

# **CITY OF ROCHESTER HILLS**



## **SEVEN YEAR FINANCIAL FORECAST For Fiscal Years 2023 – 2029 Presented: July 25, 2022**



innovative *by* nature

July 25, 2022

We are pleased to present the Rochester Hills City Council with the City's Seven-Year Financial Forecast covering Fiscal Years 2023-2029.

The City's Seven-Year Financial Forecast was developed to give the City Council and public a forward look at the City's financial picture. This forecast is intended to identify financial trends, issues, and opportunities to enable the City to **proactively** address issues rather than be forced into a **reactive** position.

The City's Seven-Year Forecast is built by projecting *current* service levels, programs, and policies by a set of conservative financial assumptions to envision the impact of service levels, programs, and policies into the future. The Seven-Year Forecast considers projects identified in the City's Capital Improvement Plan (CIP) and the City's adopted Governmental Funds Fund Balance Policy.

*The Seven-Year Financial Forecast is not intended to be a budget, a proposed spending plan, or a policy recommendation.*

As the name implies, this process is a forecast and is not a formal plan. The Seven-Year Financial Forecast is not intended to be a comprehensive plan for achieving all City Council adopted objectives.

The Seven-Year Financial Forecast rather sets the stage for the annual budget development, by aiding Department Directors, the Mayor, and City Council in establishing priorities and allocating the City's resources most appropriately. The forecast helps to project economic outcomes, their effects on the City's revenues, and the level of services and programs the City may be able to deliver within those forecasted revenue flows.

## July 2022 Financial Forecast Projections:

- **Taxable Value:**

FY 2023	5.65%	Actual
FY 2024	4.43%	Projected
FY 2025	2.06%	Projected
FY 2026-2029	2.36%	Projected

- The City is taking a conservative approach to projecting City Taxable Value growth into the future
- The Consumer Price Index (CPI) used to calculate Taxable Value changes is based on a 24-month rolling average
  - *Taxable Values have increased an average of +3.9% per year the past 5-Years (2018-2022)*

- **City of Rochester Hills Millage Rate:**

	Actual 2022	Projected 2023	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028	Estimated 2029
<b>OPERATING MILLAGE</b>								
Charter Operating	2.7457	2.8337	2.8337	2.8337	2.7751	2.7588	2.7421	2.7253
Local Street I	1.0781	1.0687	1.0687	1.0687	1.0687	1.0687	1.0687	1.0687
Fire Fund	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000
Special Police I	1.1459	1.1359	1.1359	2.2504	2.3420	2.3583	2.3750	2.3918
Special Police II	1.1658	1.1145	1.1145	-	-	-	-	-
Pathway	0.1758	0.1742	0.1742	0.1742	0.1742	0.1742	0.1742	0.1742
Parks	0.1660	0.1645	0.1645	0.1645	0.1645	0.1645	0.1645	0.1645
RARA: Operating	0.1846	0.1829	0.1829	0.1829	0.1829	0.1829	0.1829	0.1829
OPC: Transportation	0.3174	0.3146	0.3146	0.3146	0.3146	0.3146	0.3146	0.3146
OPC: Operating	0.0946	0.0937	0.0937	0.0937	0.0937	0.0937	0.0937	0.0937
Library: Operating	0.7418	0.7353	0.7353	0.7353	0.7353	0.7353	0.7353	0.7353
<b>TOTAL OPERATING MILLAGE</b>	<b>10.5157</b>	<b>10.5180</b>	<b>10.5180</b>	<b>10.5180</b>	<b>10.5510</b>	<b>10.5510</b>	<b>10.5510</b>	<b>10.5510</b>
<b>DEBT MILLAGE</b>								
Drain Debt Fund	0.0353	0.0330	0.0330	0.0330	-	-	-	-
<b>TOTAL DEBT MILLAGE</b>	<b>0.0353</b>	<b>0.0330</b>	<b>0.0330</b>	<b>0.0330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL MILLAGE RATE</b>	<b>10.5510</b>	<b>10.5510</b>	<b>10.5510</b>	<b>10.5510</b>	<b>10.5510</b>	<b>10.5510</b>	<b>10.5510</b>	<b>10.5510</b>

- The City's overall millage rate of 10.5510 is projected to be held consistent through the forecast period
- In FY 2025, it is anticipated that the Special Police I & II millages will be renewed and combined into one (1) single Special Police millage.
- In FY 2025, the Drain Debt Fund Millage will pay off the debt service issue and no longer need to be levied to generate the funds to pay the debt service
  - The Drain Debt millage amount of 0.0330 mill is anticipated to generate roughly \$140,000 in FY 2025
  - Prior to the millage's scheduled expiration in FY 2025, the City will need to determine whether to proposing re-purposing the expiring Drain Debt millage to another purpose or to let the millage expire and reduce the overall millage rate

## July 2022 Financial Forecast Projections:

- **State-Shared Revenue:**

FY 2021	16.3%	Actual
FY 2022	16.5%	Projected
FY 2023	-6.8%	Projected
FY 2024	1.8%	Projected
FY 2025-2029	1.8%	Projected

- State-Shared revenue represents the share of sales tax distributed by the State of Michigan to the City of Rochester Hills
- State-Shared revenue increased considerably in FY 2021 as compared to FY 2020 levels which were reduced due to the COVID pandemic
- State-Shared revenue is projected to increase in FY 2022 due in part to the City's increased population figures from the 2010 Census to the 2020 Census
  - Population is a component factor in the State of Michigan's Constitutional State-Shared revenue formula
- Please Note: State-Shared revenue is projected to be higher in FY 2022, due to a one (1) time lookback / true-up credit payment from the State of Michigan received in FY 2022 covering a portion of FY 2020 as well as the entirety of FY 2021
  - The State of Michigan experienced delays in updating the Constitutional State-Shared revenue formula with updated 2020 Census figures
- The City is taking a conservative approach to projecting State Shared Revenue growth into the future
  - *Note: State-Shared Revenues have increased an average of +6.1% per year the past 5-Years (2017-2021)*

- **Act 51 Revenue:**

FY 2021	13.2%	Actual
FY 2022	6.6%	Projected
FY 2023	0.0%	Projected
FY 2024	0.0%	Projected
FY 2025-2029	0.0%	Projected

- State of MI Gasoline tax (Act 51) represents the share of gasoline tax and vehicle registration fees distributed to local units
- Act 51 revenue increased considerably in FY 2021 as compared to FY 2020 levels which were reduced due to the COVID pandemic
- Act 51 revenue is projected to increase in FY 2022 due in part to the City's increased population figures from the 2010 Census to the 2020 Census
- As the future of Act 51 revenue is unclear with the transition of traditional internal combustion vehicles (which utilize gasoline) to electric vehicles (which do not utilize gasoline) as well as recent increases in fuel prices
  - The City will be closely monitoring any legislation at the State of Michigan regarding potential changes to road funding stemming from the transition to electric vehicles

## July 2022 Financial Forecast Projections:

- The City is taking a conservative approach to projecting Act 51 revenue growth into the future by anticipating 0% growth in Act 51 revenue moving forward
  - *Note: Act 51 Revenues have increased an average of +12.9% per year the past 5-Years (2017-2021) due in part to an increase in the State Gasoline tax in FY 2017*

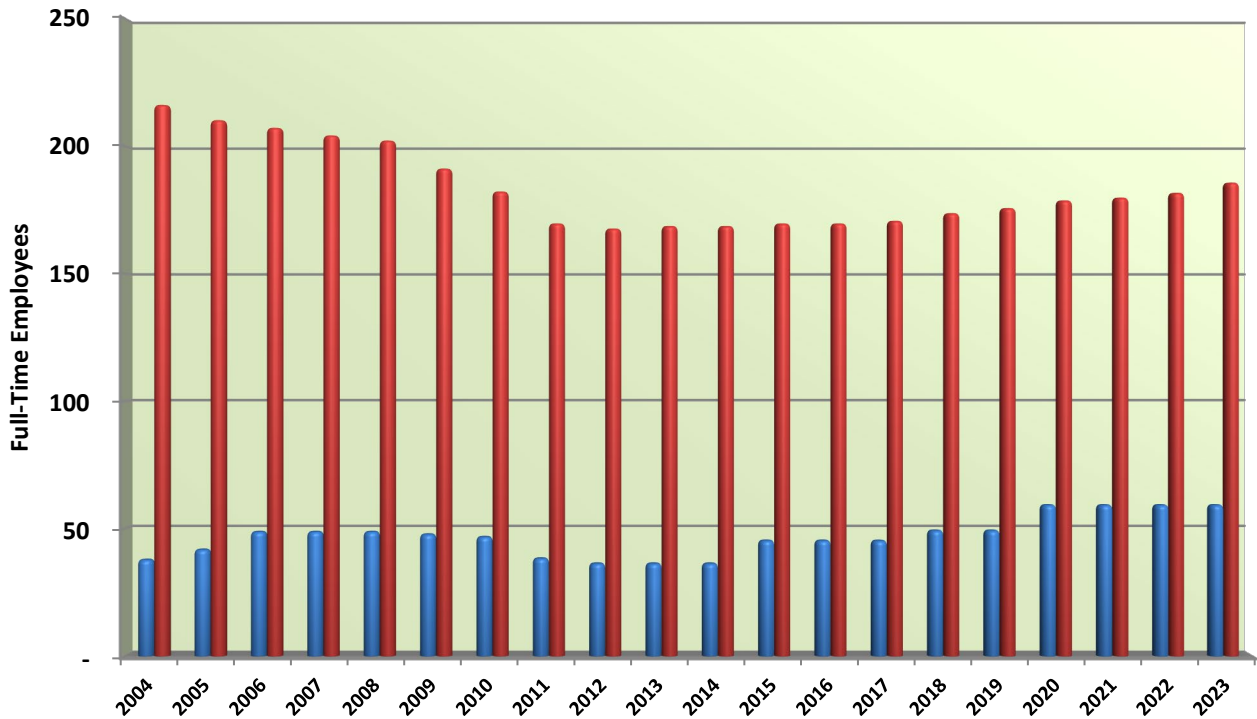
- **Investment Earnings:**

FY 2022	0.25%	Projected
FY 2023	1.00%	Projected
FY 2024	1.50%	Projected
FY 2025	1.50%	Projected
FY 2026-2029	1.50%	Projected

- In June of 2022, the Federal Reserve Board increased the Federal Funds Rate to 1.50% - 1.75% due in part to address the rise in inflation
- The Federal Reserve Board has signaled that additional Federal Funds Rate increases are anticipated throughout FY 2022
- The City is taking a very conservative approach to projecting investment revenue into the future
  - *Note: As of 06/30/2021 the City's average weighted yield returned 0.99%*
- **2022 Budget Information:**
  - Updated with FY 2022 2<sup>nd</sup> Quarter Proposed Budget Amendment data to provide the most up-to-date forecast
- **Capital Projects:**
  - All capital projects were reviewed and updated with revised cost estimates based upon current market conditions as part of the FY 2023-2028 CIP process
- **Staffing Levels:**
  - 2023-2029 Long-Term Forecast projects four (4) additional full-time employees in the staffing level
  - 2023-2029 Long-Term Forecast projects one (1) additional OCSO deputy to be added

## July 2022 Financial Forecast Projections:

### Budgeted Full-Time Employees per Fiscal Year



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
■ Fire Staff	38	42	49	49	49	48	47	38	36	36	36	45	45	45	49	49	59	59	59	59
■ All Other City Staff	216	210	207	204	202	191	182	170	168	169	169	170	170	171	174	176	179	180	182	186

- **Salary and Wages**

FY 2022	2.75%	Actual
FY 2023	2.75%	Actual
FY 2024	2.75%	Actual
FY 2025-2029	2.50%	Projected

- Consistent with existing Union contracts

- **OCSO Contract**

FY 2022	1.82%	Actual
FY 2023	2.70%	Actual
FY 2024	2.78%	Actual
FY 2025-2029	3.00%	Projected

- Consistent with existing OCSO contract

- **Health Care**

FY 2022	0.00%	Actual
FY 2023-2029	7.00%	Projected

- Based on information provided by City's Healthcare broker

## July 2022 Financial Forecast Projections:

- **General Inflation**

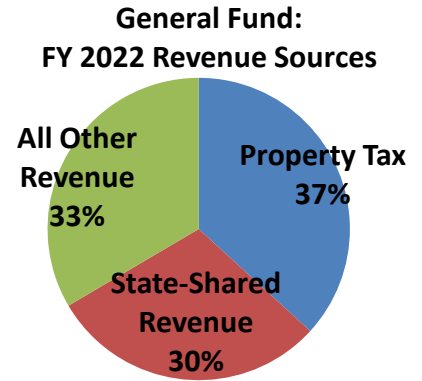
FY 2022	7.50%	Projected
FY 2023	5.00%	Projected
FY 2024	3.00%	Projected
FY 2025	2.50%	Projected
FY 2026-2029	2.00%	Projected

- Based on Federal Reserve Board inflation target

# (101) General Fund Forecast

## GENERAL FUND / REVENUES:

- For FY 2022, the primary sources of General Fund revenue are:
  - 37% = Property Tax
  - 30% = State-Shared Revenue
  - 33% = All Other Revenue
    - Charges for Services, License & Permits, etc...



## **General Fund / Property Tax Revenue:**

- The General Fund (Charter Operating) millage is adjusted and set to maintain the bottom-line millage rate each year
- A slight decrease in the General Fund (Charter Operating) millage in FY 2026 as the Special Police Fund is projected to hit its 25% Fund Balance target balance, and will need to increase the Police millage to maintain that fund balance level into the future

**General Fund:  
Property Tax Trend**

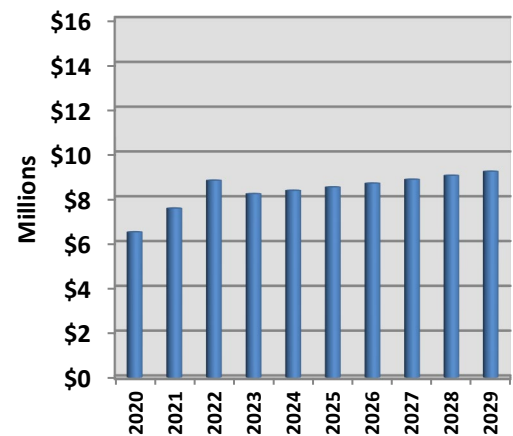


## **General Fund / State Shared Revenue:**

FY 2021	16.3%	Actual
FY 2022	16.5%	Projected
FY 2023	-6.8%	Projected
FY 2024	1.8%	Projected
FY 2025-2029	1.8%	Projected

- State-Shared revenue is projected to increase in FY 2022 due in part to the City's increased population figures from the 2010 Census to the 2020 Census
  - Population is a factor in the State of Michigan's Constitutional State-Shared revenue formula
- State-Shared revenue is projected to be higher in FY 2022, due to a one (1) time lookback / true-up credit payment received from the State of Michigan covering a portion of FY 2020 as well as the entirety of FY 2021
  - The State of Michigan experienced delays in updating the Constitutional State-Shared revenue formula with updated 2020 Census figures

**General Fund:  
State Shared Revenue Trend**





# (101) General Fund Forecast

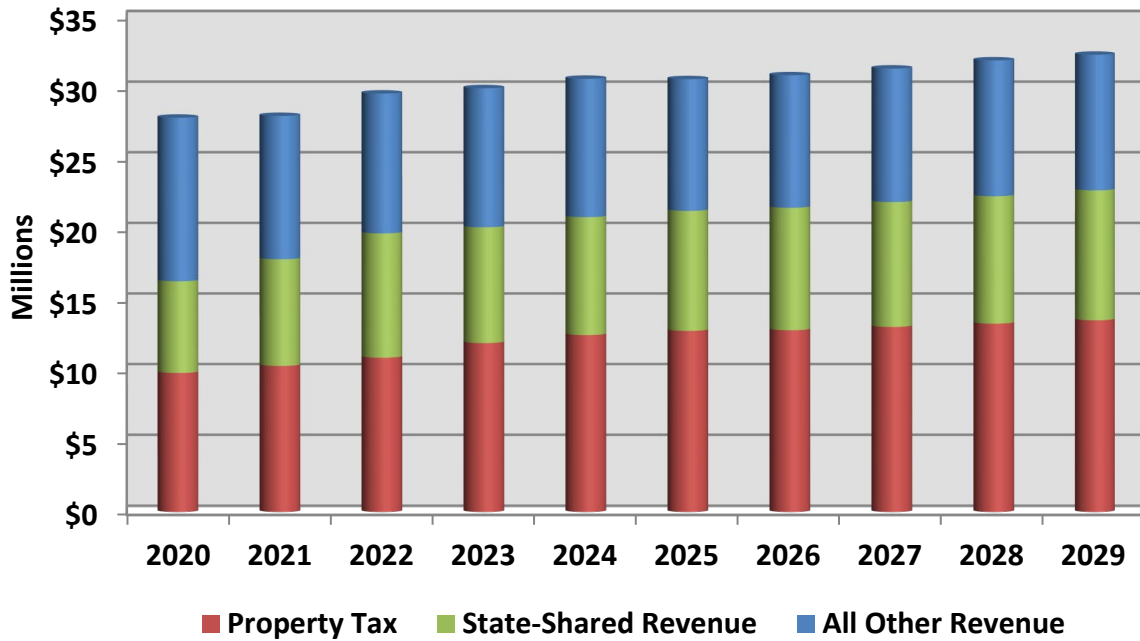
## General Fund / Other Revenues:

- Various Charges for Services, License & Permits, etc...
  - Examples: Building, Ordinance, Clerks, Planning, Parks Department, Investment Earnings, etc...
- The decrease in Other Revenue from FY 2020-21 is due to reduced Investment Earnings and Building Permit Fees
- Other City revenues are conservatively projected

**General Fund:  
All Other Revenues Trend**



**General Fund: Total Revenue Trend**

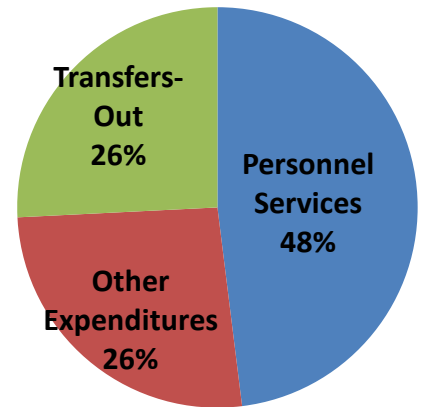


# (101) General Fund Forecast

## GENERAL FUND / EXPENDITURES:

- For FY 2022, the primary sources of General Fund expenditures are:
  - 48% = Personnel Services
  - 26% = Other Expenditures
    - Supplies, Services, Interfund Charges, Memberships, etc...
  - 26% = Transfers-Out to other funds
    - *Includes transfer to the Capital Improvement Fund (420) to set the General Fund Balance at 80% of annual expenditures*

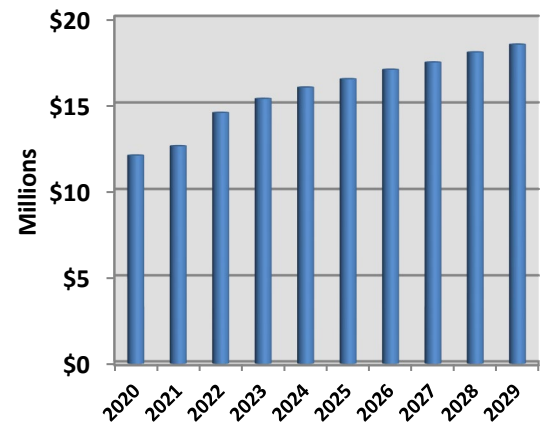
**General Fund:  
FY 2022 Expenditure Sources**



## **General Fund / Personnel Services:**

- Salary and Wages are projected to increase +2.75% per year (2022-2024) and +2.50% thereafter
  - *The increase in trend from 2020-21 Actual to 2022+ is due to actual personnel expenditures routinely coming in under budget due to some level of salary lapse (vacant positions) each year*
- 2023-2029 Long-Term Forecast projects three (3) Part-Time employees proposed as Full-Time employees in FY 2023 and one (1) new Full-Time employee

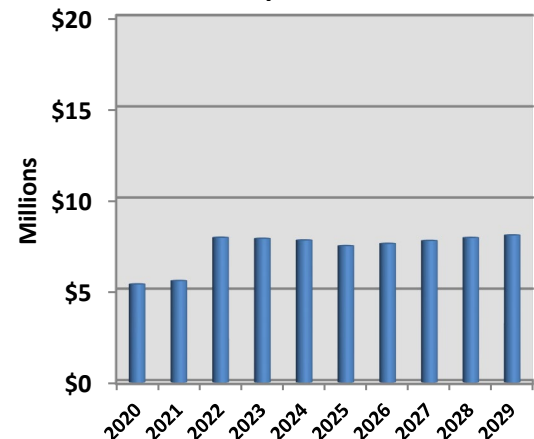
**General Fund:  
Personnel Services Trend**



## **General Fund / Other Expenditures:**

- Supplies, Materials, Professional & Contractual Services, Interfund Charges (Facilities & MIS), Printing & Publishing, etc...
- Other expenditures are projected to increase from 0% to +2.5% per year
  - *The increase in trend from 2020-21 to 2022 is due to actual operating expenditures routinely coming in under budget each year as well as the impact of inflation beginning in 2022*

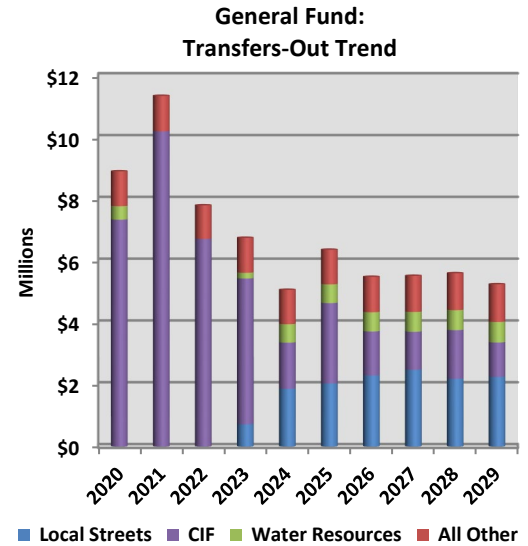
**General Fund:  
Other Expenditures Trend**



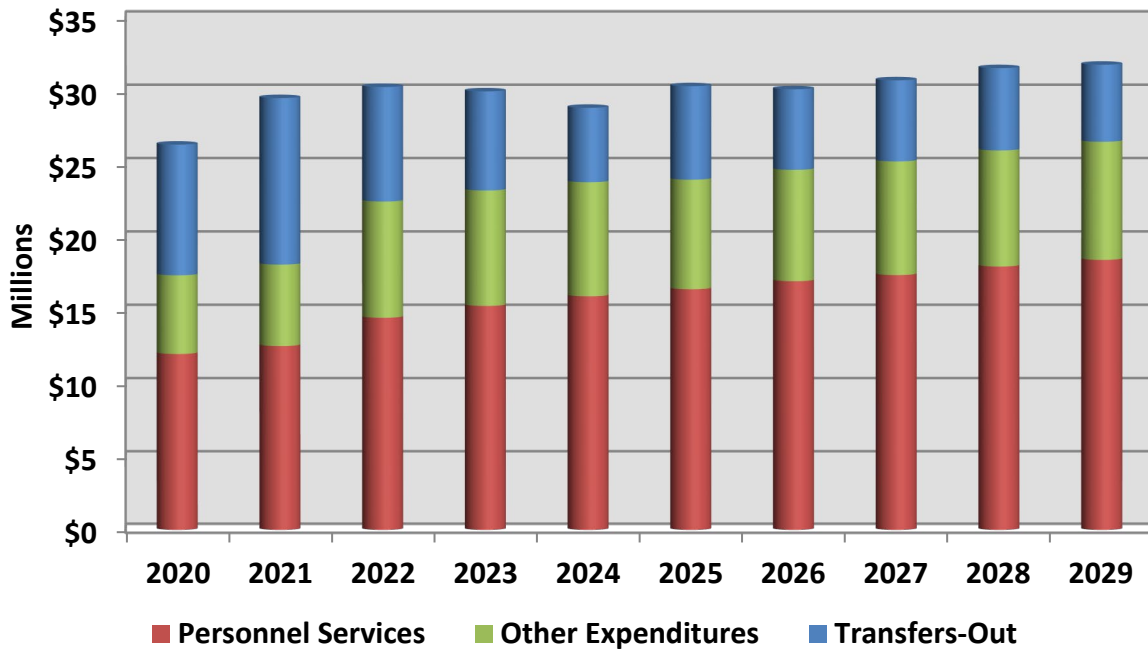
# (101) General Fund Forecast

## General Fund / Transfers-Out:

- The annual transfer from the General Fund to the Capital Improvement Fund (CIF) will be in an amount to maintain the General Fund Balance at 80% of annual operating expenditures
  - Note: 70% to 80% is the established General Fund target Fund Balance range
- The annual transfer from the General Fund to the Local Street Fund will be in an amount to maintain the Local Street Fund Balance at 25% of annual expenditures and is anticipated to resume in FY 2023
- The annual transfer from the General Fund to the Water Resources Fund will be in an amount to maintain the Water Resources Fund Balance at 25% of annual operating expenditures and is anticipated to resume in FY 2023



## General Fund: Total Expenditure Trend

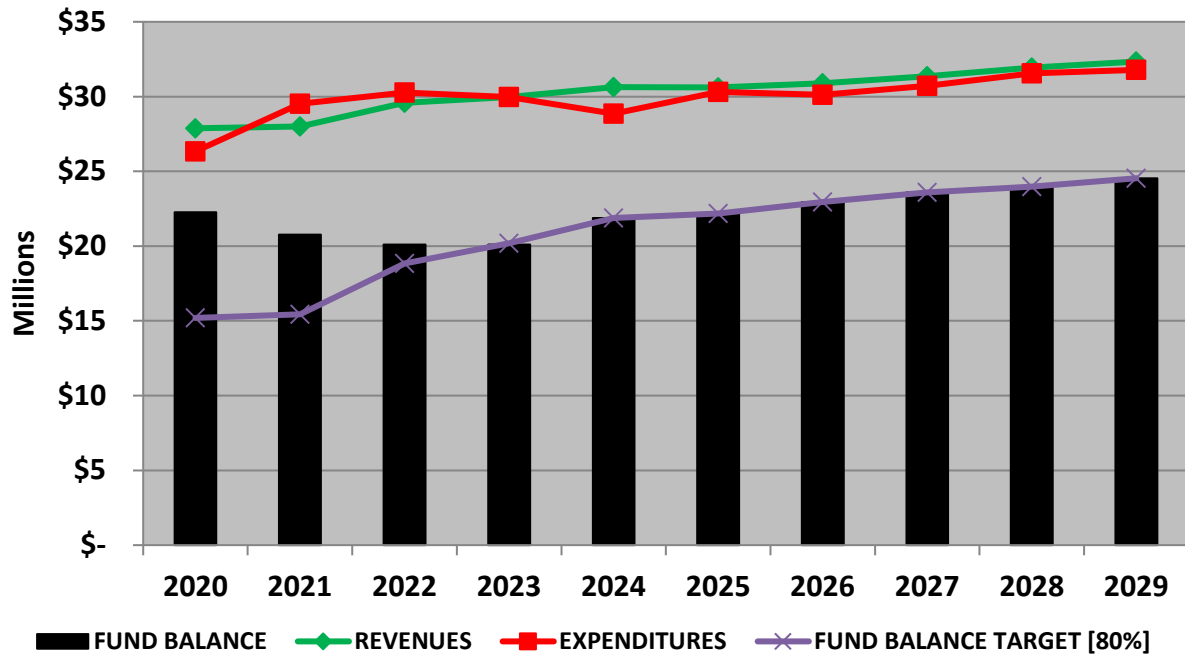


## (101) General Fund Forecast

### General Fund / Revenue, Expenditures, and Changes in Fund Balance:

- The decrease in fund balance in FY 2020-2022 is due to additional Transfers-Out to the Capital Improvement Fund (420) to set the General Fund Balance at 80% of annual expenditures
  - General Fund Balance in excess of 80% of annual expenditures will be annually transferred-out to the Capital Improvement Fund

### General Fund: Revenue / Expenditure / Fund Balance



### General Fund / Takeaway Points:

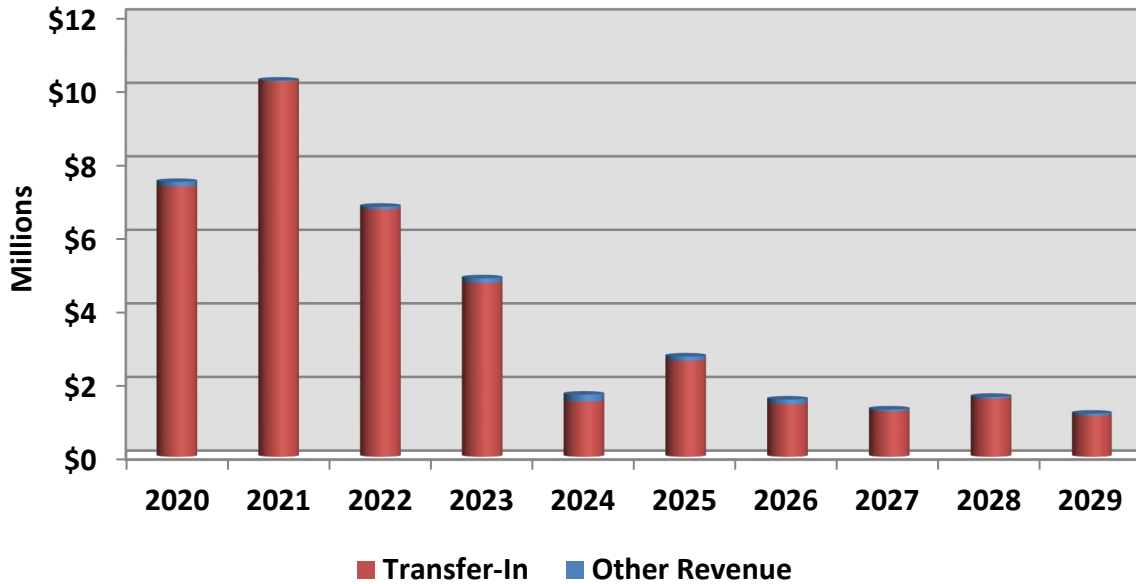
- The General Fund (Charter Operating) millage is adjusted and set to maintain the bottom-line millage rate each year
- Other City revenues are proposed to be very conservatively projected
- The annual transfer from the General Fund to the Local Street Fund will be in an amount to maintain the Local Street Fund Balance at 25% of annual expenditures and the Water Resources Fund Balance at 25% of annual operating expenditures
- General Fund Balance in excess of 80% of annual operating expenditures will be annually transferred-out to the Capital Improvement Fund

## (420) Capital Improvement Fund Forecast

### Capital Improvement Fund / Revenue Summary:

- The increase in Transfer-In Revenues in FY 2020-2023 is to set the General Fund (101) at 80% of annual operating expenditures
  - General Fund Balance in excess of 80% of annual expenditures will be annually transferred-out to the Capital Improvement Fund

### Capital Improvement Fund: Total Revenue Trend

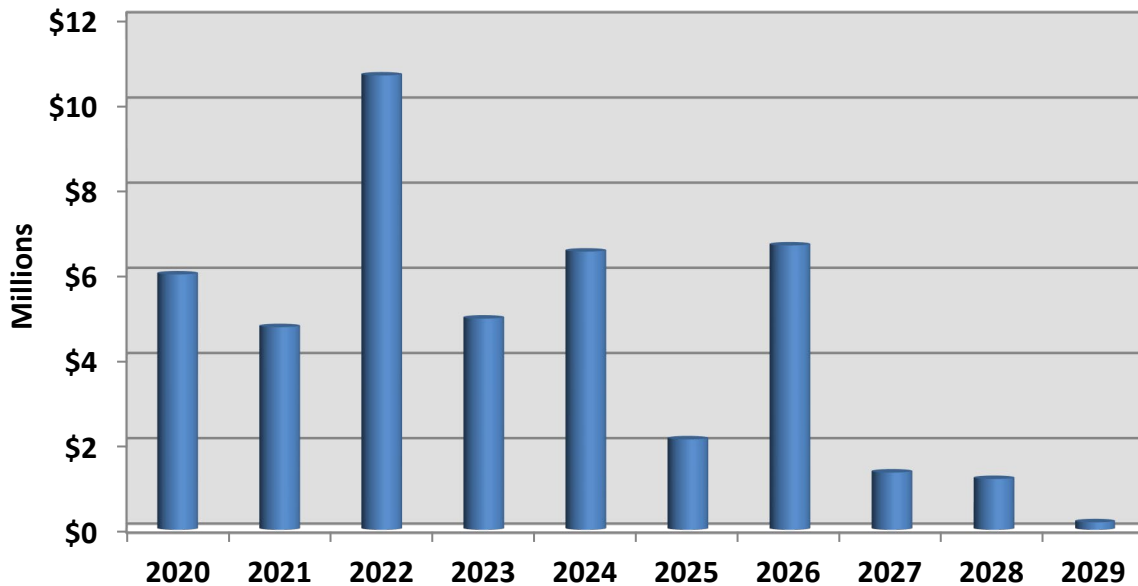


# (420) Capital Improvement Fund Forecast

## Capital Improvement Fund / Expenditure Summary:

- Capital Outlay costs for 2020-2027 include projects as included in the City’s annual Capital Improvement Plan (CIP):
  - 2020 Actual:
    - \$3.3M = Museum Dairy Barn Roof Replacement
    - \$1.2M = Local Street SAD projects / Bolinger & Michelson
    - \$1.1M = Innovation Hills
    - \$0.4M = Various Facility & Other Improvement projects
  - 2021 Actual:
    - \$2.3M = Innovation Hills
    - \$1.7M = Borden Park Office Relocation
    - \$0.7M = Various Facility & Other Improvement projects
  - 2022 Budget:
    - \$4.0M = Innovation Hills
    - \$3.8M = Parking Lot Replacement Program: Borden
    - \$0.6M = Auburn Corridor Parking Lot
    - \$2.1M = Various Facility & Other Improvement projects
  - 2023 Projected:
    - \$3.3M = Parking Lot Replacement Program: Bloomer
    - \$1.0M = HVAC and CO2 Sensor Replacement: DPS Garage
    - \$0.6M = Various Facility & Other Improvement projects
  - 2024 Projected:
    - \$3.6M = Parking Lot Replacement Program: Spencer & Avondale
    - \$1.2M = Innovation Hills
    - \$1.6M = Various Facility & Other Improvement projects
  - 2026 Projected:
    - \$4.5M = Adams Road Widening [Hamlin – Walton]
    - \$1.7M = Various Facility & Other Improvement projects

## Capital Improvement Fund: Total Expenditure Trend

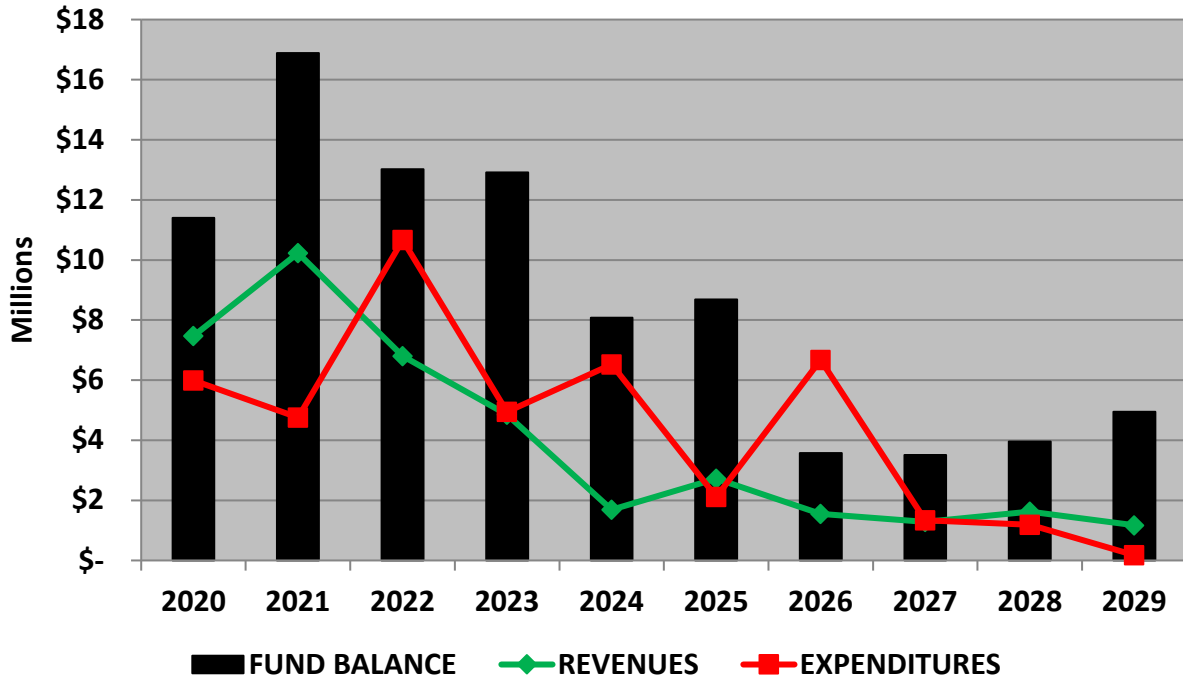


## (420) Capital Improvement Fund Forecast

### Capital Improvement Fund / Revenue, Expenditures, Changes in Fund Balance:

- The increase in Revenues in FY 2020-2023 is to set the General Fund (101) at 80% of annual operating expenditures
  - Moving forward, any General Fund Balance in excess of 80% of annual expenditures will be transferred-out to the Capital Improvement Fund
- Capital Outlay costs for 2023-2029 include projects as included in the City’s annual Capital Improvement Plan (CIP)

### Capital Improvement Fund: Rev / Exp / Fund Balance



### Capital Improvement Fund / Takeaway Points:

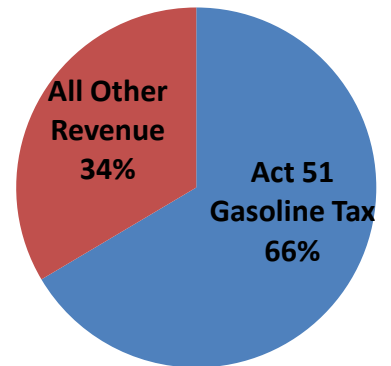
- The mission of the Capital Improvement Fund is to provide a mechanism to fund certain projects identified in the Capital Improvement Plan (CIP)
- Revenues represent the annual structural surplus of the General Fund maintained at 80% of operating expenditures
- Capital Outlay costs include projects as included in the Adopted CIP

# (202) Major Road Fund Forecast

## MAJOR ROAD FUND / REVENUES:

- For FY 2022, the primary sources of Major Road Fund revenue are:
  - 66% = Act 51 Gasoline Tax
  - 34% = All Other Revenue

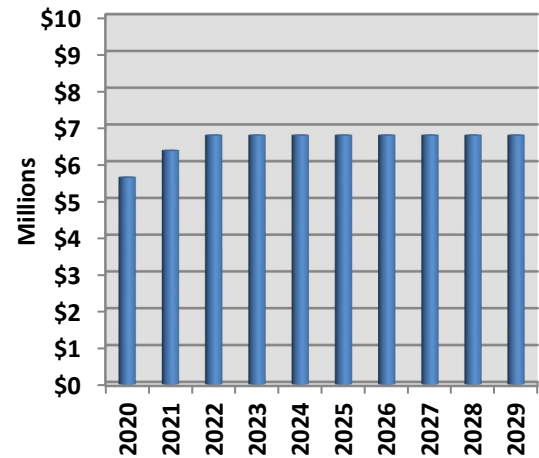
**Major Road Fund:  
FY 2022 Revenue Sources**



## Major Road / Act 51 Gasoline Tax Revenue:

- Act 51 revenue is projected to increase in FY 2022 due in part to the City’s increased population figures from the 2010 Census to the 2020 Census
- As the future of Act 51 revenue is unclear with the transition of traditional internal combustion vehicles (which utilize gasoline) to electric vehicles (which do not utilize gasoline) as well as recent increases in fuel prices
  - The City is taking a conservative approach to projecting Act 51 revenue growth into the future by anticipating 0% growth in Act 51 revenue moving forward

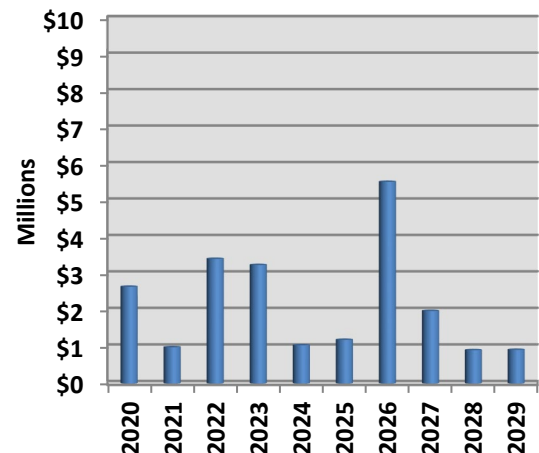
**Major Road Fund:  
Act 51 Gasoline Tax Trend**



## Major Road / Other Revenues:

- The City continually works with other agencies to leverage the City’s Major Road funding in order to construct needed improvements and rehabilitations to the City’s Major Road network
- 2020:
  - \$0.8M from State of MI for of Livernois
  - \$0.7M from CIF (420) for Auburn Corridor Project
- 2022:
  - \$2.3M from LDFA for Waterview Reconstruction
- 2023:
  - \$1.8M from ARPA Fund for Drexelgate Parkway Reconstruction and Pathway Installation
- 2026:
  - \$4.5M from CIF for Adams Road Widening [Hamlin – Walton]

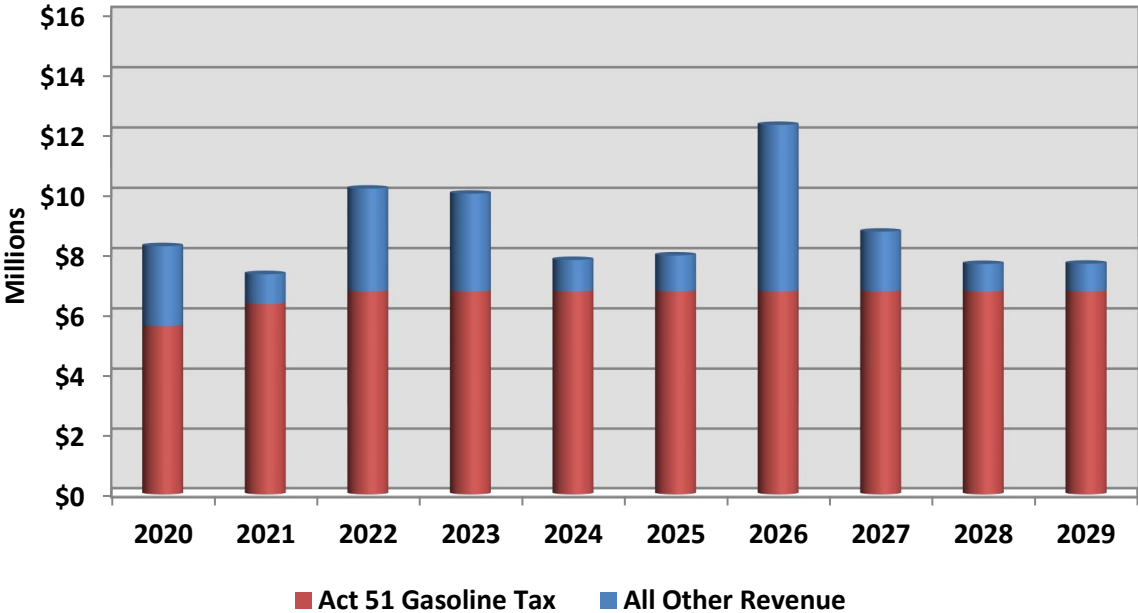
**Major Road Fund:  
All Other Revenue Trend**





# (202) Major Road Fund Forecast

## Major Road Fund: Total Revenue Trend

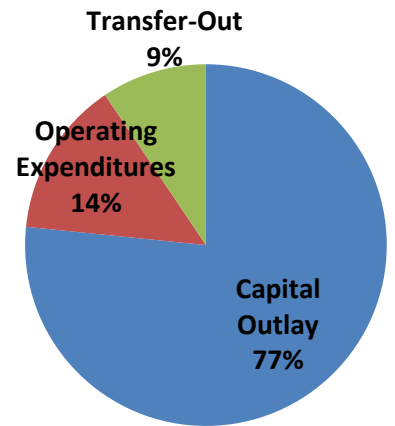


# (202) Major Road Fund Forecast

## MAJOR ROAD FUND / EXPENDITURES:

- For FY 2022, the primary sources of Major Road Fund expenditures are:
  - 14% = Operating Expenditures
  - 77% = Capital Outlay
    - *This proportion will vary significantly based upon the level of capital outlay scheduled in a particular Fiscal Year*
  - 9% = Transfer-Out
    - *Per Act 51 requirements, a community may transfer up to 50% of Major Road Act 51 monies to the Local Street Fund*
    - *The Major Road Fund transfers 25% of Act 51 monies to the Local Street Fund*

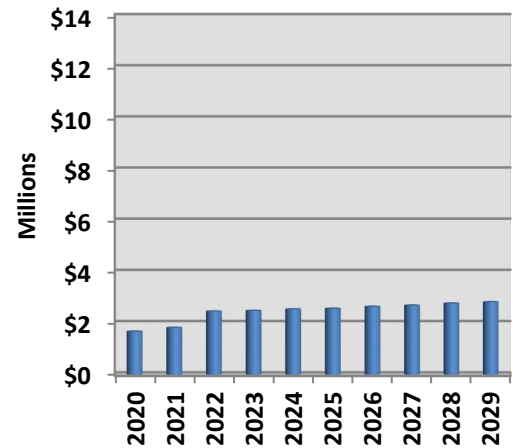
**Major Road Fund:  
FY 2022 Expenditure Sources**



## Major Road Fund / Operating Expenditures:

- Personnel, Materials, Supplies, Services, Interfund Charges (Fleet), Memberships, etc...
- The increase in trend from 2020-2021 to 2022+ is due to actual Major Road operating expenditures routinely coming in under budget year as well as the impact of inflation beginning in 2022

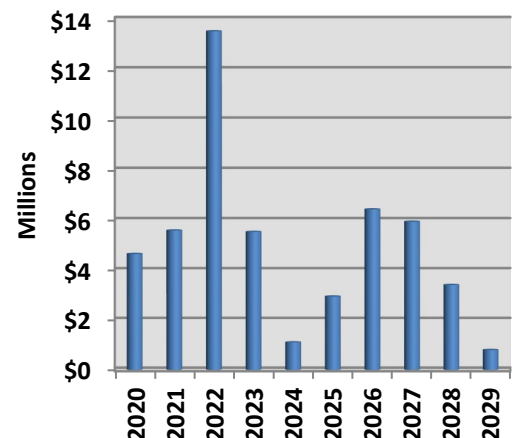
**Major Road Fund:  
Operating Expenditure Trend**



## Major Road Fund / Capital Outlay:

- Capital Outlay costs for 2020-2029 include Major Road projects as included in the CIP
  - 2020 = Auburn Corridor, John R [Avon - Bloomer] Harding, Austin, Dequindre
  - 2021 = Hamlin [Adams - Crooks], Butler, Avon / Dequindre / 23-Mile
  - 2022 = Auburn [Rochester - Culbertson], Waterview (L DFA Funded), Old Perch
  - 2023 = Avon Industrial, Barclay Circle, Drexelgate Road & Pathway
  - 2025 = Brewster [Walton - Dutton]
  - 2026 = Adams Widening [Hamlin - Walton]
- The City continually works with other agencies to leverage the City's Major Road funding in order to construct needed improvements and rehabilitations to the City's Major Road network

**Major Road Fund:  
Capital Outlay Trend**

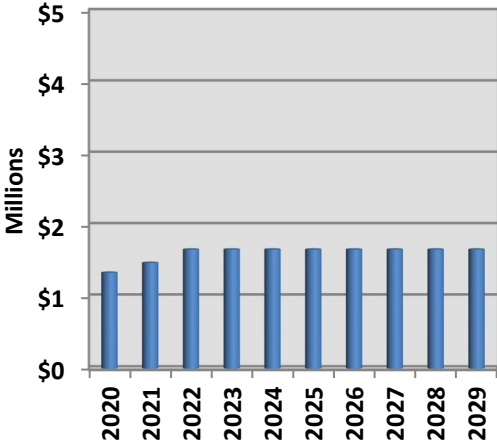


# (202) Major Road Fund Forecast

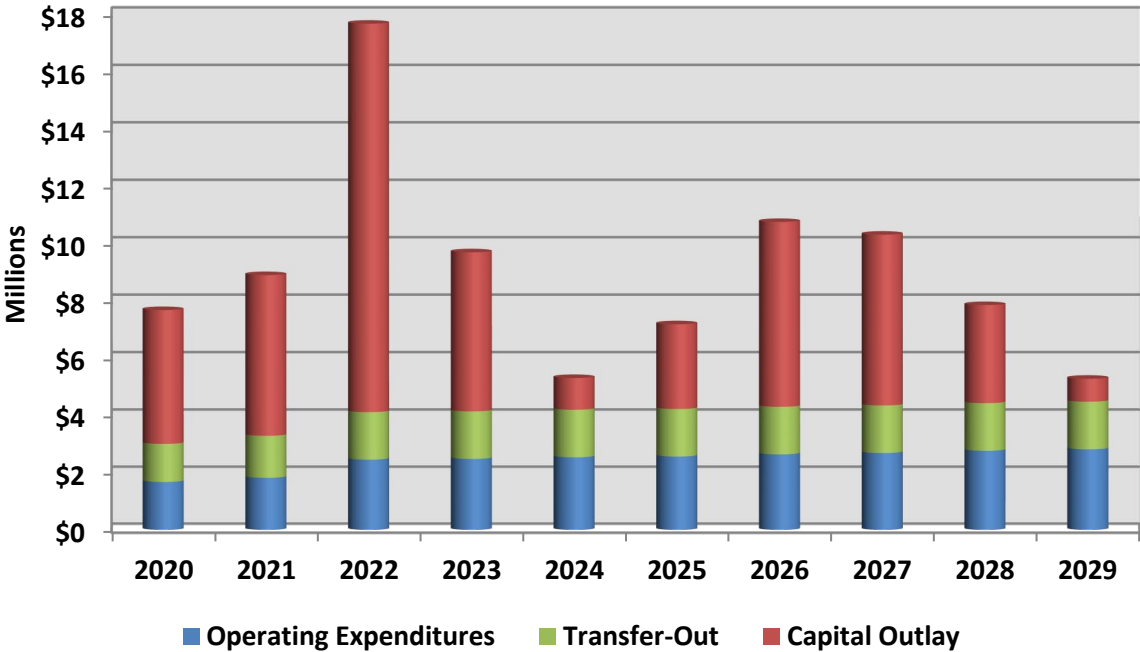
**Major Road Fund / Transfer-Out:**

- Per Act 51 requirements, a community can transfer up to 50% of Major Road Act 51 monies to the Local Street Fund

**Major Road Fund:  
Transfer-Out Expenditure Trend**



**Major Road Fund: Total Expenditure Trend**

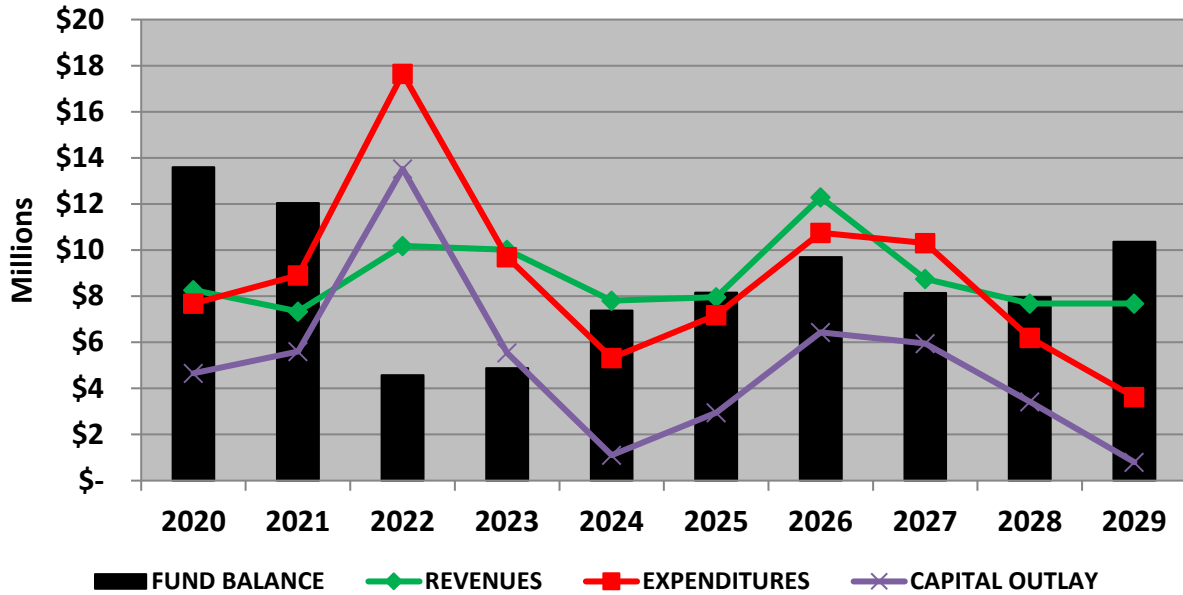


## (202) Major Road Fund Forecast

### Major Road Fund / Revenue, Expenditures, and Changes in Fund Balance:

- Capital Outlay costs for 2023-2029 include Major Road projects as included in the CIP

### Major Road Fund: Revenue / Expenditure / Fund Balance



### Major Road Fund / Takeaway Points:

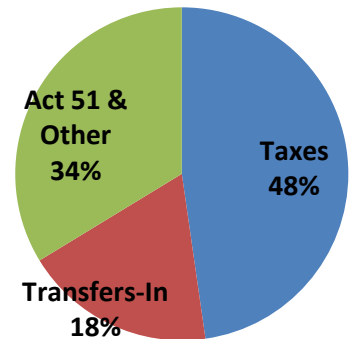
- As the future of Act 51 revenue is unclear with the transition of traditional internal combustion vehicles (which utilize gasoline) to electric vehicles (which do not utilize gasoline) as well as recent increases in fuel prices
  - The City is taking a conservative approach to projecting Act 51 revenue growth into the future by anticipating 0% growth in Act 51 revenue moving forward
- Capital Outlay costs for 2023-2029 include Major Road projects as included in the CIP

## (203) Local Street Fund Forecast

### LOCAL STREET FUND / REVENUES:

- For FY 2022, the primary sources of Local Street Fund revenue are:
  - 48% = Property Taxes
  - 34% = Act 51 & Other Revenue
  - 18% = Transfers-In

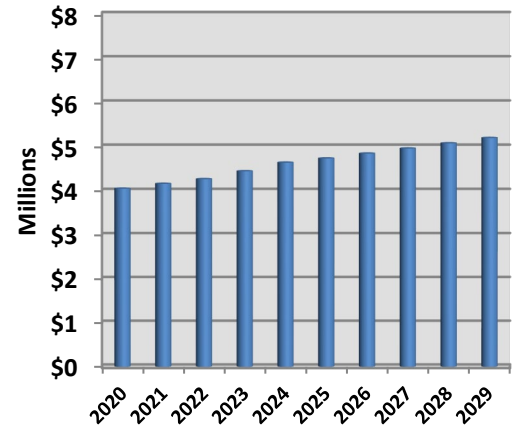
**Local Street Fund:  
FY 2022 Revenue Sources**



### Local Street Fund / Property Taxes:

- The Local Street millage level is maintained at the levy of 1.0687 mill throughout this forecast model

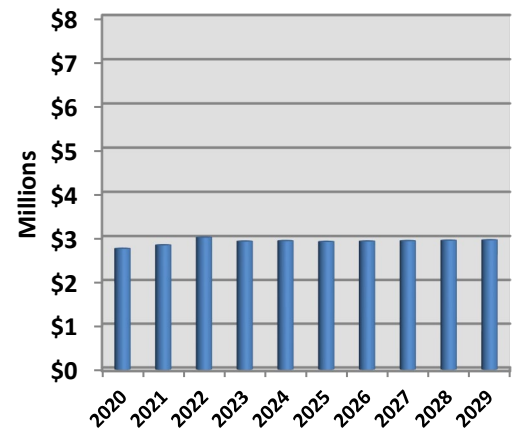
**Local Street Fund:  
Property Tax Trend**



### Local Street Fund / Act 51 & Other Revenue:

- Act 51 revenue is projected to increase in FY 2022 due in part to the City's increased population figures from the 2010 Census to the 2020 Census
- As the future of Act 51 revenue is unclear with the transition of traditional internal combustion vehicles (which utilize gasoline) to electric vehicles (which do not utilize gasoline) as well as recent increases in fuel prices
  - The City is taking a conservative approach to projecting Act 51 revenue growth into the future by anticipating 0% growth in Act 51 revenue moving forward

**Local Street Fund:  
Other Revenue Trend**

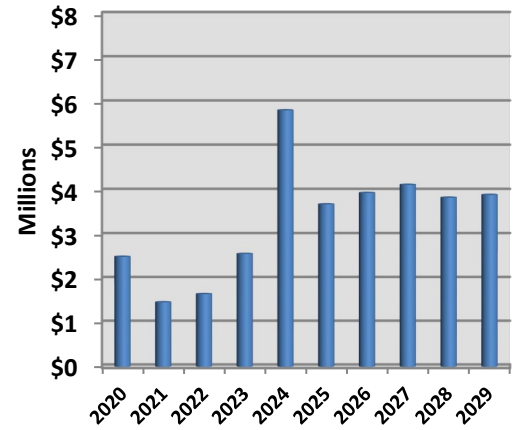


## (203) Local Street Fund Forecast

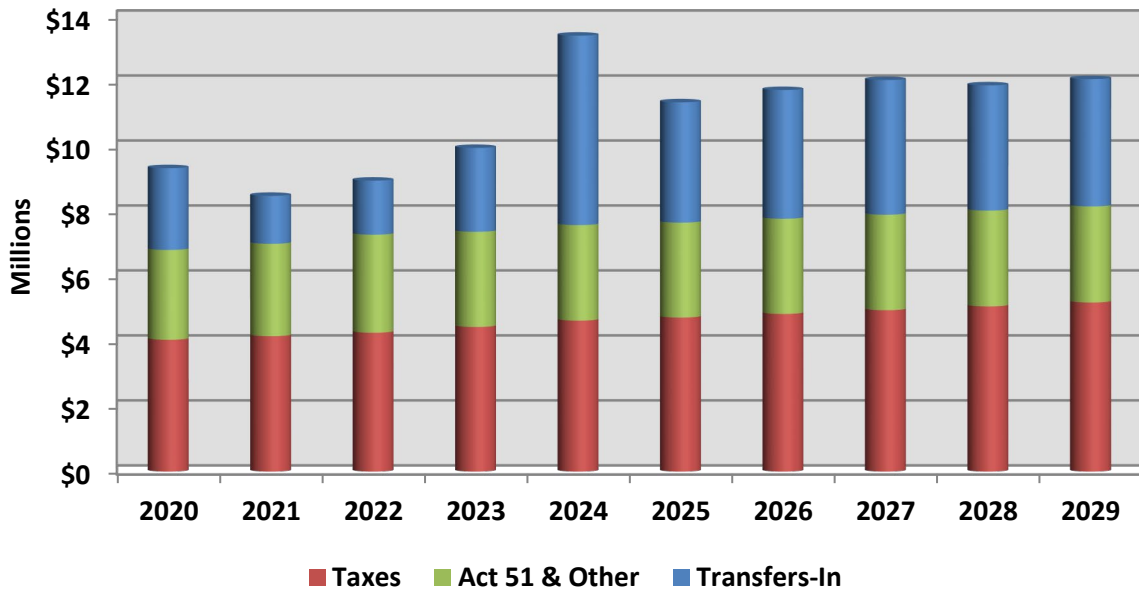
### Local Street Fund / Transfers-In:

- The annual transfer from the General Fund will be in an amount to maintain the Local Street Fund Balance at 25% of annual expenditures
  - The decrease in Transfers-In in 2021 is to reduce the Local Street Fund Balance to 25%
- In 2024, the LDFA is proposed to transfer in \$2.3M for the paving of Leach Road

**Local Street Fund:  
Transfers-In Trend**



**Local Street Fund: Total Revenue Trend**

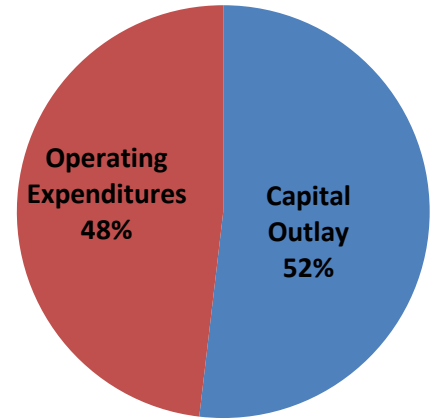


# (203) Local Street Fund Forecast

## LOCAL STREET FUND / EXPENDITURES:

- For FY 2022, the primary sources of Local Street Fund expenditures are:
  - 48% = Operating Expenditures
  - 52% = Capital Outlay

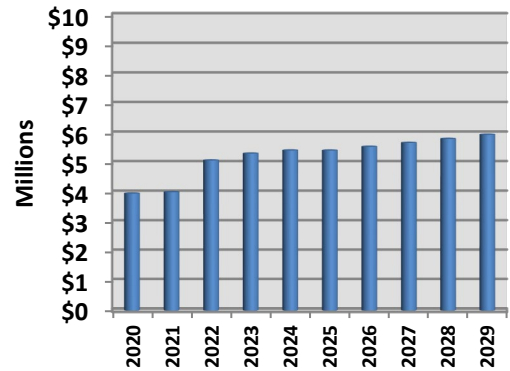
**Local Street Fund:  
FY 2022 Expenditure Sources**



## Local Street Fund / Operating Expenditures:

- Personnel, Materials, Supplies, Services, Interfund Charges (Fleet), Memberships, etc...
- The increase in trend from 2020-2021 to 2022+ is due to actual Local Street operating expenditures routinely coming in under budget year, as well as the impact of inflation beginning in 2022

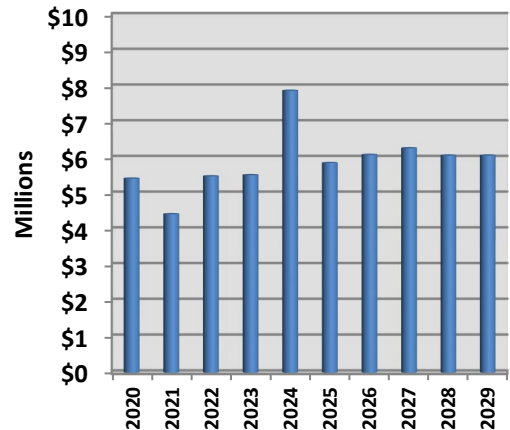
**Local Street Fund:  
Operating Expenditure Trend**



## Local Street Fund / Capital Outlay:

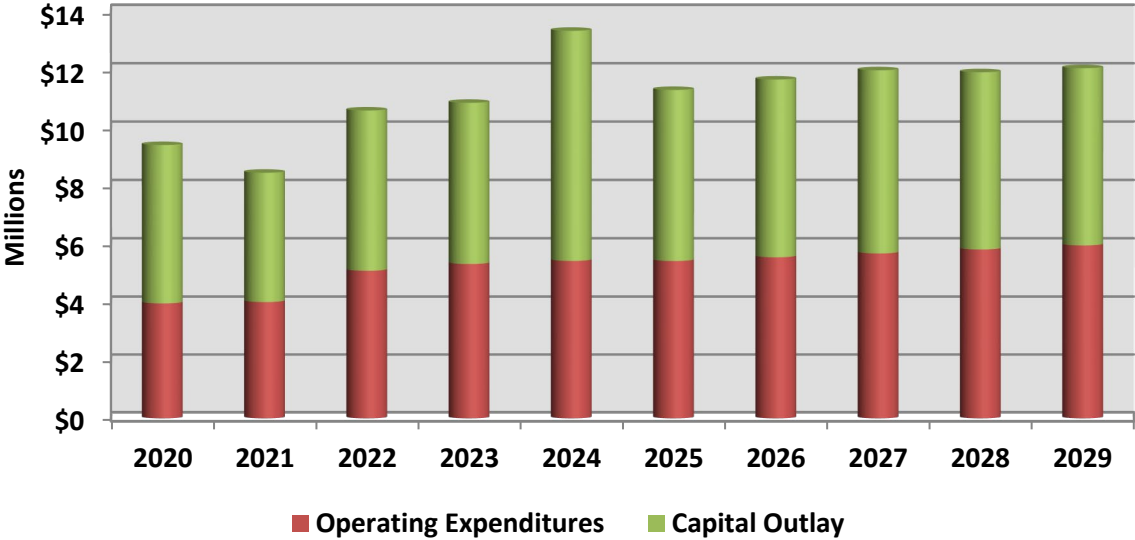
- Using the current forecast assumptions, the Local Street Fund is able to support an annual Local Street Rehabilitation program of \$5+ million per year within existing Local Street revenue sources as well as support from the General Fund, Major Road Fund, and Capital Improvement Fund
- Beginning in FY 2023, the City is planning to increase the Local Street Rehabilitation Program by +5% per year due to inflationary increases
- In 2024, the LDFA is proposed to transfer in \$2.3M for the paving of Leach Road

**Local Street Fund:  
Capital Outlay Trend**



# (203) Local Street Fund Forecast

## Local Street Fund: Total Expenditure Trend



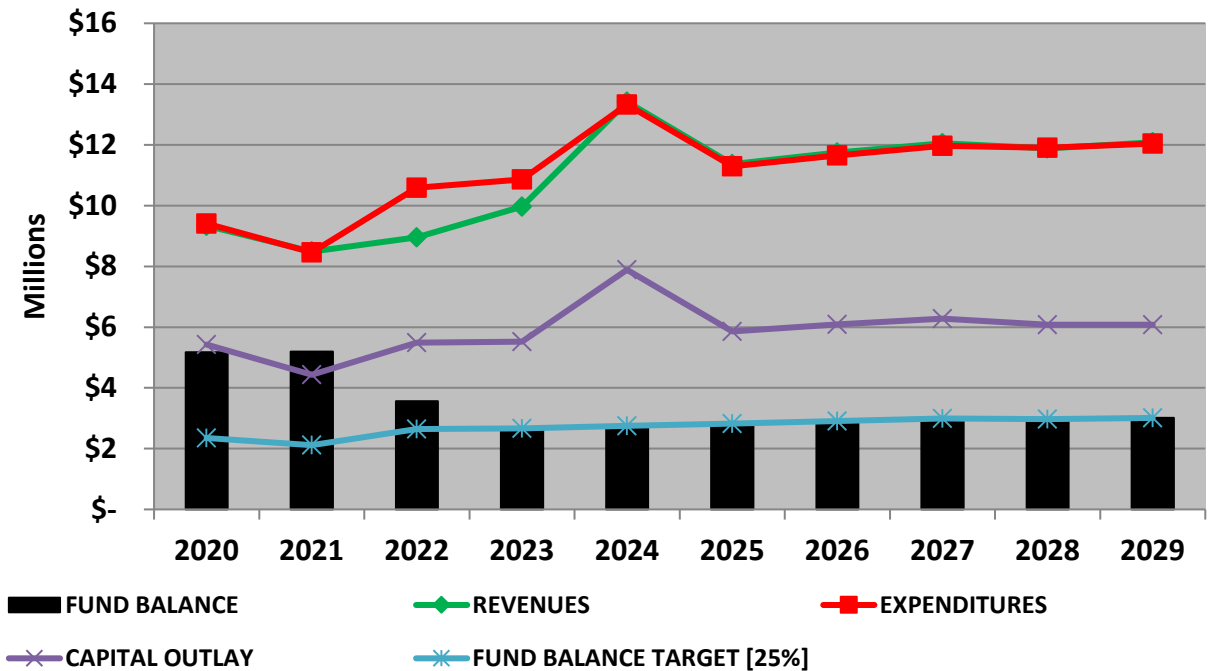


## (203) Local Street Fund Forecast

### Local Street Fund / Revenue, Expenditures, and Changes in Fund Balance:

- Transfers-In revenue decreased in FY 2020-2023 to set Local Street Fund Balance at 25% of annual expenditures
  - The annual transfer-in from the General Fund will be in an amount to maintain the Local Street Fund Balance at 25% of annual expenditures

### Local Street Fund: Revenue / Expenditure / Fund Balance



### Local Street Fund / Takeaway Points:

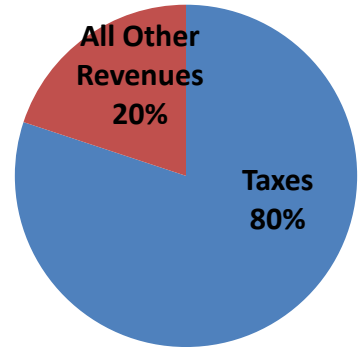
- The Local Street millage level is maintained at the levy of 1.0687 mill
- Act 51 revenue is projected to increase in FY 2022 due in part to the City’s increased population figures from the 2010 Census to the 2020 Census
  - The City is taking a conservative approach to projecting Act 51 revenue growth into the future by anticipating 0% growth in Act 51 revenue moving forward
- The annual transfer-in from the General Fund will be in an amount to maintain the Local Street Fund Balance at 25% of annual expenditures
- Beginning in FY 2023, the City is planning to increase the Local Street Rehabilitation Program by +5% per year due to inflationary increases

# (206) Fire Operating Fund Forecast

## FIRE OPERATING FUND / REVENUES:

- For FY 2022, the primary sources of Fire Operating Fund revenue are:
  - 80% = Property Taxes
  - 20% = All Other Revenues

**Fire Fund:  
FY 2022 Revenue Sources**



## Fire Operating Fund / Property Taxes:

- The Fire Charter millage level is maintained at the existing levy of 2.7000 mill throughout this forecast model

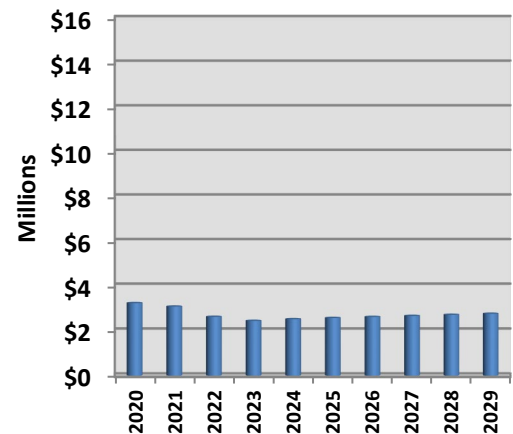
**Fire Fund:  
Property Tax Trend**



## Fire Operating Fund / Other Revenues:

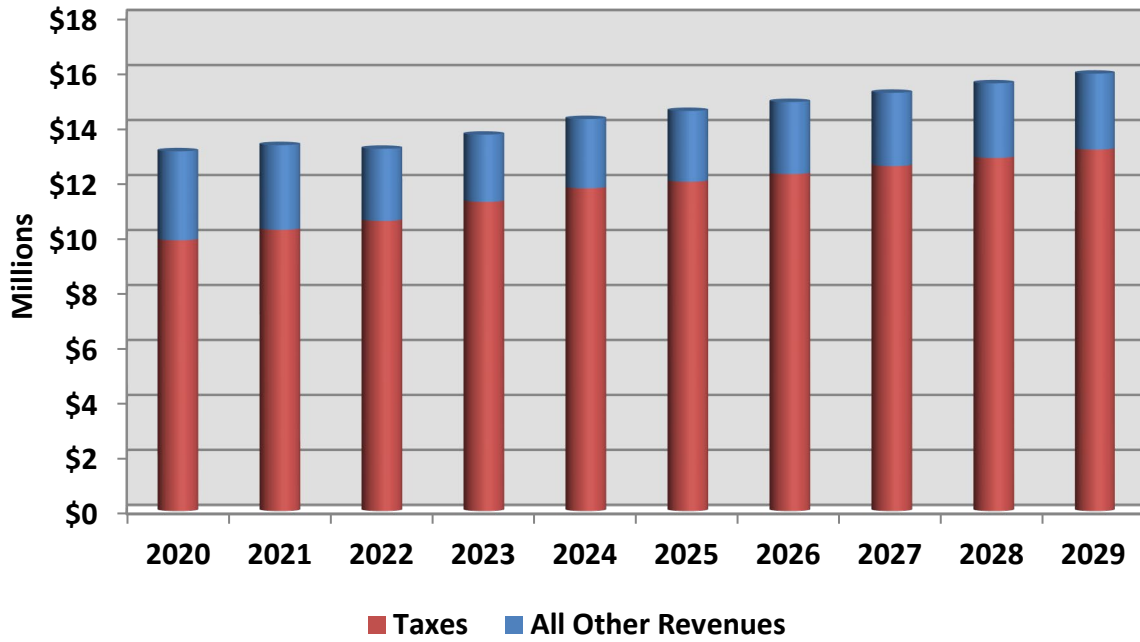
- The primary source of Other Revenue is EMS Charges for Service
- FY 2020-2022 includes funding from the SAFER Grant for the hiring of eight (8) additional Firefighters
- Other revenues are projected to increase from 0.0% to 2.5% per year

**Fire Fund:  
Other Revenue Trend**



# (206) Fire Operating Fund Forecast

## Fire Fund: Total Revenue Trend

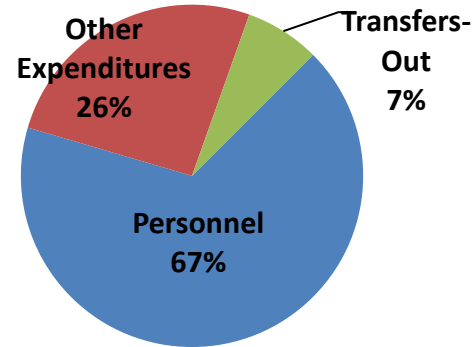


# (206) Fire Operating Fund Forecast

## FIRE OPERATING FUND / EXPENDITURES:

- For FY 2022, the primary sources of Fire Operating expenditures are:
  - 67% = Personnel
  - 26% = Other Expenditures
  - 7% = Transfer-Out
    - *Includes the Transfer to the Fire Capital Fund (402) to set the Fire Operating Fund Balance at 25% of annual expenditures*

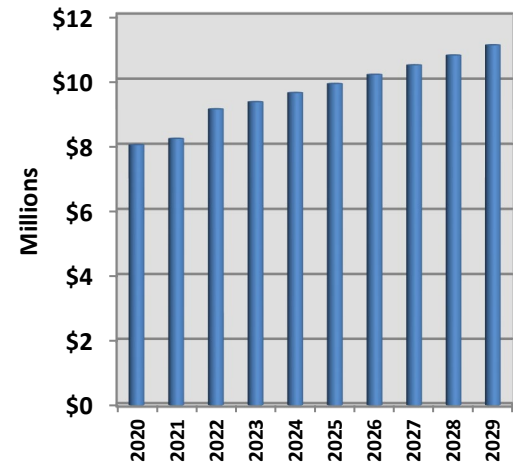
**Fire Fund:  
FY 2022 Expenditure Sources**



## Fire Operating Fund / Personnel Services:

- Salary and Wages are projected to increase +2.75% per year (2022-2024) and +2.50% thereafter
  - *The increase in trend from 2020-21 Actual to 2022+ is due to actual personnel expenditures routinely coming in under budget due to some level of salary lapse (vacant positions) each year*

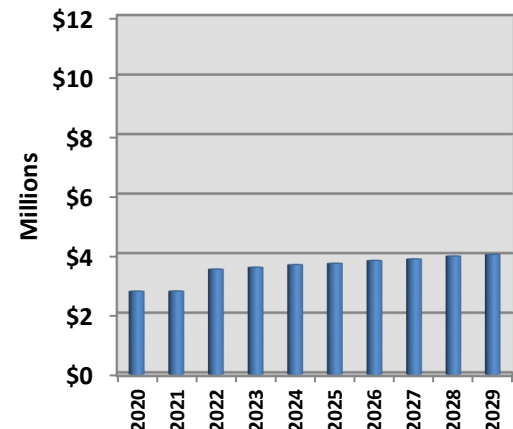
**Fire Operating Fund:  
Personnel Trend**



## Fire Operating Fund / Other Expenditures:

- Supplies, Services, Interfund Charges (including Fleet & Facilities), Memberships, etc...
- The increase in trend from 2020-2021 to 2022+ is due to actual Fire Department operating expenditures routinely coming in under budget year, as well as the impact of inflation beginning in 2022

**Fire Operating Fund:  
All Other Expenditure Trend**

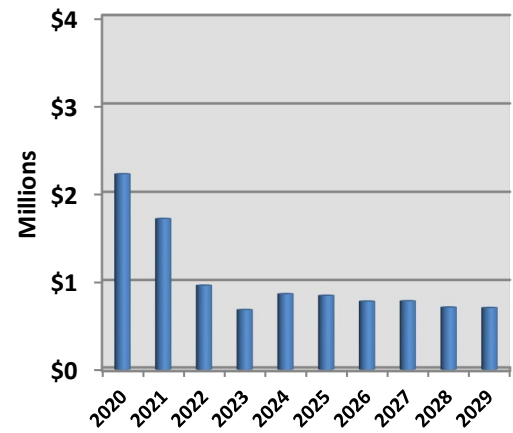


## (206) Fire Operating Fund Forecast

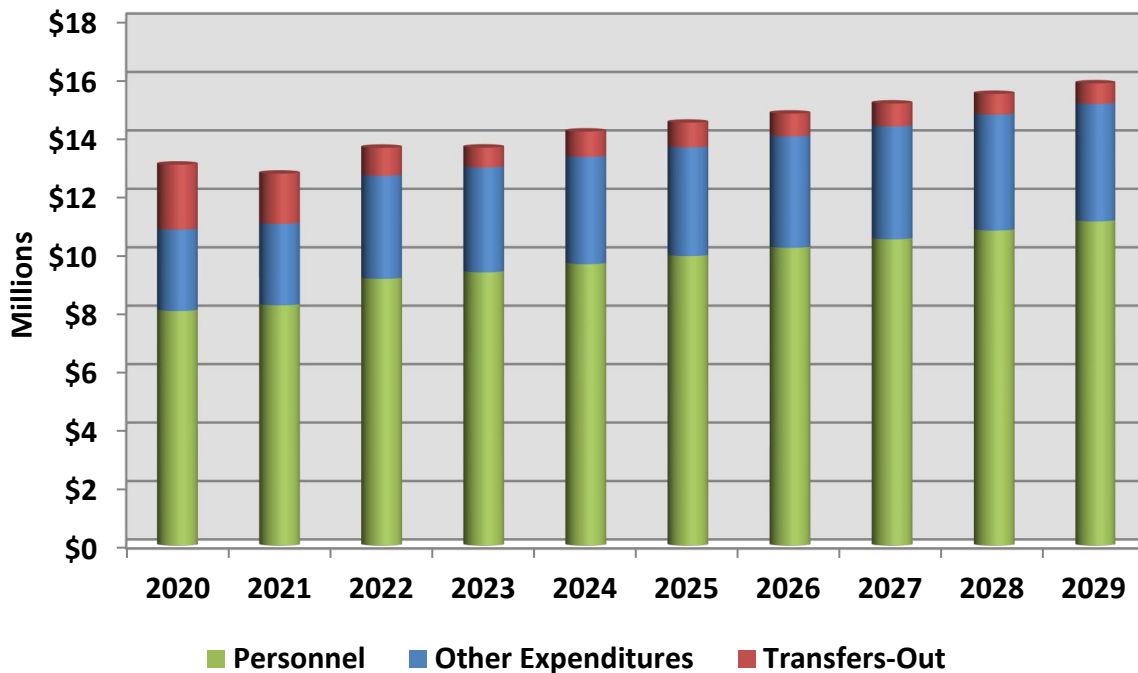
### Fire Operating Fund / Transfer-Out:

- The increase in Transfers-Out in FY 2020-2022 is to set the Fire Operating Fund at 25% of annual operating expenditures by transferring funds out to the Fire Capital Fund (402)
  - The annual transfer-out to the Fire Capital Fund will be in an amount to maintain the Fire Operating Fund Balance at 25% of annual operating expenditures

**Fire Operating Fund:  
Transfer-Out Trend**



**Fire Fund: Total Expenditure Trend**

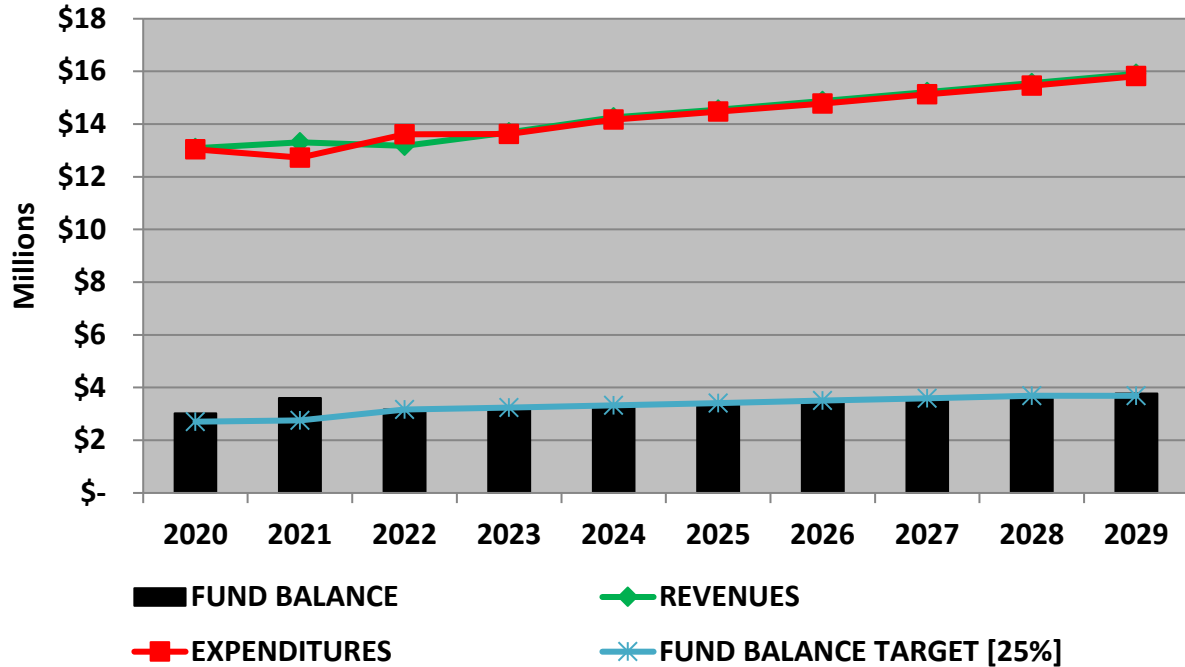


## (206) Fire Operating Fund Forecast

### Fire Operating Fund / Revenue, Expenditures, Changes in Fund Balance:

- The increase in Transfers-Out in FY 2022 is to set the Fire Operating Fund at 25% of annual operating expenditures by transferring funds out to the Fire Capital Fund (402)
  - The annual transfer-out to the Fire Capital Fund will be in an amount to maintain the Fire Operating Fund Balance at 25% of annual operating expenditures

### Fire Operating Fund: Revenue / Expenditure / Fund Balance



### Fire Operating Fund / Takeaway Points:

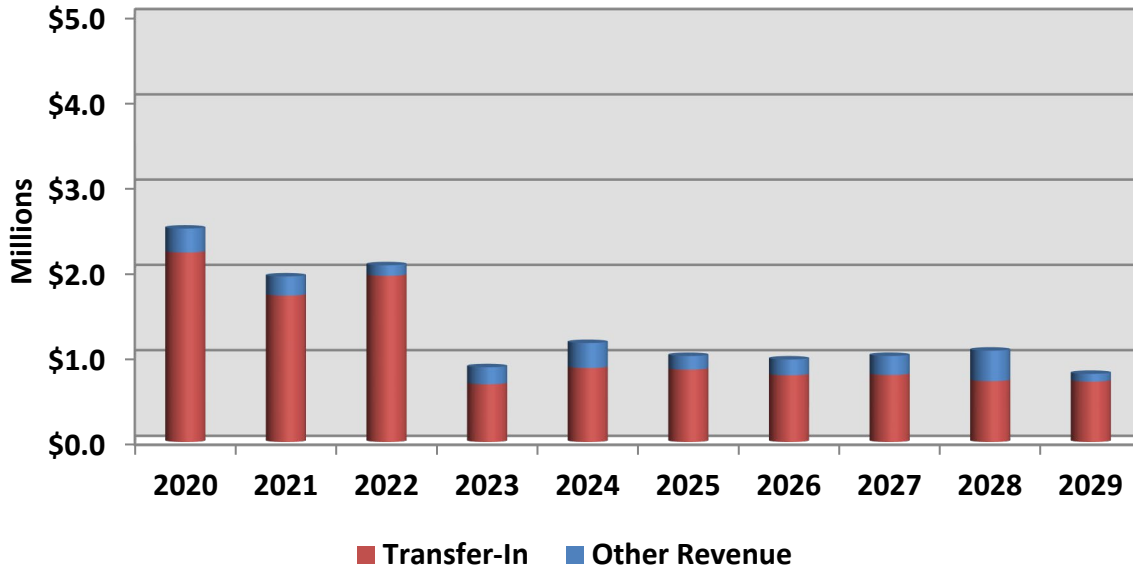
- The Fire Charter millage level is maintained at the existing levy of 2.7000 mill throughout this forecast model
- The annual transfer-out to the Fire Capital Fund will be in an amount to maintain the Fire Operating Fund Balance at 25% of annual operating expenditures
- It is projected the existing Fire millage levy of 2.7000 mill will be adequate to contribute funding to the Fire Capital Fund (402) through FY 2030+

## (402) Fire Capital Fund Forecast

### Fire Capital Fund / Revenue Summary:

- The increase in Transfers-In revenue in FY 2020-2022 is to set the Fire Operating Fund at 25% of annual operating expenditures by transferring funds out to the Fire Capital Fund (402)
  - The annual transfer-out to the Fire Capital Fund will be in an amount to maintain the Fire Operating Fund Balance at 25% of annual operating expenditures

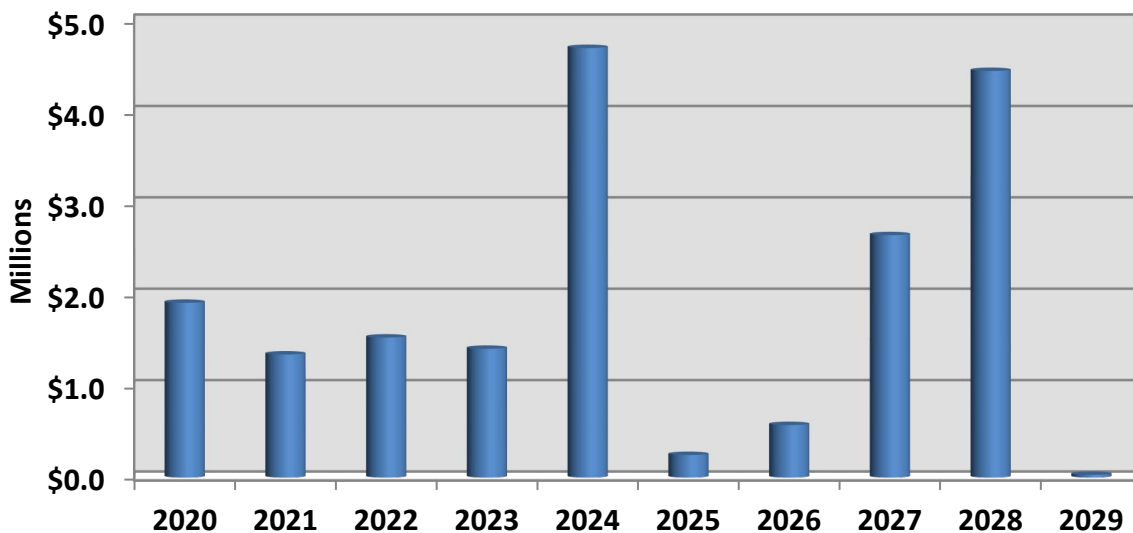
### Fire Capital Fund: Total Revenue Trend



### Fire Capital Fund / Expenditure Summary:

- Capital Outlay costs for 2022-2029 include Fire Capital purchases as included in the CIP and annual budget plan

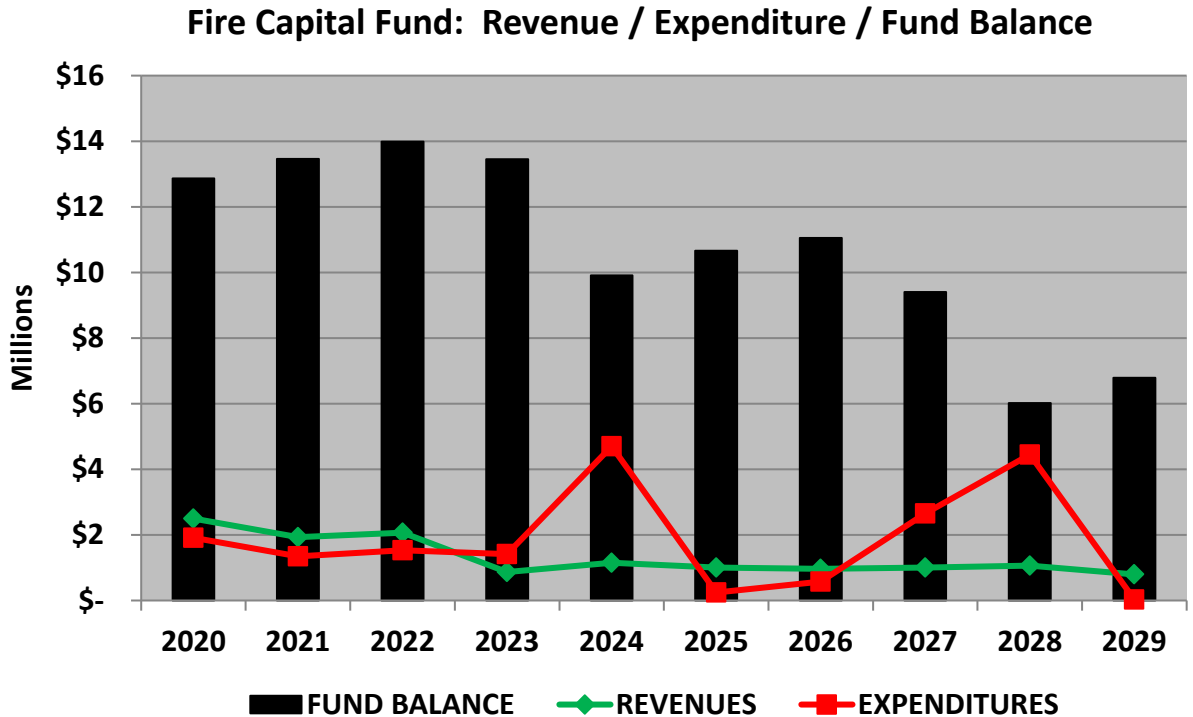
### Fire Capital Fund: Total Expenditure Trend



## (402) Fire Capital Fund Forecast

### Fire Capital Fund / Revenue, Expenditures, Changes in Fund Balance:

- Capital Outlay costs for 2023-2029 include Fire Capital purchases as included in the CIP and annual budget plan



### Fire Capital Fund / Takeaway Points:

- Capital Outlay costs for 2023-2029 include Fire Capital purchases as included in the CIP and annual budget plan
- It is projected the existing Fire millage levy of 2.7000 mill will be adequate to contribute funding to the Fire Capital Fund (402) through FY 2030+

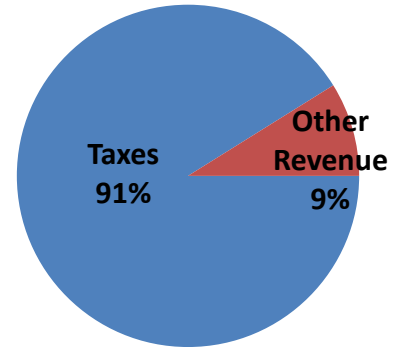


# (207) Special Police Fund Forecast

## SPECIAL POLICE FUND / REVENUES:

- For FY 2022, the primary sources of Special Police Fund revenue are:
  - 91% = Property Taxes
  - 9% = Other Revenues

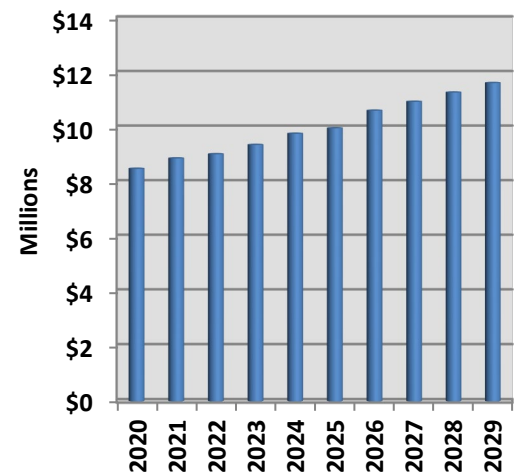
**Special Police Fund:  
FY 2022 Revenue Sources**



## Special Police Fund / Property Taxes:

- The General Fund levy is offset by the corresponding amount of Special Police II millage each year so that there is no net increase to the bottom line millage rate as a result
  - *Special Police Millage I & II can be both be levied through FY 2024 and then are anticipated to be renewed into one (1) single Police Millage for FY 2025+*
- Special Police Millage II reduced (FY 2023-2025) to set Special Police Fund Balance at 25% of annual operating expenditures by the end of FY 2025
- Moving forward, the Special Police Millage will be set to maintain the Special Police Fund Balance at 25% of annual operating expenditures

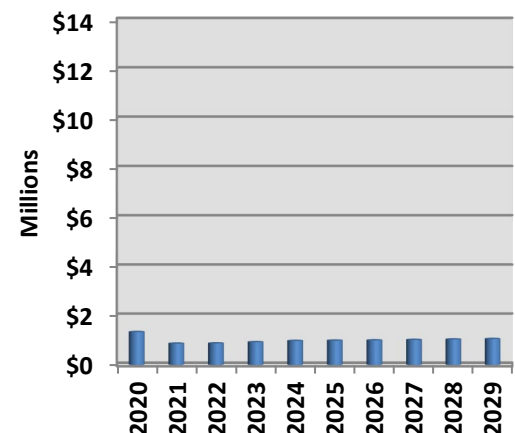
**Special Police Fund:  
Property Tax Trend**



## Special Police Fund / Other Revenues:

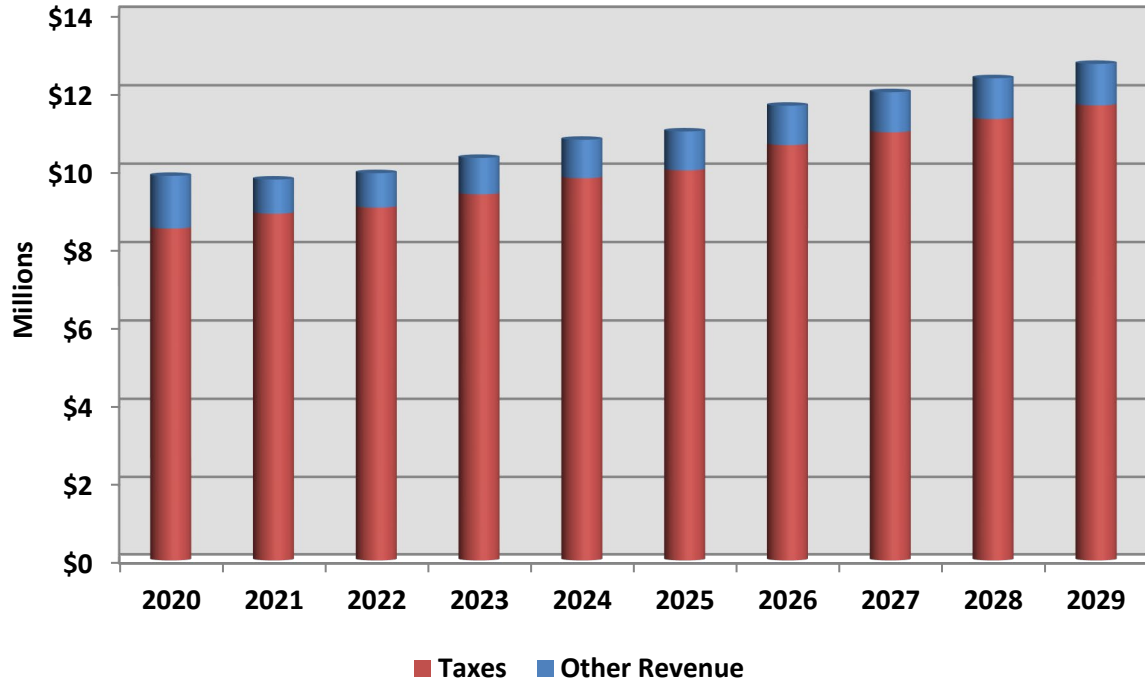
- Includes Fines, District Court Fees, Charges for Service, Mini-Contracts, etc...

**Special Police Fund:  
Other Revenue Trend**



# (207) Special Police Fund Forecast

## Special Police Fund: Total Revenue Trend

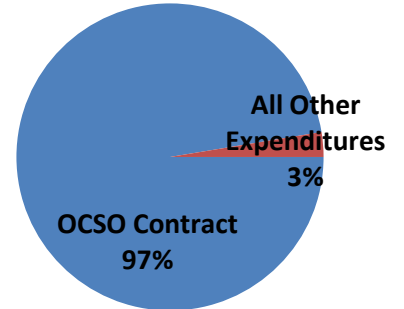


# (207) Special Police Fund Forecast

## SPECIAL POLICE FUND / EXPENDITURES:

- For FY 2022, the primary sources of Special Police Fund expenditures are:
  - 97% = OCSO Contract
  - 3% = All Other Expenditures

**Special Police Fund:  
FY 2022 Expenditure Sources**

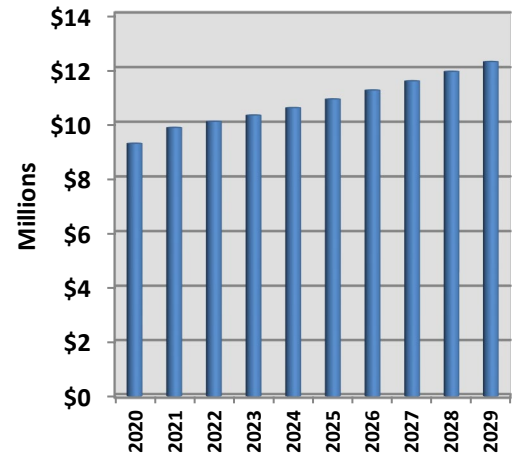


## Special Police Fund / OCSO Contract:

- FY 2023-29 Long-Term Forecast assumes adding one (1) additional deputy in FY 2023

FY 2022	1.82%	Actual
FY 2023	2.70%	Actual
FY 2024	2.78%	Actual
FY 2025-2029	3.00%	Projected

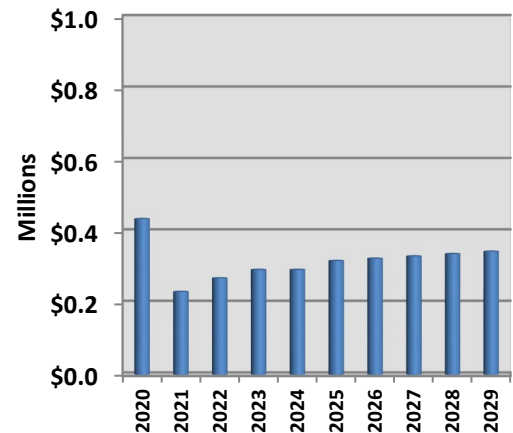
**Special Police Fund:  
OCSO Contract Trend**



## Special Police Fund / Other Expenditures:

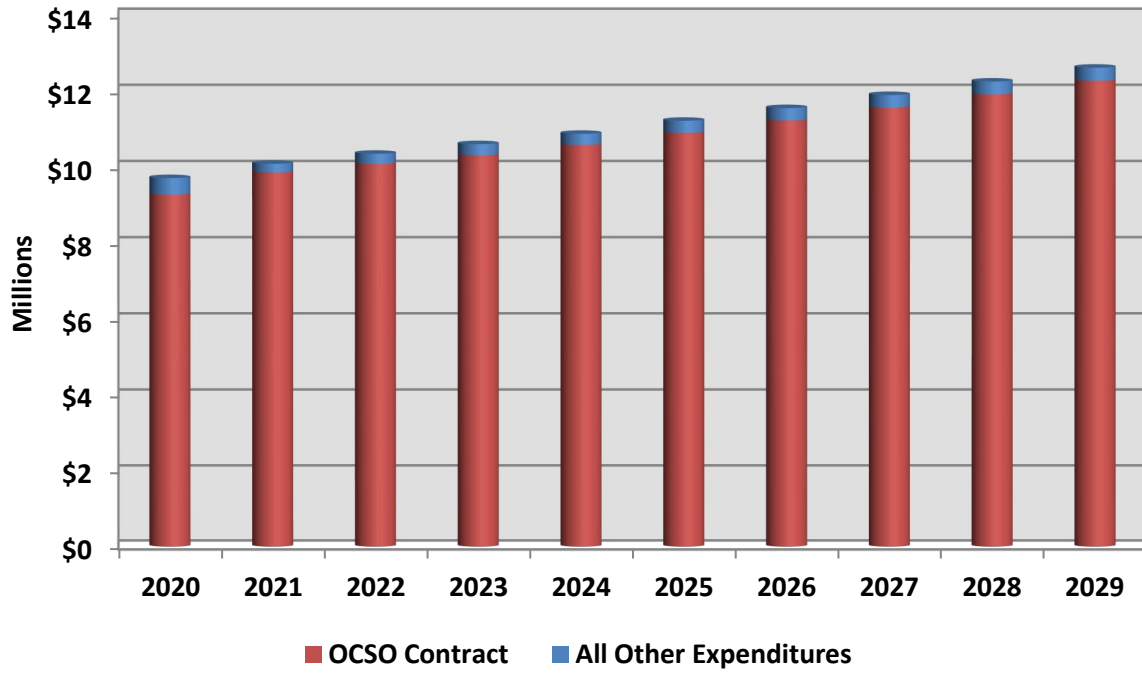
- Supplies, Services, Interfund Charges (including Facilities), Memberships, Debt Service, etc...
- The decrease in Other Expenditures from FY 2020 to FY 2021 is a result of the debt related to the OCSO Substation construction being paid off in FY 2020

**Special Police Fund:  
All Other Expenditure Trend**



# (207) Special Police Fund Forecast

## Special Police Fund: Total Expenditure Trend

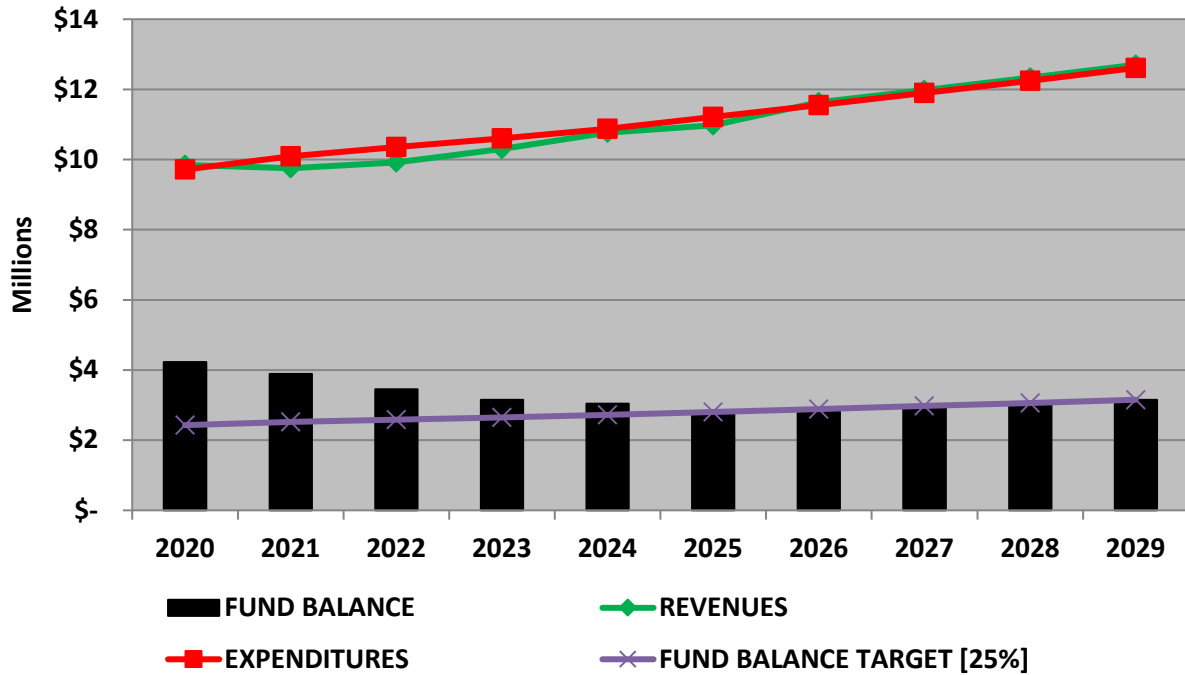


## (207) Special Police Fund Forecast

### Special Police Fund / Revenue, Expenditures, Changes in Fund Balance:

- Special Police Millage II reduced (FY 2023-2025) to set Special Police Fund Balance at 25% of annual operating expenditures by the end of FY 2025
  - Moving forward, the Special Police Millage will be set to maintain the Special Police Fund Balance at 25% of annual operating expenditures

### Special Police Fund: Revenue / Expenditure / Fund Balance



### Special Police Fund / Takeaway Points:

- Special Police Millage I & II can be both be levied through FY 2024 and then are anticipated to be renewed into one (1) single Police Millage for FY 2025+
- Special Police Millage II reduced (FY 2023-2025) to set Special Police Fund Balance at 25% of annual operating expenditures by the end of FY 2024
  - Moving forward, the Special Police Millage will be set to maintain the Special Police Fund Balance at 25% of annual operating expenditures
- FY 2023-29 Long-Term Forecast assumes adding one (1) additional deputy in FY 2023