

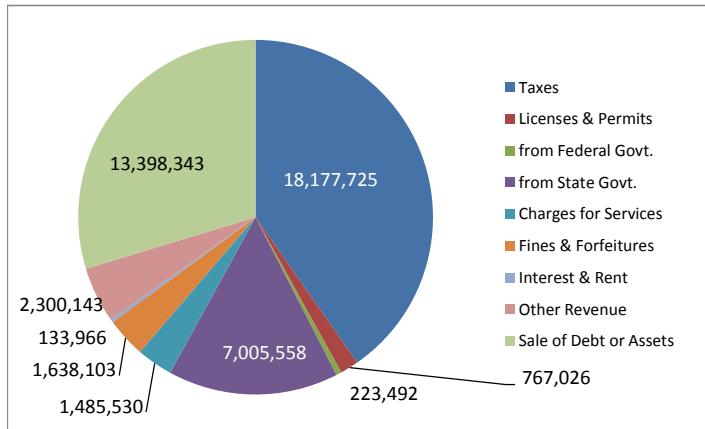
CITIZENS FINANCIAL REPORT

FISCAL YEAR
2016 - 2017



CITY OF MADISON HEIGHTS
MICHIGAN

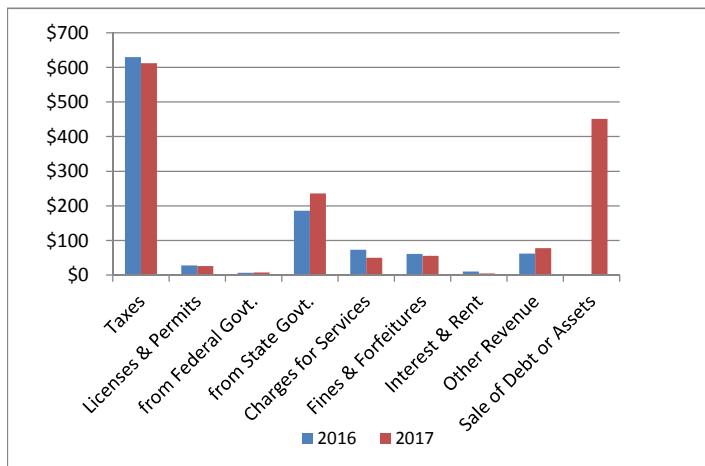
1. Where our money comes from (all governmental funds)



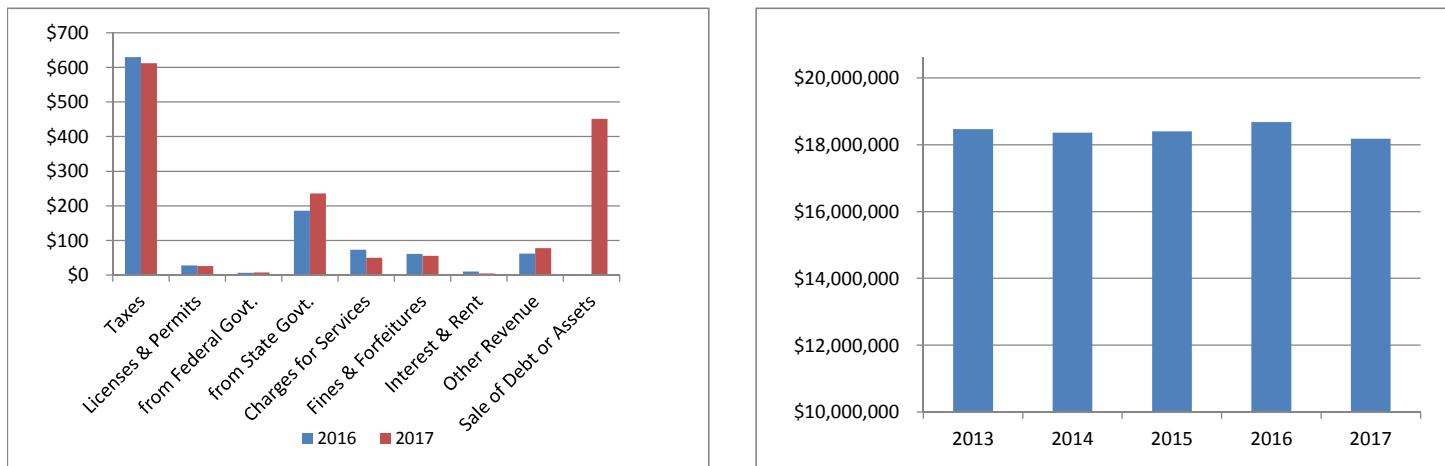
2. Compared to the prior year

	FY 2016	FY 2017	% change
Taxes	\$ 18,682,813	\$ 18,177,725	-3%
Licenses & Permits	831,020	767,026	-8%
from Federal Govt.	189,520	223,492	18%
from State Govt.	5,505,581	7,005,558	27%
Charges for Services	2,166,533	1,485,530	-31%
Fines & Forfeitures	1,817,788	1,638,103	-10%
Interest & Rent	295,084	133,966	-55%
Other Revenue	1,851,845	2,300,143	24%
Sale of Debt or Assets	97,318	13,398,343	13668%
	<u>\$ 31,437,502</u>	<u>\$ 45,129,886</u>	<u>44%</u>

3. Revenue sources per capita - compared to the prior year



4. Historical trends of individual sources

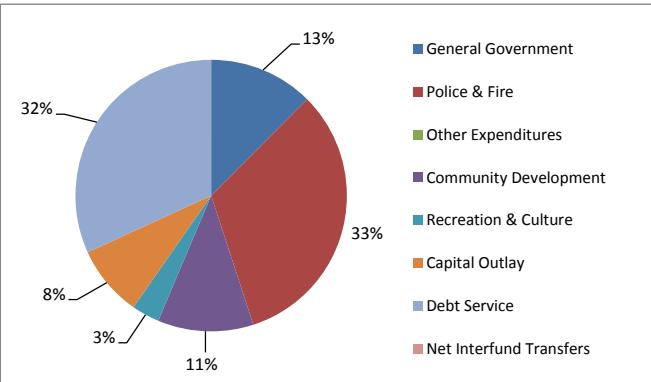


Governmental funds include the General Fund, Major and Local Street Funds, Special Assessment Revolving Fund and other Non-Major Funds. Governmental Fund revenues were up 44% when compared to FY 2016, due to bond proceeds for Pension Obligation Bonds. State Shared Revenues are up from FY 2016 by \$169,380 or 7%. In addition the City also received reimbursement from the state for the lost Personal Property Taxes due from recent changes in the laws. This equates to \$543,000 or an additional 9% increase. Miscellaneous revenue included several revenues that are typically not reoccurring such as insurance distributions. In FY 2017 this was \$514,955. The Local Street Fund received a portion of personal property tax reimbursement from the state in the amount of \$211,900.

CITIZENS GUIDE TO LOCAL UNIT FINANCES - City of Madison Heights

EXPENDITURES

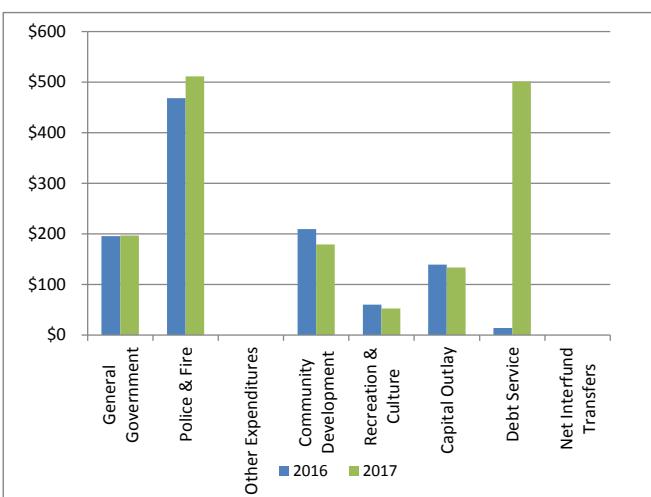
1. Where we spend our money (all governmental funds)



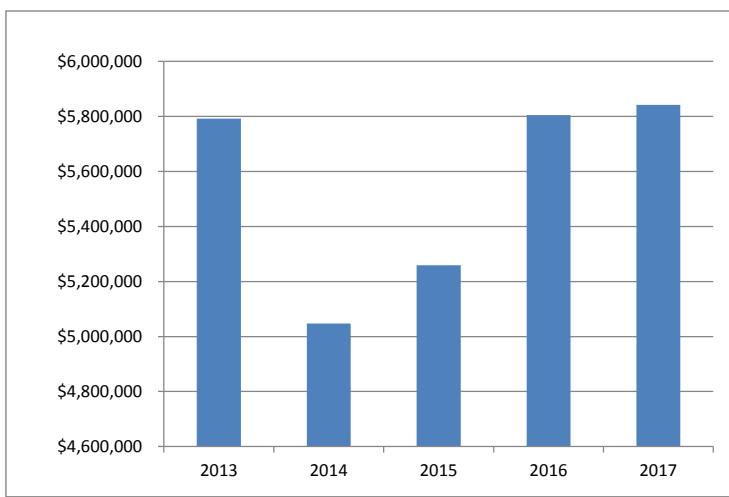
2. Compared to the prior year

	FY 2016	FY 2017	% change
General Government	\$ 5,804,730	\$ 5,842,106	1%
Police & Fire	13,921,984	15,193,446	9%
Health & Welfare	-	-	n/a
Community & Economic Dev.	6,219,338	5,328,605	-14%
Recreation & Culture	1,791,979	1,554,692	-13%
Capital Outlay	4,138,138	3,964,617	-4%
Debt Service	401,640	14,895,735	3609%
Total Expenditures	\$ 32,277,809	\$ 46,779,201	45%

3. Spending per capita - compared to the prior year



4. Historical trends of General Government Department Groups:



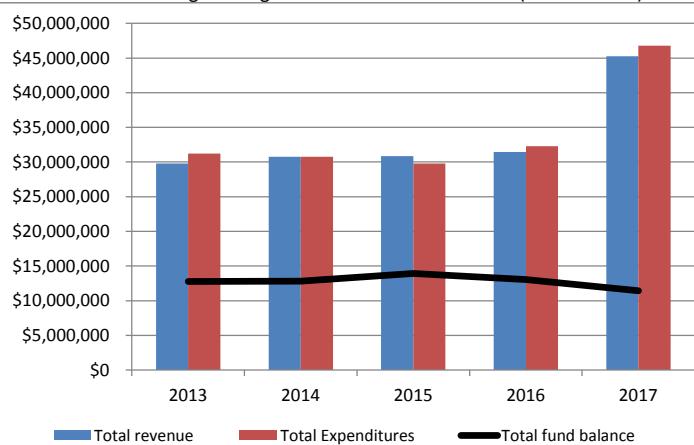
General Government program expenditures remained at status quo with a slight decrease of \$62,000 or 0.17 percent from the previous year when factoring out bond proceeds. This decrease resulted in a direct result from the bonding for General Employees pension obligations,, which replaced the large employer contributions in each departmental budget with a payment for the normal cost only. This bond issuance is also the reason for the large increase in interest on long-term debt in governmental activities.

For more information regarding the City's Finances please visit www.madison-heights.org or contact the City Manager's Office or Finance Department.

CITIZENS GUIDE TO LOCAL UNIT FINANCES - City of Madison Heights

FINANCIAL POSITION

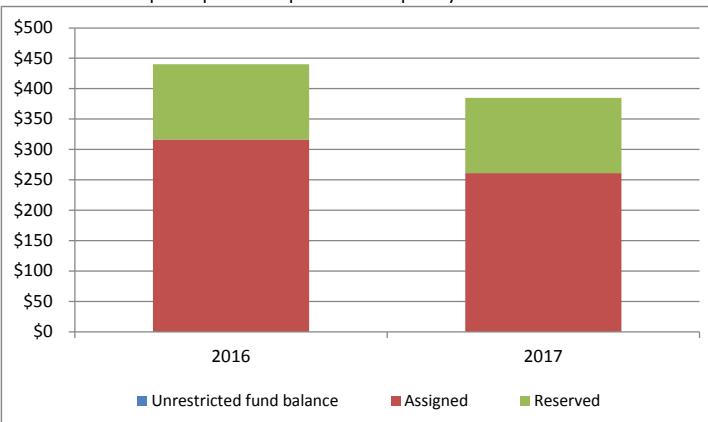
1. How have we managed our governmental fund resources (fund balance)



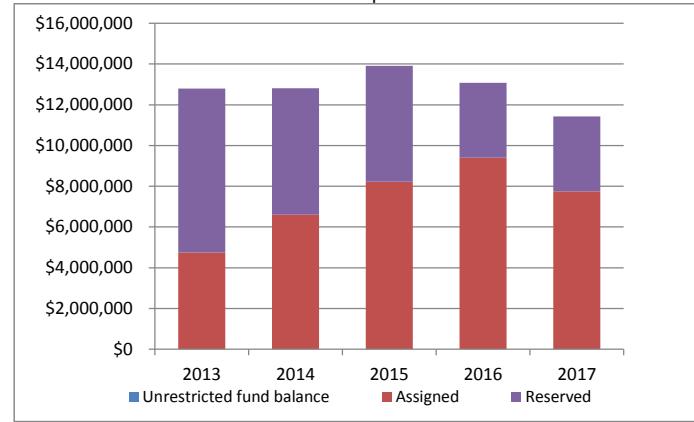
2. Compared to the prior year

	FY 2016	FY 2017	% change
Revenue	\$ 31,437,502	\$ 45,240,354	43.9%
Expenditures	\$ 32,277,809	\$ 46,779,201	44.9%
Surplus (Shortfall)	\$ (840,307)	\$ (1,538,847)	
Fund Balance, by Component:			
Reserved	\$ 3,676,035	\$ 3,674,377	0.0%
Assigned	9,396,075	7,748,416	-17.5%
Unassigned	0	0	0%
Total Fund Balance	\$ 13,072,110	\$ 11,422,793	-12.6%

3. Fund balance per capita - compared to the prior year



4. Historical trends of Fund Balance Components



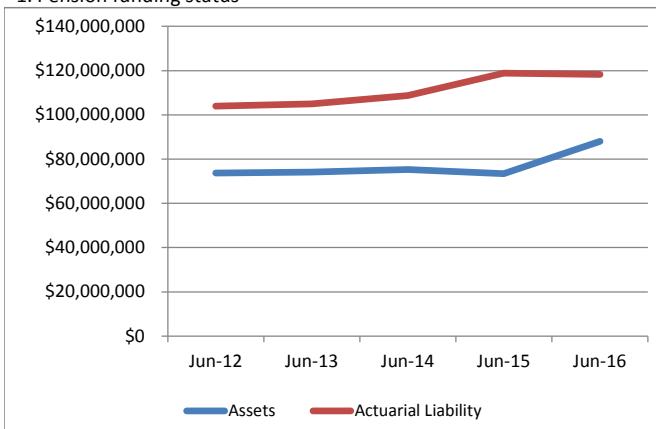
At June 30, 2017 the Governmental activities show a decrease of approximately \$5.1 million in net position during fiscal year 2017. Relative to changes in fund balance for governmental activities, the General Fund has a decrease of approximately \$1.7 million. The City's General Fund was budgeted to use approximately \$2.2 million of fund balance during the current fiscal year. Major Streets was budgeted to use \$73,400 in fund balance in the fiscal year; however, \$266,137 was added to the fund balance. Local Streets Fund was budgeted to use \$1,726,073 in fund balance during the fiscal year; actual use was \$253,665. This difference was due to several items. The City received \$211,901 in Personal Property Tax reimbursement. Three construction projects crossed fiscal years.

For more information regarding the City's finances please visit www.madison-heights.org or contact the City Manager's Office or Finance Department.

CITIZENS GUIDE TO LOCAL UNIT FINANCES - City of Madison Heights

OTHER LONG TERM OBLIGATIONS

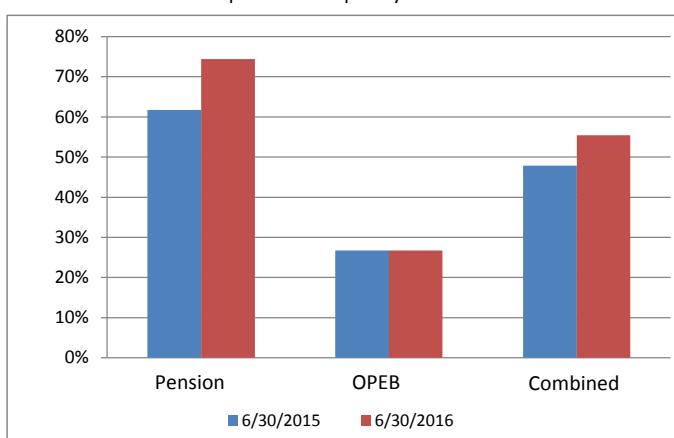
1. Pension funding status



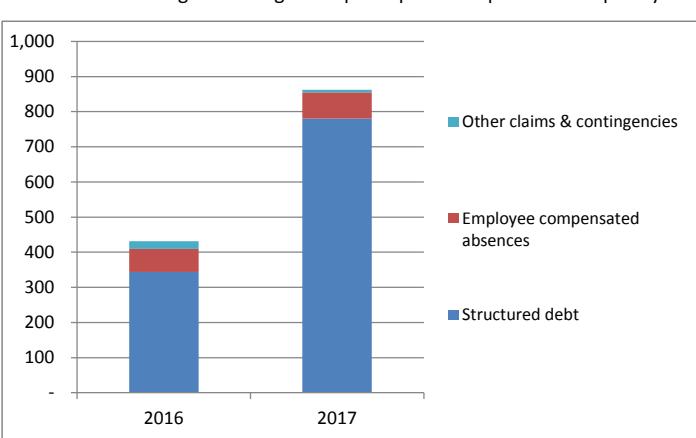
2. Retiree Health care funding status



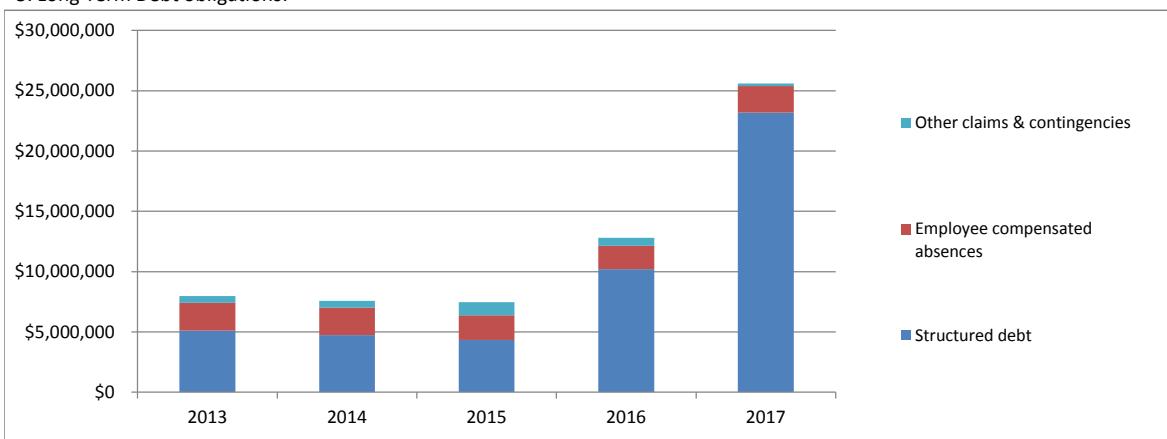
3. Percent funded - compared to the prior year



4. Debt & other long term obligations per capita - compared to the prior year



5. Long Term Debt obligations:



For the fiscal year ended June 30, 2017, the City's contributions to the pension and OPEB trust were \$8,488,056 in addition to the Pension Obligation Bonds that were issued for the General Employees Pension in the amount of \$15,250,000.

In 2006, the City also established two healthcare savings trusts in order to save for future retiree health insurance. The City has been diligent in addressing this liability by making contributions since that time. OPEB benefits for new hires have also been changed from a defined benefit plan to a defined contribution plan reducing the City's overall liability. In FY 2017, City Council authorized an additional OPEB contribution from fund balance of \$1.5 million.



City of Madison Heights Performance Dashboard

Prior Year = FY 2016

Current Year = FY 2017

Fiscal Stability		Prior	Current	Progress
Annual General Fund Expenditures Per Capita	\$ 902	\$ 973	↓	
Unrestricted Fund Balance as a % of General Fund Expenditures	31.2%	23.2%	↓	
Other Post-Employment Benefits Liability Funding Percentage	32.3%	27.7%	↓	
Debt Burden Per Capita	\$ 368	\$ 593	↓	
Full-time Employees	143	141	↑	
Total Taxable Property Value (in millions)	\$ 785	\$ 776	↓	
Public Safety		Prior	Current	Progress
Dispatch calls/initiated actions: Total Police Responses	30,176	25,140	↑	
Total Basic Life Support and Advanced Life Support Responses	2,899	3,217	↓	
Number of People Transported by EMS	2,199	2,394	↓	
Number of Building Inspections	4,452	4,441	↓	
Number of Building Structure Fire Calls	68	75	↓	
Injury producing traffic accidents	256	250	↑	
Total Traffic Fatalities	2	3	↓	
Total Arrests	1,504	994	↑	
Moving violations citations issued (excluding DUIs)	4,817	4,226	↑	
Economic Strength		Prior	Current	Progress
% of Community with Access to High Speed Internet	100%	100%	↔	
Number of New Businesses	101	109	↑	
Investment in Streets, Water and Wastewater Infrastructure Per Capita	\$ 163	\$ 152	↓	
Building Inspection - Building Permit Revenue (in thousands)	\$ 528	\$ 406	↓	
Unemployment Rate	6.7%	4.9%	↑	
Industrial Vacancy Rate	5.8%	3.6%	↑	
Quality of Life		Prior	Current	Progress
% of General Fund Budget Committed to Arts, Culture and Recreation	7.3%	6.2%	↓	
Senior Meals Served Daily	90	99	↑	
Senior Two-Way Bus Trips Provided	8,396	9,070	↑	
Operating Budget Per Park Acre	\$ 5,139	\$ 4,034	↓	
Library Visits Per Year	98,172	105,531	↑	
% of Drinking Water Standards Met	100%	100%	↔	
Persons Enrolled in Recreation Programs	1,562	1,555	↓	

Performance Improving ↑

Performance Staying About the Same ↔

Performance Declining ↓

Debt Service Report

Local Unit Name: City of Madison Heights
Local Unit Code: 632110
Current Fiscal Year End Date: 6/30/2017

Debt Name: Fire Station Bonds
Issuance Date: Refinanced November 2012
Issuance Amount: \$5,925,000
Debt Instrument (or Type): General Obligation Bonds
Repayment Source(s): Special Property Tax Millage

Years Ending	Principal	Interest	Total
2017	\$ 365,000	\$ 54,056	\$ 419,056
2018	\$ 380,000	\$ 47,120	\$ 427,120
2019	\$ 390,000	\$ 39,900	\$ 429,900
2020	\$ 405,000	\$ 32,490	\$ 437,490
2021	\$ 425,000	\$ 24,796	\$ 449,796
2022	\$ 430,000	\$ 16,720	\$ 446,720
2023	\$ 450,000	\$ 8,550	\$ 458,550
Totals	\$ 2,845,000	\$ 223,632	\$ 3,068,632

Commentary:

Debt Service Report

Local Unit Name: City of Madison Heights

Local Unit Code: 632110

Current Fiscal Year End Date: 6/30/2017

Debt Name: Pension Obligation Bonds

Issuance Date: 9/29/2016

Issuance Amount: \$15,250,000

Debt Instrument (or Type): Limited Tax General Obligation Bonds (Federally Taxable)

Repayment Source(s): General Property Tax Millage

Years Ending	Principal	Interest	Total
2017	\$ 1,090,000	\$ 99,538	\$ 1,189,538
2018	\$ 810,000	\$ 379,032	\$ 1,189,032
2019	\$ 820,000	\$ 369,069	\$ 1,189,069
2020	\$ 835,000	\$ 356,933	\$ 1,191,933
2021	\$ 845,000	\$ 342,738	\$ 1,187,738
2022	\$ 860,000	\$ 327,106	\$ 1,187,106
2023	\$ 880,000	\$ 308,874	\$ 1,188,874
2024	\$ 900,000	\$ 288,898	\$ 1,188,898
2025	\$ 925,000	\$ 266,038	\$ 1,191,038
2026	\$ 950,000	\$ 241,340	\$ 1,191,340
2027	\$ 975,000	\$ 215,120	\$ 1,190,120
2028	\$ 1,005,000	\$ 186,260	\$ 1,191,260
2029	\$ 1,035,000	\$ 154,703	\$ 1,189,703
2030	\$ 1,070,000	\$ 119,927	\$ 1,189,927
2031	\$ 1,105,000	\$ 82,370	\$ 1,187,370
2032	\$ 1,145,000	\$ 42,480	\$ 1,187,480
Totals	\$ 15,250,000	\$ 3,780,423	\$ 19,030,423

Commentary:

Debt Service Report

Local Unit Name: City of Madison Heights

Local Unit Code: 632110

Current Fiscal Year End Date: 6/30/2017

Debt Name: Automated Water Meter Reading System

Issuance Date: 8/23/2010

Issuance Amount: \$1,525,000

Debt Instrument (or Type): General Obligation Bonds

Repayment Source(s): Water and Sewer Revenues

Years Ending	Principal	Interest	Total
2017	\$ 95,000	\$ 39,988	\$ 134,988
2018	\$ 100,000	\$ 36,900	\$ 136,900
2019	\$ 105,000	\$ 33,400	\$ 138,400
2020	\$ 110,000	\$ 29,726	\$ 139,726
2021	\$ 115,000	\$ 25,600	\$ 140,600
2022	\$ 120,000	\$ 21,000	\$ 141,000
2023	\$ 130,000	\$ 16,200	\$ 146,200
2024	\$ 135,000	\$ 11,000	\$ 146,000
2025	\$ 140,000	\$ 5,600	\$ 145,600
Totals	\$ 1,050,000	\$ 219,414	\$ 1,269,414

Commentary:

Debt Service Report

Local Unit Name:	City of Madison Heights
Local Unit Code:	632110
Current Fiscal Year End Date:	6/30/2017
 Debt Name:	
Series A - October 1, 2000	Regional George W. Kuhn Project Bonds (Total \$17,888,000 Madison Heights Share \$1,881,478)
Series C - September 29, 2001	(Total \$82,200,000 Madison Heights Share \$8,649,748)
Series D - December 20, 2001	(Total \$2,277,676 Madison Heights Share \$239,675)
Series 2005F-September 22, 2005	(Total \$1,519,146 Madison Heights Share \$162,391)
* Series 2007 - August 2007	Refinancing B&E (Total \$12,460,000 Madison Heightsh Share \$1,311,143)
Series 2007G - September 2007	(Total \$1,765,000 Madison Heights Share \$188,672)
Series 2008H - September 2008	(Total \$7,685,000 Madison Heights Share \$821,499)
* Series 2016 - March 2016	Refinancing B&E (Total \$7,449,999 Madison Heightsh Share \$783,949)
Combined Issue Total \$125,683,280	Madison Heights Share \$13,505,754

Debt Instrument (or Type):	General Obligation Bonds
Repayment Source(s):	Water and Sewer Revenues

Years Ending	Principal	Interest	Total
2017	\$ 734,834	\$ 154,828	\$ 889,662
2018	\$ 752,730	\$ 134,530	\$ 887,260
2019	\$ 768,013	\$ 116,417	\$ 884,430
2020	\$ 785,920	\$ 97,921	\$ 883,841
2021	\$ 803,834	\$ 78,984	\$ 882,818
2022	\$ 823,332	\$ 59,612	\$ 882,944
2023	\$ 666,560	\$ 39,769	\$ 706,329
2024	\$ 676,560	\$ 23,576	\$ 700,136
2025	\$ 66,276	\$ 7,117	\$ 73,393
2026	\$ 68,025	\$ 5,633	\$ 73,658
2027	\$ 59,862	\$ 4,115	\$ 63,977
2028	\$ 60,931	\$ 2,713	\$ 63,644
2029	\$ 51,310	\$ 1,283	\$ 52,593
Totals	\$ 6,318,187	\$ 726,498	\$ 7,044,685

Commentary:

Debt Service Report

Local Unit Name: City of Madison Heights

Local Unit Code: 632110

Current Fiscal Year End Date: 6/30/2017

Debt Name: Regional George W. Kuhn Project Bonds - Series A

Issuance Date: 10/1/2000

Issuance Amount: Total \$17,888,000 Madison Heights Share \$1,881,478

Debt Instrument (or Type): General Obligation Bonds

Repayment Source(s): Water and Sewer Revenues

Years Ending	Principal	Interest	Total
2017	\$ 104,176	\$ 16,626	\$ 120,802
2018	\$ 106,806	\$ 14,022	\$ 120,828
2019	\$ 109,437	\$ 11,351	\$ 120,788
2020	\$ 112,068	\$ 8,616	\$ 120,684
2021	\$ 114,699	\$ 5,814	\$ 120,513
2022	\$ 117,855	\$ 2,946	\$ 120,801
Totals	\$ 665,041	\$ 59,375	\$ 724,416

Commentary:

Debt Service Report

Local Unit Name: City of Madison Heights
Local Unit Code: 632110
Current Fiscal Year End Date: 6/30/2017

Debt Name: Regional George W. Kuhn Project Bonds - Series C
Issuance Date: 9/29/2001
Issuance Amount: Total \$82,200,000 Madison Heights Share \$8,649,748

Debt Instrument (or Type): General Obligation Bonds
Repayment Source(s): Water and Sewer Revenues

Years Ending	Principal	Interest	Total
2017	\$ 455,638	\$ 99,454	\$ 555,092
2018	\$ 466,687	\$ 88,063	\$ 554,750
2019	\$ 478,262	\$ 76,396	\$ 554,658
2020	\$ 490,363	\$ 64,439	\$ 554,802
2021	\$ 502,464	\$ 52,180	\$ 554,644
2022	\$ 515,091	\$ 39,618	\$ 554,709
2023	\$ 528,245	\$ 26,741	\$ 554,986
2024	\$ 541,398	\$ 13,535	\$ 554,933
Totals	\$ 3,978,148	\$ 460,426	\$ 4,438,574

Commentary:

Debt Service Report

Local Unit Name: City of Madison Heights

Local Unit Code: 632110

Current Fiscal Year End Date: 6/30/2017

Debt Name: Regional George W. Kuhn Project Bonds - Series D

Issuance Date: 12/20/2001

Issuance Amount: Total \$2,277,676 Madison Heights Share \$239,675

Debt Instrument (or Type): General Obligation Bonds

Repayment Source(s): Water and Sewer Revenues

Years Ending	Principal	Interest	Total
2017	\$ 12,101	\$ 2,625	\$ 14,726
2018	\$ 12,101	\$ 2,322	\$ 14,423
2019	\$ 12,627	\$ 2,020	\$ 14,647
2020	\$ 13,154	\$ 1,704	\$ 14,858
2021	\$ 13,154	\$ 1,375	\$ 14,529
2022	\$ 13,680	\$ 1,046	\$ 14,726
2023	\$ 14,206	\$ 704	\$ 14,910
2024	\$ 14,193	\$ 349	\$ 14,542
Totals	\$ 105,216	\$ 12,145	\$ 117,361

Commentary:

Debt Service Report

Local Unit Name: City of Madison Heights
Local Unit Code: 632110
Current Fiscal Year End Date: 6/30/2017

Debt Name: Regional George W. Kuhn Project Bonds - Series 2005F
Issuance Date: 9/22/2005
Issuance Amount: Total \$1,519,146 Madison Heights Share \$162,391

Debt Instrument (or Type): General Obligation Bonds
Repayment Source(s): Water and Sewer Revenues

Years Ending	Principal	Interest	Total
2017	\$ 8,017	\$ 1,406	\$ 9,423
2018	\$ 8,017	\$ 1,275	\$ 9,292
2019	\$ 8,017	\$ 1,145	\$ 9,162
2020	\$ 8,017	\$ 1,015	\$ 9,032
2021	\$ 8,552	\$ 884	\$ 9,436
2022	\$ 9,086	\$ 745	\$ 9,831
2023	\$ 9,086	\$ 598	\$ 9,684
2024	\$ 9,086	\$ 450	\$ 9,536
2025	\$ 9,086	\$ 302	\$ 9,388
2026	\$ 9,766	\$ 155	\$ 9,921
Totals	\$ 86,730	\$ 7,975	\$ 94,705

Commentary:

Debt Service Report

Local Unit Name: City of Madison Heights

Local Unit Code: 632110

Current Fiscal Year End Date: 6/30/2017

Debt Name: Regional George W. Kuhn Project Bonds - Series 2007G

Issuance Date: 9/1/2007

Issuance Amount: Total \$1,765,000 Madison Heights Share \$188,672

Debt Instrument (or Type): General Obligation Bonds

Repayment Source(s): Water and Sewer Revenues

Years Ending	Principal	Interest	Total
2017	\$ 9,086	\$ 1,954	\$ 11,040
2018	\$ 9,086	\$ 1,807	\$ 10,893
2019	\$ 9,621	\$ 1,659	\$ 11,280
2020	\$ 9,621	\$ 1,503	\$ 11,124
2021	\$ 9,621	\$ 1,346	\$ 10,967
2022	\$ 10,155	\$ 1,190	\$ 11,345
2023	\$ 10,155	\$ 1,025	\$ 11,180
2024	\$ 10,155	\$ 860	\$ 11,015
2025	\$ 10,690	\$ 695	\$ 11,385
2026	\$ 10,690	\$ 521	\$ 11,211
2027	\$ 10,690	\$ 347	\$ 11,037
2028	\$ 10,690	\$ 174	\$ 10,864
Totals	\$ 120,260	\$ 13,081	\$ 133,341

Commentary:

Debt Service Report

Local Unit Name: City of Madison Heights
Local Unit Code: 632110
Current Fiscal Year End Date: 6/30/2017

Debt Name: Regional George W. Kuhn Project Bonds - Series 2008H
Issuance Date: 9/1/2008
Issuance Amount: Total \$7,685,000 Madison Heights Share \$821,499

Debt Instrument (or Type): General Obligation Bonds
Repayment Source(s): Water and Sewer Revenues

Years Ending	Principal	Interest	Total
2017	\$ 38,483	\$ 14,471	\$ 52,954
2018	\$ 39,017	\$ 13,509	\$ 52,526
2019	\$ 40,086	\$ 12,534	\$ 52,620
2020	\$ 41,155	\$ 11,531	\$ 52,686
2021	\$ 42,224	\$ 10,503	\$ 52,727
2022	\$ 43,293	\$ 9,447	\$ 52,740
2023	\$ 44,362	\$ 8,365	\$ 52,727
2024	\$ 45,431	\$ 7,256	\$ 52,687
2025	\$ 46,500	\$ 6,120	\$ 52,620
2026	\$ 47,569	\$ 4,957	\$ 52,526
2027	\$ 49,172	\$ 3,768	\$ 52,940
2028	\$ 50,241	\$ 2,539	\$ 52,780
2028	\$ 51,310	\$ 1,283	\$ 52,593
Totals	\$ 578,843	\$ 106,283	\$ 685,126

Commentary:

Debt Service Report

Local Unit Name: City of Madison Heights

Local Unit Code: 632110

Current Fiscal Year End Date: 6/30/2017

Debt Name: Regional George W. Kuhn Project Bonds - Series 2016 Refinancing

Issuance Date: 3/10/2016

Issuance Amount: Total \$7,450,000 Madison Heights Share \$783,949

Debt Instrument (or Type): General Obligation Bonds

Repayment Source(s): Water and Sewer Revenues

Years Ending	Principal	Interest	Total
2017	\$ 107,333	\$ 18,292	\$ 125,625
2018	\$ 111,016	\$ 13,532	\$ 124,548
2019	\$ 109,963	\$ 11,312	\$ 121,275
2020	\$ 111,542	\$ 9,113	\$ 120,655
2021	\$ 113,120	\$ 6,882	\$ 120,002
2022	\$ 114,172	\$ 4,620	\$ 118,792
2023	\$ 60,506	\$ 2,336	\$ 62,842
2024	\$ 56,297	\$ 926	\$ 57,223
Totals	\$ 783,949	\$ 67,013	\$ 850,962

Commentary:

City of Madison Heights
Projected Budget Report
General Fund Revenues and Expenditures
Fiscal Year 2017, 2018 and 2019

Description	Actual 2016-17	Amended Budget 2017-18	Forecast Budget 2018-19
Revenues by Source:			
Property Taxes	\$ 16,218,687	\$ 17,159,281	\$ 17,487,712
Licenses & Permits	354,839	267,050	267,750
Non-business Licenses & Permits	415,059	472,100	472,100
Federal Shared Revenues	130,013	8,500	17,141
State Shared Revenues	4,577,492	3,839,970	3,988,623
Payment in Lieu of Taxes	36,612	36,500	26,500
County Shared Revenues	60,135	64,000	64,000
SMART Revenues	70,019	70,019	70,019
Court Fines and Fees	1,638,103	1,743,000	1,646,053
Charges for Services	178,718	225,050	186,967
Sales - Miscellaneous	21,292	23,900	23,900
Parks & Recreation	267,414	248,357	248,357
Miscellaneous Revenues	2,014,768	1,873,223	1,830,323
Sale of Fixed Assets	29,504	17,500	17,500
Department Charges	908,698	911,030	911,030
Transfers In	107,968	55,000	72,500
Debt Issuance	13,290,375	0	0
Prior Year Fund Balance	0	538,960	564,851
	\$ 40,319,696	\$ 27,553,440	\$ 27,895,326

Description	Actual 2016-17	Amended Budget 2017-18	Projected Budget 2018-19
Expenditures by Activity:			
City Council	\$ 52,332	\$ 55,296	\$ 55,299
District Court	1,391,769	1,492,662	1,495,298
City Manager	286,595	298,790	300,058
Elections	71,109	80,018	73,250
Assessing	211,304	209,577	209,577
Legal	313,598	332,695	302,750
City Clerk	276,951	272,466	273,997
Human Resources	358,486	389,150	402,407
Board of Review	1,823	2,493	2,493
General Administratiton	1,234,739	213,654	214,255
Finance	765,320	772,419	774,588
Information Technology	389,474	187,693	193,000
Municipal Building	86,172	54,121	125,000
Custodial & Maintenance	199,777	184,186	184,317
Police	9,956,040	9,657,291	10,051,755
Fire	5,462,111	5,826,696	5,657,036
Community Development	1,010,825	1,037,896	1,039,282
Streets	1,271,821	969,521	1,732,652
Solid Waste	2,040,120	2,286,371	1,827,837
Recreation	147,810	173,187	173,187
Nature Center	24,744	37,675	8,175
Parks	494,082	550,390	377,529
Senior Citizens	362,477	344,868	333,747
Library	719,830	715,574	673,410
Insurance, Bonds and Transfers	1,749,018	372,510	379,937
Debt Service	13,107,360	1,036,241	1,034,490
Total Expenses	\$ 41,985,686	\$ 27,553,440	\$ 27,895,326

Financial Plan - Critical Factor Assumptions	Current FY 2018	Forecast FY 2019
<u>Property Taxes - 62.7% of General Fund Revenue</u>		
Current - Taken from amended budget		
FY 2019-2022 = Assumption received from Oakland County Equalization	1.30%	2.10%
The City of Madison Heights is forecast to continue to have very minimum new construction and pop-ups in addition to the CPI increase.		
The CPI increase for 2018 is 2.1% with the TV for the City impacted by this factor as any significant increase above CPI would need to come from additions and pop-ups.		
We are anticipating additional personal property tax exemptions being filed. AS well as several homes to be removed from TV due to MDOT takings for I-75 construction. Also assumes a continuation of the V millage at .2492 and R millage at 1.9938		
<u>State Revenue Sharing - 14.3% of General Fund Revenue</u>		
Current - taken from State reports of estimated bi-monthly payments	1.4%	1.7%
FY 2018-2021 = Constitutional Shared Revenue forecasted to increase 1.6% based on State budget projections.	0.7%	2.1%
CVTRS revenue is forecasted to remain flat.	0.0%	0.0%
Local Community Stabilization Sharing - the State's method for reimbursing municipalities for lost Personal Property Tax is including in State Revenue Sharing. This results in the overall increase in category revenues for the year.		
<u>Other - General Fund</u>		
The City forecast includes a distribution from the City's general liability insurance carrier based on approved distributions. From year to year we do not know if we are getting a distribution of investment earning or what the amount would be; however we have received a distribution every year since 2006 varying from \$114,926-\$945,514. A distribution has been included in each of the forecast years in the amount of \$350,000. We are unaware of any other significant changes to upcoming revenue streams therefore all other general revenue has been forecast to remain status quo for the forecasted years.		
<u>Personnel Service - Wages</u>		
All City Union agreements expire on June 30, 2018. In cases/years where there isn't a union agreement wages are held at status quo. Increases in these years is attributable to wage and longevity steps only.		
<u>Personnel Service - Hospitalization</u>		
The City is self-funded and has implemented a City Wellness Center for employees. Rates are projected based on area trend information to increase as follows:		
FY 2019: 7.0%		7.0%
FY 2020: 6.5%		
FY 2021: 6.0%		
FY 2022: 5.5%		
increases are still subject to actual Madison Heights experience which is influenced by our actual claims and utilization of the MiLife Center		
<u>Personnel Services - Retiree Health Care Contributions</u>		
In FY 2017 the City contributions the Actuarial Calculated Recommended contribution for both OPEB plans. In FY 2014-2016 and again in 2018 the City will be contributing below the Annual Calculated Contribution as calculated by GRS.	<u>All Funds</u>	
	P&F	2,510,167
	Gen	1,324,205
City staff is developing an OPEB funding policy that will be proposed to City Council as part of the FY 2019 Goal Process. This policy will maintain funding at the current level but limit the amount of premiums that can be paid out of the trust on an annual basis until full funding is achieved.		
<u>Computer Equipment</u>		
Computer Equipment are budgeted in IT 101-258 at \$1,050 each		
This includes a 5 year warranty		
<u>Capital Improvements</u>		
The capital items included in the Forecast are taken from the most recent CIP documents.		