



City of Bloomfield Hills

**Budget Fiscal Year 2022
Forecast Fiscal Years 2023-2026**

Sarah McClure, Mayor

Susan McCarthy, Mayor Pro-Tem

Brad Baxter, Commissioner

Alice Buckley, Commissioner

William Hosler, Commissioner

David Hendrickson, City Manager

Sandra Barlass
Finance Director/Treasurer

Amy Burton
City Clerk

Noel Clason
Public Safety Director

Jamie Spivy
Public Works Director



TABLE OF CONTENTS

SUMMARY

BUDGET PROCESS	1
BUDGET CALENDAR FISCAL YEAR 2022	2
BUDGET OBJECTIVE AND ASSUMPTIONS	3
BASIS FOR BUDGETING	4
FUND DESCRIPTIONS	5
FINANCIAL APPROPRIATIONS CHART	6
BUDGET SUMMARY OF ALL FUNDS	7

GENERAL FUND

REVENUE	8
PROPERTY TAX	9
EXPENDITURES	10
FUND BALANCE	11
APPROVED BUDGET	12

MAJOR & LOCAL ROADS

INFORMATIONAL MEMO	13
APPROVED BUDGET	14

GENERAL OBLIGATION DEBT FUND

INFORMATIONAL MEMO	15
APPROVED BUDGET	16

CAPITAL IMPROVEMENT FUND

CAPITAL PURCHASES SUMMARY	17
CAPITAL BY DEPARTMENT – 5 YEAR PLAN	17
APPROVED BUDGET	18

ROAD CONSTRUCTION FUND

INFORMATIONAL MEMO	19
MAP OF ROAD PROGRAM	20
APPROVED BUDGET	21

WATER & SEWER FUND

INFORMATIONAL MEMO	22
WATER & SEWER DEBT BOND SCHEDULE	22
APPROVED BUDGET	23

OTHER

GLOSSARY OF TERMS	24
APPROVED GENERAL APPROPRIATIONS ACT RESOLUTION	28

BUDGET PROCESS

City of Bloomfield Hills Fiscal Year 2022 Budget

Preparation of the city budget is aligned with the schedule set by Charter and City Commission, and with the state statutes of Michigan.

Chapter seven, section one of the City Charter establishes the fiscal year of the city to begin on the first day of July of each year and end on the thirtieth day of June of the following year.

The budget process begins each January with Department Heads submitting an expenditure request, followed by reviews from the Finance Director and City Manager. Meetings with Department Heads to review and discuss the submitted expenses occur if needed.

Budget meetings are scheduled with the City Commission to provide context to the proposed budget and to receive feedback from Commissioners.

The budget represents a complete financial plan for all activities of the city for the ensuing fiscal year. All estimated income and proposed expenditures are detailed and presented in a form prescribed by the State of Michigan Public Act 2 of 1968, as amended, Uniform Budgeting and Accounting Act (Public Act 621 of 1978). The City Charter requires that the proposed budget be prepared on or before the second Tuesday in May of each year.

A public hearing on the proposed budget shall be held before its final adoption. Not later than the thirty-first day of May of each year, the commission shall pass an annual appropriation resolution, which shall be based on the budget as adopted.

City Commission may make additional appropriations during the fiscal year for unanticipated expenditures.

Budget Calendar Fiscal Year 2022

The annual budget preparation is a thorough process, with a great deal of attention to ensuring public safety and services are met, current and future obligations are considered, and fiscal responsibility is upheld. The following is a summary of fiscal year 2022's budget development:

January 2021	Department Heads submitted budget requests The City Manager, Finance Director, and Department Heads met to review and discuss requests, resulting in some adjustments
February 2021	The Finance Director prepared a proposed budget for City Commissioners' consideration A Budget meeting was held on February 23 rd with City Commission members to review and discuss the proposed budget, resulting in some adjustment requests
March 2021	An adjusted budget proposal was presented to City Commission at the regularly held Commission meeting on March 9 th
April 2021	A Public Hearing on the proposed budget is being held at the regularly scheduled City Commission meeting on April 13 th City Commission to vote on adoption of Fiscal Year 2022 budget during Commission meeting held on April 13 th
July 2021	Fiscal Year 2022 budget begins July 1, 2021



Budget Objectives

- Provide 5 year rolling balanced budgets
- No increase in City operating tax millage
- Fund road and water/sewer improvements internally
- Continue to increase legacy cost funding
- Maintain 30% to 35% General Fund Unassigned Fund Balance

Budget Assumptions for Fiscal Year 2022

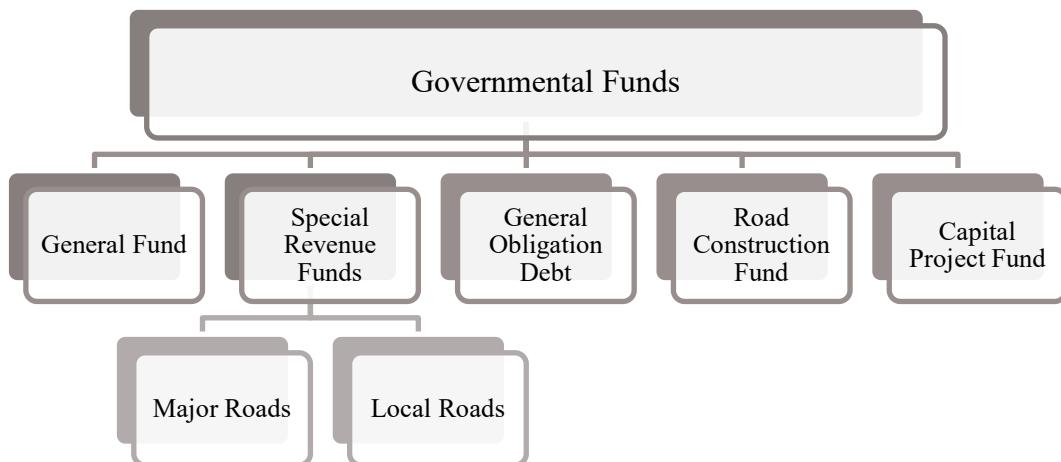
- Property Tax Revenue – Post-March Board of Review
- Operating Millage – General Fund 10.0500 & Road Construction Fund .5500
- Library millage to be levied at .3600
- Personnel salary increases – 2% per CBA contracts & 1.5% for eligible admin staff
- Defined Benefit/Pension – Increasing actuarial employer required contributions
- OPEB/Retirees - Increase in discretionary payments
- 48th District Court revenue and expenses presented as BH remaining a funding unit
- Debt obligations increasing
- Road bond obligation maturity date is in fiscal year 2025
- Capital Investments in equipment & roads

BASIS FOR BUDGETING

The City of Bloomfield Hills' basis for budgeting parallels the basis of accounting used for financial reporting in accordance with Generally Accepted Accounting Principles (GAAP) guided by the Governmental Accounting Standards Board (GASB).

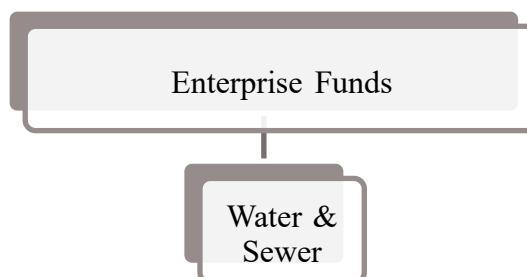
All governmental type funds are prepared on a modified-accrual basis of accounting. Under this method, revenues are recognized when it becomes both measurable and available to finance current operations. Expenditures are recorded when the related fund liabilities are incurred, except general obligation debt principal and interest maturities, as well as compensated absences, which are recorded at the time of payment.

Modified Accrual Basis of Budgeting



Full accrual basis of accounting is used for all proprietary type funds where revenues are recognized when earned and expenses are recognized and recorded as a liability when incurred.

Full Accrual Basis of Budgeting





FUND DESCRIPTIONS

The following is an overview description of the seven (7) funds the city annually budgets.

GENERAL FUND

The General Fund is a governmental fund that is the city's primary operating source. It contains the budgetary and financial controls for all the activities and functions of the city that are not accounted for in other specialized, restricted funds. The General Fund records activities into categories by function, including General Government, District Court, Public Safety, Public Services, and Transfers Out.

SPECIAL REVENUE FUNDS

Special Revenue funds are governmental funds that account for proceeds of distinctive revenue sources that are legally restricted to expenditures for specific purposes. The city currently has two special revenue funds:

- 1) Major Road Fund – This fund accounts for resources of state and weight tax revenues that are restricted for use on major roads. The fund accounts for expenditures associated with the maintenance and improvements of the city roads.
- 2) Local Road Fund – This fund also accounts for resources of state gas and weight tax revenues. Again, the funds are restricted for use solely on city roads, including maintenance and improvements to the local roads.

ROAD CONSTRUCTION FUND

This fund is to account for road repair and replacement projects.

CAPITAL IMPROVEMENT FUND

The Capital Improvement Fund is used to account for all capital purchases, such as IT items, vehicles, equipment, and large building improvement projects.

GENERAL OBLIGATION DEBT FUND

The General Obligation Debt Fund is a governmental fund that accounts for financial resources accumulated to provide payment of principal, interest and fees on general obligation bond debt.

ENTERPRISE FUND

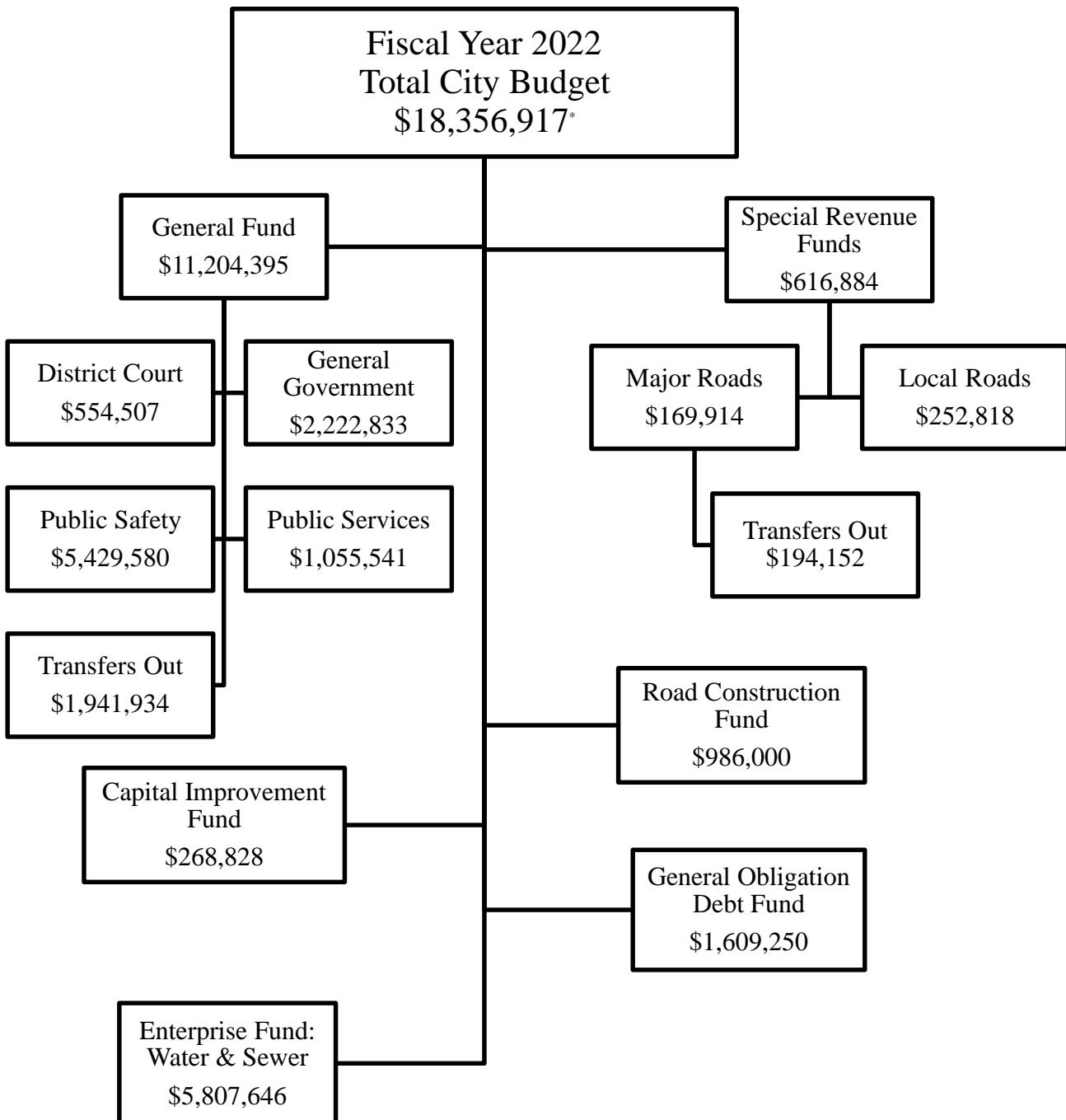
Enterprise Funds are proprietary funds that account for operations financed and operated in a manner similar to private business enterprises. The costs of providing goods or services are financed and/or recovered primarily through user charges. The city has one enterprise fund:

- 1) Water & Sewer Fund – This fund reports the results of operations that provide water and sewer services to citizens that are financed by user charges.

City of Bloomfield Hills
Fiscal Year 2022



**FINANCIAL ORGANIZATION AND
STRUCTURE CHART 2022
APPROPRIATIONS**



* Excludes transfers to other funds = \$2,136,086

City of Bloomfield Hills
Fiscal Year 2022



BUDGET SUMMARY
2022 APPROPRIATIONS

Modified Accrual Basis	Full Accrual Basis
------------------------	--------------------

	General Fund	Special Revenue Funds - Major & Local Roads	General Obligation Debt Fund	Capital Improvement Fund	Road Construction Fund	Enterprise Fund - Water & Sewer	Total
Revenue							
Property Taxes	9,829,081				516,079		10,345,160
Licenses & Permits	569,892						569,892
State Sources	401,922	573,519					975,441
Charges of Services	275,684						6,742,608
Fines & Forfeitures	526,781						526,781
Other Revenue	157,386			5,000		160,243	322,629
Investment Income	81,036					28,369	109,405
	11,841,782	573,519		5,000	516,079	6,655,536	19,591,916
Appropriations							
General Government	2,222,833	72,809			76,375		2,372,017
District Court	554,507						554,507
Public Safety	5,429,580						5,429,580
Public Services	1,055,541						1,055,541
Infrastructure Maintenance		349,923			101,513		451,436
Operations			1,609,250		4,582,350		4,582,350
Debt Service				268,828	31,300		1,640,550
Capital Outlay	9,262,461	422,732	1,609,250	268,828	986,000	1,016,108	2,270,936
	9,262,461	422,732	1,609,250	268,828	986,000	5,807,646	18,356,917
Transfers In		194,152	1,609,250	263,828		68,856	2,136,086
Transfers Out		(1,941,934)	(194,152)				(2,136,086)
Addition to Fund Balance	637,387	150,787	-	-		916,746	1,704,920
Reduction of Fund Balance	-	-	-	-	(469,921)	-	(469,921)
Estimated Beg Fund Balance	4,878,434	359,856	1,111	7,060	894,430	17,090,201	23,231,092
Ending Fund Balance	5,515,821	510,643	1,111	7,060	424,509	18,006,947	24,466,091

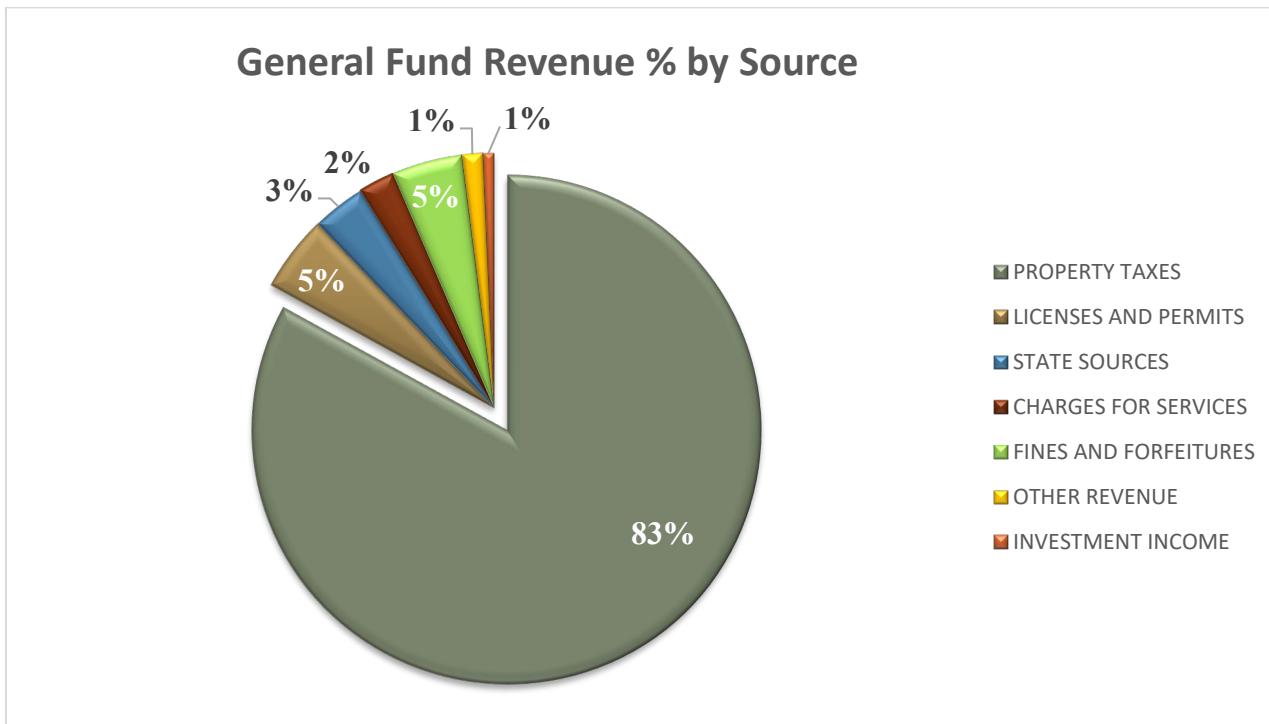


City of Bloomfield Hills Fiscal Year 2022 Budget General Fund

The General Fund is the main operating fund for the city. For simplicity, a 'fund' can be thought of as a company. The city manages nine (9) funds. Every fund other than the General Fund was created to account for a specific activity; for example, the Capital Improvement Fund records all financial activities related to capital purchases, and the Road Construction Fund is to record all activity related to construction work on city roads. Any activities that are not specifically recorded in other funds are recorded in the General Fund.

Revenue

The city's largest source of funding is through property taxes, accounting for an estimated 83% of the total General Fund revenue in fiscal year 2022. The graph below demonstrates the breakdown of revenue by source for fiscal year 2022:



The following chart provides post-March Board of Review assessed and taxable values, indicating a 2.3% increase in taxable value over tax year 2020. Also included below is the estimated taxable revenue for budget year 2022.

**Ad Valorem Taxes
Assessed and Taxable Values Change
Post-March Board of Review**

Tax Year 2021	Assessed Value (Post MBOR)	Taxable Value (Post MBOR)	Taxable Value TY20	TV % Increase over TY20
Real Property	\$1,138,355,630	\$ 913,662,410	\$ 892,811,400	2.3%
Personal Property	\$ 25,539,780	\$ 25,539,780	\$ 25,515,190	.1%
Total Value	\$1,163,895,410	\$ 939,202,190	\$ 918,326,590	2.3%

**Estimated Taxable Revenue
By Millage Rate**

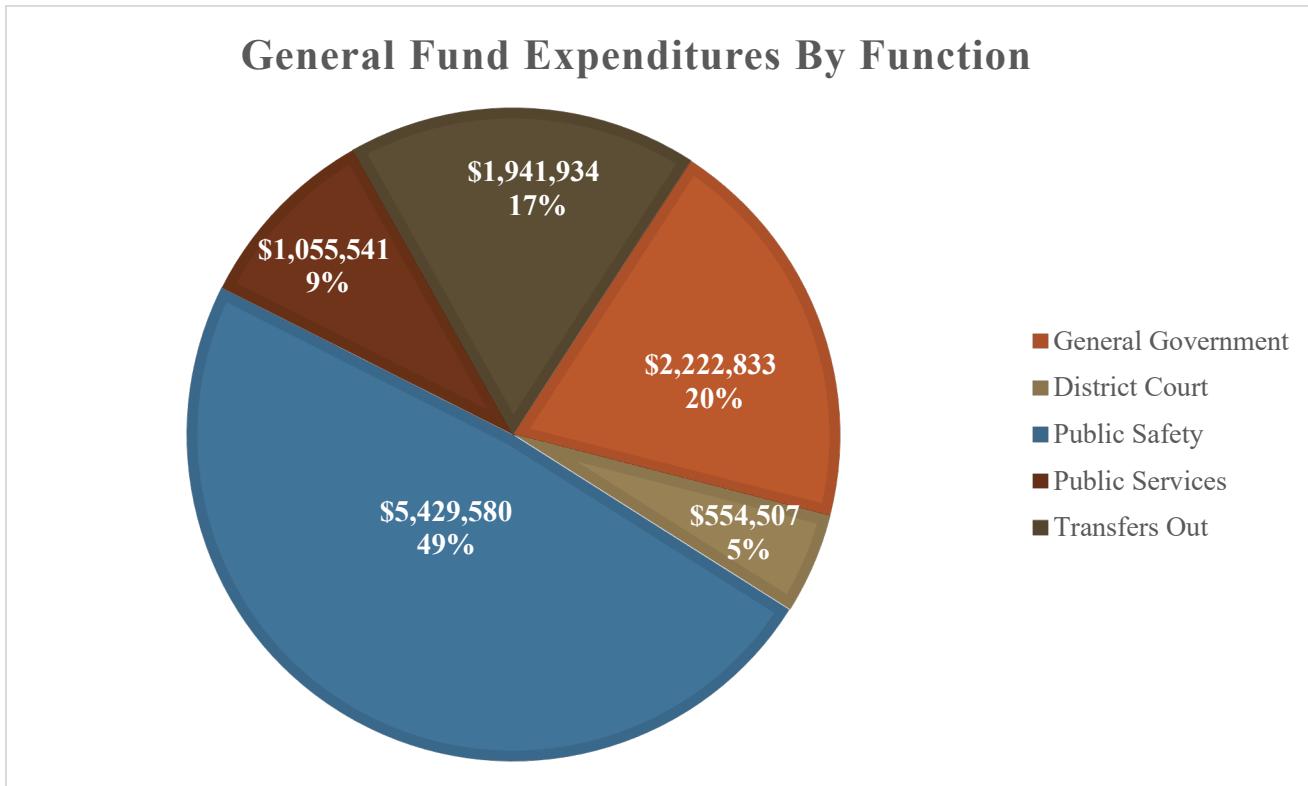
Tax Year 2021	Operating Millage General Fund 10.0500	Operating Millage Road Construction .5500	Library Millage .3600	Total 10.9600
Revenue	\$9,438,980	\$516,560	\$338,110	\$10,293,650

Excludes penalty & interest

In addition to property tax revenue, the City of Bloomfield Hills also receives 5% of its revenue from Licenses and Permits, 5% from Fines and Forfeitures received from the 48th District Court, and 3% from State Revenue Sharing, which is generated from the state sales tax. Smaller percentages of revenue are from charges for services, investment income, and other miscellaneous sources.

Expenditures

The city has different departments or cost centers in the General Fund. These departments are grouped into five (5) functions and breakdown as follows:



For fiscal year 2022, legacy costs make up about 30.5%, or \$3.4 million of the general fund budget, \$409K over fiscal year 2021. These costs include the required employer contributions into the pension plan, Other Post-Employment Benefits (OPEB), and the annual pension bond principal and interest payment. OPEB comprises of pay as you go medical expenses for retirees and an annual discretionary supplemental payment into a healthcare trust account held with MERS.

These expenditures are expected to increase each year by 12.8% in fiscal 2023, 5.5% in 2024, and 6.2% in 2025. Currently, there is no discretionary payment planned for the MERS healthcare trust in 2026; therefore, if excluding this expense, the costs are anticipated to be flat over 2025. The following illustrates these liabilities:

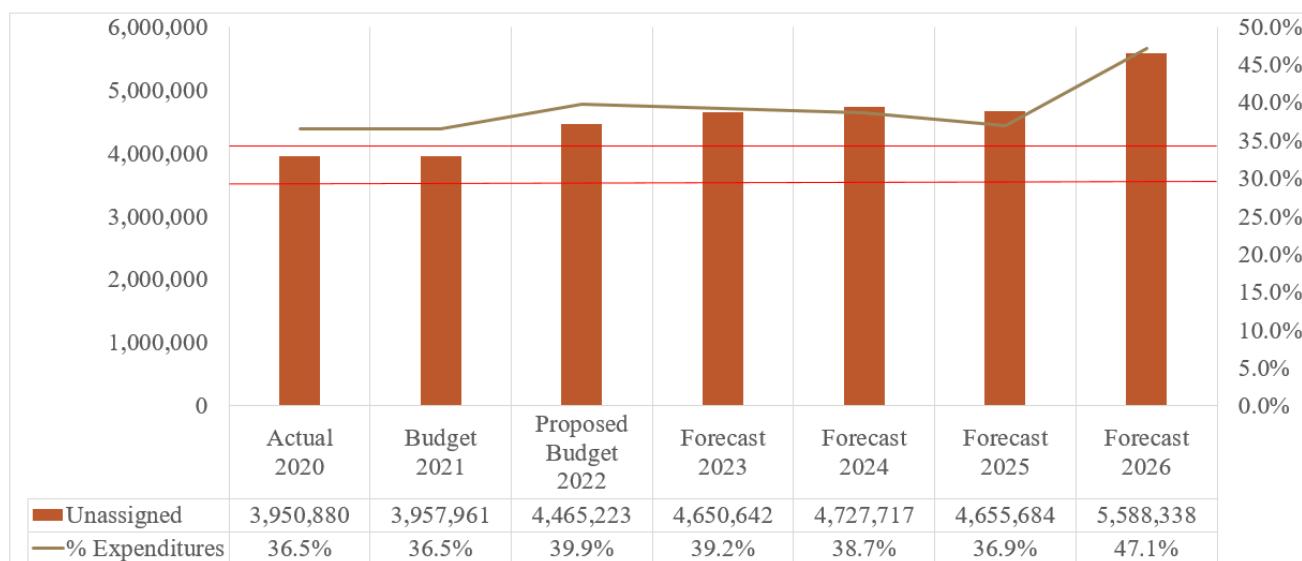
Retirement / Legacy Costs



Fund Balance

The city's policy for its unassigned fund balance is to maintain a minimum 30% of expenditures. Despite the increasing retiree costs, with sound financial planning, the city can continue with a high level of public safety and public services, infrastructure improvements, and capital purchases, while maintaining a healthy fund balance.

General Fund Unassigned Fund Balance





CITY OF BLOOMFIELD HILLS FISCAL YEAR 2022 BUDGET

GENERAL FUND - 101

	2019-20 ACTUAL & AUDITED	2020-21 PROJECTED ACTIVITY	2021-22 APPROVED BUDGET	2022-2023 FORECAST BUDGET	2023-2024 FORECAST BUDGET	2024-2025 FORECAST BUDGET	2025-2026 FORECAST BUDGET
REVENUES							
PROPERTY TAXES	8,854,194	9,054,380	9,829,081	10,036,221	10,247,660	10,461,174	10,680,776
LICENSES AND PERMITS	579,977	567,084	569,892	572,619	575,394	578,216	581,087
STATE SOURCES	661,687	410,849	401,922	409,574	417,379	425,340	433,461
CHARGES FOR SERVICES	254,777	324,594	275,684	279,788	283,995	288,310	292,735
FINES AND FORFEITURES	398,773	256,537	526,781	537,317	548,063	559,024	570,205
OTHER REVENUE	178,668	157,368	157,386	158,967	160,595	162,273	164,000
INVESTMENT INCOME	138,573	111,059	81,036	81,036	81,036	81,036	81,036
TOTAL REVENUES	11,066,649	10,881,871	11,841,782	12,075,522	12,314,122	12,555,373	12,803,300
EXPENDITURES							
CITY COMMISSION	551	600	500	500	500	500	500
DISTRICT COURT	580,773	649,206	554,507	565,597	576,909	588,447	600,215
CITY MANAGER	167,094	160,150	162,518	165,751	169,054	172,424	175,860
ASSESSING	45,321	52,627	53,680	54,752	55,848	56,965	58,104
CITY ATTORNEY'S	188,417	225,798	247,096	254,509	262,146	270,008	278,109
CITY CLERK'S OFFICE EXPS	157,848	165,776	155,755	159,456	171,716	167,081	171,100
GENERAL ADMINISTRATION	328,914	360,978	391,814	443,907	469,967	500,704	471,073
CITY TREASURER	201,720	186,670	184,021	188,041	192,157	196,374	200,693
BUILDING & GROUNDS MAINTENANCE	186,503	228,525	174,258	177,744	181,298	184,924	188,623
PUBLIC SAFETY DEPARTMENT	4,761,657	4,993,028	5,429,580	5,872,706	6,127,316	6,418,258	6,130,932
BUILDING & PLANNING DEPARTMENT	468,747	526,163	505,511	512,020	518,692	525,532	532,546
DEPARTMENT OF PUBLIC WORKS	945,194	1,006,516	1,055,541	1,070,542	1,102,879	1,138,276	1,096,528
ENGINEERING	369,042	19,691	27,896	28,454	29,023	29,603	30,196
LIBRARY	306,955	312,300	319,784	329,378	339,259	349,437	359,920
CAPITAL PURCHASES	12,390	-	-	-	-	-	-
TRANSFER TO OTHER FUNDS	2,113,623	1,957,589	1,941,934	2,051,165	2,027,276	2,018,660	1,568,926
TOTAL EXPENDITURES	10,834,749	10,845,617	11,204,395	11,874,522	12,224,040	12,617,193	11,863,325
NET OF REVENUES/EXPENDITURES							
BEGINNING FUND BALANCE	231,900	36,254	637,387	201,000	90,082	(61,820)	939,975
ENDING FUND BALANCE	4,610,280	4,842,180	4,878,434	5,515,821	5,716,821	5,806,903	5,745,083
NONSPENDABLE/RESTRICTED/ASSIGNED	4,842,180	4,878,434	5,515,821	5,716,821	5,806,903	5,745,083	6,685,058
FUND BALANCE UNASSIGNED	(891,300)	(920,473)	(1,050,598)	(1,066,179)	(1,079,186)	(1,089,399)	(1,096,720)
FB UNASSIGNED AS A % OF EXPENSES	3,950,880	3,957,961	4,465,223	4,650,642	4,727,717	4,655,684	5,588,338
	36.5%	36.5%	39.9%	39.2%	38.7%	36.9%	47.1%



Major & Local Road Funds

- Major revenue source is State gas and weight tax (Act 51 funds)
- Accounts for routine and winter road maintenance
- 10% of Act 51 revenue transferred to General Fund for administration
- 50% of Major Roads Act 51 revenue transferred to Local Roads Fund
- When needed, transfers are made from Local Roads Fund to Road Construction Fund for the road rehabilitation projects
- 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



CITY OF BLOOMFIELD HILLS FISCAL YEAR 2022 BUDGET

MAJOR STREET FUND - 202

	2019-20 ACTUAL & AUDITED	2020-21 PROJECTED ACTIVITY	2021-22 APPROVED BUDGET	2022-2023 FORECAST BUDGET	2023-2024 FORECAST BUDGET	2024-2025 FORECAST BUDGET	2025-2026 FORECAST BUDGET
REVENUES							
STATE REVENUE SHARING-ACT 51	342,800	379,783	388,303	400,772	413,641	426,923	440,632
TOTAL REVENUES	342,800	379,783	388,303	400,772	413,641	426,923	440,632
EXPENDITURES							
ROUTINE MAINTENANCE	57,169	135,948	61,056	62,277	63,523	64,793	66,089
TRAFFIC SERVICES	13,356	14,892	15,190	15,494	15,804	16,120	16,442
WINTER MAINTENANCE	45,803	46,589	47,031	47,972	48,931	49,910	50,908
ADMINISTRATION AND ENGINEERING	39,470	48,403	46,637	48,040	49,486	50,977	52,514
TRANSFER OUT - LOCAL ROADS	171,400	189,891	194,152	200,386	206,821	213,462	220,316
TOTAL EXPENDITURES	327,198	435,723	364,066	374,169	384,565	395,262	406,269
NET OF REVENUES/EXPENDITURES	15,602	(55,940)	24,237	26,603	29,076	31,661	34,363
BEGINNING FUND BALANCE	128,754	144,356	88,416	112,653	139,256	168,332	199,993
ENDING FUND BALANCE	144,356	88,416	112,653	139,256	168,332	199,993	234,356

LOCAL STREET FUND - 203

	2019-20 ACTUAL & AUDITED	2020-21 PROJECTED ACTIVITY	2021-22 APPROVED BUDGET	2022-2023 FORECAST BUDGET	2023-2024 FORECAST BUDGET	2024-2025 FORECAST BUDGET	2025-2026 FORECAST BUDGET
REVENUES							
STATE REVENUE SHARING-ACT 51	163,515	180,503	185,216	191,163	197,302	203,637	210,176
TRANSFER IN - MAJOR STREETS FUND	171,400	189,891	194,152	200,386	206,821	213,462	220,316
TOTAL REVENUES	334,915	370,394	379,368	391,549	404,123	417,099	430,492
EXPENDITURES							
CONSTRUCTION	5,852	7,140	7,140	7,283	7,428	7,577	7,729
ROUTINE MAINTENANCE	145,595	161,258	138,512	141,283	144,109	146,991	149,931
TRAFFIC SERVICES	3,586	3,920	4,919	5,018	5,118	5,220	5,325
WINTER MAINTENANCE	68,630	75,063	76,075	77,596	79,148	80,731	82,346
ADMINISTRATION AND ENGINEERING	18,402	28,741	26,172	26,919	27,689	28,482	29,298
TRANSFER TO OTHER FUNDS	100,000	-	-	-	-	-	-
TOTAL EXPENDITURES	342,065	276,122	252,818	258,099	263,492	269,001	274,629
NET OF REVENUES/EXPENDITURES	(7,150)	94,272	126,550	133,450	140,631	148,098	155,863
BEGINNING FUND BALANCE	184,315	177,168	271,440	397,990	531,440	672,071	820,169
ENDING FUND BALANCE	177,165	271,440	397,990	531,440	672,071	820,169	976,032

General Obligation Debt Fund

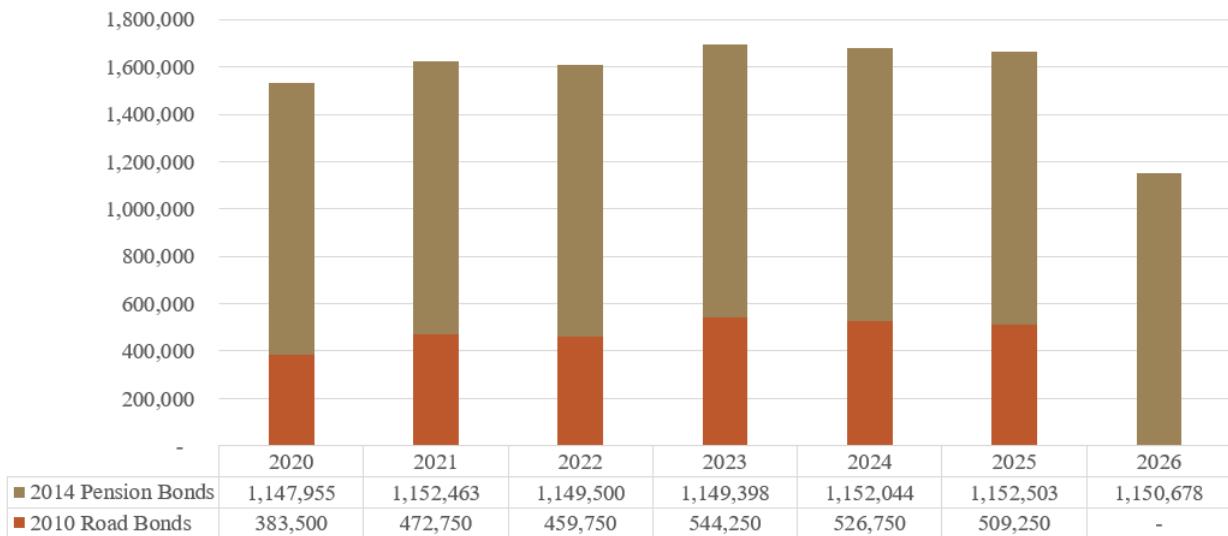


Outstanding Principal and Interest July 1, 2021-Payable FY2022

	Original Issue	Principal	Interest	Maturity Date
2010 Road Bonds	\$ 4,000,000	\$ 400,000	\$ 59,250	2025
2014 Pension Bonds	\$15,860,000	\$ 730,000	\$ 419,000	2034
Total	\$19,860,000	\$1,130,000	\$ 478,250	

- The General Obligation Debt Fund records the principal, interest and agent fees for the 2010 road bonds and the pension obligation bonds
- The payments are funded by a transfer from the General Fund
- The City also has a 2015 Water & Sewer Bond that is recorded in the Water & Sewer Fund and paid for through user rates

Debt Obligation Payment Schedule



* Includes Agent Fees



CITY OF BLOOMFIELD HILLS FISCAL YEAR 2022 BUDGET

GENERAL OBLIGATION DEBT FUND - 301

	2019-20 ACTUAL & AUDITED	2020-21 PROJECTED ACTIVITY	2021-22 APPROVED BUDGET	2022-2023 FORECAST BUDGET	2023-2024 FORECAST BUDGET	2024-2025 FORECAST BUDGET	2025-2026 FORECAST BUDGET
REVENUES							
TRANSFER IN FROM GENERAL FUND	1,531,455	1,625,213	1,609,250	1,693,648	1,678,794	1,661,753	1,151,178
TOTAL REVENUES	1,531,455	1,625,213	1,609,250	1,693,648	1,678,794	1,661,753	1,151,178
EXPENDITURES							
G. O. DEBT	1,531,455	1,625,213	1,609,250	1,693,648	1,678,794	1,661,753	1,151,178
TOTAL EXPENDITURES	1,531,455	1,625,213	1,609,250	1,693,648	1,678,794	1,661,753	1,151,178
NET OF REVENUES/EXPENDITURES	-	-	-	-	-	-	-
BEGINNING FUND BALANCE	1,111	1,111	1,111	1,111	1,111	1,111	1,111
ENDING FUND BALANCE	1,111	1,111	1,111	1,111	1,111	1,111	1,111

Capital Improvement Fund



- The Capital Improvement Fund accounts for investment in capital purchases of \$1,000 or more with a useful life exceeding one year
- Investments include vehicles and operating equipment used by Public Safety and DPW, computer hardware and software used by all City staff, including componentry used to back-up all City information systems pursuant to the City's disaster recovery plan
- Investment recommendations stem from a systematic plan to replace and retire (sell/trade-in) assets in service in order to maximize useful life and minimize downtime for unexpected repairs and maintenance at critical times
- Funded by a transfer from the General Fund and proceeds from asset dispositions

Capital Purchases Fiscal Year 2022

Information Technology	\$37,000	<ul style="list-style-type: none"> • Replace 7 workstations & 2 laptops \$15,500 • Replace 3 physical servers with 1 physical host \$17,000 • Network rack and cabling \$4,500
Public Safety Equipment	\$111,172	<ul style="list-style-type: none"> • 2021 Ford Explorer Hybrid \$42,272 • 7 sets of firefighting turn-out gear \$18,900 • Oakland County Police Radio upgrade \$50,000
Public Works Equipment	\$37,563	<ul style="list-style-type: none"> • Gravely mower \$12,220 • Billy Goat loader \$7,843 • Gator ATV \$14,500 • Safety barricades \$3,000
Site Improvements	\$65,998	<ul style="list-style-type: none"> • Public Safety kitchen and dining area upgrade
Total Fiscal Year 2022	\$251,733	

Five Year Capital Improvement Plan

	FY2022	FY2023	FY2024	FY2025	FY2026
Information Technology	\$37,000	\$50,750	\$32,500	\$34,250	\$45,500
Public Safety Equipment	\$111,172	\$151,440	\$123,250	\$148,422	\$1,101,717
Public Works Equipment	\$37,563	\$205,000	\$100,000	\$56,000	\$37,000
Site Improvements	\$65,998	\$ -	\$ -	\$4,070	\$ -
Total Requesting	\$251,733	-	-	-	-
Total Planned FY23-26		\$407,190	\$255,750	\$242,742	\$1,184,217



CITY OF BLOOMFIELD HILLS FISCAL YEAR 2022 BUDGET

CAPITAL IMPROVEMENT FUND - 401

	2019-20 ACTUAL & AUDITED	2020-21 PROJECTED ACTIVITY	2021-22 APPROVED BUDGET	2022-2023 FORECAST BUDGET	2023-2024 FORECAST BUDGET	2024-2025 FORECAST BUDGET	2025-2026 FORECAST BUDGET
REVENUES							
OTHER FINANCING	-	27,150	-	165,000	-	-	1,000,000
OTHER REVENUE	38,130	60,750	5,000	5,000	29,000	9,000	4,000
TRANSFER IN FROM GENERAL FUND	232,168	263,520	263,828	287,285	276,845	283,837	343,217
TOTAL REVENUES	270,298	351,420	268,828	457,285	305,845	292,837	1,347,217
EXPENDITURES							
CAPITAL PURCHASES	252,118	300,293	251,733	407,190	255,750	242,742	1,184,217
FINANCING COSTS (P&I)	34,733	46,406	17,095	50,095	50,095	50,095	163,000
TOTAL EXPENDITURES	286,851	346,699	268,828	457,285	305,845	292,837	1,347,217
NET OF REVENUES/EXPENDITURES	(16,553)	4,721	-	-	-	-	-
BEGINNING FUND BALANCE	18,892	2,339	7,060	7,060	7,060	7,060	7,060
ENDING FUND BALANCE	2,339	7,060	7,060	7,060	7,060	7,060	7,060



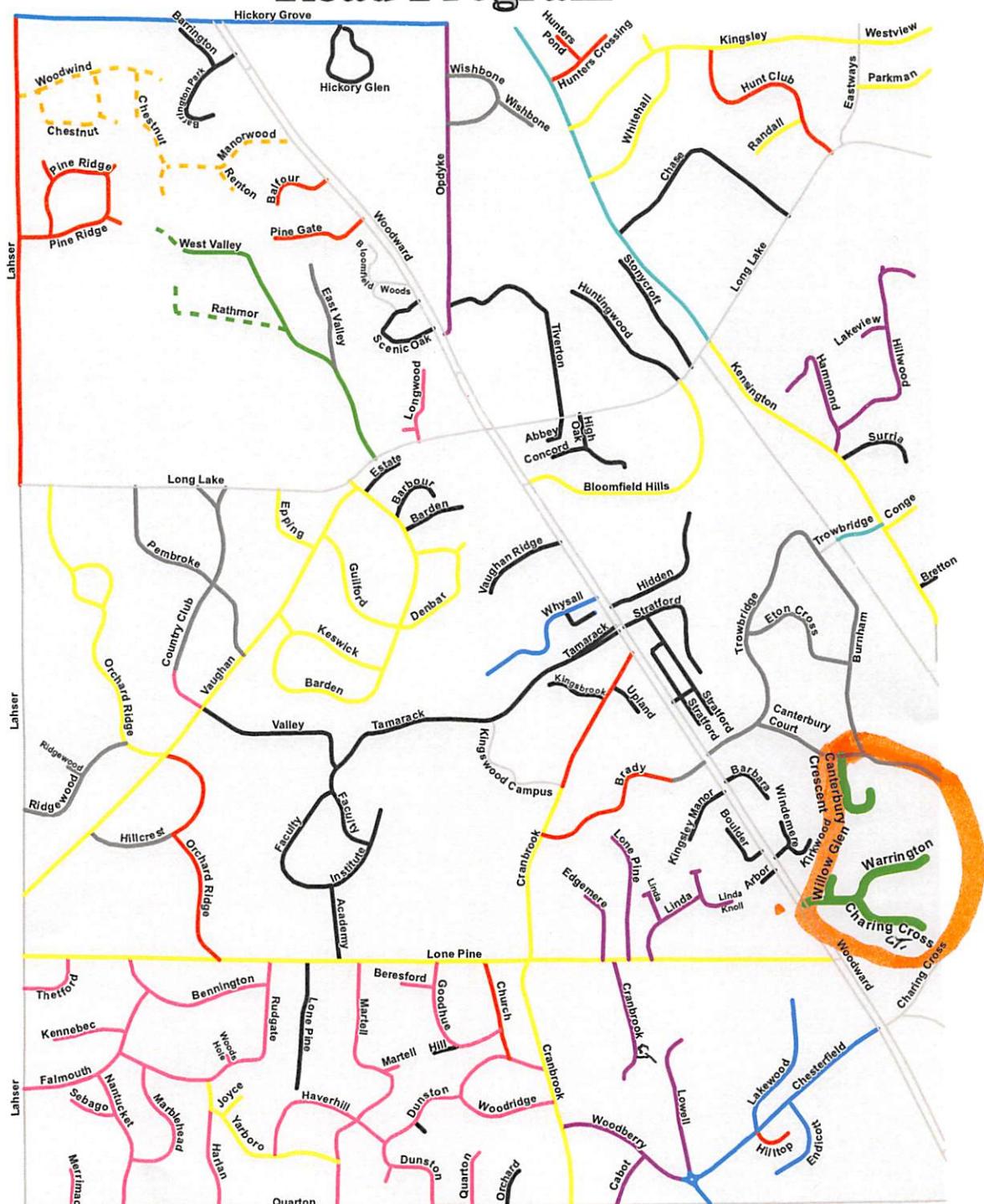
Road Construction Fund

- The Road Construction Fund accounts for replacement of city roads pursuant to an ongoing City-wide plan
- All costs internally funded - No tax increase and no new bonded debt
 - Funding sources used in current year and previous years:
 - Dedicated portion of operating millage – FY22 set at .5500 mills
 - General Fund and Local Road Fund transfers

Planned Road Rehabilitation FY2022

Streets Included in Project	Expected Cost of Project
Rathmor, West Valley, & Hidden Valley	\$500,000
Canterbury Crescent, Warrington, Willow Glen, & Charing Cross	\$285,000

City of Bloomfield Hills Road Program



Road Program

Legend:

- Prior to 2016
- 2016/2017
- 2017/2018
- 2018/2019
- 2019/2020
- 2020
- 2021/2022
- Improvements within 3 years
- Gravel
- Private
- Other Roads
- Solid Road Improvement Only
- Dash Infrastructure & Road Improvement

0 0.125 0.25 0.5 0.75 1 Miles

 **HRC**
HUBBELL, ROTH & CLARK, INC
CONSULTING ENGINEERS SINCE 1915

Date: 2/16/2021

Page 20 of 30



CITY OF BLOOMFIELD HILLS FISCAL YEAR 2022 BUDGET

ROAD CONSTRUCTION FUND - 450

	2019-20 ACTUAL & AUDITED	2020-21 PROJECTED ACTIVITY	2021-22 APPROVED BUDGET	2022-2023 FORECAST BUDGET	2023-2024 FORECAST BUDGET	2024-2025 FORECAST BUDGET	2025-2026 FORECAST BUDGET
REVENUES							
PROPERTY TAXES	978,301	989,445	516,079	527,019	538,187	549,464	561,063
OTHER REVENUE	37,115	-	-	-	-	-	-
INVESTMENT INCOME	10,372	3,179	-	-	-	-	-
TRANSFER IN	450,000	-	-	-	-	-	-
TOTAL REVENUES	1,475,788	992,624	516,079	527,019	538,187	549,464	561,063
EXPENDITURES							
CONSTRUCTION	2,121,090	333,000	986,000	500,000	500,000	500,000	500,000
TOTAL EXPENDITURES	2,121,090	333,000	986,000	500,000	500,000	500,000	500,000
NET OF REVENUES/EXPENDITURES	(645,302)	659,624	(469,921)	27,019	38,187	49,464	61,063
BEGINNING FUND BALANCE	880,108	234,806	894,430	424,509	451,528	489,715	539,179
ENDING FUND BALANCE	234,806	894,430	424,509	451,528	489,715	539,179	600,242



Water & Sewer Fund

- An Enterprise Fund which operates like a for-profit business
- A budget for this fund is not mandatory, but is considered best practice
- Revenues include:
 - User Fees that vary depending on usage and weather
 - Capital Charges for infrastructure, maintenance and bond payments
- Expenses include:
 - Oakland County – Cost to maintain, bill, and collect
 - Interest on bonded debt
 - A small allocation for staff wage and benefits

Infrastructure Funding Projects

- Open projects include:
 - PRV – Long Lake & Woodward
 - Rathmor & West Valley
- Upcoming projects:
 - Evergreen-Farmington Sanitary Drain
 - Square Lake vault (meter pit) repair – GLWA's project
 - PRV – Square Lake – estimated cost \$200K
 - 5 Year water study – WRC estimated cost \$30K

Outstanding Water & Sewer Bond

- The following 2015 Water & Sewer bonds are recorded in the Water & Sewer fund and are funded from user charges:

WATER & SEWER FUND 2015 WATER & SEWER BONDS

Fiscal Year	Principal	Rate	Interest	Total
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>1,730,000</u>		<u>88,300</u>	<u>1,818,300</u>



CITY OF BLOOMFIELD HILLS FISCAL YEAR 2022 BUDGET

WATER-SEWER FUND - FUND 592

	2019-20 ACTUAL & AUDITED	2020-21 PROJECTED ACTIVITY	2021-22 APPROVED BUDGET	2022-2023 FORECAST BUDGET	2023-2024 FORECAST BUDGET	2024-2025 FORECAST BUDGET	2025-2026 FORECAST BUDGET
REVENUES							
STATE SOURCES	102,397	-	-	-	-	-	-
OTHER REVENUE	218,653	157,101	160,243	163,448	166,717	170,051	173,453
INVESTMENT INCOME	8,435	28,783	28,369	29,946	30,544	31,155	31,778
WATER & SEWER REVENUE	5,719,351	6,461,689	6,535,780	6,742,184	6,945,434	7,156,169	7,374,712
TOTAL REVENUES	6,048,836	6,647,573	6,724,392	6,935,578	7,142,695	7,357,375	7,579,943
EXPENDITURES							
GENERAL ADMINISTRATION	37,567	66,826	65,263	66,672	68,115	69,592	71,105
ENGINEERING	135,673	10,404	10,612	10,824	11,041	11,262	11,487
CONSTRUCTION	9,555	686,758	1,016,108	782,230	797,875	813,832	830,109
ROUTINE MAINTENANCE	97,572	99,523	101,513	103,544	105,615	107,727	109,881
ADMINISTRATION AND ENGINEERING	500	500	500	500	500	500	500
WATER	3,122,168	3,252,305	3,317,351	3,383,698	3,451,372	3,520,400	3,590,808
SEWER	1,323,937	1,240,165	1,264,999	1,290,268	1,316,073	1,342,394	1,369,242
G. O. DEBT	35,823	67,340	31,300	24,650	17,850	10,850	3,650
TOTAL EXPENDITURES	4,762,795	5,423,821	5,807,646	5,662,386	5,768,441	5,876,557	5,986,782
NET OF REVENUES/EXPENDITURES	1,286,041	1,223,752	916,746	1,273,192	1,374,254	1,480,818	1,593,161
BEGINNING FUND BALANCE	14,580,408	15,866,449	17,090,201	18,006,947	19,280,139	20,654,393	22,135,211
ENDING FUND BALANCE	15,866,449	17,090,201	18,006,947	19,280,139	20,654,393	22,135,211	23,728,372

GLOSSARY OF TERMS

ACCRUAL BASIS is the recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

AD VALOREM TAXES – Latin term, meaning according to value. Commonly referred to as property taxes. These taxes are levied on both real and personal property according to the property's valuation and the tax rate.

APPROPRIATION – A legal authorization to incur obligations and to make expenditures for specific purposes.

APPROVED BUDGET the revenue and expenditure plan for the city for the fiscal year as reviewed and formally adopted by City Commission Budget Resolution.

ASSESSED VALUATION the value placed upon property equal to 50% of fair market value, as required by State law.

AUDIT – Prepared by an independent certified public accountant, the primary objective of an audit is to determine if the city's financial statements present fairly the city's financial position and results of operations in conformity with generally accepted accounting principles. It is customary that a Management Letter be issued.

BALANCED BUDGET – A budget in which estimated revenues are equal to or greater than estimated expenditures.

BOND – A long-term IOU or promise to pay. It is a promise to repay a specified amount of money (the face amount of the bond) on a particular date, the maturity date. Bonds are primarily used to finance capital projects.

BUDGET – A plan of financial activity for a specified period of time, indicating all planned revenues and expenses for the budget period.

BUDGET AMENDMENT adjustment made to the budget during the fiscal year by the City Commission to properly account for unanticipated changes which occur in revenues and/or expenditures and for program initiatives approved during the fiscal year. The adjustment is made by formally amending the approved budget.

BUDGET CALENDAR – The schedule of key dates a government follows in the preparations and adoption of the budget.

BUDGET POLICIES – General and specific guidelines that govern financial plan preparation and administration.

BUDGET RESOLUTION the formal Resolution by which the City Commission adopts the recommended budget and establishes the millage rate for taxation of property during the budget year.

CAPITAL BUDGET – The appropriation of bonds or operating revenue for improvements to facilities and other infrastructure.

CAPITAL EXPENDITURE expenditures relating to the purchase of equipment, facility modifications, land or other fixed assets. To be categorized as a capital outlay item (fixed asset), the purchase must have a value of at least \$1,000 and a useful life of more than one fiscal year.

CAPITAL IMPROVEMENT PLAN (CIP) – A five (5) year plan for capital outlay to be incurred each year over a fixed number of years to meet capital needs arising from the government's long-term plans.

DEBT SERVICE expenditures relating to the retirement of long-term debt principal and interest.

ENTERPRISE FUNDS are used to account for operations financed and operated in a manner similar to private business enterprises. An Enterprise Fund is established when the intention is that the costs of providing goods or services is financed or recovered primarily through user charges.

EXPENDITURES are decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlements and shared revenues.

EXPENSES are outflows or other using up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations.

FISCAL YEAR a twelve-month period designated as the operating year for an entity. The fiscal year for the city is July 1 through June 30.

FUND an independent fiscal entity with a self-balancing set of accounts recording cash and other resources, together with all related liabilities, obligations, reserves and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Funds are categorized for budgeting purposes as General, Special Revenue, Debt Service, Enterprise, and Component Unit. Funds are defined in the Uniform Chart of Accounts for Counties and Local Units of Government in Michigan.

FUND BALANCE an accumulated excess of revenues over expenditures segregated by fund. Exception: Proprietary Funds (Enterprise, Internal Service) are accounted for in the same manner as private businesses and record retained earnings as opposed to fund balances. The Budgets for these funds are prepared on a net working capital basis, which equates to fund balances.

FUND BALANCE, AVAILABLE (UNASSIGNED) – The funds remaining from the prior year, which are available for appropriation and expenditure in the current year.

GENERAL FUND - The fund used to account for all financial transactions except those required to be accounted for in another fund.

GENERAL OBLIGATION DEBT FUND are used to account for the payment of general long-term debt principal and interest.

GRANTS – Contributions by a government or other organization to support a particular function. Grants may be classified as either operational or capital.

INTERFUND TRANSFERS budgeted allocations of the resources of one fund transferred to another fund. This is typical for those funds which do not receive sufficient revenues to pay for necessary expenditures incurred in their operations.

INFRASTRUCTURE the basic physical framework or foundation of the city, referring to its buildings, roads, sidewalks, stormwater, water system and sewer systems.

MILL a taxation unit equal to one dollar of tax obligation for every \$1,000 of assessed valuation of property.

MILLAGE the total tax obligation per \$1,000 of assessed valuation of property.

MODIFIED ACCRUAL BASIS is the accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments are recognized when they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized when the fund liability is incurred except for inventories of materials and supplies that may be considered expenditures either when purchased or when used, and prepaid insurance and similar items that may be considered expenditures either when paid for or when consumed. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

OPERATING SUPPLIES expenditures relating to the purchase of expendable items utilized in service delivery such as office supplies, gas and oil and parts and repair items.

PROPOSAL “A” is a State Constitutional Amendment approved by the electorate in 1994 that limits increases in Taxable Value of individual parcels to the Consumer Price Index or 5%, whichever is lower. This applies to all parcels that do not transfer ownership. Properties that change ownership or where new additions or construction takes place can be assessed at 50% of Fair Market Value.

RECOMMENDED BUDGET the city's revenue and expenditure plan for the fiscal year as prepared and recommended by the City Manager for consideration by City Commission.

RETAINED EARNINGS an accumulated excess of revenues over expenditures for proprietary funds (Enterprise, Internal Service) equates to fund balance for governmental funds.

REVENUES are increases in the net current assets of a governmental fund type from other than expenditure refunds and residual equity transfers. Also, general long-term debt proceeds and operating transfers in are classified as "other financing sources" rather than as revenues.

SPECIAL ASSESSMENT DISTRICT (SAD) a method of financing public improvements by distributing the cost of a project to those properties realizing a direct benefit. Types of projects most often financed through Special Assessments include sanitary sewers, water mains, road construction and reconstruction and sidewalk construction.

SPECIAL REVENUE FUNDS are used to account for the proceeds of specific revenue sources or to finance specified activities in accordance with statutory or administrative requirements. Budgeted special revenue funds for Bloomfield Hills are Major Roads and Local Roads.

STATE EQUALIZED VALUE (SEV) the assessed valuation of property in the city as determined by the City Assessor subject to review by higher levels of government to assure that it equals 50% of fair market value, as required by State law.

TAXABLE VALUE - In March 1994, the electorate of the State of Michigan approved Proposal A, which added new terminology to property tax administration. This terminology was "Taxable Value." Taxable Value is the State Equalized Value at December 31, 1994, adjusted for changes in fair market value, the cost of living index or 5%, whichever provides the lower Taxable Value for calculation of taxes.

TRANSFERS OUT See Interfund Transfers.

TRUST AND AGENCY FUNDS are used to account for assets held by the city as trustee.

General Appropriations Act (Budget)

A resolution to establish a general appropriations act for the City of Bloomfield Hills; to define the powers and duties of the city officers in relation to the administration of the budget; and to provide remedies for refusal or neglect to comply with the requirements of this resolution.

The City Commission resolves:

Section 1: Title

This resolution shall be known as the Bloomfield Hills General Appropriations Act.

Section 2: Chief Administrative Officer

The City Manager shall be the Chief Administrative Officer and shall perform the duties of the Chief Administrative Officer enumerated in this act.

Section 3: Fiscal Officer

The Finance Director/Treasurer shall be the Fiscal Officer and shall perform the duties of the Fiscal Officer enumerated in this act.

Section 4: Public Hearings on the Budget

Pursuant to MCL 141.412, notice of a public hearing on the proposed budget was published in a newspaper of general circulation on April 3, 2021 and a public hearing on the proposed budget was held on April 13, 2021.

Section 5: Estimated Expenditures

The following amounts are hereby appropriated for the operations of the City Government and its activities for the fiscal year beginning July 1, 2021 and ending June 30, 2022:

General Fund

City Commission	\$ 500
48 th District Court	554,507
City Manager	162,518
City Attorney	247,096
Assessing	53,680
City Clerk	155,755
Treasury	184,021
General Administration	391,814
Building & Grounds	174,258
Public Safety	5,429,580
Building & Planning	505,511
Public Works	1,055,541
Engineering	27,896
Library	319,784
Transfers Out	<u>1,941,934</u>
Total General Fund	\$11,204,395

Major Streets Fund

Public Works	\$ 169,914
Transfers Out	<u>194,152</u>
Total Major Streets Fund	\$ 364,066

Local Streets Fund

Public Works	\$ 252,818
--------------	------------

General Obligation Debt Fund

Debt Service	\$ 1,609,250
--------------	--------------

Capital Improvement Fund

Capital Improvements	\$ 268,828
----------------------	------------

Road Construction Fund

Road Improvements	\$ 986,000
-------------------	------------

Water and Sewer Fund

Public Works	\$ 5,807,646
--------------	--------------

Section 6: Estimated Revenues

The following are estimated to be available for the fiscal year beginning July 1, 2021 and ending June 30, 2022, to meet the foregoing appropriations.

General Fund

Property Taxes	\$ 9,829,081
License and Permits	569,892
Intergovernmental Revenue	401,922
Charges for Services	275,684
Fines and Forfeits – Court	526,781
Interest Income	81,036
Other Revenue	<u>157,386</u>
Total General Fund	\$ 11,841,782

Major Streets Fund

State Sources	\$ 388,303
---------------	------------

Local Streets Fund

State Sources	\$ 185,216
Transfers In	<u>194,152</u>
Total Local Streets Fund	\$ 379,368

General Obligation Debt Fund

Transfers In	\$ 1,609,250
--------------	--------------

Capital Improvement Fund

Transfers In	\$ 263,828
Other Revenue	<u>5,000</u>
Total Capital Improvement Fund	\$ 268,828

Road Construction Fund

Property Taxes	\$ 516,079
----------------	------------

Water and Sewer Fund

Operating Revenue	\$4,364,138
Capital/Connection Revenue	2,171,642
Interest Income and Other Revenue	<u>188,612</u>
Total Water and Sewer Fund	\$6,724,392

Section 7: Millage Levy

The City Commission shall cause to be levied and collected the general property tax on all real and personal property within the city upon the current tax roll an amount equal to 10.9600 mills as authorized under state law and approved by the electorate.

Section 8: Adoption of Budget by Reference

The general fund budget of the City of Bloomfield Hills is hereby adopted by reference, with revenues and activity expenditures as indicated in Sections 5 and 6 of this act.

Section 9: Appropriation not a Mandate to Spend

Appropriations will be deemed maximum authorizations to incur expenditures. The fiscal officer shall exercise supervision and control to ensure that expenditures are within appropriations, and shall not issue any city order for expenditures that exceed appropriations.

Section 10: Periodic Fiscal Reports

The fiscal officer shall provide the City Commission monthly reports of fiscal year to date revenues and expenditures compared to the budgeted amounts.

Section 11: Limit on Obligations and Payments

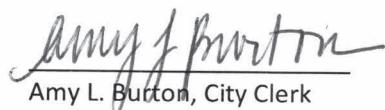
No obligation shall be incurred against, and no payment shall be made from any appropriation account unless there is a sufficient unencumbered balance in the appropriation and sufficient funds are or will be available to meet the obligation.

Section 12: Budget Monitoring

Whenever it appears to the fiscal officer or the city commission that the actual and probable revenues in any fund will be less than the estimated revenues upon which appropriations from such fund were based, and when it appears that expenditures shall exceed an appropriation, the fiscal officer shall present to the city commission recommendations to prevent expenditures from exceeding available revenues or appropriations for the current fiscal year. Such recommendations shall include proposals for reducing appropriations, increasing revenues, or both.

Section 13: City Commission Adoption

Motion made by Commissioner Baxter, seconded by Commissioner McCarthy to adopt the foregoing resolution. Upon roll call vote, the following voted aye: The following voted nay: The Mayor declared the motion carried and the resolution duly adopted on the 13th day of April, 2021.



Amy L. Burton, City Clerk