

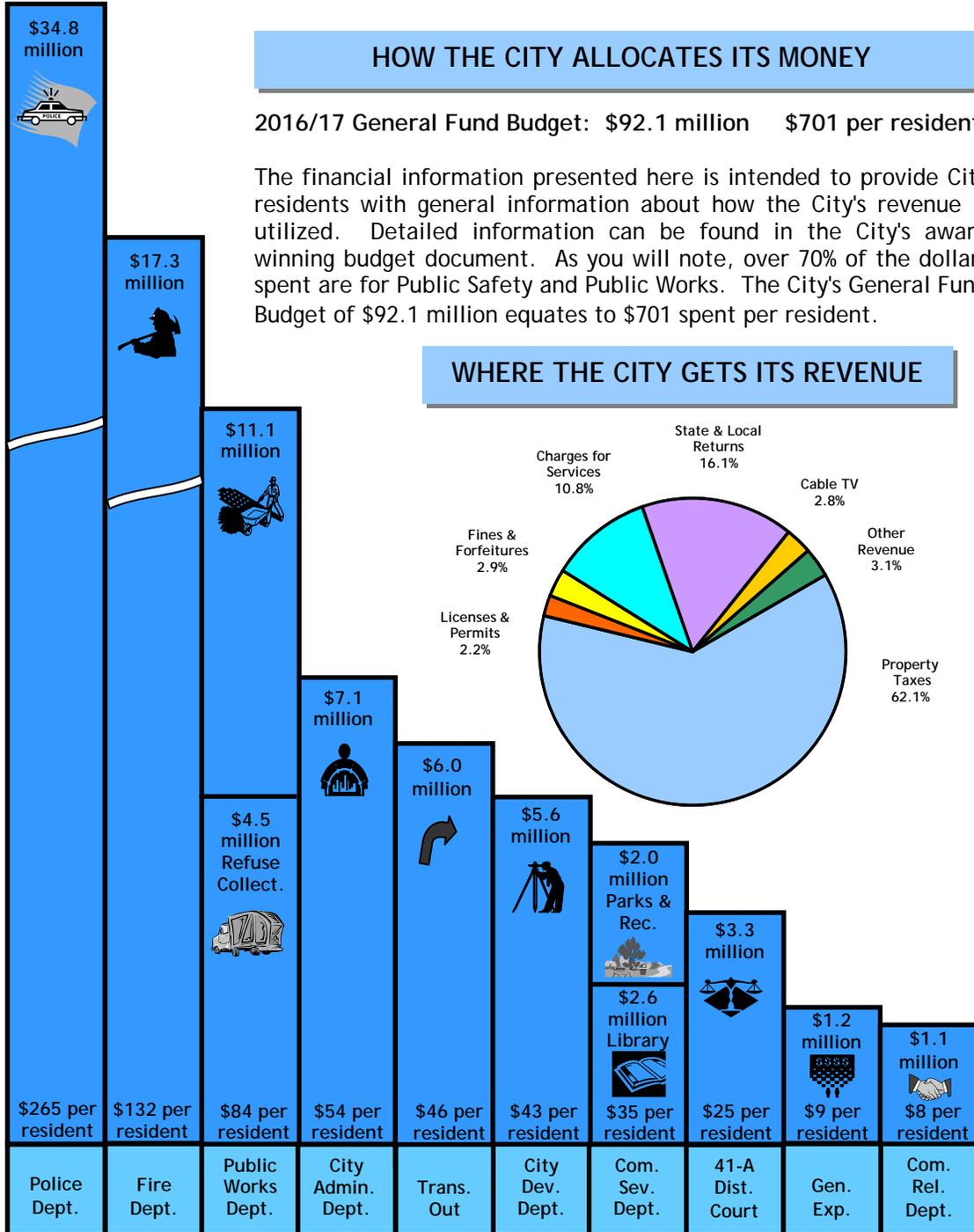
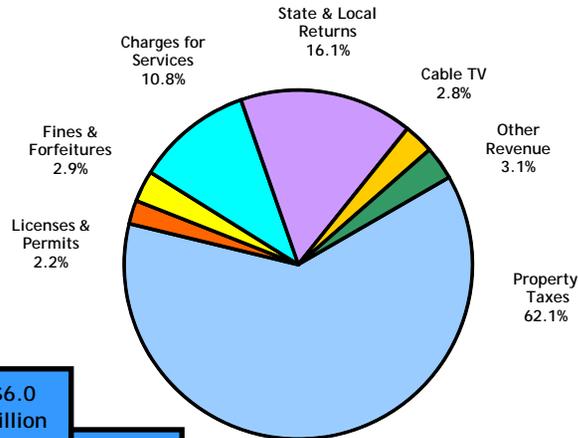
City of Sterling Heights CITIZEN'S GUIDE TO FINANCES

HOW THE CITY ALLOCATES ITS MONEY

2016/17 General Fund Budget: \$92.1 million \$701 per resident

The financial information presented here is intended to provide City residents with general information about how the City's revenue is utilized. Detailed information can be found in the City's award winning budget document. As you will note, over 70% of the dollars spent are for Public Safety and Public Works. The City's General Fund Budget of \$92.1 million equates to \$701 spent per resident.

WHERE THE CITY GETS ITS REVENUE



GENERAL FUND

REVENUES	2014/15 Actuals	2015/16 Actuals	2016/17 Budget
City Operating Taxes	\$38,380,860	\$40,154,330	\$38,313,350
Federal, State & Local Returns	11,769,100	11,772,080	14,937,250
Charges for Services	10,085,730	9,719,470	10,011,620
Police & Fire Pension Tax	7,905,420	7,992,150	7,994,750
Safe Streets Tax	6,969,240	7,121,200	6,868,270
Refuse Tax	4,615,660	4,786,970	4,469,150
Other Revenue	2,872,470	3,043,560	2,853,840
Cable Revenue	2,533,070	2,595,400	2,625,000
Fines & Forfeitures	2,567,230	3,057,420	2,690,000
Licenses & Permits	1,800,960	2,149,070	2,095,000

TOTAL REVENUES \$89,499,740 \$92,391,650 \$92,858,230

OTHER FINANCING SOURCES

Transfers In 3,100,000 1,350,060 0

TOTAL REVENUES & OTHER FINANCING SOURCES

\$92,599,740 \$93,741,710 \$92,858,230

EXPENDITURES	2014/15 Actuals	2015/16 Actuals	2016/17 Budget
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Police Department	\$32,155,730	\$32,935,260	\$34,775,200
Fire Department	17,369,430	16,585,310	17,326,250
Public Works Department	7,979,780	7,567,970	7,921,920
City Administration Department	6,869,760	7,131,270	7,404,120
Refuse Collection	4,744,360	4,767,020	4,494,150
Community Services Department	4,189,470	4,393,750	4,589,120
City Development Department	3,699,230	4,017,060	3,964,600
41-A District Court	3,087,260	3,223,740	3,271,140
General Expenditures	1,116,140	1,025,080	1,238,270
Community Relations Department	933,810	1,022,800	1,091,080

TOTAL EXPENDITURES \$82,144,970 \$82,669,260 \$86,075,850

OTHER FINANCING USES

Transfers Out 8,144,430 7,217,320 5,995,500

TOTAL EXPENDITURES & OTHER FINANCING USES

\$90,289,400 \$89,886,580 \$92,071,350

REVENUES OVER EXPENDITURES

\$2,310,340 \$3,855,130 \$786,880

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FINANCIAL & DEMOGRAPHIC BENCHMARKS Top 10 Comparable Michigan Cities by Population (Excluding Detroit)

TAXES PAID PER RESIDENT

1. Dearborn	\$865
2. Southfield	831
3. Grand Rapids	720
4. Warren	696
5. Ann Arbor	676
6. Lansing	653
7. Troy	597
8. Livonia	562
9. Farmington Hills	496
10. STERLING HEIGHTS	486

POLICE & FIRE RETIREMENT SYSTEM PERCENT FUNDED (GASB VALUATION)

1. Troy*	114.6%
2. Livonia*	104.4%
3. Grand Rapids	100.7%
4. Ann Arbor*	88.0%
5. Farmington Hills*	82.9%
6. Southfield	82.6%
7. Dearborn	80.3%
8. Lansing	73.8%
9. Warren	67.7%
10. STERLING HEIGHTS	58.0%

* Includes general employees

GENERAL EMPLOYEES' PENSION SYSTEM PERCENT FUNDED (GASB VALUATION)

1. Troy*	114.6%
2. Livonia*	104.4%
3. Grand Rapids	93.1%
4. Ann Arbor*	88.0%
5. STERLING HEIGHTS	86.1%
6. Farmington Hills*	82.9%
7. Southfield	82.6%
8. Dearborn	81.7%
9. Warren	65.3%
10. Lansing	55.9%

* Includes police & fire employees

STATE EQUALIZED PROPERTY VALUE (billions)

1. Ann Arbor	\$6.6
2. Troy	5.6
3. Grand Rapids	5.1
4. STERLING HEIGHTS	5.1
5. Livonia	4.6
6. Dearborn	3.9
7. Warren	3.9
8. Farmington Hills	3.8
9. Southfield	2.8
10. Lansing	2.2

CITY BOND RATINGS

1. Farmington Hills	AAA
2. Troy	AAA
3. Ann Arbor	AA+
4. Grand Rapids	AA
5. Livonia	AA
6. Southfield	AA
7. STERLING HEIGHTS	AA
8. Warren	AA
9. Lansing	AA-
10. Dearborn	A+

FULL-TIME EMPLOYEES PER 1,000 RESIDENTS

1. Grand Rapids	8.0
2. Southfield	7.8
3. Lansing	7.4
4. Dearborn	7.3
5. Ann Arbor	6.4
6. Livonia	5.9
7. Warren	5.2
8. Farmington Hills	4.4
9. Troy	4.2
10. STERLING HEIGHTS	3.5

GENERAL FUND RESERVES PER RESIDENT

1. Troy	\$427
2. Warren	413
3. Southfield	360
4. Farmington Hills	348
5. Dearborn	329
6. Grand Rapids	211
7. Ann Arbor	197
8. Livonia	117
9. Lansing	93
10. STERLING HEIGHTS	58

TOTAL GOVERNMENT DEBT PER RESIDENT

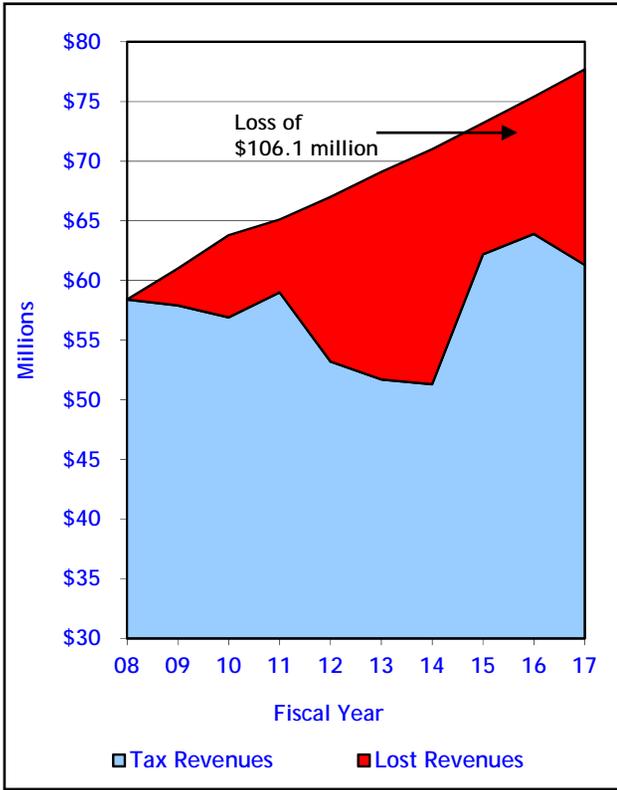
1. Ann Arbor	\$2,641
2. Lansing	2,089
3. Dearborn	2,013
4. Southfield	1,332
5. Warren	1,221
6. Livonia	664
7. Grand Rapids	481
8. Farmington Hills	406
9. Troy	396
10. STERLING HEIGHTS	119

AVERAGE RESIDENTIAL MONTHLY WATER & SEWER BILL

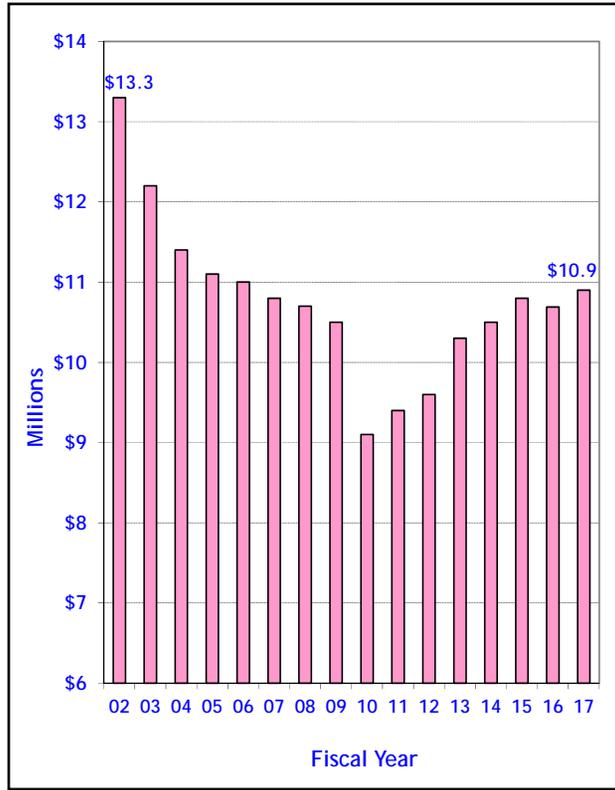
1. Lansing	\$112
2. Southfield	98
3. Dearborn	78
4. Grand Rapids	76
5. Ann Arbor	73
6. Farmington Hills	72
7. Livonia	68
8. STERLING HEIGHTS	65
9. Troy	63
10. Warren	61

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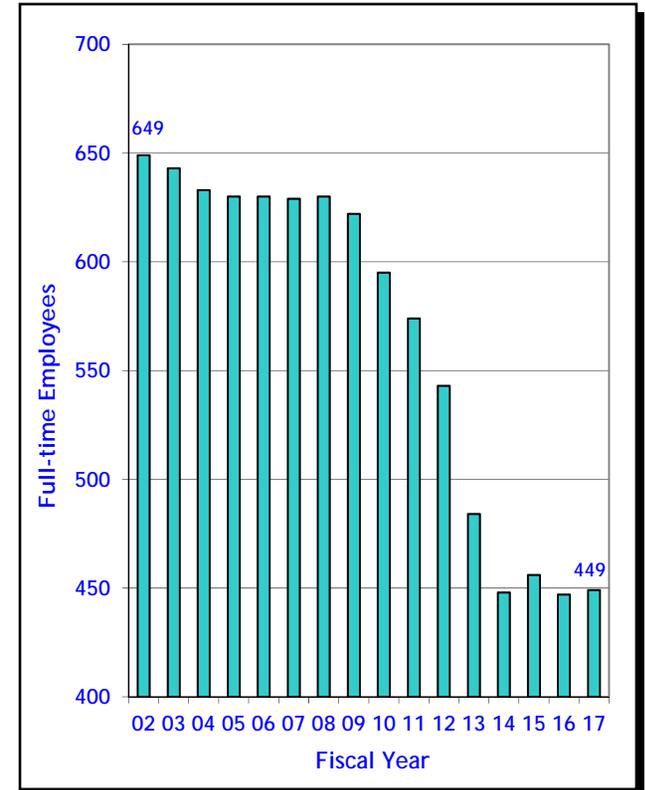
LOSS OF PROPERTY TAX REVENUES



LOSS OF STATE REVENUE FUNDING TO CITY



LOW CITY FULL-TIME STAFFING



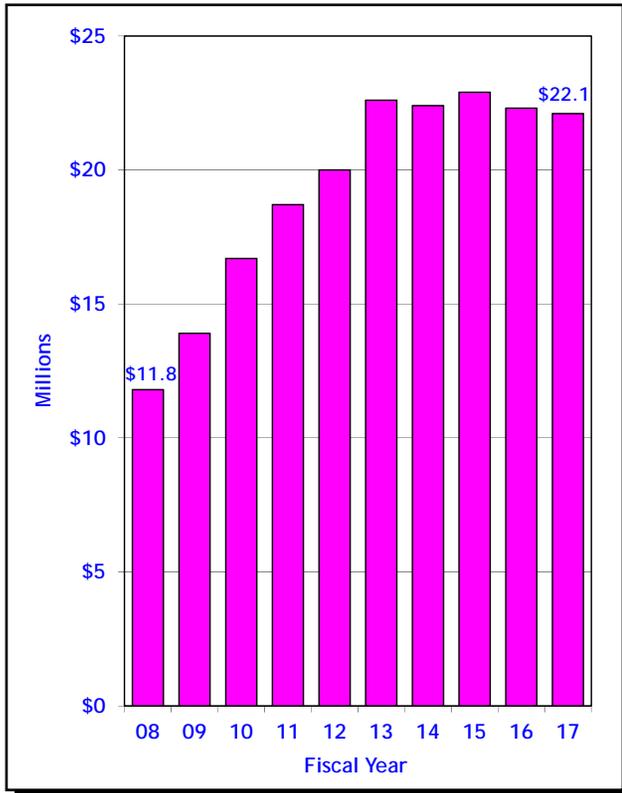
City property tax revenues historically increased, despite a declining City tax rate, due to inflationary property assessment increases and new development. Starting in 2009, revenues declined due to falling assessments, partially offset by a millage adjustment in 2011 and 2015.

The City's second largest revenue source is State Revenue Sharing, which is distributed to communities by the State. The State has cut the City's funding by \$40.5 million cumulatively since 2002. When inflation is factored in, the City has now lost \$84.3 million.

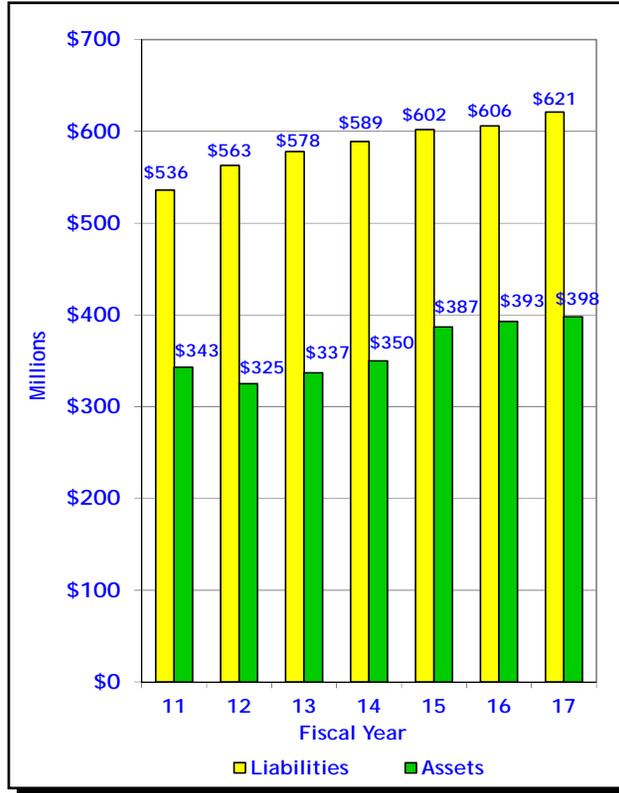
City full-time staffing has declined by 31%, or 200 positions since 2002, saving \$15.6 million annually.

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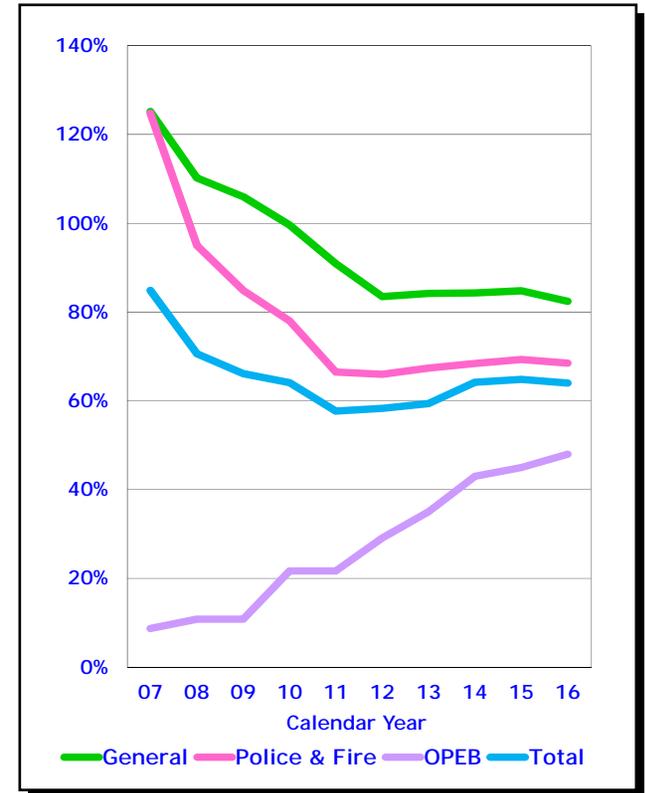
FUNDING FOR LONG-TERM RETIREMENT LIABILITIES



LONG-TERM RETIREMENT ASSETS VS. LIABILITIES



LONG-TERM RETIREMENT PLANS PERCENT FUNDED



The City contributes 100% of the actuarially required funding for all long-term retiree liabilities including police & fire pensions, general employee pensions, and retiree medical. The amounts have increased from \$11.8 million in 2008 to \$22.1 million in 2017. 61% of the increase is to fund police & fire pensions, 26% is for general employee pensions and 13% is for retiree health care liabilities. Amounts have stabilized in the past five years due to benefit reforms.

\$398 million has been set aside to fund future long-term retirement liabilities. The City has closed its General Employees pension plan, which will begin to reduce long-term liabilities. Nearly 50% of the gap between assets and liabilities is a result of medical inflation, which has increased retiree medical liabilities. The City has worked hard to reduce the growth of the liabilities by changing benefits and eliminating benefits for new hires.

Both the General Employees and Police & Fire pension systems have seen a decrease in funding levels due to prior year declines in the stock market. The General Employees pension system and retiree medical plans are both closed to new members. In addition, all employee pensions and medical benefits have been reduced with new labor contracts.

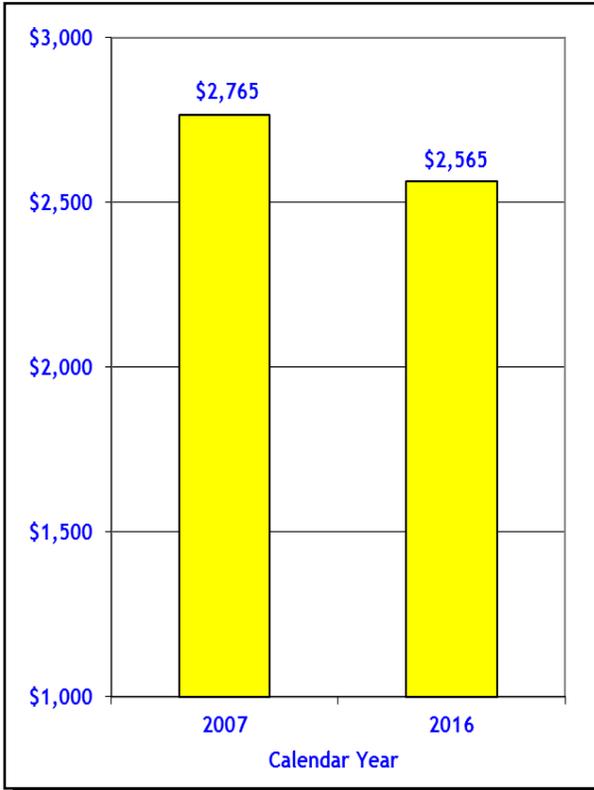
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MACOMB COUNTY CITY TAX RATES

1. Centerline	38.70
2. Warren	25.67
3. Eastpointe	25.15
4. Roseville	24.61
5. Fraser	23.26
6. Mount Clemens	22.13
7. St. Clair Shores	21.23
8. Utica	20.99
9. Richmond	16.56
10. STERLING HEIGHTS	15.19

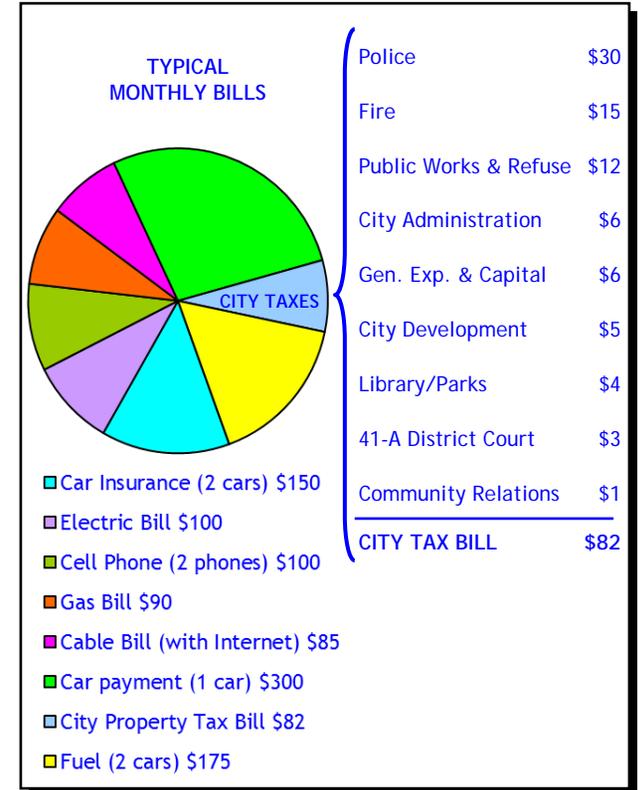
Macomb Average: 20.62 mills

DECLINING TOTAL PROPERTY TAX BILLS (AVERAGE RESIDENT)



Despite an increase in the City's millage rate due to the voter approved Safe Streets Proposal, the average homeowner's tax bill remains \$200 or 7.2% less than it was nine years ago due to lower property assessments. In addition, the 2016 inflationary adjustment in taxable value was only 0.3%, well below the average 2.4% rate the past 21 years.

MONTHLY FAMILY HOUSEHOLD BILL COMPARISON



Over 60% of the total tax bill goes to fund school and county operations. For the average resident, the City-only portion of the tax bill is only \$82 per month, which is lower than many other typical household monthly bills.

The City's property tax rate is lower than most cities in Michigan. It is also one of the lowest of any city in Macomb County. The tax rate in Sterling Heights is 5.4 mills below the average of all cities in Macomb County. The tax rate in Warren, for example, is 10.5 mills higher than in Sterling Heights.