

City of Bloomfield Hills 2017-2018 Budget



Michael Coakley, Mayor
Sarah McClure, Mayor Pro-Tem
Michael J. Dul, Commissioner
Susan McCarthy, Commissioner
Stuart D. Sherr, Commissioner

City Manager
David Hendrickson

Finance Director / Treasurer
Keith Francis

Director of Public Safety
Noel Clason

City Clerk
Amy Burton

City of Bloomfield Hills 2017-2017 Budget Table of Contents



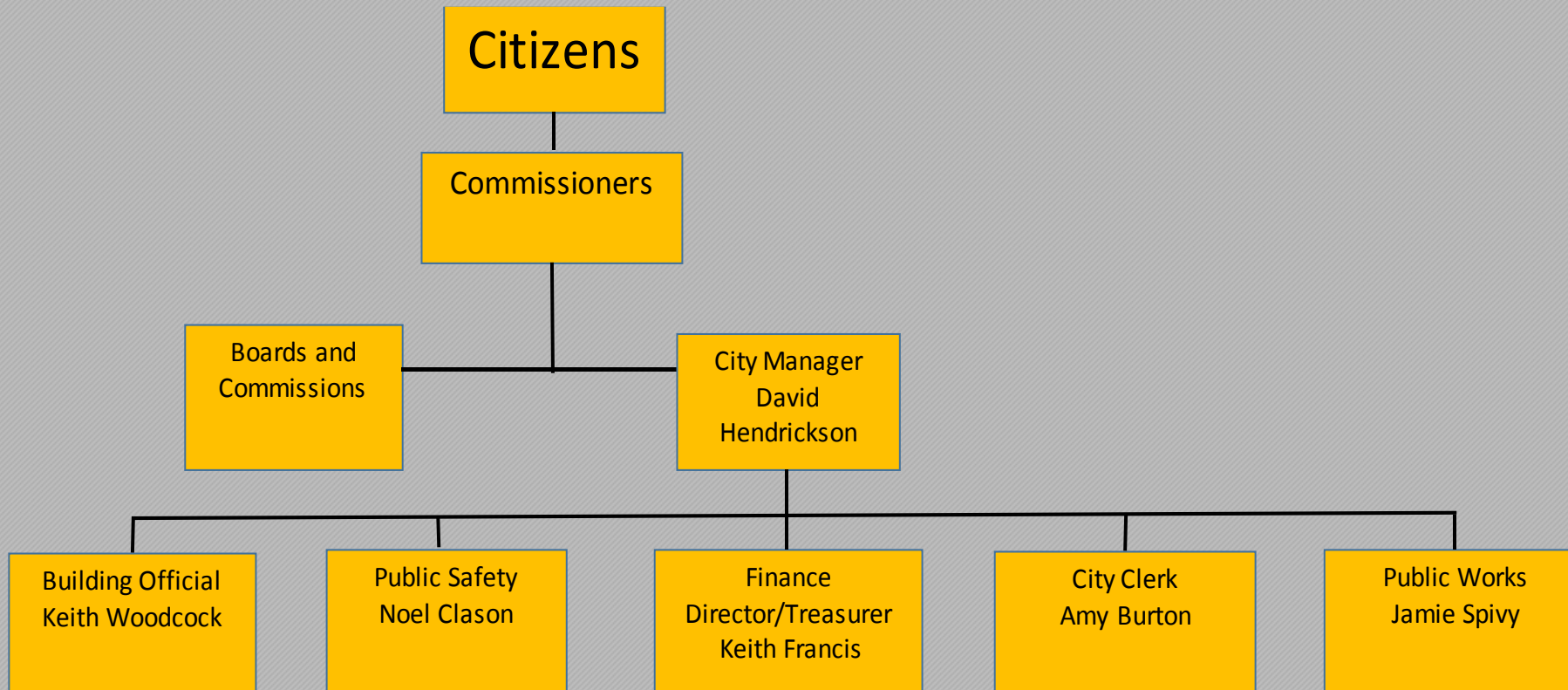
2

• Organization Chart	3
• Budget Message	4
• Budget Calendar	5
• Budget Assumptions	6-10
• General Fund	11-13
• Major and Local Road Funds	14-15
• Debt Obligation Fund	16-18
• Capital Improvement Fund	19
• Road Improvements Fund	20
• Water and Sewer Fund	21-23

City of Bloomfield Hills 2017-2018 Budget Organization Chart



3



City of Bloomfield Hills 2017-2018 Budget

Message from Keith Francis, Finance Director/Treasurer



4

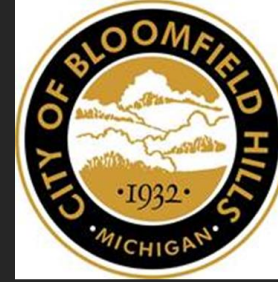
The 2018 (2017-2018 fiscal year) budget for the City's seven funds was adopted by the City Commission on May 9, 2017. The General Fund 2018 budgeted revenues are \$10.4 million, an increase of \$900 thousand compared to the 2017 budget. Property taxes of \$8.2 million, the largest revenue source, increased \$0.4 million and building permit revenues increased by \$0.2 million, both positive indicators of economic recovery. Intergovernmental revenue increased \$0.3 million due primarily to a storm sewer grant from the State. The property tax millage remains at 10.6 mills including 1.1 mills earmarked for road improvements. The library millage is 0.3806 mills.

The General Fund 2018 budgeted expenditures are \$11.2 million, an increase of \$1.7 million compared to the 2017 budget. The increase was due primarily to \$1.2 million for road improvements, \$0.3 million for engineering pertaining to the storm sewer grant, and \$0.2 million for all other expenditures. Fund balance of \$0.8 million will be used to balance the 2018 budget.

In recent years the City of Bloomfield Hills has grown a healthy General Fund balance (rainy day fund) through effective management of expenses and rising property values. Because of this fund balance growth, the City Commission was comfortable transferring \$1 million from the General Fund in 2018 to increase Road spending to over \$2.8 million. In addition, the staff and Commission have begun formulating a multiyear plan so that road improvements will continue at an ever faster pace. Some earlier issued bonds (2007) are maturing, so the City will have some additional cash flow available moving forward to help with road costs.

The hard work and commitment of the Commission and the staff has continued to keep this community one to be proud of, and one of the few communities in Michigan with a AAA bond rating. I would like to take this opportunity to thank the City Commissioners, Mayor Michael Coakley, Mayor Pro Tem Sarah McClure, Michael Dul, Susan McCarthy, and Stuart Sherr, City Manager David Hendrickson, City Clerk Amy Burton, and the administrative staff for all of their help and support during the budget process.

City of Bloomfield Hills 2017-2018 Budget Budget Calendar



5

- December-April: Project current year-end and prepare revenue and expenditure spreadsheets
- January: Send spreadsheets to department heads for review
- February: Meet with department heads and get sign off
- February through April: Hold budget work sessions with City Commission
- May: Approve budget by General Appropriations Act Resolution
- June: Load budget into financial software

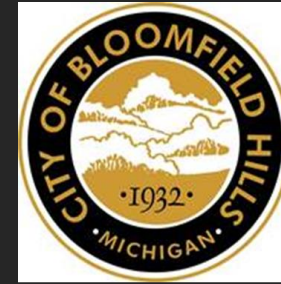
Property Tax Revenue Real & Personal Property Values



6

Tax Day	Fiscal Year	SEV (millions)	SEV Change	TV (millions)	TV Change	Inflation Rate
12/31/2006	2008	1,102.7	-2.8%	889.8	2.9%	3.7%
12/31/2007	2009	1,083.2	-1.8%	897.0	0.8%	2.3%
12/31/2008	2010	947.6	-12.5%	849.1	-5.3%	4.4%
12/31/2009	2011	860.9	-9.1%	807.3	-4.9%	-0.3%
12/31/2010	2012	767.6	-10.8%	742.0	-8.1%	1.7%
12/31/2011	2013	735.3	-4.2%	713.5	-3.8%	2.7%
12/31/2012	2014	772.4	5.0%	725.5	1.7%	2.4%
12/31/2013	2015	839.0	8.6%	736.1	1.5%	1.6%
12/31/2014	2016	936.7	11.6%	766.3	4.1%	1.6%
12/31/2015	2017	987.1	5.4%	791.1	3.2%	0.3%
12/31/2016	2018	1,042.4	5.6%	822.1	3.9%	0.9%
	10 Yr. CAGR	-0.56%		-0.79%		
	5 Yr. CAGR	7.23%		2.53%		
	3 Yr. CAGR	7.50%		3.75%		

Property Tax Revenue - Millage Rates



7

12/31/2016 Assessment date = 2017-2018 Property Tax Revenue

Charter Limit for Operations	20.0000	
Permanent Reduction - "Headlee"	<u>-5.6324</u>	
Maximum Allowable Millage Levy	14.3676	
Operating Millage to be Levied	<u>-10.6000</u>	
Allowable Additional Millage	3.7676	(\$3.1 Million)

Operating Mills 10.60

- General Operating 9.50 mills
- Allocated to Roads 1.10 mills

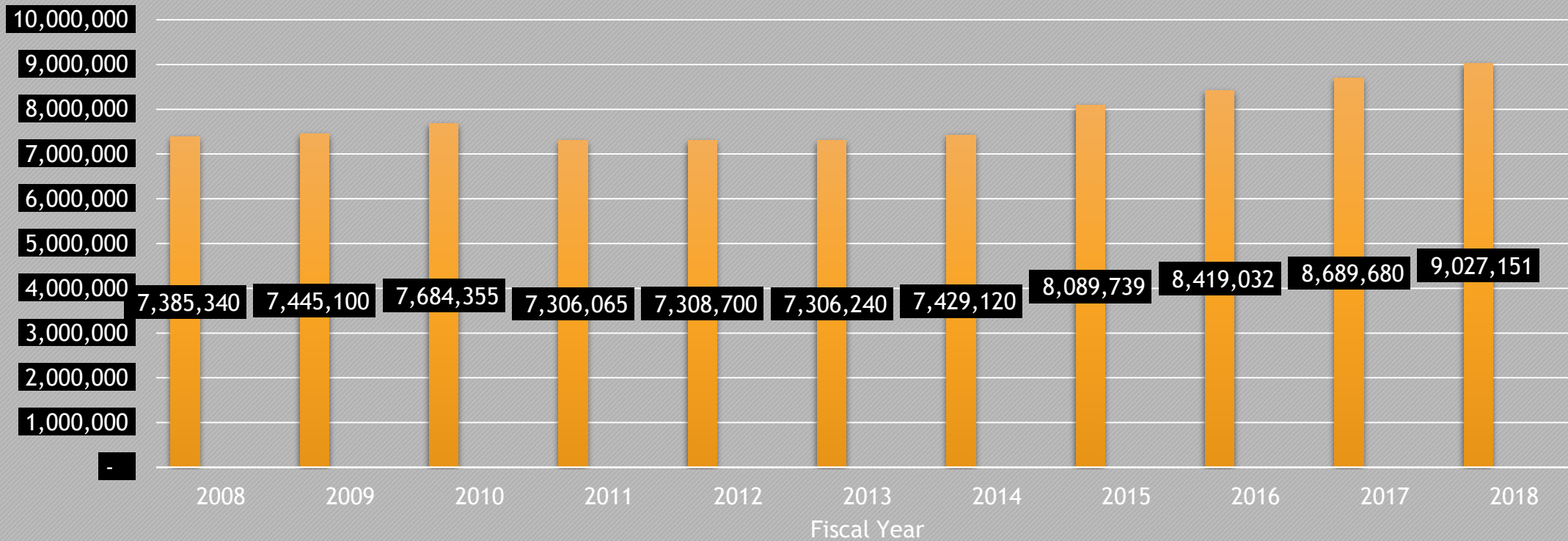
Library Mills 0.3806 (Six year voted millage for Baldwin Library ends in 2020)

Property Tax Revenue - Millage Rates

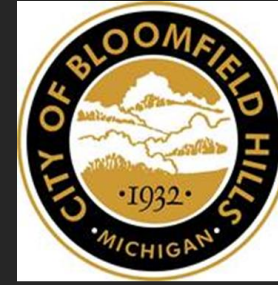


Fiscal Year	Operations	Library	Roads	Total	Change
2008	8.3000	-	-	8.3000	-
2009	8.3000	-	-	8.3000	-
2010	9.0500	-	-	9.0500	0.7500
2011	9.0500	-	-	9.0500	-
2012	9.8500			9.8500	0.8000
2013	9.8500	0.3900		10.2400	0.3900
2014	9.8500	0.3900		10.2400	-
2015	9.8500	0.3900	0.7500	10.9900	0.7500
2016	9.8500	0.3866	0.7500	10.9866	(0.0034)
2017	9.8500	0.3843	0.7500	10.9843	(0.0023)
2018	9.8500	0.3806	0.7500	10.9806	(0.0037)

Historical and Budgeted Property Tax Revenue



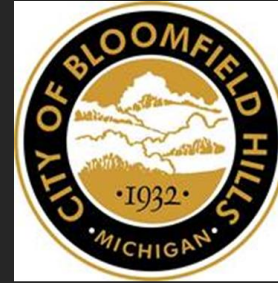
Other Budget Assumptions



10

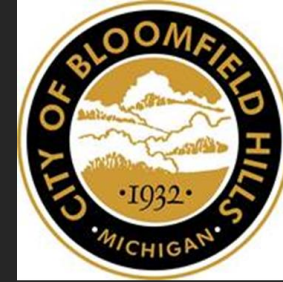
- Property Tax Revenues (79%)
- Intergovernmental Revenues (6%) - Estimates from the State of Michigan
- Other Revenues (15%) - Based on historical actuals adjusted for current year operating results/changes
- Personnel Expenditures (65%)
 - No increase in headcount
 - Wages based on approved labor agreements
 - Health Insurance based on 6 months of current year illustrative rates plus 6 months at an estimated increase (Rates obtained from insurance agency)
 - Dental/STD/Life estimated based on current year with possibly a small increase
- Non-Personnel Expenditures (35%) - Based on historical actuals adjusted for current year operating results/changes
- Transfers out of General Fund to Capital Improvement, Road Construction and Debt Funds
 - Capital Improvement/Road Improvement Funds budget based on need and available funds
 - Debt Obligation Fund based on debt schedules and fees
- Transfers out of Major Road Fund to Local Road Fund
 - Up to 100% of Major Road Fund gas & weight tax revenues

2017-2018 General Fund Revenue Highlights



	<u>2016-2017</u>	<u>2017-2018</u>	
Total Revenue Budget	9,501,502	10,406,948	
Fund Balance Used to Balance	28,014	822,971	Roads
Increase in Revenue Budget	86,254	905,446	
<u>Revenue by Source</u>			
• Property Taxes	7,831,915	8,187,778	TV up 4%
• Licenses & Permits	516,800	745,887	Demand up
• Intergovernmental Revenue	338,077	625,814	New grant
• Charges for Services	60,000	101,532	Cell tower
• Fines and Forfeits - Court	364,824	373,574	Tickets up
• Other Revenue	389,886	372,362	PEG fees

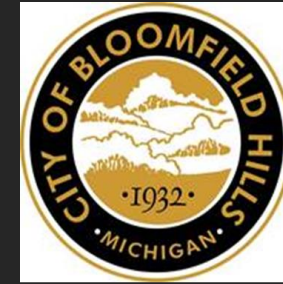
2017-2018 General Fund Expenditure Highlights



12

	<u>2016-2017</u>	<u>2017-2018</u>
Total Expenditure Budget	9,529,516	11,229,918
Increase in Expenditure Budget	114,268	1,700,402
<u>Expenditures by Source</u>		
• Personnel	4,913,570	4,888,234
• Non-Personnel	2,346,026	2,695,514
• Transfer for Bonded Debt	1,852,920	1,978,266
• Transfer for Capital Improvements	200,000	238,137
• Transfer for Road Improvements	217,000	1,429,767

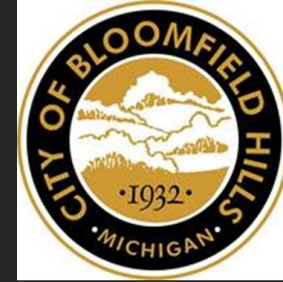
2017-2018 General Fund Department Expenditures



13

Department	2017 Budget	2018 Budget	\$ Change	% Change	Variance Description
City Commission	600	600	-	0.0%	No Change
48th District Court	364,824	364,824	-	0.0	Per Court budget - revenue matches
City Manager	159,661	141,643	-18,018	-11.3	2016 partial year salary increase
Assessing	49,434	49,592	158	0.3	Printing cost increase
Attorney	194,645	223,257	28,612	14.7	Budgeted too low in 2016
City Clerk	121,862	149,853	27,991	23.0	Codification legal review in 2016
General Administration	264,088	205,883	-58,205	-22.0	Reduced bank fees, actuarial fee & MTT
City Treasurer	171,893	189,120	17,221	10.0	2016 partial year salary increase
Building/Grounds	179,955	197,994	-18,039	10.0	Reduction to utilities - trending down
Public Safety	4,054,329	3,974,951	-79,378	10.0	\$8000 for Open House & various small increases
Building/Planning	422,405	513,825	91,420	-2.0	New Inspector/Code Enforcement position
Public Works	938,942	922,531	-16,411	21.6	Increase in crack and seal and tree planting
Engineering	48,960	355,000	306,040	-1.7	Increase to Storm water permitting
Library	287,998	294,673	6,675	625.1	Reduced to better reflect actual increases
Transfers Out	<u>2,269,920</u>	<u>3,646,170</u>	<u>1,376,250</u>	2.3	Transfer of \$217,000 to roads project
Total	9,529,516	11,229,918	1,700,402	17.8	Increase in Budget from 2017 to 2018

2017- 2018 Other Funds Major/Local Roads

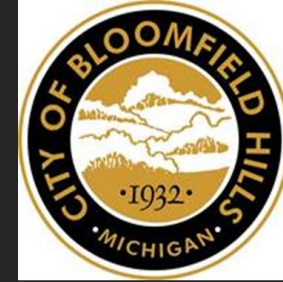


14

Major Roads and Local Roads Funds

- Major revenue source is State gas and weight tax (Act 51 funds)
- Accounts for routine and winter maintenance
- 10% of Act 51 revenue transferred to General Fund for administration
- 50% of Major Roads Act 51 revenue transferred to Local Roads Fund
 - Road improvement plan submitted to State to allow 100% transfer
- A reimbursement is made to the General Fund for applicable DPW wages and equipment costs
- The City has 8.83 miles of major roads and 24.81 miles of local roads

2017- 2018 Other Funds Major/Local Roads



15

	<u>Major Roads</u>	<u>Local Roads</u>
Budgeted Act 51 Revenue	\$ 285,786	\$ 140,760
Transfer from Major Roads	-	185,786
Metro Act Revenue	3,000	9,120
Use of Fund Balance	<u>80,781</u>	<u>128,303</u>
Total Budgeted Revenue	\$ 369,567	\$ 463,969
Budgeted Maintenance	\$ 138,171	\$ 433,413
Transfer to Local Roads	185,786	-
Administration (to GF)	<u>45,610</u>	<u>30,556</u>
Total Budgeted Expense	\$ 369,567	\$ 463,969

2017- 2018 Other Funds Debt Obligation



16

Budgeted Revenue is a transfer from the General Fund to cover yearly debt payments.

Principal - 2007 Road Bonds	\$ 400,000
Principal - 2010 Road Bonds	300,000
Principal - 2014 Pension Bonds	675,000
Interest - 2007 Road Bonds	26,500
Interest - 2010 Road Bonds	99,875
Interest - 2014 Pension Bonds	475,406
Bond Fees	<u>1,485</u>
Total Budgeted Expense	\$ 1,978,266

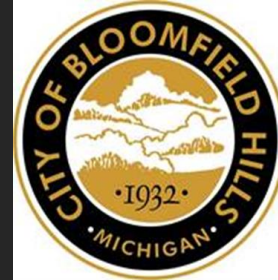
2017- 2018 Other Funds Debt Obligation - 2007 & 2010 Road Bonds



17

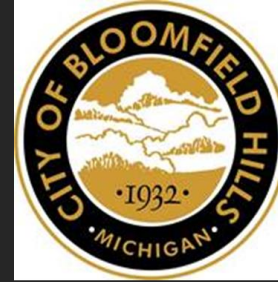
2007 ROAD BONDS				
Fiscal Year	Principal	Rate	Interest	Total
2017/18	400,000	3.75%	26,500	426,500
2018/19	500,000	3.80%	9,500	509,500
	<u>900,000</u>		<u>36,000</u>	<u>936,000</u>
2010 ROAD BONDS				
Fiscal Year	Principal	Rate	Interest	Total
2017/18	300,000	2.50%	99,875	399,875
2018/19	300,000	2.875%	91,813	391,813
2019/20	300,000	3.00%	83,000	383,000
2020/21	400,000	3.125%	72,250	472,250
2021/22	400,000	3.375%	59,250	459,250
2022/23	500,000	3.50%	43,750	543,750
2023/24	500,000	3.50%	26,250	526,250
2024/25	500,000	3.50%	8,750	508,750
	<u>3,200,000</u>		<u>484,938</u>	<u>3,684,938</u>

2017- 2018 Other Funds Debt Obligation - 2007 & 2010 Pension Obligation Bonds



PENSION OBLIGATION BONDS				
Fiscal Year	Principal	Rate	Interest	Total
2017/18	675,000	1.27%	475,406	1,150,406
2018/19	685,000	1.70%	465,297	1,150,297
2019/20	695,000	2.20%	452,455	1,147,455
2020/21	715,000	2.37%	436,963	1,151,963
2021/22	730,000	2.60%	419,000	1,149,000
2022/23	750,000	2.83%	398,898	1,148,898
2023/24	775,000	3.03%	376,544	1,151,544
2024/25	800,000	3.20%	352,003	1,152,003
2025/26	825,000	3.40%	325,178	1,150,178
2026/27	855,000	3.55%	295,976	1,150,976
2027/28	885,000	4.00%	263,100	1,148,100
2028/29	925,000	4.00%	226,900	1,151,900
2029/30	960,000	4.00%	189,200	1,149,200
2030/31	1,000,000	4.00%	150,000	1,150,000
2031/32	1,040,000	4.00%	109,200	1,149,200
2032/33	1,085,000	4.00%	66,700	1,151,700
2033-34	1,125,000	4.00%	22,500	1,147,500
	14,525,000		5,025,318	19,550,318

2017- 2018 Other Funds Capital Improvement

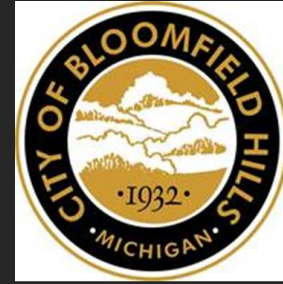


19

- Tracks yearly expenditures for capital purchases
- Purchases are covered by a Transfer from the General Fund
- Attempts to segregate funds that can be accumulated for large future purchases

Site Improvements	\$ -
Equipment/Furniture	69,805
Computers	57,600
Vehicles	<u>110,732</u>
Total Budgeted Expense	\$ 238,137

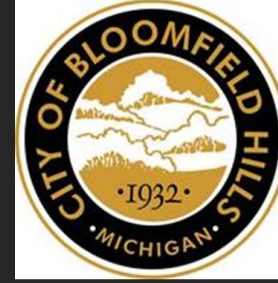
2017- 2018 Other Funds Road Improvements



20

- Accounts for significant repairs and replacement of city roads
- 1.10 mills or \$904,273 allocated here
- General Fund transfer of \$1,429,767
- Cost of Road program \$1,109,000 for the following roads:
 - Manorwood Drive
 - Renton Court
 - Chestnut Drive
 - Woodwind Drive
- Plan is to invest on average \$2.4 million per year on road maintenance, improvements and reconstruction without increasing taxes or issuing bonds
- Plan includes replacement of Water mains on certain roads
- Plan is to use Water & Sewer Fund reserves to finance this cost and to issue bonds only if the cost exceeds internally available funds

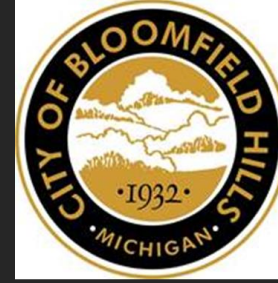
2017- 2018 Other Funds - Water/Sewer



21

- An Enterprise Fund which operates like a business
- A budget for this fund is not mandatory
- Only fund that is accounted for on the full-accrual basis
- Revenue will not match expenditures - either a gain or loss and no use of fund balance
- Revenue includes:
 - User Fees which vary depending on usage and weather
 - Capital Contributions which are fixed fees and used to pay for current and future maintenance and debt

2017- 2018 Other Funds - Water/Sewer

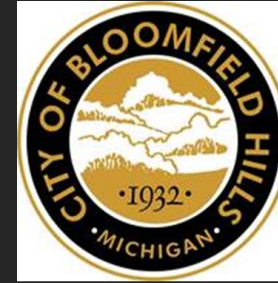


22

- Expenses include some of the following:
 - Oakland County to maintain, bill and collect
 - Interest on debt (unlike the other funds, the debt principal is carried on the balance sheet and yearly payments reduce the liability)
 - Depreciation (unlike the other funds, new construction is carried on the balance sheet and expensed over the life of the asset)
 - A small allocation of General Fund costs including staff wage and benefits

Budgeted Revenue	\$ 6,100,239
Budgeted Expense	<u>4,763,531</u>
Budgeted Net Revenue	\$ 1,336,708

2017- 2018 Other Funds Water/Sewer - 2015 Bonds



2015 WATER & SEWER BONDS				
Fiscal Year	Principal	Rate	Interest	Total
2017/18	310,000	2.25%	58,650	368,650
2018/19	310,000	2.25%	51,675	361,675
2019/20	315,000	2.25%	44,644	359,644
2020/21	325,000	2.00%	37,850	362,850
2021/22	330,000	2.00%	31,300	361,300
2022/23	335,000	2.00%	24,650	359,650
2023/24	345,000	2.00%	17,850	362,850
2024/25	355,000	2.00%	10,850	365,850
2025/26	365,000	2.00%	3,650	368,650
	<u>2,990,000</u>		<u>281,119</u>	<u>3,271,119</u>