED]

WHEREAS, pursuant to MCL 211.24e(2) and (3) and MCL 141.436 the City has held a hearing on its proposed budget and has specifically complied with Section 16 of the Uniform Budgeting and Accounting Act, thereby eliminating the need for a separate Truth in Taxation public hearing on operating millage issues, therefore, the CITY OF SAULT STE MARIE COMMISSION may now authorize its annual operating millage and 6.2518 mills for police and fire pension, which millages are entirely within its present authorized millage rates; and

NOW, THEREFORE, BE IT RESOLVED THAT:

- 1) For the 2023 levy, the total millage rate of 17.3818 mills for operational purposes shall be levied upon property located within this taxing unit, as set forth below:

City Operational Millage	16.7298 mills
Solid Waste Management	.6520 mills

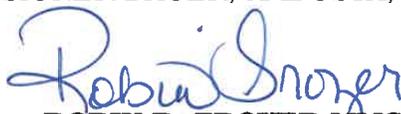
- 2) For the 2023 levy, in addition to the above millages, there shall be levied upon property located within this taxing unit:

Police and Fire Pension	6.2518 mills
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- 3) The Mayor and Financial Officer of the City are hereby directed to complete in a timely manner any necessary documentation required by the County or State to ensure the spreading of said millages, such as "2023 TAX RATE REQUEST" (L-4029) or the "CITY CLERK'S STATEMENT OF MILLAGES TO BE LEVIED," etc.

- 4) All previous resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

YEAS: MAYOR GERRIE, COMMISSIONER BAUER, HABUSTA, MARBLE,
MILLER, AND RUBINSTEIN
NAYS: NONE



ROBIN R. TROYER MMC, CITY CLERK

I, the undersigned, Clerk of CITY OF SAULT STE MARIE, SAULT STE MARIE, MICHIGAN, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City at its meeting held on May 15, 2023, the original of which is a part of the Commission's minutes.

Dated: May 15, 2023
ROBIN R. TROYER MMC, CITY CLERK

**Resolution for the Adoption of Water and Sewer Rates for the Fiscal Year
Beginning July 1, 2023 and Ending June 30, 2024
City of Sault Ste. Marie, Michigan**

A meeting of the Commission of CITY OF SAULT STE MARIE, said City being a taxing unit of Chippewa County, was held at CITY HALL, SAULT STE. MARIE, MICHIGAN on the 15th day of May 2023, at 7:00 o'clock P.M.

The meeting was called to order by DONALD GERRIE, Mayor of said City.

PRESENT: MAYOR GERRIE, COMMISSIONER BAUER, HABUSTA, MARBLE,
MILLER, AND RUBINSTEIN

ABSENT: COMMISSIONER BOSBOUS-RATH

The following preamble and resolution were offered by Commissioner Marble and supported by Commissioner Rubinstein.

WHEREAS, a recommended budget for the fiscal year 2023-2024 was prepared and submitted by the City Manager to the City Commission on April 17, 2023, which included recommendations on charges for water and sewer services for the fiscal year beginning July 1, 2023; and

WHEREAS, the City Commission has reviewed the recommended rates for water and sewer services through a series of work sessions, special meetings, and public hearings, and has proposed those rates for adoption; and

WHEREAS, a public hearing on the proposed water and sewer was duly called, publicized, and held on May 15, 2023; and

NOW THEREFORE be it resolved that this Commission hereby adopt the following rates for water and sewer services for the City of Sault Ste. Marie for the fiscal year beginning July 1, 2023 and ending June 30, 2024.

**Resolution for the Adoption of Water and Sewer Rates for the Fiscal Year
Beginning July 1, 2023 and Ending June 30, 2024 (continued)**

Water Rates	
Administrative Charge, amount per bill per month:	
5/8" meters	\$2.88
3/4" meters	\$2.96
1" meters	\$4.04
1 1/2" meters	\$10.21
2" meters	\$13.13
3" meters	\$22.37
4" meters	\$32.10
6" meters	\$32.22
10" meters	\$61.44
Deduct for e-billing	-\$0.32
Commodity Charge:	
Inside City Limits: per 1,000 Gallons	\$4.97
Outside City Limits: per 1,000 Gallons	\$9.95
Capital Charge:	
Inside City Limits: per 1,000 Gallons	\$7.36
Outside City Limits: per 1,000 Gallons	\$14.71
Total Variable Water Rate Inside City Limits	\$12.33
Total Variable Water Rate Outside City Limits	\$24.66
Sewer Rates	
Administrative Charge, amount per bill per month:	
5/8" meters	\$4.52
3/4" meters	\$4.65
1" meters	\$6.34
1 1/2" meters	\$16.03
2" meters	\$20.61
3" meters	\$35.12
4" meters	\$50.39
6" meters	\$50.57
10" meters	\$96.44
Deduct for e-billing	-\$0.32
Commodity Charge	\$5.33
Same Rate Inside & Outside City Limits	
Capital Charge:	
Inside City Limits: per 1,000 Gallons	\$7.55
Outside City Limits: per 1,000 Gallons	\$15.09
Total Variable Sewer Rate Inside City Limits	\$12.88
Total Variable Sewer Rate Outside City Limits	\$20.43
Typical Residential Monthly Bill (5,000 gal), Inside City Limits	\$133.46
Typical Residential Monthly Bill (5,000 gal), Outside City Limits	\$232.85

**Resolution for the Adoption of Water and Sewer Rates for the Fiscal Year
Beginning July 1, 2023 and Ending June 30, 2024 (continued)**

Note A: For use of water OUTSIDE the corporate limits of the City, in an area supplied with water, under a contract with the State of Michigan Health Department, the water usage rate will be the same as that charged to INSIDE corporate limits water users.

Note B: For Odenaang Water Customers, per City/Sault Tribe Agreements, a monthly maintenance fee is charged instead of outside city rates. This monthly fee is calculated as the annual cost budgeted in Transmission and Distribution Department (GL# 592-540-xxx.xxx) divided by the total number of water customers and divided by 12 months. The monthly amount to be charged is \$12.60.

**Bulk Water Production Costs*
2023-2024 Fiscal Year
Fiscal Year Budget**

SALARIES - WAGES - WTP	592-539-702.000	204,900
PAYROLL OTHER	592-539-706.000	27,600
OVERTIME	592-539-707.000	19,600
FRINGE BENEFITS - SUTA	592-539-708.000	100
FRINGE BENEFITS - FICA	592-539-709.000	16,800
FRINGE BENEFITS - MEDICARE	592-539-711.000	3,300
FRINGE BENEFITS - HEALTH OPT OUT	592-539-712.000	10,800
FRINGE BENEFITS - MERS DB PENSION	592-539-715.000	31,900
FRINGE BENEFITS - MERS DC PENSION	592-539-716.000	6,700
FRINGE BENEFITS - HEALTH INSURANCE	592-539-718.000	26,800
FRINGE BENEFITS - WORKERS COMP	592-539-722.000	4,800
FRINGE BENEFITS - PEHP	592-539-723.000	6,700
FRINGE BENEFITS - LIFE INS	592-539-724.000	800
FRINGE BENEFITS - DISABILITY INS	592-539-725.000	2,200
SUPPLIES	592-539-726.000	30,000
SUPPLIES - LABORATORY	592-539-726.001	27,000
CHEMICALS	592-539-753.000	40,000
GAS, OIL & GREASE	592-539-759.000	4,000
CONTRACTED SERVICES	592-539-801.000	22,500
TELEPHONE	592-539-850.000	3,000
TRAVEL & TRAINING	592-539-913.000	3,000
ELECTRICITY	592-539-920.000	90,000
GAS/HEAT	592-539-921.000	20,000
WATER	592-539-922.000	210,000
SANITATION SERVICES	592-539-923.000	1,200
EQUIPMENT REPAIR & MAINTENANCE	592-539-931.000	20,000
EQUIPMENT REPAIR & MAINT - INTERNAL SVCS	592-539-931.661	1,000
BUILDING MAINTENANCE	592-539-934.000	10,000
EQUIPMENT RENTAL	592-539-943.000	1,000
Total Water Costs		\$845,700

**Resolution for the Adoption of Water and Sewer Rates for the Fiscal Year
Beginning July 1, 2023 and Ending June 30, 2024 (continued)**

Bulk Water Production Costs*

Annual Water Pumped:	484.880	Million Gallons	
Cost per Million Gallons:	\$845,700	/ 489.546 million gallons =	\$ 1,744.14
Cost per 1,000 Gallons:	\$1,744.14	/ 1,000,000 X 1,000 gallons =	\$ 1.74

*Cost to be used for special events or in the event of major water leaks.

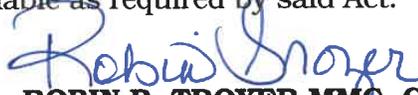
YEAS: MAYOR GERRIE, COMMISSIONER BAUER, HABUSTA, MARBLE,
MILLER, AND RUBINSTEIN

NAYS: NONE



ROBIN R. TROYER MMC, CITY CLERK

I HEREBY CERTIFY that the foregoing is a true and complete copy of a resolution adopted by the City Commission of the City of Sault Ste. Marie, County of Chippewa, State of Michigan, at a regular meeting held on May 15, 2023 and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.



ROBIN R. TROYER MMC, CITY CLERK

**General Appropriations Act
May 15, 2023
For the Fiscal Year Beginning July 1, 2023
and Ending June 30, 2024**

A meeting of the Commission of the CITY OF SAULT STE. MARIE, said City being a taxing unit of Chippewa County, was held at CITY HALL, SAULT STE. MARIE, MICHIGAN on the 15th day of May 2023, at 7:00 o'clock P.M.

The meeting was called to order by DONALD GERRIE, Mayor of said City.

PRESENT: MAYOR GERRIE, COMMISSIONER BAUER, HABUSTA, MARBLE,
MILLER, AND RUBINSTEIN

ABSENT: COMMISSIONER BOSBOUS-RATH

The following preamble and resolution were offered by Commissioner Habusta and supported by Commissioner Marble.

WHEREAS, Public Act 621 of 1978 of the State of Michigan and Section 8 of the City Charter require City Commission adoption of a Budget Plan for the forthcoming fiscal year: and

WHEREAS, a tentative budget for fiscal year 2023-2024 was prepared and submitted by the City Manager to the City Commission on April 17, 2023; and

WHEREAS, the City Commission has reviewed and revised the tentative budget through a series of work sessions, special meetings, and public hearings, and has caused the formulation of a proposed budget; and

WHEREAS, a public hearing on the proposed budget was duly called, publicized, and held on May 15, 2023

NOW, THEREFORE, BE IT RESOLVED, that this Commission hereby make and adopt the following estimates of all revenues and all expenditures of the several funds of the City for the fiscal year beginning July 1, 2023, and for payment of interest and indebtedness to fall due during the year for the following functions and purposes respectively, viz;

General Appropriations Act Resolution, 2023-2024

Fund 101 - GENERAL FUND		
<u>REVENUES BY SOURCE</u>		
PROPERTY TAXES	\$	8,175,800
LICENSES & PERMITS		145,300
FEDERAL GRANTS		163,500
STATE GRANTS		3,089,800
CHARGES FOR SERVICES		1,666,100
FINES, FORFEITS & INTEREST		106,000
INTEREST AND RENTS		776,300
OTHER REVENUE		107,200
TRANSFERS IN		96,400
TOTAL REVENUE	\$	<u>14,326,400</u>
<u>EXPENDITURES BY FUNCTION</u>		
LEGISLATIVE	\$	48,500
GENERAL GOVERNMENT		2,495,200
PUBLIC SAFETY		5,563,000
PUBLIC WORKS		1,903,100
HEALTH AND WELFARE		1,447,300
COMMUNITY & ECONOMIC DEV		491,900
OTHER CULTURE & RECREATION		1,261,900
CAPITAL OUTLAY		415,800
DEBT SERVICE & TRANSFERS OUT		688,300
TOTAL APPROPRIATIONS	\$	<u>14,315,000</u>
Fund 105 - SEAL OPERATING FUND		
<u>REVENUES BY SOURCE</u>		
INTEREST	\$	5,000
TRANSFERS IN		60,800
TRANSFER FROM FUND BALANCE		49,400
TOTAL REVENUE	\$	<u>115,200</u>
<u>EXPENDITURES BY FUNCTION</u>		
DEBT SERVICE	\$	200
TRANSFERS OUT		115,000
TOTAL APPROPRIATIONS	\$	<u>115,200</u>

General Appropriations Act Resolution, 2023-2024

Fund 106 - OSBORNE TRUST OPERATING		
<u>REVENUES BY SOURCE</u>		
INTEREST	\$	2,000
TRANSFERS IN		21,800
TRANSFER FROM FUND BALANCE		52,200
TOTAL REVENUE	\$	76,000
<u>EXPENDITURES BY FUNCTION</u>		
TRANSFERS OUT	\$	76,000
TOTAL APPROPRIATIONS	\$	76,000
Fund 151 - PERPETUAL CARE - CEMETERY		
<u>REVENUES BY SOURCE</u>		
INTEREST EARNINGS	\$	9,400
CHARGES FOR SERVICES		400
TOTAL REVENUE	\$	9,800
<u>EXPENDITURES BY FUNCTION</u>		
TRANSFERS OUT	\$	-
TOTAL APPROPRIATIONS	\$	-
Fund 155 - SEAL ESTATE TRUST		
<u>REVENUES BY SOURCE</u>		
INTEREST EARNINGS	\$	60,500
TRANSFER FROM FUND BALANCE		1,200
TOTAL REVENUE	\$	61,700
<u>EXPENDITURES BY FUNCTION</u>		
CONTRACTED SERVICES	\$	900
TRANSFERS OUT		60,800
TOTAL APPROPRIATIONS	\$	61,700
Fund 156 - OSBORN TRUST		
<u>REVENUES BY SOURCE</u>		
INTEREST EARNINGS	\$	32,400
TOTAL REVENUE	\$	32,400
<u>EXPENDITURES BY FUNCTION</u>		
CONTRACTED SERVICES	\$	900
TRANSFERS OUT		21,800
TOTAL APPROPRIATIONS	\$	22,700

General Appropriations Act Resolution, 2023-2024

Fund 202 - MAJOR STREET		
<u>REVENUES BY SOURCE</u>		
	STATE/FEDERAL GRANTS	\$ 1,825,300
	INTEREST AND RENTS	24,000
	TOTAL REVENUE	\$ 1,849,300
<u>EXPENDITURES BY FUNCTION</u>		
	PUBLIC WORKS EXPENDITURES	\$ 1,451,400
	STREET OVERHEAD	76,400
	TRANSFERS OUT	78,900
	TOTAL APPROPRIATIONS	\$ 1,606,700
Fund 203 - LOCAL STREET		
<u>REVENUES BY SOURCE</u>		
	STATE/FEDERAL GRANTS	\$ 673,800
	INTEREST AND RENTS	4,200
	TRANSFERS IN	50,000
	TRANSFER FROM FUND BALANCE	99,600
	TOTAL REVENUE	\$ 827,600
<u>EXPENDITURES BY FUNCTION</u>		
	PUBLIC WORKS EXPENDITURES	\$ 766,000
	STREET OVERHEAD	61,600
	TOTAL APPROPRIATIONS	\$ 827,600
Fund 243 - BROWNFIELD TAXES CAPTURE		
<u>REVENUES BY SOURCE</u>		
	INTEREST AND RENTS	\$ 2,000
	TRANSFER FROM FUND BALANCE	18,000
	TOTAL REVENUE	\$ 20,000
<u>EXPENDITURES BY FUNCTION</u>		
	OPERATING EXPENDITURES	\$ 20,000
	TOTAL APPROPRIATIONS	\$ 20,000

General Appropriations Act Resolution, 2023-2024

Fund 244 - EDC FUND		
<u>REVENUES BY SOURCE</u>		
	INTEREST AND RENTS	\$ 137,100
	OTHER REVENUE	2,000
	TRANSFERS IN	41,000
	TRANSFER FROM FUND BALANCE	113,600
	TOTAL REVENUE	\$ 293,700
<u>EXPENDITURES BY FUNCTION</u>		
	INCUBATOR/INDUSTRIAL PARK	\$ 53,800
	OPERATING EXPENDITURES	239,900
	TOTAL APPROPRIATIONS	\$ 293,700
Fund 245 - TIFA 1 FUND		
<u>REVENUES BY SOURCE</u>		
	PROPERTY TAXES	\$ 56,900
	DONATIONS & CONTRIBUTIONS	141,000
	INTEREST AND RENTS	500
	TOTAL REVENUE	\$ 198,400
<u>EXPENDITURES BY FUNCTION</u>		
	TRANSFERS OUT	\$ 195,000
	TOTAL APPROPRIATIONS	\$ 195,000
Fund 246 - TIFA 2 FUND		
<u>REVENUES BY SOURCE</u>		
	PROPERTY TAXES	\$ 137,200
	INTEREST AND RENTS	200
	TRANSFER FROM FUND BALANCE	20,000
	TOTAL REVENUE	\$ 157,400
<u>EXPENDITURES BY FUNCTION</u>		
	OPERATING EXPENDITURES	\$ 400
	TRANSFERS OUT	157,000
	TOTAL APPROPRIATIONS	\$ 157,400

General Appropriations Act Resolution, 2023-2024

Fund 247 - TIFA 3 FUND		
<u>REVENUES BY SOURCE</u>		
	PROPERTY TAXES	\$ 201,900
	INTEREST AND RENTS	14,500
	TRANSFERS IN	120,100
	TOTAL REVENUE	\$ 336,500
<u>EXPENDITURES BY FUNCTION</u>		
	TRANSFERS OUT	146,400
	TOTAL APPROPRIATIONS	\$ 146,400
Fund 248 - DDA FUND		
<u>REVENUES BY SOURCE</u>		
	PSD SPECIAL ASSESSMENT REV	\$ 30,200
	GRANT REVENUE	50,000
	APPROPRIATION FR CITY GF	75,000
	SIDEWALK PLOW-BUSINESS CONT	38,700
	INTEREST EARNINGS	200
	DONATIONS/SPONSORSHIPS	99,300
	TRANSFER FROM FUND BALANCE	25,900
	TOTAL REVENUE	\$ 319,300
<u>EXPENDITURES BY FUNCTION</u>		
	OPERATING EXPENDITURES	\$ 269,300
	GRANT EXPENDITURES	50,000
	TOTAL APPROPRIATIONS	\$ 319,300
Fund 250 - LDFA SMARTZONE FUND		
<u>REVENUES BY SOURCE</u>		
	PROPERTY TAXES	\$ 293,900
	STATE/FEDERAL GRANTS	100,000
	INTEREST AND RENTS	39,200
	TRANSFER FROM FUND BALANCE	57,500
	TOTAL REVENUE	\$ 490,600
<u>EXPENDITURES BY FUNCTION</u>		
	CONSULTANT SERVICES	\$ 165,000
	OPERATING EXPENDITURES	43,200
	TRANSFERS OUT	282,400
	TOTAL APPROPRIATIONS	\$ 490,600

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Fund 253 - OTHER SPECIAL REVENUE		
<u>REVENUES BY SOURCE</u>		
	STATE/FEDERAL GRANTS	\$ 3,000
	DONATIONS & CONTRIBUTIONS	3,500
	INTEREST AND RENTS	13,000
	TRANSFER FROM FUND BALANCE	1,500
	TOTAL REVENUE	\$ 21,000
<u>EXPENDITURES BY FUNCTION</u>		
	GRANT PASS THROUGH	\$ 3,000
	OPERATING EXPENDITURES	18,000
	TOTAL APPROPRIATIONS	\$ 21,000
Fund 285 - GAMING COMPACT FUND		
<u>REVENUES BY SOURCE</u>		
	TRIBAL FUNDING - ROADS	\$ 300,000
	TRIBAL FUNDING - MUSEUM SUPP.	40,000
	TOTAL REVENUE	\$ 340,000
<u>EXPENDITURES BY FUNCTION</u>		
	RIVER OF HISTORY MUSEUM SUPP.	\$ 40,000
	TOTAL APPROPRIATIONS	\$ 40,000
Fund 351 - DEBT SERVICE FUND		
<u>REVENUES BY SOURCE</u>		
	INTEREST AND RENTS	\$ 4,600
	TRANSFERS IN	479,100
	TOTAL REVENUE	\$ 483,700
<u>EXPENDITURES BY FUNCTION</u>		
	DEBT SERVICE	\$ 479,200
	TOTAL APPROPRIATIONS	\$ 479,200

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Fund 514 - PARKING		
REVENUES BY SOURCE		
CHARGES FOR SERVICES	\$	102,000
LICENSES & PERMITS		55,000
INTEREST AND RENTS		5,000
TRANSFER FROM FUND BALANCE		95,500
TOTAL REVENUE	\$	257,500
EXPENDITURES BY FUNCTION		
OPERATING EXP - ENFORCEMENT	\$	47,000
OPERATING EXP - MAINTENANCE		110,500
TRANSFERS OUT		100,000
TOTAL APPROPRIATIONS	\$	257,500
Fund 577 - PARKING DECK OPERATING		
REVENUES BY SOURCE		
DONATIONS & CONTRIBUTIONS	\$	137,100
CHARGES FOR SERVICES		15,000
LICENSES & PERMITS		61,000
INTEREST AND RENTS		11,100
TRANSFERS IN		569,500
TRANSFER FROM FUND BALANCE		7,500
TOTAL REVENUE	\$	801,200
EXPENDITURES BY FUNCTION		
OPERATING EXP - ENFORCEMENT	\$	56,800
OPERATING EXP - MAINTENANCE		94,200
DEPRECIATION EXPENSE		165,000
DEBT SERVICE		485,200
TOTAL APPROPRIATIONS	\$	801,200
Fund 585 - SEWER EQUIP REPLACEMENT - 585		
REVENUES BY SOURCE		
INTEREST AND RENTS	\$	4,200
TRANSFERS IN		500,000
TOTAL REVENUE	\$	504,200
EXPENDITURES BY FUNCTION		
TRANSFER OUT (CAPITAL OUTLAY)	\$	190,000
TOTAL APPROPRIATIONS	\$	190,000

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Fund 586 - WATER EQUIP REPLACEMENT		
<u>REVENUES BY SOURCE</u>		
	INTEREST AND RENTS	\$ 3,000
	TRANSFERS IN	825,000
	TOTAL REVENUE	<u>\$ 828,000</u>
<u>EXPENDITURES BY FUNCTION</u>		
	TRANSFER OUT (CAPITAL OUTLAY)	\$ 825,000
	TOTAL APPROPRIATIONS	<u>\$ 825,000</u>
Fund 592 - SEWER & WATER		
<u>REVENUES BY SOURCE</u>		
	CHARGES FOR SERVICES	\$ 9,199,500
	INTEREST AND RENTS	148,100
	OTHER REVENUE	223,400
	TRANSFERS IN	2,948,400
	TRANSFER FROM FUND BALANCE	1,279,700
	TOTAL REVENUE	<u>\$ 13,799,100</u>
<u>EXPENDITURES BY FUNCTION</u>		
	WATER SERVICE, OPERATIONS	\$ 2,447,150
	SEWER SERVICE, OPERATIONS	2,015,950
	DEPRECIATION EXPENSE	2,300,000
	CAPITAL OUTLAY	105,000
	DEBT SERVICE	2,786,900
	TRANSFERS OUT	4,144,100
	TOTAL APPROPRIATIONS	<u>\$ 13,799,100</u>
Fund 636 - INFORMATION SYSTEMS		
<u>REVENUES BY SOURCE</u>		
	CHARGES FOR SERVICES	\$ 500,000
	INTEREST AND RENTS	4,600
	TRANSFER FROM FUND BALANCE	22,000
	TOTAL REVENUE	<u>\$ 526,600</u>
<u>EXPENDITURES BY FUNCTION</u>		
	OPERATING EXP - INFO SYSTEMS	\$ 412,700
	OPERATING EXP - GIS	21,900
	DEPRECIATION EXPENSE	48,500
	CAPITAL OUTLAY	43,500
	TOTAL APPROPRIATIONS	<u>\$ 526,600</u>

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Fund 661 - STOCK & EQUIPMENT		
<u>REVENUES BY SOURCE</u>		
	CHARGES FOR SERVICES	\$ 500,000
	INTEREST AND RENTS	1,460,000
	TRANSFERS IN	80,000
	TRANSFER FROM FUND BALANCE	740,600
	TOTAL REVENUE	\$ 2,780,600
<u>EXPENDITURES BY FUNCTION</u>		
	OPERATING EXPENSES	\$ 1,794,700
	DEPRECIATION EXPENSE	300,000
	CAPITAL OUTLAY	565,000
	DEBT SERVICE	70,900
	TRANSFERS OUT	50,000
	TOTAL APPROPRIATIONS	\$ 2,780,600
Fund 679 - EMPLOYEE HEALTH INSURANCE		
<u>REVENUES BY SOURCE</u>		
	DONATIONS & CONTRIBUTIONS	\$ 1,224,200
	INTEREST AND RENTS	2,600
	TRANSFERS IN	210,000
	TOTAL REVENUE	\$ 1,436,800
<u>EXPENDITURES BY FUNCTION</u>		
	CLAIMS & ADMIN-EMPLOYEES	\$ 1,253,000
	CLAIMS & ADMIN-RETIRES	157,600
	TOTAL APPROPRIATIONS	\$ 1,410,600
Fund 732 - POLICE/FIRE PENSION		
<u>REVENUES BY SOURCE</u>		
	DONATIONS & CONTRIBUTIONS	\$ 2,191,900
	INTEREST AND DIVIDENDS	480,000
	TOTAL REVENUE	\$ 2,671,900
<u>EXPENDITURES BY FUNCTION</u>		
	PENSION BENEFITS	\$ 2,413,200
	ADMINISTRATIVE EXPENSE	191,300
	CHANGE IN MARKET VALUE	(1,275,000)
	TOTAL APPROPRIATIONS	\$ 1,329,500

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Fund 736 - POST EMPLOYMENT HEALTHCARE		
REVENUES BY SOURCE		
	DONATIONS & CONTRIBUTIONS	\$ 134,900
	INTEREST AND DIVIDENDS	124,000
	TRANSFER FROM FUND BALANCE	60,500
	TOTAL REVENUE	\$ 319,400
EXPENDITURES BY FUNCTION		
	PENSION BENEFITS	\$ 304,800
	ADMINISTRATIVE EXPENSE	14,600
	TOTAL APPROPRIATIONS	\$ 319,400

BE IT FURTHER RESOLVED, that this Commission has estimated the revenue which would be forthcoming during the fiscal year 2023-2024, and has determined the amount necessary to balance the General Fund budget to be the sum of \$7,182,600 consisting of \$5,084,400 for the General Fund Operating, \$198,200 for Solid Waste; and \$1,900,000 for the Police/Fire Pension Fund.

BE IT FURTHER RESOLVED, that in accordance with the Public Notification provisions of Act 5 of 1982 of the State of Michigan, the sum of \$5,084,400 for the General Fund Operating (a millage rate of 16.7298 mills), the sum of \$198,200 for Solid Waste (a millage rate of .6520 mills) and the sum of \$1,900,000 for Police/Fire Pension (a millage rate of 6.2518) is hereby fixed as the amount to be raised by Real and Personal Taxes for the 2023-2024 fiscal year for the General Fund.

BE IT FURTHER RESOLVED, that all transfers between appropriations to the various functions may be made only by further action of the Commission, pursuant to the provisions of the Michigan Uniform Accounting and Budgeting Act.

BE IT FURTHER RESOLVED, that all capital project and equipment budgets will be carried into future fiscal years until completion of the project or termination as authorized by the City Commission.

YEAS: MAYOR GERRIE, COMMISSIONER BAUER, HABUSTA, MARBLE,
MILLER, AND RUBINSTEIN

NAYS: NONE


ROBIN R. TROYER MMC, CITY CLERK

I HEREBY CERTIFY, that the foregoing is a true and complete copy of a resolution adopted by the City Commission of the City of Sault Ste. Marie, County of Chippewa, State of Michigan, at a regular meeting held on May 15, 2023 and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.


ROBIN R. TROYER, MMC CITY CLERK