

**CITY OF BIRMINGHAM  
FIVE-YEAR FINANCIAL MODEL**

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JANUARY 2012

**CITY OF BIRMINGHAM  
 FIVE-YEAR FINANCIAL MODEL  
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To the Honorable Mayor  
and City Commission  
City of Birmingham, Michigan

We have compiled the accompanying five-year financial model of the City of Birmingham (the "City") for the years ending June 30, 2012 through June 30, 2016, in accordance with attestation standards established by the American Institute of Certified Public Accountants. This model 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 model 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 assets, statement of revenue, expenses, and changes in net assets, 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.

*Plante & Moran, PLLC*

December 20, 2011

## **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 is dramatically improved from what has been shown in past years. The City's willingness to conservatively forecast, and then to respond, has enabled the City to weather the sharp declines in property tax revenue since 2007. The forecast now shows 2011-2012 as the lowest point of property tax revenue and slight increases from there forward.

This forecast of revenue increases in future years is certainly a welcome result; however, there is still need for caution. Total General Fund revenue is forecast to grow at a rate of approximately 1% each year beginning in 2012-2013 and forward. Historically, in a normal period, the City's costs have increased at greater than 1% per year. This forecast maintains a reasonable revenue-to-cost relationship for the General Fund, but does so through reduced contributions to City projects such as major and local streets. Costs are also forecasted to remain in line with revenue due to assumptions made related to wage increases that are currently in negotiations. Actual results may differ from the assumptions used as the contracts are settled.

The City's General Fund balance is currently above the City Commission's range of 10% to 25% of annual expenditures and is forecasted to remain that way through June 30, 2016. City management is currently considering prudent investments of a portion of this fund balance.

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 2007-2008 through 2010-2011 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 20, 2011. Because these projected results are based on management's estimates and assumptions, actual results will likely differ from what is projected.
- The assumptions presented what management considers to be "significant assumptions" and are not all-inclusive.
- Estimates for the fiscal years 2011-2012 through 2015-2016 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 2010-2011 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% for revenue and 2.0% for expenditures for fiscal years 2011-2012 through 2015-2016 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 also include depreciation expense, consistent with the City's rate-making forecast.

## 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 2013-2016. Annual estimates range from \$399,000 to \$2,070,000 for major street renovations and from \$921,000 to \$1,654,000 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 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>		
Lincoln Ave. Resurfacing - Southfield Rd. to Woodward Ave.	\$650,000	2013-2014
N. Eton Rd. Reconstruction - Derby Rd. to Yorkshire Rd.	\$850,000	2013-2014
W. Maple Resurfacing - Cranbrook Rd. to Southfield Rd.	\$970,000	2014-2015
Oak St. Reconstruction - Glenhurst Rd. to Lake Park Dr.	\$700,000	2015-2016
Old Woodward Ave. Reconstruction - Willits St. to Brown St.	\$1,050,000 <sup>i</sup>	2015-2016
<b>Local Streets:</b>		
Reconstruction: Cole Ave. - Adams Rd. to Eton Rd. Torry Ave. - Webster Ave. to E. Lincoln Ave.	\$800,000	2012-2013
Reconstruction: Mohegan Rd. - Oxford Rd. to Adams Rd. Kennesaw Rd. - Oxford Rd. to Adams Rd. Oxford Rd. - N. Mohegan Rd. to S. Kennesaw Rd. Poppleton Rd. - N. Mohegan Rd. to S. Kennesaw Rd.	\$1,050,000	2013-2014
Reconstruction: Henrietta St. - Northlawn Blvd. to 14 Mile Rd. Southlawn Blvd. - Bates St. to Pierce St. Mansfield Rd. - Sheffield Rd. to Bradford Rd.	\$640,000	2014-2015
Reconstruction: Webster Ave. - Adams Rd. to Eton Rd. Torry Ave. - Haynes St. to Webster Ave.	\$800,000	2015-2016

At some point in the future, significant road improvements in the Quarton Lake area will be needed at an estimated cost of \$18.5 million. It is estimated that approximately 80%-85% would be specially assessed. However, a plan for sewer system improvements in that area must be developed first. See "Quarton Lake Sewer System" section below for a full discussion of these infrastructure needs.

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<sup>i</sup> The City is applying for grant funding from the Michigan Department of Transportation. The estimated cost, including streetscape, is \$1.7 million. It is anticipated that the net City's share will be \$1,050,000.

## **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 800 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 the 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. Along with these options, staff proposed a long-term master plan for backyard sewer and water systems in November 2010. At the direction of the City Commission, the plan was then presented to area residents for their input. A revised plan was presented at the Long-range Planning Session in January 2011. Informational booklets were mailed and public meetings were subsequently held for residents of each of the two affected areas. A final public hearing was held in June 2011 at which time the master plan was approved by the City Commission. 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 costs for the sewer work in the two east side areas and in the expanded Quarton Lake area would run between \$5.2 million to \$10.3 million. The \$10.3 million figure assumes that all necessary easements will be obtained and that petitions for the paving of all unimproved streets in the Quarton Lake area will be received from residents. These estimates include the cost to address the various environmental issues that will arise from the diversion of storm water into City waterways. They do not include the cost of water mains or street paving, nor do they include private costs for rehabilitation/replacement of sewer laterals. They also do 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 - is currently underway at a cost of \$65,000. Currently, the projections following for the Sewer Fund only include this initial \$65,000.

Ongoing sewer improvements in various areas of the City are also planned in conjunction with street renovation projects subject to City Commission approval.

### **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 include the construction of an approximately 300-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.

#### **Chesterfield Fire Station**

In fiscal year 2014-2015, it is anticipated that the Chesterfield fire station will be replaced at an estimated cost of \$2.5 million. The existing building is 56 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 the entire \$2.5 million toward this project in previous years so there is not expected to be any further impact on the General Fund. Building details have yet to be determined.

## **Mass Transit**

A \$2 million federal grant has been received for the Alternatives Analysis for the Central Woodward corridor. A match in the \$10,000 to \$25,000 range will likely be requested for the 2011-2012 fiscal year. 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.

## **Kenning Park Parking Lot**

The Kenning Park parking lot is in poor condition and is at least six years beyond its useful life despite annual maintenance efforts. A total reconstruction of the parking lot costing approximately \$500,000 will be requested for fiscal year 2012-2013. In addition to the park and baseball facilities at Kenning, the parking lot serves the ice arena, the Birmingham Racquet Club, and the police gun range. This amount has already been funded and therefore is not included in the attached projections.

## **Other Potential Infrastructure Projects**

- Alley and passage improvements
- Bicycle parking facilities in the downtown area
- 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

## **General Fund Assumptions**

### **Revenue**

#### Property Taxes

Appendix B illustrates the process used to estimate property tax revenue. Economic indicators show some improvement in the housing market, which will affect state equalized value (SEV) and taxable value (TV) growth. The forecast assumes that the total change in taxable value will increase slightly next year with increases of 1.00% in each of the subsequent fiscal years of the forecast (2013-2014 through 2015-2016).

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. Revenue received from building permits increased by 23% in fiscal year 2010-2011 and is expected to increase by 37% in fiscal year 2011-2012 followed by modest increases for the remainder of the years forecasted.

#### Cable Franchise Fees

In fiscal year 2009-2010, the City received a one-time grant in the amount of \$89,075 from the Birmingham Area Cable Board. Revenue is projected to increase slightly for each of the forecasted years through 2015-2016.

#### State-shared Revenue

Based on the State's Economic Vitality Incentive Program (EVIP) 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 2011-2012 is expected to be 67.8% of the 2009-2010 statutory payment. 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 both the statutory and constitutional portions for the years beginning in 2011-2012.

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

The City's caseload percentage dropped in 2010-2011 and is expected to increase in 2011-2012 resulting in increased revenue. For the remaining forecasted years, an increase of 1 percent to 2 percent is projected.

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

### Parking Fines

Parking fines decreased in fiscal year 2008-2009 and then again in fiscal year 2009-2010. The decreases in parking fines in those fiscal years were related to the decline in the local economy. Revenue from parking fines increased in fiscal year 2010-2011 and is expected to return to 2007-2008 fiscal year levels by 2013-2014. Parking fines are projected to then increase by inflationary rates for the last two years of the forecast.

### Other Revenue

In 2011-2012, the City is expected to receive a one-time payment from the Birmingham Area Cable Board. Revenue in future periods is expected to remain relatively flat, increasing from 2012-2013 amounts by inflationary levels.

### Interest Income

The forecast assumes investment returns of 1.25% for 2012-2013 with slow improvement to 2% for 2015-2016.

## **EXPENDITURES**

### Personnel Service Cost Assumptions

Full-time staffing, which consists of 135 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:

<b><u>Union or Group</u></b>	<b><u>Contract Runs Through</u></b>
AFSCME	June 30, 2013
Teamsters	Currently in negotiation (expired June 30, 2010)
Birmingham Command Officers Association (BCOA)	June 30, 2013
Firefighters	Currently in negotiation (expired June 30, 2010)
Police (BPOA)	June 30, 2013

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

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 impact of reduced revenue-sharing payments, and limits on increases in property taxes.

Because of the volatility of healthcare costs, this forecast assumes rate increases in excess of inflation. Health insurance costs have been adjusted to reflect an increase of 3% per year for 2014-2015 and 2015-2016.

#### 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 ended June 30, 2011.

#### Sidewalk Construction

Expenditures for sidewalks include personnel costs, other charges, and construction costs. Estimated construction costs received from the engineering department are \$370,000 for 2011-2012 which includes \$95,000 for sidewalks in the Rail District and \$250,000 a year for the remainder of the forecasted years.

#### 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. Expenditures are based on information provided by the Court as well as historical trends.

#### Operating Transfers Out

For 2011-2012, there is an operating transfer to the golf course funds to cover the deficit in net assets in response to the state-mandated deficit reduction plan. The 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 2.00% inflationary increases for the years 2012-2013 through 2015-2016.

**CITY OF BIRMINGHAM**  
**GENERAL FUND HISTORIC AND ESTIMATED FINANCIAL OPERATIONS**

	Actual								
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>Revenue</b>									
<b>Taxes</b>									
Real and personal property taxes	\$ 20,271,629	\$ 19,869,701	\$ 19,443,484	\$ 19,400,734	\$ 18,432,163	\$ 18,585,240	\$ 18,771,060	\$ 18,958,880	\$ 19,148,520
Tax losses	(173,305)	(279,098)	(205,415)	(238,711)	(250,000)	(200,000)	(200,000)	(175,000)	(175,000)
Penalties and interest	204,636	184,366	185,616	159,653	166,000	166,000	166,000	166,000	166,000
Total taxes	20,302,960	19,774,969	19,423,685	19,321,676	18,348,163	18,551,240	18,737,060	18,949,880	19,139,520
<b>Licenses and Permits</b>									
Business licenses and permits	37,607	40,263	50,158	59,129	60,000	60,900	61,814	62,741	63,682
Rental housing fees	55,235	119,871	145,168	139,808	145,000	145,000	145,000	145,000	145,000
Building permits	895,743	947,766	856,866	1,055,149	1,441,277	1,585,404	1,632,967	1,714,615	1,748,907
Appeal and review fees	33,641	40,115	49,538	87,193	114,780	116,502	118,249	120,023	121,823
Telecommunications permit	53,391	53,228	55,015	50,153	56,100	56,942	57,796	58,663	59,542
Cable television franchise fees	225,261	245,993	353,245	285,833	286,000	287,300	288,463	292,790	297,182
Other	5,467	5,487	5,565	6,161	5,000	5,075	5,151	5,228	5,307
Total licenses and permits	1,306,345	1,452,723	1,515,555	1,683,426	2,108,157	2,257,122	2,309,438	2,399,060	2,441,443
<b>Intergovernmental</b>									
Federal emergency management assistance	18,223	14,456	36,382	14,144	15,710	15,710	15,710	15,710	15,710
State:									
Shared revenue	1,721,110	1,637,496	1,467,790	1,478,238	1,530,000	1,530,000	1,530,000	1,530,000	1,530,000
Other	110,019	135,013	111,520	103,020	106,570	106,570	106,570	106,570	106,570
Total intergovernmental	1,849,352	1,786,965	1,615,692	1,595,402	1,652,280	1,652,280	1,652,280	1,652,280	1,652,280
<b>Charges for Services</b>									
Labor charges to other funds	1,173,907	1,266,660	1,246,118	1,073,574	1,079,510	1,079,510	1,079,510	1,079,510	1,079,510
Ice arena fees	745,057	700,249	692,231	684,932	703,550	705,050	706,573	708,118	709,686
Other recreation program fees	100,335	93,278	100,724	91,906	81,800	81,800	81,800	81,800	81,800
Museum fees	37,496	40,198	79,079	21,547	51,850	51,850	51,850	51,850	51,850
Special events fees	95,408	84,350	94,300	84,622	84,622	85,891	87,180	88,487	89,815
Sidewalk construction	1,330	304	64,838	19,076	15,000	15,000	15,000	15,000	15,000
Other	98,434	107,039	91,975	109,125	109,850	109,850	109,850	109,850	109,850
Total charges for services	2,251,967	2,292,078	2,369,265	2,084,781	2,126,182	2,128,951	2,131,762	2,134,614	2,137,510
<b>Fines and Forfeitures</b>									
48th District Court	779,615	670,590	876,373	654,462	752,750	758,810	770,190	781,740	793,470
Parking and dog fines	397,985	376,530	325,448	370,546	376,500	385,000	395,000	400,925	406,939
False alarm charges	11,032	13,302	12,306	11,296	16,500	15,000	15,000	15,000	15,000
Total fines and forfeitures	1,188,632	1,060,422	1,214,127	1,036,303	1,145,750	1,158,810	1,180,190	1,197,665	1,215,409

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

**CITY OF BIRMINGHAM**  
**GENERAL FUND HISTORIC AND ESTIMATED FINANCIAL OPERATIONS**

	Actual								
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>Revenue (Continued)</b>									
<b>Interest and Rent</b>									
Interest earned on investments	\$ 1,122,590	\$ 628,271	\$ 285,017	\$ 152,971	\$ 160,427	\$ 176,280	\$ 180,800	\$ 221,000	\$ 296,660
Rent	33,017	76,729	50,598	44,218	49,100	49,100	49,100	49,100	49,100
Other interest earnings	9,342	3,912	4,206	1,033	-	-	-	-	-
Total interest and rent	1,164,949	708,912	339,821	198,222	209,527	225,380	229,900	270,100	345,760
<b>Other Revenue</b>	117,200	143,517	133,188	137,977	310,000	155,000	157,325	159,685	162,080
<b>Contributions from Other Funds</b>	20,000	20,000	20,000	20,000	77,000	20,000	20,000	20,000	20,000
Total revenue	28,201,405	27,239,586	26,631,333	26,077,789	25,977,060	26,148,784	26,417,956	26,783,284	27,114,002
<b>Expenditures</b>									
<b>General Government</b>									
Commission	65,371	57,829	75,210	68,075	60,270	61,443	62,639	63,860	65,105
Manager's office	315,932	294,927	286,070	247,425	207,000	207,436	207,810	208,716	209,646
Elections	30,878	36,079	15,985	21,386	20,050	36,000	20,860	21,173	21,491
Assessor	479,559	207,019	204,938	204,126	206,200	210,324	214,530	218,821	223,198
Legal	544,016	524,227	453,759	518,794	463,460	472,729	482,184	491,827	501,664
Clerk	351,882	360,668	353,412	277,074	306,470	322,844	332,069	339,382	347,695
Finance department	754,408	790,167	809,473	791,597	807,480	860,305	886,777	906,405	928,785
Human resources department	458,568	515,426	364,998	397,469	400,870	416,883	426,099	433,342	441,378
Treasurer	509,962	648,470	635,891	647,097	676,690	702,390	723,788	740,424	759,456
City hall and grounds	520,618	504,815	500,798	462,825	475,840	498,344	511,381	522,775	535,188
Library maintenance	67,575	55,195	41,123	45,546	32,650	33,303	33,969	34,648	35,341
Historical museums:									
Hunter House	18,525	5,267	22,698	9,501	9,500	9,690	9,884	10,081	10,283
Allen House	228,302	208,463	227,710	111,420	98,910	100,146	101,407	102,693	104,005
General administration	1,083,614	1,109,957	950,363	969,997	972,500	985,506	998,773	1,012,304	1,026,106
Total general government	5,429,210	5,318,509	4,942,428	4,772,333	4,737,892	4,917,345	5,012,169	5,106,454	5,209,341
<b>Public Safety</b>									
Police	5,998,109	5,815,428	6,034,031	5,878,113	5,955,660	6,277,340	6,510,693	6,631,669	6,767,165
Fire	4,972,859	4,846,682	4,616,203	4,697,827	4,926,490	5,211,262	5,372,761	5,471,909	5,583,440
Emergency preparedness	12,522	10,475	11,617	8,759	14,200	14,484	14,774	15,069	15,371
Total public safety	10,983,490	10,672,585	10,661,851	10,584,698	10,896,350	11,503,086	11,898,228	12,118,647	12,365,976

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

**CITY OF BIRMINGHAM**  
**GENERAL FUND HISTORIC AND ESTIMATED FINANCIAL OPERATIONS**

	Actual								
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>Expenditures</b> (Continued)									
<b>Community Development</b>									
Planning	\$ 749,235	\$ 508,405	\$ 481,846	\$ 333,462	\$ 424,150	\$ 439,918	\$ 448,473	\$ 455,598	\$ 463,519
Building inspection	1,032,804	1,125,216	1,045,736	1,054,092	1,095,620	1,164,571	1,199,493	1,226,794	1,258,020
Total community development	1,782,039	1,633,621	1,527,582	1,387,554	1,519,769	1,604,491	1,647,966	1,682,393	1,721,539
<b>Engineering and Public Services</b>									
Engineering	623,083	724,607	636,771	598,161	543,330	497,136	503,624	509,201	515,519
Sidewalk construction and replacement	68,539	142,190	267,765	92,951	359,700	265,494	266,304	267,130	267,973
Alley construction and maintenance	12,685	-	24,019	1,484	25,000	25,500	26,010	26,530	27,061
Property maintenance	637,540	651,007	660,625	603,430	724,950	726,060	732,895	748,476	765,802
General	303,223	287,478	321,518	282,902	330,040	336,641	343,374	350,241	357,246
Weed/Snow enforcement	26,344	30,294	30,139	28,065	32,000	32,480	32,967	33,462	33,964
Ice sports arena	862,991	771,632	715,371	616,458	643,870	660,610	673,672	685,630	698,381
Community activities	214,616	218,903	219,819	229,563	256,100	271,589	279,312	285,610	292,647
Parks	790,550	780,332	793,724	801,864	1,006,340	912,290	934,715	953,897	974,896
Total engineering and public services	3,539,571	3,606,443	3,669,751	3,254,878	3,921,330	3,727,799	3,792,872	3,860,176	3,933,488
<b>Contingency</b>	-	-	-	-	178,350	178,350	178,350	178,350	178,350
<b>Contributions</b>									
48th District Court	694,993	617,413	836,635	655,417	710,380	715,480	721,630	736,060	750,780
Auto parking system	-	-	-	-	-	-	-	-	-
Operating transfers to other funds:									
Major Streets Fund	2,000,000	1,459,330	1,500,000	1,425,000	1,424,860	1,350,000	1,350,000	1,350,000	1,350,000
Local Streets Fund	2,115,510	1,900,000	1,453,560	2,175,000	1,924,850	1,850,000	1,850,000	1,850,000	1,850,000
Capital Projects Fund	841,150	1,902,350	2,088,600	75,000	185,500	242,000	185,500	185,500	185,500
Golf Course Fund	-	-	-	166,000	848,446	-	-	-	-
Other	-	37,650	20,000	-	10,000	-	-	-	-
Total contributions	5,651,653	5,916,743	5,898,795	4,496,417	5,104,036	4,157,480	4,107,130	4,121,560	4,136,280
Total expenditures	27,385,963	27,147,901	26,700,407	24,495,880	26,357,726	26,088,550	26,636,715	27,067,579	27,544,973
<b>Excess of Revenue Over (Under)</b>									
<b>Expenditures</b>	815,442	91,685	(69,074)	1,581,909	(380,665)	60,234	(218,759)	(284,297)	(430,972)
<b>Fund Balance - Beginning of year</b>	10,663,745	11,479,187	11,570,872	11,501,798	13,083,707	12,703,042	12,763,275	12,544,516	12,260,219
<b>Fund Balance - End of year</b>	<b>\$ 11,479,187</b>	<b>\$ 11,570,872</b>	<b>\$ 11,501,798</b>	<b>\$ 13,083,707</b>	<b>\$ 12,703,042</b>	<b>\$ 12,763,275</b>	<b>\$ 12,544,516</b>	<b>\$ 12,260,219</b>	<b>\$ 11,829,248</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 2007-2008 through 2010-2011 and the City's adopted budget for 2011-2012 with inflationary increases for the years 2012-2013 through 2015-2016. Exceptions to this method are noted below:

#### Revenue

##### State Grants and Distributions

Gas and weight tax distributions are forecasted to remain level from 2011-2012 through 2015-2016.

##### 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, they are not adequate to maintain the appropriate level of fund balance given the capital improvements that need to be made.

##### Interest Income

The forecast assumes investment returns of 1.25% for 2012-2013 with slow improvement to 2% for 2015-2016.

#### Expenditures

##### Traffic Controls

Included in the 2011-2012 projection is \$189,920 of capital improvements which were originally budgeted in 2010-2011, but the work is scheduled to be completed in 2011-2012.

##### Capital Outlay

The forecast projects major improvements as follows:

2011-2012	W. Lincoln Rd. between Cranbrook Rd. and Southfield Rd.	\$2,062,474
	E. Maple Rd. between Adams Rd. and S. Eton St.	\$1,100,000
2012-2013	Derby Rd. between Adams Rd. and CN railroad bridge	\$325,000

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

2013-2014	Lincoln Ave. between Southfield Rd. and Woodward Ave.	\$650,000
	N. Eton Rd. between Derby Rd. and Yorkshire Rd.	\$850,000
2014-2015	W. Maple resurfacing between Cranbrook and Southfield	\$970,000
2015-2016	Old Woodward Ave. between Willits St. and Brown St.	\$1,050,000
	Oak St. between Glenhurst Rd. and Lake Park Dr.	\$700,000

The Old Woodward Ave. project is anticipated to be mostly funded by a federal grant. The amount shown on the forecast is the City's anticipated local share of the cost. This project has not yet been approved for federal funding. If federal funding is not available, this project will be postponed until funding becomes available.

#### Transfer to Local Streets

The 25% transfer of ACT 51 monies from Major Streets to Local Streets was discontinued in fiscal year 2007-2008.

#### **Local Street Fund**

This forecast analyzes the actual results from 2007-2008 through 2010-2011 and the City's adopted budget for 2011-2012 with inflationary increases for the years 2012-2013 through 2015-2016. Exceptions to this method are noted below:

#### State Grants and Distributions

Gas and weight tax distributions are forecasted to remain level from 2011-2012 through 2015-2016.

#### Special Assessments

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

#### Interest Income

The forecast assumes investment returns of 1.25% for 2012-2013 with slow improvement to 2% for 2015-2016.

#### **Expenditures**

#### Capital Outlay

The forecast projects major improvements as follows:

2011-2012	Graefield Rd. between Derby Rd. and Eton Rd.	\$775,000
	Graefield Ct. between North End and Graefield Rd.	
	St. Andrews Rd. reconstruction	\$537,000

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

2012-2013	Cole Ave. between Adams Rd. to Eton Rd.	\$700,000
	Capeseal - Dorchester Rd. between Eton Rd. to Coolidge Hwy. and Yorkshire Rd. between Eton Rd. and Coolidge Hwy.	\$60,000
	Torry Ave. reconstruction	\$100,000
2013-2014	Mohegan Rd. between Oxford Rd. and Adams Rd. Kennesaw Rd. between Oxford Rd. and Adams Rd. Oxford Rd. between N. Mohegan Rd. to S. Kennesaw Poppleton Rd. between N. Mohegan Rd. to S. Kennesaw	\$1,050,000
2014-2015	Henrietta St. between Northlawn Blvd. to 14 Mile Road	\$430,000
	Southlawn Blvd. between Bates St. to Pierce St.	\$60,000
	Mansfield Rd. between Sheffield Rd. to Bradford Rd.	\$150,000
2015-2016	Webster Ave. between Adams Rd. and Eton Rd.	\$700,000
	Torry Ave. between Haynes St. and Webster Ave.	\$100,000

#### Maintenance of Streets and Bridges

Included in the forecast is a cape sealing project in the amount of \$395,000 in 2012-2013. This project will be specially assessed.

CITY OF BIRMINGHAM  
MAJOR STREET FUND HISTORIC AND ESTIMATED FINANCIAL OPERATIONS

**Major Street Fund Historic and Estimated Financial Operations**

	2007-2008	2008-2009	2009-2010	2010-2011	Estimated Future Operations				
					2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>Revenue</b>									
State grants and distributions	\$ 849,173	\$ 809,299	\$ 744,930	\$ 755,863	\$ 814,900	\$ 814,900	\$ 814,900	\$ 814,900	\$ 814,900
Special assessment collections	56,251	62,134	24,187	17,645	14,300	14,302	14,302	14,302	14,302
Federal grants	311,509	204,507	98,565	-	-	-	-	-	-
Interest and rent	236,554	155,564	65,106	41,308	26,770	34,310	24,015	18,525	12,325
Other	47,676	50,295	2,147	(2)	-	-	-	-	-
Transfers from General Fund	2,000,000	1,459,330	1,500,000	1,425,000	1,424,860	1,350,000	1,350,000	1,350,000	1,350,000
<b>Total revenue</b>	<b>3,501,163</b>	<b>2,741,129</b>	<b>2,434,935</b>	<b>2,239,814</b>	<b>2,280,830</b>	<b>2,213,512</b>	<b>2,203,217</b>	<b>2,197,727</b>	<b>2,191,527</b>
<b>Expenditures</b>									
Maintenance of streets and bridges	355,141	288,537	196,693	260,301	381,084	347,275	354,125	372,419	379,133
Street cleaning	178,460	155,028	182,193	166,652	166,460	189,960	193,909	200,748	204,216
Street trees	235,966	229,996	239,790	221,598	271,780	288,590	294,434	303,908	309,715
Traffic controls	366,177	467,553	439,866	217,140	660,020	447,852	342,512	349,761	356,569
Snow and ice removal	314,709	363,490	191,300	326,645	345,960	378,259	386,206	397,424	404,486
Administrative	15,727	17,069	16,394	18,602	19,410	19,798	20,194	20,598	21,010
Transfer to Local Street Fund	190,220	-	-	-	-	-	-	-	-
Capital outlay - Engineering and construction of roads and bridges	1,298,807	1,019,961	944,798	516,904	3,510,834	709,227	1,775,111	1,369,014	276,934
<b>Total expenditures</b>	<b>2,955,207</b>	<b>2,541,634</b>	<b>2,211,034</b>	<b>1,727,842</b>	<b>5,355,548</b>	<b>2,380,961</b>	<b>3,366,491</b>	<b>3,013,872</b>	<b>1,952,063</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>545,956</b>	<b>199,495</b>	<b>223,901</b>	<b>511,972</b>	<b>(3,074,718)</b>	<b>(167,449)</b>	<b>(1,163,274)</b>	<b>(816,145)</b>	<b>239,464</b>
<b>Fund Balance - Beginning of year</b>	<b>3,581,728</b>	<b>4,127,684</b>	<b>4,327,179</b>	<b>4,551,080</b>	<b>5,063,052</b>	<b>1,988,334</b>	<b>1,820,885</b>	<b>657,611</b>	<b>(158,534)</b>
<b>Fund Balance - End of year</b>	<b>\$ 4,127,684</b>	<b>\$ 4,327,179</b>	<b>\$ 4,551,080</b>	<b>\$ 5,063,052</b>	<b>\$ 1,988,334</b>	<b>\$ 1,820,885</b>	<b>\$ 657,611</b>	<b>\$ (158,534)</b>	<b>\$ 80,930</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

**Local Street Fund Historic and Estimated Financial Operations**

	2007-2008	2008-2009	2009-2010	2010-2011	Estimated Future Operations				
					2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>Revenue</b>									
State grants and distributions	\$ 340,787	\$ 319,255	\$ 313,696	\$ 318,384	\$ 329,600	\$ 329,600	\$ 329,600	\$ 329,600	\$ 329,600
Special assessment collections	640,310	466,052	378,014	364,318	385,603	425,756	195,466	135,720	58,339
Interest and rent	178,055	140,227	75,858	49,708	53,625	50,592	48,135	42,890	35,140
Other	116,022	27,275	9,612	3,796	-	-	-	-	-
Transfers from Major Street Fund	190,220	-	-	-	-	-	-	-	-
Transfers from General Fund	2,115,510	1,900,000	1,453,560	2,175,000	1,924,850	1,850,000	1,850,000	1,850,000	1,850,000
<b>Total revenue</b>	<b>3,580,904</b>	<b>2,852,809</b>	<b>2,230,740</b>	<b>2,911,206</b>	<b>2,693,678</b>	<b>2,655,948</b>	<b>2,423,201</b>	<b>2,358,210</b>	<b>2,273,079</b>
<b>Expenditures</b>									
Maintenance of streets and bridges	536,616	1,240,101	1,183,730	720,929	848,873	703,244	360,356	384,868	393,452
Street cleaning	194,905	180,997	195,879	173,097	196,339	201,295	205,466	213,261	217,844
Street trees	684,289	616,045	544,717	516,835	652,490	671,400	685,121	704,105	718,667
Traffic controls	71,766	64,548	62,957	75,093	97,350	86,812	88,667	90,873	92,774
Snow and ice removal	161,955	195,425	122,392	179,170	221,500	231,920	236,774	245,326	250,635
Administrative	25,657	27,569	26,974	30,332	27,640	28,193	28,756	29,332	29,919
Capital outlay - Engineering and construction of roads and bridges	956,418	624,674	1,040,510	912,242	1,673,834	1,038,407	1,369,475	980,565	981,676
<b>Total expenditures</b>	<b>2,631,606</b>	<b>2,949,359</b>	<b>3,177,159</b>	<b>2,607,698</b>	<b>3,718,026</b>	<b>2,961,271</b>	<b>2,974,615</b>	<b>2,648,330</b>	<b>2,684,967</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>949,298</b>	<b>(96,550)</b>	<b>(946,419)</b>	<b>303,508</b>	<b>(1,024,348)</b>	<b>(305,323)</b>	<b>(551,414)</b>	<b>(290,120)</b>	<b>(411,888)</b>
<b>Fund Balance - Beginning of year</b>	<b>2,311,727</b>	<b>3,261,025</b>	<b>3,164,475</b>	<b>2,218,056</b>	<b>2,521,564</b>	<b>1,497,216</b>	<b>1,191,893</b>	<b>640,479</b>	<b>350,359</b>
<b>Fund Balance - End of year</b>	<b>\$ 3,261,025</b>	<b>\$ 3,164,475</b>	<b>\$ 2,218,056</b>	<b>\$ 2,521,564</b>	<b>\$ 1,497,216</b>	<b>\$ 1,191,893</b>	<b>\$ 640,479</b>	<b>\$ 350,359</b>	<b>\$ (61,529)</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 2007-2008 through 2010-2011 and the City's adopted budget for 2011-2012 with inflationary increases for the years 2012-2013 through 2015-2016. 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% increase in the cost of water for 2012-2013 through 2015-2016. Water volumes are projected to level out starting in 2013-2014 and remain constant for the following years.

#### Operation and Maintenance

The decreases starting in 2013-2014 represent the savings from re-assigning two meter department personnel as a result of the new automated meter reading equipment currently being installed.

#### Depreciation

The increases starting in 2013-2014 represent the additional depreciation costs associated with the automated meter reading equipment.

#### Capital Outlay

The forecast assumes \$500,000 in improvements for 2012-2013 through 2015-2016 as a result of water main improvements identified by engineering studies. 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 1.25% for 2012-2013 with slow improvement to 2% for 2015-2016.

### **Sewer Fund**

#### Sewage Disposal Cost

The forecast assumes a 5% increase in the sewage disposal costs for the Evergreen-Farmington and George W. Kuhn Sewage Disposal Districts. The forecast is based on a five-year average sewage flow for the Evergreen-Farmington Sewage Disposal District and a five-year 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 8% per year.

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

In fiscal year 2008-2009, the Oakland County Water Resources Commissioner changed the billing methodology for the Evergreen-Farmington Sewage Disposal District. Instead of using a community's water consumption, the Commissioner is using sewage flow.

#### CSO Operation and Maintenance

The maintenance costs for 2011-2012 through 2015-2016 for the three retention basins in which the City participates are based on information received from the Oakland County Water Resources Commissioner. The Commissioner started a five-year equipment replacement program in 2008 which is almost complete. In addition, the Commissioner has started metering sewage flow from each community in the Evergreen-Farmington Disposal System (see note above). Operating costs are projected to increase by 2% to 3% annually. Sewage disposal costs are based on the assumptions noted above for the Evergreen-Farmington Sewage Disposal District.

#### Capital Outlay

The forecast assumes capital outlay funded by user rates of \$500,000 from 2012-2013 through 2015-2016 as road improvements are made.

#### Interest Income

The forecast assumes investment returns of 1.25% for 2013-2014 with slow improvement to 2% for 2015-2016.

#### Debt Service Payments

Debt service payments are based on current debt schedules for 2012-2013 through 2015-2016.

**CITY OF BIRMINGHAM**  
**WATER FUND HISTORIC AND ESTIMATED FINANCIAL OPERATIONS**

	2007-2008	2008-2009	2009-2010	2010-2011	Estimated Future Operations					
					2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	
<b>Key Operating Data</b>										
Water sold	\$ 963,508	\$ 822,499	\$ 817,574	\$ 847,486	\$ 869,550	\$ 866,040	\$ 841,500	\$ 841,500	\$ 841,500	\$ 841,500
Water purchased	979,508	893,830	877,683	899,839	927,520	926,250	900,000	900,000	900,000	900,000
Average unit cost of water purchased	\$ 1.44	\$ 1.44	\$ 1.55	\$ 1.67	\$ 1.70	\$ 1.76	\$ 1.87	\$ 1.97	\$ 1.97	\$ 2.07
<b>Cost of Services</b>										
Cost of water	1,407,283	1,284,582	1,361,113	1,503,741	1,581,000	1,628,224	1,687,200	1,771,200	1,860,000	1,860,000
Depreciation	488,733	524,171	551,048	555,877	582,920	595,455	737,991	750,527	763,064	763,064
Operation and maintenance	989,813	968,647	918,178	1,038,050	1,041,180	1,102,336	906,798	927,292	942,095	942,095
General and administrative	174,738	180,937	169,058	174,406	178,380	179,160	179,956	180,767	181,595	181,595
Capital outlay	1,088,750	860,699	1,024,475	518,861	490,000	500,000	500,000	500,000	500,000	500,000
Total cost of services	4,149,317	3,819,036	4,023,872	3,790,935	3,873,480	4,005,175	4,011,945	4,129,786	4,246,754	4,246,754
<b>Other Income</b>										
Interest	299,402	182,392	80,988	43,917	76,080	43,750	43,750	52,500	70,000	70,000
Property taxes	990,650	985,793	494,962	1,155	-	-	-	-	-	-
Use of retained earnings	-	-	-	-	490,000	500,000	500,000	500,000	500,000	500,000
Flat rate meter charge and other	393,230	384,200	419,316	507,584	398,380	410,799	424,389	438,116	451,987	451,987
Total other income	1,683,282	1,552,385	995,266	552,656	964,460	954,549	968,139	990,616	1,021,987	1,021,987
<b>Net Cost of Services</b>	\$ 2,466,035	\$ 2,266,651	\$ 3,028,606	\$ 3,238,279	\$ 2,909,020	\$ 3,050,626	\$ 3,043,806	\$ 3,139,170	\$ 3,224,767	\$ 3,224,767
<b>Average User Charge</b>					\$ 3.35	\$ 3.52	\$ 3.62	\$ 3.73	\$ 3.83	\$ 3.83
<b>Average Rate Increase</b>						5.07%	2.84%	3.04%	2.68%	2.68%

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



**CITY OF BIRMINGHAM**  
**SEWER FUND HISTORIC AND ESTIMATED FINANCIAL OPERATIONS**

	2007-2008	2008-2009	2009-2010	2010-2011	Estimated Future Operations				
					2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
<b>Key Operating Data</b>									
Water sold	\$ 892,918	\$ 979,207	\$ 822,499	\$ 817,574	\$ 869,550	\$ 866,040	\$ 841,500	\$ 841,500	\$ 841,500
Water purchased	989,091	963,508	893,830	877,683	927,520	926,250	900,000	900,000	900,000
Average unit cost of sewage disposal	\$ 2.51	\$ 2.48	\$ 2.93	\$ 3.56	\$ 4.22	\$ 4.52	\$ 4.92	\$ 5.20	\$ 5.64
<b>Cost of Services</b>									
Sewage disposal costs	2,481,080	2,384,985	2,614,774	3,123,589	3,915,040	4,189,310	4,427,532	4,680,560	5,072,798
Depreciation and amortization (1)	608,402	676,481	692,282	702,611	752,760	768,810	791,310	806,310	818,810
Debt service - Including principal	3,318,910	3,284,018	3,277,710	3,259,153	3,382,318	3,369,364	3,391,907	3,361,060	3,204,238
Operation and maintenance	638,836	650,246	727,176	598,268	697,710	726,430	728,913	751,624	760,749
CSO operation and maintenance	588,964	839,476	1,145,786	1,207,001	1,128,590	1,167,842	1,207,488	1,248,787	1,372,740
General and administrative	196,510	199,020	204,790	238,407	216,430	216,577	216,727	216,880	217,036
Capital outlay	1,972,582	1,671,689	363,775	608,266	900,000	1,050,000	900,000	600,000	500,000
Total cost of services	9,805,284	9,705,915	9,026,293	9,737,295	10,992,848	11,488,333	11,663,877	11,665,221	11,946,371
<b>Other Income</b>									
Interest	360,757	170,041	74,495	46,636	66,780	62,500	62,500	75,000	100,000
Property taxes	3,266,144	3,217,946	3,290,046	3,250,545	3,369,370	3,369,364	3,391,907	3,361,060	3,204,238
Draw from retained earnings	-	-	-	-	412,948	550,000	400,000	100,000	-
Other	24,063	47,135	35,628	33,264	35,000	45,000	45,000	50,000	55,000
Total other income	3,650,964	3,435,122	3,400,169	3,330,445	3,884,098	4,026,864	3,899,407	3,586,060	3,359,238
<b>Net Cost of Services</b>	\$ 6,154,320	\$ 6,270,793	\$ 5,626,124	\$ 6,406,850	\$ 7,108,750	\$ 7,461,469	\$ 7,764,470	\$ 8,079,161	\$ 8,587,133
<b>Average User Charge</b>					\$ 8.18	\$ 8.62	\$ 9.23	\$ 9.60	\$ 10.20
<b>Average Rate Increase</b>						5.38%	7.08%	4.01%	6.25%

(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.



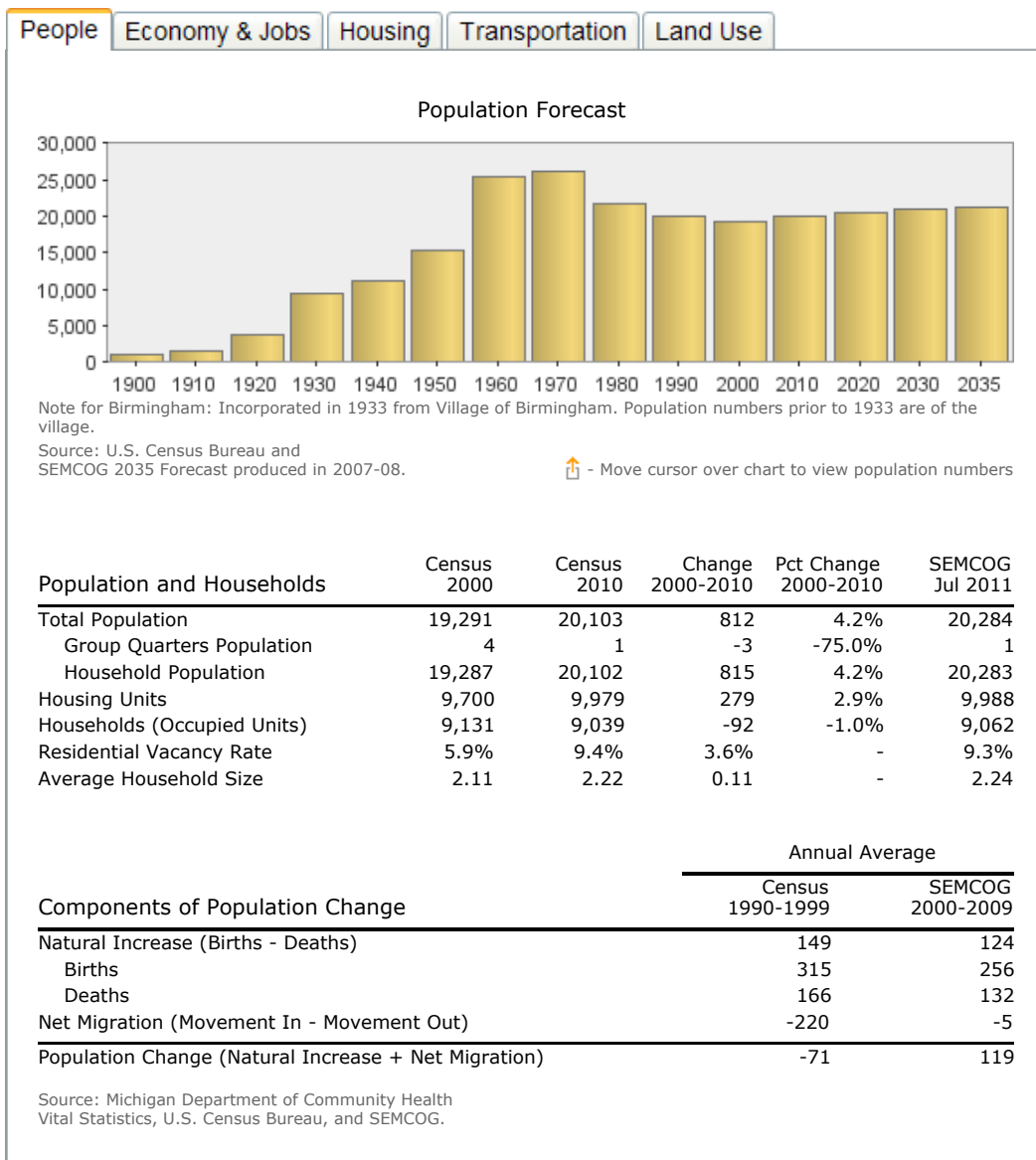
## Community Profiles

### City of Birmingham

151 Martin St  
Birmingham, MI 48009-3368  
<http://www.ci.birmingham.mi.us/>

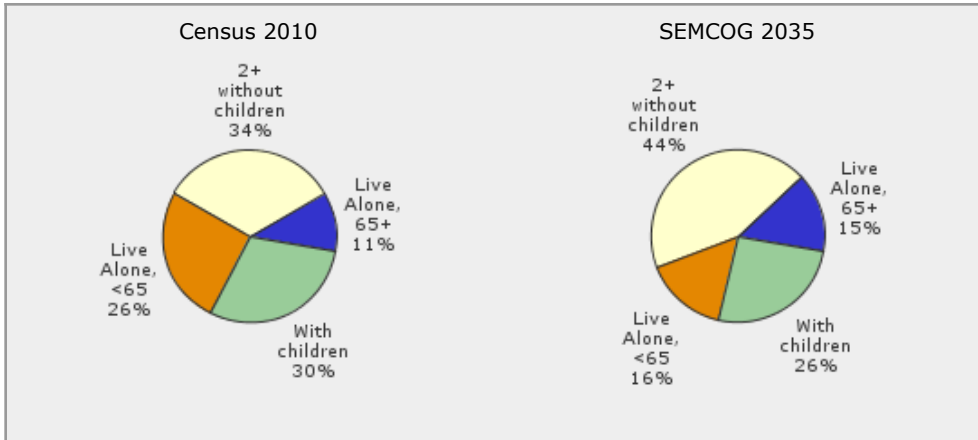


Census 2010 Population: 20,103  
Area: 4.8 square miles

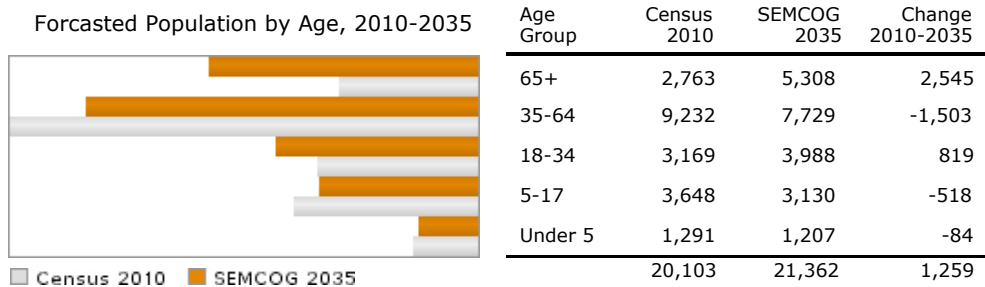
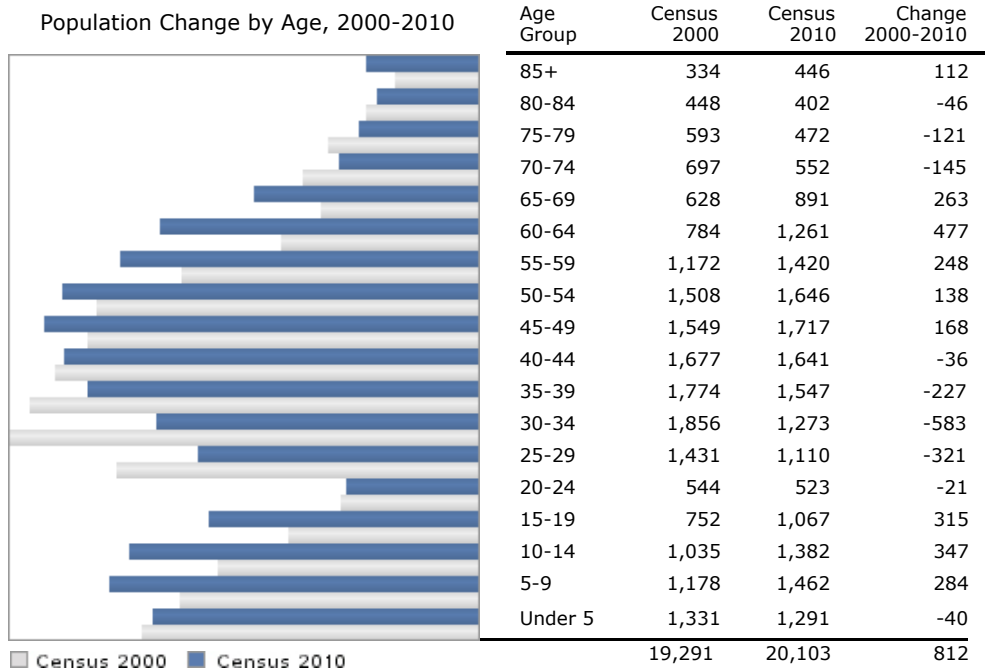


## Demographics

### Household Types



Household Types	Census 2000	Census 2010	Pct Change 2000-2010	SEMCOG 2035	Pct Change 2010-2035
With seniors 65+	1,996	2,087	4.6%	3,801	82.1%
Without seniors	7,135	6,952	-2.6%	6,877	-1.1%
Two or more persons without children	3,363	3,068	-8.8%	4,691	52.9%
Live alone, 65+	922	969	5.1%	1,567	61.7%
Live alone, under 65	2,550	2,307	-9.5%	1,667	-27.7%
With children	2,296	2,695	17.4%	2,753	2.2%
<b>Total Households</b>	<b>9,131</b>	<b>9,039</b>	<b>-1.0%</b>	<b>10,678</b>	<b>18.1%</b>

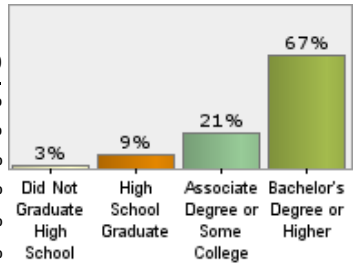


Senior and Youth Population	Census 2000	Census 2010	Pct Change 2000-2010	SEMCOG 2035	Pct Change 2010-2035
65 and over	2,700	2,763	2.3%	5,308	92.1%
Under 18	4,094	4,939	20.6%	4,337	-12.2%
5 to 17	2,763	3,648	32.0%	3,130	-14.2%
Under 5	1,331	1,291	-0.2%	1,207	-6.5%

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*	Census 2000	Percentage Point Chg 1990-2000
Graduate / Professional Degree	29.6%	5.9%
Bachelor's Degree	37.6%	1.0%
Associate Degree	4.6%	-0.7%
Some College, No Degree	16.7%	-2.2%
High School Graduate	8.7%	-2.5%
Did Not Graduate High School	2.8%	-1.4%



**Source Data**

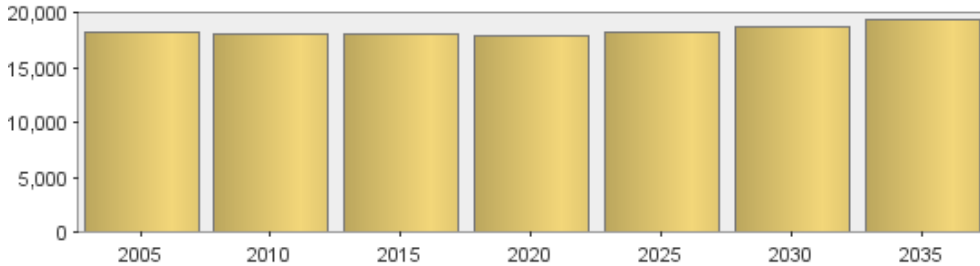
- [SEMCOG - Detailed Data](#)
- [Michigan Department of Community Health - Vital Statistics](#)
- [U.S. Census Bureau - American FactFinder](#)

Note: All SEMCOG employment numbers are by place-of-work and do not include Farming, Construction, or Military jobs. Some differences exist between Current Job Estimates and Forecasted Jobs. [Learn more](#)

Current Job Estimates by Industry	SEMCOG 2002	SEMCOG 2005	Change 2002-2005
Natural Resources & Mining	0	0	0
Manufacturing	298	275	-23
Wholesale Trade	293	375	82
Retail Trade	1,711	1,584	-127
Transportation & Warehousing	239	210	-29
Utilities	0	0	0
Information	495	384	-111
Financial Activities	1,998	2,453	455
Professional, Scientific, & Technical Services	2,421	1,695	-726
Management of Companies & Enterprises	C	C	C
Administrative, Support, & Waste Services	1,145	1,168	23
Education Services	966	1,039	73
Health Care & Social Assistance	797	769	-28
Leisure & Hospitality	1,734	2,103	369
Other Services	801	873	72
Public Administration	C	C	C
<b>Total</b>	<b>13,266</b>	<b>13,286</b>	<b>20</b>

Note: "C" indicates data blocked due to confidentiality concerns of ES-202 files.

Job Forecast



If any five-year interval employment numbers from 2005-2035 are not shown, the numbers were blocked for confidentiality reasons.

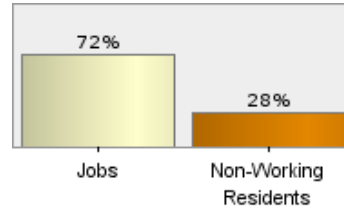
Source: SEMCOG 2035 Forecast.

↑ - Move cursor over chart to view employment numbers

Forecasted Jobs by Industry	SEMCOG 2005	SEMCOG 2035	Change 2005-2035
Natural Resources & Mining	0	0	0
Manufacturing	363	173	-190
Wholesale Trade	430	241	-189
Retail Trade	2,293	1,794	-499
Transportation & Warehousing	271	266	-5
Utilities	C	C	C
Information	481	423	-58
Financial Activities	4,260	4,029	-231
Professional, Scientific, & Technical Services	2,285	2,702	417
Management of Companies & Enterprises	52	46	-6
Administrative, Support, & Waste Services	1,333	1,719	386
Education Services	1,109	1,310	201
Health Care & Social Assistance	1,034	2,219	1,185
Leisure & Hospitality	2,352	2,489	137
Other Services	1,752	1,711	-41
Public Administration	C	C	C
<b>Total</b>	<b>18,344</b>	<b>19,453</b>	<b>1,109</b>

Note: "C" indicates data blocked due to confidentiality concerns of ES-202 files.

Daytime Population	SEMCOG and Census 2000	Change 1990-2000
Jobs	22,802	2,625
Non-Working Residents	8,819	202
Age 15 and under	3,694	248
Not in labor force	4,879	62
Unemployed	246	-108
Daytime Population	31,621	2,827



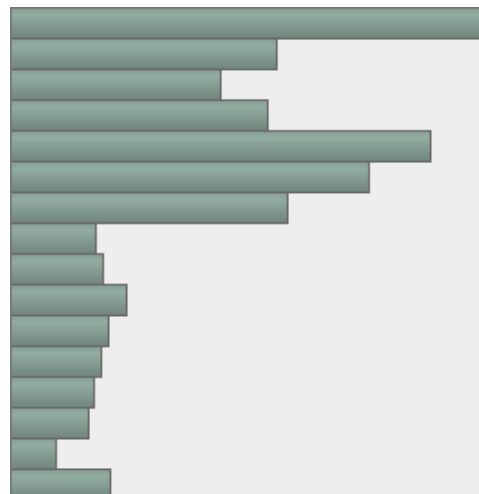
Note: The number of residents attending school outside Birmingham are not available. Likewise, the number of students commuting into Birmingham to attend school is also not known.

Where Workers Commute From *	Census 2000	
	Workers	Percent
1 Birmingham	1,996	12.8%
2 Royal Oak	1,173	7.5%
3 Bloomfield Township	1,054	6.8%
4 Detroit	1,038	6.7%
5 Troy	937	6.0%
6 West Bloomfield Township	470	3.0%
7 Southfield	453	2.9%
8 Rochester Hills	444	2.9%
9 Sterling Heights	435	2.8%
10 Beverly Hills, Bingham Farms, or Franklin	407	2.6%
- Elsewhere	7,162	46.0%
* Workers, age 16 and over, employed in selected communities	15,569	100.0%

### Resident Population

Where Residents Work *	Census 2000	
	Workers	Percent
1 Birmingham	1,996	19.3%
2 Troy	1,321	12.8%
3 Southfield	993	9.6%
4 Detroit	941	9.1%
5 Farmington Hills	410	4.0%
6 Bloomfield Township	399	3.9%
7 Auburn Hills	366	3.5%
8 Royal Oak	359	3.5%
9 Bloomfield Hills	277	2.7%
10 Dearborn	273	2.6%
- Elsewhere	2,990	29.0%
* Workers, age 16 and over, residing in selected communities	10,325	100.0%

Household Income in 1999	Census 2000
\$200,000 or more	1,437
\$150,000 to \$199,999	796
\$125,000 to \$149,999	628
\$100,000 to \$124,999	770
\$75,000 to \$99,999	1,257
\$60,000 to \$74,999	1,075
\$50,000 to \$59,999	828
\$45,000 to \$49,999	255
\$40,000 to \$44,999	281
\$35,000 to \$39,999	347
\$30,000 to \$34,999	297
\$25,000 to \$29,999	272
\$20,000 to \$24,999	251
\$15,000 to \$19,999	237
\$10,000 to \$14,999	138
Less than \$10,000	302
Total	9,171



Poverty	Census 1990		Census 2000		Percentage Point Chg 1990-2000
Persons in Poverty	460	2.3%	555	2.9%	0.6%
Households in Poverty	223	2.4%	314	3.4%	1.0%

### Source Data

[SEMCOG - Detailed Data](#)

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

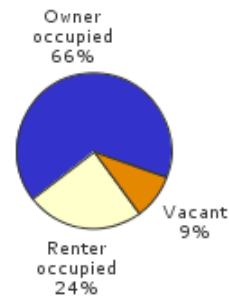
[U.S. Census Bureau - MCD/County Worker Flow Data](#)



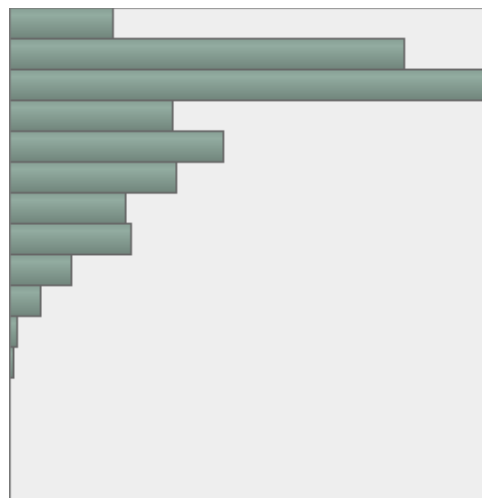
Housing Type	Census 1990	Census 2000	Change 1990-2000	New Units Permitted 2000-2011
Single Family Detached	7,034	7,060	26	711
Duplex	250	186	-64	0
Townhouse / Attached Condo	456	554	98	22
Multi-Unit Apartment	1,981	1,896	-85	28
Mobile Home / Manufactured Housing	3	19	16	0
Other	40	10	-30	-
<b>Total</b>	<b>9,764</b>	<b>9,725</b>	<b>-39</b>	<b>761</b>
Units Demolished				- 261
<b>Net (Total Permitted Units - Units Demolished)</b>				<b>500</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>

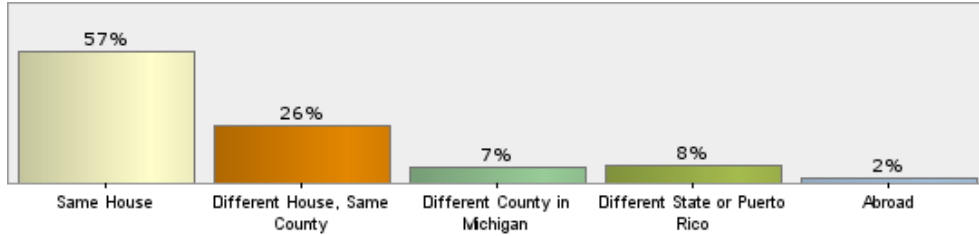
Housing Tenure in 2010



Housing Value in 1999	Census 2000
\$1,000,000 or more	356
\$500,000 to \$999,999	1,353
\$300,000 to \$499,999	1,649
\$250,000 to \$299,999	560
\$200,000 to \$249,999	737
\$175,000 to \$199,999	572
\$150,000 to \$174,999	401
\$125,000 to \$149,999	421
\$100,000 to \$124,999	214
\$80,000 to \$99,999	107
\$60,000 to \$79,999	25
\$40,000 to \$59,999	13
\$30,000 to \$39,999	0
\$20,000 to \$29,999	0
\$10,000 to \$19,999	0
Less than \$10,000	0
<b>Specified Owner-Occupied Units</b>	<b>6,408</b>



### Residence 5 Years Ago \*



\* This table represents persons, age 5 and over, living in & Birmingham in 2000. The table does not represent persons who moved out of & Birmingham from 1995 to 2000.

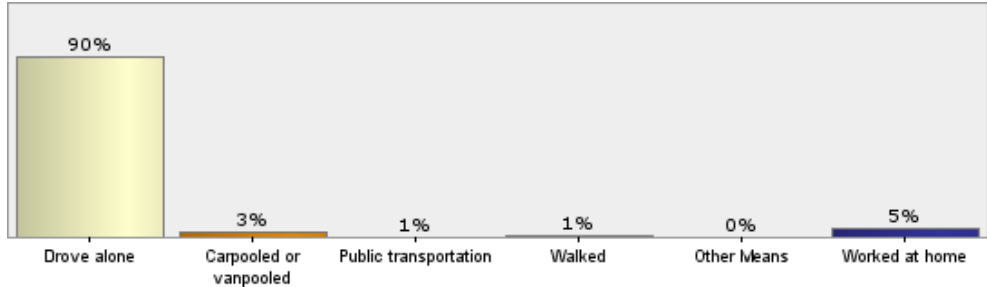
### Source Data

[SEMCOG - Detailed Data](#)

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

Travel

Transportation to Work, 2000 \*



\* Resident workers age 16 and over

Transportation to Work	Census 1990		Census 2000		Percentage Point Chg 1990-2000
Drove Alone	9,842	87.8%	9,254	89.6%	1.7%
Carpoled or Vanpooled	532	4.7%	296	2.9%	-1.9%
Public Transportation	49	0.4%	56	0.5%	0.1%
Walked	222	2.0%	140	1.4%	-0.6%
Other Means	60	0.5%	43	0.4%	-0.1%
Worked at Home	499	4.5%	541	5.2%	0.8%
Resident workers age 16 and over	11,204	100.0%	10,330	100.0%	0.0%

Mean Travel Time To Work	Census 1990	Census 2000	Change 1990-2000
For residents age 16 and over who worked outside the home	19.9 minutes	22.6 minutes	2.7 minutes











Transit

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

Between Major Cities:  
[AMTRAK](#)

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.

**Source Data**

[SEMCOG - Detailed Data](#)

## Estimation of Property Tax Revenue

## Part 1 - History of actual property tax levies:

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
History of Form L-4025, assessor's report of taxable values:	\$ 1,971,748,670	\$ 2,112,231,051	\$ 2,100,386,533	\$ 2,024,142,830	\$ 1,878,120,360
New property additions	66,270,723	40,316,010	38,550,789	19,382,652	24,325,741
Property losses	(21,158,380)	(17,782,581)	(13,877,987)	(13,679,767)	(8,046,571)
Increases in existing property TV (imputed; includes both uncapping and Headlee inflation increases)	95,370,038	(34,377,947)	(100,916,505)	(151,725,355)	(107,799,250)
Current year taxable value	2,112,231,051	2,100,386,533	2,024,142,830	1,878,120,360	1,786,600,280
Headlee inflation rate	3.70%	2.30%	4.40%	-0.30%	1.70%
Actual increase (decrease) on existing properties	4.61%	-1.65%	-5.05%	-8.10%	-6.09%
Total change in taxable value	7.12%	-0.56%	-3.63%	-7.21%	-4.87%
Headlee reduction fraction	0.9887	1.0000	1.0000	1.0000	1.0000

## Part 2 - Projection of future property taxes:

Fiscal year ended June 30	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Assumed rate of:					
New property additions	1.30%	2.00%	2.50%	2.50%	2.50%
Property losses	0.43%	1.00%	1.00%	1.00%	1.00%
Headlee inflation rate multiplier	1.70%	2.70%	2.00%	2.00%	2.00%
Projected actual change in TV of existing property	-6.03%	-3.01%	-2.48%	-2.48%	-2.48%
Total change in taxable value	-4.87%	0.66%	1.00%	1.00%	1.00%

## Projected taxable value:

Beginning value	\$ 1,878,120,360	\$ 1,786,600,280	\$ 1,798,391,842	\$ 1,816,375,761	\$ 1,834,539,518
New property additions	24,325,741	35,732,006	44,959,796	45,409,394	45,863,488
Property losses	(8,046,571)	(17,866,003)	(17,983,918)	(18,163,758)	(18,345,395)
Market value adjustments	(107,799,250)	(6,074,441)	(8,991,959)	(9,081,879)	(9,172,698)
Taxable value	\$ 1,786,600,280	\$ 1,798,391,842	\$ 1,816,375,761	\$ 1,834,539,518	\$ 1,852,884,913
Headlee rollback factor	1.0000	1.0000	1.0000	1.0000	1.0000

## Part 3 - Millage rates:

Operating - General Fund	8.4563	8.5550	8.5726	8.5901	8.6074
Road - General Fund	1.8781	1.7794	1.7618	1.7443	1.7270
Subtotal General Fund	10.3344	10.3344	10.3344	10.3344	10.3344
Combined sewer overflow	1.0227	0.9973	0.9636	0.9598	0.8381
George W. Kuhn Drain	0.2273	0.2254	0.2233	0.2204	0.2173
North Arm Drain	0.1039	0.1030	0.1019	0.1013	0.0995
Subtotal City Operating Levy	11.6883	11.6601	11.6232	11.6159	11.4893
Library tax	1.3200	1.3200	1.3200	1.3200	1.3200
Refuse	0.8434	0.8773	0.9359	0.9948	1.0524
Debt	1.7488	1.7888	1.3704	1.3727	1.4213
Total millage rate	<u>15.6005</u>	<u>15.6462</u>	<u>15.2495</u>	<u>15.3034</u>	<u>15.2830</u>

## Part 4 - Amount of property tax levy:

Operating - General Fund	\$ 15,082,453	\$ 15,385,240	\$ 15,571,060	\$ 15,758,880	\$ 15,948,520
Road - General Fund	3,349,710	3,200,000	3,200,000	3,200,000	3,200,000
Subtotal General Fund	18,432,163	18,585,240	18,771,060	18,958,880	19,148,520
Combined sewer overflow	1,824,061	1,793,598	1,750,295	1,760,831	1,552,983
George W. Kuhn Drain	405,406	405,436	405,606	404,246	402,555
North Arm Drain	185,313	185,322	185,098	185,875	184,405
Subtotal City Operating Levy	20,846,943	20,969,596	21,112,059	21,309,832	21,288,463
Library tax	2,354,317	2,373,877	2,397,616	2,421,592	2,445,808
Refuse	1,504,266	1,575,000	1,700,000	1,825,000	1,950,000
Debt	3,124,407	3,216,936	2,489,148	2,518,279	2,633,529
Total property taxes levied	<u>\$ 27,829,933</u>	<u>\$ 28,135,409</u>	<u>\$ 27,698,823</u>	<u>\$ 28,074,703</u>	<u>\$ 28,317,800</u>

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

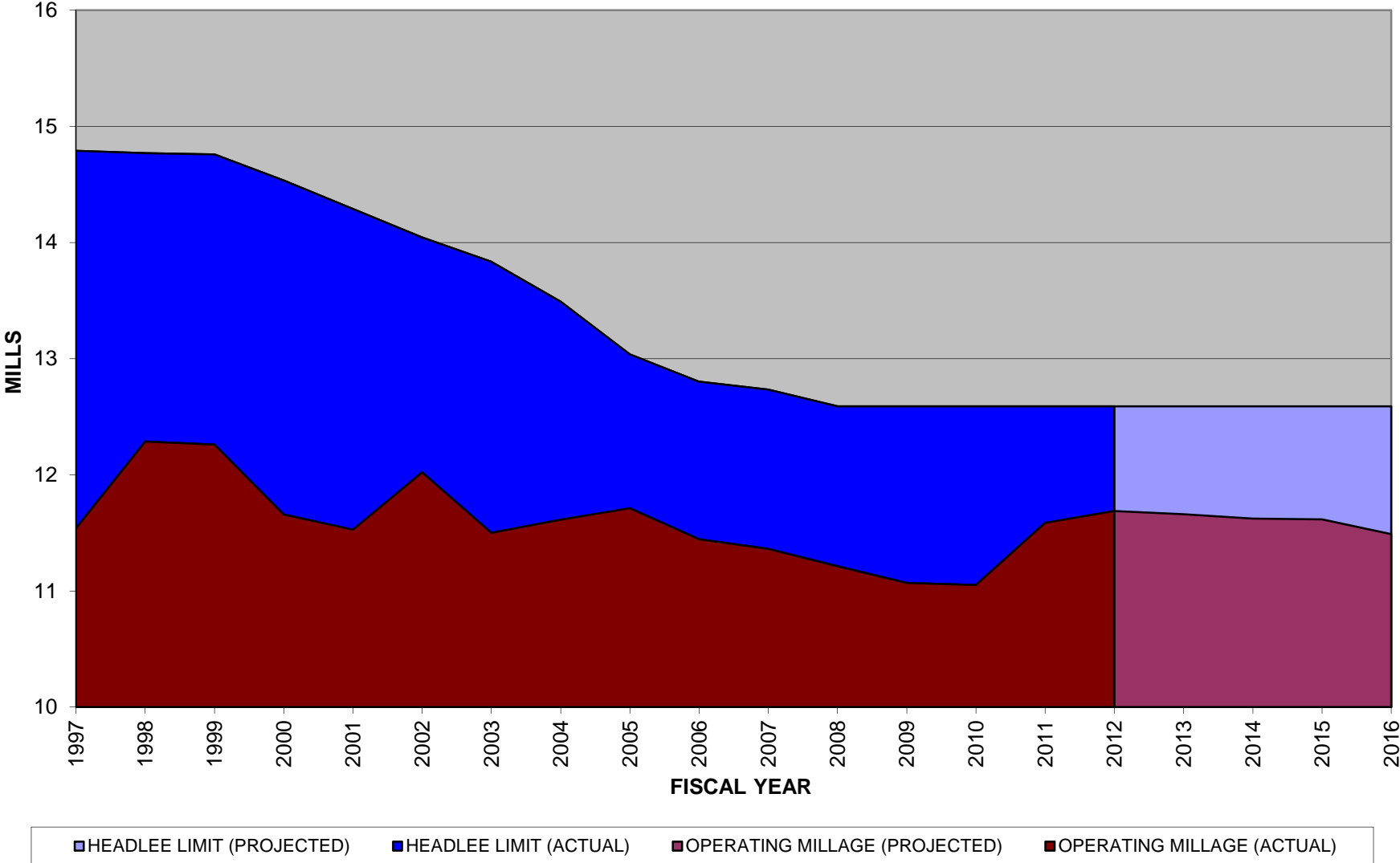
### Property Tax Assumptions

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 2011 tax billing is already final (billed July 1, 2011); key assumptions for 2012-2013 through 2015-2016 on a line-by-line basis are as follows:

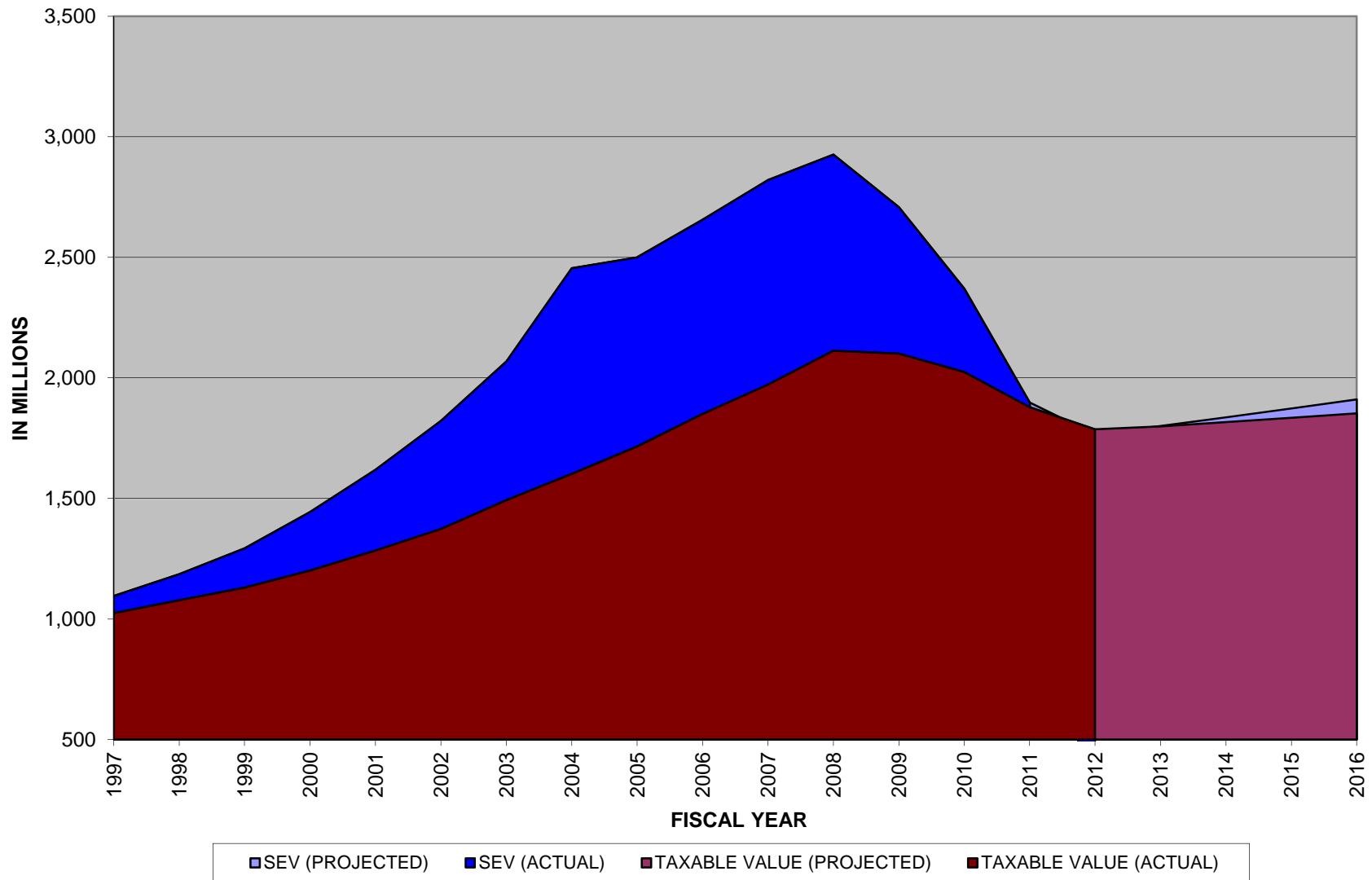
- a. New property additions are assumed to range from 2.0% to 2.5% and losses are assumed to be 1% (the five-year historical average is 1.9% in additions and .8% in losses).
- b. The projected actual change in taxable values of existing properties is expected to be negatively impacted by the current slowdown in the real estate market in southeast Michigan. 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% of market value) to go lower than the TV. While market value decreases are expected to continue, the impact on taxable value is muted because many homes have taxable values well below SEV (which represents 50% of estimated actual market values). As a result, this forecast has assumed that adjustments to the taxable value of existing properties for the years 2012-2013 through 2015-2016 will be a negative 3.01% and a negative 2.48%, respectively. The total change in taxable value for the years 2012-2013 through 2015-2016 is projected to be a positive 0.66% and a positive 1.00%, respectively.
- c. The Headlee inflation rate multiplier for 2011 and 2012 has already been set by the State at 1.017% and 1.027%, respectively. This projection assumes future inflation rates of 2.00% for 2013-2014, 2014-2015, and 2015-2016.
- d. Taxable values are then calculated based on the above three factors.
- e. Millage rates are set as required to achieve the amount of property tax levy required in Part 4. Specifically:
  - a. The millage rate for the General Fund is assumed to remain constant through fiscal year 2015-2016.
  - b. The millage rate for the Solid Waste Fund is expected to increase over the years beginning in fiscal year 2012-2013.
  - c. The debt millage rate is expected to decrease in fiscal year 2013-2014 due to refunding bonds becoming mature.
  - d. 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.
  - e. The library tax levy for the 2012 tax year is at the approved 2011-2012 millage rate and remains at this level for the remaining forecasted years.

### HEADLEE LIMIT VS. OPERATING MILLAGE



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

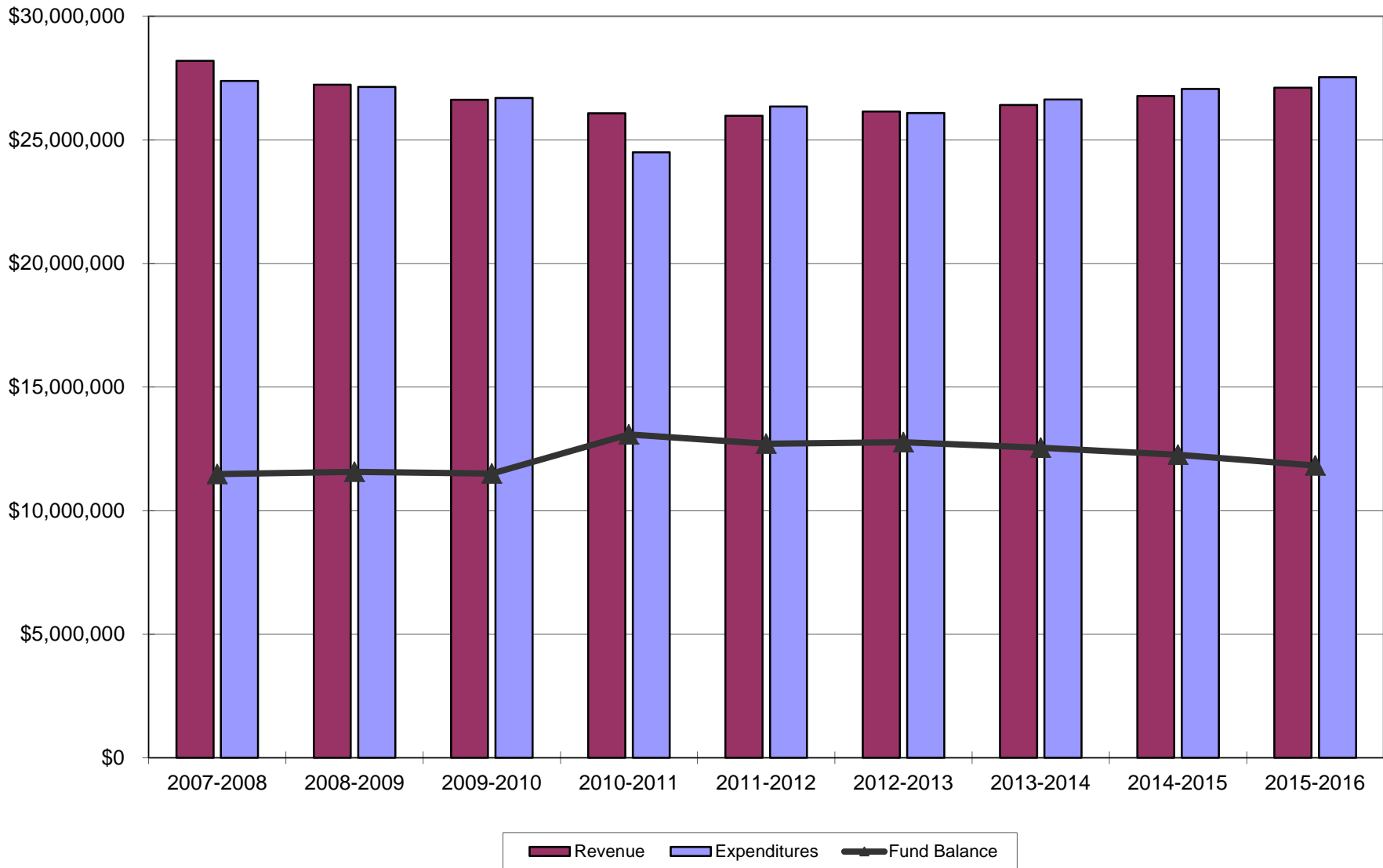
## SEV VS. TAXABLE VALUE



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

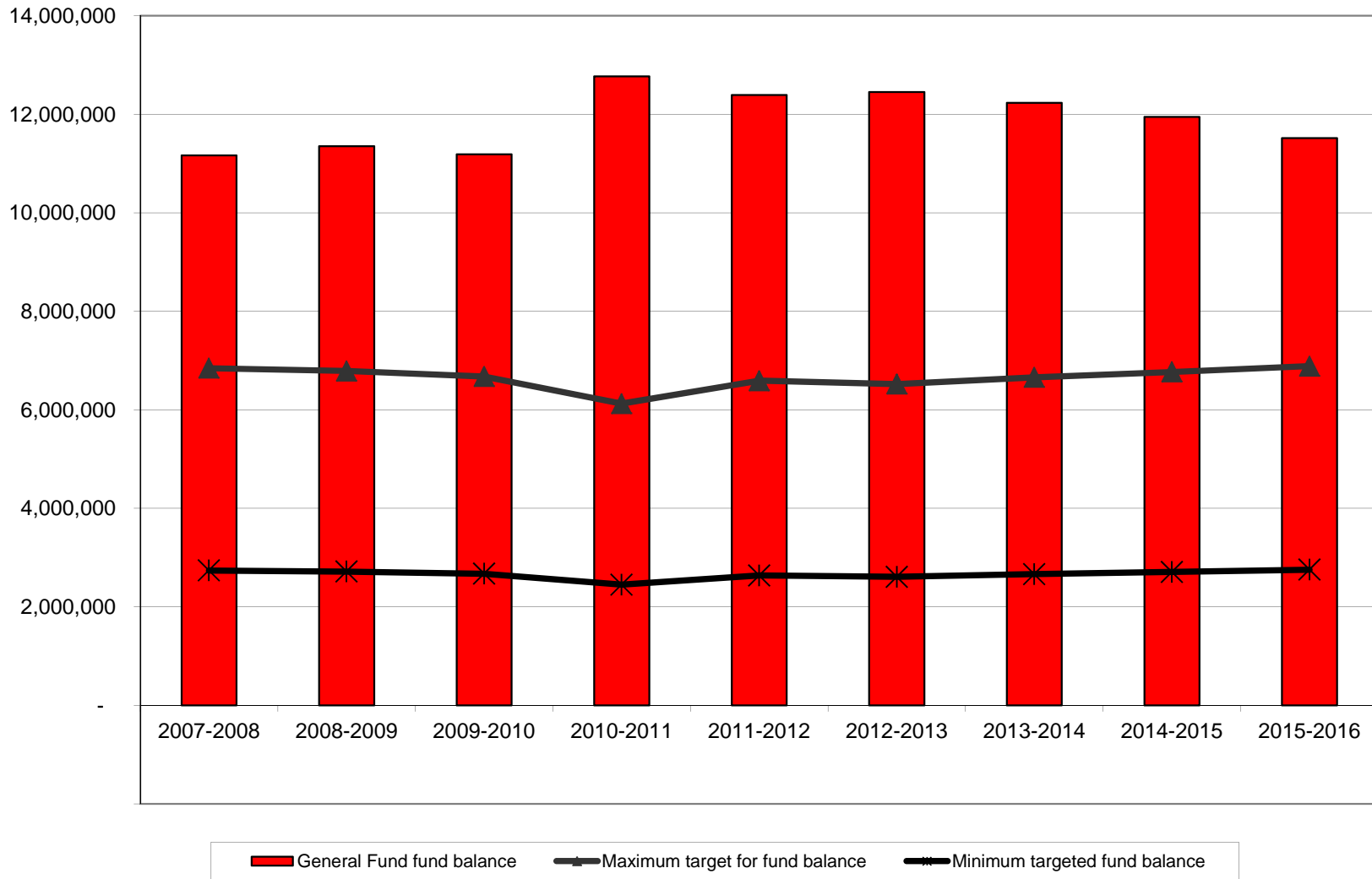


### General Fund - Fund Balance



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

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



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