City of Sturgis

Where Success Is A Habit!

Investing in Our Infrastructure...

...Investing in Our Future

2007-2008 Operating Budget

August 8, 2007

The Mission of the City of Sturgis is…

To deliver high-quality public services in a professional, efficient and nondiscriminatory manner to its residents and businesses;

To continue to strengthen the economy and quality of life; and

To ensure that the expression of views by citizens are recognized and responded to by the City.

Sturgis
City Commission

Mayor – Robert Sisson – At Large

Vice-Mayor – Caralee Mayer – Precinct 1

COMMISSIONERS

Lee Austermann	Precinct 1
Karen Stephens	Precinct 2
Barbara Fisher	Precinct 3
Kenneth Malone	Precinct 3
Joseph Haas	Precinct 4
Karl Littman	Precinct 4

CITY OF STURGIS

City Commission Priorities · FY 2007-08

Public Safety

- Drug Enforcement – Zero Tolerance
- Continue neighborhood watch program and safe community activities
- Maintain relationships with other law enforcement units and County Court system
- Continue planning for emergency management needs
- Support VIP Program

Economic & Community Development

- Coordinate I-9 / M-66 Corridor development project
- Develop a strategic plan for economic development
- Implement "Excellence in Neighborhoods Initiative" to improve housing
- Continue infrastructure development for Dresser Industrial Park
- Promote Business Development Team program
- Facilitate residential development at the Paramount/Newport sites
- Continue collaboration with County Economic Development Board and surrounding counties
- Conduct 5-year review of Master Plan

Public Services

- Pursue funding options for M-66 By-Pass
- Continue Street Improvement Program
- Evaluate impacts of electric deregulation
- Review facility alternatives for Public Services and Electric Department
- Complete major sewer and water capital improvements
- Evaluate curbside recycling options

Recreation, Parks & Culture

- Develop capital improvement fundraiser for Doyle Community Center
- Increase usage of Sturges-Young Auditorium
- Continue Tree City USA award
- Update 5-year Recreation Master Plan
- Implement Cost of Service study for Doyle Center

Administrative Services

- Develop compensation stability plan
- Implement electronic newsletter
- Develop airport capital improvement plan
- Continue implementation of risk management program
- Develop a local preference policy for purchases
- Continue customer service training

General Policies

- Encourage Spanish language skills
- Continue education and training of City Commission, Boards and City staff
- Establish a team oriented approach to providing services to the public and continue employee morale and productivity incentives
- Promote positive intergovernmental relations with adjacent townships and other governmental groups (i.e. - school, etc.)
- Increase grant writing efforts
- Promote the advancement of cultural diversity and understanding
- Promote leadership development programs within the community

The Mission of the City of Sturgis is to deliver high-quality services in a professional, efficient and nondiscriminatory manner to its residents and businesses; to continue to strengthen the economy and quality of life; and to ensure that the expression of views by citizens are recognized and responded to by the City.

Final 8/02/07

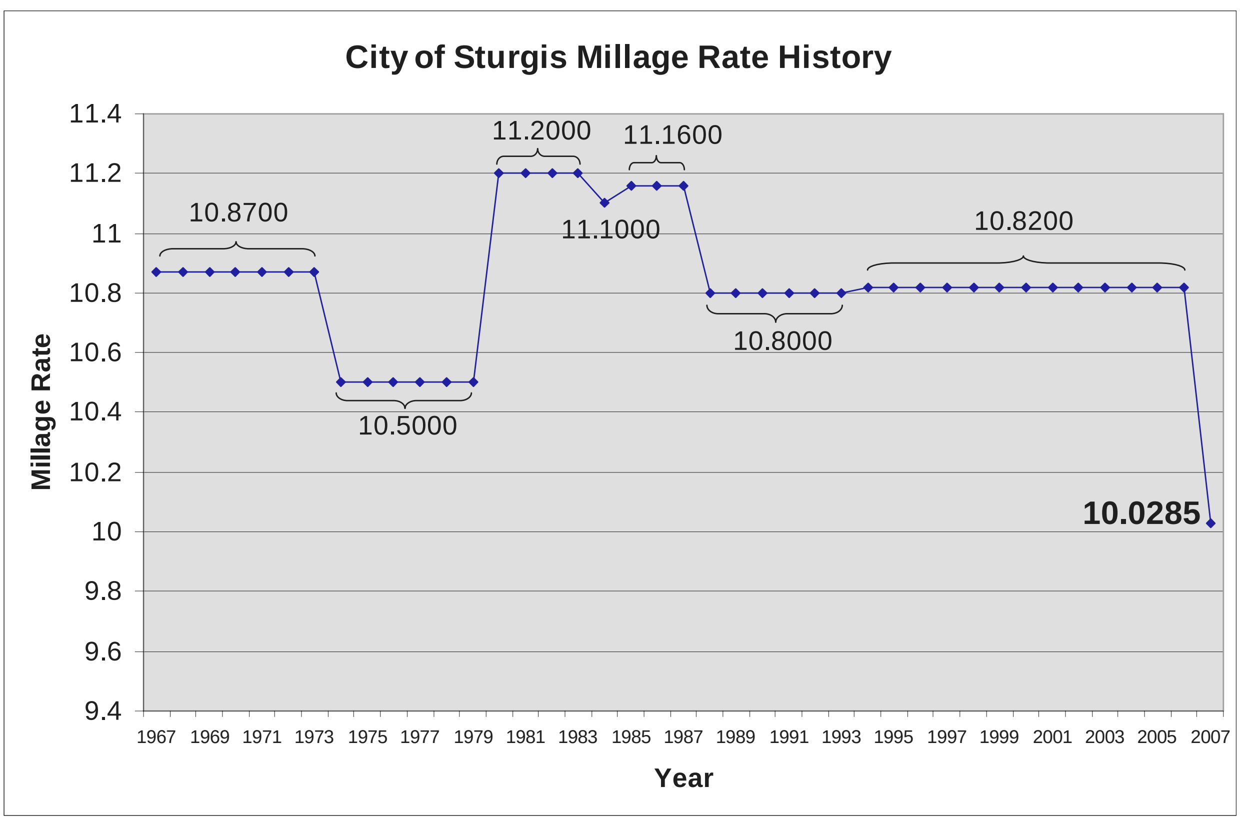
July 20, 2007

Dear Honorable Mayor and City Commission:

In accordance with Chapter XIV, Section 3 of the City Charter, the City Manager is required to submit a recommended budget for the ensuing fiscal year to the City Commission on or before August 1st. The City Commission must adopt a budget on or before August 20th of each year and fix the amount of appropriations. The General Property Tax Act requires that the City Commission hold a public hearing before its final adoption.

The poor economic condition in Michigan and the ongoing political gridlock between State elected officials creates a context of immense uncertainty as local governments develop their annual operating budgets. Rather than wallow in the frustration of enduring seven consecutive years of State Revenue Sharing losses, the Sturgis City Commission, through its FY 2007-08 budget, exercises commitment to reinvestment and planning for the future. In the end, local governments are challenged to find creative ways to provide quality services, solve issues and improve the quality of life. This comes in the form of collaboration, innovation, and mobilizing the community to act. Just as the founding and subsequent strong growth of Sturgis was not a direct result of State government action, the future of Sturgis must not be limited by its inaction.

As in previous years, the FY 2007-08 budget is a statement of the City Commission's prioritization of services and areas of importance. This year, possibly more than any other recent year, the budget allocations speak to the City Commission's dedication to fiscal responsibility while addressing clear goals and objectives.



Three planning efforts are ongoing that will be critical to the City's future. First, the Chesapeake Group was hired to develop an Economic Development Strategic Plan. The plan will identify specific industry/business growth sectors along with detailed actions and strategies to assist in their recruitment, expansion and retention. Second, development of the City's Recreation Master Plan is well underway. In order to receive grant funding from the State of Michigan, a municipality must have an updated Recreation Master Plan approved by the Department of Natural Resources. There is no doubt that access to recreation is a critical variable in determining the quality of life, and a community's ability to attract human capital. Finally, the five year review of the Master Plan of Future Land Use is programmed for FY 2007-08. The Master Plan establishes goals with respect to land use and related policy issues. Amended in 2002, the Municipal Planning Act requires each community to review its Master Plan every five years.

Notable changes in the FY 2007-08 budget include the phasing out of the Ambulance Fund. In 2007, the City eliminated the Ambulance service operated by the Fire Department. The City now contracts with LifeCare Ambulance Service as part of the Sturgis Area Ambulance Committee, a consortium of twelve municipalities. The estimated FY 2006-07 budget reflects a General Fund Transfer estimated at $249,050 to the Ambulance Fund to cover operational losses. Additionally, the City's Library was transformed into a District Library and is now supported by Sherman Township, Sturgis Township, Fawn River Township and the City of Sturgis. As a result, the FY 2007-08 budget delivers on the City Commission's promise to reduce the operating millage at an amount equivalent to the most recent General Fund balance transfer to the City's Library Fund. The City's millage rate, 10.0285, which is the lowest since 1967, compares favorably to other like cities in southwest Michigan. This obviously demonstrates a tradition of fiscal responsibility by the City of Sturgis, but also allows the City Commission flexibility to consider increasing the millage rate for projects or services that it deems necessary while maintaining a competitive edge.

MILLAGE RATE COMPARISON

Municipality	Population	2006 Audited Expenses	2007 City Millage Rate	2006 Taxable Value
CITY OF STURGIS	**11,285**	**$67,859,671**	**10.0285**	**$247,404,530**
Allegan city, Allegan County	4,838	$6,775,494	17.9243	$159,796,243
Coldwater city, Branch County	12,697	$40,691,493	11.9311	$306,364,172
Dowagiac city, Cass County	6,147	$12,655,074	16.0521	$93,596,714
Hastings city, Barry County	7,095	$6,710,628	16.0303	$183,979,273
Hillsdale city, Hillsdale County	8,233	$17,599,231	15.9152	$154,044,603
Niles city, Berrien County	12,204	$23,279,623	14.6334	$205,161,002
Otsego city, Allegan County	3,933	$3,260,026	13.1611	$113,562,108
Plainwell city, Allegan County	3,933	$3,978,550	15.9729	$86,322,821
St. Joseph city, Berrien County	8,789	$14,763,938	17.2700	$357,306,468
Three Rivers, St. Joseph County	7,328	$9,480,434	13.7303	$167,517,437

BUDGET GOALS

The primary goal in developing the annual operating budget is to provide a wide range of City services that meet the community's needs and at the same time maintain the current City operating levy.

This goal has been accomplished while:

- Maintaining an adequate contingency reserve via the City's General Fund balance of 23% of operating revenues to address any future unanticipated expenditures (a General Fund balance accumulation of $27,817 is budgeted for FY 2007-08);
- Providing service levels established by the City Commission;
- Continuing to provide for the City's needed infrastructure improvements;
- Contributing to the capital reserve fund established in 2005 for equipment replacement or improvements to facilities.

BUDGET HIGHLIGHTS

General Fund

General fund revenues are projected at $6,919,043, a 1.3% increase from the FY 2006-07 budget year. A 2.8% decrease in State Revenue Sharing is projected, while real and personal property taxes are projected to decrease by 2.1%. General fund total operating expenditures are proposed at $5,286,662, a 5.6% increase from the prior year. City staff has done an excellent job in controlling expenditures and finding innovative ways to cut costs.

Housing Fund

In partnership with the Sturgis Neighborhood Program, the Community Development Department designed an exciting housing improvement effort known as the "Excellence in Neighborhoods Initiative". In recent years, improving the City's housing stock has been a top priority of the City Commission. The Excellence in Neighborhoods Initiative builds on those efforts by strengthening partnerships with existing community organizations. As a more comprehensive strategy, the initiative will focus on improving neighborhoods and housing through responsible home ownership as well as assisting neighbors.

Major/Local Streets and Street Repair Fund

Over time, Act 51 dollars received from the State of Michigan have dwindled. As a result, no dollars have been budgeted for capital street improvements in the Major and Local Street funds. Both Major and Local Street funds struggle to pay for operational expenditures and are now using fund balance. This obviously presents a concern regarding the City's ability to fund operational expenditures for streets in the long-term.

In response to the decreasing revenue from the State of Michigan, a Street Repair Fund was developed in 2005 to address necessary street repairs. Approximately $277,000 or 1 mill is dedicated in the General Fund and transferred to the Street Repair Fund. The Street Repair Fund is intended to provide funding exclusively for street repair, reconstruction or maintenance.

Doyle Community Center Fund

The Doyle Community Center Fund is supported primarily by revenues from memberships, but also court rentals and various other program revenues. Increasing trends of healthy and active life styles and modest growth in memberships and programs/events have improved the financial condition of the Doyle Community Center. Since its operation by the City of Sturgis, the Doyle Community Center Fund has also received transfers from the City's General Fund. On a positive note, this amount has steadily declined over time from $65,000 in 1999 to $0 in 2005. The FY 2007-08 budget proposes a $10,000 General Fund transfer. In May of 2007, Norman & Paulsen completed a review of costs incurred and rates charged in order to evaluate and develop changes related to the Doyle Community Center's rate structure.

Wastewater and Water

In recent years, the combinations of operational losses as well as several substantial capital improvement projects have placed both funds in a negative cash position. In 2006, the City Commission took positive action to improve the health of the funds. A five-year rate track was approved and implemented effective June 1, 2006. While the rate increases have been necessary to stabilize the funds, the Water Fund continues to struggle due to decreasing consumption. Research completed by City staff indicates that a shift in consumption has occurred, specifically a decrease in usage by industrial and commercial customers. A heavier reliance on residential customers will most likely result in greater variances in consumption.

The City of Sturgis is planning substantial capital improvements by utilizing the State of Michigan's State Revolving Fund (SRF) and the Drinking Water Revolving Loan Fund. Both programs offer low interest loans for financing water or sewer capital improvements. For 2008, $1.2 million of water main upgrades will occur improving the transmission network.

The City continues to work with Abbott Laboratories to accommodate their wastewater treatment needs. A modified project plan was submitted to the Department of Environmental Quality (DEQ) for the SRF program. The project plan will include construction of the West Side Sewer Interceptor (WSSI), which will allow conveyance of wastewater for Abbott Laboratories as well as northern portions of the City as proposed in the Sewer Master Plan. In 2008, construction improvements for the wastewater plant and system include replacement of the digester cover, effluent discharge pipe and force main. The City also received a grant from the SRF S2 grant program for $1,000,000 for expenses related to design engineering and project planning for the wastewater improvements.

Electric Fund

The Electric Fund is maintaining a healthy position with budgeted net earnings of $1.1 million. A rate study was completed and minor adjustments to the rate structure will be necessary. $2.7 million worth of capital improvements are planned for FY 2007-08 including improvements to the Hydro dam, continuing the Street Lighting program and rebuilding distribution.

Respectfully Submitted,
CITY OF STURGIS

Michael L. Hughes
City Manager

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City of Sturgis Budget
Fiscal Year 2007 – 2008

CITY OF STURGIS 2007-2008 FISCAL YEAR
BUDGET SUMMARY AND APPROPRIATION RESOLUTION

Moved by Commissioner Fisher and seconded by Commissioner Littman that the proposed annual budget for the year 2007-2008, of the City of Sturgis be approved. After holding a public hearing on August 8, 2007 and receiving public comment on the 2007-2008 Budget, the City elected to levy a tax rate below the maximum tax rate authorized of 11.8894 mills after statuory roll-back. The City tax rate for the 2007-2008 fiscal year, to be levied in July 2007, is set at 10.0285 mills. City taxes shall be distributed among City funds as set forth below, and total Revenue and Expenditure appropriations shall be approved as presented in this Appropriation Resolution. Furthermore, no transfer between funds shall occur without City Commission approval.

FUND	CONTRIBUTION FROM GENERAL FUND	TOTAL REVENUE	TOTAL EXPENDITURES	REVENUES OVER (UNDER) EXPENDITURES
General [a]	$212,500	$6,919,043	$5,286,662	$1,632,380
Street Repair	$277,963	$0	$260,000	($260,000)
Major Streets	$0	$604,001	$627,737	($23,736)
Local Streets	$0	$465,701	$547,317	($81,616)
Cemetery	$120,000	$98,800	$260,415	($161,615)
Drug Enforcement	$0	$2,500	$29,396	($26,896)
Downtown Development	$0	$92,334	$94,480	($2,146)
Building Department	$100,000	$30,000	$121,696	($91,696)
Housing Department	$40,000	$80,000	$135,705	($55,705)
Auditorium	$266,100	$516,000	$738,122	($222,122)
Council of the Arts	$0	$164,373	$151,358	$13,015
Parks & Recreation	$380,000	$89,200	$479,287	($390,087)
Doyle Community Center	$10,000	$353,300	$391,617	($38,317)
Hospital	$0	$42,950,000	$42,850,000	$100,000
Electric	$80,000	$19,835,900	$18,726,255	$1,109,645
Wastewater	$0	$2,008,702	$2,455,596	($446,894)
Water	$0	$1,205,598	$1,338,875	($133,277)
Economic Loan	$0	$20,000	$2,000	$18,000
Motor Vehicle & Equipment	$0	$899,472	$927,041	($27,569)
Employee Benefit	$0	$1,981,450	$1,950,351	$31,099
Workers Compensation	$0	$66,000	$72,094	($6,094)
BUDGET TOTALS	$1,486,563	$78,382,374	$77,446,007	$936,367

[a] Contribution includes Pridgeon Property Lease, Capital Reserve, and Capital Outlay.

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Debt Summary As of Year End 9/30/2007

FUND SERVICING DEBT	DESCRIPTION OF DEBT		YEARS TO PAY	OUTSTANDING AS OF 9/30/2007	PAYMENTS: PRINCIPAL 2007-2008	PAYMENTS: INTEREST 2007-2008
Electric	**Revenue Bond 1997**					
		6.00%	**10**	**$5,285,000**	**$440,000**	**$228,988**
Sturgis Building Authority Bonds						
	Limited Tax General Obligation					
	Sturgis Hospital Addition				*	*
2004		**4.57%**	**27**	**$10,855,000**	**$150,000**	**$496,074**
*	**Paid from Hospital Revenue**					
GM & PB	**Electric Loan (s)**					
	#1	**6.0%**	**19**	**$431,509**	**$26,969**	**$25,149**
	#2	**6.0%**	**10 months**	**$65,649**	**$81,386**	**$6,608**
GM & PB	**Revenue Bonds**					
		4.96%	**1**	**$35,000**	**$35,000**	**$2,066**
Water	**Revenue Bonds**					
		5.19%	**2**	**$410,000**	**$200,000**	**$22,350**
	Electric Loan					
		5.22%	**5**	**$641,900**	**$0**	**$16,757**
	DWRF Loan					
		2.13%	**20**	**$1,160,000**	**$0**	**$18,693**
WWTP	**State (RLF)**					
		2.25%	**10**	**$3,195,000**	**$290,000**	**$71,888**
	SRF Loan-taxable					
		TBD	**20**	**$0**	**$0**	**$0**
	SRF Loan-non-taxable					
		1.63%	**20**	**$3,100,000**	**$0**	**$26,500**
Total Outstanding Debt				**$25,179,058**		
Current Year's Principal Payments					**$1,223,355**	
Current Year's Interest Payments						**$915,072**
2007-2008 Combined Debt Service						**$2,138,427**

The Statutory Limitation on General Obligation Debt is 10% of (SEV) State Equalized Value, the City currently has $10,855,000 outstanding in regard to hospital improvements. The combined debt service changed from $1,724,995 to $2,138,427.

101 General Fund - Revenue

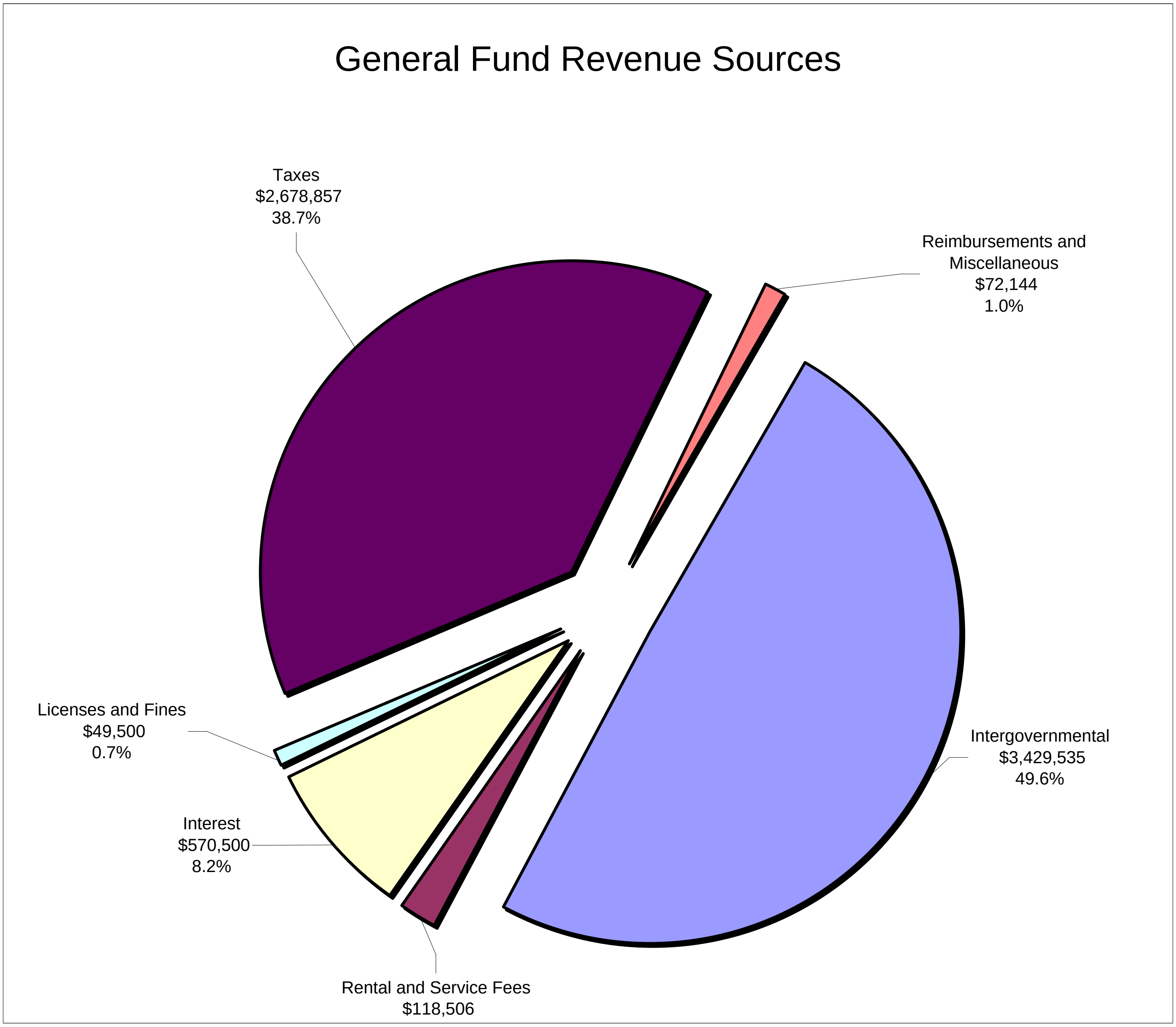
	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Real & Personal Property Taxes [a]	2,551,635	2,727,181	2,755,000	2,668,857	-2.1%
Utility Payment In-Lieu Tax (Pilot)	1,399,557	1,420,685	1,420,685	1,498,263	5.5%
Deer Creek's MSHDA Payment In-Lieu Tax	0	10,000	10,000	10,000	0.0%
Justice Training	5,392	3,600	3,600	3,600	0.0%
State Grant - Airport	0	0	0	0	0.0%
State Revenue Sharing [b]	1,083,394	1,083,146	1,053,000	1,053,000	-2.8%
Fines & Forfeitures	47,554	40,000	40,000	40,000	0.0%
LICENSES & PERMITS					
Fees	15,166	12,000	13,000	15,000	25.0%
Business Licenses & Permits	1,295	2,000	1,500	1,500	-25.0%
Franchise Fees	42,506	42,506	42,506	42,506	0.0%
Liquor Licenses	5,942	4,000	5,500	5,500	37.5%
Rental Registration Fees	19,055	24,000	24,000	20,000	-16.7%
Charges for Services Rendered	2,566	3,000	3,000	3,000	0.0%
Civil Infraction Bureau Fines & Fees	3,300	2,500	2,500	2,500	0.0%
INTEREST EARNINGS & Misc. Revenue					
Interest-Special Assessments	1,116	500	500	500	0.0%
Investment Interest	606,454	550,000	550,000	550,000	0.0%
Interest & Penalty on Property Taxes	37,171	19,000	20,000	20,000	5.3%
Land Rental	21,407	25,000	23,000	23,000	-8.0%
Rent (Salt Storage Facility 2007)	5,113	0	0	15,000	0.0%
Election Reimbursement	0	1,050	1,050	1,050	0.0%
Youth Officer-Reimbursement [c]	0	25,848	25,848	26,494	2.5%
Sidewalk Reimbursement [d]	15,488	12,000	12,000	11,000	-8.3%
Airport Hangar Rental	0	0	0	0	
Airport Fuel Sales	0	0	102,000	0	
Miscellaneous Income	75,784	15,000	15,000	30,000	100.0%
Administrative Reimbursement	772,230	805,984	805,984	878,272	9.0%
Total Revenues	**6,712,126**	**6,829,000**	**6,929,673**	**6,919,043**	

[a] Property taxes based on taxable value of **$288,830,394** (includes the Industrial Facility Exempted properties paying at 50% and distributions for TIFA and Township 425 agreement distributions - See Attachment A).

[b] City has not received an increase in Revenue Sharing since 2001.

[c] Sturgis Schools reimbursement of a portion of the Youth Officer cost.

[d] Sidewalk Reimbursement is the amount of special assessments paid during year.


General Fund Revenue Sources
Taxes
$2,678,857
38.7%
Reimbursements and Miscellaneous
$72,144
1.0%
Intergovernmental
$3,429,535
49.6%
Licenses and Fines
$49,500
0.7%
Interest
$570,500
8.2%
Rental and Service Fees
$118,506

101 General Fund - Expenditures

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
GENERAL GOVERNMENT					
City Commission	35,974	50,254	45,000	39,958	-20.5%
City Manager's Office	196,293	222,909	222,909	229,292	2.9%
Elections	13,480	20,000	12,000	20,000	0.0%
Assessor's Office	48,816	57,000	57,000	57,000	0.0%
City Legal Services	99,512	100,000	115,500	115,500	15.5%
City Clerk / Treasurer's Office	206,192	208,512	208,512	212,887	2.1%
City Controller's Office	335,954	364,323	364,323	378,087	3.8%
City Hall & Grounds	38,144	50,000	40,000	40,000	-20.0%
Total General Government	**974,367**	**1,072,998**	**1,065,244**	**1,092,724**	
POLICE DEPARTMENT					
Wages & Benefits	1,517,089	1,533,614	1,533,614	1,541,013	0.5%
Wages & Benefits - Overtime	176,614	175,000	180,000	175,000	0.0%
Crossing Guards	38,875	40,960	41,500	41,943	2.4%
Training	3,438	13,000	10,000	13,000	0.0%
Training 302 State funds	9,518	4,000	4,000	4,000	0.0%
Office Supplies	8,926	8,000	8,000	8,000	0.0%
Operating Supplies [a]	38,657	36,000	36,000	36,000	0.0%
Repair & Maintenance Supplies	3,657	2,500	2,500	2,500	0.0%
Professional Services	11,813	17,000	16,000	17,000	0.0%
Communications	7,337	11,500	11,500	11,500	0.0%
Transportation	90,578	116,121	116,121	126,763	9.2%
Printing & Publishing	431	2,000	1,000	2,000	0.0%
Insurance & Audit	41,242	42,000	40,788	43,000	2.4%
Utilities	28,772	28,500	28,000	28,500	0.0%
Repairs & Maintenance	22,098	32,000	32,000	32,000	0.0%
Crime Prevention [b]	3,165	8,500	8,500	8,500	0.0%
Animal Control Wage & Benefits [c]	34,597	27,438	28,810	29,392	7.1%
Animal Control Supplies	578	750	750	750	0.0%
Capital Outlay [d]	8,045	16,300	16,000	19,300	18.4%
Total Police Department	**2,045,429**	**2,115,183**	**2,115,083**	**2,140,161**	

[a] Operating Supplies: Body Armor Replacement, Raid Team supplies, New Officer Uniforms and Equipment, VIP Office Supplies.

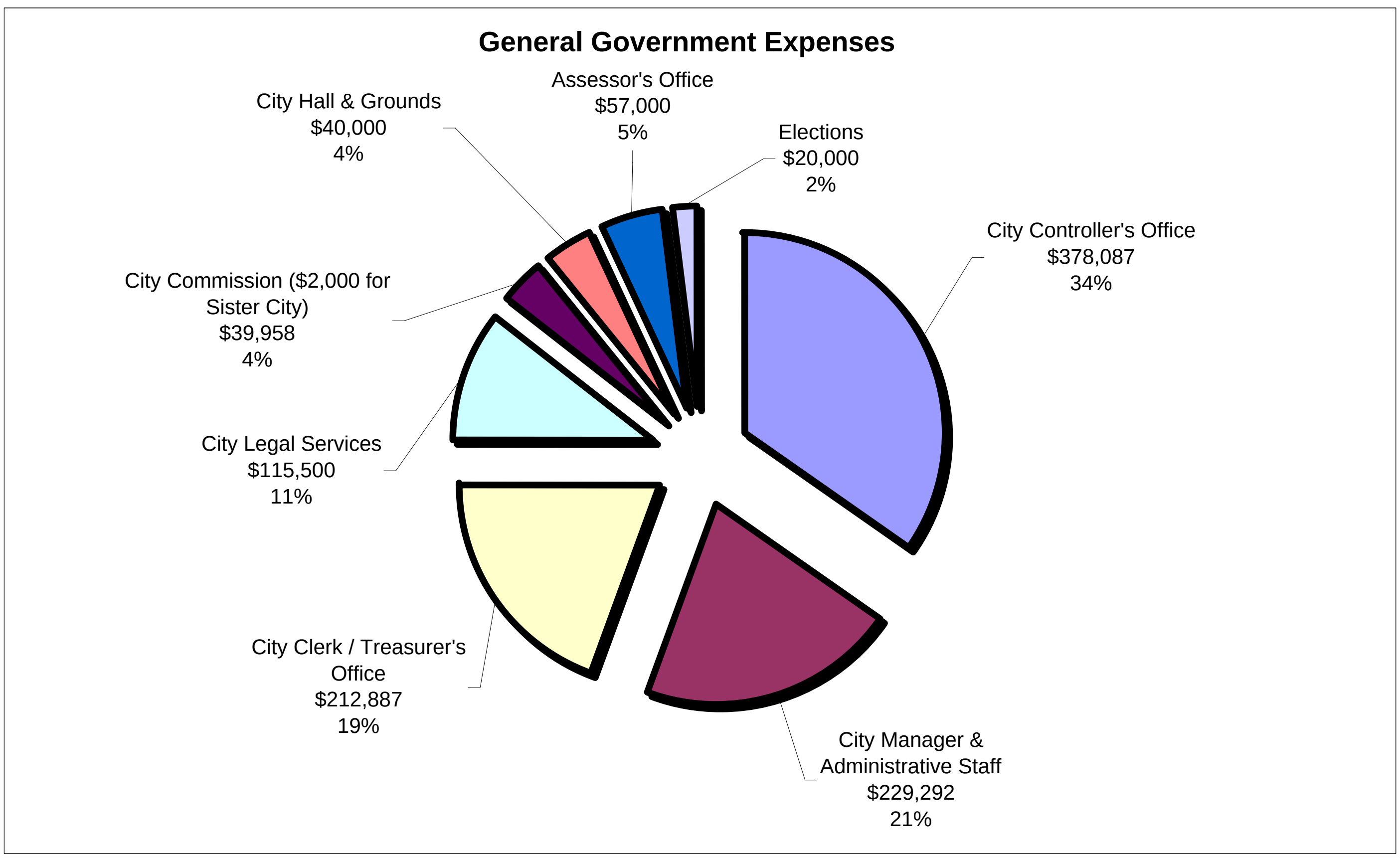
[b] Includes Bike Patrol, Bike Safety Programs, Citizen's Police Academy, Teen Police Academy, VIP Program.

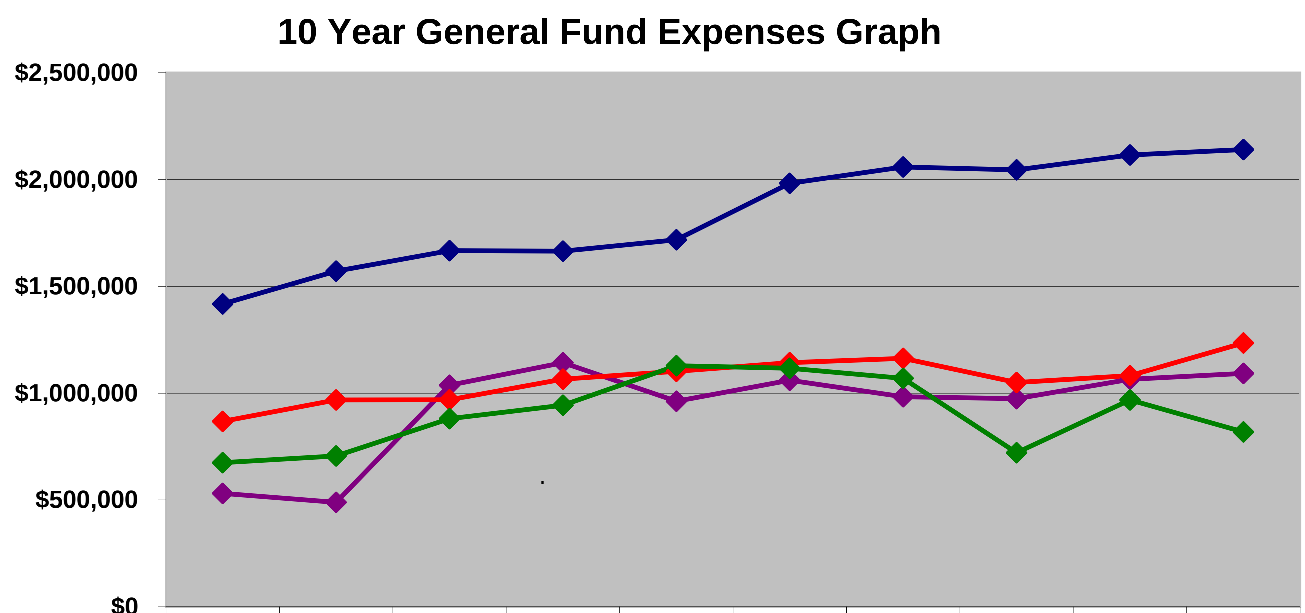
[c] Animal Control Wage & Benefits - 20 hours to Police and 20 hours to Code Enforcement.

[d] Capital Outlay: Radio Replacement, $4,000; Computer Replacement, $3,200; Protective Structure, $5,000; Electronic Security Locks, $2,300; Shooting Range Improvements, $4,800.

General Government Expense Information

The City of Sturgis has a Commission-Manager form of government. The City Commission consists of nine members. The City Manager is the Chief Administrative Officer of the City, appointed by the City Commission. The City Manager is responsible for the day-to-day activities of the City, provides overall direction to and is responsible for the management, staffing, administration and operation of all City Departments. The City Controller's Office is mainly a support department to the City Manager and the other City Departments which make up the administrative and service delivery structure of the City. The Controller's Office carries out the ongoing day to day financial operation of the City. The City Clerk/Treasurer's office bills and collects both real and personal property taxes, and collects all City revenue.





	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	531,353	488,879	1,037,534	1,143,043	962,469	1,060,155	983,547	974,367	1,065,244	1,092,724
Fire Department	867,983	968,355	969,437	1,065,388	1,102,383	1,142,741	1,163,373	1,049,829	1,082,004	1,234,884
Police Department	1,417,610	1,571,616	1,666,926	1,665,091	1,718,385	1,982,460	2,058,967	2,045,429	2,115,083	2,140,161
Other General Fund	675,014	706,273	880,794	943,801	1,128,876	1,116,885	1,069,403	720,920	968,693	818,893

Police Department Information

During this year the department made several large leaps technologically with the implementation of a new property tracking program as well as a change over of several Mobile Video Systems from VHS to digital. In-car computers are now being implemented by all officers. We continue to take advantage of any training opportunities that arise and have a total of 847 hours training. Some of this training includes Basic Clandestine Lab Safety, Raid Entry, Accident Investigation, Domestic Violence Response as well as Child Passenger Seat Safety certifications. Our two newest Sgt.'s have both completed week long supervisory schools to assist them in their transitions from road patrol to supervisor. We continue to employ and expand community programs such as Neighborhood Watch and Volunteers in Policing (VIP). We now have three working Neighborhood Watch Programs within Sturgis. The VIP's continue to assist officers with fingerprinting, property and many other tasks.

101 General Fund - Expenditures cont.

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
FIRE DEPARTMENT					
Wages & Benefits	776,401	699,643	760,000	893,722	27.7%
Wages & Benefits - Premium Time	79,799	75,000	99,000	80,000	6.7%
Training	1,988	5,000	5,000	5,000	0.0%
Office Supplies	4,494	2,500	2,500	2,500	0.0%
Operating Supplies [a]	26,986	30,000	35,000	30,000	0.0%
Repairs & Maintenance Supplies	5,214	4,500	4,500	4,500	0.0%
Professional Services	7,802	6,000	5,000	6,000	0.0%
Communications	5,452	10,000	9,000	10,000	0.0%
Transportation [b]	95,346	104,304	104,304	106,462	2.1%
Printing & Publishing	230	200	200	200	0.0%
Insurance & Audit	12,991	14,000	13,000	14,000	0.0%
Utilities	21,125	20,000	20,000	20,000	0.0%
Repairs & Maintenance Supplies [c]	5,842	8,000	8,000	8,000	0.0%
Rentals (Hydrant Maintenance)	6,158	6,500	6,500	6,500	0.0%
Citizens Academy	0	0	0	1,000	
Miscellaneous	0	0	0	0	0.0%
Capital Outlay [d]	0	11,500	10,000	47,000	308.7%
Total Fire Department	**1,049,829**	**997,147**	**1,082,004**	**1,234,884**	

[a] Includes $3,000 for bunker repair.

[b] Includes annual pump and ladder test.

[c] Includes HVAC maintenance contract.

[d] Capital Outlay: Cascade System, $30,000; SCBA Packs and Bottles (4), $15,000; Gas Monitor, $2,000.

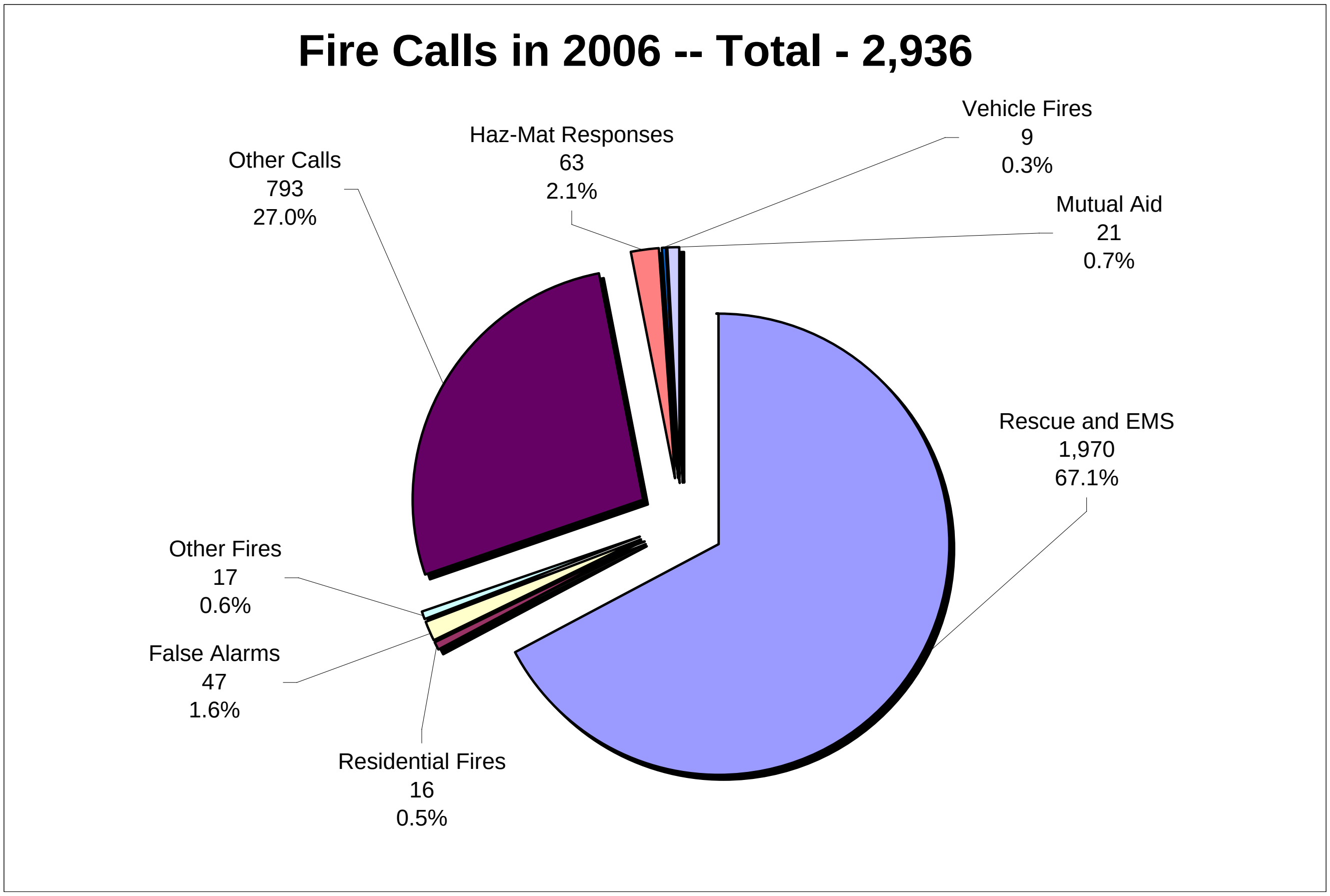
	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
PROPERTY MAINTENANCE					
Wages & Benefits	93,078	107,285	102,000	111,215	3.7%
Office Expense	1,788	3,000	2,300	3,000	0.0%
Operating Expense	373	500	450	500	0.0%
Training	30	600	500	600	0.0%
Transportation	2,233	2,897	2,897	2,301	-20.6%
Total Property Maintenance	**97,502**	**114,282**	**108,147**	**117,616**	
PLANNING & ZONING					
Planning Board	1,097	1,000	1,000	1,000	0.0%
Wages & Benefits	72,829	87,350	84,000	90,853	4.0%
Wages & Benefits - Overtime	445	1,000	1,000	1,000	0.0%
Transportation	2,233	3,369	3,369	2,676	-20.6%
Office Expense	1,773	2,600	2,600	2,600	0.0%
Operating Expense	1,476	2,600	2,600	2,600	0.0%
Training	936	1,000	2,000	1,000	0.0%
Professional Services	3,252	20,000	7,000	25,000	25.0%
Total Planning & Zoning	**84,041**	**118,919**	**103,569**	**126,729**	

PROPERTY MAINTENANCE	2002	2003	2004	2005	2006
Units Inspected	585	964	777	796	829
Revenues	$ 23,860	$ 28,750	$ 24,670	$ 31,725	$ 34,221

Property Maintenance numbers fluctuate from year to year due to the number of rental housing units in the precincts inspected in that year. Additionally the type of unit inspected will cause an inconsistency in the revenue generated.

Fire Department Information

The fire department is continually looking for new ways to serve our community. During the past year, we focused our efforts on education and awareness. We created several new personal safety programs that will benefit our community, specifically our low income and active senior citizen population. For information on our Free Smoke Detector program or our Secured Lockbox program, please contact the department. The Fire Department has been proactive regarding grant opportunities. We have been awarded several grants including the funds for the lock boxes, a thermal image camera as well as training, and funds for the training of several Hazardous Materials team members. This year we also collaborated with several local businesses that provided our smoke detectors and batteries, which are provided at no cost to the community. We will continue to attempt to locate funding through grants and other sources for equipment and training.



101 General Fund - Expenditures cont.

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
AIRPORT [a]					
Wages & Benefits	3,564	7,000	7,000	0	-100.0%
Wages & Benefits - Snow Removal	665	4,000	4,000	0	-100.0%
Wages & Benefits - Mowing	3,472	4,000	4,000	0	-100.0%
Office Supplies	0	0	0	0	0.0%
Operating Supplies	837	500	0	0	-100.0%
Fuel System	0	0	100,000	0	0.0%
Repair & Maintenance Supplies	479	1,000	1,000	0	-100.0%
Professional Services	4,500	9,000	9,900	0	-100.0%
Communications	6,502	7,500	7,500	0	-100.0%
Insurance & Audit	1,631	8,000	8,000	0	-100.0%
Utilities	16,466	18,000	18,000	0	-100.0%
Repairs & Maintenance	48,842	43,615	45,000	0	-100.0%
AWOS-Maintenance	5,075	5,500	5,500	0	-100.0%
Transportation	11,030	10,590	10,590	0	-100.0%
Total Airport	**103,062**	**118,705**	**220,490**	**0**	
PARKING LOTS					
Wages & Benefits	7,201	20,000	15,000	18,000	-10.0%
Office Expense	0	0	0	0	0.0%
Operating Expense	0	0	0	0	0.0%
Repair & Maintenance Supplies	0	4,000	3,800	4,120	3.0%
Utilities	2,253	2,500	1,850	2,600	4.0%
Repairs & Maintenance	2,348	10,000	9,800	12,800	28.0%
Transportation	13,150	19,889	19,889	5,532	-72.2%
Total Parking	**24,951**	**56,389**	**50,339**	**43,052**	
ENGINEERING DEPARTMENT					
Wages & Benefits	162,135	169,502	169,502	173,838	2.6%
Wages & Benefits - Overtime	4,032	1,500	1,500	0	-100.0%
Office Expense	7,206	8,500	8,500	9,400	10.6%
Transportation	4,921	4,901	4,901	6,927	41.3%
Repair & Maintenance	99	800	800	0	-100.0%
Professional Services [b]	253	5,000	5,000	5,000	0.0%
Total Engineering Department	**178,646**	**190,203**	**190,203**	**195,165**	

[a] Airport operation moved to separate fund beginning 2007-2008.

[b] Outside Engineering & Surveying Services.

101 General Fund - Expenditures cont.

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
PUBLIC SERVICES					
Street Lighting	72,000	72,000	72,000	72,000	0.0%
Ambulance Subsidy	0	0	21,000	51,126	
Salt Storage Bldg. Lease Payment	0	0	0	15,000	
Forestry	4	0	0	0	0.0%
Total Public Services	**72,004**	**72,000**	**93,000**	**138,126**	
CULTURE / SOCIAL SERVICES					
Culture / Social Services	0	0	0	0	0.0%
Library Retiree Health Insurance	0	0	43,445	46,704	
Senior Transportation Coupons	0	2,500	2,500	2,500	0.0%
Contribution to Community Recreation	0	0	0	0	0.0%
Total Culture / Social Services	**0**	**2,500**	**45,945**	**49,204**	
OTHER SERVICES					
Information Technology	49,923	60,000	50,000	60,000	0.0%
Contingencies	85,827	60,000	78,000	60,000	0.0%
Tax Tribunal	0	2,000	2,000	2,000	0.0%
Community Information Activities [a]	24,962	27,000	27,000	27,000	0.0%
Total Other Services	**160,713**	**149,000**	**157,000**	**149,000**	

[a] City Newsletter / Community Promotions / Website Maintenance and Improvements.

TOTAL OPERATING EXPENSES	**4,790,544**	**5,007,326**	**5,231,024**	**5,286,662**	
CONTR. TO OTHER FUNDS [a]	1,021,000	1,105,000	1,025,600	1,028,000	-7.0%
PRIGEON PROPERTY LEASE [b]	69,500	69,500	69,500	69,500	0.0%
CONTR. TO HOUSING DEPT. FUND	10,000	0	0	40,000	
CONTR. TO STREET REPAIR FUND [c]	264,767	263,158	263,158	277,963	5.6%
CONTR. TO CAPITAL RESERVE [d]	225,000	50,000	50,000	70,000	40.0%
CONTR. TO AUDITORIUM - ROOF LEASE	46,100	46,100	46,100	46,100	0.0%
CONTR. TO AMBULANCE FUND	184,700	171,308	240,050	0	0.0%
CAPITAL OUTLAY [e]	14,292	110,000	84,550	73,000	-33.6%
Total Expenditures	**6,625,903**	**6,822,392**	**7,009,982**	**6,891,225**	
NET INCOME OR (LOSS)	86,223	6,607	(80,309)	27,817	
FUND BALANCE	**1,646,293**	**1,652,901**	**1,565,984**	**1,593,801**	

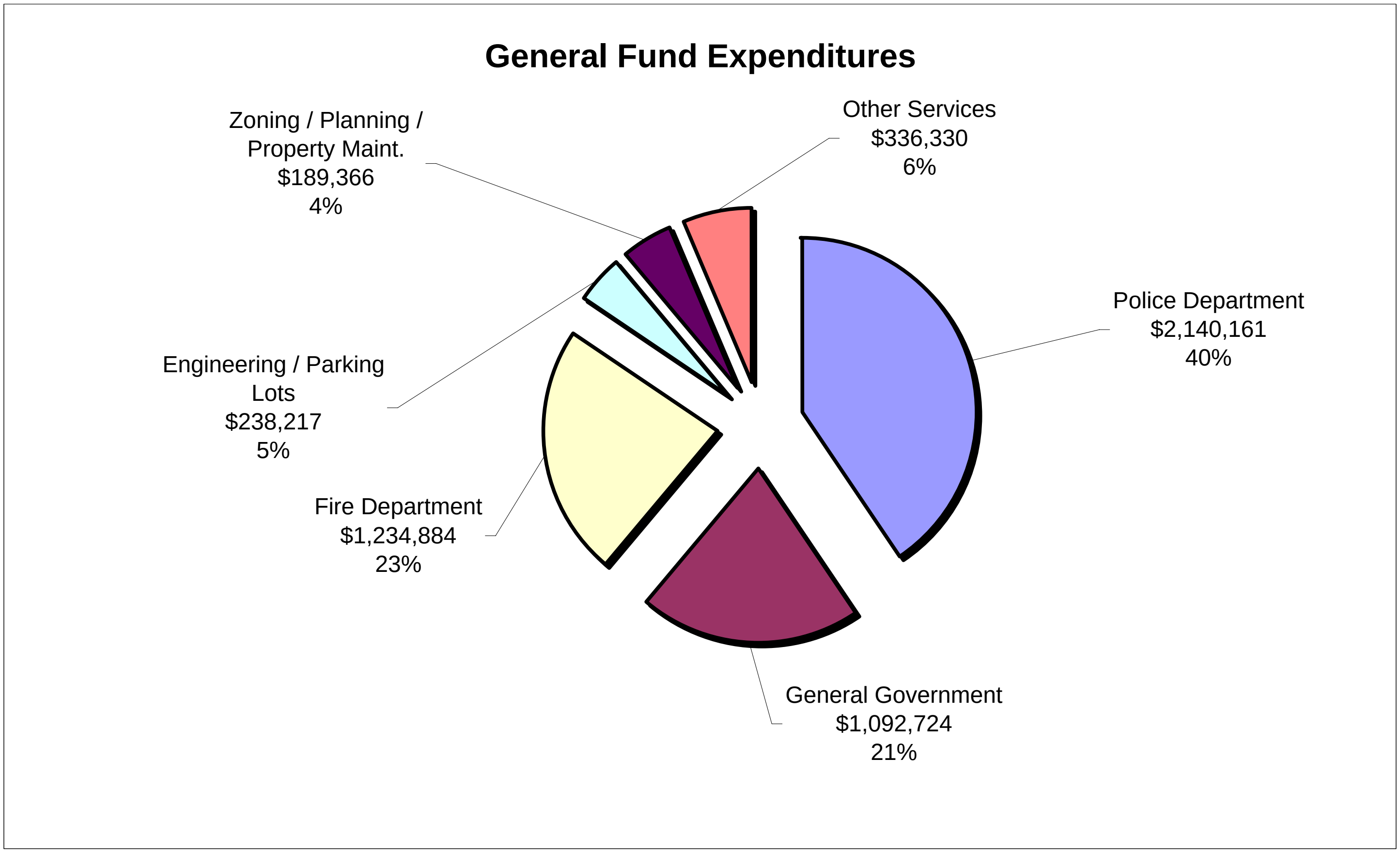
[a] Contribution to Other Funds: Cemetery $120,000, Building $100,000, Auditorium $220,000, Parks & Recreation $380,000, Doyle $10,000, Airport Fund $118,000, and Electric for Forestry $80,000.

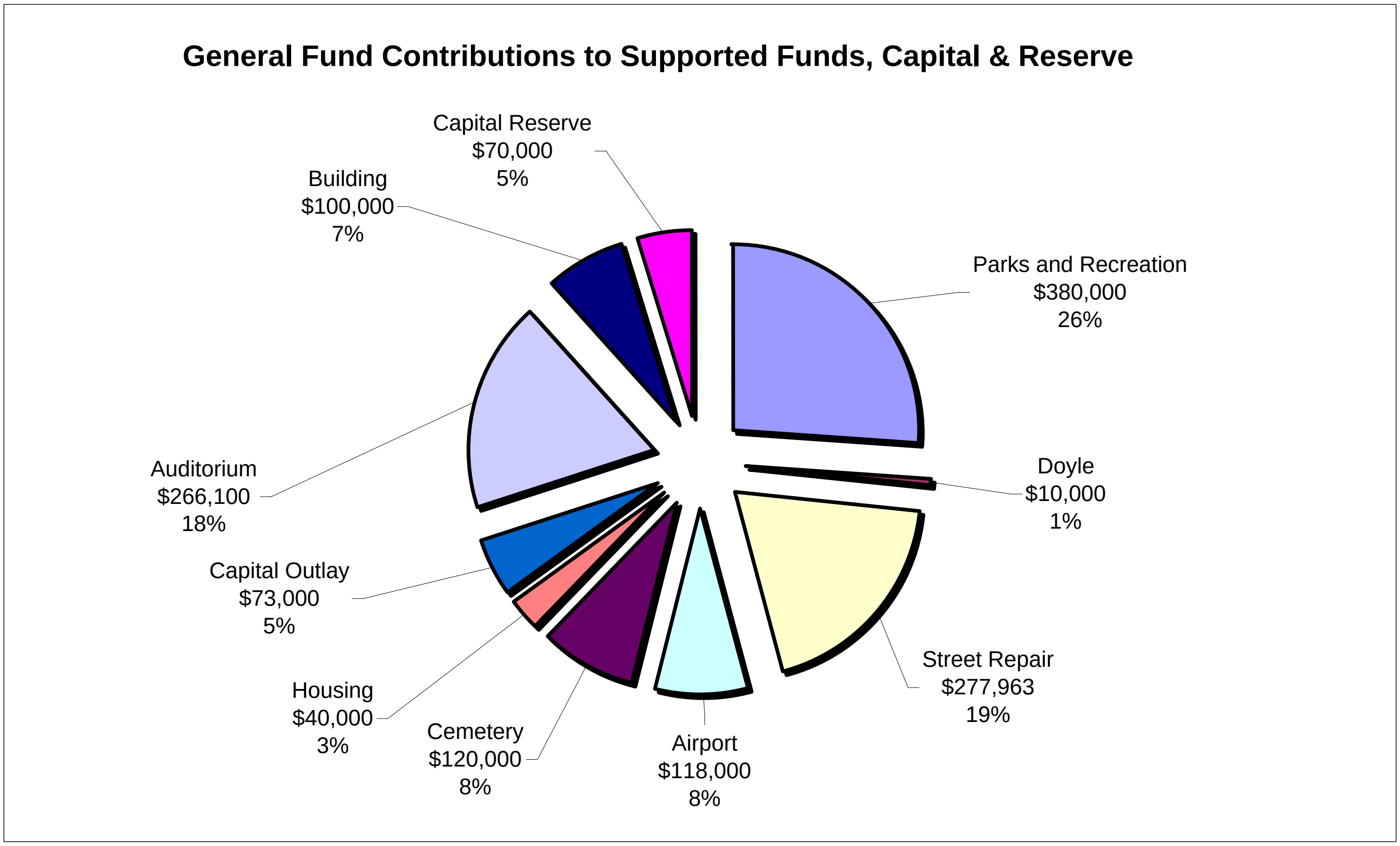
[b] Pridgeon property rental payment.

[c] One Mill Dedicated to Street Repair Fund

[d] Set aside for major capital purchases.

[e] Capital Outlay: Sidewalk Replacement, $-0-; Computer Replacement Program, $20,000; Engineering plans copier, $17,500; Construction match for Taxiway to Runway 18, $35,500.


General Fund Expenditures
Zoning / Planning / Property Maint.
$189,366
4%
Other Services
$336,330
6%
Police Department
$2,140,161
40%
Engineering / Parking Lots
$238,217
5%
Fire Department
$1,234,884
23%
General Government
$1,092,724
21%


General Fund Contributions to Supported Funds, Capital & Reserve
Capital Reserve
$70,000
5%
Building
$100,000
7%
Parks and Recreation
$380,000
26%
Auditorium
$266,100
18%
Doyle
$10,000
1%
Capital Outlay
$73,000
5%
Street Repair
$277,963
19%
Housing
$40,000
3%
Cemetery
$120,000
8%
Airport
$118,000
8%

231 Kirsch Municipal Airport Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
State Grant - Airport	0	0	0	0	
Airport Hangar Rental	0	0	0	10,000	
Airport Fuel Sales	0	0	0	611,000	
Miscellaneous Income	0	0	0	0	
Total Revenue	**0**	**0**	**0**	**621,000**	
EXPENDITURES					
Wages & Benefits	0	0	0	7,000	
Wages & Benefits - Snow Removal	0	0	0	4,000	
Wages & Benefits - Mowing	0	0	0	4,000	
Office Supplies	0	0	0	0	
Operating Supplies	0	0	0	0	
Fuel System	0	0	0	600,000	
Repair & Maintenance Supplies	0	0	0	1,000	
Professional Services	0	0	0	14,400	
Communications	0	0	0	8,000	
Insurance & Audit	0	0	0	8,000	
Utilities	0	0	0	20,000	
Repairs & Maintenance [a]	0	0	0	45,000	
AWOS-Maintenance	0	0	0	6,000	
Transportation	0	0	0	11,287	
Total Expenditures	**0**	**0**	**0**	**728,687**	
NET INCOME OR LOSS	0	0	0	(107,687)	
Contribution from General Fund	0	0	0	118,000	
FUND BALANCE	**0**	**0**	**0**	**10,313**	

[a] Includes $15,000 for vegetation control.

201 Street Repair Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Interest Income	0	0	0	0	0.0%
Total Revenue	**0**	**0**	**0**	**0**	
EXPENDITURES					
Road Construction - Contractual [a]	0	180,000	519,902	180,000	0.0%
Maintenance [b]	0	50,000	0	50,000	0.0%
Contractual Services	0	30,000	0	30,000	0.0%
Total Expenditures	**0**	**260,000**	**519,902**	**260,000**	
NET INCOME OR LOSS	0	(260,000)	(519,902)	(260,000)	
Contribution from General Fund	264,767	263,158	263,158	277,963	
FUND BALANCE	**264,767**	**267,925**	**8,023**	**25,986**	

[a] Activities such as Reconstruction and Milling & Resurfacing.

[b] Activities such as Chip & Seal and Crack Sealing.

202 Major Street Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Grants	0	0	0	0	0.0%
State Highway Maint. Contract	30,045	35,000	30,000	30,000	0.0%
State Grant - R/W Maint. Act 48	24,396	25,000	25,000	25,000	0.0%
Weight & Gas Tax - Act 51	531,441	565,896	537,720	543,001	-4.0%
Interest	0	0	0	0	0.0%
Special Assessments	0	2,000	0	0	-100.0%
Grants - State	19,186	1,000	1,000	1,000	0.0%
Miscellaneous Income	12,427	0	5,000	5,000	
County Road Millage [a]	0	0	0	0	0.0%
Total Revenues	**617,495**	**628,896**	**598,720**	**604,001**	

[a] No County Road Millage in Major Street. Funds are budgeted in Local Street.

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
EXPENDITURES					
Construction	11,786	0	0	0	0.0%
Pavement Preservation	74,305	0	0	0	0.0%
Routine Maintenance [a]	429,991	291,552	291,962	301,029	3.3%
Traffic Services	21,680	36,000	32,000	37,100	3.1%
Winter Maintenance	21,289	46,500	32,500	47,900	3.0%
Administration & Engineering	12,407	17,500	12,800	18,000	2.9%
State Trunkline Maintenance	11,693	45,000	32,000	46,000	2.2%
Transportation	-	97,139	97,139	92,989	-4.3%
Facility Rent	0	0	0	7,500	
Administrative Reimbursement	71,945	105,305	105,305	77,219	-26.7%
50% - Transfer to Local Streets [b]	0	0	0	0	0.0%
Total Expenditures	**655,097**	**638,996**	**603,706**	**627,737**	
NET INCOME OR LOSS	(37,601)	(10,100)	(4,986)	(23,736)	
Contribution from Other Funds	0	0	0	0	
FUND BALANCE	**224,046**	**213,946**	**219,060**	**195,324**	

[a] Includes half of the estimated costs for the Compost Site security improvements.

[b] State maximum transfer of Act 51 money is 50%. Due to current budget numbers - no projected transfer to local streets.

203 Local Street Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
State Grant - R/W Maint. Act 48	9,023	8,000	8,000	8,000	0.0%
Weight & Gas Tax - Act 51	195,538	208,261	197,758	199,701	-4.1%
Interest	1,666	8,000	2,000	2,000	-75.0%
Special Assessments	8,177	15,000	8,000	8,000	-46.7%
Transfer from Major Streets	0	0	0	0	0.0%
County Road Millage [a]	245,408	248,000	248,000	248,000	0.0%
Total Revenues	**459,812**	**487,261**	**463,758**	**465,701**	

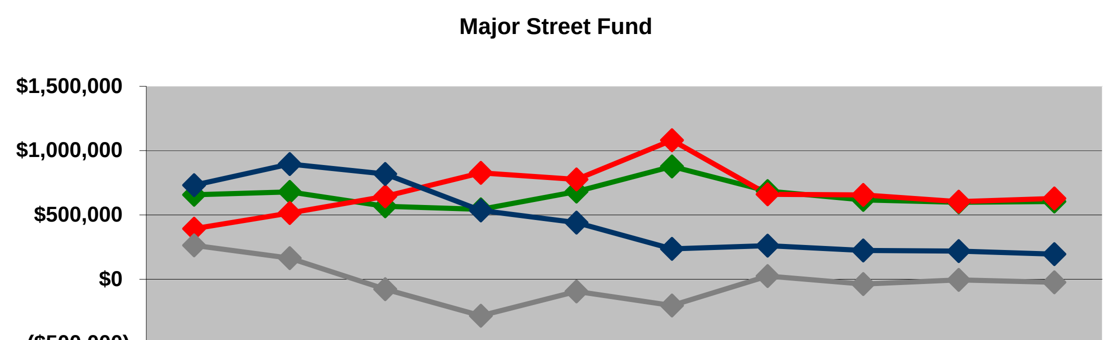
[a] 100% of County Road Millage. Levied until 2015.

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
EXPENDITURES					
Construction	135	0	0	0	0.0%
Pavement Preservation	298,761	0	0	0	0.0%
Routine Maintenance [a]	368,795	268,453	275,958	277,873	3.5%
Traffic Services	5,866	16,500	12,500	17,000	3.0%
Winter Maintenance	19,710	48,500	32,500	50,000	3.1%
Administration & Engineering	2,869	12,000	9,016	12,400	3.3%
Transportation	-	105,547	105,547	114,571	8.5%
Facility Rent	0	0	0	7,500	
Administrative Reimbursement	65,073	77,164	77,164	67,973	-11.9%
Total Expenditures	**761,209**	**528,164**	**512,685**	**547,317**	
NET INCOME OR LOSS	(301,397)	(40,903)	(48,927)	(81,616)	
Contribution from Other Funds	0	0	0	0	
FUND BALANCE	**382,962**	**342,058**	**334,035**	**252,419**	

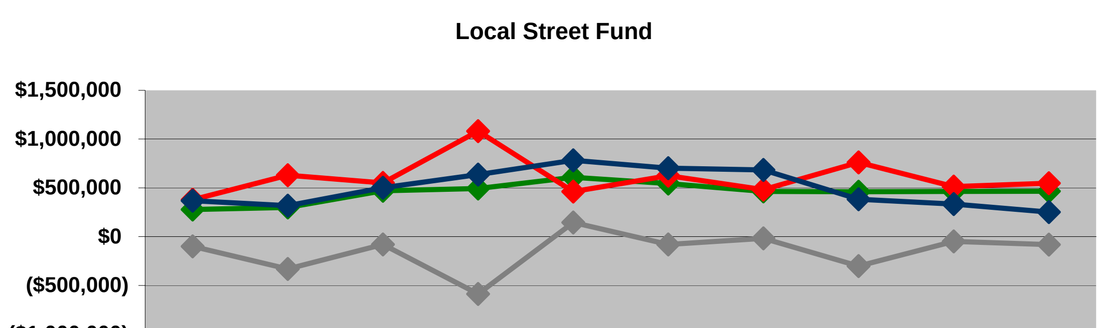
[a] Includes half of the estimated costs for the Compost Site security improvements.

Streets Information

The City of Sturgis has approximately 52 miles of streets that are maintained by the Public Services Department. This year the City plans to have between 3 and 3.5 miles of streets milled and resurfaced. The streets are evaluated annually by City staff and are chosen for repair based on condition. The department uses a hot liquid asphalt and slag stone combination which is applied to potholes. This patching process allows the crews to apply a one time fix to potholes saving the City both time and money.



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues	656,982	678,568	567,091	543,634	681,908	876,903	685,511	617,495	598,720	604,001
Expenses	392,710	514,910	644,204	827,171	775,988	1,080,373	660,786	655,097	603,706	627,737
Income or Loss	264,272	163,658	(77,113)	(283,537)	(94,080)	(203,470)	24,725	(37,601)	(4,986)	(23,736)
Fund Balance	731,464	895,122	818,009	534,472	440,392	236,922	261,647	224,046	219,060	195,324



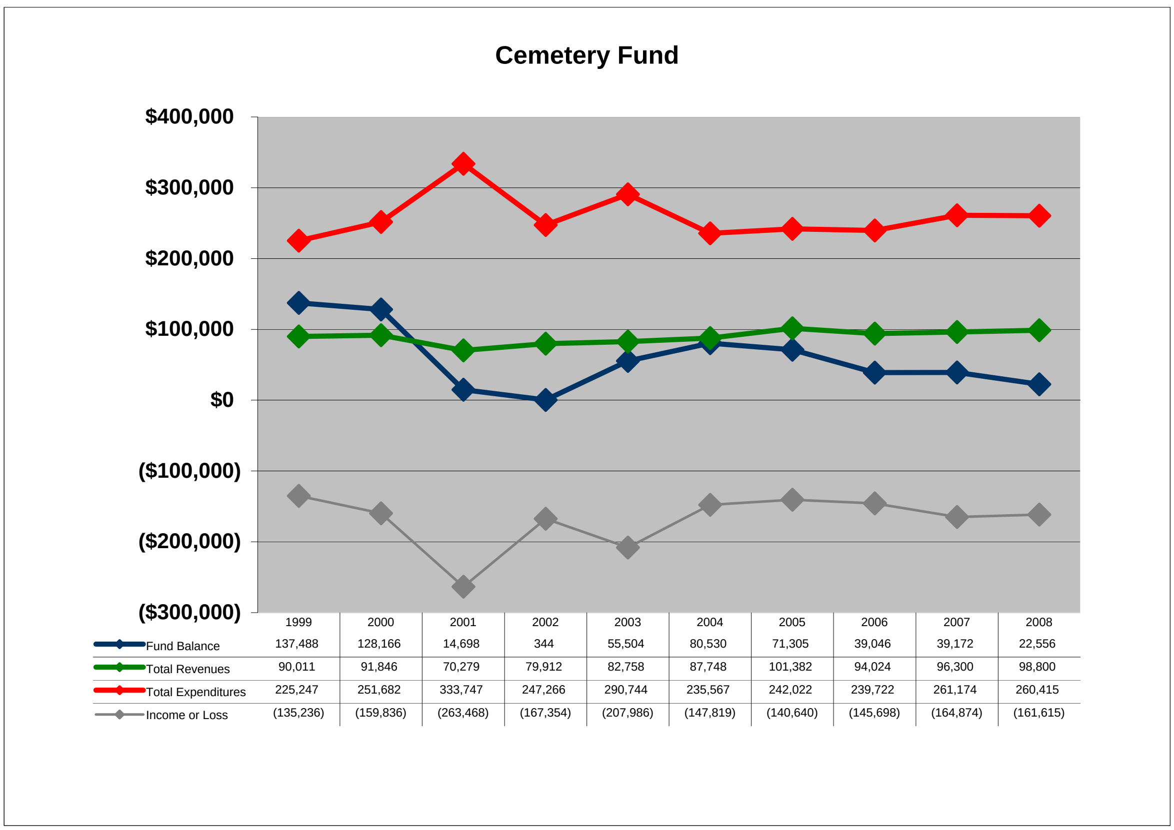
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues	278,465	298,457	470,776	493,353	607,979	544,196	463,968	459,812	463,758	465,701
Expenses	378,221	629,246	550,830	1,081,266	462,670	624,146	481,181	761,209	512,685	547,317
Income or Loss	(99,756)	(330,789)	(80,054)	(587,913)	145,309	(79,950)	(17,213)	(301,397)	(48,927)	(81,616)
Fund Balance	367,904	317,115	502,061	636,214	781,523	701,573	684,360	382,962	334,035	252,419

209 Cemetery Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Foundations	17,618	13,500	13,500	15,000	11.1%
Grave Openings	35,080	39,000	40,000	40,000	2.6%
Cemetery Lots	35,189	30,000	30,000	31,000	3.3%
Monuments Sales	0	300	300	300	0.0%
Rent - Farm Land and Rental Home	4,565	9,000	9,000	9,000	0.0%
Miscellaneous (Mausoleum)	1,572	7,000	3,500	3,500	-50.0%
Total Revenue	**94,024**	**98,800**	**96,300**	**98,800**	
EXPENDITURES					
Wages & Benefits	127,097	143,999	141,000	142,670	-0.9%
Wages & Benefits - Overtime	8,210	10,000	9,000	10,000	0.0%
Wages & Benefits - Mowing	23,684	20,000	24,000	25,000	25.0%
Office Supplies	3,006	3,000	3,000	3,000	0.0%
Operating Supplies	14,735	13,500	13,500	13,500	0.0%
Repair & Maintenance Supplies	6,317	6,500	6,500	6,500	0.0%
Professional Services	2,118	2,500	2,500	2,500	0.0%
Communications	955	1,000	1,000	1,000	0.0%
Insurance & Audit	2,016	3,300	2,100	2,500	-24.2%
Utilities	4,175	3,900	2,500	3,500	-10.3%
Repairs & Maintenance	699	0	0	0	0.0%
Rental Structure Maintenance	4,172	2,000	2,000	2,000	0.0%
Transportation	30,051	34,446	34,446	32,865	-4.6%
Miscellaneous	1,472	0	0	0	0.0%
Capital Outlay	0	7,000	7,000	2,500	-64.3%
Administrative Reimbursement	11,016	12,628	12,628	12,881	2.0%
Total Expenditures	**239,722**	**263,773**	**261,174**	**260,415**	
NET INCOME OR LOSS	(145,698)	(164,973)	(164,874)	(161,615)	
Transfers from Endowment Fund	23,439	25,000	25,000	25,000	
Contribution from General Fund	90,000	140,000	140,000	120,000	
FUND BALANCE	**39,046**	**39,073**	**39,172**	**22,556**	

Cemetery Information

There are 45 acres comprising Oak Lawn and Sturgis Memorial Garden Cemeteries with over 14,000 interred and over 100 burials yearly. While the roads in Oak Lawn Cemetery are paved, Sturgis Memorial Gardens has gravel roads. In 2007 the road bed will be raised in preparation for paving in 2008. Due to Oak Lawn Cemetery quickly becoming full, the cemetery staff will begin to develop a new section at Sturgis Memorial Gardens in 2008.



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Fund Balance	137,488	128,166	14,698	344	55,504	80,530	71,305	39,046	39,172	22,556
Total Revenues	90,011	91,846	70,279	79,912	82,758	87,748	101,382	94,024	96,300	98,800
Total Expenditures	225,247	251,682	333,747	247,266	290,744	235,567	242,022	239,722	261,174	260,415
Income or Loss	(135,236)	(159,836)	(263,468)	(167,354)	(207,986)	(147,819)	(140,640)	(145,698)	(164,874)	(161,615)

213 Drug Enforcement Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Drug Forfeitures	5,259	0	0	0	0.0%
State Drug Forfeitures	0	2,000	2,000	2,000	0.0%
K - 9 Donations	13,042	0	500	0	0.0%
State Non Drug Forfeitures	250	500	0	1,000	100.0%
D.A.R.E. Miscellaneous Income	11,137	3,000	0	3,500	16.7%
Miscellaneous Income	0	0	0	0	0.0%
Total Revenues	**29,688**	**5,500**	**2,500**	**6,500**	
EXPENDITURES					
Wages & Benefits [a]	2,616	10,000	5,000	5,000	-50.0%
Training	0	600	600	600	0.0%
K - 9 Expenses	7,986	0	0	0	0.0%
Operating Expense	513	5,000	10,000	10,000	100.0%
Drug Enforcement Expense	2,471	0	0	0	0.0%
State Drug Expenditures	1,543	0	0	0	0.0%
D.A.R.E. Wages	0	0	0	0	0.0%
D.A.R.E. Expenses	2,540	4,000	4,000	4,000	0.0%
Transportation [b]	0	2,500	5,000	5,000	100.0%
Printing & Publishing	0	200	0	200	0.0%
Miscellaneous Expense - Tip Line	0	2,000	2,000	2,000	0.0%
Administrative Reimbursement	1,291	2,796	2,796	2,805	0.3%
Total Expenditures	**18,961**	**27,096**	**29,396**	**29,605**	
NET INCOME OR LOSS	10,728	(21,596)	(26,896)	(23,105)	
Transfer from General Fund (Drug Fund)	25,000	0	0	0	
FUND BALANCE	**61,103**	**39,507**	**34,207**	**11,101**	

[a] Includes overtime for undercover $5,000 and drug patrols $5,000.

[b] Drug unit rentals.

214 Downtown Development Authority Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Tax Increment Financing	76,019	76,535	76,000	82,034	7.2%
Interest & Rentals	5,887	8,100	8,100	3,000	-63.0%
Private Donations	0	5,000	0	0	-100.0%
Legacy Contributions	0	0	0	0	0.0%
Grant Income	0	0	0	0	0.0%
Dumpsters	3,386	0	5,300	7,300	
Misc. Income	390	0	65,000	0	0.0%
Building Sales	0	0	0	0	0.0%
Total Revenues	**85,682**	**89,635**	**154,400**	**92,334**	
EXPENDITURES					
Wages & Benefits	39,219	39,248	39,248	39,998	1.9%
Office Supplies	119	250	750	400	60.0%
Operating Supplies	0	0	0	0	0.0%
Professional Services	890	1,000	1,000	1,000	0.0%
Communications	1,122	1,200	1,200	1,300	8.3%
Transportation	0	0	0	0	0.0%
Printing & Publishing	0	300	300	300	0.0%
Promotion & Business Recruitment	0	1,700	1,700	1,700	0.0%
Insurance & Audit	12	500	1,000	100	-80.0%
Utilities	298	500	500	500	0.0%
Repairs & Maintenance	0	0	0	0	0.0%
Rentals	1,440	1,440	1,440	1,440	0.0%
Miscellaneous	503	1,000	1,000	1,000	0.0%
Reimbursement for Buildings	9,768	10,000	9,400	10,000	0.0%
Principle Chicago Rd. Renovation	0	0	0	0	0.0%
Dumpsters	4,900	5,000	5,300	7,300	46.0%
Dumpster Enclosures	22,495	0	0	0	0.0%
Experience Sturgis	0	0	600	600	0.0%
Jefferson House	0	0	65,000	0	0.0%
Restaurant	0	0	5,000	0	0.0%
Dues	295	0	233	350	
Streetscape	2,165	24,645	24,645	25,992	5.5%
Streetscape Party	0	0	750	0	0.0%
Seasonal Worker	0	0	2,500	2,500	0.0%
Total Expenditures	**83,226**	**86,783**	**161,566**	**94,480**	
NET INCOME OR LOSS	2,456	2,852	(7,166)	(2,146)	
Contribution from General Fund	0	0	0	0	
FUND BALANCE	**115,009**	**117,861**	**107,843**	**105,697**	

249 Building Department Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Building Permits & Fees	19,137	50,000	20,000	30,000	-40.0%
Total Revenue	**19,137**	**50,000**	**20,000**	**30,000**	
EXPENDITURES					
Wages & Benefits	85,503	101,743	101,743	104,871	3.1%
Wages - Overtime	1,263	1,000	1,000	1,000	0.0%
Office Expense	2,250	2,000	2,400	3,000	50.0%
Operating Expense	2,082	5,000	3,000	3,000	-40.0%
Training	1,059	900	900	900	0.0%
Transportation	2,233	1,737	1,737	1,380	-20.6%
Administrative Reimbursement	2,508	4,402	4,402	7,545	71.4%
Total Expenditures	**96,898**	**116,783**	**115,183**	**121,696**	
NET INCOME OR LOSS	(77,761)	(66,783)	(95,183)	(91,696)	
Contribution from General Fund	80,000	65,000	71,000	100,000	
FUND BALANCE	**24,665**	**22,882**	**482**	**8,786**	

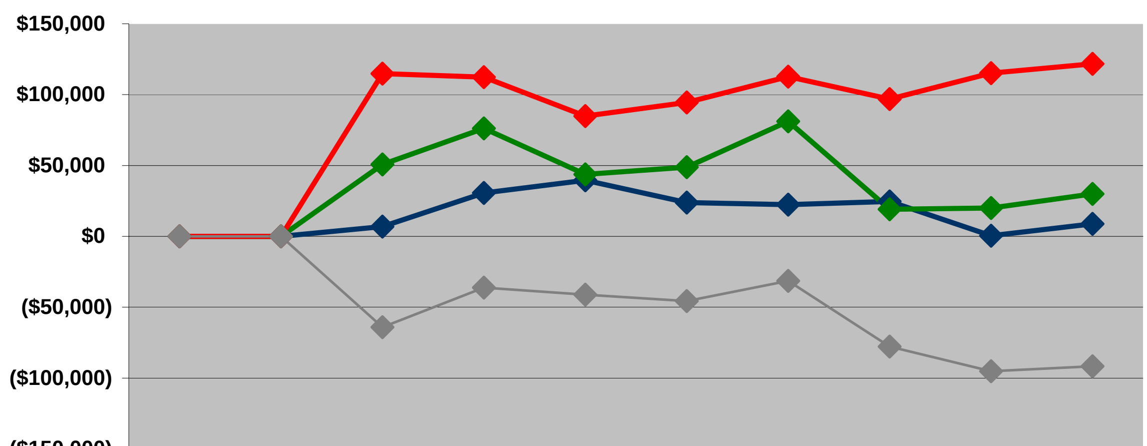
Note: The State of Michigan Construction Code Act Number 230 of Public Acts 1972 states in Section 22: "The legislative body of a governmental subdivision shall only use fees generated under this section for the operation of the enforcing agency or the construction board of appeals, or both, and shall not use the fees for any other purpose."

Building Department Information

In 2007-2008 we are continuing to seek out new and better ways to serve the citizens of Sturgis. Positive changes to the Building department include the establishment of the new information station, designed to give the general public immediate access to the most commonly used forms and building/zoning code sections. Additionally, the Department has reconfigured the office for traffic calming, refined procedures by implementing fast tracking with the help of stream lined and user-friendly forms, and implemented benchmarking.

Permits Issued	2001	2002	2003	2004	2005	2006
COMMERCIAL	25	37	32	32	26	11
RESIDENTIAL	232	170	143	103	128	85
DEMOLITION	9	6	8	12	0	3
SIGNS	14	31	39	18	17	19
TOTALS	280	244	222	165	171	118
	$35,892	$77,497	$37,733	$ 19,137	$ 76,353	$ 19,125

Building Fund



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Fund Balance	0	0	6,892	30,675	39,576	23,862	22,425	24,665	482	8,786
Total Revenues	0	0	50,730	76,145	43,747	48,790	81,214	19,137	20,000	30,000
Total Expenditures	0	0	114,839	112,361	84,846	94,504	112,651	96,898	115,183	121,696
Income or Loss	0	0	(64,109)	(36,216)	(41,099)	(45,714)	(31,437)	(77,761)	(95,183)	(91,696)

251 Housing Department Fund

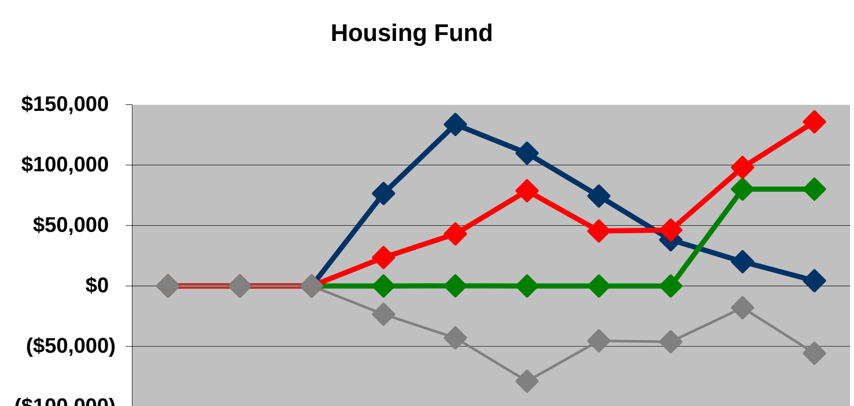
	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Grants	0	103,600	80,000	80,000	-22.8%
Total Revenue	**0**	**103,600**	**80,000**	**80,000**	
EXPENDITURES					
Wages & Benefits	21,594	0	0	0	0.0%
Office Expense	317	500	350	500	0.0%
Operating Expense	222	1,500	500	1,500	0.0%
Training	331	1,000	500	1,000	0.0%
Advertising & Promotion	999	1,500	500	1,500	0.0%
Printing & Publishing	0	0	0	0	0.0%
Transportation	1,000	1,000	1,000	1,000	0.0%
Capital Outlay	21,485	100,000	95,000	115,000	15.0%
Professional Services	0	14,000	0	15,000	7.1%
Administrative Reimbursement	284	189	189	205	8.5%
Total Expenditures	**46,232**	**119,689**	**98,039**	**135,705**	
NET INCOME OR LOSS	(46,232)	(16,089)	(18,039)	(55,705)	
Contribution from General Fund	10,000	0	0	40,000	
FUND BALANCE	**38,101**	**22,012**	**20,062**	**4,357**	

Capital Outlay in Fiscal Year 2008

Excellence In Neighborhoods Initiative	$35,000
MSHDA Downtown Rental Rehab Grant (2 units)	$80,000
Total	**$115,000**

Housing Department Information

The Housing Department continues to work on ways to help improve the overall housing stock of Sturgis. The Housing Department is contracting with the Sturgis Neighborhood Program (SNP) to administer a Downtown Rental Rehabilitation grant that was awarded to the City by the Michigan State Housing Development Authority (MSHDA) in 2006. The grant allows assistance to downtown property owners to either rehab existing apartments or construct new apartments in the second/third floors of downtown buildings. The grant is for $25,000 per unit for a total of six units. The grant expires in September 2008. Additionally, the City of Sturgis is working with Stan R. Mast Homebuilders, Inc. to redevelop the former "Newport" industrial site as a residential development. Stan R. Mast Homebuilders, Inc. purchased the Brownfield reclamation project from the City. Five owner-occupied, single-family homes will be built and sold on the properties over the next three to five years. The City will help the new residential development by improving utilities and infrastructure to help the project be successful in strengthening the surrounding neighborhood. Lastly, the City of Sturgis is contracting with SNP to assist in the implementation of the City's new Excellence in Neighborhoods Initiative. The Excellence in Neighborhood Initiative is a comprehensive strategy with a focus on improving neighborhoods and housing by building community through responsible homeownership. The initiative will promote what it means to be a "great neighbor"; which is both helping fellow neighbors that have needs as well as requiring individuals to be responsible for maintaining their properties with the overall goal of preserving property values in a given neighborhood.



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Fund Balance	0	0	0	76,552	133,575	109,769	74,333	38,101	20,062	4,357
Total Revenues	0	0	0	0	126	0	0	0	80,000	80,000
Total Expenditures	0	0	0	23,448	43,103	78,806	45,436	46,232	98,039	135,705
Income or Loss	0	0	0	(23,448)	(42,977)	(78,806)	(45,436)	(46,232)	(18,039)	(55,705)

261 Auditorium Fund

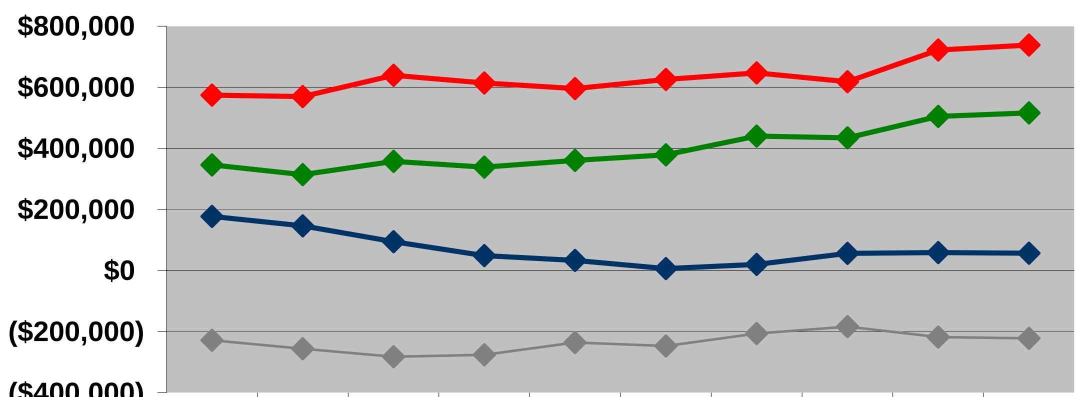
	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Charges for Services Rendered	42,056	48,934	42,000	45,000	-8.0%
Food Sale	275,966	300,000	280,000	285,000	-5.0%
Liquor Sales	27,137	30,000	30,000	30,000	0.0%
Cake & Pastry Sales	2,415	5,800	2,200	1,000	-82.8%
Use & Admission Fees	42,637	16,000	48,000	20,000	25.0%
Rent	32,977	26,700	26,700	30,000	12.4%
Private Donations	1,475	500	500	1,000	100.0%
Capital Projects Revenue	0	0	0	0	0.0%
Special Programs [a]	0	93,000	65,000	93,000	0.0%
Miscellaneous Income	9,825	10,000	10,000	11,000	10.0%
Total Revenues	**434,488**	**530,934**	**504,400**	**516,000**	
EXPENDITURES					
Wages & Benefits	311,790	325,955	341,000	342,990	5.2%
Wages & Benefits - Overtime	12,818	10,000	10,000	10,000	0.0%
Office Supplies	18,538	16,000	19,000	19,000	18.8%
Food Supplies	81,844	114,600	94,600	96,289	-16.0%
Liquor Supplies	6,716	8,000	8,000	8,000	0.0%
Operating Supplies	40,250	14,400	27,000	28,500	97.9%
Maintenance Supplies	5,071	20,000	5,450	5,500	-72.5%
Professional Services	2,029	2,600	2,600	2,200	-15.4%
Communications	1,538	1,600	1,600	1,600	0.0%
Transportation	1,941	1,406	1,406	2,189	55.7%
Programs	31,544	10,000	22,000	10,000	0.0%
Printing & Publishing	5,881	9,000	10,000	12,000	33.3%
Insurance & Audit	8,908	9,000	9,000	9,000	0.0%
Utilities	56,218	61,000	58,000	57,000	-6.6%
Repairs & Maintenance	25,251	27,000	27,000	25,000	-7.4%
Miscellaneous	1,710	1,000	1,000	2,000	100.0%
Capital Outlay	1,235	10,000	5,000	6,000	-40.0%
Special Programs [a]	0	90,000	70,000	90,000	0.0%
Administrative Reimbursement	5,016	9,366	9,366	10,854	15.9%
Total Expenditures	**618,298**	**740,927**	**722,022**	**738,122**	
NET INCOME OR LOSS	(183,811)	(209,993)	(217,622)	(222,122)	
Gen. Fd. Contr. for Roof Lease	46,100	46,100	46,100	46,100	
Roof Repair Lease Payment	46,075	(46,100)	(46,100)	(46,100)	
Contribution from General Fund	220,000	220,000	220,000	220,000	
FUND BALANCE	**56,236**	**66,243**	**58,614**	**56,492**	

[a] Special Performance Events for the purpose of increasing usage of Auditorium facility.

Auditorium Information

The Sturges-Young Civic Center and Auditorium is the crown jewel of Michiana. Located in the heart of Sturgis, Michigan, this timeless vision of its benefactors provides perfect opportunities for a variety of events from Wedding Receptions to big stage Performances. A sumptuous array of foods are prepared by a dedicated staff daily to meet any of your Catering needs both in house or delivered to your location. Cocktails and Dining are available prior to performances along with most Sundays and special Holidays. For over 50 years the 969 seat Auditorium has enjoyed nationally known artists and local talent sponsored by businesses, organizations and area schools. The Sturgis Council of Arts continues to dazzle our guests with their annual "Great Performance" series. Event Planning is incredibly easy and amazingly affordable at the Sturges-Young Civic Center and Auditorium!

Auditorium



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Fund Balance	177,328	146,430	94,476	48,642	33,337	6,366	19,932	56,236	58,614	56,492
Total Revenues	345,714	313,858	357,488	338,299	360,661	378,844	440,382	434,488	504,400	516,000
Total Expenditures	574,031	569,756	639,442	614,133	595,966	625,815	646,816	618,298	722,022	738,122
Income or Loss	(228,317)	(255,898)	(281,954)	(275,834)	(235,305)	(246,971)	(206,434)	(183,811)	(217,622)	(222,122)

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262 Council of the Arts Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Use & Admission Fees	49,832	55,360	52,443	87,650	58.3%
Private Donations	33,923	30,000	27,854	27,500	-8.3%
Advertising Revenue	13,170	12,000	18,040	13,500	12.5%
Fund Raising Revenue	17,151	2,000	2,944	3,200	60.0%
Art Revenue	3,540	3,400	3,300	3,360	-1.2%
Frew Memorial Fund	500	500	500	500	0.0%
Corporate Donations	20,003	25,760	28,413	28,413	10.3%
Miscellaneous Income	1,575	400	350	250	-37.5%
Total Revenues	**139,693**	**129,420**	**133,844**	**164,373**	
EXPENDITURES					
Wages & Benefits	22,775	22,808	22,808	22,808	0.0%
Office Supplies	1,558	800	800	1,100	37.5%
Operating Supplies	0	0	0	100	
Credit Card Expense	1,002	1,100	1,100	1,100	0.0%
Professional Service	0	0	0	250	
Programs	93,597	102,156	101,000	122,504	19.9%
Printing & Publishing	300	100	2,862	300	200.0%
Frew Memorial Expense	0	341	400	400	17.3%
Miscellaneous Expense	6,698	500	0	250	-50.0%
Capital Outlay	855	0	0	0	0.0%
Administrative Reimbursement	1,611	2,548	2,584	2,546	-0.1%
Total Expenditures	**128,395**	**130,353**	**131,554**	**151,358**	
Transfer to Foundation	0	0	0	0	
NET INCOME OR LOSS	11,298	(933)	2,290	13,015	
FUND BALANCE	**53,804**	**52,871**	**56,094**	**69,108**	

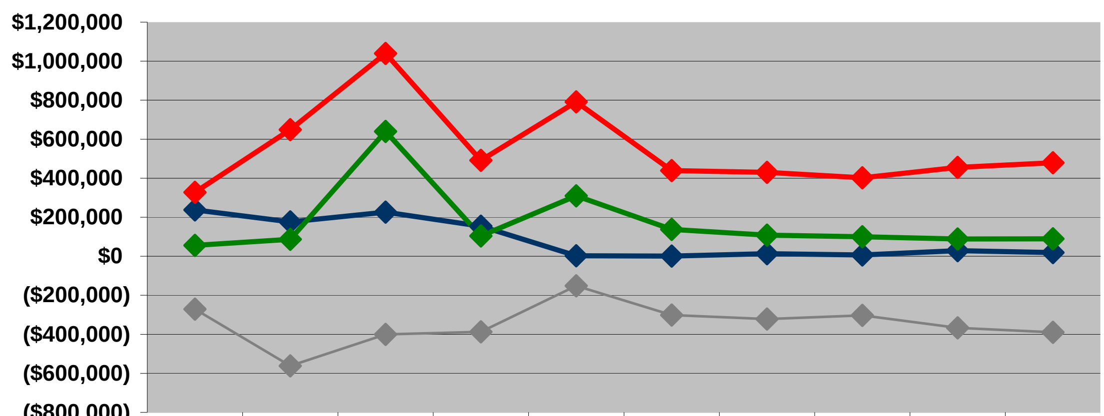
264 Parks & Recreation Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Adult Fees	29,551	31,300	30,950	31,500	0.6%
Youth Fees	27,862	31,150	31,000	30,700	-1.4%
Park Fees	9,770	0	2,000	2,000	
Pay for Play - Parks	8,726	12,800	10,000	10,000	-21.9%
Miscellaneous Income	0	0	0	0	0.0%
Contributions - Private Sources	330	0	0	0	0.0%
DDA Maintenance Reimbursement	0	0	2,500	2,500	
Contributions - Sturgis Foundation	11,289	0	0	0	0.0%
Contributions - United Fund Programs	12,519	12,500	12,500	12,500	0.0%
Total Revenues	**100,047**	**87,750**	**88,950**	**89,200**	
EXPENDITURES - PARKS					
Wages & Benefits	100,824	124,977	119,700	126,592	1.3%
Wages & Benefits - Overtime	5,807	0	5,800	6,000	
Wages & Benefits - Mowing	17,060	0	17,000	18,000	
Operating Supplies	20,896	20,000	20,000	22,100	10.5%
Office Supplies	300	600	300	300	-50.0%
Repairs & Maintenance Supplies	3,307	4,000	4,000	4,000	0.0%
Professional Services	2,619	1,000	1,000	1,000	0.0%
Communication	2,949	2,800	2,900	3,000	7.1%
Office Rents	2,400	2,400	2,400	0	-100.0%
Insurance & Audit	677	2,100	2,000	2,200	4.8%
Utilities	10,809	12,500	11,000	12,000	-4.0%
Repairs & Maintenance	5,462	8,100	8,000	8,000	-1.2%
Transportation	45,057	42,865	42,685	50,143	17.0%
Printing & Advertising	221	100	0	0	-100.0%
Fields Maintenance	11,755	20,000	15,000	15,000	-25.0%
Administrative Reimbursement	17,447	24,570	24,570	23,617	-3.9%
Capital Outlay	0	5,000	18,960	10,000	100.0%
Total Parks	**247,590**	**271,012**	**295,315**	**301,952**	
EXPENDITURES - RECREATION					
Wages & Benefits	78,615	96,022	80,000	87,898	-8.5%
Wages & Benefits - Overtime	0	0	1,000	700	
Operating Supplies	2,952	8,890	9,000	9,500	6.9%
Office Supplies	571	1,000	1,000	1,000	0.0%
Professional Services	33,001	22,385	22,285	23,650	5.7%
Communication	2,493	2,400	2,400	2,400	0.0%
Transportation	2,000	6,642	6,692	5,945	-10.5%
Printing & Advertising	7,529	7,000	7,000	7,000	0.0%
Insurance & Audit	3,296	6,000	3,600	4,000	-33.3%
Programming	8,992	6,215	6,000	7,550	21.5%
Utilities	1,034	0	0	0	0.0%
United Way	0	14,250	14,250	15,250	7.0%
Office Rents	2,400	2,400	2,400	2,400	0.0%
Capital Outlay	0	0	0	6,000	
Administrative Reimbursement	12,112	4,554	4,554	4,042	-11.2%
Total Recreation	**154,996**	**177,758**	**160,181**	**177,335**	
TOTAL PARKS & RECREATION	**402,586**	**448,770**	**455,496**	**479,287**	
NET INCOME OR LOSS	(302,539)	(361,020)	(366,546)	(390,087)	
Contribution from the General Fund	296,000	360,000	388,660	380,000	
FUND BALANCE	**6,908**	**5,887**	**29,022**	**18,934**	

Parks and Recreation Information

Sturgis has 135 acres of parks with 7 picnic shelters, an amphitheatre, boat & fishing docks and numerous play facilities to list a few of the recreation resources available to all in the community. In 2007 a new 5 year plan is to be implemented to increase and improve upon park & recreation resources. Throughout the year the Recreation Department offers a variety of opportunities for both youth and adults. During the summer months we offer several outdoor programs such as t-ball, tennis, softball leagues, sand volleyball and our Summer Adventure Club. During the winter months our programs are held indoors at the Doyle Community Center. These activities include tennis classes, basketball leagues, floor hockey, indoor soccer, volleyball leagues and a variety of youth programs.

Parks and Recreation



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Fund Balance	237,808	176,141	225,985	153,924	2,688	1,138	13,447	6,908	29,022	18,934
Total Revenues	56,115	86,990	639,608	104,209	309,784	137,921	108,393	100,047	88,950	89,200
Total Expenditures	327,359	648,657	1,039,764	491,270	791,020	439,471	430,087	402,586	455,496	479,287
Income or Loss	(271,244)	(561,667)	(400,156)	(387,061)	(151,236)	(301,550)	(321,694)	(302,539)	(366,546)	(390,087)

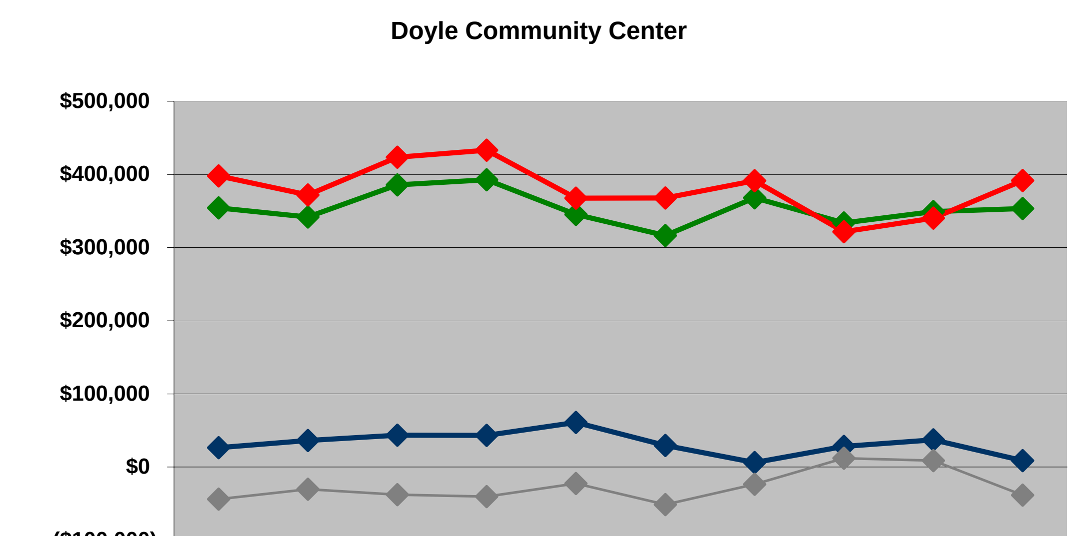
265 Doyle Community Center Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Memberships	230,497	220,000	230,000	235,000	6.8%
Programming	20,383	24,000	24,000	24,000	0.0%
Court Rental	25,932	36,000	34,500	35,000	-2.8%
Tennis Revenue	4,585	7,000	5,000	5,500	-21.4%
Childcare	2,554	2,500	2,500	2,500	0.0%
Locker Rentals	968	900	900	900	0.0%
Gift Certificates	208	500	300	300	-40.0%
Day Passes	13,480	17,000	13,000	13,000	-23.5%
Miscellaneous Taxable	32	400	300	300	-25.0%
Endowment Fund	29,745	27,500	30,000	30,000	9.1%
Office Rental	4,800	7,200	7,200	4,800	-33.3%
Contributions from Private Sources	115	2,000	1,000	1,500	-25.0%
Miscellaneous Income	435	1,000	500	500	-50.0%
Total Revenues	**333,734**	**346,000**	**349,200**	**353,300**	
EXPENDITURES					
Wages & Benefits	184,872	207,026	190,000	230,552	11.4%
Wages & Benefits - Overtime	1,008	0	500	500	
Operating Supplies	18,263	17,000	17,000	17,000	0.0%
Maintenance Supplies	2,487	3,000	3,000	3,000	0.0%
Contract Services - Tennis	3,296	4,000	3,500	4,000	0.0%
Programming	3,744	4,000	4,000	4,000	0.0%
Office Supplies	3,473	3,000	3,000	3,000	0.0%
Professional Services	14,978	10,500	10,500	10,500	0.0%
Communications	3,125	2,500	2,500	2,500	0.0%
Transportation	0	1,000	1,000	1,500	50.0%
Printing & Advertising	17,367	14,000	14,000	14,000	0.0%
Utilities	44,857	48,500	48,500	48,500	0.0%
Miscellaneous Repair & Maintenance	8,814	6,000	10,000	10,000	66.7%
Insurance & Audit	4,123	5,000	5,000	5,000	0.0%
Fitness Equipment Lease	5,332	12,500	8,000	12,500	0.0%
Capital Outlay [a]	1,506	5,000	5,000	8,000	60.0%
Administrative Reimbursement	4,447	14,780	14,780	17,065	15.5%
Total Expenditures	**321,693**	**357,806**	**340,280**	**391,617**	
NET INCOME OR LOSS	12,041	(11,806)	8,920	(38,317)	
Contribution from General Fund	10,000	0	0	10,000	
FUND BALANCE	**28,213**	**16,407**	**37,133**	**8,816**	

[a] Lease/Purchase a Floor Scrubber through 2009.

Doyle Community Center Information

Basketball, volleyball, tennis, indoor soccer, floor hockey, walking, cardio and weight training…you can do it all at the Doyle Community Center. We also offer various leagues in a variety of sports for both youth and adults. In addition to these activities the Doyle Center also offers special activities including: Gun & Knife Shows, a hunting expo, the Get Fit Challenge weight loss program, a Turkey Trot 5K run and much more! It is our goal to promote healthy lifestyles while strengthening family and community relationships through recreation, education and fitness.



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Fund Balance	26,555	36,312	43,644	43,298	60,971	29,592	6,171	28,213	37,133	8,816
Total Revenues	354,161	341,737	385,829	392,736	345,195	316,383	367,931	333,734	349,200	353,300
Total Expenditures	397,921	371,980	423,497	433,082	367,522	367,762	391,352	321,693	340,280	391,617
Income or Loss	(43,760)	(30,243)	(37,668)	(40,346)	(22,327)	(51,379)	(23,421)	12,041	8,920	(38,317)

505 EMS/Ambulance Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008
REVENUES				
Charges for Services Rendered	1,192,238	598,352	647,670	
Medicare	-	0	0	
Medicaid	-	0	0	
Commerical Insurance	-	0	0	
Contractual Write-down	(472,551)	(239,341)	(259,068)	
Private Pay	-	0	0	
Programming	-	0	0	
ALS/BLS - FEMA Grant	-	0	0	
Misc. Income	2,389	0	105,161	
Uncollectible Accounts		(25,131)	(175,000)	
Total Revenues	**722,076**	**333,880**	**318,763**	**0**
EXPENDITURES				
Wages & Benefits	600,550	315,536	412,146	
Wages & Benefits - Overtime	72,468	0	57,445	
Health Insurance Cost	-	70,300	0	
Collection Expense	-	20,033	23,126	
Office Supplies	4,625	2,958	1,147	
Operating Suplies	32,888	23,664	17,301	
Staff Training	6,587	2,958	4,625	
Leases - Ambulance(s) & Defib(s)	0	0	0	
Repair & Maintenance Supplies	1,360	3,550	0	
Professional Services	63,979	2,662	0	
Communications	3,431	3,550	1,396	
Transportation	18,025	17,400	10,150	
Printing & Publishing	0	1,479	0	
ALS / BLS Grant Expenditures	0	0	0	
Depreciation	44,756	26,478	22,375	
Interest	4,205	2,662	1,433	
Insurance & Audit	2,506	2,958	2,476	
Capital Outlay	8,368	0	0	
Administrative Reimbursement	10	8,854	5,177	
Total Expenditures	**863,759**	**505,042**	**558,797**	**0**
NET INCOME OR LOSS	(141,683)	(171,162)	(240,034)	0
Transfer from General Fund	184,700	171,308	240,050	
NET EARNINGS OR LOSS	**43,017**	**146**	**16**	**0**

521 Hospital Fund

Operating Fund	2006/2007	2007/2008
REVENUES		
Revenue After Revenue Deductions	41,700,000	42,950,000
Net Revenue	**41,700,000**	**42,950,000**
Expense	41,200,000	41,300,000
Total Hospital Expense	**41,200,000**	**41,300,000**
Net Income or Loss	500,000	1,650,000
minus Depreciation	1,500,000	1,550,000
Surplus (Deficit)	**(1,000,000)**	**100,000**

PROJECTED FISCAL YEAR 2007-2008 FUND BALANCES

	UNRESTRICTED FUNDS: OPERATING & PLANT	RENTAL PROPERTIES
Balance on 10/01/2006	14,650,000	932,000
Operating Revenue	42,950,000	315,000
Investment Income	145,000	0
Funded Depreciation	1,550,000	131,000
Contributions	50,000	0
Sub Total	**59,345,000**	**1,378,000**
Operating Expenditures	41,300,000	130,000
Bond Payment	155,000	0
Interest Payment	525,000	39,000
Capital Outlay	500,000	0
Projected Balance on 10/01/2008	**16,865,000**	**1,209,000**

582 Electric Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Power Sales [a]	18,131,883	18,600,000	19,275,800	19,430,000	4.5%
Interest	68,875	45,000	51,600	50,100	11.3%
Rent	49,525	45,000	48,000	55,000	22.2%
Miscellaneous Income	184,464	53,600	55,000	53,600	0.0%
Late Charges	78,310	10,000	20,000	10,000	0.0%
Disconnect/Reconnect Fees	20,551	10,000	15,000	10,000	0.0%
Contribution from General Fund	149,500	100,000	100,000	80,000	-20.0%
Security Light Fees	144,615	140,000	140,000	140,000	0.0%
State Grant	5,586	0	0	0	0.0%
Metro Network Revenue	0	7,200	7,200	7,200	0.0%
Total Revenue	**18,833,308**	**19,010,800**	**19,712,600**	**19,835,900**	

[a] Power contribution to community pool is capped at $10,000 annually.

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
EXPENDITURES					
PURCHASED POWER					
AEP (Indiana & Michigan)	10,303,512	11,050,000	11,173,000	11,396,500	3.1%
Other Purchased Power	96,428	75,000	85,000	90,000	20.0%
Diesel Generation Credit	0	0	0	0	0.0%
Total Purchased Power	**10,399,940**	**11,125,000**	**11,258,000**	**11,486,500**	
GENERAL & ADMINISTRATION					
Wages & Benefits	366,721	506,852	339,400	463,291	-8.6%
Wages & Benefits - Overtime	48	0	0	0	0.0%
Office Expense	230,455	185,000	234,300	230,000	24.3%
Legal & Accounting	16,717	25,000	10,000	25,000	0.0%
Industrial Development	47,666	53,000	53,000	0	-100.0%
Geographic Information System - GIS	12,942	20,000	20,000	50,000	150.0%
Safety Services	8,914	1,500	1,500	1,500	0.0%
Transportation	204,812	187,263	187,263	174,718	-6.7%
Advertising & Promotion	2,029	10,000	5,000	10,000	0.0%
Community Promotion	65,942	100,000	78,200	30,000	-70.0%
Christmas Decorations	16,398	40,000	40,000	40,000	0.0%
Insurance & Audit	100,556	110,000	100,000	110,000	0.0%
Office Building Maintenance	37,382	35,000	35,000	67,000	91.4%
Miscellaneous	44,170	20,000	83,000	20,000	0.0%
Bad Debts	46,271	30,000	15,000	30,000	0.0%
Forestry	74,630	100,000	100,000	80,000	-20.0%
Administrative Reimbursement	301,833	323,309	323,309	338,946	4.8%
Total General & Admin.	**1,577,486**	**1,746,923**	**1,624,972**	**1,670,455**	
DIESEL PLANT					
Wages & Benefits	358,563	350,657	360,000	156,033	-55.5%
Wages - Overtime	1,429	5,000	2,000	2,000	-60.0%
Training	340	5,000	5,000	5,000	0.0%
Safety Services	984	2,500	3,000	2,500	0.0%
Operating Supplies	9,528	8,500	5,800	6,000	-29.4%
Fuel Oil & Natural Gas	13,856	30,000	20,000	20,000	-33.3%
Lubricating Oil	148	2,000	0	2,000	0.0%
Utilities	13,032	20,000	20,000	20,000	0.0%
Repairs & Maintenance	77,845	30,000	30,000	30,000	0.0%
Total Diesel Plant	**475,725**	**453,657**	**445,800**	**243,533**	

582 Electric Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
HYDRO PLANT					
Wages & Benefits	80,745	77,924	85,000	97,520	25.1%
Wages - Overtime	15,851	15,000	9,200	15,000	0.0%
Repairs & Maintenance	68,714	100,000	113,400	116,000	16.0%
Park Maintenance	3,266	22,000	5,000	10,000	-54.5%
Dwelling Maintenance	12,935	15,000	15,000	15,000	0.0%
Total Hydro	**181,512**	**229,924**	**227,600**	**253,520**	
TRANSMISSION					
Wages & Benefits	589	5,000	5,000	5,000	0.0%
Wages - Overtime	0	2,000	2,000	2,000	0.0%
Wages - Mowing	0	0	2,000	2,000	
Repairs & Maintenance	15,083	35,000	22,600	35,000	0.0%
Total Transmission	**15,671**	**42,000**	**31,600**	**44,000**	
SUBSTATION					
Wages & Benefits	21,277	10,000	17,300	68,512	585.1%
Wages - Overtime	2,013	1,000	1,500	1,000	0.0%
Wages - Mowing	325	0	1,000	2,000	
Repairs & Maintenance	62,395	75,000	75,000	75,000	0.0%
Total Substation	**86,010**	**86,000**	**94,800**	**146,512**	
DISTRIBUTION					
Wages & Benefits	408,460	420,000	406,500	495,000	17.9%
Wages - Overtime	23,160	28,000	25,000	28,000	0.0%
Wages - Mowing	857	0	1,000	1,000	
Training	1,035	5,000	3,500	5,000	0.0%
Safety	0	2,500	2,600	2,500	0.0%
Operating Supplies	4,579	5,000	7,300	5,000	0.0%
Repairs & Maintenance	135,071	250,000	250,000	288,000	15.2%
Line Clearance	154,631	175,000	150,000	175,000	0.0%
Total Distribution	**727,793**	**885,500**	**845,900**	**999,500**	
STREET LIGHTING					
Wages & Benefits	24,985	30,000	25,500	30,750	2.5%
Wages - Overtime	148	1,000	500	1,000	0.0%
Repairs & Maintenance	14,786	35,000	25,000	35,000	0.0%
Total Street Lighting	**39,918**	**66,000**	**51,000**	**66,750**	
METER READING					
Wages & Benefits	104,142	126,231	107,000	117,103	-7.2%
Wages - Overtime	2,192	3,000	1,500	3,000	0.0%
Wages - Mowing	28	0	0	1,000	
Training	1,246	5,000	1,500	5,000	0.0%
Safety	0	2,500	2,700	2,500	0.0%
Operating Supplies	2,979	5,000	5,000	5,000	0.0%
Utilities	2,664	5,000	2,600	4,000	-20.0%
Repairs & Maintenance	7,258	20,000	9,200	20,000	0.0%
Meter Reading	46,433	38,400	48,000	24,000	-37.5%
Total Meter Reading	**166,943**	**205,131**	**177,500**	**181,603**	

582 Electric Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
MAINTENANCE BUILDING					
Wages & Benefits	53,470	52,234	56,400	58,383	11.8%
Utilities	37,355	82,000	33,600	40,000	-51.2%
Utilities - RAM Property	37,197	5,000	5,000	5,000	0.0%
Repairs & Maintenance	18,021	15,000	15,300	15,000	0.0%
Total Maintenance Building	**146,042**	**154,234**	**110,300**	**118,383**	
TRUNKLINE FIBER					
Repair and Maintenance	45	2,000	6,250	10,000	400.0%
Repairs and maintenance - Hardware	1,154	2,000	0	0	-100.0%
Repairs and maintenance - Software	0	0	0	0	0.0%
Total Trunkline Fiber Maintenance	**1,199**	**4,000**	**6,250**	**10,000**	
METROPOLITAN AREA NETWORK					
Office Expense	0	0	0	0	0.0%
Network Administration	7,200	6,600	6,600	6,600	0.0%
Managed Internet Service	6,425	0	0	0	0.0%
Trunkline Access Fee	0	0	0	0	0.0%
Repairs	6,213	0	1,000	1,000	0.0%
Total Metro Network	**19,838**	**6,600**	**7,600**	**7,600**	
RENTAL BUILDINGS					
Wages & Benefits	0	2,000	3,000	2,000	0.0%
Wages - Mowing	0	0	500	500	
Interest -- Land Contract	0	0	0	0	0.0%
Utilities	5,829	6,500	5,000	6,500	0.0%
Repairs & Maintenance	6,708	30,000	30,000	25,000	-16.7%
Total Rental Buildings	**12,537**	**38,500**	**38,500**	**34,000**	
ECONOMIC DEVELOPMENT					
Wages & Benefits	47,026	56,264	56,264	115,616	105.5%
Office Expense	1,283	2,000	1,000	1,000	-50.0%
Operating Supplies	51	0	0	0	0.0%
Professional Services [b]	8,632	5,000	5,000	5,000	0.0%
Travel & Training	422	2,500	2,500	2,500	0.0%
Printing & Publishing	671	2,000	500	2,000	0.0%
Advertising & Promotion	698	1,500	1,500	1,500	0.0%
Miscellaneous Expense	380	1,000	1,000	1,000	0.0%
Pridgeon Lease Purchase Payment	69,373	0	0	0	0.0%
County EDC Membership	9,028	15,000	15,000	15,000	0.0%
Capital Outlay	0	950	2,450	950	0.0%
Total Economic Development	**137,564**	**86,214**	**85,214**	**144,566**	

[b] Project Development Services; Enviromental and Site Development Plans.

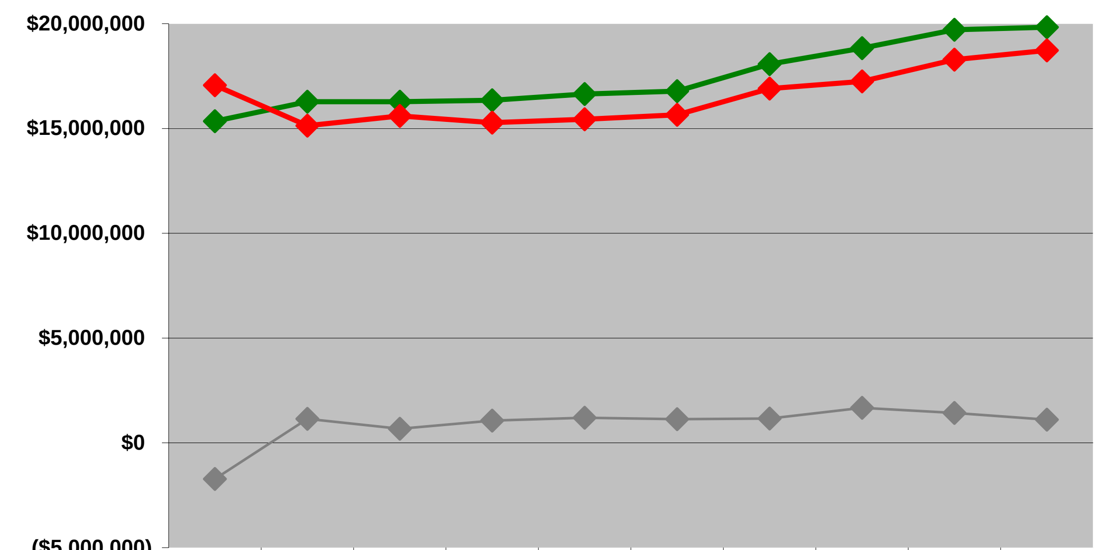
Note: Fund Balance contains $26,251 for Idle-Building Repair.

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
Subtotal Electric Fund Expense	**13,988,179**	**15,129,682**	**15,005,035**	**15,406,922**	
Depreciation	1,702,919	2,000,000	1,800,000	1,800,000	-10.0%
Interest	330,219	350,000	242,700	230,000	-34.3%
In-Lieu Tax Payments	1,227,135	1,235,234	1,235,234	1,289,334	4.4%
Contributions to Other Funds	0	0	0	0	0.0%
Total Electric Fund Expense	**17,248,452**	**18,714,916**	**18,282,969**	**18,726,255**	
NET EARNINGS OR LOSS	**1,671,758**	**295,884**	**1,429,631**	**1,109,645**	

Electric Department Information

The City of Sturgis Electric Department continually strives to improve system reliability and performance while maintaining competitive rates. Some activities identified for the coming fiscal year include (1) reviewing the City's transformer specifications to reduce system losses, (2) improvement of the method to track the causes of system outages, (3) development of a substation maintenance timetable to simplify scheduling and have more predictable costs, (4) continuing with the voltage conversion of the distribution system, and (5) continuing with the residential street lighting program.

Electric Fund



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total Revenues	15,344,940	16,279,897	16,279,265	16,343,756	16,645,041	16,778,592	18,069,202	18,833,308	19,712,600	19,835,900
Total Expenditures	17,066,379	15,136,538	15,602,594	15,279,580	15,440,887	15,650,176	16,904,298	17,248,452	18,282,969	18,726,255
Income or Loss	(1,721,439)	1,143,359	676,671	1,064,176	1,204,154	1,128,416	1,164,904	1,671,758	1,429,631	1,109,645

Electric Fund - Capital Expenses
Fiscal Year Ending September 30, 2008

Project Name	FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012	Total
GENERAL AND ADMINISTRATIVE						
Network Electronics	$43,000					**$43,000**
GIS workstations (2)	$40,000					**$40,000**
City Hall HVAC Controls		$20,000				**$20,000**
GIS server		$50,000				**$50,000**
VoIP Equipment		$90,000				**$90,000**
Replacement of accounting software	$25,410					**$25,410**
Folder Inserter	$7,973					
						$0
DIESEL						**$0**
BLDI Cleanup	$15,000	$15,000	$15,000	$15,000	$15,000	**$75,000**
Cooling Tower	$90,000					**$90,000**
C.A.A.A Title V Permit (every 5 years)		$7,000				**$7,000**
Masonry Restoration		XXX				**$0**
Thermopane Windows		XXX				**$0**
						$0
HYDRO						**$0**
Concrete repairs to crest of concrete dam	$75,000					**$75,000**
Independent Consultant Inspection	$45,000					**$45,000**
Project Improvements - FERC License Items	$50,000	$50,000	$50,000			**$150,000**
Tailrace Fishing Pier Engineering (FERC Order)	$10,000					
Construct Tailrace Fishing Pier		$75,000				
Pave Sturgis Dam Road		$35,000				
Detached Embankment Repair		$125,000				**$125,000**
Functinal Exercise (every 5 years)		$20,000				**$20,000**
Oxbow Restoration		$40,000	$465,000			**$505,000**
						$0
SUBSTATION						**$0**
Paint Substations	$75,000					**$75,000**
Southeast 69 kV Circuit Breakers	$300,000					**$300,000**
Differential Relays - Southeast Substation		$100,000				**$100,000**
						$0
TRANSMISSION						**$0**
Extend transmission to Shimmel Corridor	$500,000	XXX				**$500,000**
						$0
FIBER						**$0**
Access Fiber to WWTP	$16,000					**$16,000**
Trunkline Fiber Nodes - Upgrades	$10,000					**$10,000**
Fiber to Doyle		$15,000				**$15,000**
						$0
DISTRIBUTION						**$0**
Distribution Rebuild	$710,000	$860,000	$110,000	$230,000	$970,000	**$2,880,000**
						$0
STREET LIGHTING						**$0**
Series Replacement	$105,000	$100,000	$100,000	$100,000	$100,000	**$505,000**
						$0
METER						**$0**
Meter Test Set for field testing	$12,000					**$12,000**
Handhelds, Software	$30,000					**$30,000**
AMR Study		$16,000				**$16,000**
						$0
MAINTENANCE BUILDING						**$0**
Exhaust System for Line Building	$45,000					**$45,000**
DPS Facility Upgrade	$500,000					**$500,000**
						$0
MOTOR VEHICLE FUND						**$0**
Used Digger Derrick (Line Truck 212)		$100,000				**$100,000**
Pickup, 1/2 T, 4x2 - Asst. Supt. - Recycled Vehicle		$6,000				
Pickup, 1/2 T, 4x2 - Generation Division		$19,000				**$19,000**
Pickup, 3/4 T, 4x2 - Meter Division - 804 - 97		$21,000				**$21,000**
Trencher or backhoe		$100,000				**$100,000**
						$0
						$0
						$0
TOTALS	**$2,704,383**	**$1,864,000**	**$740,000**	**$345,000**	**$1,085,000**	**$6,604,410**

CITY OF STURGIS , MICHIGAN
ELECTRIC DEPARTMENT

PROPOSED ELECTRIC RATES

Electric Rates effective for all bills rendered on and after October 1, 2007

Current & Proposed Rates

	CURRENT RATES		PROPOSED RATES 10/1/2007	
Residential Service				
Service Charge	$	6.88	**$**	**7.50**
First 600 kWh	$	0.0748	**$**	**0.0823**
All kWh over 600	$	0.0682	**$**	**0.0768**
Residential Rural Service				
Service Charge	$	7.98	**$**	**8.75**
First 250 kWh	$	0.0880	**$**	**0.0948**
Next 400 kWh	$	0.0825	**$**	**0.0893**
Over 650 kWh	$	0.0748	**$**	**0.0816**
General Commerical Service				
Service Charge	$	12.10	**$**	**12.10**
First 400 kWh	$	0.1320	**$**	**0.1388**
Next 4,600 kWh	$	0.1089	**$**	**0.1157**
Over 5,000 kWh	$	0.0946	**$**	**0.1014**
Commerical-All Electric				
Service Charge	$	13.20	**$**	**13.20**
First 200 kWh	$	0.1342	**$**	**0.1410**
Next 4,800 kWh	$	0.0886	**$**	**0.0968**
Over 5,000 kWh	$	0.0768	**$**	**0.0854**
Small Commerical & Industrial				
Service Charge	$	35.75	**$**	**36.00**
Demand - All kW	$	13.20	**$**	**13.20**
Energy - All kWh	$	0.0515	**$**	**0.0567**
Large Primary Power Service				
Service Charge	$	82.50	**$**	**83.00**
Demand - All kW	$	12.38	**$**	**12.38**
Energy - All kWh	$	0.0380	**$**	**0.0439**
Primary Power Service				
Service Charge	$	82.50	**$**	**83.00**
Demand - All kW	$	12.38	**$**	**12.38**
Energy - All kWh	$	0.0383	**$**	**0.0451**
Base Power Cost Adjustment	$	0.0438	**$**	**0.0506**

Notes:
* All rates are subject to a monthly Power Cost Adjustment Factor (PCAF).

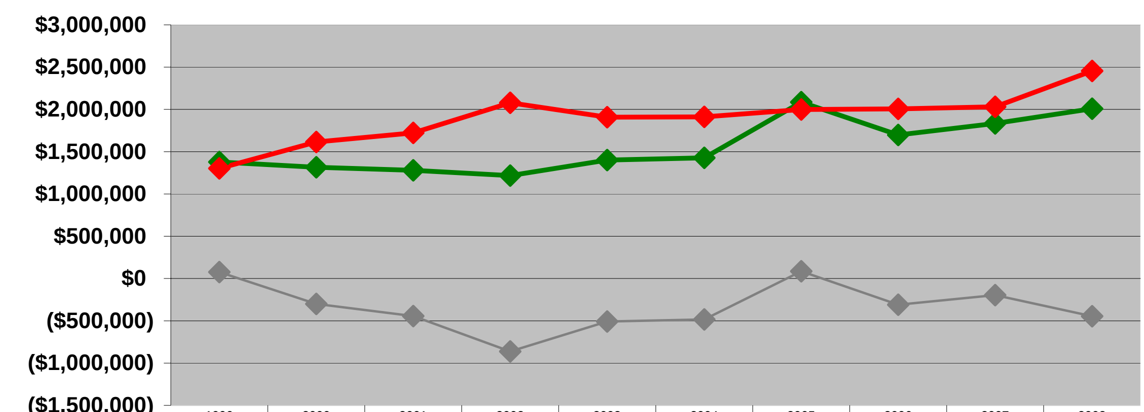
590 Wastewater Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Grants	0	0	0	0	0.0%
Loan Proceeds	0	0	0	0	0.0%
Service Charges	1,515,169	1,712,928	1,338,507	1,465,665	-14.4%
Customer Charges	170,636	0	490,918	537,555	
Interest	252	200	200	50	-75.0%
Miscellaneous	849	0	0	62	0.0%
Land Rent	5,370	1,194	5,370	5,370	349.7%
Late Charges	0	0	0	0	0.0%
Sale of Fixed Assets	0	0	0	0	0.0%
Misc. Revenue	5,492	0	0	0	0.0%
Total Revenues	**1,697,767**	**1,714,322**	**1,834,995**	**2,008,702**	
EXPENSES					
Sewer System and Administration					
Wages & Benefits	92,896	100,457	95,000	208,778	107.8%
Wages - Overtime	104	0	0	0	0.0%
Wages - Mowing	195	0	0	0	0.0%
Meter Reading & Maintenance	19,324	27,506	19,606	13,427	-51.2%
Office Expense	24,115	29,477	28,618	29,477	0.0%
Insurance & Audit	26,352	41,200	40,000	41,200	0.0%
Professional Services - Office	5,796	515	888	915	77.6%
Repairs & Maintenance	60,885	42,230	45,451	46,815	10.9%
Sewer Cleaning	54,060	115,000	70,000	103,000	-10.4%
Sewer Backup Reimbursement	0	3,090	3,000	3,090	0.0%
Solids Disposal from sewer cleaning	1,236	2,575	1,200	1,236	-52.0%
Lift Stations	56,382	66,950	65,000	66,950	0.0%
Big Hill Treatment System	58,728	56,650	68,190	124,315	119.4%
Safety Services	0	1,545	1,500	1,545	0.0%
Transportation	37,267	38,622	38,622	48,083	24.5%
Bad Debt	0	0	0	0	0.0%
Administrative Reimbursement	144,165	99,251	144,165	142,279	43.4%
Total Sewer System and Admin.	**581,505**	**625,068**	**621,240**	**831,109**	
Wastewater Treatment Plant					
Wages & Benefits	311,870	351,410	296,714	358,930	2.1%
Wages - Overtime	9,476	0	16,723	0	0.0%
Wages - Mowing	115	0	14	200	
Office Expense	3,933	7,800	3,646	7,470	-4.2%
Operating Supplies	12,674	15,230	18,684	15,850	4.1%
Professional Services	14,350	24,550	33,898	27,475	11.9%
Safety Services	6,192	7,800	878	6,550	-16.0%
Chemicals	13,846	24,135	14,393	21,950	-9.1%
Utilities	97,397	93,400	82,301	109,625	17.4%
Repairs & Maintenance	31,814	60,600	27,206	23,500	-61.2%
Transportation	14,583	11,378	11,378	10,564	-7.2%
Land Applied Biosolids & Disposal	44,614	33,500	32,564	36,250	8.2%
Miscellaneous	(575)	0	0	0	0.0%
Total Wastewater Treatment	**560,289**	**629,803**	**538,399**	**618,364**	
Subtotal of Expenses	**1,141,795**	**1,254,871**	**1,159,639**	**1,449,473**	
Depreciation	674,849	644,000	675,000	675,000	4.8%
Asset Funded Replacement	0	0	0	89,557	
Interest Expense	84,375	84,500	84,500	111,000	31.4%
In-Lieu Tax Payments	104,731	111,431	111,431	130,566	17.2%
TOTAL EXPENSES	**2,005,750**	**2,094,802**	**2,030,570**	**2,455,596**	
NET EARNINGS OR LOSS	**(308,831)**	**(380,480)**	**(195,575)**	**(446,894)**	

Wastewater Department Information

The Wastewater Department plans to continue to strive toward a more reliable sewer collection system by identifying and targeting problem areas for more aggressive root and/or grease control. The Department will finish revising the Utility Terms and Conditions to include a more proactive stance on grease control from food establishments. The department expects to begin a multifaceted construction project to address several areas in the system. Included are repairs to or replacements of obsolete equipment, upsizing of pipelines, an additional large interceptor sewer to accommodate a significant increase in flow from an industrial user. As part of preventive maintenance the bearings on the screw pump will be replaced.

Wastewater Fund



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total Revenues	1,378,715	1,316,173	1,278,941	1,217,184	1,400,646	1,427,682	2,085,786	1,697,767	1,834,995	2,008,702
Total Expenditures	1,302,581	1,615,667	1,722,618	2,078,935	1,908,844	1,911,235	1,999,586	2,005,750	2,030,570	2,455,596
Income or Loss	76,134	(299,494)	(443,677)	(861,751)	(508,198)	(483,552)	86,200	(308,831)	(195,575)	(446,894)

CITY OF STURGIS
WASTEWATER DEPARTMENT
CAPITAL AND EXTRAORDINARY EXPENSES

			2006 / 07	2007 / 08	2008 / 09	2009 / 10	Post 2010	TOTAL
Sewer System and Administration								
Street / Title	**From**	**To**						
WWTP Interceptor Sewer	WWTP	Congress & Prairie			$1,999,500			**$ 1,999,500**
Diesel Plant Lift Station Force Main	Diesel Plant	Prairie			$79,491			**$ 79,491**
West Side Trunk Sewer	WWTP	Lafayette			$2,457,300			**$ 2,457,300**
Fawn River	Nottawa	Eisenhower					$578,356	**$ 578,356**
DRESSER IND Bogen	S. Centerville	S. Nottawa			$480,720			**$ 480,720**
DRESSER IND Bogen	S. Nottawa	S.Lakeview				$259,456		**$ 259,456**
DRESSER IND S. Nottawa	Bogen	700' N				$61,287		**$ 61,287**
DRESSER IND S. Nottawa	Bogen	1300' S				$112,210		**$ 112,210**
S. Centerville	south of Wade	Bogen			$634,725			**$ 634,725**
Fawn River TWP, M66	Bogen	Indiana			$1,403,330			**$ 1,403,330**
Stand by Generators				$60,000	$92,250			**$ 152,250**
Sanitary Sewer Master Plan				$30,000				**$ 30,000**
Replacement of accounting software				$14,795				**$ 14,795**
Folder Inserter				$4,573				**$ 4,573**
		Subtotal	**$0**	**$109,368**	**$7,147,316**	**$432,953**	**$578,356**	**$ 8,267,993**
Wastewater Treatment Plant								
	Headworks upgrade (grit/screening)						$ 2,000,000	**$ 2,000,000**
	Digester/Mixing Improvements			$939,670				**$ 939,670**
	30" Outfall Sewer			$1,216,660				**$ 1,216,660**
	Groundwater Remediation for dewatering interceptor Construction			$251,500				**$ 251,500**
	West Side Trunk Sewer Easement Acquisition/crop loss				$213,000			**$ 213,000**
	Prairie, LS, Outfall Interceptor easement			$142,300				**$ 142,300**
	Standby Generators				$276,750			**$ 276,750**
	Construction Undeveloped Details (15%)			$382,520	$73,463			**$ 455,982**
	DPS Facility Upgrade			$300,000				**$ 300,000**
	Construction Contingencies (10%)			$265,950	$763,707			**$ 1,029,656**
	Design Construction Engineering (18%)			$595,434	$1,525,362			**$ 2,120,796**
	Estimate of S2 Grant amount			-$1,000,000				**$ (1,000,000)**
	Legal, Admin and Bonding		$40,000	$40,000	$40,000			
	Dewatering & MDEQ GW Permitting			$113,000	$0			**$ 113,000**
	Project Planning costs		$22,450	$22,450				**$ 44,900**
		Subtotal	**$62,450**	**$3,269,483**	**$2,892,281**	**$0**	**$2,000,000**	**$ 8,224,215**
		TOTAL	**$62,450**	**$3,378,851**	**$10,039,597**	**$432,953**	**$2,578,356**	**$ 16,492,208**

CITY OF STURGIS , MICHIGAN
WASTEWATER DEPARTMENT
CURRENT SEWER RATES

Wastewater rates effective for all usage on and after June 1, 2006

Current Rates

Meter Size and classification	2006 1000 Gal $2.89 Customer Charge	2007 1000 Gal $3.17 Customer Charge	2008 1000 Gal $3.47 Customer Charge
5/8 - Inside	$ 7.50	$ 8.21	$ 8.99
3/4 - Inside	$ 11.11	$ 12.17	$ 13.33
1 - Inside	$ 16.59	$ 18.17	$ 19.89
1.5 - Inside	$ 20.26	$ 22.18	$ 24.29
2 - Inside	$ 38.49	$ 42.15	$ 46.15
3 - Inside	$ 56.78	$ 62.17	$ 68.08
4 - Inside	$ 75.01	$ 82.13	$ 89.94
6 - Inside	$ 184.51	$ 202.04	$ 221.23
8 - Inside	$ 330.53	$ 361.93	$ 396.31
Flat Charged - Inside	$ 28.39	$ 31.16	$ 34.31
5/8 - Rural	$ 10.24	$ 11.21	$ 12.28
3/4 - Rural	$ 15.66	$ 17.15	$ 18.77
1 - Rural	$ 23.87	$ 26.14	$ 28.62
1.5 - Rural	$ 29.38	$ 32.17	$ 35.23
2 - Rural	$ 56.72	$ 62.11	$ 68.01
3 - Rural	$ 84.15	$ 92.15	$ 100.90
4 - Rural	$ 111.50	$ 122.10	$ 133.70
6 - Rural	$ 275.75	$ 301.95	$ 330.64
8 - Rural	$ 494.78	$ 541.78	$ 593.25
Flat Charged - Rural	$ 31.13	$ 34.08	$ 37.32

Surcharges for Wastewater in excess of Domestic Strength

BOD	$ 0.44	per pound
Total Suspended Solids	$ 0.28	per pound
Total Phosphorus	$ 2.12	per pound
Nitrates	$ 0.33	per pound

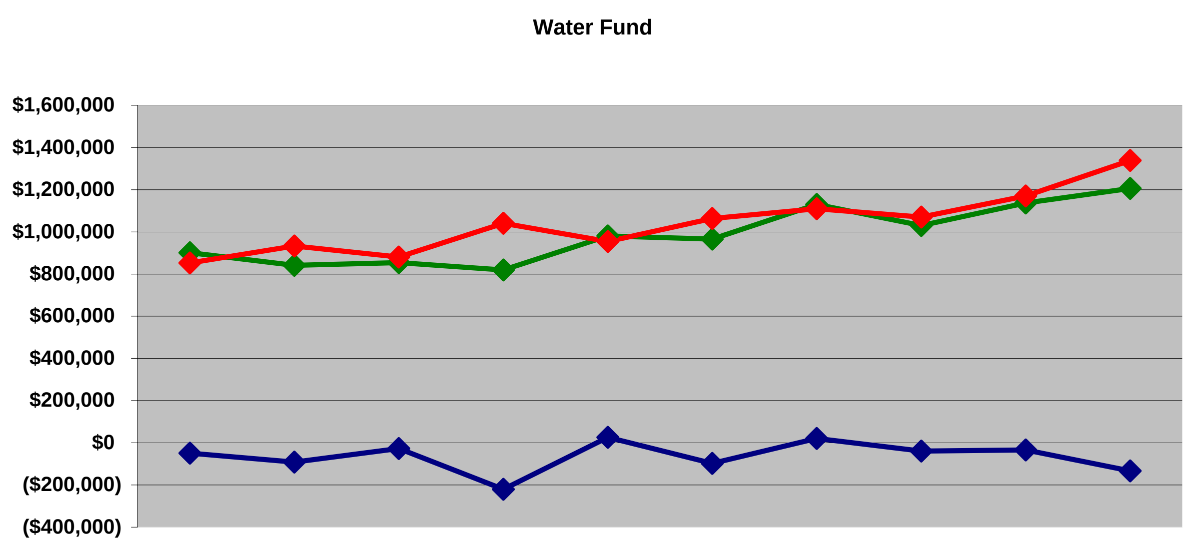
591 Water Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Grants	8,545	0	34,200	0	0.0%
Loan Proceeds	0	0	0	0	0.0%
Water Sales	981,801	1,122,375	1,086,026	1,189,198	6.0%
Customer Charges	28,199	0	0	0	0.0%
Meters & Taps	9,515	12,400	12,400	12,400	0.0%
Interest	354	1,000	1,000	1,000	0.0%
Contribution In Aide of Const.	2,556	0	0	0	0.0%
Miscellaneous	(1,777)	2,000	2,000	2,000	0.0%
Disconnect Fees	1,195	1,000	1,000	1,000	0.0%
Total Revenues	**1,030,388**	**1,138,775**	**1,136,626**	**1,205,598**	
EXPENSES					
General					
Wages & Benefits	131,747	120,000	120,000	177,981	48.3%
Wages - Overtime	6,484	0	0	0	0.0%
Training	3,733	0	0	4,000	
Office Expense	32,193	28,000	28,000	28,900	3.2%
Insurance & Audit	10,428	50,000	50,000	51,500	3.0%
Miscellaneous	4,294	6,000	6,000	6,200	3.3%
Administrative Reimbursement	111,620	86,223	86,223	134,706	56.2%
Total General Expense	**300,499**	**290,223**	**290,223**	**403,287**	
Operations & Maintenance					
Well Material & Pumping	90,597	99,400	84,701	102,400	3.0%
Chemicals	22,528	28,300	17,374	29,200	3.2%
Repairs & Maintenance	3,653	16,500	10,000	17,000	3.0%
Water Tank Maintenance	4,298	5,500	7,000	3,500	-36.4%
Fire Hydrants	14,184	25,000	20,000	25,750	3.0%
Distribution Maintenance	178,358	153,000	198,000	172,500	12.7%
Meter Replacement & Maintenance	30,338	26,491	36,000	50,000	88.7%
Transportation	45,083	40,315	40,315	55,393	37.4%
Miscellaneous	11,994	0	0	0	0.0%
Total Operations & Maintenance	**401,033**	**394,506**	**413,390**	**455,743**	
Subtotal Expenses	**701,532**	**684,729**	**703,613**	**859,030**	
Depreciation	263,618	275,000	275,000	275,000	0.0%
Asset Funded Replacement	0	0	45,688	45,688	
Interest	37,100	42,000	72,100	80,793	92.4%
In-Lieu Tax Payments	67,691	74,020	74,020	78,364	5.9%
TOTAL EXPENSES	**1,069,942**	**1,075,749**	**1,170,421**	**1,338,875**	
NET EARNINGS OR LOSS	**(39,554)**	**63,026**	**(33,795)**	**(133,277)**	

Water Department Information

This year the Water Department anticipates pumping nearly 620 million gallons of drinking water. This is done through four separate pump houses located within the City. The department continuously works to maintain the City's water wells, well pumps, chemical pumps, electrical equipment and the buildings that house them. As part of the preventive maintenance program, Thurston Woods well #1 will be overhauled in 2007. The roof and access hatch on the Oaklawn well house will also be replaced. The Water Department intends to continue our contract with Hydro Designs Inc. who is performing inspections and maintaining the database for the City's Cross Connection Program. There are a total of 4,365 water meters connected to the distribution system. This year the department plans to change out and send in for calibration approximately 300 meters as part of the scheduled 15 year rotation.

Each year the Water Department budgets to replace several old, obsolete, or inoperable fire hydrants. By following this practice there have been few problems with hydrants in emergency situations. The MDEQ is asking communities to seal or properly abandon any unused wells that lie within their Wellhead Protection Area. The department has applied for and received a grant to properly abandon wells but have found at least 2 City owned wells that lie just outside of the WHPA. The department has budgeted for the sealing of those 2 wells to take place within the next fiscal year. Also, there should be water distribution system improvement projects beginning in 2007, however, this will be based on funding becoming available through the Drinking Water Revolving Fund.



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total Revenues	901,405	841,599	854,055	819,644	980,518	965,986	1,130,398	1,030,388	1,136,626	1,205,598
Total Expenditures	852,409	932,889	880,998	1,040,358	954,229	1,063,331	1,109,782	1,069,942	1,170,421	1,338,875
Net Earnings or Loss	(48,996)	(91,290)	(26,943)	(220,714)	26,289	(97,345)	20,616	(39,554)	(33,795)	(133,277)

CITY OF STURGIS
WATER DEPARTMENT
CAPITAL AND EXTRAORDINARY EXPENSES

	2006 / 07	2007 / 08	2008 / 09	2009 / 10	Post 2010	TOTAL
DWRF Project # 7206-01 - 2007 Water System Improvements						
S. Nottawa - Magnolia to E. Fawn River						
Hawthorne - S. Nottawa to Rolling Ridge						
Wenzel - Surprise to S. Nottawa						
S. Nottawa - Wenzel to Cottage						
S Prospect/N & E Electric - E. Chicago to E. Congress						
Arden Park & Illene - Griffith to E. Chicago						
Standby Generator for One Thurston Municipal Well						
Project Planning Costs	$ 11,200					**$ 11,200**
User Charge System Development Costs	$ 11,375					**$ 11,375**
Design Engineering Costs	$ 73,475					**$ 73,475**
Legal, Financial, Bond and Bid Costs	$ 21,518					**$ 21,518**
Construction Engineering Costs	$ 87,687					**$ 87,687**
Construction Costs (bid contract)	$ 887,329					**$ 887,329**
Construction Contingency Costs	$ 67,416					**$ 67,416**
Sub-Total DWRF Costs =	**$ 1,160,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,160,000**
Watermains						
Haines Blvd. - N. Centerville to N. Nottawa			$ 316,406			**$ 316,406**
E. Lafayette - N. Lakeview to N. Nottawa	$ -	$ 300,600				**$ 300,600**
W. South - Jefferson to Clay			$ 48,100			**$ 48,100**
Chicago Road / US-12 - Centerville to Franks	$ 610,000					**$ 610,000**
Sub-Total Watermains Costs =	**$ 610,000**	**$ 300,600**	**$ 364,506**	**$ -**	**$ -**	**$ 1,275,106**
Extraordinary Costs						
Maintenance Inspection of 1,500,000 gallon Elevated Tank	$ 3,278					**$ 3,278**
Oaklawn Well (MDEQ #5) - Reroof & Replace Roof Hatch			$ 10,000			**$ 10,000**
Memorial Park - Abandon 2 Wells			$ 10,000			**$ 10,000**
Thurston Wood Well #1 (MDEQ #6) - Overhall Well & Pump			$ 20,000			**$ 20,000**
Hydraulic Valve Turning Tool			$ 5,500			**$ 5,500**
Thurston Wood Well #1 (MDEQ #6) - Variable Frequency Drive			$ 35,000			**$ 35,000**
4" Hydraulic Mole			$ 6,000			**$ 6,000**
Lakeview Well (MDEQ #3) - Overhall Well & Pump (1)				$20,000		**$ 20,000**
Oaklawn Well (MDEQ #5) - Variable Frequentcy Drive				$35,000		**$ 35,000**
Water Tower - Inspection				$5,000		**$ 5,000**
Thurston Wood Well #1 (MDEQ #6) - Reroof & Repalce Roof Hatch					$10,000	**$ 10,000**
Oaklawn Well (MDEQ #5) - Replace Siding					$10,000	**$ 10,000**
Thurston Wood Well #2 (MDEQ #7) - Overhall Well & Pump					$22,000	**$ 22,000**
Lakeview Well (MDEQ #3) - Reroof (1)					$8,000	**$ 8,000**
Painting of 1,500,000 gallon Elevated Tank - Exterior			$ 157,700			**$ 157,700**
Painting of 1,500,000 gallon Elevated Tank - Interior				$ 261,000		**$ 261,000**
Replace Lakeview Well and Pumphouse					$700,000	**$ 700,000**
Water System Master Plan			$ 33,000			**$ 33,000**
DPS Facility Upgrade		$ 500,000				**$ 500,000**
Replacement of Accounting Software		$ 14,795				**$ 14,795**
Folder Inserter		$ 4,573				**$ 4,573**
Add One Additional Well and Pumphouse					$700,000	**$ 700,000**
Sub-Total Extraordinary Costs =	**$ 3,278**	**$ 519,368**	**$ 277,200**	**$ 321,000**	**$ 1,450,000**	**$ 2,570,846**
Grand Total	**$ 1,773,278**	**$ 819,968**	**$ 641,706**	**$ 321,000**	**$ 1,450,000**	**$ 5,005,952**

CITY OF STURGIS , MICHIGAN
WATER DEPARTMENT

CURRENT WATER RATES

Water rates effective for all usage on and after June 1, 2006

Current Rates

Meter Size and classification	Volume and Range	Customer Charge 2006	Customer Charge 2007	Customer Charge 2008	1000 Gal 2006	1000 Gal 2007	1000 Gal 2008
5/8 -	(0 to 50,000)	$ 1.05	$ 2.20	$ 3.45	$ 2.02	$ 2.02	$ 2.02
5/8 -	(Over 50,000)				$ 1.72	$ 1.72	$ 1.72
3/4 -	(0 to 50,000)	$ 1.58	$ 3.30	$ 5.18	$ 2.02	$ 2.02	$ 2.02
3/4 -	(Over 50,000)				$ 1.72	$ 1.72	$ 1.72
1 Inch	(0 to 50,000)	$ 2.63	$ 5.50	$ 8.63	$ 2.02	$ 2.02	$ 2.02
1 Inch	(Over 50,000)				$ 1.72	$ 1.72	$ 1.72
1.5 Inch	(0 to 50,000)	$ 5.25	$ 11.00	$ 17.25	$ 2.02	$ 2.02	$ 2.02
1.5 Inch	(Over 50,000)				$ 1.72	$ 1.72	$ 1.72
2 Inch	(0 to 50,000)	$ 8.40	$ 17.60	$ 27.60	$ 2.02	$ 2.02	$ 2.02
2 Inch	(Over 50,000)				$ 1.72	$ 1.72	$ 1.72
3 Inch	(0 to 50,000)	$ 15.75	$ 33.00	$ 51.75	$ 2.02	$ 2.02	$ 2.02
3 Inch	(Over 50,000)				$ 1.72	$ 1.72	$ 1.72
4 Inch	(0 to 50,000)	$ 26.25	$ 55.00	$ 86.25	$ 2.02	$ 2.02	$ 2.02
4 Inch	(Over 50,000)				$ 1.72	$ 1.72	$ 1.72
6 Inch	(0 to 50,000)	$ 52.50	$ 110.00	$ 172.50	$ 2.02	$ 2.02	$ 2.02
6 Inch	(Over 50,000)				$ 1.72	$ 1.72	$ 1.72
8 Inch	(0 to 50,000)	$ 78.75	$ 165.00	$ 258.75	$ 2.02	$ 2.02	$ 2.02
8 Inch	(0 to 50,000)				$ 1.72	$ 1.72	$ 1.72
5/8 Rural	(Over 50,000)	$ 1.05	$ 2.20	$ 3.45	$ 4.04	$ 4.04	$ 4.04
5/8 Rural	(0 to 50,000)				$ 4.04	$ 4.04	$ 4.04
3/4 Rural	(Over 50,000)	$ 1.58	$ 3.30	$ 5.18	$ 4.04	$ 4.04	$ 4.04
3/4 Rural	(0 to 50,000)				$ 4.04	$ 4.04	$ 4.04
1 Inch Rural	(Over 50,000)	$ 2.63	$ 5.50	$ 8.63	$ 4.04	$ 4.04	$ 4.04
1 Inch Rural	(0 to 50,000)				$ 4.04	$ 4.04	$ 4.04
1.5 Inch Rural	(Over 50,000)	$ 5.25	$ 11.00	$ 17.25	$ 4.04	$ 4.04	$ 4.04
1.5 Inch Rural	(0 to 50,000)				$ 4.04	$ 4.04	$ 4.04
2 Inch Rural	(Over 50,000)	$ 8.40	$ 17.60	$ 27.60	$ 4.04	$ 4.04	$ 4.04
2 Inch Rural	(0 to 50,000)				$ 4.04	$ 4.04	$ 4.04
3 Inch Rural	(Over 50,000)	$ 15.75	$ 33.00	$ 51.75	$ 4.04	$ 4.04	$ 4.04
3 Inch Rural	(0 to 50,000)				$ 4.04	$ 4.04	$ 4.04
4 Inch Rural	(Over 50,000)	$ 26.25	$ 55.00	$ 86.25	$ 4.04	$ 4.04	$ 4.04
4 Inch Rural	(0 to 50,000)				$ 4.04	$ 4.04	$ 4.04
6 Inch Rural	(Over 50,000)	$ 52.50	$ 110.00	$ 172.50	$ 4.04	$ 4.04	$ 4.04
6 Inch Rural	(0 to 50,000)				$ 4.04	$ 4.04	$ 4.04
8 Inch Rural	(0 to 50,000)	$ 78.75	$ 165.00	$ 258.75	$ 4.04	$ 4.04	$ 4.04
8 Inch Rural	(Over 50,000)				$ 4.04	$ 4.04	$ 4.04
Flat Charge	In-City	$ 22.50	$ 25.00	$ 27.50			
Flat charge	Rural	$ 45.00	$ 50.00	$ 55.00			

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598 Economic Loan Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Principal & Interest Income (Loans) [a]	2,926	11,000	11,000	20,000	81.8%
Total Revenues	**2,926**	**11,000**	**11,000**	**20,000**	
EXPENDITURES					
Operational Expense	0	2,000	2,000	2,000	0.0%
Administrative Reimbursement	0	0	0	0	0.0%
Misc. Expense	0	0	0	0	0.0%
Bad Debt	0	0	0	0	0.0%
Total Expenditures	**0**	**2,000**	**2,000**	**2,000**	
NET OPERATING INCOME OR LOSS	2,926	9,000	9,000	18,000	100.0%
Interest Revenue (Investments)	0	8,000	8,000	8,000	0.0%
Transfers from Electric Fund	0	0	0	0	0.0%
Contribution from the General Fund	0	0	0	0	0.0%
NET INCOME OR LOSS	2,926	17,000	17,000	26,000	52.9%
FUND BALANCE	**1,149,347**	**1,166,347**	**1,166,347**	**1,192,347**	

[a] Includes annual principle and interest from Grav-Co and Miksani.

Outstanding Loans as of 7/1/2006	**10/01/06**	**10/01/07**	**10/01/08**
Grav-Co	104,500	101,415	92,995
Miksani	65,000	60,000	47,000
Grant to Dresser Industrial Park (Infrastructure)	0	0	980,000
Total	**169,500**	**161,415**	**1,119,995**

661 Motor Vehicle Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Gasoline	2,698	2,570	2,570	2,700	5.1%
Equipment Rental	856,571	835,930	835,930	881,972	5.5%
Sale of Fixed Assets	179,934	4,000	41,687	14,800	270.0%
Miscellaneous Income	11,982	0	0	0	0.0%
Total Revenues	**1,051,185**	**842,500**	**880,187**	**899,472**	
EXPENDITURES					
Wages & Benefits	53,520	68,993	58,446	77,805	12.8%
Wages - Overtime	787	0	0	0	0.0%
Operating Supplies	18,488	22,000	22,521	23,000	4.5%
Fuel	149,338	186,000	150,000	186,000	0.0%
Lease Expense	7,996	60,000	8,000	10,000	-83.3%
Repair & Maintenance Supplies	68,288	56,600	56,600	58,300	3.0%
Professional Services	0	0	0	0	0.0%
Communications	0	0	0	0	0.0%
Transportation	0	500	500	500	0.0%
Printing & Publishing	98	1,000	1,000	1,000	0.0%
Insurance & Audit	46,539	47,000	48,400	48,400	3.0%
Repairs & Maintenance	89,960	103,000	113,000	123,100	19.5%
Rentals	0	10,000	10,000	10,000	0.0%
Depreciation	315,197	330,000	330,000	330,000	0.0%
Interest Expense	35,243	40,000	30,756	40,000	0.0%
Administrative Reimbursement	16,840	17,315	17,315	18,936	9.4%
Total Expenses	**802,293**	**942,408**	**846,538**	**927,041**	
NET INCOME OR LOSS	248,892	(99,908)	33,649	(27,569)	
FUND BALANCE	**1,902,047**	**1,802,138**	**1,935,696**	**1,908,126**	

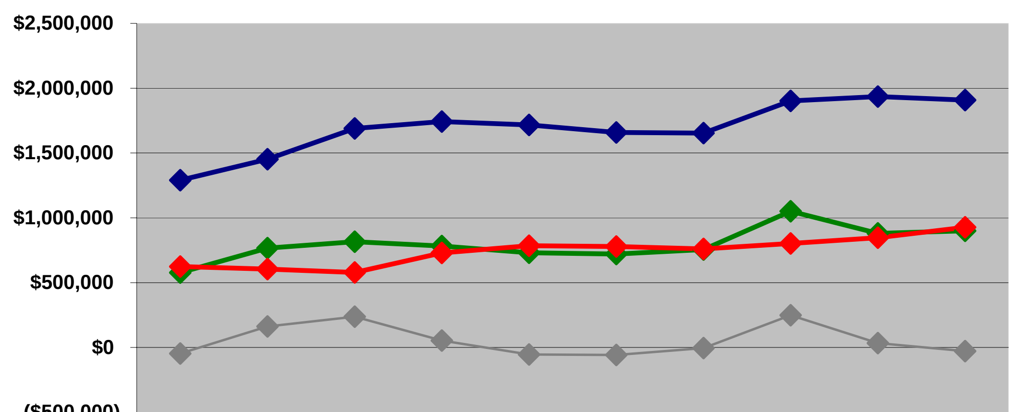
Note: Motor Vehicle Fund purchases are to be made through the State Purchasing Program, unless otherwise authorized by City Commission.

Motor Vehicle Fund
Capital Outlay in Fiscal Year 2007-2008

The first financial obligation is the annual principal cost for those vehicles and equipment previously lease purchased.

Annual Lease Purchase Cost				$	132,238
Police					
	Dodge Charger	$	25,200		
	Dodge Charger	$	25,200	$	50,400
Electric					
	Focus	$	11,500	$	11,500
Fire					
	Pumper/Rescue Chassis (Assumes lease on $400,000)	$	42,000	$	42,000
DPS					
	Dodge Dakota (used)	$	10,500	$	10,500
Parks & Rec					
	John Deere 245 Lawn Tractor	$	5,000	$	5,000
Vehicle & Equipment Total				**$**	**251,638**

Motor Vehicle Fund



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Fund Balance	1,289,959	1,451,825	1,689,141	1,742,318	1,716,082	1,658,103	1,653,154	1,902,047	1,935,696	1,908,126
Total Revenues	577,716	766,285	816,186	782,652	730,104	720,533	755,851	1,051,185	880,187	899,472
Total Expenditures	624,482	604,419	578,870	729,475	784,552	778,512	760,800	802,293	846,538	927,041
Income or Loss	(46,766)	161,866	237,316	53,177	(54,448)	(57,979)	(4,949)	248,892	33,649	(27,569)

677 Employee Benefit Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Employer's Current Employee Premium	1,245,657	1,265,000	1,230,000	1,322,250	4.5%
Employer's Retiree Premium	380,357	461,000	456,000	490,200	6.3%
Employees & Retirees Premiums	68,768	72,225	65,000	70,000	-3.1%
Employer's 125 Plan Contribution	23,275	22,000	21,600	21,000	-4.5%
Employee's 125 Plan Contribution	27,153	26,500	33,000	33,000	24.5%
Interest	21,980	12,000	19,000	20,000	66.7%
Stop Loss Reimbursement	0	0	0	0	0.0%
Experience Premium Rebate	155,434	25,000	100,000	25,000	0.0%
Total Revenues	**1,922,622**	**1,883,725**	**1,924,600**	**1,981,450**	
EXPENSES					
Claims Paid	115,603	130,000	130,000	130,000	0.0%
Flex Claims	39,103	45,000	68,000	45,000	0.0%
Operating Supplies	0	200	200	200	0.0%
Professional Services	15,503	37,800	37,800	20,000	-47.1%
Health Incentives	0	33,000	37,200	37,200	12.7%
Administrative Reimbursement	0	16,834	16,834	16,751	-0.5%
Life & Disability Premiums	35,449	0	25,000	25,000	
Insurance & Audit	1,047,170	1,144,900	1,050,000	0	-100.0%
Employee Insurance	0	0	0	1,128,750	
Retiree Insurance	467,401	510,000	506,000	543,950	6.7%
Misc. Expense	3,541	7,000	3,500	3,500	-50.0%
Total Expenses	**1,723,771**	**1,924,734**	**1,874,534**	**1,950,351**	
NET INCOME OR LOSS	198,851	(41,009)	50,066	31,099	
Interest Revenue	0	0	0	0	
Contributions from Other Funds	0	0	0	0	
FUND BALANCE	**439,272**	**398,264**	**489,339**	**520,437**	

703 Workers Compensation Fund

	Actual 9/30/2006	Budget 9/30/2007	Estimated 9/30/2007	Budget 9/30/2008	Increase or Decrease
REVENUES					
Fees	0	65,000	65,000	65,000	0.0%
Interest	3,643	1,000	1,000	1,000	0.0%
Refunds & Rebates	34,079	0	0	0	0.0%
Total Revenues	**37,722**	**66,000**	**66,000**	**66,000**	
EXPENDITURES					
Claims Paid	61,102	35,000	40,250	35,000	0.0%
Professional Services	-	9,000	16,500	16,500	83.3%
Insurance & Audit	-	27,000	20,000	20,000	-25.9%
Administrative Reimbursement	0	896	896	594	-33.8%
Total Expenditures	**61,102**	**71,896**	**77,646**	**72,094**	
NET INCOME OR LOSS	(23,380)	(5,896)	(11,646)	(6,094)	
Interest Revenue	0	0	0	0	
Contribution from General Fund	0	0	0	0	
FUND BALANCE	**397,891**	**391,995**	**386,245**	**380,151**	

This is the City's self-funded insurance program for employee worker's compensation.

ATTACHMENT A

City of Sturgis

Estimated Property Tax Revenues

2007 City of Sturgis Estimated Revenues

	2007 Assessment Roll	Millage raised from 1 mill	2007 Millage Rate	2007 Estimated Revenues	2006 Actual Revenues	
Total Real	204,193,590					
Total Personal	62,902,900					
Total Ad Valorem Roll	267,096,490	267,096	10.0285	**2,678,577.15**	2,655,468.77	
IFECs	21,733,904	10,867	5.0143	**108,979.23**	191,102.07	
Totals						**-2.073%**
Total Revenues	288,830,394	277,963	10.0285	**2,787,556.38**	**2,846,570.84**	**(59,014.46)**
DDA No. 1 & 2	3,939,499		10.0285	**(39,507.27)**	(40,902.30)	
To Burr Oak	128,554		1.5000	**(192.83)**	(188.11)	
To Fawn River	2,953,231		1.5000	**(4,429.85)**	(3,961.25)	
To Sherman	1,977,369		1.5000	**(2,966.05)**	(2,859.98)	
To Sturgis	11,424,600		1.5000	**(17,136.90)**	(16,330.56)	
						-2.121%
Total Revenues less TIFA & Township Payments				**2,723,323.48**	2,782,328.64	**(59,005.16)**

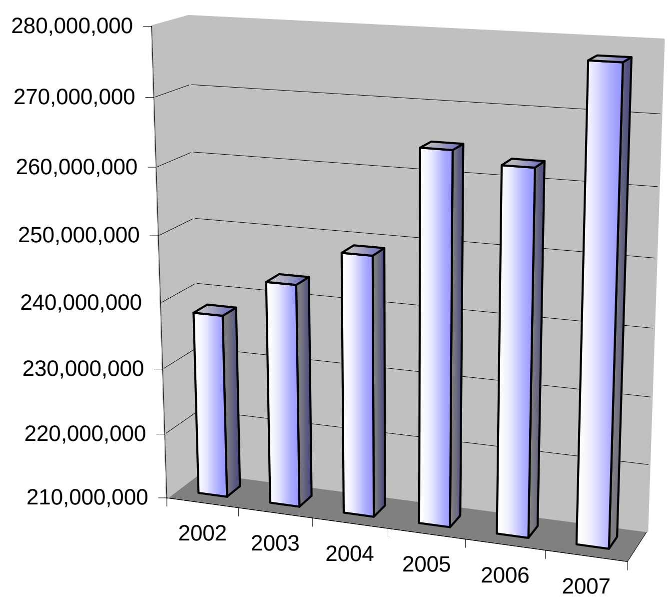
Jaime Hutson
City Assessor

CITY OF STURGIS

Property Tax Changes from 2002 to 2007

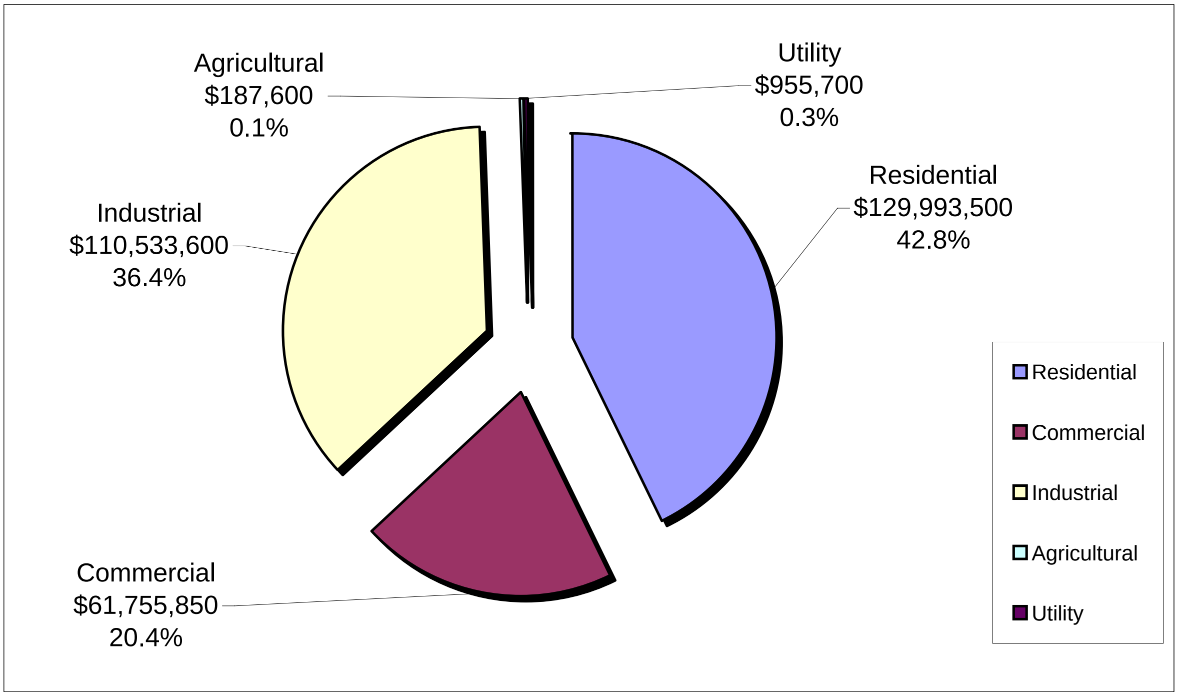
		2002	2003	2004	2005	2006	2007
Ad Val. Real Property TEV		165,530,153	172,705,171	176,103,202	187,050,377	188,887,638	204,193,590
Ad Val. Pers. Property TEV		51,457,834	51,999,488	52,728,800	59,910,380	57,290,300	62,901,900
Industrial Facilities Exemption Certificates	Gross	41,912,300	37,884,700	40,248,435	35,611,521	33,959,667	21,733,904
	Net	20,956,150	18,942,350	20,124,218	17,805,761	16,979,834	10,866,952
TEV Totals		237,944,137	243,647,009	248,956,220	264,766,518	263,157,772	277,962,442
SEV Totals		293,747,400	298,243,300	295,875,400	313,800,780	303,989,550	314,817,600
Total Resulting Tax Revenues *2007 Tax Rate Down to 10.0285 from 10.82*		2,574,556	2,636,261	2,693,706	2,864,774	2,847,367	2,787,546
TIFA		8,054,609	10,153,128	10,336,171	10,223,071	10,442,746	10,576,593
TIFA Base		4,699,600	6,637,094	6,637,094	6,637,094	6,637,094	6,637,094
TIFA Capture		3,355,009	3,516,034	3,699,077	3,585,977	3,805,652	3,939,499

TEV values 2002- 2007



2007 State Equalized Values by Class

	Real Property	Personal Property	Total	Percent of Total
Residential	$130,241,000	-	$130,241,000	43%
Commercial	$47,257,150	$14,498,700	$61,755,850	20%
Industrial	$49,433,800	$61,099,800	$110,533,600	36%
Agricultural	$494,700	-	$494,700	0.16%
Utility	-	$955,700	$955,700	0.31%
TOTAL	$227,426,650	$76,554,200	$303,980,850	100%



Top 10 Taxpayers

	S.E.V.
Ross Labs / Abbott	$44,196,200
Burr Oak Tool	$13,094,500
Morgan Olson	$6,536,200
Wal-Mart	$6,002,700
Sturgis Molded	$4,178,000
International Paper	$4,112,300
Penguin	$4,120,500
Sturgis Iron and Metal	$3,509,100
Americraft	$3,102,900
Sturgis Plaza	$2,672,300
Top Ten Total	$91,524,700

ATTACHMENT B

CITY OF STURGIS

Estimated TIFA Revenues

2007
Estimated 2007 Rates
CITY OF STURGIS
T. I. F. A.
Revenue

To: Ken Rhodes, Sturgis City Treasurer

Taxable values

	2007 Captured
DDA No. 1	3,723,413
DDA No. 2	216,086
	3,939,499

Revenues

Taxing Unit	2007 Millage Rate	Captured TV	Revenue to TIFA
City of Sturgis	10.0285	3,939,499	39,507.27
State School Operating	6.0000	Exempt	
Sturgis School Operating	17.6301	Exempt	
Sturgis School Debt	8.5500	Exempt	
Glen Oaks	2.7410	3,939,499	10,798.17
County Operating	4.5482	3,939,499	17,917.63
Total Summer	49.4978		68,223.07
COA	0.7400	3,939,499	2,915.23
County 911	0.6726	3,939,499	2,649.71
County Roads	0.9932	3,939,499	3,912.71
Special Ed	2.4554	Exempt	
Intermediate School Dist.	0.2283	Exempt	
District Library	1.1000	3,939,499	4,333.45
Total Winter	6.1895		13,811.10
Total Summer & Winter	55.6873		**82,034.17**

By Jaime Hutson, City Assessor

ATTACHMENT C

CITY OF STURGIS

Capital Reserve Account

CITY OF STURGIS
CAPITAL RESERVE FUND BALANCE

FISCAL YEAR	FUND	DESCRIPTION	EXPENSE	REVENUE	BALANCE
2006	General	Contribution		$225,000	$225,000
2007	General	Contribution		$50,000	$275,000
2007	Airport	Fuel System	($25,000)		$250,000
2007	Auditorium	HVAC	($100,000)		$150,000
2007	Capital Outlay	Fuel System Payback		$5,000	$155,000
2008	General	Contribution		$70,000	$225,000
2008	Airport	Roof	($18,000)		$207,000
2008	Auditorium	French Fryer	($7,500)		$199,500
2008	Auditorium	Sound System	($30,000)		$169,500
2008	Capital Outlay	Fuel System Payback		$5,000	$174,500

ATTACHMENT D

CITY OF STURGIS

10 Year Data Used for Graphs

10 Yr Summary of Data Used For Graphs

General Fund	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Estimated 2007	Budget 2008
General Revenues	4,995,416	5,740,550	6,622,703	6,331,262	6,874,351	6,241,737	6,423,277	6,712,126	6,929,673	6,919,043
General Government	531,353	488,879	1,037,534	1,143,043	962,469	1,060,155	983,547	974,367	1,065,244	1,092,724
Police Department	1,417,610	1,571,616	1,666,926	1,665,091	1,718,385	1,982,460	2,058,967	2,045,429	2,115,083	2,140,161
Fire Department	867,983	968,355	969,437	1,065,388	1,102,383	1,142,741	1,163,373	1,049,829	1,082,004	1,234,884
Property Maintenance	83,043	108,937	91,262	91,394	89,363	93,734	90,594	97,502	108,147	117,616
Planning and Zoning	79,549	66,508	121,481	133,045	123,842	87,791	89,538	84,041	103,569	126,729
Airport	91,751	81,285	88,967	78,620	71,024	69,861	103,162	103,062	220,490	0
Parking	30,513	17,890	30,548	16,878	32,006	27,838	40,071	24,951	50,339	43,052
Engineering	41,452	48,281	164,875	152,154	160,936	176,100	176,553	178,646	190,203	195,165
Public Services	-	-	-	-	-	-	-	72,004	93,000	138,126
Culture / Social Services	-	-	-	-	-	-	-	0	45,945	49,204
Other Services	348,706	383,372	383,661	471,710	651,705	661,561	569,484	160,713	157,000	149,000
Other General Fund	675,014	706,273	880,794	943,801	1,128,876	1,116,885	1,069,403	720,920	968,693	818,893
Total Operating Expenses	3,491,960	3,735,123	4,554,742	4,817,323	4,751,176	5,126,142	5,098,736	4,790,544	5,231,024	5,286,662
Total Expenditures	4,975,217	5,456,798	6,456,701	6,915,992	663,565	6,478,105	6,352,327	6,625,903	7,009,982	6,891,225
Income or Loss	20,199	283,752	166,002	(584,730)	210,785	(236,368)	70,950	86,223	(80,309)	27,817
Fund Balance	1,650,512	1,934,264	2,100,266	1,515,536	1,726,321	1,489,953	1,560,903	1,646,293	1,565,984	1,593,801
Major Street	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Total Revenues	656,982	678,568	567,091	543,634	681,908	876,903	685,511	617,495	598,720	604,001
Total Expenditures	392,710	514,910	644,204	827,171	775,988	1,080,373	660,786	655,097	603,706	627,737
Income or Loss	264,272	163,658	(77,113)	(283,537)	(94,080)	(203,470)	24,725	(37,601)	(4,986)	(23,736)
Contribution from Other Funds	0	0	0	0	0	0	0	0	0	0
Fund Balance	731,464	895,122	818,009	534,472	440,392	236,922	261,647	224,046	219,060	195,324
Local Street	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Total Revenues	278,465	298,457	470,776	493,353	607,979	544,196	463,968	459,812	463,758	465,701
Total Expenditures	378,221	629,246	550,830	1,081,266	462,670	624,146	481,181	761,209	512,685	547,317
Income or Loss	(99,756)	(330,789)	(80,054)	(587,913)	145,309	(79,950)	(17,213)	(301,397)	(48,927)	(81,616)
Contribution from Other Funds	230,000	280,000	265,000	722,066	0	0	0	0	0	0
Fund Balance	367,904	317,115	502,061	636,214	781,523	701,573	684,360	382,962	334,035	252,419
Cemetery	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Total Revenues	90,011	91,846	70,279	79,912	82,758	87,748	101,382	94,024	96,300	98,800
Total Expenditures	225,247	251,682	333,747	247,266	290,744	235,567	242,022	239,722	261,174	260,415
Income or Loss	(135,236)	(159,836)	(263,468)	(167,354)	(207,986)	(147,819)	(140,640)	(145,698)	(164,874)	(161,615)
Transfers from Endowment	37,764	38,514	38,000	38,000	28,046	22,844	31,415	23,439	25,000	25,000
Contribution from General	118,000	112,000	112,000	115,000	235,100	150,000	100,000	90,000	140,000	120,000
Fund Balance	137,488	128,166	14,698	344	55,504	80,530	71,305	39,046	39,172	22,556

10 Yr Summary of Data Used For Graphs

Building Dept.	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Estimated 2007	Budget 2008
Total Revenues	-	-	50,730	76,145	43,747	48,790	81,214	19,137	20,000	30,000
Total Expenditures	-	-	114,839	112,361	84,846	94,504	112,651	96,898	115,183	121,696
Income or Loss	-	-	(64,109)	(36,216)	(41,099)	(45,714)	(31,437)	(77,761)	(95,183)	(91,696)
Contribution from General	-	-	71,000	60,000	50,000	30,000	30,000	80,000	71,000	100,000
Fund Balance	-	-	6,892	30,675	39,576	23,862	22,425	24,665	482	8,786
Housing dept	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Total Revenues	-	-	-	0	126	0	0	0	80,000	80,000
Total Expenditures	-	-	-	23,448	43,103	78,806	45,436	46,232	98,039	135,705
Income or Loss	-	-	-	(23,448)	(42,977)	(78,806)	(45,436)	(46,232)	(18,039)	(55,705)
Contribution from General	-	-	-	100,000	100,000	55,000	10,000	10,000	0	40,000
Fund Balance	-	-	-	76,552	133,575	109,769	74,333	38,101	20,062	4,357
Auditorium	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Total Revenues	345,714	313,858	357,488	338,299	360,661	378,844	440,382	434,488	504,400	516,000
Total Expenditures	574,031	569,756	639,442	614,133	595,966	625,815	646,816	618,298	722,022	738,122
Income or Loss	(228,317)	(255,898)	(281,954)	(275,834)	(235,305)	(246,971)	(206,434)	(183,811)	(217,622)	(222,122)
Contribution from General	225,000	225,000	230,000	230,000	220,000	220,000	220,000	220,000	220,000	220,000
Fund Balance	177,328	146,430	94,476	48,642	33,337	6,366	19,932	56,236	58,614	56,492
Doyle	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Total Revenues	354,161	341,737	385,829	392,736	345,195	316,383	367,931	333,734	349,200	353,300
Total Expenditures	397,921	371,980	423,497	433,082	367,522	367,762	391,352	321,693	340,280	391,617
Income or Loss	(43,760)	(30,243)	(37,668)	(40,346)	(22,327)	(51,379)	(23,421)	12,041	8,920	(38,317)
Contribution from General	65,000	40,000	45,000	40,000	40,000	20,000	0	10,000	0	10,000
Fund Balance	26,555	36,312	43,644	43,298	60,971	29,592	6,171	28,213	37,133	8,816
Parks & Rec	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Total Revenues	56,115	86,990	639,608	104,209	309,784	137,921	108,393	100,047	88,950	89,200
Parks	174,203	468,778	794,707	248,155	581,726	248,950	254,489	247,590	295,315	301,952
Recreation	153,156	179,879	245,057	243,115	209,293	190,520	175,597	154,996	160,181	177,335
Total Parks & Rec	327,359	648,657	1,039,764	491,270	791,020	439,471	430,087	402,586	455,496	479,287
Income or Loss	(271,244)	(561,667)	(400,156)	(387,061)	(151,236)	(301,550)	(321,694)	(302,539)	(366,546)	(390,087)
Contribution from General	340,000	500,000	450,000	315,000	330,000	300,000	334,000	296,000	388,660	380,000
Fund Balance	237,808	176,141	225,985	153,924	2,688	1,138	13,447	6,908	29,022	18,934
DDA	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Total Revenues	65,349	68,097	144,597	164,028	265,068	86,495	89,202	85,682	154,400	92,334
Total Expenditures	78,676	129,078	245,312	184,045	177,395	85,821	72,737	83,226	161,566	94,480
Income or Loss	(13,327)	(60,981)	(100,715)	(20,017)	87,693	674	16,465	2,456	(7,166)	(2,146)
Contribution from General	0	0	100,000	15,000	0	0	0	0	0	0
Fund Balance	75,965	14,984	14,269	9,252	96,225	97,599	112,554	115,009	107,843	105,697

10 Yr Summary of Data Used For Graphs

Council of Arts	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Estimated 2007	Budget 2008
Total Revenues	155,757	140,174	139,502	152,860	129,257	132,620	131,390	139,693	133,844	164,373
Total Expenditures	143,620	128,348	231,562	128,953	131,275	128,035	143,974	128,395	131,554	151,358
Income or Loss	12,137	11,826	(92,060)	23,907	(2,018)	4,585	(12,584)	11,298	2,290	13,015
Fund Balance	108,850	120,676	28,616	52,523	50,505	55,090	42,506	53,804	56,094	69,108
Electric	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Total Revenues	15,344,940	16,279,897	16,279,265	16,343,756	16,645,041	16,778,592	18,069,202	18,833,308	19,712,600	19,835,900
Total Expenditures	17,066,379	15,136,538	15,602,594	15,279,580	15,440,887	15,650,176	16,904,298	17,248,452	18,282,969	18,726,255
Net Earnings or Loss	(1,721,439)	1,143,359	676,671	1,064,176	1,204,154	1,128,416	1,164,904	1,671,758	1,429,631	1,109,645
Wastewater	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Total Revenues	1,378,715	1,316,173	1,278,941	1,217,184	1,400,646	1,427,682	2,085,786	1,697,767	1,834,995	2,008,702
Sewer System and Admin	292,499	452,922	486,901	792,360	626,644	573,671	628,569	581,505	621,240	831,109
Wastewater Treatment Plant	470,169	445,008	481,814	513,077	477,461	494,116	525,967	560,289	538,399	618,364
Total Expenditures	1,302,581	1,615,667	1,722,618	2,078,935	1,908,844	1,911,235	1,999,586	2,005,750	2,030,570	2,455,596
Net Earnings or Loss	76,134	(299,494)	(443,677)	(861,751)	(508,198)	(483,552)	86,200	(308,831)	(195,575)	(446,894)
Water	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Total Revenues	901,405	841,599	854,055	819,644	980,518	965,986	1,130,398	1,030,388	1,136,626	1,205,598
Total Expenditures	852,409	932,889	880,998	1,040,358	954,229	1,063,331	1,109,782	1,069,942	1,170,421	1,338,875
Net Earnings or Loss	(48,996)	(91,290)	(26,943)	(220,714)	26,289	(97,345)	20,616	(39,554)	(33,795)	(133,277)
Drug Enforcement	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Total Revenues	70,804	38,178	12,672	21,663	37,413	37,034	21,458	29,688	2,500	6,500
Total Expenditures	33,906	58,199	55,553	39,560	38,548	35,164	37,148	18,961	29,396	29,605
Income or Loss	36,898	(20,021)	(42,881)	(17,897)	(1,135)	1,870	(15,690)	10,728	(26,896)	(23,105)
Transfer from General	10,000	0	10,000	0	0	25,000	0	25,000	0	0
Fund Balance	86,129	66,108	33,227	15,330	14,195	41,065	25,375	61,103	34,207	11,101
Motor Vehicle	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Total Revenues	577,716	766,285	816,186	782,652	730,104	720,533	755,851	1,051,185	880,187	899,472
Total Expenditures	624,482	604,419	578,870	729,475	784,552	778,512	760,800	802,293	846,538	927,041
Income or Loss	(46,766)	161,866	237,316	53,177	(54,448)	(57,979)	(4,949)	248,892	33,649	(27,569)
Fund Balance	1,289,959	1,451,825	1,689,141	1,742,318	1,716,082	1,658,103	1,653,154	1,902,047	1,935,696	1,908,126
Employee Benefit	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Total Revenues	882,676	957,601	1,128,542	1,438,840	1,480,173	1,474,603	1,791,691	1,922,622	1,924,600	1,981,450
Total Expenditures	971,624	977,824	1,087,644	1,417,937	1,601,714	1,633,773	1,741,017	1,723,771	1,874,534	1,950,351
Income or Loss	(63,780)	(20,223)	40,898	20,903	(121,541)	(159,170)	50,674	198,851	50,066	31,099
Interest Revenue	25,168	0	13,134	0	0	0	0	0	0	0
Fund Balance	415,747	395,524	449,556	470,459	348,918	189,748	240,422	439,272	489,339	520,437
Workers Compensation	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
Total Revenues	87,200	74,954	70,231	67,477	81,344	143,169	118,532	37,722	66,000	66,000
Total Expenditures	36,929	94,479	26,993	80,576	50,358	161,794	92,930	61,102	77,646	72,094
Income or Loss	61,142	(19,525)	43,238	(13,099)	30,986	(18,625)	25,602	(23,380)	(11,646)	(6,094)
Interest Revenue	10,871	0	8,617	0	0	0	0	0	0	0
Fund Balance	364,077	344,552	396,407	383,308	414,294	395,669	421,271	397,891	386,245	380,151