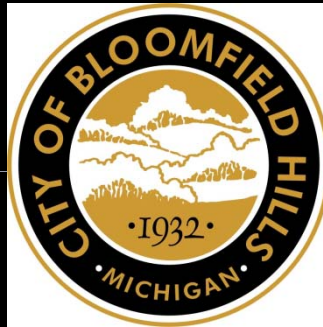


City of Bloomfield Hills



Financial Challenges
April 12, 2011

Reasons for Challenges

Decreasing Revenue:

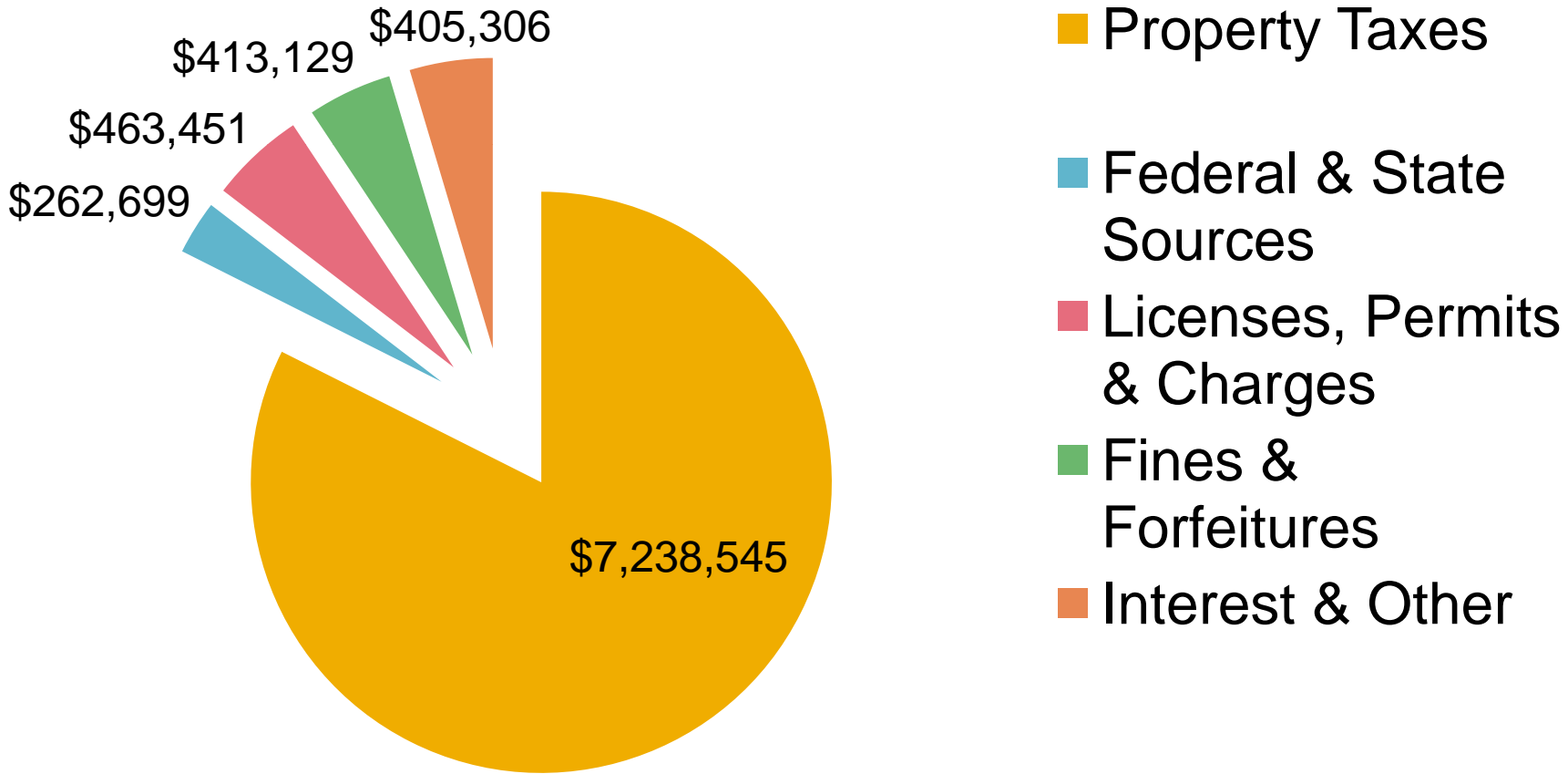
- Declining Taxable Values (8% in 2011/2012)
- Declining Revenue Sharing-Down \$40,000 from 2005.
- Declining new construction, therefore reduced tax & permit revenue

Increasing Expenditures:

- Pension Costs increasing (Return on investments down)
- Healthcare Costs increasing for active and retiree
- Contribution to OPEB started last year (GASB 43, 45)
- Road Construction Program with debt of \$8,900,000 to pay
- Other rising expenditures (WC, insurance, gas prices, etc...)

General Fund Revenue

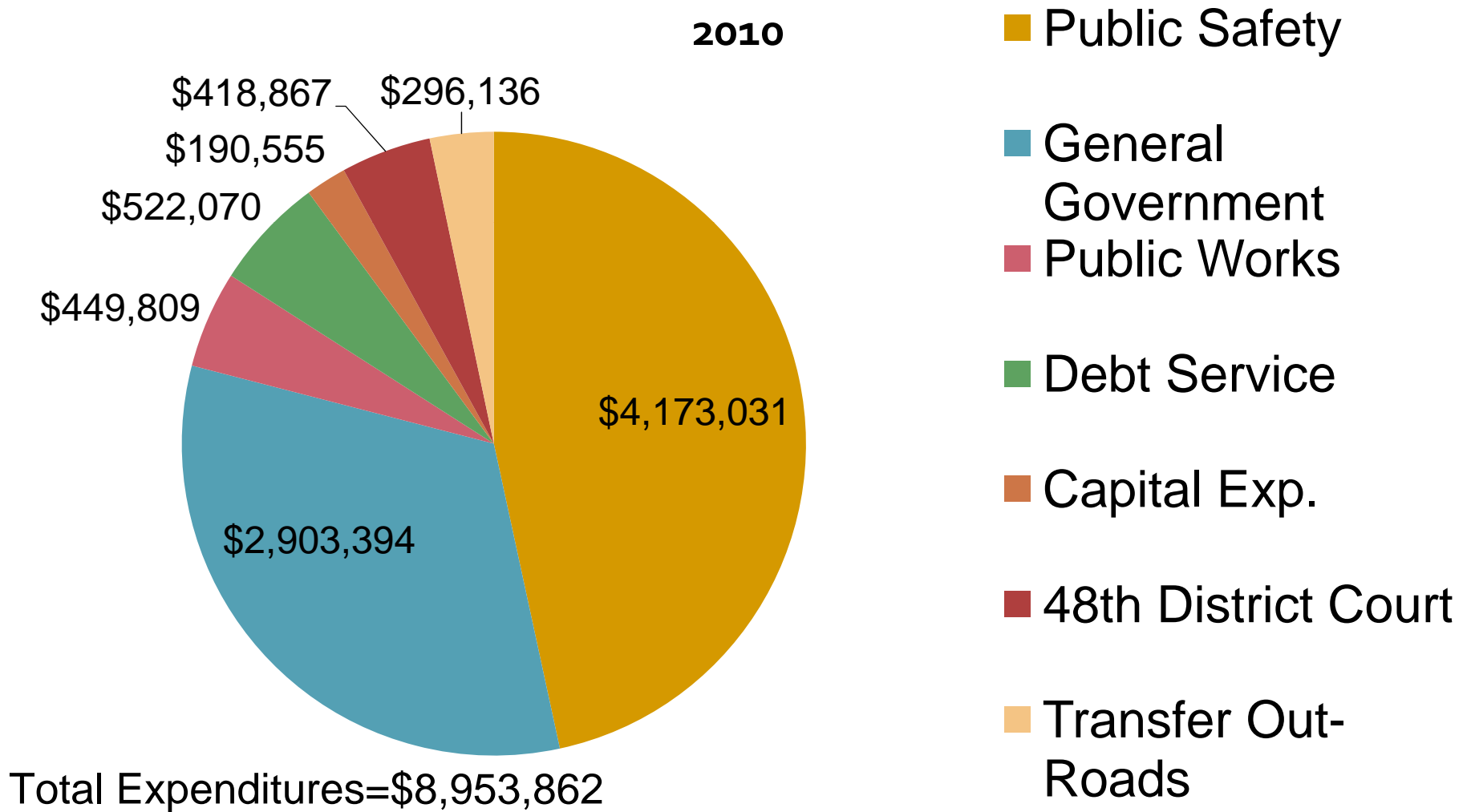
2010



Total Revenue=\$8,783,130

General Fund Expenditures

2010



Highlight of Our Major Expenditures

2011/2012

\$ 935,000	Pension employer contribution
\$ 225,000	OPEB contribution
\$ 945,000	Long Term Debt Payment
\$1,400,000	Health Care (active & retirees)
<u>\$3,000,000</u>	Wages and Overtime
\$6,505,000	

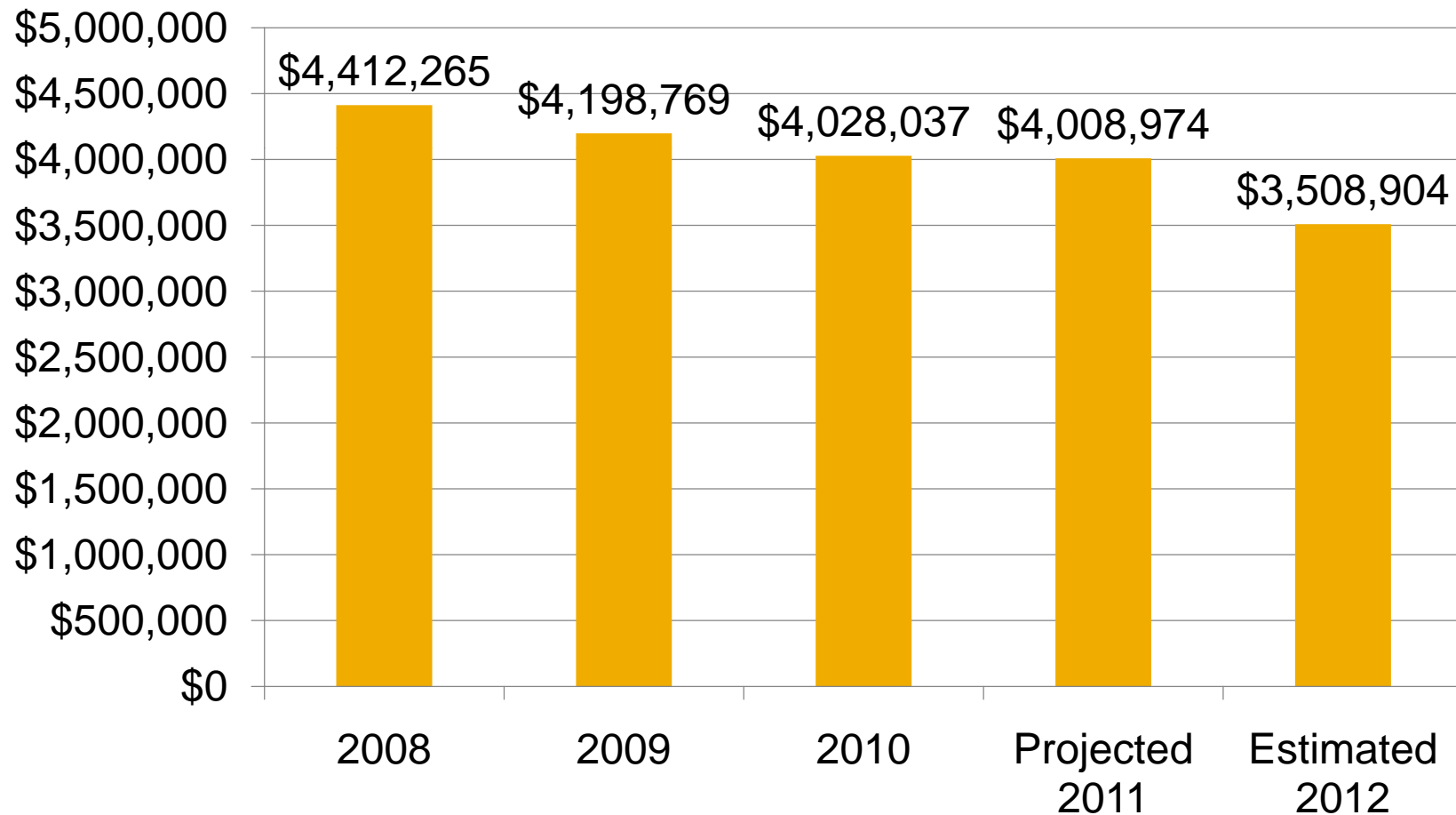
We have 36 FT & 5 PT employees and 34 retirees.

Five Year Look

	Actual 2007/08	Actual 2008/09	Actual 2009/10	Current Year Projected 2010/11	Next Year Estimated 2011/12
Revenue Category					
Property Taxes	\$ 7,507,241	\$ 7,323,541	\$ 7,238,545	\$ 7,389,612	\$ 6,802,141
Special Assessments -	-	22,676	51,980	22,774	23,000
Licenses & Permits	445,502	370,960	397,684	334,050	350,400
State Sources	290,674	278,405	262,699	247,418	225,280
Charges for Services	69,969	65,151	65,767	57,400	55,000
Fines and Forfeitures - District Court	469,317	435,723	413,129	425,000	425,000
Investment Earnings	78,423	97,981	61,995	29,403	35,000
Other Revenue	89,667	280,955	246,937	277,464	308,200
Proceeds From the Issuance of Debt	79,055	214,975	44,395	-	-
Total Revenue	9,029,848	9,090,367	8,783,130	8,783,121	8,224,021
Expenditure Category					
General Government	2,229,411	2,579,609	2,903,394	2,751,678	2,600,381
Public Safety	3,755,099	4,148,807	4,173,031	4,177,630	4,084,100
Public Works	574,328	488,585	449,809	821,840	830,156
48th District Court	319,664	421,279	418,867	425,000	420,000
Capital Outlay	503,418	765,583	190,555	195,198	218,454
Transfers Out	1,612,678	900,000	818,206	430,838	571,000
Total Expenditures	8,994,598	9,303,863	8,953,862	8,802,184	8,724,091
Excess of Revenue Over (Under) Expenditures	35,250	(213,496)	(170,732)	(19,063)	(500,070)
Beginning Fund Balance	4,377,015	4,412,265	4,198,769	4,028,037	4,008,974
Ending Fund Balance	<u>\$ 4,412,265</u>	<u>\$ 4,198,769</u>	<u>\$ 4,028,037</u>	<u>\$ 4,008,974</u>	<u>\$ 3,508,904</u>

City of Bloomfield Hills General Fund-Fund Balances Five Years

Total Fund Balance



GF Revenue & Expenditures

	2008 Actual	2009 Actual	2010** Actual	2011 (CY) Estimated	2012(Next Yr.) Projected
Revenue	\$9,029,848	\$8,875,392	\$8,783,130	\$8,783,121	\$8,224,021
Expenditures	\$8,994,598	\$9,088,888	\$8,953,862	\$8,802,184	\$8,724,091
NI (Loss)	\$35,250	-213,496	-170,732	-19,063	-500,070

****Following a .75 Millage Increase (from 8.30 to 9.05)**

Cost Cutting Measures

- Retiree prescriptions are now self-funded.
- Life Insurance and Disability Coverage provider changed.
- Reduced or eliminated pay increases to non-union labor for last few years.
- Eliminated longevity, merit-pay and sick pay-out for non-union employees.
- With retirements/terminations, hired part time or no replacements.
- Non-essential capital acquisitions have been delayed.
- Negotiated contracts include changes to existing and new hire benefits and pensions.
- Changed non-union staff from defined benefit to defined contribution.
- New Dispatch work schedule will save on overtime costs.
- Energy conservation plan implemented in building.
- Telephone system has been improved for efficiency and cost savings.
- Analyzing BCBS invoices to ensure Medicare recipients are properly coded.

Cost Cutting Measures

- Enrolled in Medicare subsidy program and reinsurance program.
- Scaled down hazardous waste weekend from 5 to 2 days.
- Sought grant reimbursement for certain public safety expenditures.
- Eliminated certain programs, such as Meet the Mayor, and Dream Cruise participation.
- Reduced janitorial services from 5 to 3 days.
- Postponed debt borrowing for last phase of road program.
- District Court remains self-sufficient, with no required subsidy
- Reduced/eliminated certain conferences, travel and training
- Reduced substantial consulting assistance by hiring Part Time help

Long-Term Debt

■ Two Road Bond Issues <i>(\$4,000,000 & \$3,000,000)</i>	\$ 8,917,849
■ Water and Sewer Debt	\$ 2,226,244
■ Pension Obligations	\$11,106,263
■ Post-Employment Benefits	<u>\$11,358,067</u>
	\$33,608,423

Road Projects – Financed Through Bonding

Completed Projects:

- 2007 – Charing Cross, Church Rd., Edgemere Ct., Hammond Ct., Hillwood Ct., Hillwood Dr., Lone Pine Hill and Orchard Ridge.
- 2008 – Bloomfield Hills Parkway
- 2009 – Barden Rd.* , Guilford Rd.* , Keswick Rd. and Vaughan Rd. / Long Lake Rd. intersection.
- 2010 - Brady Lane (partial), Cranbrook Ct., Cranbrook Rd. (north), Linda Ct., Linda Knoll, Linda Lane and Lone Pine Rd.

Present Projects:

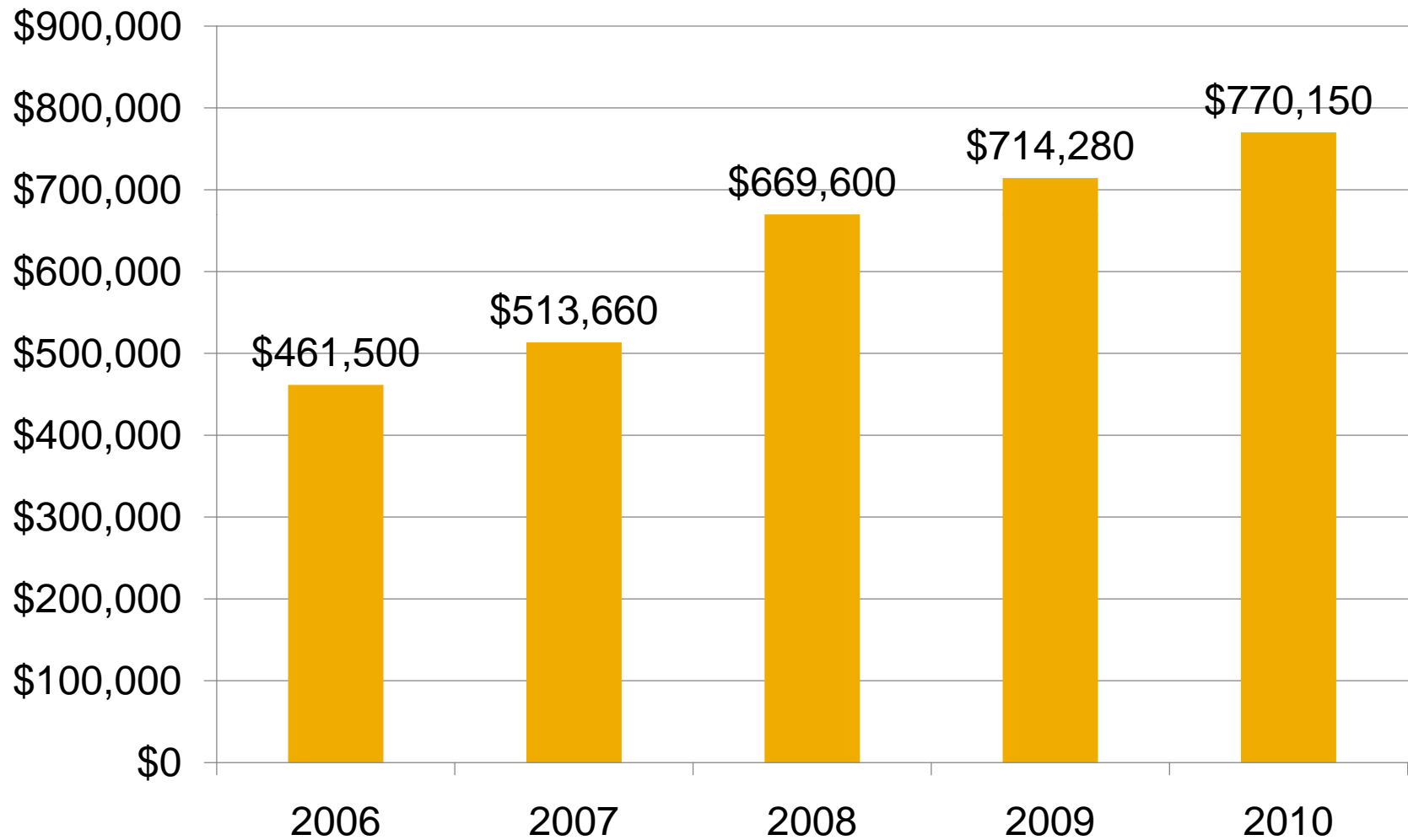
- 2011 – Conge Road

Future Projects:

- 2012 – Epping Lane

** Also funded by Special Assessment District*

Retiree Health Care



2011/2012 Projections

Revenue	\$8,224,021
<i>8% decline in Taxable Value</i>	
Expenditures	<u>\$8,724,091</u>
Projected Net Loss	\$ - 500,070

City of Bloomfield Hills
History of Taxable Value & City Tax Rates

Fiscal Yr.	Taxable Value	% Increase	Tax Rate
1994	\$514,101,300	6.37%	5.9834
1995	\$521,696,100	1.48%	5.9370
1996	\$531,912,490	1.96%	6.1820
1997	\$554,168,130	4.18%	6.3820
1998	\$577,602,830	4.23%	6.4220
1999	\$607,621,820	5.20%	6.7100
2000	\$625,634,280	2.96%	7.6400
2001	\$653,228,400	4.41%	7.6400
2002	\$686,101,390	5.03%	7.5500
2003	\$722,773,715	5.35%	7.5500
2004	\$750,511,965	3.84%	7.5500
2005	\$781,363,111	4.11%	8.3000
2006	\$817,865,140	4.67%	8.3000
2007	\$868,587,540	6.20%	8.3000
2008	\$889,890,860	2.45%	8.3000
2009	\$897,045,090	.80%	8.3000
2010	\$849,145,070	-5.34%	9.0500
2011	\$807,176,664	-5.00%	9.0500
2012	\$742,004,490	-8.00%	

Cost to Residents for a Millage Increase

Taxable Value	Largest majority of resident fall in this range							
	200,000	300,000	500,000	750,000	1,000,000	1,500,000	2,000,000	
0.50	\$ 100	\$ 150	\$ 250	\$ 375	\$ 500	\$ 750	\$ 1,000	
0.75	\$ 150	\$ 225	\$ 375	\$ 563	\$ 750	\$ 1,125	\$ 1,500	
1.00	\$ 200	\$ 300	\$ 500	\$ 750	\$ 1,000	\$ 1,500	\$ 2,000	
1.25	\$ 250	\$ 375	\$ 625	\$ 938	\$ 1,250	\$ 1,875	\$ 2,500	
1.50	\$ 300	\$ 450	\$ 750	\$ 1,125	\$ 1,500	\$ 2,250	\$ 3,000	
1.75	\$ 350	\$ 525	\$ 875	\$ 1,313	\$ 1,750	\$ 2,625	\$ 3,500	
2.00	\$ 400	\$ 600	\$ 1,000	\$ 1,500	\$ 2,000	\$ 3,000	\$ 4,000	
2.25	\$ 450	\$ 675	\$ 1,125	\$ 1,688	\$ 2,250	\$ 3,375	\$ 4,500	
2.50	\$ 500	\$ 750	\$ 1,250	\$ 1,875	\$ 2,500	\$ 3,750	\$ 5,000	

Bloomfield Hills

2011/2012		2012/2013*		2013/2014*	
Mill Inc.	Tax Revenue	Mill Inc.	Tax Revenue	Mill Inc.	Tax Revenue
0.50	371,002	0.50	352,452	0.50	345,403
0.75	556,503	0.75	528,678	0.75	518,105
1.00	742,004	1.00	704,904	1.00	690,806
1.25	927,506	1.25	881,130	1.25	863,508
1.50	1,113,007	1.50	1,057,356	1.50	1,036,209
1.75	1,298,508	1.75	1,233,582	1.75	1,208,911
2.00	1,484,009	2.00	1,409,809	2.00	1,381,612

** Assuming taxable values decrease 5% in 2012/13 and 2% in 2013/14*