

**City of Birmingham  
Five-year Financial Model**

---

**January 2015**

**City of Birmingham**  
**Five-year Financial Model**  
**Table of Contents**

Report Letter .....	1-2
Project Summary .....	3-4
Five-year Financial Model:	
General Assumptions and Information.....	5
Description of Infrastructure Needs.....	6-8
General Fund:	
Assumptions.....	9-12
Historic and Estimated Financial Operations.....	13-15
Major and Local Street Funds:	
Assumptions.....	16-18
Historic and Estimated Financial Operations - Major Street Fund.....	19
Historic and Estimated Financial Operations - Local Street Fund.....	20
Water and Sewer Funds:	
Assumptions.....	21-22
Historic and Estimated Financial Operations - Water Fund.....	23
Historic and Estimated Financial Operations - Sewer Fund.....	24
Appendices:	
A. Community Profile.....	25-37
B. Estimation of Property Tax Revenue.....	38
C. Property Tax Assumptions .....	39-40
Graphs .....	41-46

To the Honorable Mayor  
and City Commission  
City of Birmingham, Michigan

We have compiled the accompanying five-year financial forecast of the City of Birmingham (the “City”) for the years ending June 30, 2015 through June 30, 2019, in accordance with attestation standards established by the American Institute of Certified Public Accountants. This forecast includes the following funds:

- General Fund
- Major Street Fund
- Local Street Fund
- Water Fund
- Sewer Fund

### **Project Scope**

The analysis and development of the financial forecast will provide the City with the following:

- In-depth estimation of future financial conditions
- Financial “framework” from which to evaluate the ongoing financial condition of the City
- A rational basis for identifying areas of greatest concern and devising fiscal strategy
- An automated tool to facilitate the analysis of financial and operational objectives

To assure a comprehensive evaluation, we collected and evaluated information from a variety of sources. Information was obtained through the following:

- Collection of information from internal sources within the City
- Collection and review of operational, financial, capital, and other applicable information
- Discussions with and data collection from expert sources including governmental representatives and other relevant sources
- Collection and review of information related to legislative initiatives and actions

The forecast has been developed using the best available information concerning financial trends and conditions. Changes in economic conditions and regulatory provisions could have a significant impact on the forecast. Based on a review of the above information and discussions with the City's finance department, the forecast was developed using certain key assumptions and should not be evaluated without a thorough understanding of the assumptions. The assumptions and the accompanying rationale are documented in the assumption section of this report. These assumptions provide a basis for estimating future years' revenue and expenditures. The underlying assumptions used in the estimations are likely to change and the costs projected are likely to differ from actual amounts.

To the Honorable Mayor  
and City Commission  
City of Birmingham, Michigan

The forecast does not present all significant financial measures that would be presented in a complete set of financial statements (statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows). Accordingly, this forecast is not designed for those who are not informed about the City's financial position, results of operations, and cash flows.

A compilation is limited to presenting, in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We also compiled the community profile, estimation of property tax revenue, property tax assumptions, and graphs (as listed in the table of contents) and, accordingly, do not express an opinion or any other form of assurance on such information.

The accompanying forecast and this report are intended solely for the information and use of the City of Birmingham and are not intended to be and should not be used by anyone other than the specified party.

*Alente & Moran, PLLC*

December 23, 2014

## **Project Summary**

The results of the analysis should be considered within the appropriate context. Essentially, the financial results for future fiscal years should be viewed only as financial estimates, derived from the best available financial information at this particular point in time. Considered in this light, the financial plan provides a benchmark from which to monitor and evaluate ongoing financial trends and results.

For the purpose of the General Fund and street funds, the level of projected fund balance is typically used as the barometer to measure likely future financial strength. In general, a level fund balance indicates a stable financial condition. A decreasing or negative fund balance indicates a financial situation that the City will have to monitor closely in the coming years; it does not indicate that we believe an actual fund deficit will occur.

## **Utilizing the Financial Model**

The financial forecast has been developed as an automated spreadsheet program. As such, it provides the City with the ability to test alternative financial scenarios related to both revenue and expenditures.

## **Closing Comments**

The financial forecast that has been presented this year shows continued improvement in the City's financial outlook. After a low point in revenues reached in 2011-2012, the City has seen two years of revenue growth. This is expected to continue in the future, with the increases led by building permit fees. This development (or redevelopment) is further strengthening the City's tax base, resulting in revenue increases that are expected to keep up with inflation.

On the expenditure side, total costs are impacted significantly by the amount of capital projects that will be planned, as well as the cost of personal services. The cost of personal services is anticipated to be moderated by expected reductions in the required pension contributions. The forecast shows that the resources available to the City will be sufficient to fund the projects that are currently planned to be undertaken.

The City's General Fund balance policy is that unassigned fund balance is to be maintained at an amount not less than two months, or 17 percent, of the General Fund operating expenditures and not more than the equivalent of 40 percent of the General Fund operating budget. The General Fund's unassigned fund balance is currently above the City Commission's range and is forecasted to remain above the range through June 30, 2019.

The City of Birmingham continues to be an example of strong fiscal management even during this difficult period in the state's economy. With careful planning and investing, the City will be able to remain a positive model to other communities and to maintain the strong bond rating that is a result.

### **General Assumptions and Information**

- Historical data for fiscal years 2010-2011 through 2013-2014 has been compiled from the City's audited financial reports.
- Assumptions are based on management's judgment given the most recent and best information known at the time of completion, which was December 23, 2014. Because these projected results are based on management's estimates and assumptions, actual results will likely differ from what is projected.
- The assumptions presented are what management considers to be "significant assumptions" and are not all-inclusive.
- Estimates for the fiscal years 2014-2015 through 2018-2019 were developed based on the City's current budget and adjusted for inflation to determine future results. Nonrecurring capital outlay purchases and significant encumbrance rollovers from 2013-2014 have been excluded from future projections. Significant exceptions to this method are noted in the specific assumptions on the following pages.
- An annual inflation factor of 1.5 percent for revenue and 2.0 percent for expenditures for fiscal years 2014-2015 through 2018-2019 is utilized throughout the financial forecast.
- Data has been collected and financial estimates have been developed utilizing a number of expert sources including the finance director and department heads, State of Michigan departments, and other professional sources.

### **Basis of Accounting**

Data has been presented using the modified accrual basis of accounting, which is the basis of accounting used in preparing the annual budget. Revenue is recognized when it is both measurable and available. Revenue is considered to be available if it is collected within 60 days. Disbursements for nonfinancial assets (capital outlay) are recorded as expenditures. Expenditures are recognized when a liability is incurred; however, expenditures for debt service principal and interest, compensated absences, and claims and judgments are recorded only when the payment is due. The Water and Sewer Funds have been presented using a basis of accounting that is different than the basis of accounting used in the City's historical financial statements. The Water and Sewer Funds have been presented in a manner to assist the City in forecasting the net cost of services throughout the forecasted period to coincide with the City's rate-making methodology. The Water and Sewer Funds also include depreciation expense, consistent with the City's rate-making methodology.

**City of Birmingham**  
**Five-year Financial Model**

**Description of Infrastructure Needs**

**Streets**

For the Major and Local Street Funds, the Department of Engineering has provided estimated costs for street improvements for the period of 2015-2019. Annual estimates range from \$1,495,000 to \$3,630,000 for Major Street renovations and from \$1,200,000 to \$2,590,000 for Local Streets. The Department of Engineering stresses that this level of spending for paving is needed to allow the City to keep up with its investment in streets. Future years will continue to see streets decaying faster than we can keep up with them if we do not spend at least at this level. The most significant street fund projects scheduled, subject to approval, include:

<b>Project</b>	<b>Amount</b>	<b>Fiscal Year</b>
<b>Major Streets:</b>		
Resurfacing: W. Maple Rd.- Cranbrook Rd. to Southfield Rd.	\$1,320,000 <sup>i</sup>	2015-2016
Reconstruction: Maple Rd. - Bates St. to Woodward Ave. Redding Rd. - Lakepark Dr. to Woodward Ave.	\$1,475,000 <sup>ii</sup> \$270,000	2016-2017 2016-2017
Reconstruction: Old Woodward Ave. - Willits St. to Brown St. W. Brown St. - Southfield Rd. to Chester St.	\$1,550,000 \$260,000	2017-2018 2017-2018
Reconstruction: S. Old Woodward Ave. - Brown St. to Landon Ave.	\$1,970,000	2018-2019
<b>Local Streets:</b>		
Reconstruction: Webster Ave., Torry St. and Hamilton Ave.	\$1,200,000	2015-2016
New Construction: Unnamed - Cole St. to 250 Ft. South of E. Lincoln	\$200,000	2015-2016
Reconstruction: Raynale St., N. Glenhurst Dr., Brookwood St. and Kenwood Ct. W. Merrill St., Sheffield Rd., Cheltenham Rd. and Dunstable Rd.	\$760,000 \$287,500	2016-2017 2016-2017
Reconstruction: Chapin Ave. and Bennaville Ave. Hidden Ravines Area	\$540,000 \$395,000	2017-2018 2017-2018
Reconstruction: Ruffner Ave. - Grant St. to Woodward Ave. Townsend St. - Southfield Rd. to Chester St.	\$408,000 \$330,000	2018-2019 2018-2019

These and other planned street projects are listed in the Major and Local Street Funds section beginning on p. 16.

<sup>i</sup> The City is applying for grant funding from the Michigan Department of Transportation. \$1,320,000 is the estimated cost including \$1,020,000 grant funding. The City's share is estimated at \$300,000.

<sup>ii</sup> The City is applying for grant funding from the Michigan Department of Transportation. \$1,475,000 is the estimated cost including \$350,000 grant funding. The estimated City's share is \$1,125,000.

See accompanying summaries of significant assumptions and accounting policies and accountant's report.

## **Sewage Disposal System**

### **Quarton Lake Sewer System**

The City has begun to address a very challenging situation initially involving three neighborhoods with aging sewer and water mains. The largest of the three is the Quarton Lake neighborhood. Two smaller areas are on the City's east side. In total, approximately 450 homes are involved. The situation is complicated by the fact that the vast majority of the sewer mains are located in rear yards. Most of the water mains in the two east side neighborhoods are also located in rear yards. Road improvements are also needed in these neighborhoods, most of which are considered unimproved streets. City staff's original recommendation was to decide upon a solution to the sewer issue first before any permanent street improvements are made. After much research, committee meetings, input from City Commission, and other factors, City staff recommended the re-lining option for backyard sewers. Staff also researched and recommended other options which would not only upgrade the overall sewer system in the Quarton Lake area but would also reduce the City's costs for sewage treatment. These options include the expansion of the subject area to include an additional 350 residences west of Chesterfield Ave. and north of Maple Road as well as constructing a system of storm sewers to divert storm water into Quarton Lake or the Rouge River and away from the combined sewer system thereby reducing future costs for sewage treatment and system maintenance. These proposals are included in a long-term master plan for backyard sewer and water systems prepared in November 2010. After further dialogue, revisions, and public meetings, the master plan was approved by the City Commission in June 2011. The goal of the plan is to abandon or rehabilitate all public sewers and water mains located in backyards by 2018. The key components of this eight-year plan include:

- Address all backyard facilities to greatly reduce the chance of unexpected failures and emergency work as well as the private property damages that go along with such events
- Provide additional sewer capacity to the system in general in these neighborhoods where deficiencies currently exist
- Replace or rehabilitate permanent pavements and water mains in the study area that are also in need of work
- Divert storm water flows away from the combined sewer system for significant acreage in the Evergreen-Farmington District in order to reduce sewage treatment and retention basin maintenance costs



## **City of Birmingham**

### **Five-year Financial Model**

---

Estimated City cost for the sewer work in the two east side areas and in the expanded Quarton Lake area is \$5.7 million including \$2.4 million for sewer lining and \$3.3 million for sewer improvements. This estimate includes the cost to address the various environmental issues that will arise from the diversion of storm water into City waterways. It does not include the cost of water mains or street paving, nor does it include private costs for rehabilitation/replacement of sewer laterals. It also does not include potential costs for obtaining easements. The first phase of this eight-year project (videotaping all of the backyard sewers that will be lined over the next five years) has been completed at a cost of \$65,000. In 2012-2013, efforts began in obtaining signed access easements from about 350 properties that contain sewers in backyards that will remain in service and eventually be relined. That effort is ongoing, and as of the end of 2014, over 60 percent of the easements have been acquired. The lack of continuity in the easements is helping stall plans to carry out planned relining at this time. In 2011-2012, water main disconnections began on a half mile segment of E. Maple Rd. In 2012-2013, water and sewer improvements were completed allowing almost all of the E. Maple Gardens subdivision to begin disconnections from both backyard water mains and sewers.

### **Water Distribution System**

Ongoing improvements to the water system are planned in conjunction with street renovation projects subject to City Commission approval.

### **Other Current and Future Projects**

#### **Corridor Improvement Authority**

The City Commission has created a Corridor Improvement Authority to accommodate expanded business development in the City's Triangle District, which is an area of emerging business growth. The Corridor Improvement Authority has been charged with the task of developing parking facilities in the Triangle District to help spur additional economic development as the Triangle District Urban Plan is implemented. The initial focus will likely include the construction of an approximately 350 space public parking structure. It is anticipated that funding for the parking structure will be provided by a bond issue which will be repaid through tax increment financing, special assessment, and user fees.

#### **Mass Transit**

A \$2 million federal grant has been received for the Alternatives Analysis for the Woodward corridor. The City of Birmingham is working with eleven other communities and several agencies and nonprofits on this significant project. Substantial investment in a mass transit system along this corridor would not be needed until the project enters the preliminary engineering phase, which is likely a minimum of two years from now.

## **City of Birmingham Five-year Financial Model**

---

### **Streetlights**

New streetlights are proposed in conjunction with planned downtown renewal projects. The estimated costs are as follows:

Hamilton Ave. - N. Old Woodward Ave. to Woodward Ave. - \$180,000 in fiscal year 2015-2016  
Old Woodward Ave. - Willits St. to Brown St. - \$450,000 in fiscal year 2017-2018  
S. Old Woodward Ave. - Brown St. to Landon Ave. - \$460,000 in fiscal year 2018-2019  
Maple Rd. – Bates St. to Woodward Ave. - \$385,000 in fiscal year 2016-2017

### **Chesterfield Fire Station**

In fiscal year 2016-2017, it is anticipated that the Chesterfield Fire Station will be replaced with the estimated cost of \$3 million. The existing building is 59 years old and the number of repairs needed and the cost of updating it have made total replacement a more financially feasible option. The General Fund has contributed \$2.5 million toward this project and will contribute an additional \$500,000 by the end of 2014-2015. Building details have yet to be determined.

### **Other Potential Infrastructure Projects**

- Alley and passage improvements
- Bicycle parking facilities in the downtown area - Phases 2 and 3 (Phase 1 has been implemented.)
- New phase of sidewalks in the Rail District
- Addition of bike lanes, transit stop improvements, and pedestrian improvements in conjunction with the Complete Streets approach (Transit stop improvements have been implemented at Woodward Ave. and Maple St. Future improvements include sidewalk, pad, shelter, bench, bike rack, and trash receptacle.)

## **General Fund Assumptions**

### **Revenue**

#### Property Taxes

Appendix B illustrates the process used to estimate property tax revenues. Economic indicators show an improving housing market which will affect SEV and TV growth. The July 1, 2014 taxable value for the City increased by 2.71 percent. The forecast assumes that the total change in taxable value will increase between 2.28 percent to 3.97 percent beginning fiscal year 2015-2016 through 2018-2019.

Personal property tax revenue is expected to decline as a result of recent legislation: small taxpayers with total personal property valued at less than \$80,000 will be able to sign a taxation exemption for personal property beginning in 2014; additionally, the recent legislation will phase out the industrial portion of personal property tax over a nine-year period beginning in 2016. It is expected that the City will lose about 1.6 percent of its property tax value base as a result of these changes.

The legislation intends to reimburse for these property tax losses in the form of a use tax and an essential services assessment. These two revenue sources have not been factored into the forecast as the reimbursement amount is unknown.

Key assumptions on a line-by-line basis, beginning at the top of Appendix B, are provided in Appendix C.

The property taxes from the general operating levy exclude levies for the CSOs, George W. Kuhn Drain, and North Arm Drain debt service.

#### Building Permits

Reinvestment in the City continues to improve. New house permits, renovations, and additions have increased. Revenue received from building permits is anticipated to bring in additional revenue from three large-scale construction projects in fiscal year 2014-2015. A return to historical levels is reflected for the remainder of the forecasted years as interest rates are expected to rise.

#### Cable Franchise Fees

Revenues are projected to remain consistent with fiscal year 2014 revenue for each of the forecasted years through 2018-2019. Grants received after fiscal year 2011-2012 are recorded under the Intergovernmental Revenue category.

## **City of Birmingham Five-year Financial Model**

---

### State-Shared Revenue

The State eliminated the Economic Vitality Incentive Program (EVIP) and replaced it with “City, Village, and Township Revenue Sharing” (CVTRS) in which a city is required to meet certain criteria to be eligible to receive a percentage of the revenue-sharing appropriations. The estimated statutory revenue-sharing payment for fiscal year 2014-2015 per the State’s formula is expected to be less than \$190,000. Constitutional revenue-sharing payments depend on the level of state sales tax collections and are estimated at last year’s level. Actual revenue-sharing distributions depend on the stability of the State’s budget, as well as the State’s economy. The City has forecasted a constant level of revenue sharing for the statutory portion and an inflationary increase of 1.50 percent for the constitutional portion for the years beginning 2015-2016.

### 48<sup>th</sup> District Court

The City’s caseload percentage is expected to increase for 2014-2015 to 28.43 percent from 27.02 percent in 2013-2014. Based on information received from the 48<sup>th</sup> District Court, the City’s caseload for 2015-2016 is projected at 28.43 percent. For the remaining forecasted years, a minimal increase in court revenue is projected to be received.

### Parking Fines

Parking fine revenues increased by 20 percent in fiscal year 2013-2014 over the prior year. Revenues are expected to return to normal levels as the economy continues to improve.

### Other Revenue

Fiscal year 2011-2012 includes a \$170,000 payment from the Birmingham Area Cable Board. This represents a return of surplus funds for the years 2009-2011. Additionally in 2012-2013 and 2013-2014, a surplus of cable funds in the amount of \$145,000 and \$324,244, respectively, was received.

Revenues in this category are projected to remain steady as they represent normal activity consisting of fireworks donations and other miscellaneous charges. Additional revenue is expected for fiscal years 2014-2015 through 2018-2019 which include sidewalk special assessments.

### Interest and Rent

A one-time rental payment was received in 2012-2013 bringing rental income above normal levels. The projected interest rate earned on investments for 2014-2015 through 2018-2019 is 0.78 percent, 0.84 percent, 1.27 percent, 1.89 percent, and 2.45 percent, respectively.

**City of Birmingham**  
**Five-year Financial Model**

---

**Expenditures**

Personal Service Cost Assumptions

Full-time staffing, which consists of 141 full-time employees, is assumed to remain at or near the same level for the period covered by the financial estimation.

The current status of wage contracts is as follows:

<u>Union or Group</u>	<u>Contract Runs Through</u>
<u>AFSCME</u>	June 30, 2016
<u>Teamsters</u>	June 30, 2015
<u>Birmingham Command Officers Association (BCOA)</u>	June 30, 2016
<u>Firefighters (BFFA)</u>	June 30, 2017
<u>Police (BPOA)</u>	June 30, 2016

For estimating purposes, the model assumes no rate increases for union and nonunion employees other than those included in settled union contracts. The actual rate can vary based on the results of union negotiations, the potential impact of reduced personal property tax, and limits on increases in property taxes.

Health insurance costs have been adjusted to reflect an increase of 8 percent for fiscal year 2015-2016, 7 percent for 2016-2017, and 6 percent for the remaining forecasted years.

General Government

General government expenditures have been adjusted for the employer's portion of retirement contributions and retiree healthcare contributions as recommended by the City's actuarial valuation and actuarial forecast prepared for the period ending June 30, 2014. Contributions to the Employees' Retirement System are projected to decline in each of the next five years due to the smoothing of large prior year gains and the funding status of the plan.

## **City of Birmingham**

### **Five-year Financial Model**

---

#### Sidewalk Construction

Construction costs include \$130,000 in 2012-2013 and \$70,000 in 2013-2014 for the Pierce and Merrill sidewalk project. Sidewalk replacement costs are estimated at \$250,000 per year. Additional costs are expected to include new sidewalk construction in 2014-2015, sidewalk reconstruction on Hamilton in 2015-2016, and Old Woodward Avenue sidewalk reconstruction in 2016-2017 and 2017-2018 for \$400,000 and \$450,000, respectively. Maple Road sidewalk reconstruction is scheduled for 2018-2019. Hamilton Alley between Hamilton Avenue to Park Streets is proposed to be reconstructed in 2015 for \$196,198. Both the sidewalk and alley construction will be assessed to the owners and the special assessment revenue is reflected in the forecast.

#### 48<sup>th</sup> District Court

Expenditures are allocated to each of the four governmental units responsible for maintaining the Court in the same proportion as the number of cases arising from each unit.

#### Operating Transfers Out

For 2011-2012, there was an operating transfer to the Golf Course Funds to cover the deficit in net position. For 2012-2013, a \$1,000,000 transfer to the Retiree Health Care Fund was approved. For 2013-2014, a transfer of \$1,294,000 was made to the Retirement Fund. Other transfers to other funds cover capital improvement projects. Funds needing transfers are usually the Major Street Fund, the Local Street Fund, and the Capital Projects Fund.

#### Other Expenditures

Other expenditures assume 2 percent inflationary increases for the years 2015-2016 through 2018-2019.

**City of Birmingham**  
**General Fund Historic and Estimated Financial Operations**

	Actual								
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<b>Revenue</b>									
<b>Taxes</b>									
Real and personal property taxes	\$ 19,400,734	\$ 18,434,453	\$ 18,522,481	\$ 19,135,930	\$ 19,707,960	\$ 20,102,450	\$ 21,103,200	\$ 23,026,170	\$ 23,978,550
Tax losses	(238,711)	(272,341)	(212,292)	(216,083)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Penalties and interest	159,654	144,843	136,745	142,178	149,000	149,000	149,000	149,000	149,000
Total taxes	19,321,677	18,306,955	18,446,934	19,062,025	19,756,960	20,151,450	21,152,200	23,075,170	24,027,550
<b>Licenses and Permits</b>									
Business licenses and permits	59,129	71,611	77,127	79,325	71,500	72,572	73,661	74,766	75,887
Rental housing fees	139,808	146,945	147,385	146,703	146,000	148,190	150,413	152,669	154,959
Building permits	1,055,149	1,326,269	1,387,012	2,125,015	2,350,000	2,044,500	1,942,275	1,845,161	1,752,903
Appeal and review fees	87,193	71,156	93,920	96,117	97,860	99,328	100,818	102,330	103,865
Telecommunications permit	50,153	57,141	58,827	55,701	58,700	59,581	60,474	61,381	62,302
Cable television franchise fees	285,833	291,171	314,256	320,470	320,000	320,000	320,000	320,000	320,000
Other	6,161	33,357	55,995	63,620	50,500	51,257	52,026	52,806	53,599
Total licenses and permits	1,683,426	1,997,650	2,134,522	2,886,951	3,094,560	2,795,428	2,699,667	2,609,114	2,523,515
<b>Intergovernmental</b>									
Federal emergency management assistance	14,144	16,736	26,311	17,470	17,000	17,000	17,000	17,000	17,000
State:									
Shared revenue	1,478,238	1,607,516	1,649,113	1,692,131	1,734,100	1,757,350	1,780,949	1,804,901	1,829,214
Other	103,020	126,129	159,921	196,433	159,780	161,234	162,710	164,209	165,730
Total intergovernmental	1,595,402	1,750,381	1,835,345	1,906,034	1,910,880	1,935,584	1,960,659	1,986,110	2,011,944
<b>Charges for Services</b>									
Labor charges to other funds	1,073,575	1,023,516	1,060,500	1,147,385	1,262,120	1,262,120	1,262,120	1,262,120	1,262,120
Ice arena fees	684,933	678,681	619,659	631,318	656,250	656,250	656,250	656,250	656,250
Other recreation program fees	91,906	94,346	96,235	99,611	95,300	95,300	95,300	95,300	95,300
Museum fees	21,547	38,070	36,990	44,761	44,350	44,350	44,350	44,350	44,350
Special events fees	84,622	79,074	79,846	63,905	74,500	74,500	74,500	74,500	74,500
Sidewalk construction	19,076	12,025	17,671	5,391	14,500	14,500	14,500	14,500	14,500
Dispatch	-	-	232,500	287,572	302,070	302,070	302,070	302,070	302,070
EMS transports	-	-	157,095	285,461	289,000	289,000	289,000	289,000	289,000
Other	109,125	104,755	135,498	101,520	92,000	92,000	92,000	92,000	92,000
Total charges for services	2,084,784	2,030,467	2,435,994	2,666,924	2,830,090	2,830,090	2,830,090	2,830,090	2,830,090
<b>Fines and Forfeitures</b>									
48th District Court	654,462	724,402	932,525	1,246,147	1,201,700	1,207,709	1,213,747	1,219,816	1,225,915
Parking and dog fines	370,546	464,748	423,180	523,964	505,920	505,920	505,920	505,920	505,920
False alarm charges	11,296	13,065	13,373	14,320	15,000	15,000	15,000	15,000	15,000
Total fines and forfeitures	1,036,304	1,202,215	1,369,078	1,784,431	1,722,620	1,728,629	1,734,667	1,740,736	1,746,835

See accompanying summaries of significant assumptions and accounting policies and accountant's report.

**City of Birmingham**  
**General Fund Historic and Estimated Financial Operations**

	Actual								
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<b>Revenue</b> (Continued)									
<b>Interest and Rent</b>									
Interest earned on investments	\$ 152,971	\$ 193,992	\$ (35,592)	\$ 194,744	\$ 97,200	\$ 106,260	\$ 166,930	\$ 266,320	\$ 382,760
Rent	44,218	44,313	80,605	58,261	58,260	58,260	58,260	58,260	58,260
Other interest earnings	1,033	94	742	2,650	3,360	3,360	3,360	3,360	3,360
Total interest and rent	198,222	238,399	45,755	255,655	158,820	167,880	228,550	327,940	444,380
<b>Other Revenue</b>	137,978	290,071	252,459	409,352	110,310	153,930	194,147	243,068	279,791
<b>Contributions from Other Funds</b>	20,000	77,000	-	-	-	-	-	-	-
Total revenue	26,077,793	25,893,138	26,520,087	28,971,372	29,584,240	29,762,991	30,799,980	32,812,228	33,864,105
<b>Expenditures</b>									
<b>General Government</b>									
Commission	68,075	49,417	57,090	53,749	61,560	62,395	63,247	64,115	65,002
Manager's office	247,425	229,270	222,744	176,483	338,380	330,777	333,527	339,788	341,269
Elections	21,386	25,905	30,531	35,155	32,980	26,004	33,212	26,424	26,641
Assessor	204,127	202,205	200,567	200,680	200,710	200,537	200,616	200,696	200,777
Legal	518,794	509,959	489,506	454,040	493,330	503,196	513,261	523,526	533,996
Clerk	277,074	299,668	326,100	299,569	339,694	328,178	330,596	335,432	336,986
Finance department	791,597	838,880	791,064	860,150	927,426	892,274	901,066	920,924	926,608
Human resources department	397,469	408,454	337,405	400,256	338,700	330,039	332,423	334,466	336,808
Treasurer	647,097	658,851	681,443	732,286	806,960	788,153	798,616	816,078	821,813
City hall and grounds	462,825	439,227	484,864	485,399	568,375	560,889	546,147	559,943	568,796
Library maintenance	45,546	26,869	29,968	42,162	45,800	35,904	36,622	37,355	38,102
Historical museums:									
Hunter House	9,501	9,500	10,462	11,485	11,950	12,189	12,433	12,681	12,935
Allen House	111,420	70,572	109,185	146,421	131,849	127,383	127,940	128,518	129,136
General administration	969,997	1,006,653	1,034,559	1,074,733	1,109,560	1,124,249	1,140,232	1,156,535	1,173,164
Total general government	4,772,333	4,775,430	4,805,488	4,972,568	5,407,274	5,322,167	5,369,938	5,456,480	5,512,033
<b>Public Safety</b>									
Police	5,878,113	5,702,773	5,285,282	5,916,910	6,379,283	6,123,461	6,257,313	6,385,753	6,433,128
Fire	4,697,827	4,554,419	4,944,922	5,164,824	5,250,320	5,168,874	5,337,172	5,432,318	5,465,820
Dispatch	-	22,521	821,633	863,300	959,560	960,117	980,047	997,897	1,006,949
Emergency preparedness	8,759	7,179	9,956	5,787	9,700	9,894	10,092	10,294	10,500
Total public safety	10,584,699	10,286,892	11,061,793	11,950,821	12,598,863	12,262,346	12,584,624	12,826,262	12,916,397

See accompanying summaries of significant assumptions and accounting policies and accountant's report.



**City of Birmingham**  
**General Fund Historic and Estimated Financial Operations**

	Actual								
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<b>Expenditures</b> (Continued)									
<b>Community Development</b>									
Planning	\$ 333,465	\$ 331,831	\$ 484,118	\$ 435,273	\$ 564,890	\$ 483,142	\$ 488,496	\$ 496,324	\$ 500,428
Building inspection	1,054,093	1,142,372	1,312,126	1,342,323	1,555,741	1,522,833	1,543,355	1,573,691	1,586,932
Total community development	1,387,558	1,474,203	1,796,244	1,777,596	2,120,631	2,005,975	2,031,850	2,070,015	2,087,360
<b>Engineering and Public Services</b>									
Engineering	598,159	456,958	520,927	646,300	708,810	789,553	790,882	794,968	795,540
Sidewalk construction and replacement	92,950	298,806	537,962	182,547	411,314	551,202	551,216	551,229	551,243
Alley construction and maintenance	1,484	27,719	38,252	372	234,120	30,000	30,600	31,212	31,836
Property maintenance	603,429	701,044	704,047	752,163	704,524	676,065	687,844	698,805	706,754
General	282,901	283,208	306,670	252,415	262,060	333,328	267,651	270,531	273,469
Weed/Snow enforcement	28,066	31,903	38,860	53,679	35,710	35,370	36,012	36,879	37,247
Ice sports arena	616,457	682,480	673,804	648,360	650,814	649,062	652,334	665,562	675,968
Community activities	229,565	220,952	215,848	233,271	282,110	279,338	284,148	290,781	294,062
Parks	801,863	967,743	886,563	889,196	1,048,908	1,046,392	1,034,285	1,055,782	1,070,429
Total engineering and public services	3,254,874	3,670,813	3,922,933	3,658,303	4,338,370	4,390,310	4,334,971	4,395,750	4,436,548
<b>Contingency</b>	-	-	-	-	-	-	-	-	-
<b>Contributions</b>									
48th District Court	655,417	647,089	993,219	1,239,132	1,246,370	1,258,834	1,271,422	1,284,136	1,296,978
Operating transfers to other funds:									
Major Streets Fund	1,425,000	1,424,860	1,581,320	1,350,000	1,200,000	1,450,000	1,850,000	2,350,000	2,550,000
Local Streets Fund	2,175,000	2,144,850	1,850,000	2,150,000	2,000,000	2,250,000	2,350,000	2,450,000	2,450,000
Capital Projects Fund	75,000	185,500	402,000	280,000	777,220	708,500	746,000	515,000	590,000
Golf Course Fund	166,000	1,058,446	65,670	-	-	-	-	-	-
Retiree Health Care	-	-	1,000,000	-	-	-	-	-	-
Retirement System	-	-	-	1,294,000	-	-	-	-	-
Other	-	10,000	60,980	30,450	25,000	25,000	25,000	25,000	25,000
Total contributions	4,496,417	5,470,745	5,953,189	6,343,582	5,248,590	5,692,334	6,242,422	6,624,136	6,911,978
Total expenditures	24,495,881	25,678,083	27,539,647	28,702,870	29,713,728	29,673,132	30,563,804	31,372,642	31,864,316
<b>Excess of Revenue Over (Under)</b>									
<b>Expenditures</b>	1,581,912	215,055	(1,019,560)	268,502	(129,488)	89,859	236,176	1,439,585	1,999,788
<b>Fund Balance - Beginning of year</b>	11,501,798	13,083,710	13,298,765	12,279,205	12,547,707	12,418,219	12,508,078	12,744,253	14,183,838
<b>Fund Balance - End of year</b>	<b>\$ 13,083,710</b>	<b>\$ 13,298,765</b>	<b>\$ 12,279,205</b>	<b>\$ 12,547,707</b>	<b>\$ 12,418,219</b>	<b>\$ 12,508,078</b>	<b>\$ 12,744,253</b>	<b>\$ 14,183,838</b>	<b>\$ 16,183,626</b>

See accompanying summaries of significant assumptions and accounting policies and accountant's report.

## **Major and Local Street Funds Assumptions**

### **Major Street Fund**

This forecast analyzes the actual results from 2010-2011 through 2013-2014 and the City's adopted budget for 2014-2015 with inflationary increases for the years 2015-2016 through 2018-2019. Exceptions to this method are noted below:

#### **Revenue**

##### State Grants and Distributions

The forecast assumes that the City will receive a total of approximately \$1.4 million in grants from the State during the forecasted years to fund the street improvement projects. Gas and weight tax distributions are forecasted to increase from 2015-2016 through 2018-2019 by 1 percent per year.

##### Special Assessments

These revenue amounts are based on estimated collections for prior and future assessments.

##### Interfund Transfers

Interfund transfers are forecasted in an amount to provide consistent funding to the street funds by the General Fund. The forecast demonstrates that at these levels of funding, fund balance declined but is sufficient given the capital improvements that need to be made.

##### Interest Income

The forecast assumes investment returns of 0.84 percent for 2015-2016 with slow improvement to 2.45 percent for 2018-2019.

#### **Expenditures**

##### Capital Outlay

The forecast projects the following major improvements:

2014-2015	Lincoln Ave. between Southfield Rd. and Woodward Ave.	\$1,253,000
	N. Eton Rd. between Derby Rd. and Yorkshire Rd.	\$845,000
	Oak St. between N. Glenhurst Rd. and Lakepark Dr.	\$810,000
	Derby Rd. between CNRR Bridge and N. Eton Rd.	\$300,000

## City of Birmingham Five-year Financial Model

---

2015-2016	W. Maple Rd. between Cranbrook Rd. and Southfield Rd.	\$1,320,000
2016-2017	Maple Rd. between Bates St. and Woodward Ave.	\$1,100,000
	Peabody St. between E. Maple Rd. and E. Brown St.	\$250,000
	Park St. between Hamilton Ave. and E. Maple Rd.	\$125,000
	Redding Rd. between Lakepark Dr. and Woodward Ave.	\$270,000
2017-2018	Old Woodward Ave. between Willits St. and Brown St.	\$1,550,000
	W. Brown St. between Southfield Rd. and Chester St.	\$260,000
2018-2019	S. Old Woodward Ave. between Brown St. and Landon St.	\$1,970,000
	Grant St. between E. Lincoln Ave and Humphrey Ave.	\$165,000

The two projects on Maple Rd. are anticipated to be significantly funded by federal grants. The cost shown on the forecast includes both the City's share and anticipated grants. These projects have not yet been approved for federal funding. If federal funding is not available, these projects will be postponed until funding becomes available.

### Local Street Fund

This forecast analyzes the actual results from 2010-2011 through 2013-2014 and the City's adopted budget for 2014-2015 with inflationary increases for the years 2015-2016 through 2018-2019. Exceptions to this method are noted below:

### Revenue

#### State Grants and Distributions

Gas and weight tax distributions are forecasted to increase from 2015-2016 through 2018-2019 by 1 percent per year.

#### Special Assessments

These revenue amounts are based on estimated collections for prior and future assessments.

#### Interest Income

The forecast assumes investment returns of 0.84 percent for 2015-2016 with slow improvement to 2.45 percent for 2018-2019.

**City of Birmingham**  
**Five-year Financial Model**

---

**Expenditures**

Maintenance of Streets and Bridges

The most recent cape seal project has been completed in fall 2014. No cape seal project is planned for years 2015-2016 to 2018-2019.

Street Cleaning

The forecast projects that Catch Basin Cleaning is scheduled once every two years.

Capital Outlay

The forecast projects the following major improvements:

2014-2015	Mohegan St. and Kennesaw St.	\$977,000
	Henrietta St. between Northlawn Blvd. to W. 14 Mile Rd.	\$450,000
	Maryland Blvd. between Southlawn Blvd. to W. 14 Mile Rd.	\$250,000
	Frank St. between Southfield Rd. and Bates St.	\$200,000
	Mansfield Rd. between Sheffield Rd. to Bradford Rd.	\$150,000
	Southlawn Blvd. between Bates St. to Pierce St.	\$60,000
2015-2016	Webster Ave. between S. Adams Rd. and S. Eton Rd.	\$700,000
	Hamilton Ave. between N. Old Woodward to Woodward	\$400,000
	Unnamed street between Cole St. to 250 Ft. S. of E. Lincoln	\$200,000
	Edgewood Ave. between E. Lincoln Ave. and Southlawn Blvd.	\$185,000
	Catalpa Dr. between Pierce St. and Grant St.	\$150,000
	Torry St. between Haynes Ave. and Webster Ave.	\$100,000
2016-2017	Raynale St. / N. Glenhurst Dr. / Brookwood St. / Kenwood Ct.	\$760,000
	Sheffield Rd. / Cheltenham Rd. / Dunstable Rd. area	\$207,500
	W. Merrill St. between Southfield Rd. and Chester St.	\$80,000
2017-2018	Chapin Ave. between Grant St. and Woodward Ave.	\$400,000
	Hidden Ravines Dr., Hidden Ravines Ct. and Haidden Ravines Trl. Area	\$150,000
	Bennaville Ave. between Edgewood Ave. and Grant St.	\$140,000
	Hazel St. between S. Old Woodward and Woodward	\$125,000
	Westboro Rd. between N. Adams Rd. and the End	\$120,000
	Westwood Dr., N. Glenhurst Dr., Lyonhurst Rd., and Brookwood area	\$100,000
	Ashford Lane between Quarton Rd. and the End	\$80,000
	Millrace Rd. between Lakeside Rd. and the End	\$45,000
2018-2019	Ruffner Ave. between Grant St. and Woodward Ave.	\$408,000
	Townsend St. between Southfield Rd. and Chester St.	\$330,000
	Bowers St. between Haynes Ave. and Columbia Ave.	\$207,000

See accompanying summaries of significant assumptions and accounting policies and accountant's report.

**City of Birmingham**  
**Major Street Fund Historic and Estimated Financial Operations**

	2010-2011	2011-2012	2012-2013	2013-2014	Estimated Future Operations				
					2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<b>Revenue</b>									
State grants and distributions	\$ 755,863	\$ 837,643	\$ 868,578	\$ 969,737	\$ 1,003,014	\$ 898,629	\$ 907,587	\$ 916,634	\$ 925,772
Special assessment collections	17,645	24,677	18,946	12,314	12,036	2,357	2,357	2,357	2,357
Federal grants	-	-	-	-	-	1,021,000	350,000	-	-
Interest and rent	41,308	39,661	(4,510)	35,709	19,043	10,160	17,010	20,345	18,875
Other	-	-	1,535	770	-	-	-	-	-
Transfers from General Fund	1,425,000	1,424,860	1,581,320	1,350,000	1,200,000	1,450,000	1,850,000	2,350,000	2,550,000
Total revenue	2,239,816	2,326,841	2,465,869	2,368,530	2,234,093	3,382,146	3,126,954	3,289,336	3,497,004
<b>Expenditures</b>									
Maintenance of streets and bridges	260,301	137,780	253,847	262,368	379,650	324,529	302,004	309,322	370,274
Street cleaning	166,652	148,232	133,163	154,618	170,020	171,634	175,736	180,027	183,524
Street trees	221,598	236,693	210,435	231,593	247,150	252,198	257,815	263,142	268,211
Traffic controls	217,140	341,263	334,099	195,874	203,780	207,856	212,014	216,255	220,580
Snow and ice removal	326,645	153,070	232,960	472,644	391,470	359,470	367,367	375,968	383,209
Administrative	18,602	19,270	20,220	19,874	21,670	22,103	22,545	22,996	23,456
Capital outlay - Engineering and construction of roads and bridges	516,904	2,718,110	1,597,572	546,888	3,681,479	1,548,876	1,924,953	2,076,052	2,317,173
Total expenditures	1,727,842	3,754,418	2,782,296	1,883,859	5,095,219	2,886,666	3,262,434	3,443,762	3,766,427
<b>Excess of Revenue Over (Under) Expenditures</b>	511,974	(1,427,577)	(316,427)	484,671	(2,861,126)	495,480	(135,480)	(154,426)	(269,423)
<b>Fund Balance - Beginning of year</b>	4,551,077	5,063,051	3,635,474	3,319,047	3,803,718	942,592	1,438,072	1,302,592	1,148,166
<b>Fund Balance - End of year</b>	<b>\$ 5,063,051</b>	<b>\$ 3,635,474</b>	<b>\$ 3,319,047</b>	<b>\$ 3,803,718</b>	<b>\$ 942,592</b>	<b>\$ 1,438,072</b>	<b>\$ 1,302,592</b>	<b>\$ 1,148,166</b>	<b>\$ 878,743</b>

See accompanying summaries of significant assumptions and accounting policies and accountant's report.

**City of Birmingham**  
**Local Street Fund Historic and Estimated Financial Operations**

	2010-2011	2011-2012	2012-2013	2013-2014	Estimated Future Operations				
					2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<b>Revenue</b>									
State grants and distributions	\$ 318,384	\$ 339,766	\$ 352,763	\$ 357,108	\$ 414,434	\$ 362,630	\$ 366,257	\$ 369,920	\$ 373,619
Special assessment collections	364,318	245,137	150,132	102,596	225,543	40,183	92,500	23,509	9,997
Interest and rent	49,706	49,095	18,970	45,459	27,500	17,200	15,900	16,200	17,900
Other	3,796	3,475	10,384	7,812	4,040	4,080	4,121	4,162	4,204
Transfers from General Fund	2,175,000	2,144,850	1,850,000	2,150,000	2,000,000	2,250,000	2,350,000	2,450,000	2,450,000
<b>Total revenue</b>	<b>2,911,204</b>	<b>2,782,323</b>	<b>2,382,249</b>	<b>2,662,975</b>	<b>2,671,517</b>	<b>2,674,093</b>	<b>2,828,778</b>	<b>2,863,791</b>	<b>2,855,720</b>
<b>Expenditures</b>									
Maintenance of streets and bridges	720,929	306,513	284,392	310,579	624,178	376,542	385,449	394,577	400,109
Street cleaning	173,097	146,806	149,192	200,595	171,670	200,084	177,209	209,065	184,351
Street trees	516,835	586,947	484,263	534,982	557,730	568,110	577,792	589,648	600,655
Traffic controls	75,093	102,715	56,051	59,664	60,020	61,220	62,445	63,693	64,966
Snow and ice removal	179,170	80,262	111,336	224,206	207,040	194,750	167,572	171,240	173,852
Administrative	30,332	27,500	28,800	28,254	30,970	31,589	32,221	32,866	33,523
Capital outlay - Engineering and construction of roads and bridges	912,242	1,091,637	1,146,299	1,358,736	2,635,867	2,061,694	1,249,208	1,362,742	1,448,797
<b>Total expenditures</b>	<b>2,607,698</b>	<b>2,342,380</b>	<b>2,260,333</b>	<b>2,717,016</b>	<b>4,287,475</b>	<b>3,493,989</b>	<b>2,651,896</b>	<b>2,823,831</b>	<b>2,906,253</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>303,506</b>	<b>439,943</b>	<b>121,916</b>	<b>(54,041)</b>	<b>(1,615,958)</b>	<b>(819,896)</b>	<b>176,882</b>	<b>39,960</b>	<b>(50,533)</b>
<b>Fund Balance - Beginning of year</b>	<b>2,218,058</b>	<b>2,521,564</b>	<b>2,961,507</b>	<b>3,083,423</b>	<b>3,029,382</b>	<b>1,413,424</b>	<b>593,528</b>	<b>770,410</b>	<b>810,370</b>
<b>Fund Balance - End of year</b>	<b>\$ 2,521,564</b>	<b>\$ 2,961,507</b>	<b>\$ 3,083,423</b>	<b>\$ 3,029,382</b>	<b>\$ 1,413,424</b>	<b>\$ 593,528</b>	<b>\$ 770,410</b>	<b>\$ 810,370</b>	<b>\$ 759,837</b>

See accompanying summaries of significant assumptions and accounting policies and accountant's report.

## **Water and Sewer Funds Assumptions**

This forecast analyzes the actual results from 2010-2011 through 2013-2014 and the City's adopted budget for 2014-2015 with inflationary increases for the years 2015-2016 through 2018-2019. Water volumes are based on a five-year running average. Exceptions to this method are noted below:

### **Water Fund**

#### Water Purchase Cost

The forecast assumes a 5 percent increase in the cost of water for 2015-2016 through 2018-2019. Water volumes are projected to remain relatively constant.

#### Depreciation

The increase starting in 2012-2013 represents the additional depreciation costs associated with the automated meter reading equipment.

#### Capital Outlay

The forecast is based on estimates prepared by the City Engineer for years 2015-2016 through 2018-2019. These improvements will be made in conjunction with road improvements and will be funded by \$250,000 in property taxes and a transfer from the Sewer Fund of \$500,000 from rates for the next four years. These additional resources will fund capital projects over the next four years and replenish the reserves of the system which have spent \$7 million in capital projects over the past three years.

#### Interest Income

The forecast assumes investment returns of 0.84 percent for 2015-2016 with slow improvement to 2.45 percent for 2018-2019.

### **Sewer Fund**

#### Sewage Disposal Cost

The forecast assumes a 4 percent increase in the sewage disposal costs for the Evergreen-Farmington and George W. Kuhn Sewage Disposal Districts. Sewage costs for both districts are now fixed (same amount every month). The allocation of the fixed amount among communities is based on average sewage flow for the Evergreen Farmington Sewage Disposal District and average water flow for the George W. Kuhn Sewage Disposal District. The George W. Kuhn Sewage Disposal District storm water forecast is based on an average increase of 4 percent per year.

## **City of Birmingham**

### **Five-year Financial Model**

---

#### CSO Operation and Maintenance

The maintenance costs for 2015-2016 through 2018-2019 for the three retention basins in which the City participates are based on budget information received from the Oakland County Water Resources Commissioner for 2014-2015. Operating costs are projected to increase by 2-3 percent annually. Sewage disposal costs are based on the assumptions noted above for the Evergreen-Farmington Sewage Disposal District.

#### Capital Outlay

The forecast uses estimates prepared by the City Engineer for years 2015-2016 through 2018-2019. These improvements will be made in conjunction with road improvements and will be funded by the reserves of the system.

#### Interest Income

The forecast assumes investment returns of 0.84 percent for 2015-2016 with slow improvement to 2.45 percent for 2018-2019.

#### Debt Service Payments

Debt service payments are based on current debt schedules for 2015-2016 through 2018-2019.



**City of Birmingham**  
**Water Fund Historic and Estimated Financial Operations**

	2010-2011	2011-2012	2012-2013	2013-2014	Estimated Future Operations				
					2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<b>Key Operating Data</b>									
Water sold	847,486	901,733	850,119	770,840	862,500	858,300	861,100	852,000	842,900
Water purchased	899,839	965,812	957,094	884,443	922,500	918,000	921,000	911,250	901,500
Average unit cost of water purchased	\$ 1.67	\$ 1.70	\$ 1.84	\$ 1.86	\$ 1.93	\$ 2.02	\$ 2.13	\$ 2.23	\$ 2.34
<b>Cost of Services</b>									
Cost of water	1,503,741	1,646,271	1,759,363	1,643,550	1,778,600	1,858,000	1,957,400	2,033,900	2,113,100
Depreciation	555,877	701,631	730,339	768,351	828,900	845,000	861,750	892,000	908,875
Operation and maintenance	1,038,050	1,113,670	1,225,279	1,326,453	1,351,510	1,341,488	1,370,048	1,413,509	1,440,747
General and administrative	174,406	178,612	193,240	195,866	214,000	214,831	215,680	216,545	217,428
Capital outlay	528,281	3,331,022	1,165,759	2,607,295	965,000	405,000	670,000	1,210,000	675,000
Total cost of services	3,800,355	6,971,206	5,073,980	6,541,515	5,138,010	4,664,319	5,074,878	5,765,954	5,355,150
<b>Other Income</b>									
Interest	43,917	35,062	(4,479)	16,107	21,610	6,179	13,354	18,680	23,185
Property taxes	1,155	857	(111)	-	-	250,000	250,000	250,000	250,000
Use of retained earnings	-	-	-	-	965,000	155,000	420,000	960,000	425,000
Flat rate meter charge and other	507,584	644,148	708,546	851,186	763,630	745,512	750,038	754,739	759,622
Total other income	552,656	680,067	703,956	867,293	1,750,240	1,156,691	1,433,392	1,983,419	1,457,807
<b>Net Cost of Services</b>	3,247,699	6,291,139	4,370,024	5,674,222	3,387,770	3,507,628	3,641,486	3,782,535	3,897,343
<b>Average User Charge</b>					\$ 3.93	\$ 4.09	\$ 4.23	\$ 4.44	\$ 4.62
<b>Average Rate Increase</b>						4.07%	3.42%	4.96%	4.05%

See accompanying summaries of significant assumptions and accounting policies and accountant's report.

**City of Birmingham**  
**Sewer Fund Historic and Estimated Financial Operations**

	2010-2011	2011-2012	2012-2013	2013-2014	Estimated Future Operations				
					2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<b>Key Operating Data</b>									
Water sold	847,486	901,733	850,119	770,840	862,500	858,300	861,100	852,000	842,900
Water purchased	899,839	965,812	957,094	884,443	922,500	918,000	921,000	911,250	901,500
Average unit cost of sewage disposal	\$ 3.47	\$ 4.47	\$ 4.01	\$ 4.59	\$ 4.83	\$ 4.91	\$ 5.10	\$ 5.34	\$ 5.60
<b>Cost of Services</b>									
Sewage disposal costs	3,123,589	4,319,100	3,837,422	4,057,287	4,456,230	4,508,769	4,698,157	4,861,819	5,048,718
Depreciation and amortization (1)	702,611	726,442	740,800	879,649	837,940	827,740	870,240	918,365	934,115
Debt service - including principal	3,259,153	3,392,762	3,388,300	3,411,462	3,361,060	3,207,238	2,829,016	1,650,806	1,698,384
Operation and maintenance	598,268	600,202	517,140	559,209	688,510	690,410	703,350	711,361	723,530
CSO operation and maintenance	1,207,001	760,291	1,085,047	950,700	1,163,540	1,126,900	1,156,548	1,187,224	1,218,975
General and administrative	238,407	216,080	223,685	223,325	250,430	255,439	260,548	260,707	260,869
Capital outlay	608,266	1,113,276	1,125,342	1,398,212	1,770,000	1,440,000	1,700,000	1,925,000	630,000
Total cost of services	9,737,295	11,128,153	10,917,736	11,479,844	12,527,710	12,056,496	12,217,859	11,515,282	10,514,591
<b>Other Income</b>									
Interest	48,177	58,518	(11,032)	79,728	65,260	60,393	85,591	119,472	158,515
Property taxes	3,250,545	3,331,408	3,330,320	3,353,599	3,361,060	3,207,238	2,829,016	1,650,806	1,650,806
Draw from retained earnings					1,270,000	940,000	1,200,000	1,425,000	130,000
Other	33,264	51,775	43,752	60,189	55,000	55,000	60,000	60,000	60,000
Total other income	3,331,986	3,441,701	3,363,040	3,493,516	4,751,320	4,262,631	4,174,607	3,255,278	1,999,321
<b>Net Cost of Services</b>	6,405,309	7,686,452	7,554,696	7,986,328	7,776,390	7,793,865	8,043,252	8,260,004	8,515,270
<b>Average User Charge</b>					\$ 9.02	\$ 9.08	\$ 9.34	\$ 9.69	\$ 10.10
<b>Average Rate Increase</b>						0.67%	2.86%	3.75%	4.23%

1. Does not include depreciation on joint projects (i.e., CSO facilities, North Arm Drain, GWK Drain).

See accompanying summaries of significant assumptions and accounting policies and accountant's report.



**Community Profiles**

**City of Birmingham**

151 Martin St  
Birmingham, MI 48009-3368  
<http://www.bhamgov.org/>



Census 2010 Population: 20,103  
Area: 4.8 square miles

[People](#) | [Economy & Jobs](#) | [Housing](#) | [Transportation](#) | [Land Use](#) | [Reference Map](#)

Interactive Census 2010 Maps: [Population](#) | [Youth Population](#) | [Senior Population](#)

**Population Forecast**

Note for Birmingham: Incorporated in 1933 from Village of Birmingham. Population numbers prior to 1933 are of the village.

Source: U.S. Census Bureau and SEMCOG 2040 Forecast produced in 2012. ↑ - Move cursor over chart to view population numbers

Population and Households	Census 2010	Change 2000-2010	Pct Change 2000-2010	SEMCOG Jul 2014	SEMCOG 2040
Total Population	20,103	812	4.2%	21,805	21,800
Group Quarters Population	1	-3	-75.0%	1	1
Household Population	20,102	815	4.2%	21,804	21,799
Housing Units	9,979	279	2.9%	10,139	-
Households (Occupied Units)	9,039	-92	-1.0	9,592	9,309
Residential Vacancy Rate	9.4%	3.6%	-	5.4%	-
Average Household Size	2.22	0.11	-	2.27	2.34

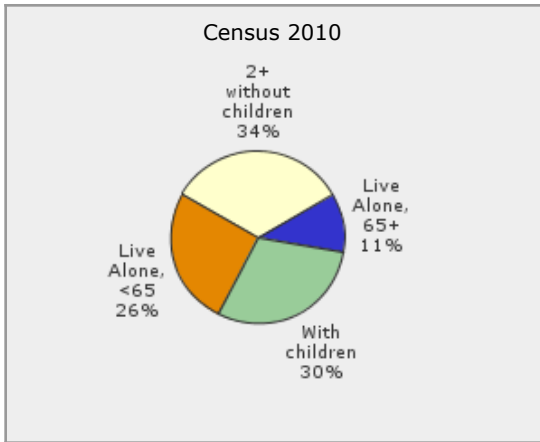
  

Components of Population Change	Annual Average	
	2000-2005	2006-2010
Natural Increase (Births - Deaths)	139	136
Births	279	290
Deaths	141	154
Net Migration (Movement In - Movement Out)	-177	116
Population Change (Natural Increase + Net Migration)	-39	251

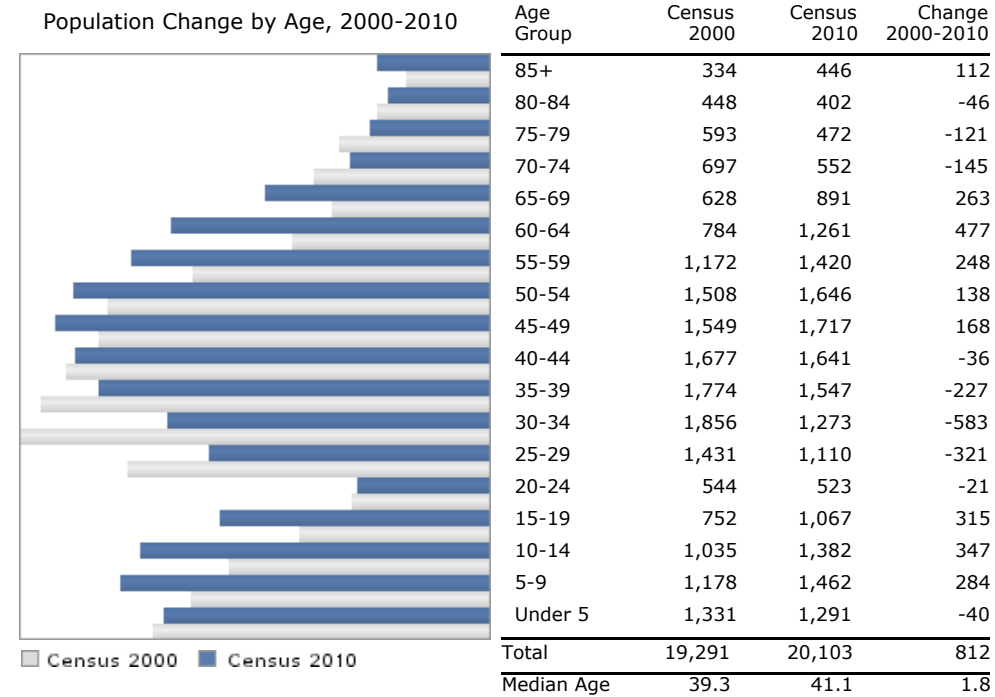
Source: Michigan Department of Community Health Vital Statistics, U.S. Census Bureau, and SEMCOG.

## Demographics

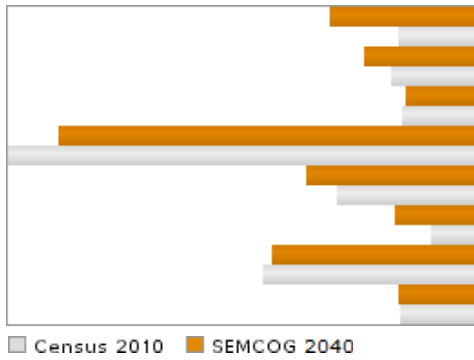
### Household Types



Household Types	Census 2000	Census 2010	Pct Change 2000-2010
With seniors 65+	1,996	2,087	4.6%
Without seniors	7,135	6,952	-2.6%
Two or more persons without children	3,363	3,068	-8.8%
Live alone, 65+	922	969	5.1%
Live alone, under 65	2,550	2,307	-9.5%
With children	2,296	2,695	17.4%
<b>Total Households</b>	<b>9,131</b>	<b>9,039</b>	<b>-1.0%</b>



Forecasted Population by Age, 2010-2040



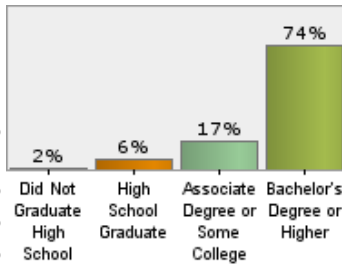
Age Group	Census 2010	SEMCOG 2040	Change 2010-2040
75+	1,320	2,497	1,177
65-74	1,443	1,908	465
60-64	1,261	1,210	-51
35-59	7,971	7,086	-885
25-34	2,383	2,903	520
18-24	786	1,383	597
5-17	3,648	3,488	-160
Under 5	1,291	1,325	34
<b>Total</b>	<b>20,103</b>	<b>21,800</b>	<b>1,697</b>

Senior and Youth Population	Census 2000	Census 2010	Pct Change 2000-2010	SEMCOG 2040	Pct Change 2010-2040
65 and over	2,700	2,763	2.3%	4,405	59.4%
Under 18	4,094	4,939	20.6%	4,813	-2.6%
5 to 17	2,763	3,648	32.0%	3,488	-4.4%
Under 5	1,331	1,291	-0.2%	1,325	2.6%

Note: Population by age changes over time because of the aging of people into older age groups, the movement of people, and the occurrence of births and deaths.

Race and Hispanic Origin	Census 2000		Census 2010		Percentage Point Chg 2000-2010
Non-Hispanic	19,061	98.8%	19,684	97.9%	-0.9%
White	18,375	95.3%	18,243	90.7%	-4.5%
Black	168	0.9%	601	3.0%	2.1%
Asian	289	1.5%	500	2.5%	1.0%
Multi-Racial	181	0.9%	285	1.4%	0.5%
Other	48	0.2%	55	0.3%	0.0%
Hispanic	230	1.2%	419	2.1%	0.9%
<b>Total Population</b>	<b>19,291</b>	<b>100.0%</b>	<b>20,103</b>	<b>100.0%</b>	<b>0.0%</b>

Highest Level of Education*	5-Yr ACS 2010	Percentage Point Chg 2000-2010
Graduate / Professional Degree	38.8%	9.3%
Bachelor's Degree	35.7%	-1.9%
Associate Degree	4.6%	0.0%
Some College, No Degree	12.7%	-4.1%
High School Graduate	6.4%	-2.3%
Did Not Graduate High School	1.8%	-1.0%

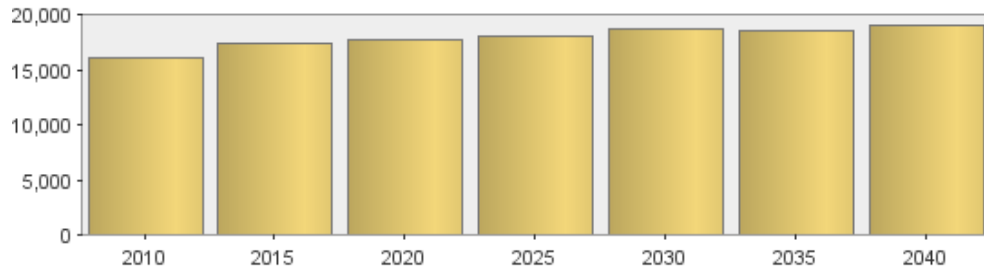


\* Population age 25 and over

Source Data

- [SEMCOG - Detailed Data](#)
- [Michigan Department of Community Health - Vital Statistics](#)
- [U.S. Census Bureau - American FactFinder](#)

### Job Forecast



If any five-year interval employment numbers from 2010-2040 are not shown, the numbers were blocked for confidentiality reasons.

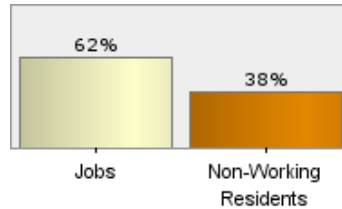
Source: SEMCOG 2040 Forecast produced in 2012.

- Move cursor over chart to view employment numbers

Forecasted Jobs by Industry	SEMCOG 2010	SEMCOG 2040	Change 2010-2040
Natural Resources, Mining, & Construction	377	456	79
Manufacturing	204	192	-12
Wholesale Trade, Transportation, Warehousing, & Utilities	392	386	-6
Retail Trade	1,215	1,087	-128
Knowledge-based Services	6,311	7,799	1,488
Services to Households & Firms	2,960	3,716	756
Private Education & Healthcare	1,136	1,738	602
Leisure & Hospitality	2,464	2,655	191
Government	1,035	1,092	57
<b>Total</b>	<b>16,094</b>	<b>19,121</b>	<b>3,027</b>

Further notes and definitions are available for the 2040 Forecast. [Learn more](#)

	SEMCOG and ACS 2010
<b>Daytime Population</b>	
Jobs	16,094
Non-Working Residents	9,848
Age 15 and under	4,403
Not in labor force	5,029
Unemployed	416
<b>Daytime Population</b>	<b>25,942</b>



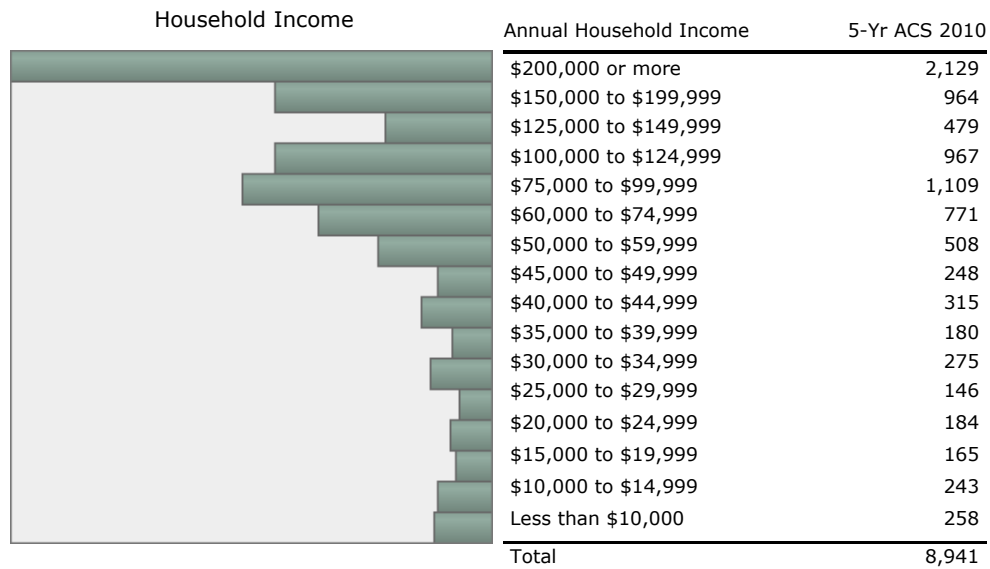
Note: The number of residents attending school outside Birmingham is not available. Likewise, the number of students commuting into Birmingham to attend school is also not known.

Where Workers Commute From *	5-Yr ACS 2010	
	Workers	Percent
1 Birmingham	1,920	13.5%
2 Royal Oak	1,230	8.7%
3 Troy	910	6.4%
4 Bloomfield Township	845	6.0%
5 Detroit	595	4.2%
6 Waterford Township	455	3.2%
7 Warren	425	3.0%
8 Sterling Heights	410	2.9%
9 Rochester Hills	400	2.8%
10 West Bloomfield Township	385	2.7%
- Elsewhere	6,607	46.6%
<b>* Workers, age 16 and over, employed in Birmingham</b>	<b>14,182</b>	<b>100.0%</b>

### Resident Population

Where Residents Work *	5-Yr ACS 2010	
	Workers	Percent
1 Birmingham	1,920	19.1%
2 Troy	1,225	12.2%
3 Detroit	985	9.8%
4 Southfield	970	9.7%
5 Royal Oak	490	4.9%
6 Farmington Hills	370	3.7%
7 Auburn Hills	360	3.6%
8 Dearborn	325	3.2%
9 Bloomfield Township	300	3.0%
10 Pontiac	295	2.9%
- Elsewhere	2,795	27.9%
<b>* Workers, age 16 and over, residing in Birmingham</b>	<b>10,035</b>	<b>100.0%</b>

Income	5-Yr ACS 2010	Change 2000-2010	Percent Change 2000-2010
Median Household Income (in 2010 dollars)	\$ 101,529	\$ -4,307	-4.1%
Per Capita Income (in 2010 dollars)	\$ 69,151	\$ -8,483	-10.9%



Poverty	Census 2000		5-Yr ACS 2010		Percentage Point Chg 2000-2010
Persons in Poverty	555	2.9%	760	3.8%	0.9%
Households in Poverty	314	3.4%	428	4.8%	1.3%

### Source Data

[SEMCOG - Detailed Data](#)

[U.S. Census Bureau - American FactFinder](#)

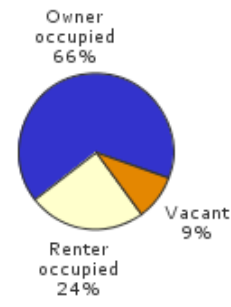
[U.S. Census Bureau - MCD/County Worker Flow Data](#)



Housing Type	Census 2000	5-Yr ACS 2010	Change 2000-2010	New Units Permitted 2010-2014
Single Family Detached	7,060	7,205	145	298
Duplex	186	141	-45	0
Townhouse / Attached Condo	554	529	-25	2
Multi-Unit Apartment	1,896	2,000	104	131
Mobile Home / Manufactured Housing	19	16	-3	0
Other	10	0	-10	-
<b>Total</b>	<b>9,725</b>	<b>9,891</b>	<b>166</b>	<b>431</b>
Units Demolished				- 230
<b>Net (Total Permitted Units - Units Demolished)</b>				<b>201</b>

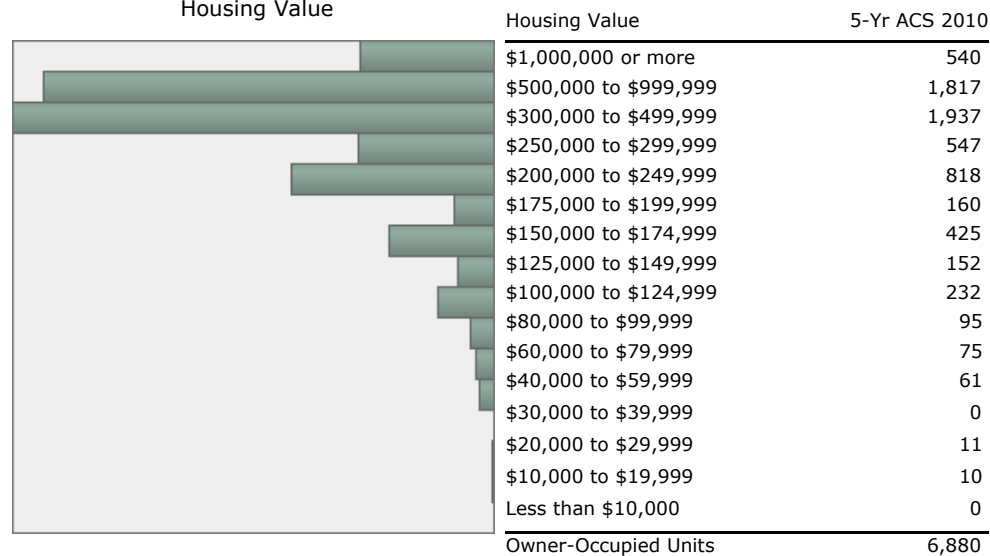
Housing Tenure	Census 2000	Census 2010	Change 2000-2010
Owner occupied	6,923	6,599	-324
Renter occupied	2,208	2,440	232
Vacant	569	940	371
Seasonal/migrant	101	144	43
Other vacant units	468	796	328
<b>Total Housing Units</b>	<b>9,700</b>	<b>9,979</b>	<b>279</b>

Housing Tenure in 2010

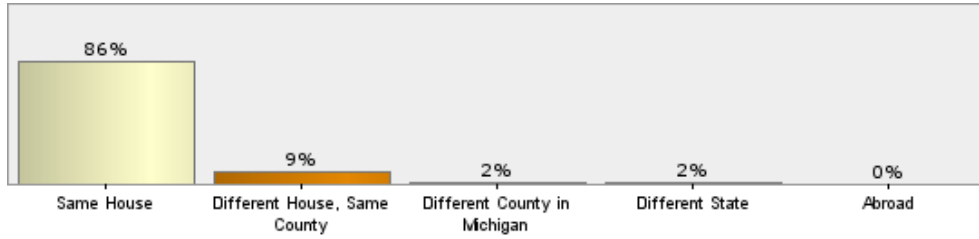


Housing Value (in 2010 dollars)	5-Yr ACS 2010	Change 2000-2010	Percent Change 2000-2010
Median housing value	\$ 369,200	\$ -27,555	-6.9%
Median gross rent	\$ 1,191	\$ -121	-9.2%

Housing Value



### Residence One Year Ago \*



\* This table represents persons, age 1 and over, living in Birmingham from 2009-2013. The table does not represent persons who moved out of Birmingham from 2009-2013.

### Source Data

[SEMCOG - Detailed Data](#)

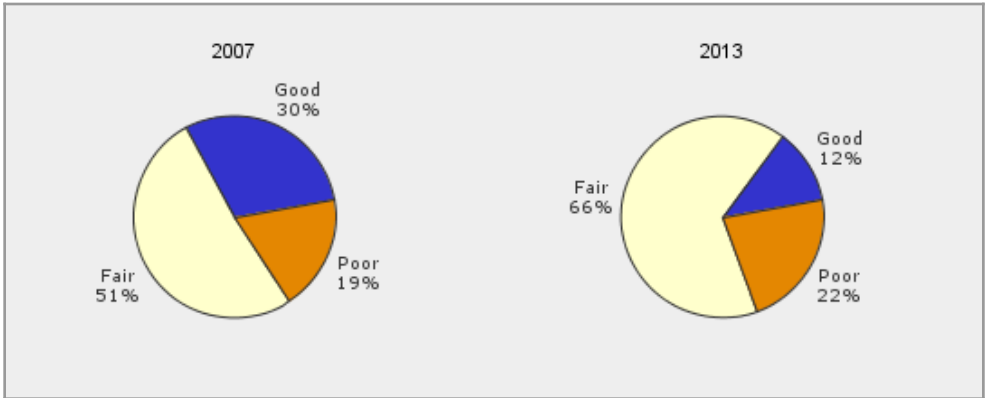
[U.S. Census Bureau - American FactFinder](#)

## Roads & Bridges

### Roads

Miles of public road (including boundary roads): 92

Pavement Condition (in Lane Miles)



Note: Poor pavements are generally in need of rehabilitation or full reconstruction to return to good condition. Fair pavements are in need of capital preventive maintenance to avoid deteriorating to the poor classification. Good pavements generally receive only routine maintenance, such as street sweeping and snow removal, until they deteriorate to the fair condition.

Bridge Status	2008		2009		2010		Percentage Point Chg 2008-2010
Open	8	88.9%	6	66.7%	6	85.7%	-3.2%
Open with restrictions	1	11.1%	3	33.3%	1	14.3%	3.2%
Closed*	0	-	0	-	0	-	0.0%
<b>Total bridges</b>	<b>9</b>	<b>100.0%</b>	<b>9</b>	<b>100.0%</b>	<b>7</b>	<b>100.0%</b>	<b>0.0%</b>

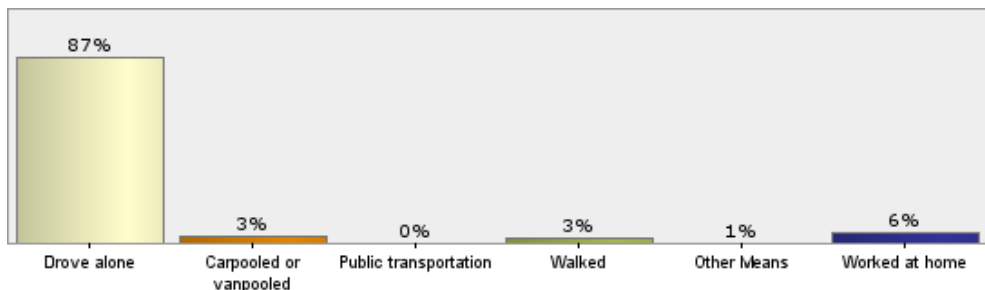
\* Bridges may be closed because of new construction or failed condition.

Deficient Bridges	2008		2009		2010		Percentage Point Chg 2008-2010
	1	11.1%	3	33.3%	1	14.3%	3.2%

Note: A bridge is considered deficient if it is *structurally deficient* (in poor shape and unable to carry the load for which it was designed) or *functionally obsolete* (in good physical condition but unable to support current or future demands, for example, being too narrow to accommodate truck traffic).

## Travel

Transportation to Work, 2010 \*



\* Resident workers age 16 and over

Transportation to Work	Census 2000		5-Yr ACS 2010		Percentage Point Chg 2000-2010
Drove Alone	9,254	89.6%	8,798	87.5%	-2.1%
Carpooled or Vanpooled	296	2.9%	345	3.4%	0.6%
Public Transportation	56	0.5%	20	0.2%	-0.3%
Walked	140	1.4%	256	2.5%	1.2%
Other Means	43	0.4%	68	0.7%	0.3%
Worked at Home	541	5.2%	568	5.6%	0.4%
Resident workers age 16 and over	10,330	100.0%	10,055	100.0%	0.0%

Mean Travel Time To Work	Census 2000	5-Yr ACS 2010	Change 2000-2010
For residents age 16 and over who worked outside the home	22.6 minutes	22.8 minutes	0.2 minutes

## Transit

Public Transportation:

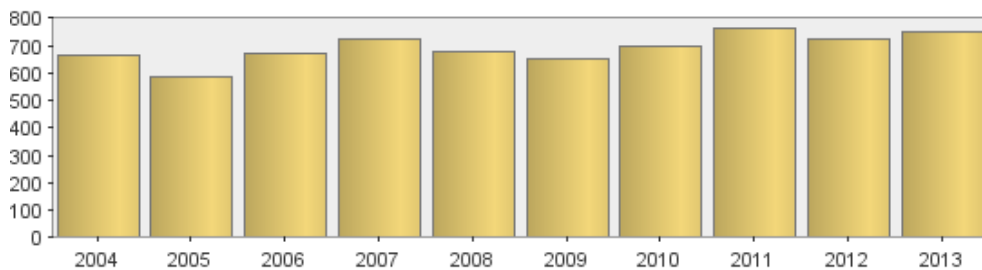
[Suburban Mobility Authority for Regional Transportation \(SMART\)](#)

Between Major Cities:

[AMTRAK](#)

## Safety

Crashes, 2004-2013



Source: Michigan Department of State Police, Criminal Justice Information Center, and SEMCOG.

↑ - Move cursor over chart to view crash counts

Crash Severity	2009	2010	2011	2012	2013	Percent of Crashes 2009-2013
<a href="#">Fatal</a>	0	1	1	1	0	0.1%
<a href="#">Incapacitating Injury</a>	4	5	5	2	4	0.6%
<a href="#">Other Injury</a>	88	103	110	107	114	14.5%
<a href="#">Property Damage Only</a>	560	591	650	616	632	84.8%
Total Crashes	652	700	766	726	750	100.0%

Crashes by Involvement	2009	2010	2011	2012	2013	Percent of Crashes 2009-2013
<a href="#">Red-light Running</a>	15	13	17	10	14	1.9%
<a href="#">Lane Departure</a>	49	48	46	52	53	6.9%
<a href="#">Alcohol</a>	12	13	8	19	24	2.1%
<a href="#">Drugs</a>	3	4	5	2	4	0.5%
<a href="#">Deer</a>	2	2	2	2	3	0.3%
<a href="#">Train</a>	0	0	0	0	0	0.0%
<a href="#">Commercial Truck/Bus</a>	26	31	31	29	31	4.1%
<a href="#">School Bus</a>	2	3	5	1	5	0.4%
<a href="#">Emergency Vehicle</a>	3	6	6	8	1	0.7%
<a href="#">Motorcycle</a>	5	2	3	5	2	0.5%
<a href="#">Intersection</a>	270	289	274	255	261	37.5%
<a href="#">Work Zone</a>	13	3	4	13	2	1.0%
<a href="#">Pedestrian</a>	4	8	12	8	6	1.1%
<a href="#">Bicyclist</a>	5	8	7	5	5	0.8%
<a href="#">Older Driver (65 and older)</a>	128	144	167	158	217	22.6%
<a href="#">Young Driver (16 to 24)</a>	128	144	167	158	221	22.8%

Crash Type	2009	2010	2011	2012	2013	Percent of Crashes 2009-2013
<a href="#">Head-on</a>	9	6	3	0	6	0.7%
<a href="#">Angle or Head-on/Left-turn</a>	163	180	188	146	167	23.5%
<a href="#">Rear-end</a>	238	272	283	269	278	37.3%
<a href="#">Sideswipe</a>	145	128	157	130	130	19.2%
<a href="#">Single Vehicle</a>	48	30	31	28	42	5.0%
<a href="#">Other or Unknown</a>	49	84	104	153	127	14.4%
<b>Total Crashes</b>	<b>652</b>	<b>700</b>	<b>766</b>	<b>726</b>	<b>750</b>	<b>100.0%</b>

#### High-Frequency Crash Intersections

Local Rank	County Rank	Region Rank	Intersection	Annual Avg 2009-2013
1	111	300	<a href="#">Maple Rd E @ Coolidge Rd</a>	20.4
2	151	425	<a href="#">Maple Rd E @ Woodward Ave</a>	17.8
3	165	469	<a href="#">Maple Rd E @ Old Woodward Ave N</a>	17.0
4	178	501	<a href="#">Maple Rd E @ Woodward Ave</a>	16.6
5	203	569	<a href="#">Adams Rd @ Maple Rd E</a>	15.4
6	269	775	<a href="#">14 Mile Rd W @ Saxon Dr</a>	13.2
7	287	829	<a href="#">14 Mile Rd E @ Woodward Ave</a>	12.8
8	325	934	<a href="#">Quarton Rd @ Woodward Ave</a>	11.8
9	389	1,143	<a href="#">Maple Rd W @ Southfield Rd</a>	10.4
10	399	1,165	<a href="#">Woodward Ave @ Lincoln E</a>	10.2

Note: Intersections are ranked by the number of reported crashes, which does not take into account traffic volume. Crashes reported occurred within 150 feet of the intersection.

### High-Frequency Crash Segments

Local Rank	County Rank	Region Rank	Segment	From Road - To Road	Annual Avg 2009-2013
1	53	113	<a href="#">Maple Rd W</a>	Cranbrook Rd S - Southfield Rd	46.8
2	71	145	<a href="#">Quarton Rd</a>	Lahser Rd - Woodward Ave	43.6
3	170	427	<a href="#">Woodward Ave</a>	Adams Rd Turnaround - 14 Mile Rd E	29.0
4	173	433	<a href="#">Maple Rd E</a>	Adams Rd - Coolidge Rd	28.8
5	177	450	<a href="#">Coolidge Rd</a>	Maple Rd E - Big Beaver Rd W	28.2
6	189	479	<a href="#">Maple Rd E</a>	Woodward Ave - Adams Rd	27.4
7	199	507	<a href="#">Adams Rd</a>	Lincoln E - Maple Rd E	26.6
8	293	743	<a href="#">Woodward Ave</a>	Adams Rd - 14 Mile Rd W	22.0
8	293	743	<a href="#">Adams Rd N</a>	Maple Rd E - Big Beaver Rd W	22.0
10	305	787	<a href="#">14 Mile Rd W</a>	Coolidge Rd - Woodward Ave	21.4

Note: Segments are ranked by the number of reported crashes, which does not take into account traffic volume.

### Source Data

[SEMCOG - Detailed Data](#)

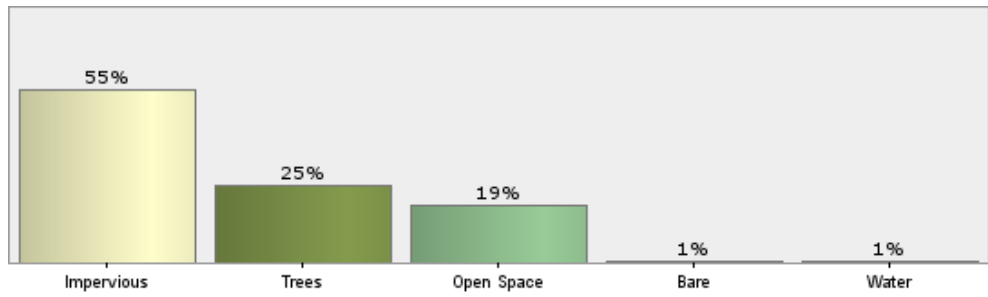
[U.S. Census Bureau - American FactFinder](#)

SEMCOG 2008 Land Use	Acres	Percent
Agricultural	0	0.0%
Single-family residential	1,678	52.2%
Multiple-family residential	34	1.1%
Commercial	156	4.8%
Industrial	35	1.1%
Governmental/Institutional	253	7.9%
Park, recreation, and open space	237	7.4%
Airport	0	0.0%
Transportation, Communication, and Utility	813	25.3%
Water	12	0.4%
<b>Total Acres</b>	<b>3,217</b>	<b>100.0%</b>

Note: SEMCOG's 2008 Land Use data set represents land use only and not land cover. Due to this difference, change analysis using this data set and previous SEMCOG land use/land cover data sets is not possible. Noticeable differences in map appearance and classification acreage totals are the result of this land use data originating from digital parcel files assigned land use codes based on their assessed property class and the lack of any land cover data.

### Land Cover

SEMCOG Land Cover in 2010



Type		Acres	Percent
Impervious	(buildings, roads, driveways, parking lots)	1,697	55.2%
Trees	(woody vegetation, trees)	767	24.9%
Open Space	(agricultural fields, grasslands, turfgrass)	573	18.6%
Bare	(soil, aggregate piles, unplanted fields)	20	0.7%
Water	(rivers, lakes, drains, ponds)	19	0.6%
<b>Total Acres</b>		<b>3,076</b>	<b>100.0%</b>

Note: Land Cover was derived from [SEMCOG's 2010 Leaf off Imagery](#).

### Source Data

[SEMCOG - Detailed Data](#)

This website best viewed in Google Chrome

[Home](#) | 
 [Contact us](#) | 
 [Site map](#) | 
 [Privacy](#) | 
 [Accessibility](#) | 
 [Disclaimer](#)

Copyright 2014 SEMCOG all rights reserved

1001 Woodward Ave, Suite 1400 \* Detroit, Michigan 48226 \* (313) 961-4266

**Part 1 - History of Actual Property Tax Levies**

	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
History of Form L-4025, Assessor's Report of Taxable Values:	\$ 2,024,142,830	\$ 1,878,120,360	\$ 1,786,600,280	\$ 1,791,720,590	\$ 1,842,028,420
New property additions	19,382,652	24,325,741	26,375,585	34,314,495	33,573,753
Property losses	(13,679,767)	(8,046,571)	(9,522,524)	(7,656,271)	(15,257,897)
Increases in existing property TV (imputed; includes both uncapping and Headlee inflation increases)	<u>(151,725,355)</u>	<u>(107,799,250)</u>	<u>(11,732,751)</u>	<u>23,649,606</u>	<u>31,638,714</u>
Current year taxable value	\$ 1,878,120,360	\$ 1,786,600,280	\$ 1,791,720,590	\$ 1,842,028,420	\$ 1,891,982,990
Headlee inflation rate	-0.30%	1.70%	2.70%	2.40%	1.60%
Actual increase on existing properties	-8.10%	-6.09%	-0.66%	1.30%	1.69%
Total change in taxable value	-7.21%	-4.87%	0.29%	2.81%	2.71%
Headlee reduction fraction	1.0000	1.0000	1.0000	1.0000	0.9987

**Part 2 - Projection of Future Property Taxes**

Fiscal year ended June 30	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
Assumed rate of:					
New property additions	1.82%	0.85%	1.00%	1.25%	1.25%
Property losses	0.83%	1.00%	1.00%	1.00%	1.00%
Headlee inflation rate multiplier	1.60%	1.60%	2.00%	2.25%	2.50%
Projected actual change in TV of existing property	0.13%	0.85%	0.90%	1.00%	1.25%
Total change in taxable value	2.71%	2.28%	2.88%	3.48%	3.97%
Projected taxable value:					
Beginning value	\$ 1,842,028,420	\$ 1,891,982,990	\$ 1,935,208,200	\$ 1,990,942,196	\$ 2,060,177,210
New property additions	33,573,753	16,081,855	19,352,082	24,886,777	25,752,215
Property losses	(15,257,897)	(18,919,830)	(19,352,082)	(19,909,422)	(20,601,772)
Market value adjustments	<u>31,638,714</u>	<u>46,063,185</u>	<u>55,733,996</u>	<u>64,257,659</u>	<u>76,741,601</u>
Taxable value	\$ 1,891,982,990	\$ 1,935,208,200	\$ 1,990,942,196	\$ 2,060,177,210	\$ 2,142,069,254
Headlee rollback factor	0.9987	0.9916	0.9912	0.9902	0.9878
Less: Brownfield Taxable Value	4,722,028	10,877,160	17,514,700	18,349,990	18,808,739

**Part 3 - Millage Rates**

Operating - General Fund	8.7470	8.5237	8.5654	8.9264	8.9384
Road - General Fund	1.6956	1.9227	2.1283	2.3508	2.3549
Subtotal General Fund	10.4426	10.4464	10.6937	11.2772	11.2933
Combined sewer overflow	0.9330	0.8070	0.5686	-	-
George W. Kuhn Drain	0.2142	0.2092	0.2055	0.1983	0.1902
North Arm Drain	0.0985	0.0958	0.0938	0.0904	0.0871
Water Fund	-	0.1299	0.1267	0.1224	0.1177
Subtotal City operating levy	11.6883	11.6883	11.6883	11.6883	11.6883
Library tax	1.1000	1.1000	1.1000	1.1000	1.1000
Refuse	0.9585	0.9484	0.9375	0.9183	0.8949
Debt	1.3394	1.3609	1.3770	1.3774	1.3165
Total millage rate	<u>15.0862</u>	<u>15.0976</u>	<u>15.1028</u>	<u>15.0840</u>	<u>14.9997</u>

**Part 4 - Amount of Property Tax Levy**

Operating - General Fund	\$16,507,960	\$16,402,450	\$16,903,200	\$18,226,170	\$18,978,550
Road - General Fund	3,200,000	3,700,000	4,200,000	4,800,000	5,000,000
Subtotal General Fund	19,707,960	20,102,450	21,103,200	23,026,170	23,978,550
Combined sewer overflow	1,760,831	1,552,983	1,122,096	0	0
George W. Kuhn Drain	404,246	402,555	405,634	404,977	403,856
North Arm Drain	185,875	184,405	185,035	184,494	184,953
Water Fund	-	250,000	250,000	250,000	250,000
Subtotal City operating levy	22,058,912	22,492,393	23,065,965	23,865,641	24,817,359
Library tax	2,075,987	2,116,764	2,170,770	2,246,010	2,335,587
Refuse	1,809,000	1,825,000	1,850,000	1,875,000	1,900,000
Debt	2,534,088	2,633,529	2,741,597	2,837,680	2,819,930
<b>Total Property Taxes Levied</b>	<b>\$ 28,477,987</b>	<b>\$ 29,067,686</b>	<b>\$ 29,828,332</b>	<b>\$ 30,824,331</b>	<b>\$ 31,872,876</b>

See accompanying summaries of significant assumptions and accounting policies and accountant's report.



## Property Tax Assumptions

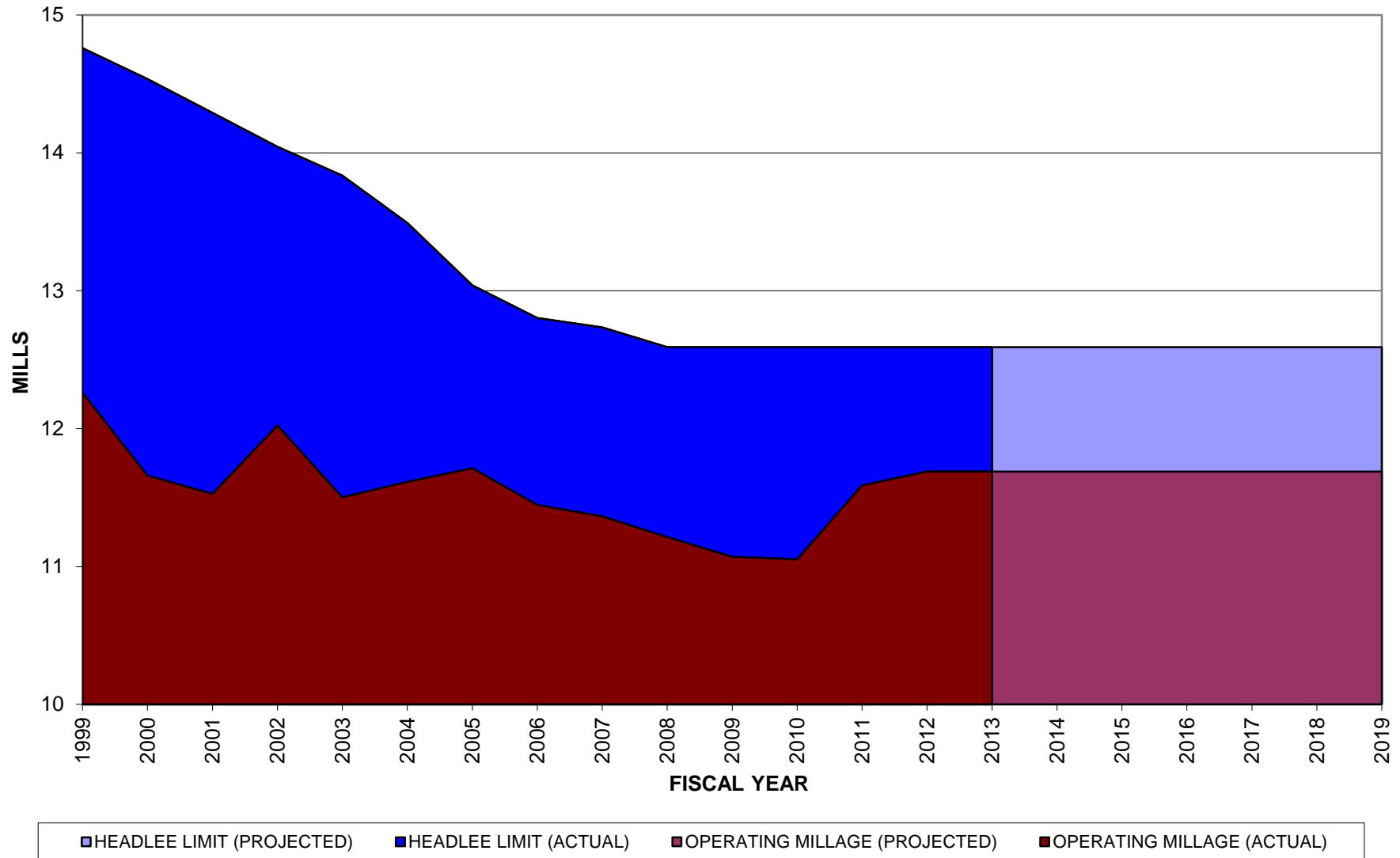
Appendix B illustrates the process used to estimate the property tax revenue.

Part 1 includes the last five years of actual data, from the Assessor's Report of Taxable Values (Form L-4025). Parts 2 through 4 represent the projection of future property tax values, millage rates, and dollars levied. The 2014 tax billing is already final (billed July 1, 2014); key assumptions for 2015-2016 through 2018-2019 on a line-by-line basis are as follows:

- a. New property additions are assumed to range from 0.85 percent to 1.25 percent and losses are assumed to be 1 percent (the five-year historical average is 1.5 percent in additions and 0.6 percent in losses).
- b. The projected actual change in taxable values of existing properties is expected to be positively impacted by the current improvements in the local real estate market. Note that this index represents the net change in valuation for all properties that existed in the previous year; therefore, it includes three components: (1) inflationary adjustments (as indicated by the Headlee inflation rate multiplier), (2) uncapping of properties that are transferred or sold; and (3) any reductions in market value that cause SEV (50 percent of market value) to go lower than the TV. While market value increases are expected to continue, the impact on taxable value is limited because of Proposal A. As a result, this forecast has assumed that adjustments to the taxable value of existing properties for the years 2015-2016 through 2018-2019 will range from a positive 0.65 percent to a positive 1.25 percent, respectively. The total change in taxable value for the years 2015-2016 through 2018-2019 is projected to range from a positive 2.28 percent to a positive 3.97 percent, respectively.
- c. Personal property tax revenue is expected to decline as recent legislation will phase out the industrial portion of personal property tax over a nine-year period beginning 2016 and businesses with less than \$40,000 taxable value in industrial and commercial personal property would no longer pay the tax beginning July 2014. It is expected that the City will lose about 1.6 percent of its property tax value base as a result of these changes.
- d. The Headlee inflation rate multiplier for years 2014 and 2015 has already been set by the State at 1.60 percent. This projection assumes future inflation rates of 2.00 percent, 2.25 percent, and 2.50 percent for 2016-2017, 2017-2018, and 2018-2019, respectively.
- e. Taxable values are then calculated based on the above three factors.
- f. Millage rates are set as required to achieve the amount of property tax levy required in Part 4. Specifically:
  1. The millage rate for the City operating levy is assumed to remain constant through the forecasted fiscal years.
  2. The millage rate for the Solid Waste Fund is expected to decrease over the years beginning in fiscal year 2015-2016.

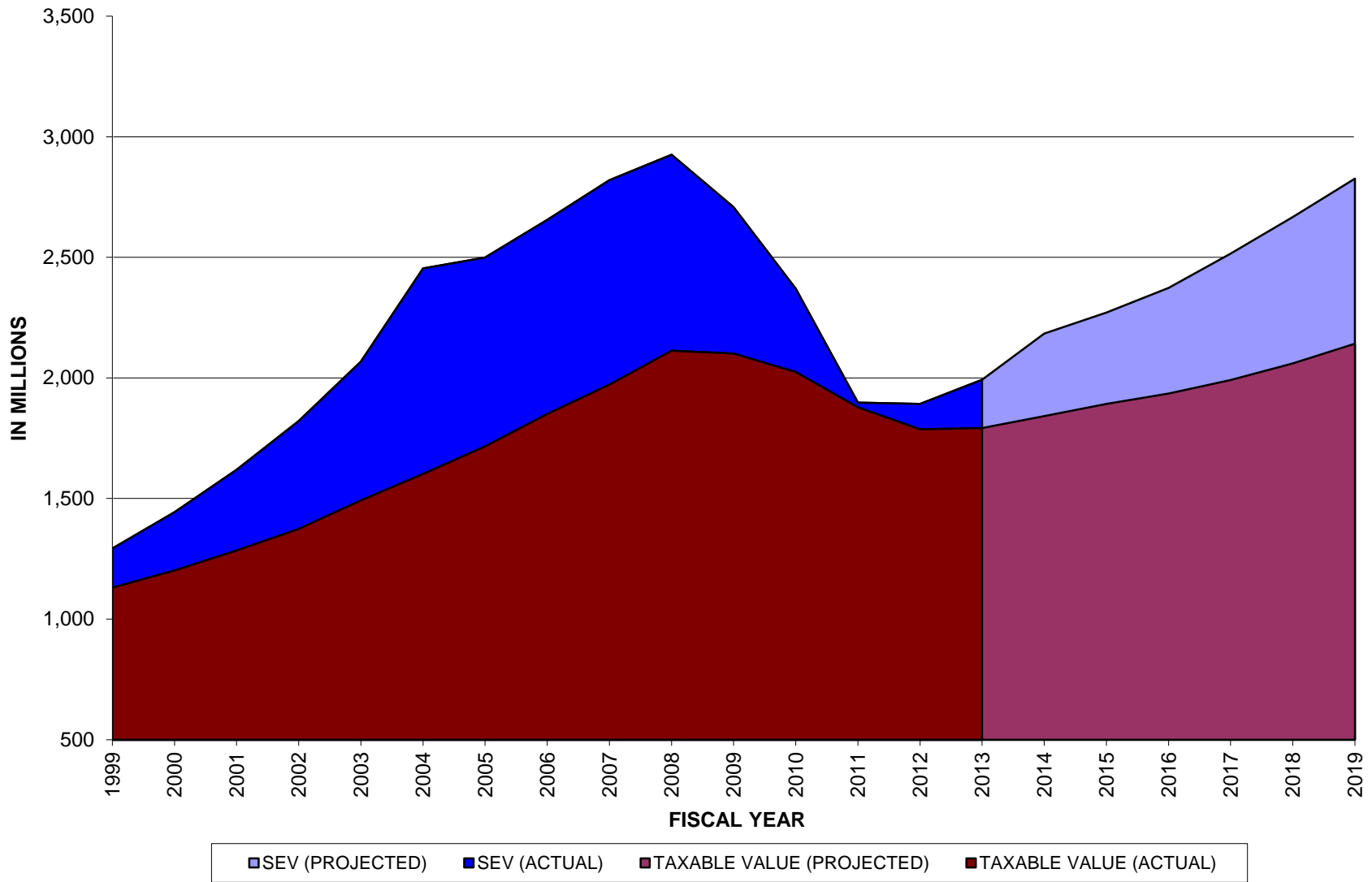
3. The debt millage rate is expected to increase in 2015-2016 through 2017-2018, and then decrease in 2018-2019 due to the net effect of the growth in taxable value (which lowers the millage), the decreasing Park Bond payments (which also lowers the millage), and the increase in Sewer Bond payments (which raises the millage).
4. The millage rates for the Combined Sewer Overflow levy, the George W. Kuhn levy, the North Arm Drain levy, and the debt levy were provided by the finance department and are established at the amount necessary to fund debt service. The Combined Sewer Overflow reaches the end of its millage levy in fiscal year 2016-2017.
5. The library tax levy for the 2015 tax year is at the approved 2014-2015 millage rate and remains at this level for the remaining forecasted years.
6. Beginning in 2015-2016 through 2018-2019, a Water Fund millage rate was established to finance capital improvements.

### HEADLEE LIMIT VS. OPERATING MILLAGE



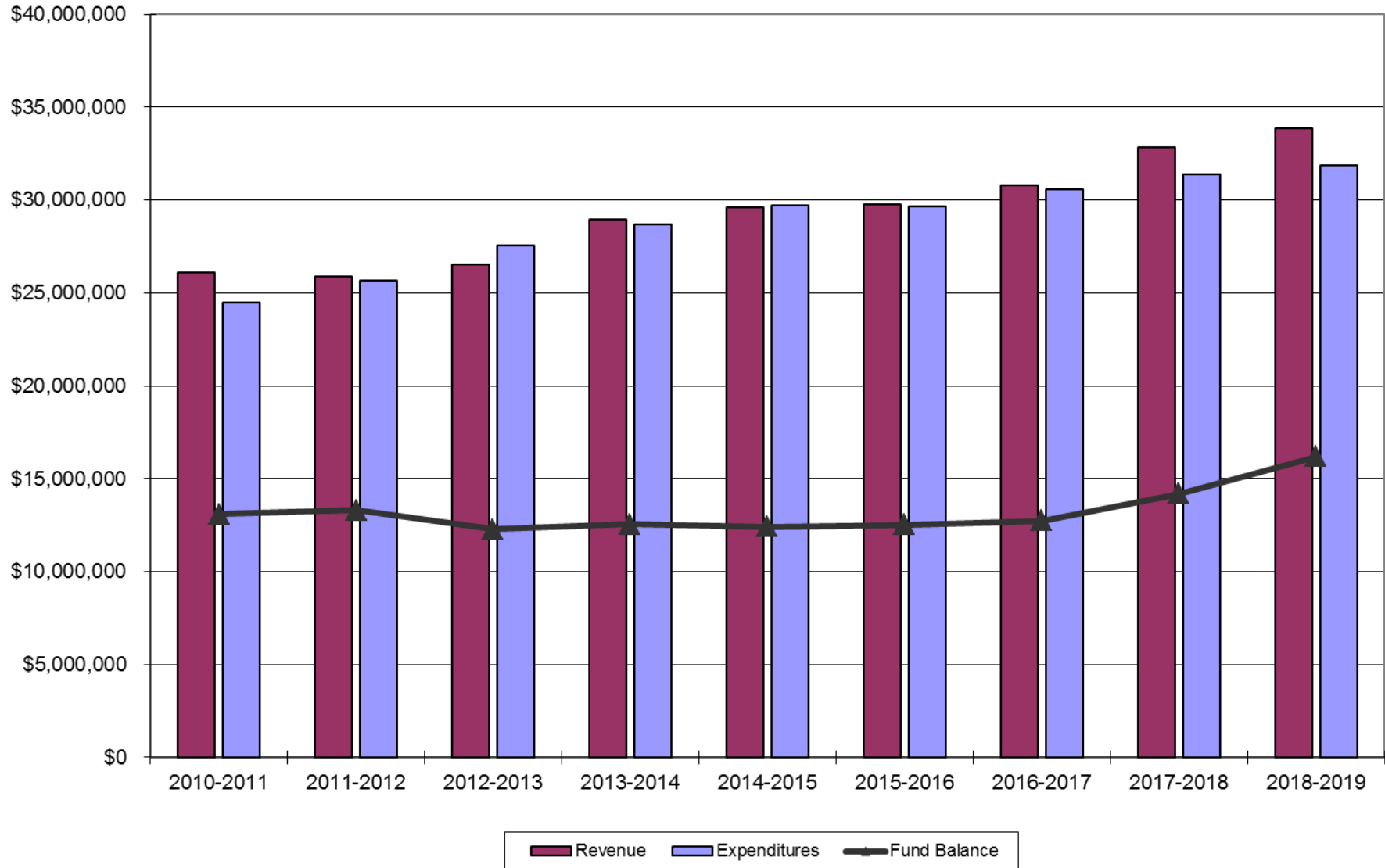
See accompanying summaries of significant assumptions and accounting policies and accountant's report.

## SEV VS. TAXABLE VALUE



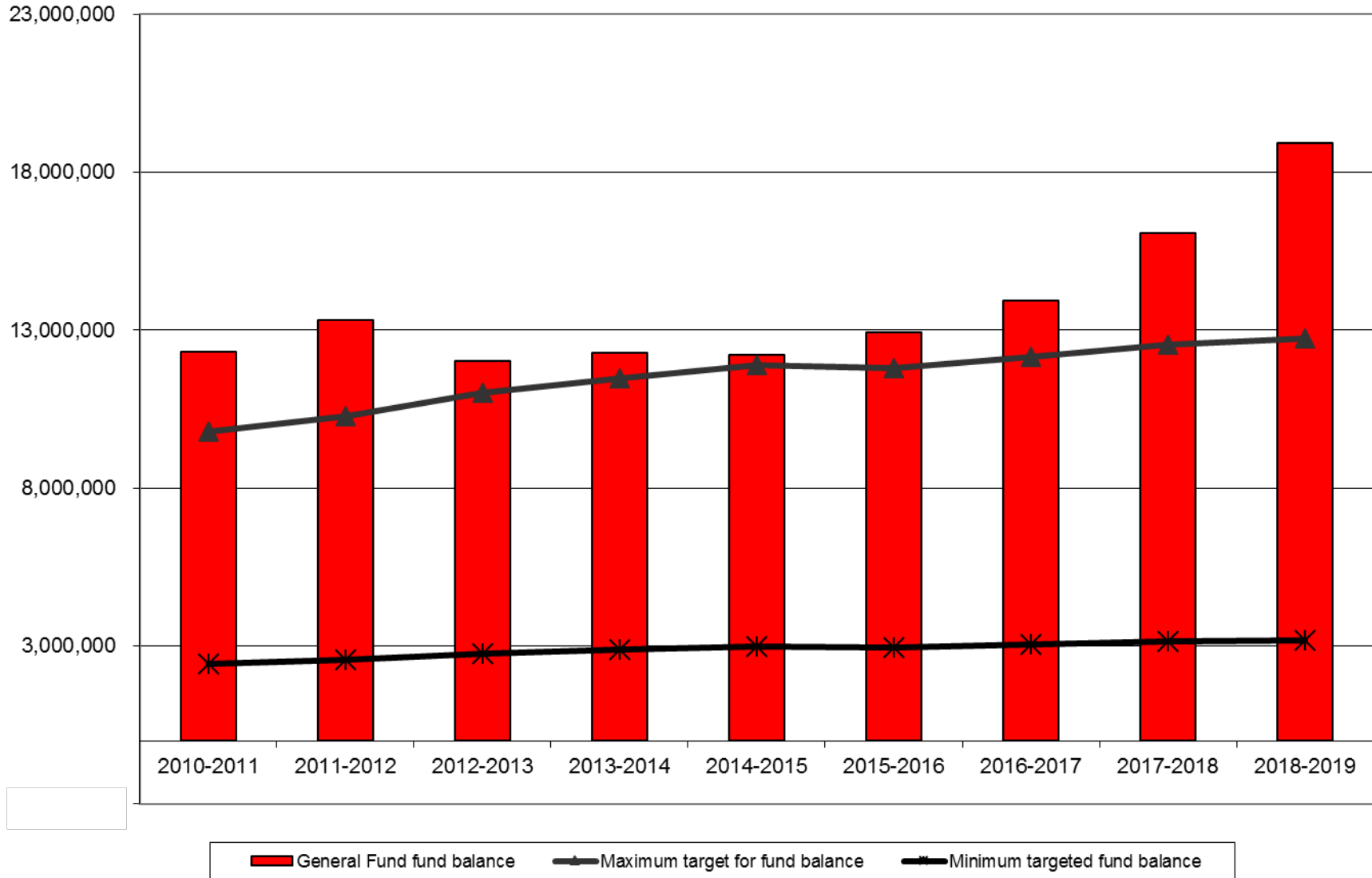
See accompanying summaries of significant assumptions and accounting policies and accountant's report.

### General Fund - Fund Balance



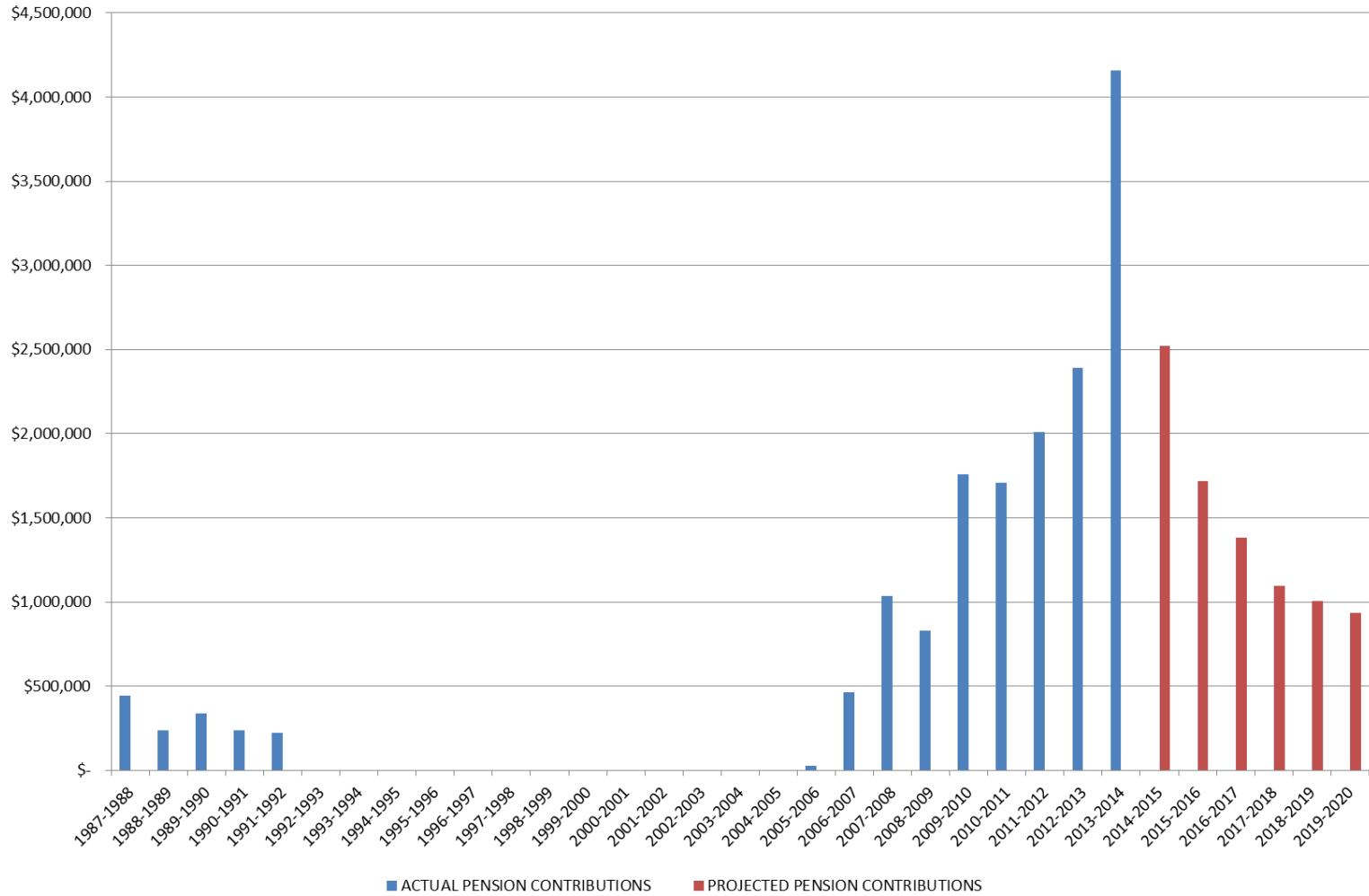
See accompanying summaries of significant assumptions and accounting policies and accountant's report.

### General Fund Projected Fund Balance - Compared To Targeted Levels



See accompanying summaries of significant assumptions and accounting policies and accountant's report.

**CITY PENSION CONTRIBUTIONS**  
 FISCAL YEAR 1988-2014 (actual) AND 2015-2020 (projected)

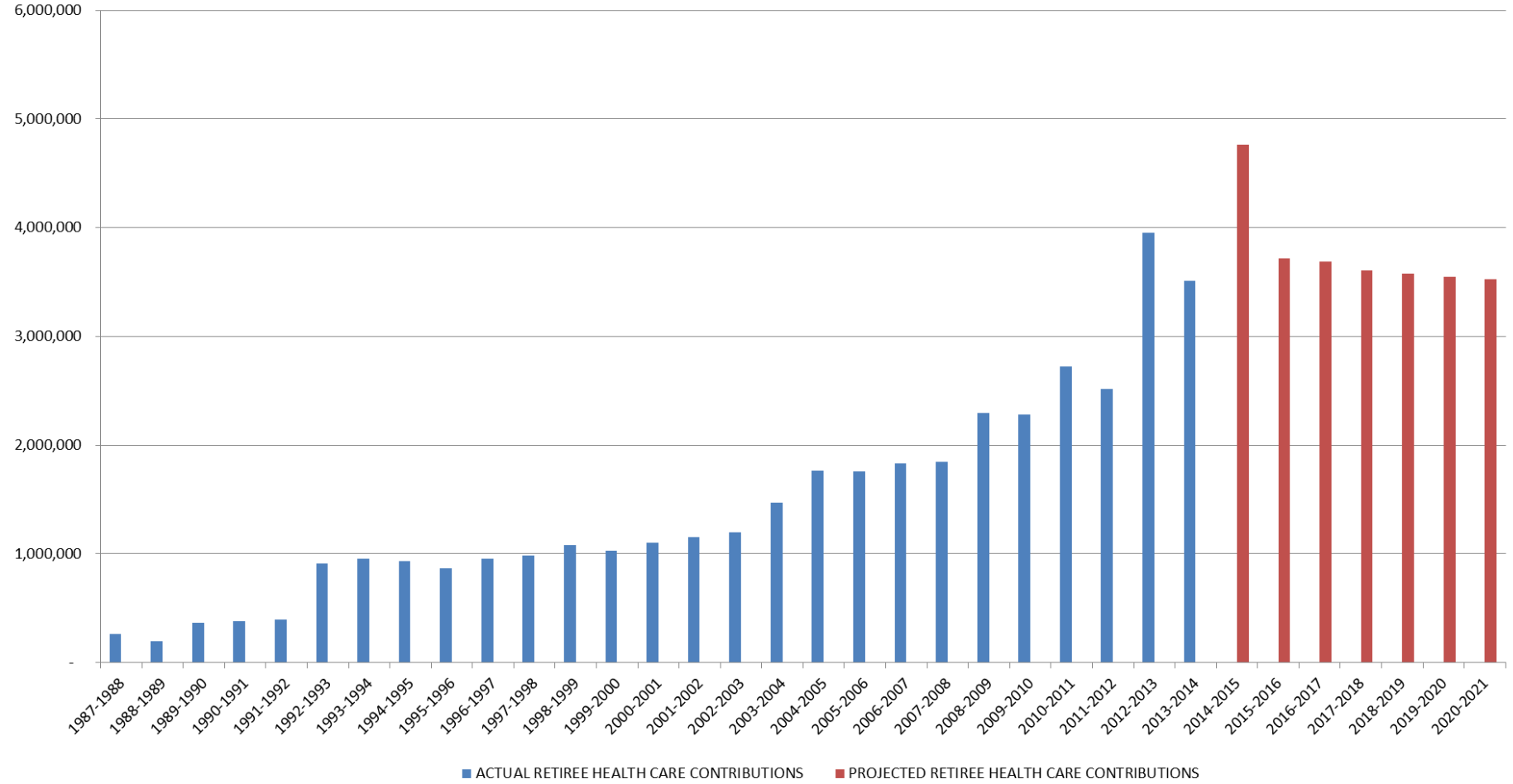


Fiscal Year 2013-2014 included an extra \$1,294,000 contribution

See accompanying summaries of significant assumptions and accounting policies and accountant's report.

## CITY RETIREE HEALTH CARE CONTRIBUTIONS

FISCAL YEARS 1988-2014 (actual) AND 2015-2021 (projected)



CITY MADE ADDITIONAL CONTRIBUTIONS OF \$450,000 IN 2009, \$300,000 IN 2010, AND \$1,000,000 IN 2013

See accompanying summaries of significant assumptions and accounting policies and accountant's report.