

City of Rochester Hills Seven Year Financial Forecast Fiscal Years 2022-2028



Why Present a Long-Term Forecast?

- ▶ Better prepare for the future
- ▶ Get ahead of potential issues
- ▶ Pro-active instead of re-active
- ▶ Assess long-term impacts of decisions and policies

**** Better Decision Making ****



Long-Term Forecast Disclaimers:

- ▶ Financial Forecast **is NOT intended** to be:
 - *A budget*
 - *A policy recommendation to City Council*
- ▶ Financial Forecast **is intended** to be:
 - *A projection of the City's Revenues, Expenditures, and Fund Balances based upon an updated set of assumptions*
- ▶ Includes Governmental Fund Balance Policy
- ▶ Includes FY 2021 Proposed 2nd Qtr Budget Amendment



Key Assumptions: Revenue

	Prior Forecast - July 2020 (2020-2027)		Current Forecast – July 2021 (2020-2028)	
Taxable Value	2022	2.5%	2022	3.1% *
	2023	2.5%	2023	2.5%
	2024-27	2.5%	2024-28	2.5%
State-Shared Revenue	2020	(10.2%)	2020	(0.5%) *
	2021	2.0%	2021	5.3%
	2022	3.0%	2022	2.0%
	2023	3.0%	2023	2.0%
	2024-27	2.0%	2024-27	2.0%
Interest Rates	2022	0.25%	2022	0.25%
	2023	0.25%	2023	0.50%
	2024	0.25%	2024	0.75%
	2025	0.25%	2025	1.00%
	2026	0.25%	2026	1.25%
	2027	0.25%	2027-28	1.50%



* = Actual



Key Assumptions: Revenue

	<i>Prior Forecast - July 2020 (2020-2026)</i>		Current Forecast – July 2021 (2021-2028)	
Act 51 Revenue	2020	(13.2%)	2020	0.9% *
	2021	4.3%	2021	5.7%
	2022	5.0%	2022	2.0%
	2023	5.0%	2023	2.0%
	2024-27	2.0%	2024-28	2.0%



* = Actual



Key Assumptions: Expenditure

	Prior Forecast - July 2020 (2021-2027)		Current Forecast – July 2021 (2022-2028)	
Number of Employees	2021-27	239 FTE	2022-28	241 FTE
Salary Wage Change	2021-27	2.5%	2022-28	2.5%
Health Care	2021-27	7.0%	2022-28	7.0%
Inflation	2021-27	2.0%	2022-28	2.0%
OCSO Contract	2020-21	2.9% *	2020-21	2.9% *
	2022-27	3.0%	2022-28	3.0%
OCSO Deputies	2021-27	60	2022-28	60
Capital Projects	All CIP projects updated with current cost estimates		All CIP projects updated with current cost estimates	



* = Actual



City Millage Rate Projection

OPERATING MILLAGE	Actual 2021	Estimated 2022	Estimated 2023	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028
Charter Operating	2.6909	2.7457	2.7457	2.7457	2.6146	2.6501	2.6497	2.6448
Local Streets	1.0868	1.0781	1.0781	1.0781	1.0781	1.0781	1.0781	1.0781
Fire Fund	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000
Special Police I	1.1552	1.1459	1.1459	1.1459	1.1459	1.1459	1.1459	1.1459
Special Police II	1.1891	1.1658	1.1658	1.1658	1.2968	1.2967	1.2971	1.3020
Pathway	0.1773	0.1758	0.1758	0.1758	0.1758	0.1758	0.1758	0.1758
Parks	-	-	-	-	-	-	-	-
RARA: Operating	0.1861	0.1846	0.1846	0.1846	0.1846	0.1846	0.1846	0.1846
OPC: Transportation	0.0954	0.0946	0.0946	0.0946	0.0946	0.0946	0.0946	0.0946
OPC: Operating	0.3200	0.3174	0.3174	0.3174	0.3174	0.3174	0.3174	0.3174
Library: Operating	0.7478	0.7418	0.7418	0.7418	0.7418	0.7418	0.7418	0.7418
TOTAL OPERATING MILLAGE	10.3486	10.3497	10.3497	10.3497	10.3497	10.3850	10.3850	10.3850

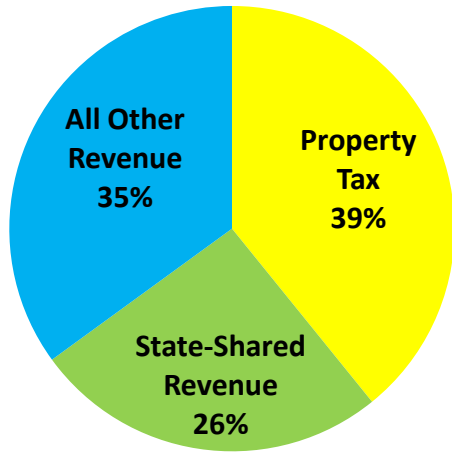
DEBT MILLAGE								
Drain Debt Fund	0.0364	0.0353	0.0353	0.0353	0.0353	-	-	-
Older Persons Refunding: 2010 Series	0.1660	-	-	-	-	-	-	-
TOTAL DEBT MILLAGE	0.2024	0.0353	0.0353	0.0353	0.0353	-	-	-

TOTAL MILLAGE RATE	10.5510	10.3850	10.3850	10.3850	10.3850	10.3850	10.3850	10.3850
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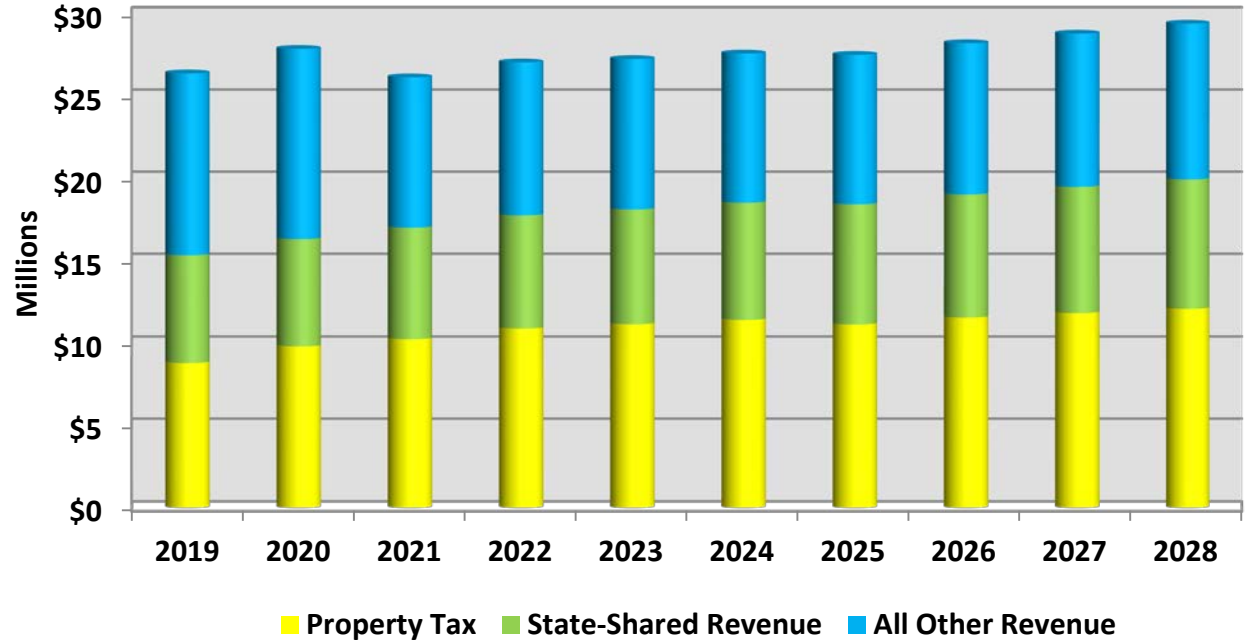
2022-2028 Fund Forecasts

General Fund (101): Revenue

General Fund: FY 2021
Revenue Sources

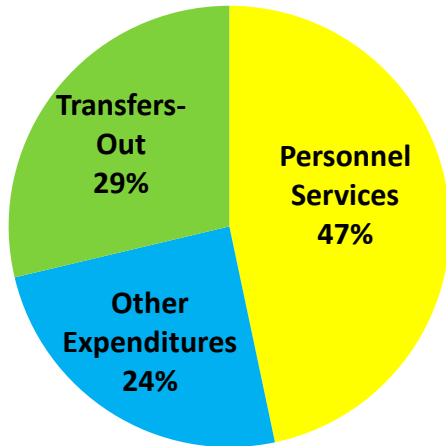


General Fund: Total Revenue Trend

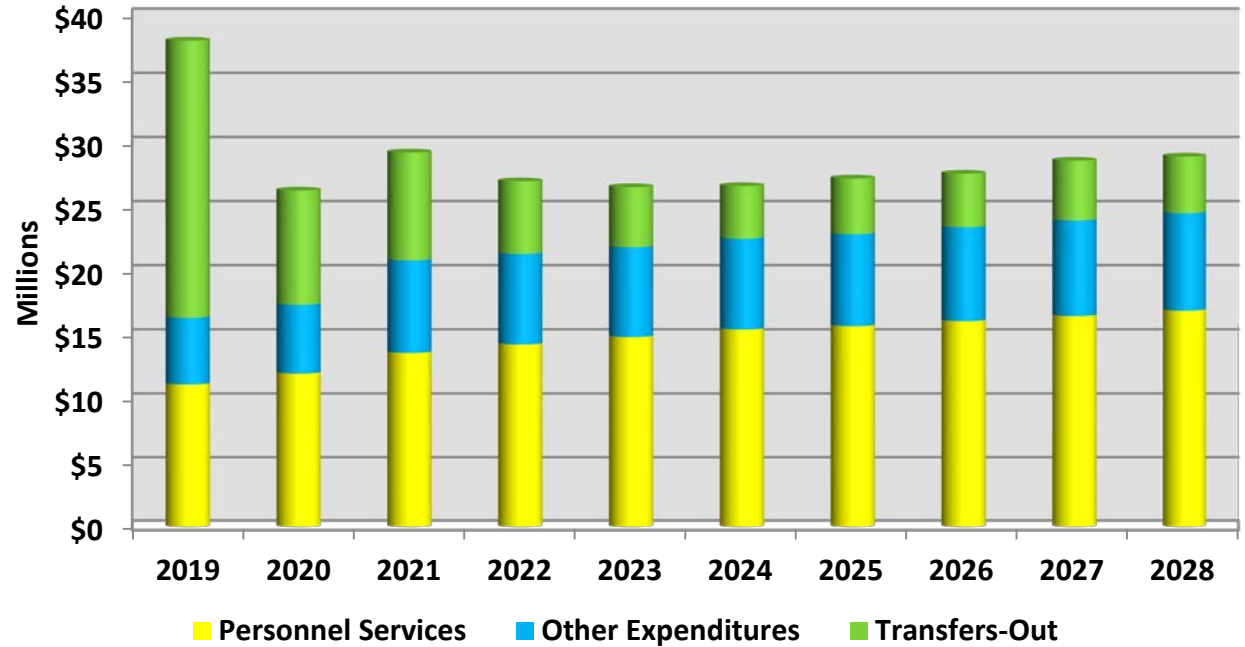


General Fund (101): Expenditures

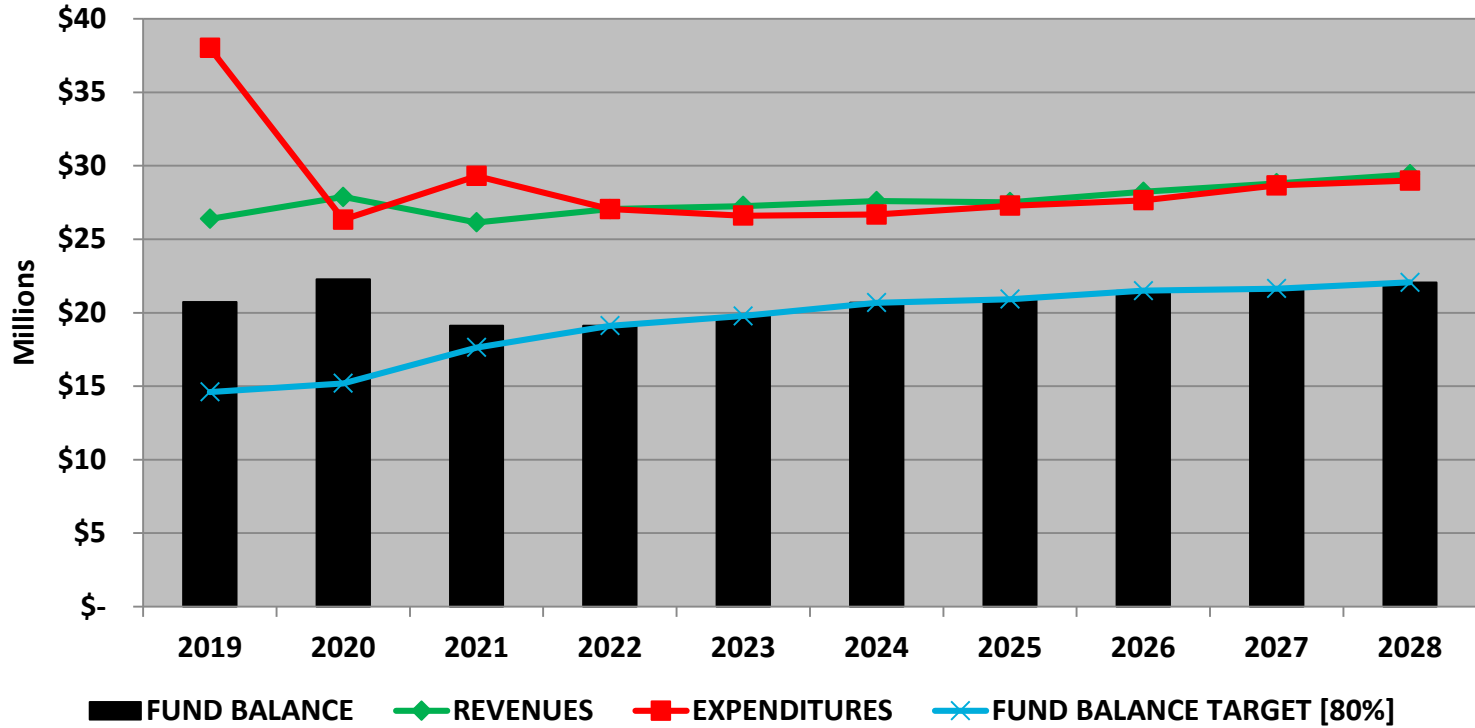
General Fund: FY 2021
Expenditure Sources



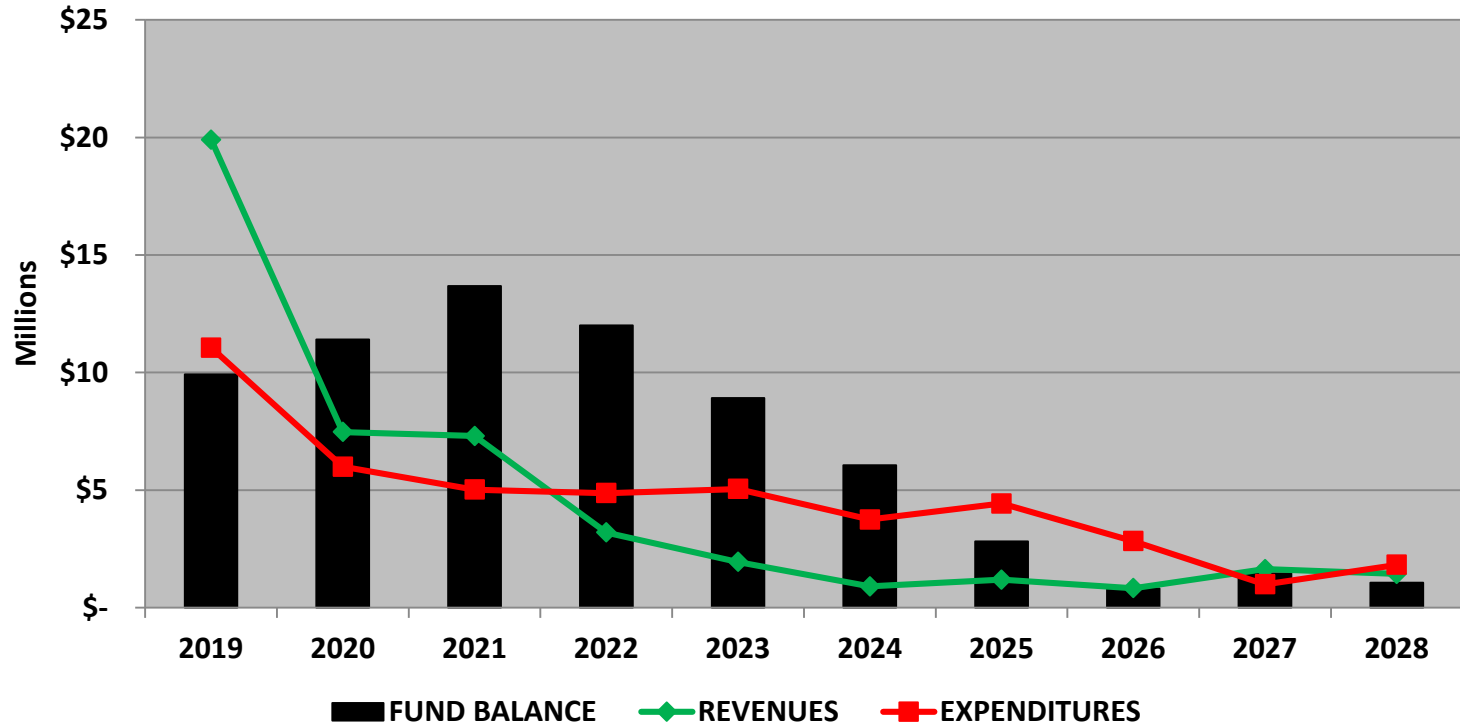
General Fund: Total Expenditure Trend



General Fund (101): Changes in Fund Balance

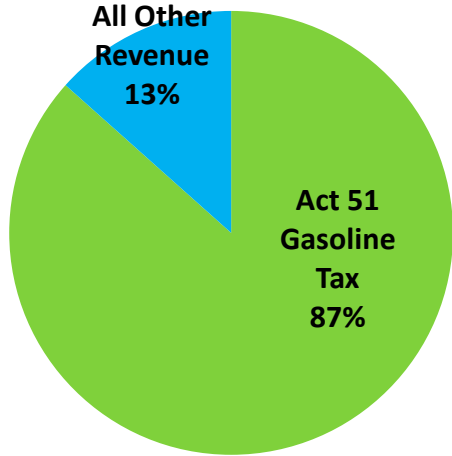


Capital Improvement Fund (420): Changes in Fund Balance

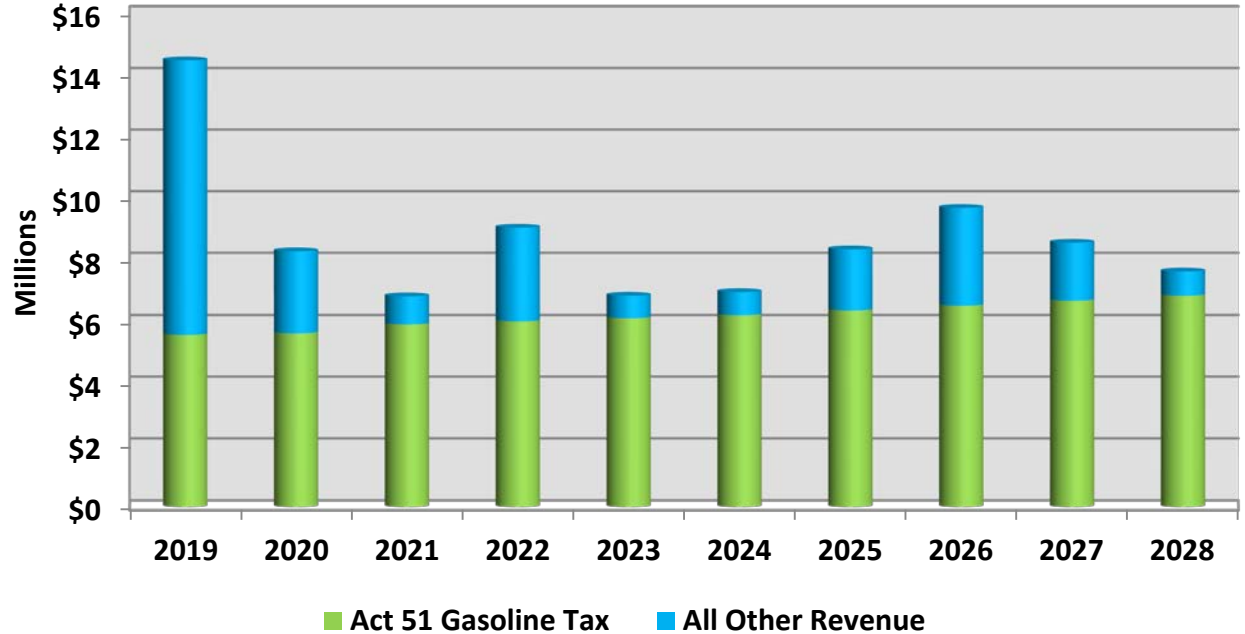


Major Road Fund (202): Revenue

Major Road Fund: FY 2021
Revenue Sources

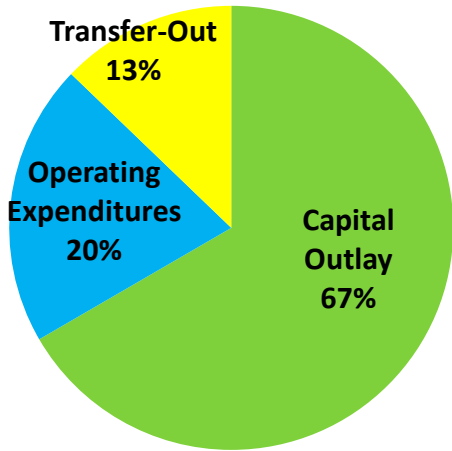


Major Road Fund: Total Revenue Trend

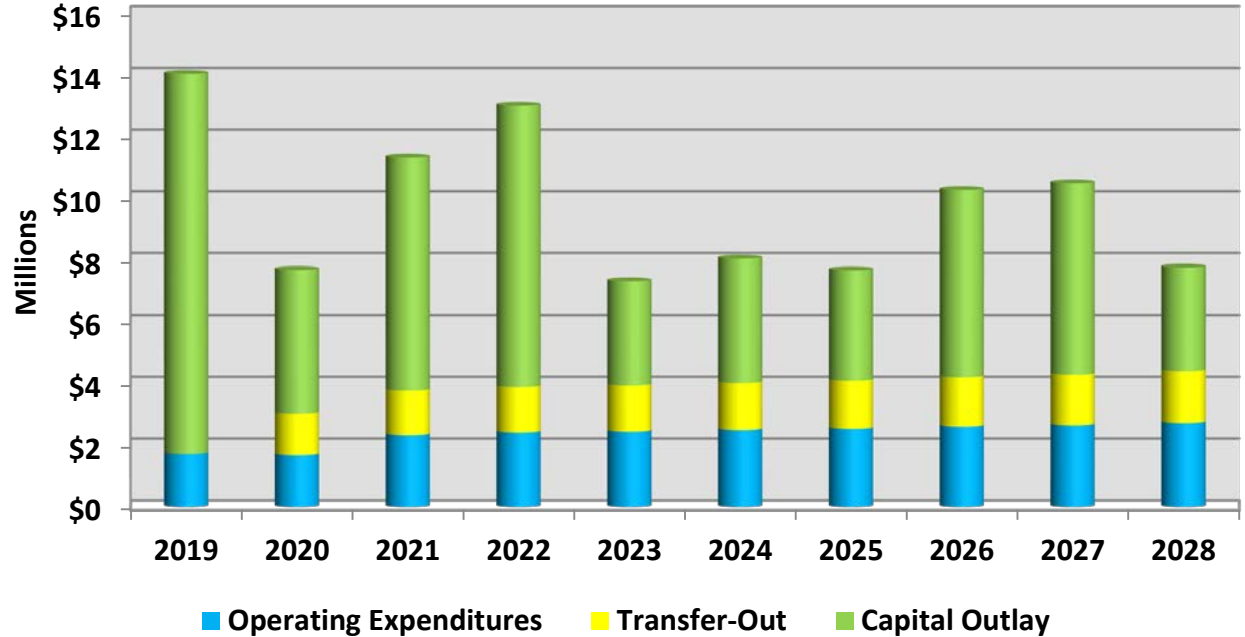


Major Road Fund (202): Expenditures

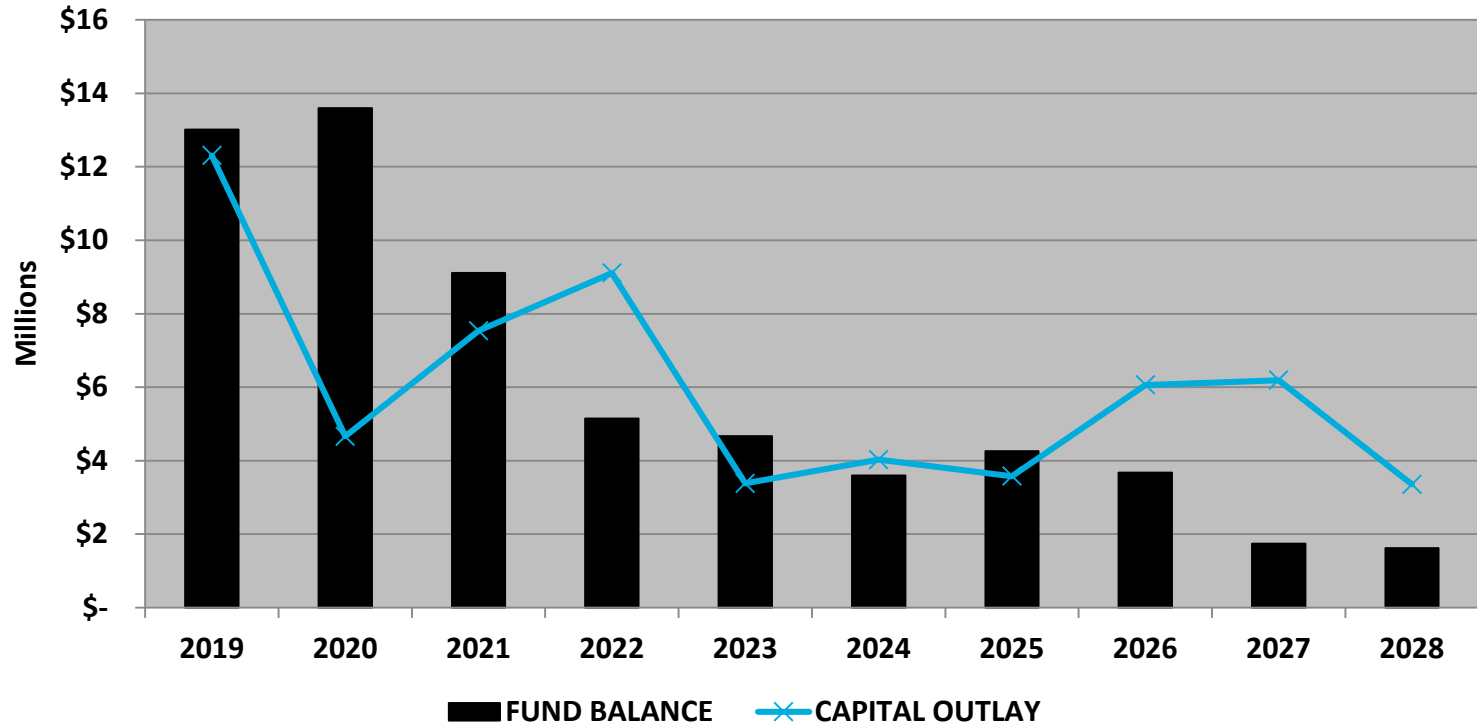
Major Road Fund: FY 2021
Expenditure Sources



Major Road Fund: Total Expenditure Trend

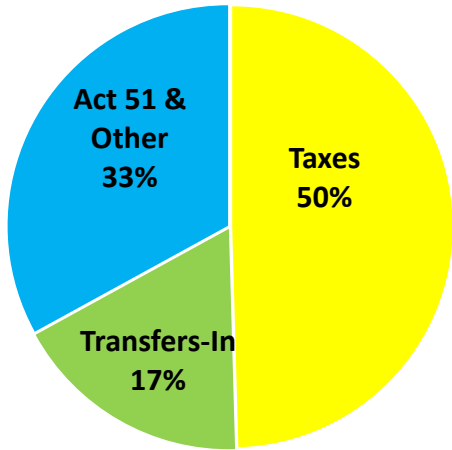


Major Road Fund (202): Changes in Fund Balance

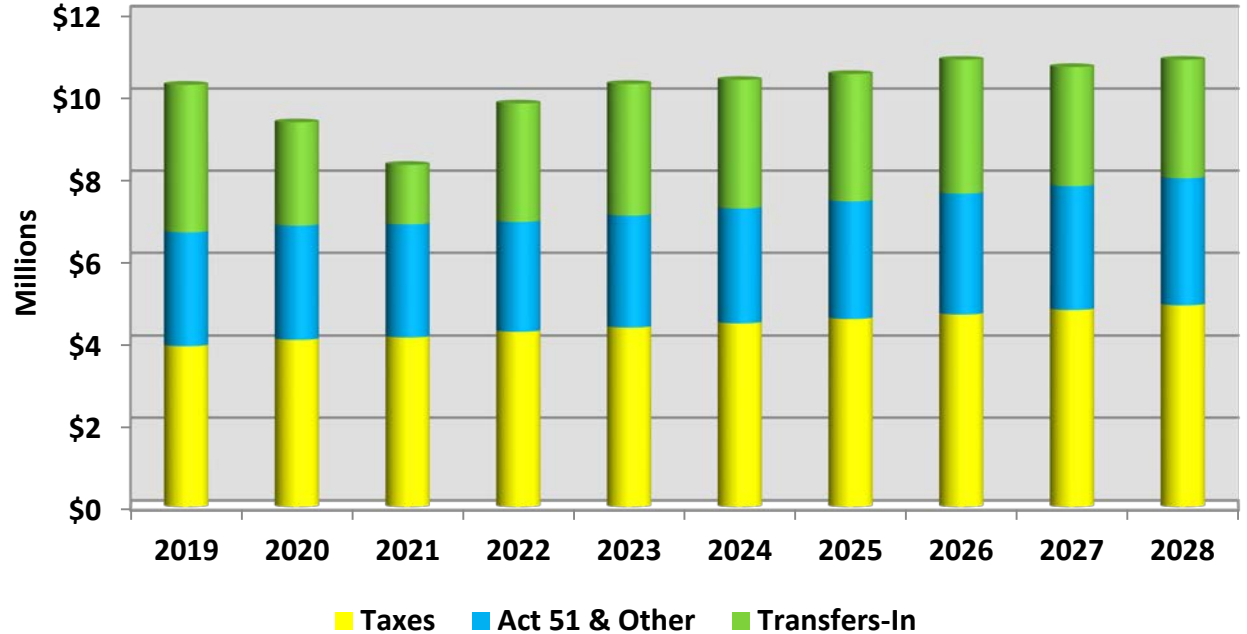


Local Street Fund (203): Revenue

Local Street Fund:
FY 2021 Revenue Sources

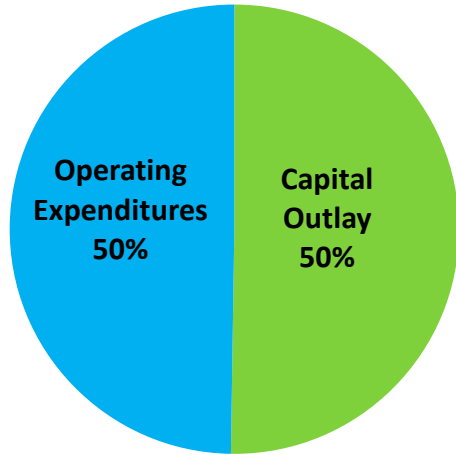


Local Street Fund: Total Revenue Trend

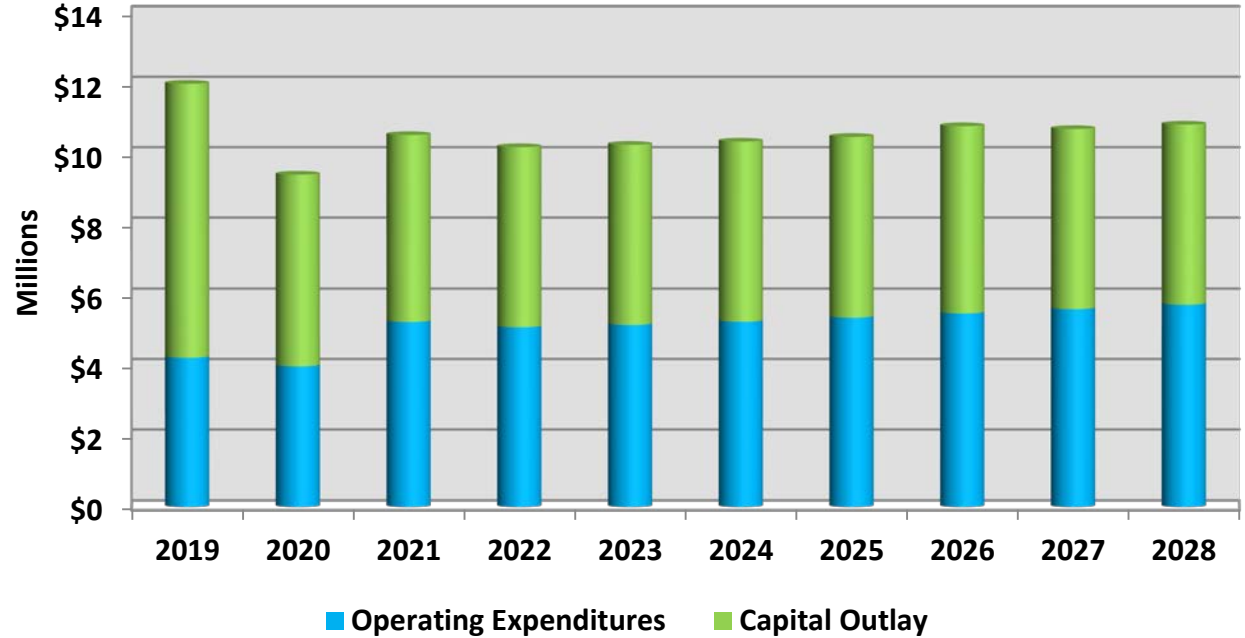


Local Street Fund (203): Expenditures

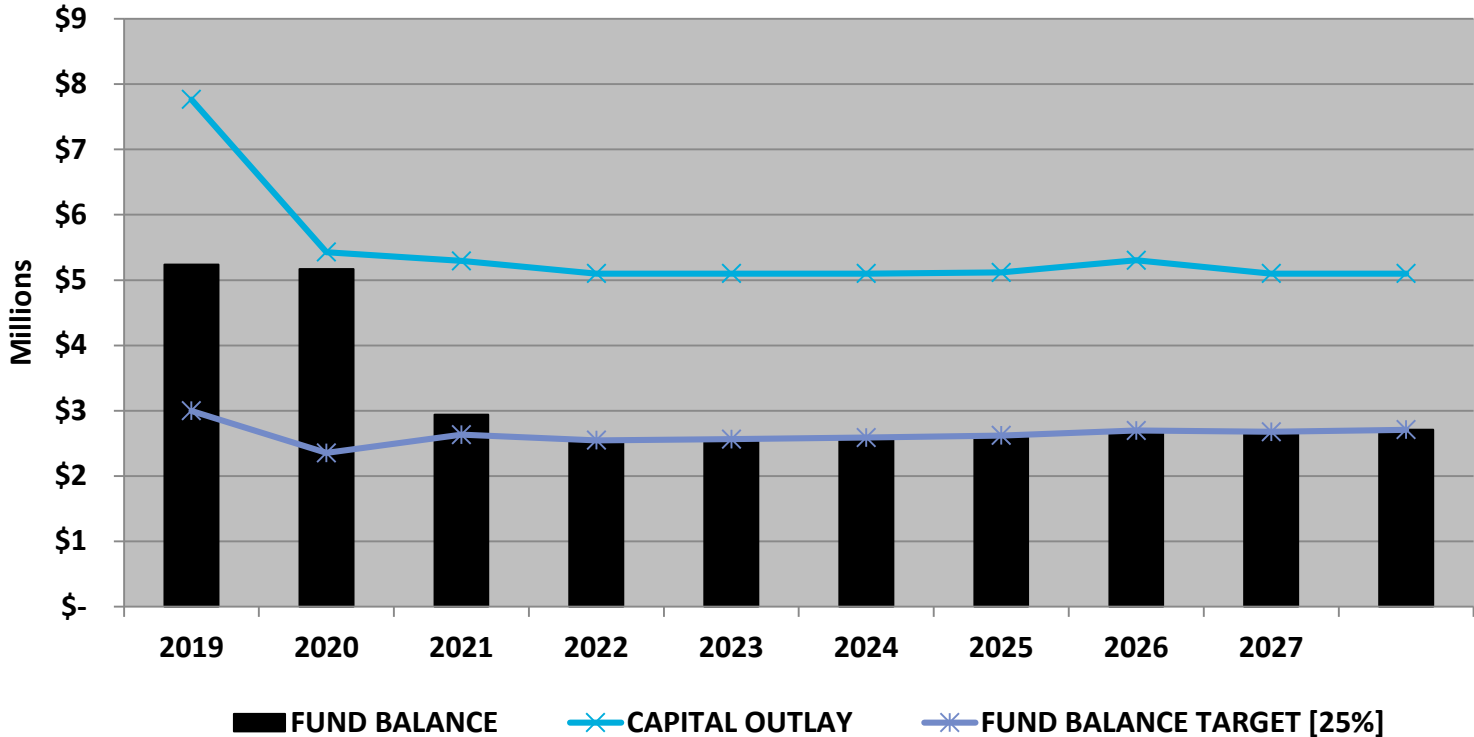
Local Street Fund:
FY 2021 Expenditure
Sources



Local Street Fund: Total Expenditure Trend

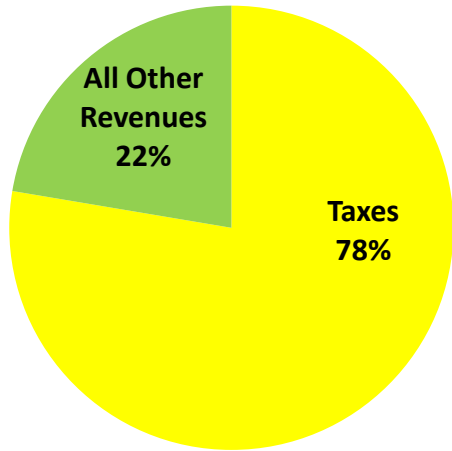


Local Street Fund (203): Changes in Fund Balance

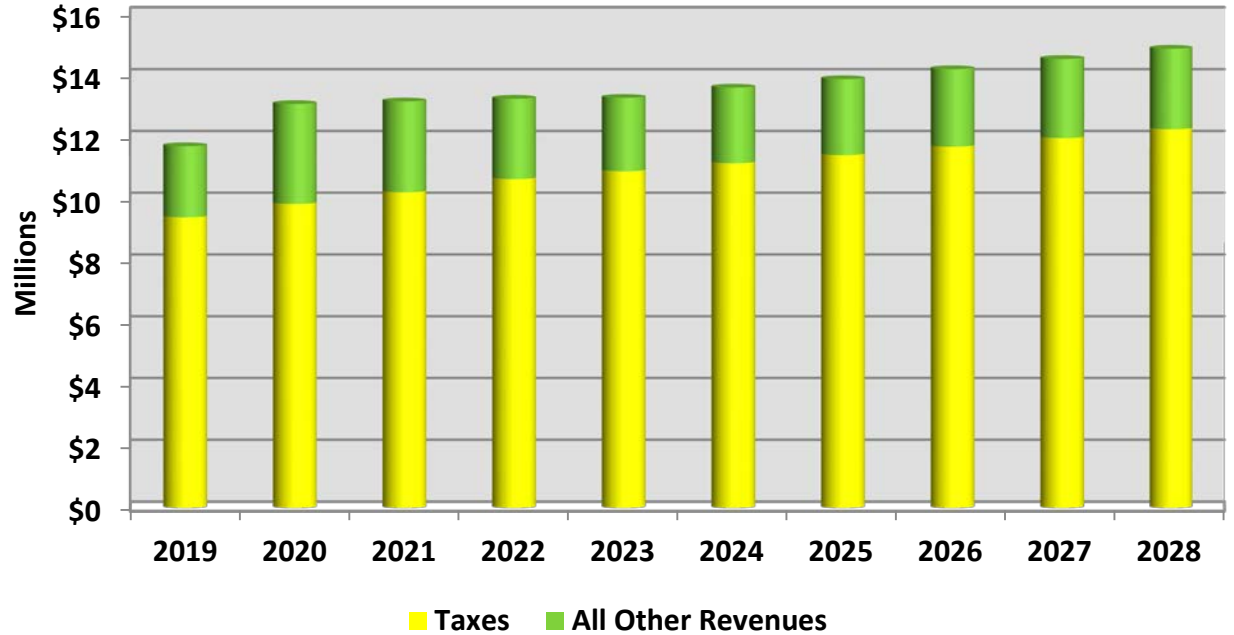


Fire Operating Fund (206): Revenue

Fire Fund:
FY 2021 Revenue Sources

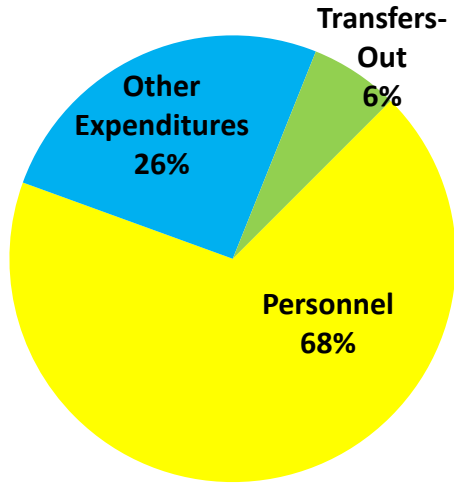


Fire Fund: Total Revenue Trend

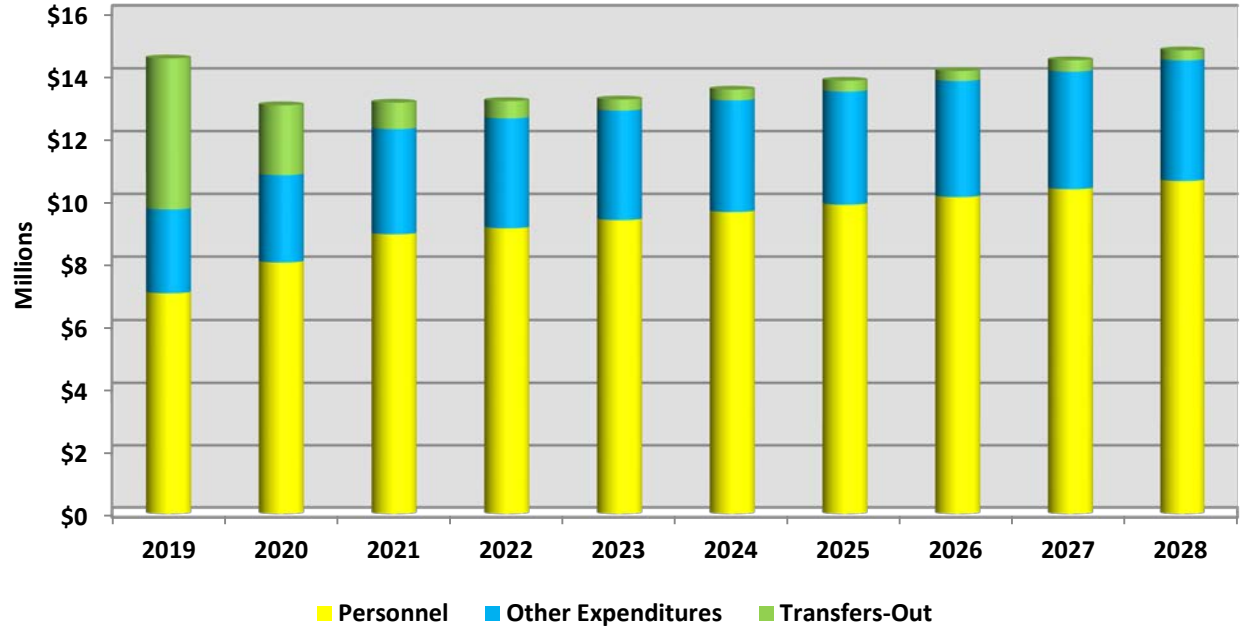


Fire Operating Fund (206): Expenditure

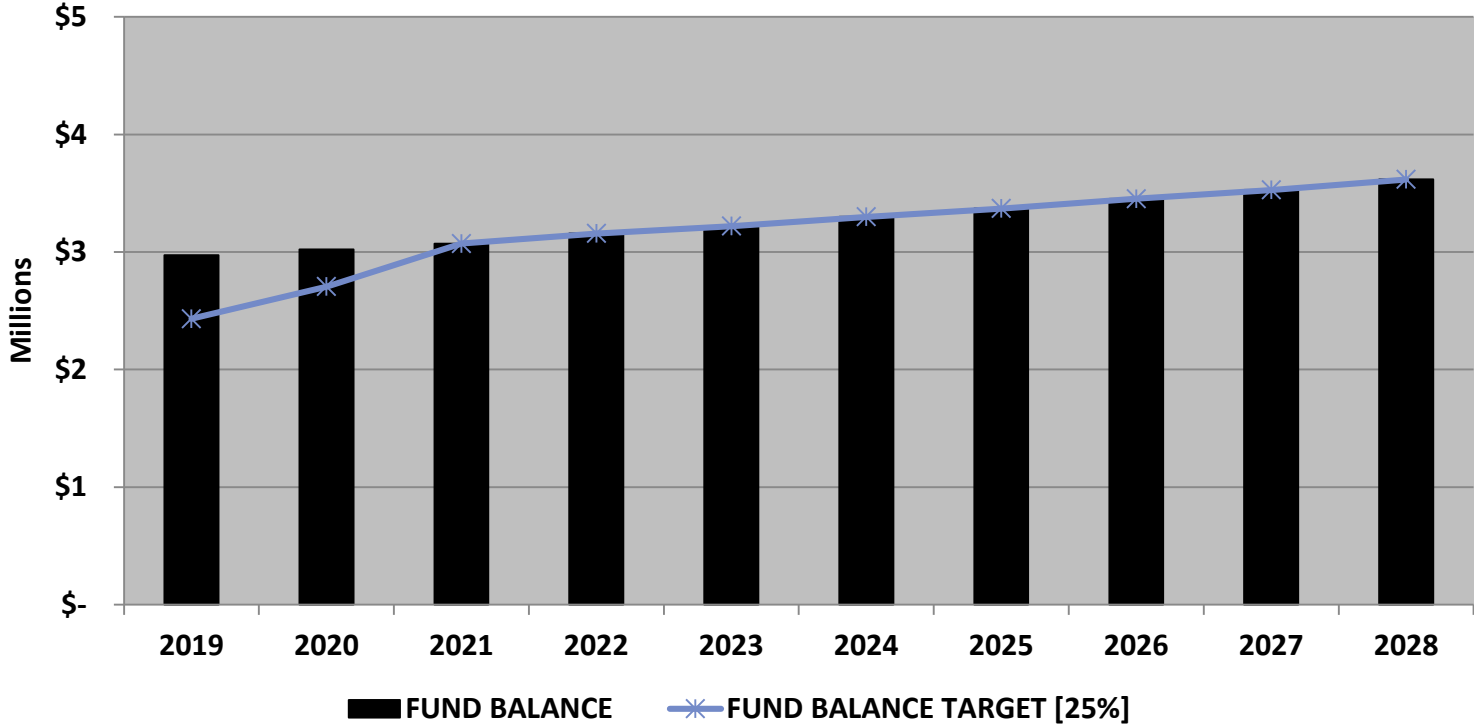
Fire Fund:
FY 2021 Expenditure
Sources



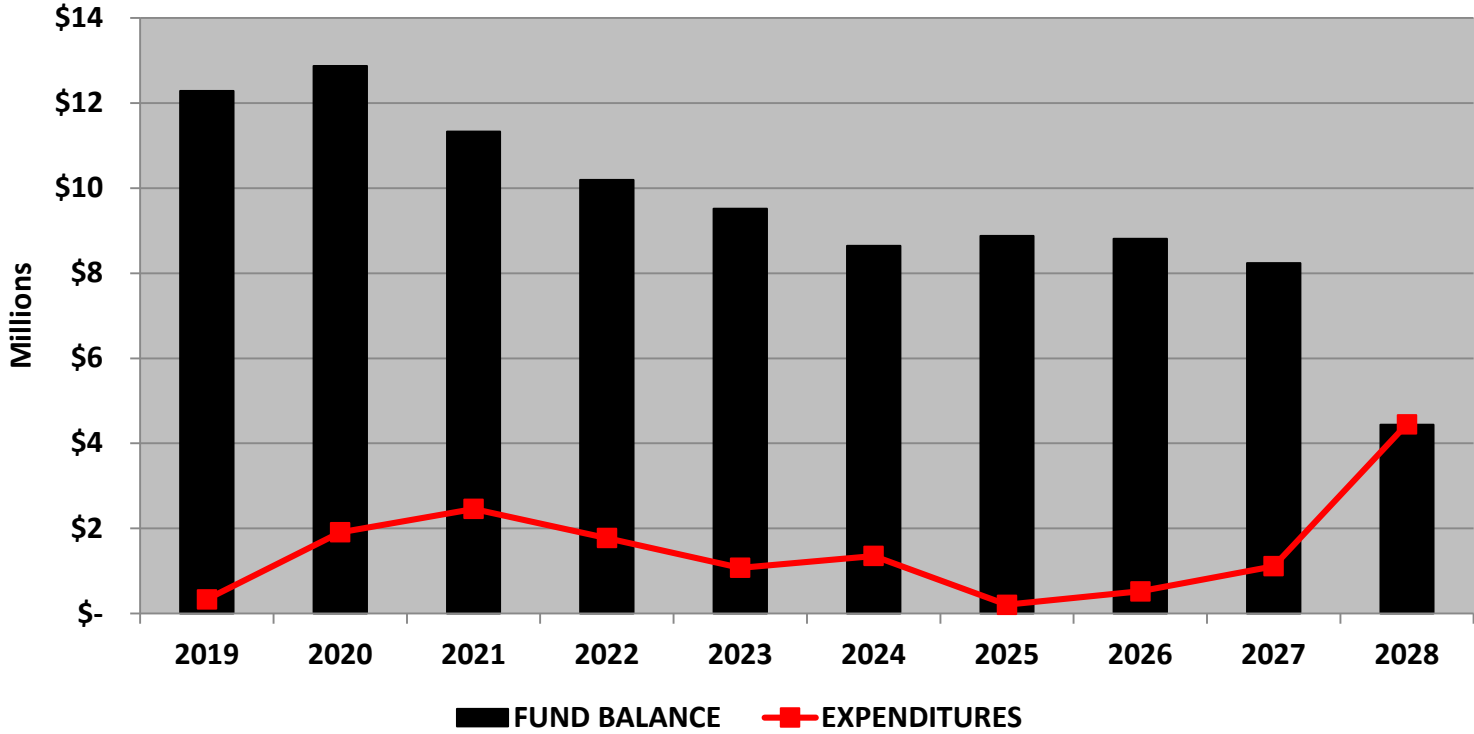
Fire Fund: Total Expenditure Trend



Fire Operating Fund (206): Changes in Fund Balance

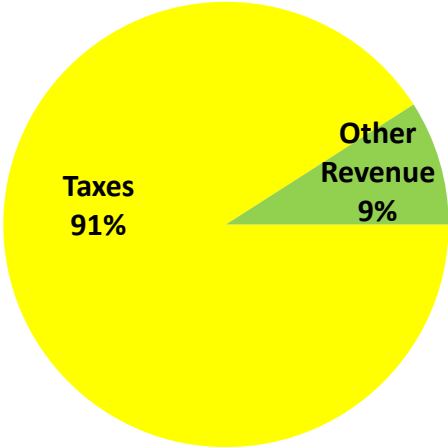


Fire Capital Fund (402): Changes in Fund Balance

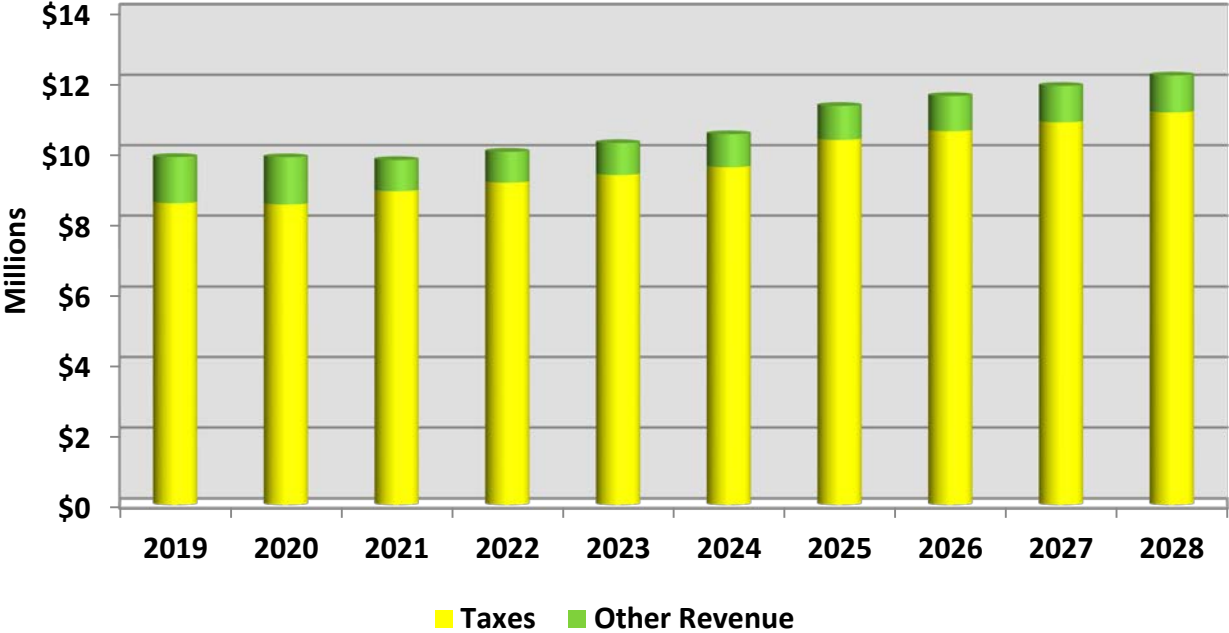


Special Police Fund (207): Revenue

Special Police Fund:
FY 2021 Revenue Sources

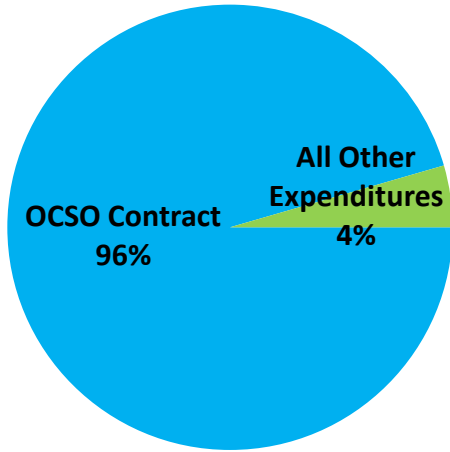


Special Police Fund: Total Revenue Trend

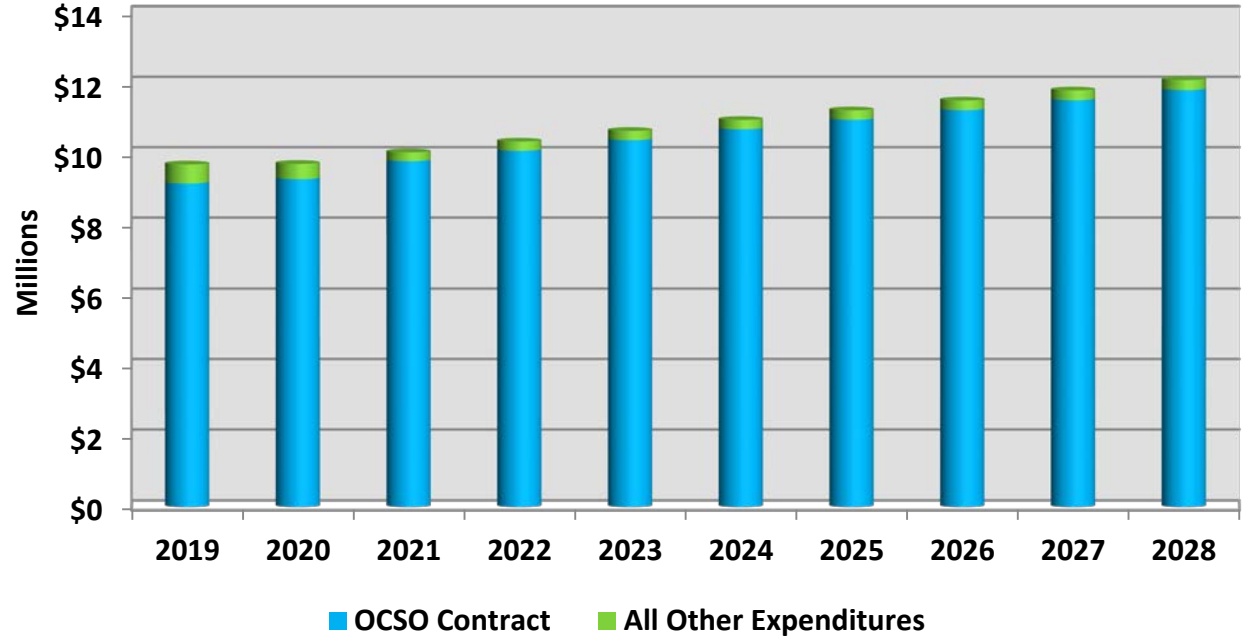


Special Police Fund (207): Expenditure

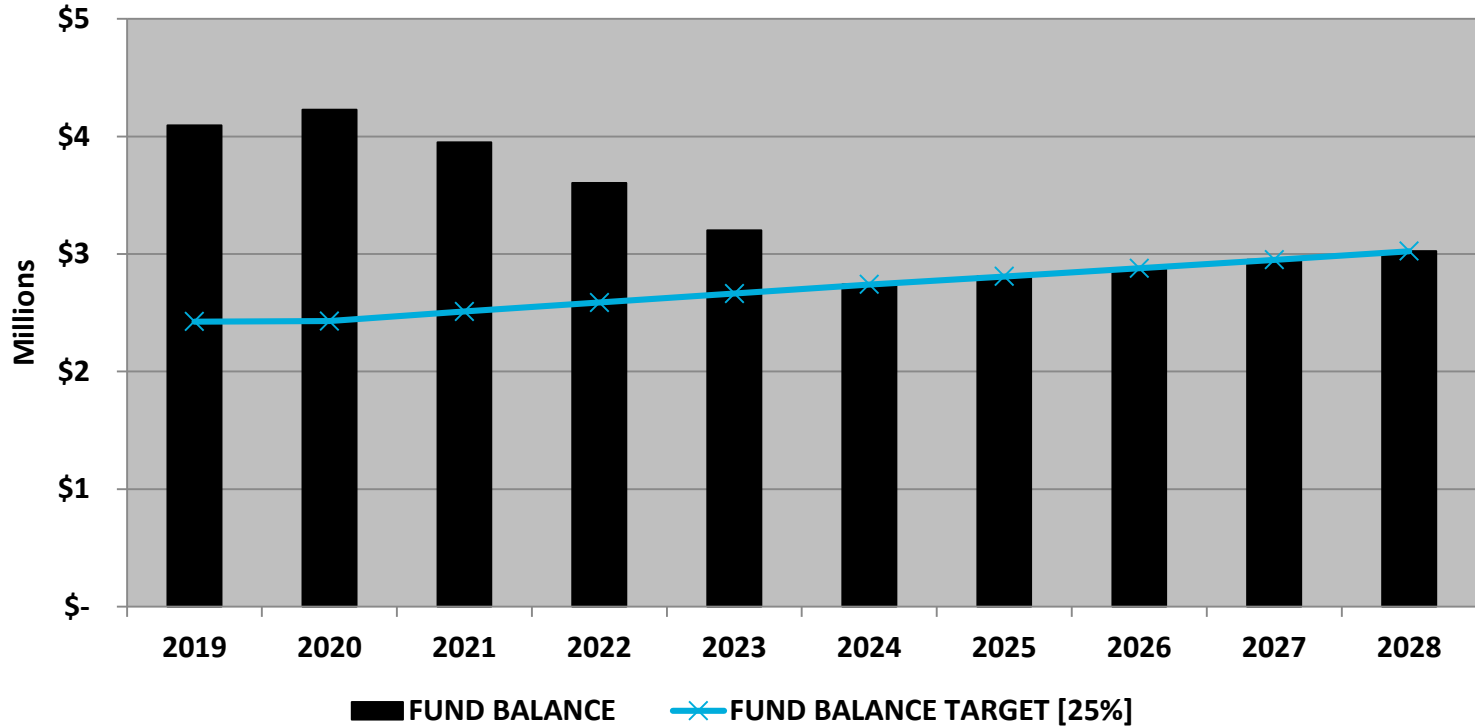
Special Police Fund: FY 2021 Expenditure Sources



Special Police Fund: Total Expenditure Trend



Special Police Fund (207): Changes in Fund Balance



Fund Balance Summary

- ▶ **Governmental Fund Balance Policy prescribes the fund balance reserves for the following City Major Funds:**
 - General Fund = 70-80% of annual operational expenditures
 - Local Street Fund = 20-25% of annual expenditures (including capital)
 - Fire Operating Fund = 20-25% of annual expenditures
 - Special Police Fund = 20-25% of annual expenditures
- ▶ **The following City Funds are secure through 2030+:**
 - Major Road Fund
 - Capital Improvement Fund
 - Fire Capital Fund



Takeaways

▶ **Excellent Financial position as of 12/31/2020**

- Strong Fund Balances
- Structural Surplus
- Conservative Projections

▶ **Fund Balance Policy**

- Defines financial parameters

▶ **Long-Term Projections**

- Constantly monitoring and adjusting

▶ **Long-Term Capital Planning**

- Ability to schedule capital projects and leverage City dollars



Questions / Comments

