

City of Bloomfield Hills

**Budget Fiscal Year 2023
Forecast Fiscal Year 2024-2027**



**Susan McCarthy, Mayor
Alice Buckley, Mayor Pro-Tem
Brad Baxter, Commissioner
Lauren Fisher, Commissioner
Sarah McClure, Commissioner**

David Hendrickson, City Manager

**Sandra Barlass
Finance Director/Treasurer**

**Amy Burton
City Clerk**

**Noel Clason
Public Safety Director**

**Jamie Spivy
Public Works Director**

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BUDGET PROCESS

City of Bloomfield Hills Fiscal Year 2023 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 2023

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 2023's budget development:

January 2022	Department Heads submitted budget requests
	The City Manager, Finance Director, and Department Heads met to review and discuss requests, resulting in some adjustments
March 2022	The Finance Director prepared a proposed budget for City Commissioners' consideration
	A budget meeting was held on March 7th with City Commission members to review and discuss the proposed budget, resulting in some adjustment requests
April 2022	An adjusted budget proposal was presented to City Commission at a second budget meeting held on April 19 th .
May 2022	A Public Hearing on the proposed budget was held at the regularly scheduled City Commission meeting on May 10 th
	City Commission approved the adoption of Fiscal Year 2023 budget during a Commission meeting held on May 10 th
July 2022	Fiscal Year 2023 budget begins July 1, 2022



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 2023

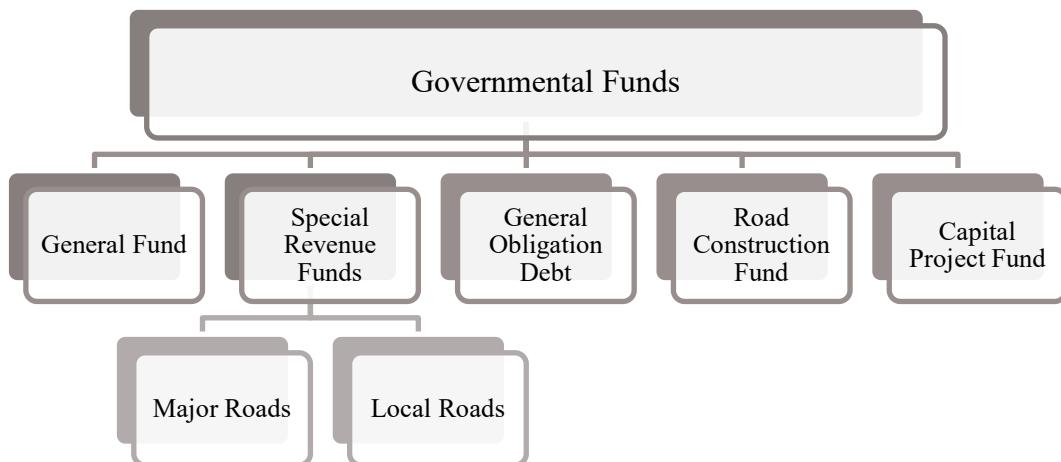
- Property Tax Revenue – Taxable Value = \$985,034,730
- Operating Millage – General Fund 10.0500 & Road Construction Fund .5500
- Library millage to be levied at .3600
- Personnel salary & retirement increases – per CBA contracts
- Defined Benefit/Pension – Increasing actuarial employer required contributions
- OPEB/Retirees – Continue to fund discretionary payments to trust account
- The City of Bloomfield Hills is no longer a funding unit of the 48th District Court
- Road bond obligation maturity date is in fiscal year 2025
- Capital and Bond Debt are 100% supported by transfer from the General Fund

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).

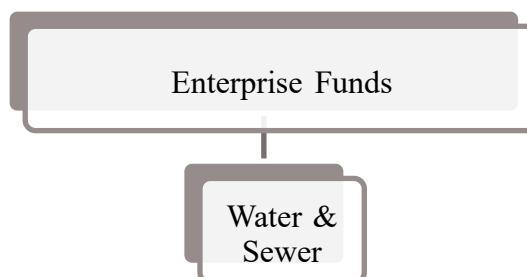
All governmental type funds are prepared on a modified-accrual basis of accounting. Under this method, revenues are recognized when it becomes both measurable and available to finance current operations. Expenditures are recorded when the related fund liabilities are incurred, except general obligation 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, 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:

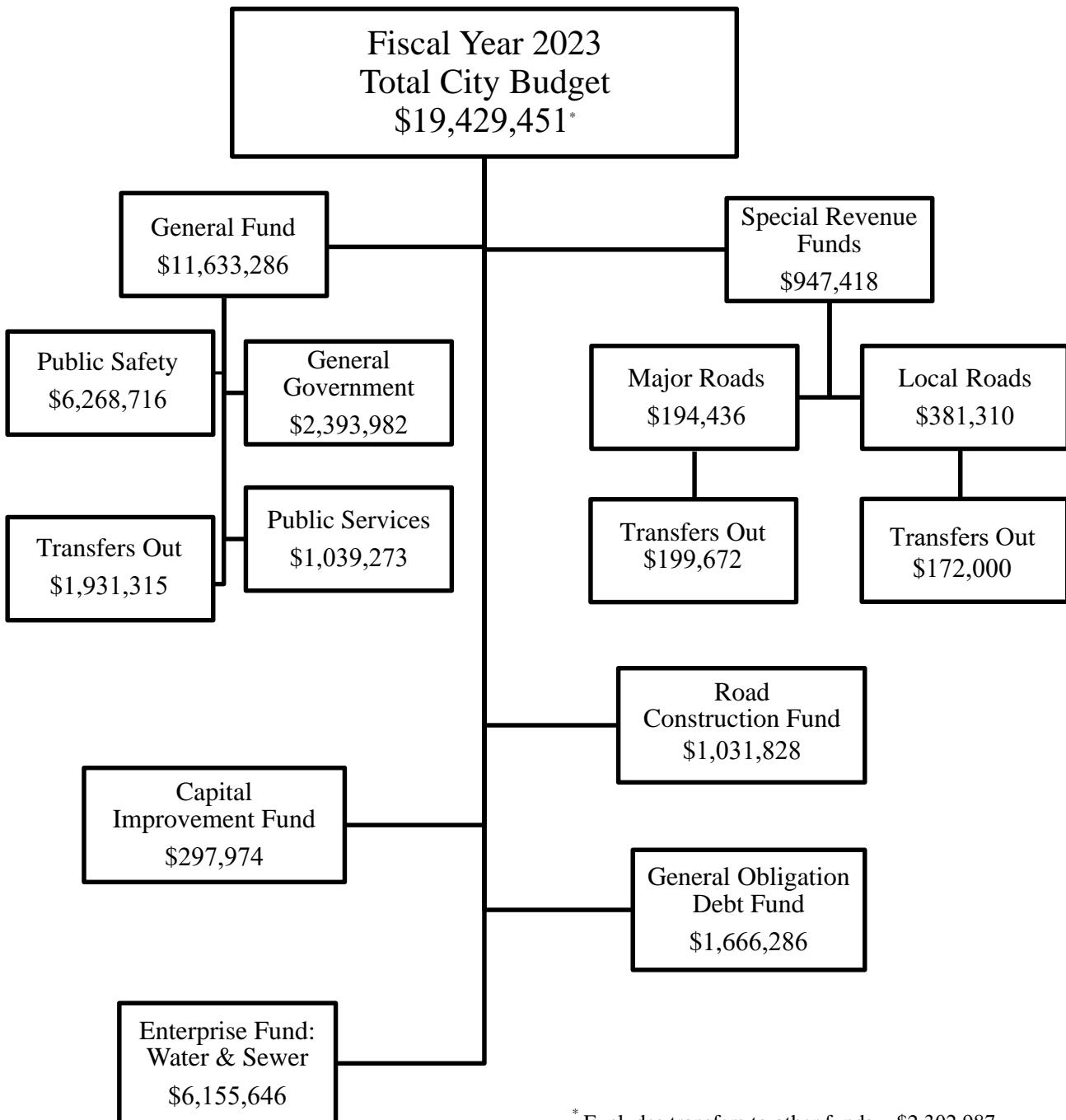
- 1) Water & Sewer Fund – This fund reports the results of operations that provide water and sewer services to citizens that are financed by user charges.

City of Bloomfield Hills

Fiscal Year 2023



FINANCIAL ORGANIZATION AND STRUCTURE CHART 2023 APPROPRIATIONS



* Excludes transfers to other funds = \$2,302,987

City of Bloomfield Hills
Fiscal Year 2023



BUDGET SUMMARY
2023 APPROPRIATIONS

Modified Accrual Basis	Full Accrual Basis
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	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	10,302,000				541,000		10,843,000
Licenses & Permits	562,224						562,224
State Sources	443,443	609,201					1,052,644
Charges of Services	267,008						6,431,540
Fines & Forfeitures	40,000						40,000
Other Revenue	127,983	15,000		4,000		310,000	456,983
Investment Income	20,000					4,110	24,110
	11,762,658	624,201	-	4,000	541,000	6,478,642	19,410,501
Appropriations							
General Government	2,393,982	74,905			74,646		2,543,533
Public Safety	6,268,716						6,268,716
Public Services	1,039,273						1,039,273
Infrastructure Maintenance		403,241			750,000		1,153,241
Operations			1,666,286	79,794		4,082,950	4,082,950
Debt Service					24,650		1,770,730
Depreciation					765,000		765,000
Capital Outlay		97,600		218,180	1,031,828	458,400	1,806,008
	9,701,971	575,746	1,666,286	297,974	1,031,828	6,155,646	19,429,451
Transfers In		199,672	1,637,341	293,974	172,000		2,302,987
Transfers Out		(1,931,315)	(371,672)				(2,302,987)
Addition to Fund Balance	129,372	(123,545)	-	-	-	322,996	328,823
Reduction of Fund Balance	-	-	(28,945)	-	(318,828)	-	(347,773)
Estimated Beg Fund Balance	5,521,341	620,741	30,056	617	361,435	17,592,965	24,127,155
Ending Fund Balance	5,650,713	497,196	1,111	617	42,607	17,915,961	24,108,205



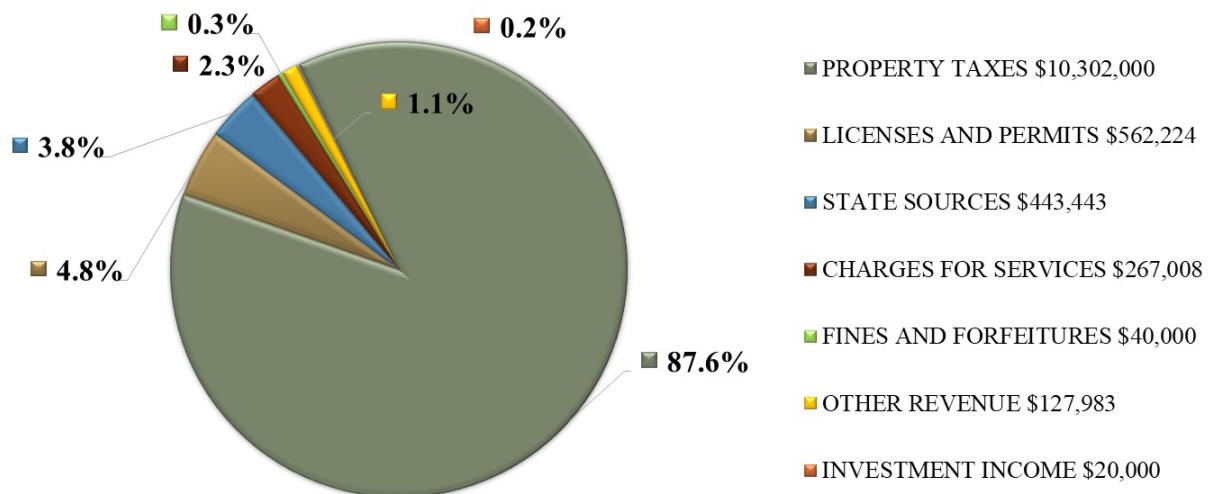
City of Bloomfield Hills Fiscal Year 2023 Budget General Fund

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 seven (7) budgeted funds and two (2) non-budgeted pass-through funds (tax collection fund and trust & agency fund). 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 87.6% of the total General Fund revenue in fiscal year 2023. The graph below demonstrates the breakdown of revenue by source for fiscal year 2023:

General Fund Revenue Summary by Source



The following chart provides post-March Board of Review assessed and taxable values, indicating a 4.9% increase in taxable value over tax year 2021. Also included below is the estimated taxable revenue for budget year 2023.

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

Tax Year 2022	Assessed Value	Taxable Value	Taxable Value TY21	TV % Increase over TY21
Real Property	\$1,163,298,900	\$ 960,104,160	\$ 913,662,410	5.1%
Personal Property	\$ 24,930,570	\$ 24,930,570	\$ 25,539,780	-2.4%
Total Value	\$1,188,229,470	\$ 985,034,730	\$ 939,202,190	4.9%

**Estimated Taxable Revenue
By Millage Rate**

	Operating Millage General Fund 10.0500	Operating Millage Road Construction .5500	Library Millage .3600	Total 10.9600
Revenue	\$9,886,000	\$541,000	\$354,000	\$10,781,000

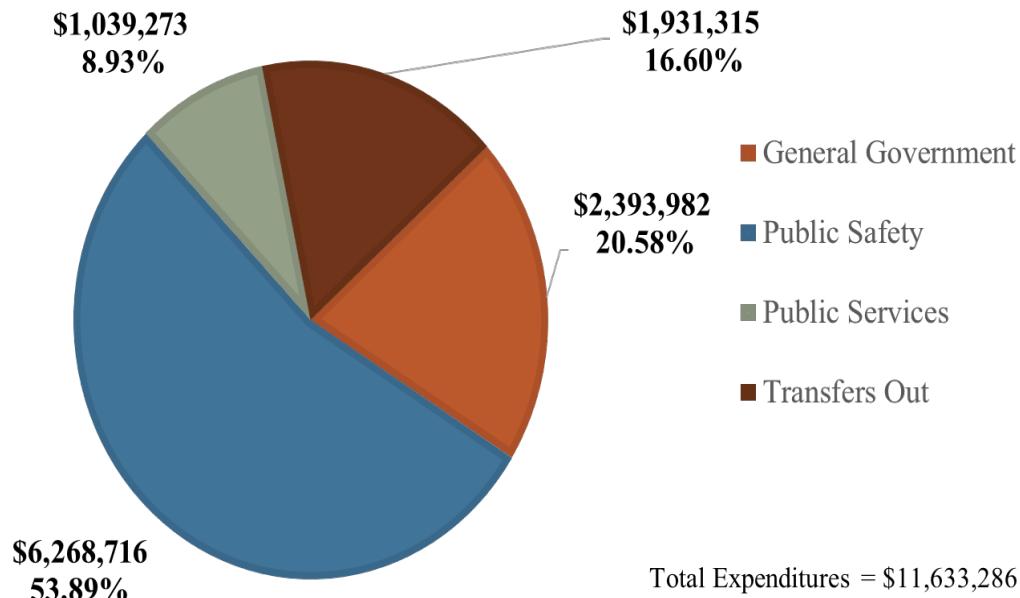
Excludes penalty & interest

In addition to property tax revenue, the City of Bloomfield Hills also receives 4.8% of its revenue from Licenses and Permits, and 3.8% from State Revenue Sharing, which is generated from the state sales tax. Smaller percentages of revenue are from charges for services, fines and forfeitures, investment income, and other miscellaneous sources.

Expenditures

The city has different departments or cost centers in the General Fund. These departments are grouped into four (4) functions and breakdown as follows:

Expenditures by Function



For fiscal year 2023, legacy costs make up about 33%, or \$3.8 million of the general fund budget, \$419K over fiscal year 2022. 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 Municipal Employees' Retirement System (MERS).

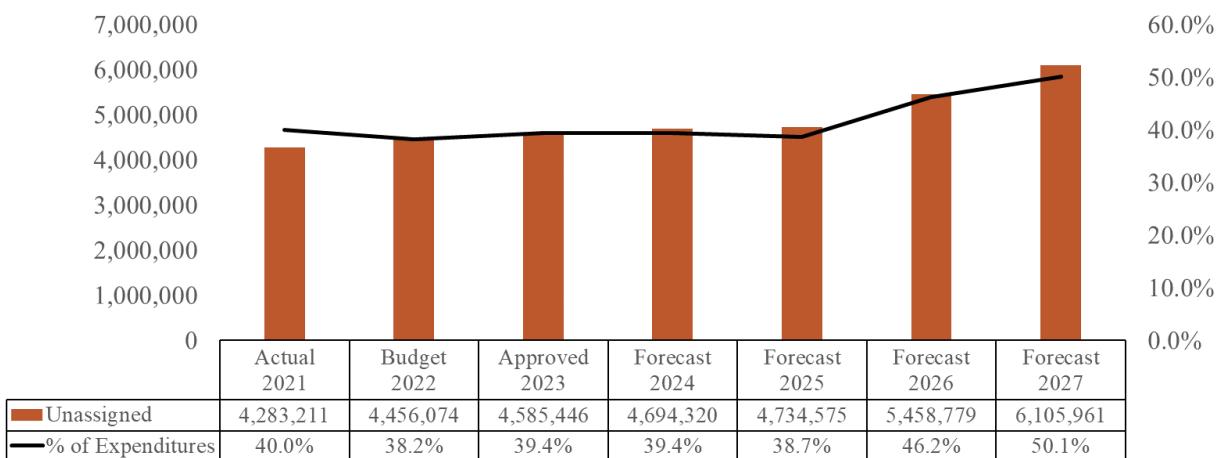
Beginning with the December 31, 2021 annual actuarial valuation, MERS implemented a Dedicated Gains Policy on its pension plans. Changes to these assumptions and methods are effective for contributions beginning in fiscal year 2024. This policy automatically adjusts the assumed rate of investment return by using excess asset gains to mitigate large increases in required contribution to the retirement plan, reducing the obligation of the annual budget. The table below illustrates the city's expected legacy retirement liabilities over the next five years.



Fund Balance

The city's policy for its unassigned fund balance is to maintain a minimum 30% of expenditures. Despite the increasing inflation 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.

Change in Fund Balance





CITY OF BLOOMFIELD HILLS FISCAL YEAR 2023 BUDGET

GENERAL FUND - 101

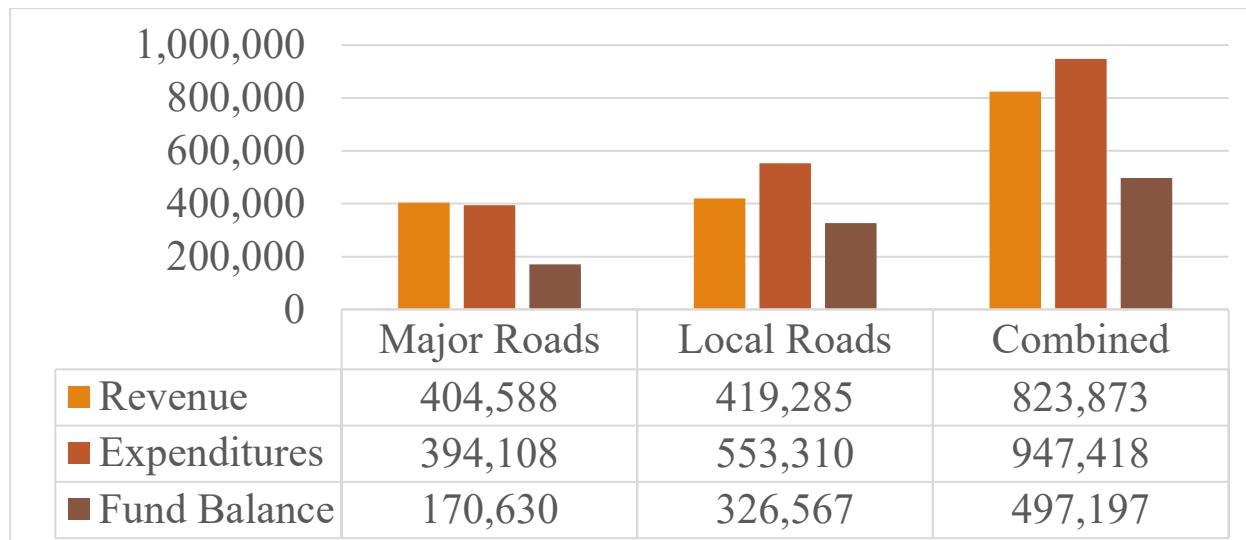
	2020-2021 ACTUAL & AUDITED	2021-2022 PROJECTED ACTIVITY	2022-2023 APPROVED BUDGET	2023-2024 FORECAST BUDGET	2024-2025 FORECAST BUDGET	2025-2026 FORECAST BUDGET	2026-2027 FORECAST BUDGET
REVENUES							
PROPERTY TAXES	9,133,423	9,829,081	10,302,000	10,517,860	10,734,526	10,955,989	11,189,162
LICENSES AND PERMITS	625,773	569,892	562,224	579,090	596,462	614,359	632,789
FEDERAL & STATE SOURCES	524,006	401,922	443,443	456,746	470,450	484,561	499,099
CHARGES FOR SERVICES	250,852	275,684	267,008	275,018	283,269	291,767	300,521
FINES AND FORFEITURES	474,675	526,781	40,000	41,200	42,436	43,709	45,020
OTHER REVENUE	138,794	157,386	127,983	131,822	135,777	139,851	144,046
INVESTMENT INCOME	55,871	81,036	20,000	20,600	21,218	21,855	22,510
TOTAL REVENUES	11,203,394	11,841,782	11,762,658	12,022,336	12,284,138	12,552,091	12,833,147
EXPENDITURES							
CITY COMMISSION	300	500	625	644	663	683	704
DISTRICT COURT	618,781	554,507	-	-	-	-	-
CITY MANAGER	157,972	162,518	167,561	172,475	177,539	182,755	188,128
ASSESSING	46,034	53,680	51,850	53,406	55,008	56,658	58,358
CITY ATTORNEY'S	242,281	247,096	234,651	241,690	248,941	256,410	264,101
CITY CLERK'S OFFICE EXPNS	163,804	187,626	232,223	245,186	262,931	259,804	267,706
GENERAL ADMINISTRATION	352,368	398,957	413,155	430,449	436,345	439,633	444,155
CITY TREASURER	196,461	184,021	216,156	222,703	229,448	236,401	243,566
BUILDING & GROUNDS MAINTENANCE	282,684	243,114	259,709	267,577	275,687	284,044	292,658
PUBLIC SAFETY DEPARTMENT	4,992,177	5,509,580	6,268,716	6,378,515	6,522,493	6,637,037	6,764,958
BUILDING & PLANNING DEPARTMENT	489,543	473,640	424,374	437,763	451,055	464,756	478,879
DEPARTMENT OF PUBLIC WORKS	923,577	1,168,958	1,039,273	1,013,934	1,041,515	1,068,543	1,096,957
ENGINEERING	29,261	127,896	64,300	66,229	68,216	70,262	72,370
LIBRARY	313,127	319,784	329,378	339,259	349,437	359,920	370,718
TRANSFER TO OTHER FUNDS	1,888,733	2,037,042	1,931,315	2,043,632	2,124,605	1,510,981	1,642,707
TOTAL EXPENDITURES	10,697,103	11,668,919	11,633,286	11,913,462	12,243,883	11,827,887	12,185,965
NET OF REVENUES/EXPENDITURES							
BEGINNING FUND BALANCE	506,291	172,863	129,372	108,874	40,255	724,204	647,182
ENDING FUND BALANCE	4,842,187	5,348,478	5,521,341	5,650,713	5,759,587	5,799,842	6,524,046
NONPENDABLE/RESTRICTED/ASSIGNED	5,348,478	5,521,341	5,650,713	5,759,587	5,799,842	6,524,046	7,171,228
FUND BALANCE UNASSIGNED	(1,065,266)	(1,065,266)	(1,065,266)	(1,065,266)	(1,065,266)	(1,065,266)	(1,065,266)
FB UNASSIGNED AS A % OF EXPENSES	4,283,212	4,456,075	4,585,447	4,694,321	4,734,576	5,458,780	6,105,962
	40.0%	38.2%	39.4%	39.4%	38.7%	46.2%	50.1%



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

Major & Local Road Funds Budget Fiscal Year 2023





CITY OF BLOOMFIELD HILLS FISCAL YEAR 2023 BUDGET

MAJOR STREET FUND - 202

	2020-2021 ACTUAL & AUDITED	2021-2022 PROJECTED ACTIVITY	2022-2023 APPROVED BUDGET	2023-2024 FORECAST BUDGET	2024-2025 FORECAST BUDGET	2025-2026 FORECAST BUDGET	2026-2027 FORECAST BUDGET
REVENUES							
STATE REVENUE SHARING-ACT 51	381,964	388,303	404,588	415,454	426,617	438,083	449,861
TOTAL REVENUES	381,964	388,303	404,588	415,454	426,617	438,083	449,861
EXPENDITURES							
ROUTINE MAINTENANCE	103,626	61,056	71,576	71,803	72,038	72,278	72,527
TRAFFIC SERVICES	10,154	15,190	27,000	27,000	27,000	27,000	27,000
WINTER MAINTENANCE	50,111	47,031	47,925	49,065	50,242	51,450	52,697
ADMINISTRATION AND ENGINEERING	37,958	46,637	47,935	49,021	50,137	51,284	52,462
TRANSFER OUT - LOCAL ROADS	188,560	194,152	199,672	205,106	210,687	216,420	222,309
TOTAL EXPENDITURES	390,409	364,066	394,108	401,995	410,104	418,432	426,995
NET OF REVENUES/EXPENDITURES	(8,445)	24,237	10,480	13,459	16,513	19,651	22,866
BEGINNING FUND BALANCE	144,358	135,913	160,150	170,630	184,089	200,602	220,253
ENDING FUND BALANCE	135,913	160,150	170,630	184,089	200,602	220,253	243,119

LOCAL STREET FUND - 203

	2020-2021 ACTUAL & AUDITED	2021-2022 PROJECTED ACTIVITY	2022-2023 APPROVED BUDGET	2023-2024 FORECAST BUDGET	2024-2025 FORECAST BUDGET	2025-2026 FORECAST BUDGET	2026-2027 FORECAST BUDGET
REVENUES							
STATE REVENUE SHARING-ACT 51	193,657	185,216	204,613	210,379	216,309	222,409	228,683
GRANT REVENUE	-	15,767	15,000	15,000	15,000	15,000	15,000
TRANSFER IN - MAJOR STREETS FUND	188,560	194,152	199,672	205,106	210,687	216,420	222,309
TOTAL REVENUES	382,217	395,135	419,285	430,485	441,996	453,829	465,992
EXPENDITURES							
CONSTRUCTION	3,443	41,840	97,600	42,000	42,000	42,000	42,000
ROUTINE MAINTENANCE	94,660	138,512	163,930	164,810	165,715	166,640	167,593
TRAFFIC SERVICES	4,876	4,919	15,300	15,300	15,300	15,300	15,300
WINTER MAINTENANCE	79,482	76,075	77,510	78,560	79,631	80,724	81,838
ADMINISTRATION AND ENGINEERING	23,950	26,172	26,970	27,485	28,016	28,560	29,117
TRANSFER TO OTHER FUNDS	-	-	172,000	-	-	-	-
TOTAL EXPENDITURES	206,411	287,518	553,310	328,155	330,662	333,224	335,848
NET OF REVENUES/EXPENDITURES	175,806	107,617	(134,025)	102,330	111,334	120,605	130,144
BEGINNING FUND BALANCE	177,168	352,974	460,591	326,566	428,896	540,230	660,835
ENDING FUND BALANCE	352,974	460,591	326,566	428,896	540,230	660,835	790,979



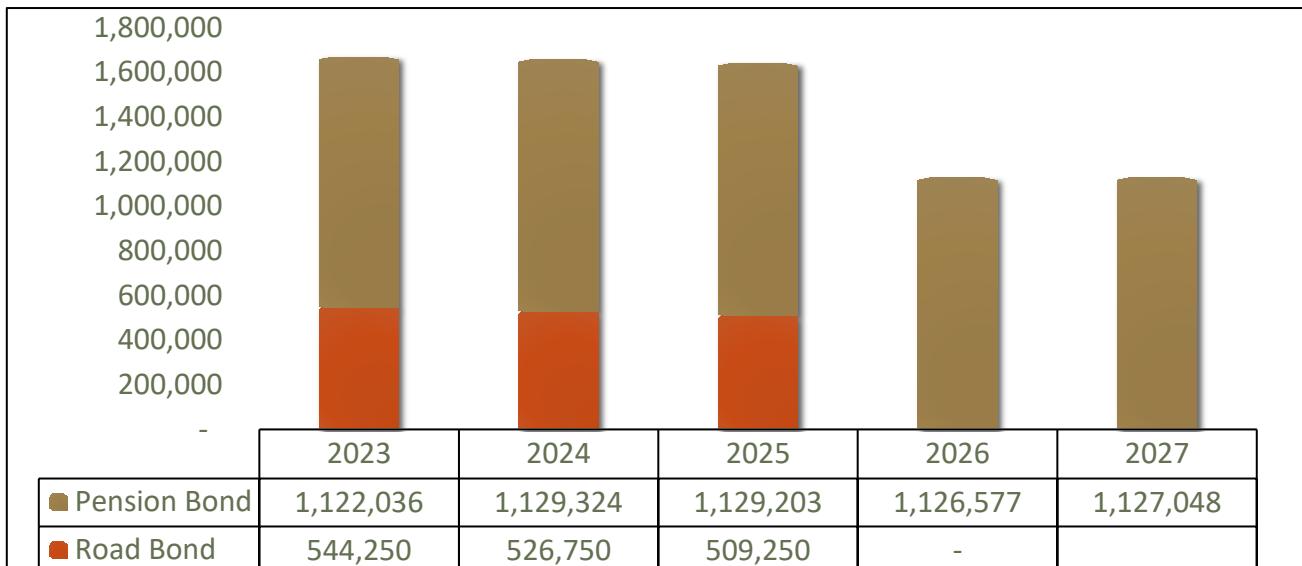
General Obligation Debt Fund

Outstanding Principal and Interest July 1, 2022-Payable FY2023

	Original Issue	Principal	Interest	Maturity Date
2010 Road Bonds	\$ 4,000,000	\$ 500,000	\$ 43,750	2025
2014 Pension Bonds	\$15,860,000	\$ 900,000	\$ 221,536	2034
Total	\$19,860,000	\$1,400,000	\$ 265,286	

- 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 2023 BUDGET

GENERAL OBLIGATION DEBT FUND - 301

	2020-2021 ACTUAL & AUDITED	2021-2022 PROJECTED ACTIVITY	2022-2023 APPROVED BUDGET	2023-2024 FORECAST BUDGET	2024-2025 FORECAST BUDGET	2025-2026 FORECAST BUDGET	2026-2027 FORECAST BUDGET
REVENUES							
TRANSFER IN FROM GENERAL FUND	1,625,213	1,609,250	1,637,341	1,656,074	1,638,453	1,127,077	1,127,548
PROCEEDS FROM BOND SAL	9,915,000	-	-	-	-	-	-
TOTAL REVENUES	11,540,213	1,609,250	1,637,341	1,656,074	1,638,453	1,127,077	1,127,548
EXPENDITURES							
G. O. DEBT	1,774,884	1,580,305	1,666,286	1,656,074	1,638,453	1,127,077	1,127,548
TRANSFER TO ESCROW AGENT	9,765,329	-	-	-	-	-	-
TOTAL EXPENDITURES	11,540,213	1,580,305	1,666,286	1,656,074	1,638,453	1,127,077	1,127,548
NET OF REVENUES/EXPENDITURES	-	28,945	(28,945)	-	-	-	-
BEGINNING FUND BALANCE	1,111	1,111	30,056	1,111	1,111	1,111	1,111
ENDING FUND BALANCE	1,111	30,056	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 2023

Information Technology	<ul style="list-style-type: none">• Annual Workstation (7) and Laptop (2) Replacements• Network Security, Routers, Switch• Video Conferencing Camera	<ul style="list-style-type: none">• \$15,750• \$43,181• \$ 4,816
Public Works Equipment	<ul style="list-style-type: none">• Street Sweeper: \$330,400 - 5 year-lease-to-own	<ul style="list-style-type: none">• \$68,121
Public Safety Vehicles	<ul style="list-style-type: none">• Public Safety Vehicle Purchase• 2 Motorcycle Units Replacement	<ul style="list-style-type: none">• \$60,000• \$53,082
Enforcement Equipment	<ul style="list-style-type: none">• Tasers & Equipment – Quantity 8 (Grant \$4,000)	<ul style="list-style-type: none">• \$11,567 (net)
Firefighting Equipment	<ul style="list-style-type: none">• Personal Protective Firefighting Equipment-8 sets (lifecycle ~ 10 years)	<ul style="list-style-type: none">• \$25,784
		Total Fiscal Year 2023 \$282,301



CITY OF BLOOMFIELD HILLS FISCAL YEAR 2023 BUDGET

CAPITAL IMPROVEMENT FUND - 401

	2020-2021 ACTUAL & AUDITED	2021-2022 PROJECTED ACTIVITY	2022-2023 APPROVED BUDGET	2023-2024 FORECAST BUDGET	2024-2025 FORECAST BUDGET	2025-2026 FORECAST BUDGET	2026-2027 FORECAST BUDGET
REVENUES							
OTHER FINANCING	27,150	-	-	-	-	-	-
OTHER REVENUE	67,320	28,823	4,000				
TRANSFER IN FROM GENERAL FUND	263,520	427,792	293,974	387,558	486,152	383,904	515,159
TOTAL REVENUES	357,990	456,615	297,974	387,558	486,152	383,904	515,159
EXPENDITURES							
CAPITAL PURCHASES	313,306	439,520	218,180	211,976	310,570	219,995	351,250
FINANCING COSTS (P&I)	46,406	17,095	79,794	175,582	175,582	163,909	163,909
TOTAL EXPENDITURES	359,712	456,615	297,974	387,558	486,152	383,904	515,159
NET OF REVENUES/EXPENDITURES	(1,722)	-	-	-	-	-	-
BEGINNING FUND BALANCE	2,339	617	617	617	617	617	617
ENDING FUND BALANCE	617	617	617	617	617	617	617



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 – FY23 set at .5500 mills
 - General Fund and Local Road Fund transfers

Planned Road Rehabilitation FY2023 & FY2024

Fiscal Year	2022-2023	2022-2023	2023-2024
Project:	Opdyke Road, Hickory Grove to Woodward	Hammond Ct, Lakeview Ct, Hillwood Drive & Hillwood Ct.	Cranbrook Ct, Edgemere Ct, Lone Pine Hill, Linda Lane, Linda Knoll, & Linda Ct.
Funding Source:	.5500 Mills of City Operating Mills	Tax Revenue \$30,000 Road Const. FB \$320,000 Local Road Fund \$172,000	.5500 Mills of City Operating Mills
Estimated Cost:	\$510,413	\$521,415	\$528,665

City of Bloomfield Hills Road Program



Road Program

Prior to 2016

5+ Years before Improvement again

2016 - 2022

Improvements within 3 years

Gravel

Private

Other Roads

0 0.125 0.25 0.5 0.75 1 Miles

Date: 2/25/2022

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

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CITY OF BLOOMFIELD HILLS FISCAL YEAR 2023 BUDGET

ROAD CONSTRUCTION FUND - 450

	2020-2021 ACTUAL & AUDITED	2021-2022 PROJECTED ACTIVITY	2022-2023 APPROVED BUDGET	2023-2024 FORECAST BUDGET	2024-2025 FORECAST BUDGET	2025-2026 FORECAST BUDGET	2026-2027 FORECAST BUDGET
REVENUES							
PROPERTY TAXES	1,009,722	516,079	541,000	552,327	563,668	575,268	587,479
OTHER REVENUE	16,809	114,000	-	-	-	-	-
INVESTMENT INCOME	5,766	-	-	-	-	-	-
TRANSFER IN	-	-	172,000	-	-	-	-
TOTAL REVENUES	1,032,297	630,079	713,000	552,327	563,668	575,268	587,479
EXPENDITURES							
CONSTRUCTION	344,213	1,191,534	1,031,828	528,665	500,000	500,000	500,000
TOTAL EXPENDITURES	344,213	1,191,534	1,031,828	528,665	500,000	500,000	500,000
NET OF REVENUES/EXPENDITURES	688,084	(561,455)	(318,828)	23,662	63,668	75,268	87,479
BEGINNING FUND BALANCE	234,806	922,890	361,435	42,607	66,269	129,937	205,205
ENDING FUND BALANCE	922,890	361,435	42,607	66,269	129,937	205,205	292,684



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

Current Projects:

- Long Lake & Woodward PRV restoration/close out
- Rathmor & West Valley finalization

Upcoming projects & expenditures:

- Square Lake vault (meter pit) repair – GLWA's project
- PRV at Square Lake & Lahser - Estimated cost \$250K
- Evergreen-Farmington Sanitary Drain – City portion ~\$1.9M
- Lead Service Line Verifications – Estimated cost \$350K
- 2015 Bond Payment due FY23 \$359,650 – early pay off \$1.4M
- Other General CIP (i.e. flow monitoring; system optimization) ~\$400K
- Trowbridge Farms SAD Project:
 - ✓ Water Gate and Well - \$4,000
 - ✓ Sanitary Structure - \$14,400

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
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>1,400,000</u>		<u>57,000</u>	<u>1,457,000</u>



CITY OF BLOOMFIELD HILLS FISCAL YEAR 2023 BUDGET

WATER-SEWER FUND - FUND 592

	2020-2021 ACTUAL & AUDITED	2021-2022 PROJECTED ACTIVITY	2022-2023 APPROVED BUDGET	2023-2024 FORECAST BUDGET	2024-2025 FORECAST BUDGET	2025-2026 FORECAST BUDGET	2026-2027 FORECAST BUDGET
REVENUES							
WATER & SEWER OPERATING	3,761,797	4,255,282	3,942,890	4,096,460	4,251,690	4,412,860	4,580,170
WATER & SEWER CAPITAL	2,373,916	2,280,498	2,221,642	2,221,642	2,221,642	2,221,642	2,221,642
OTHER REVENUE	211,011	160,243	310,000	307,690	309,540	311,450	313,420
INVESTMENT INCOME	2,409	28,369	4,110	4,110	4,110	4,110	4,110
TOTAL REVENUES	6,349,133	6,724,392	6,478,642	6,629,902	6,786,982	6,950,062	7,119,342
EXPENDITURES							
GENERAL ADMINISTRATION	64,646	65,263	64,146	67,353	70,721	74,257	77,970
ENGINEERING	7,940	10,612	10,000	11,000	12,100	48,310	14,520
CONSTRUCTION	5,326	1,619,868	458,400	450,000	450,000	450,000	450,000
ROUTINE MAINTENANCE	-	101,513	750,000	1,000,000	900,000	900,000	900,000
ADMINISTRATION COSTS	500	500	500	500	500	500	-
WATER	2,719,909	2,790,206	2,535,990	2,662,790	2,795,929	2,935,725	3,082,512
SEWER	1,354,294	1,264,999	1,546,960	1,624,308	1,705,523	1,790,800	1,880,340
DEPRECIATION	753,812	527,145	765,000	750,000	740,000	720,000	700,000
G. O. DEBT	29,176	31,300	24,650	17,850	10,850	3,650	-
TOTAL EXPENDITURES	4,935,603	6,411,406	6,155,646	6,583,801	6,685,623	6,923,242	7,105,341
NET OF REVENUES/EXPENDITURES	1,413,530	312,986	322,996	46,101	101,359	26,820	14,001
BEGINNING NET POSITION	15,866,449	17,279,979	17,592,965	17,915,961	17,962,062	18,063,421	18,090,241
ENDING NET POSITION	17,279,979	17,592,965	17,915,961	17,962,062	18,063,421	18,090,241	18,104,242

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 May 01, 2022 and a public hearing on the proposed budget was held on May 10, 2022.

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, 2022 and ending June 30, 2023:

General Fund

City Commission	\$ 625
City Manager	167,561
City Attorney	234,651
Assessing	51,850
City Clerk	232,223
Treasury	216,156
General Administration	413,155
Building & Grounds	259,709
Public Safety	6,268,716
Building & Planning	424,374
Public Works	1,039,273
Engineering	64,300
Library	329,378
Transfers Out	<u>1,931,315</u>
Total General Fund	\$11,633,286

Major Streets Fund

Public Works	\$ 194,436
Transfers Out	<u>199,672</u>
Total Major Streets Fund	\$ 394,108

Local Streets Fund

Public Works	\$ 381,310
Transfers Out	<u>172,000</u>
Total Local Streets Fund	\$ 553,310

General Obligation Debt Fund

Debt Service	\$ 1,666,286
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Capital Improvement Fund

Capital Improvements	\$ 297,974
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Road Construction Fund

Road Improvements	\$ 1,031,828
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Water and Sewer Fund

Public Works	\$ 6,155,646
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Section 6: Estimated Revenues

The following are estimated to be available for the fiscal year beginning July 1, 2022 and ending June 30, 2023, to meet the foregoing appropriations.

General Fund

Property Taxes	\$10,302,000
License and Permits	562,224
Intergovernmental Revenue	443,443
Charges for Services	267,008
Fines and Forfeits – Court	40,000
Interest Income	20,000
Other Revenue	<u>127,983</u>
Total General Fund	\$ 11,762,658

Major Streets Fund

State Sources	\$ 404,588
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Local Streets Fund

State Sources	\$ 204,613
Grant Revenue	15,000
Transfers In	<u>199,672</u>
Total Local Streets Fund	\$ 419,285

General Obligation Debt Fund

Transfers In	\$ 1,637,341
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Capital Improvement Fund

Transfers In	\$ 293,974
Other Revenue	<u>4,000</u>
Total Capital Improvement Fund	\$ 297,974

Road Construction Fund

Property Taxes	\$ 541,000
Transfers In	<u>172,000</u>
Total Road Construction Fund	\$ 713,000

Water and Sewer Fund

Operating Revenue	\$3,942,890
Capital/Connection Revenue	2,221,642
Interest Income and Other Revenue	<u>314,110</u>
Total Water and Sewer Fund	\$6,478,642

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 McCture, seconded by Commissioner Baxter 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 10th day of May, 2022.



Amy L. Burton, City Clerk