

City of Rochester Hills Seven Year Financial Forecast Fiscal Years 2021-2027



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 2020 Proposed 2nd Qtr Budget Amendment



Key Assumptions: Revenue

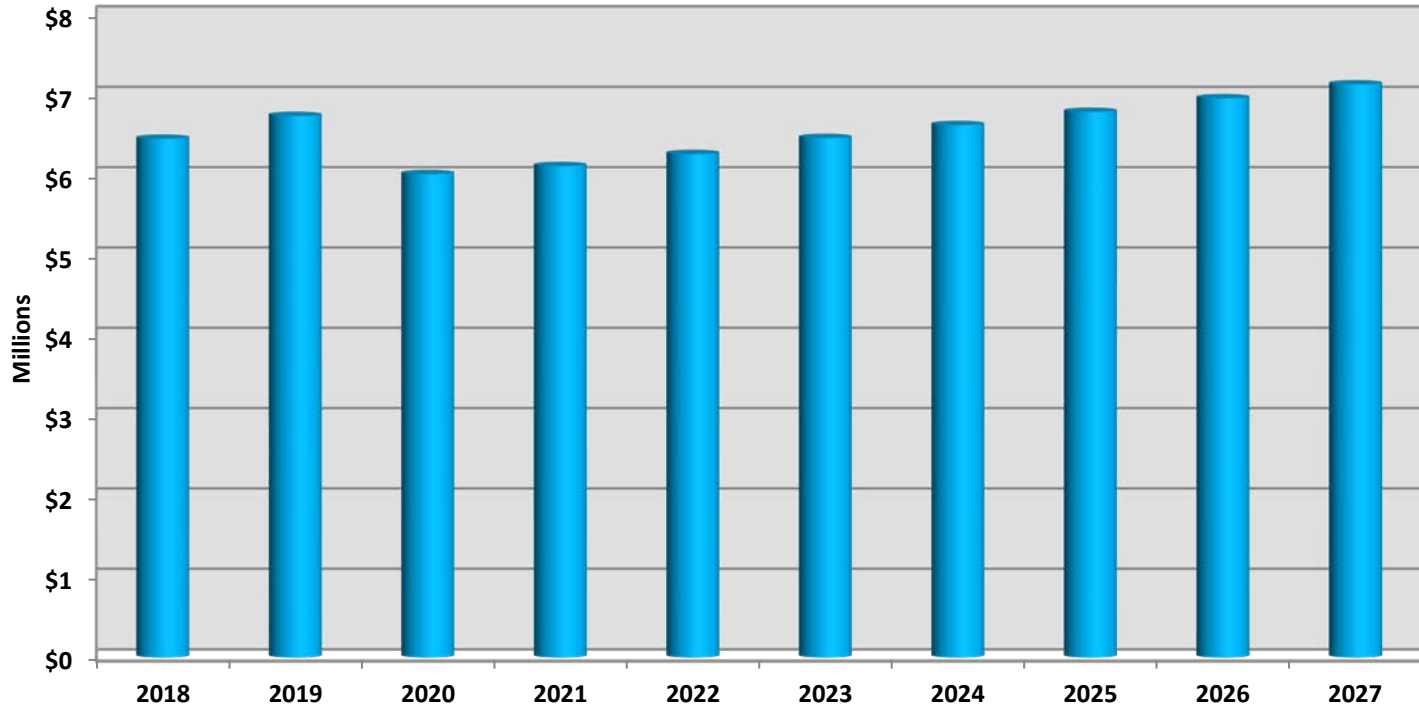
	Prior Forecast - May 2020 (2020-2026)			Current Forecast (2021-2027)	
Taxable Value	2021	3.00%		2021	4.20% *
	2022	2.50%		2022	2.50%
	2023-26	2.50%		2023-27	2.50%
State-Shared Revenue	2020	(22.5%)		2020	(10.2%)
	2021	17.3%		2021	2.00%
	2022	5.00%		2022	3.00%
	2023	5.00%		2023	3.00%
	2024-26	2.00%		2024-27	2.00%
Interest Rates	2021	0.25%		2021	0.25%
	2022-26	0.25%		2022-27	0.25%



* = Actual



State-Shared Revenue: Trend & Projection

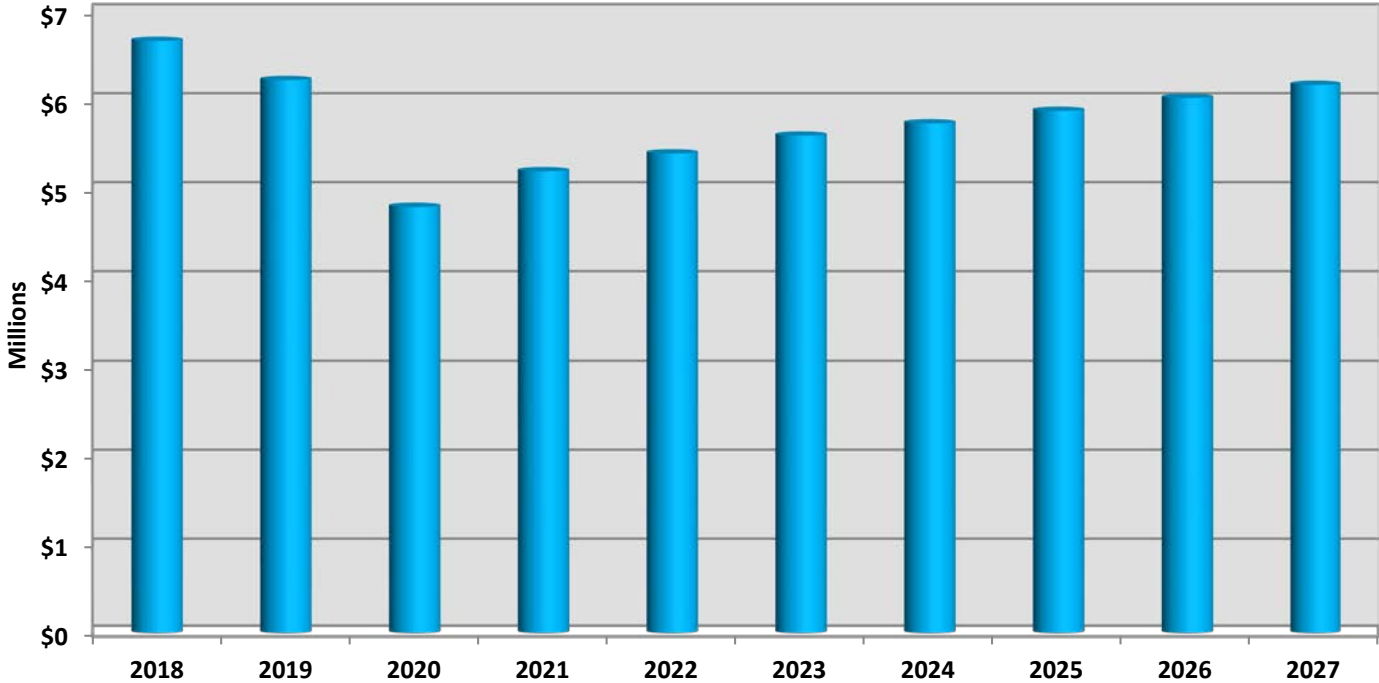


Key Assumptions: Revenue

	<i>Prior Forecast - May 2020 (2020-2026)</i>		Current Forecast (2021-2027)	
Act 51 Revenue	2020	(18.3%)	2020	(13.2%)
	2021	10.1%	2021	4.3%
	2022	2.7%	2022	5.0%
	2023	2.7%	2023	5.0%
	2024-26	2.0%	2024-27	2.0%
All Other City Revenues (Building / Parks / Planning)	2020	(25%) Parks & Building	2020	(25%) Parks Building OK
	2021	(25%) Less than FY 2018	2021	Parks Slightly Reduced Building OK



Act 51 Revenue: Trend & Projection



City Millage Rate Projection

	Actual 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027
OPERATING MILLAGE								
Charter Operating	2.6582	2.7070	2.8730	2.8730	2.7687	2.7632	2.7939	2.7882
Local Street I	0.3418	1.0868	1.0868	1.0868	1.0868	1.0868	1.0868	1.0868
Local Street II	0.4683	-	-	-	-	-	-	-
Local Street III	0.2864	-	-	-	-	-	-	-
Fire Fund	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000
Special Police I	1.1655	1.1552	1.1552	1.1552	1.1552	1.1552	1.1552	1.1552
Special Police II	1.1640	1.1730	1.1730	1.1730	1.2773	1.2828	1.2885	1.2942
Pathway	0.1789	0.1773	0.1773	0.1773	0.1773	0.1773	0.1773	0.1773
RARA: Operating	0.1878	0.1861	0.1861	0.1861	0.1861	0.1861	0.1861	0.1861
OPC: Transportation	0.0963	0.0954	0.0954	0.0954	0.0954	0.0954	0.0954	0.0954
OPC: Operating	0.2316	0.2295	0.2295	0.2295	0.2295	0.2295	0.2295	0.2295
Library: Operating	0.7545	0.7478	0.7478	0.7478	0.7478	0.7478	0.7478	0.7478
TOTAL OPERATING MILLAGE	10.2333	10.2581	10.4241	10.4241	10.4241	10.4241	10.4605	10.4605

DEBT MILLAGE								
Drain Debt Fund	0.0372	0.0364	0.0364	0.0364	0.0364	0.0364	-	-
Older Persons Refunding: 2010 Series	0.1900	0.1660	-	-	-	-	-	-
TOTAL DEBT MILLAGE	0.2272	0.2024	0.0364	0.0364	0.0364	0.0364	-	-

TOTAL MILLAGE RATE	10.4605	10.4605	10.4605	10.4605	10.4605	10.4605	10.4605	10.4605
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Key Assumptions: Expenditure

	<i>Prior Forecast - May 2020 (2020-2026)</i>		Current Forecast (2021-2027)	
Number of Employees	2020-26	238 FTE	2021-27	238 FTE
Salary Wage Change	2020-26	2.5%	2021-27	2.5%
Health Care	2020-26	7.0%	2021-27	7.0%
Inflation	2020-26	2.0%	2021-27	2.0%
OCSO Contract	2020-21	2.9%	2020-21	2.9%
	2022-26	3.0%	2022-27	3.0%
OCSO Deputies	2020-26	60	2021-27	60
Capital Projects	All CIP projects updated with current cost estimates		All CIP projects updated with current cost estimates	

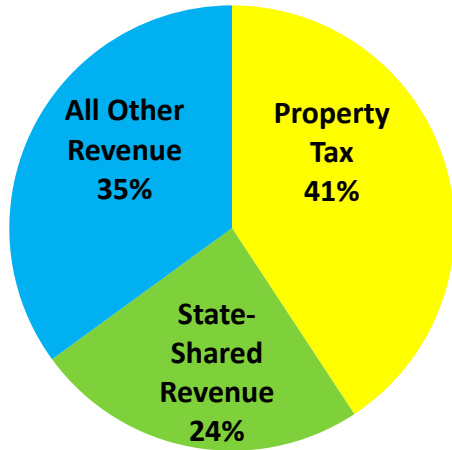


2021-2027 Fund Forecasts

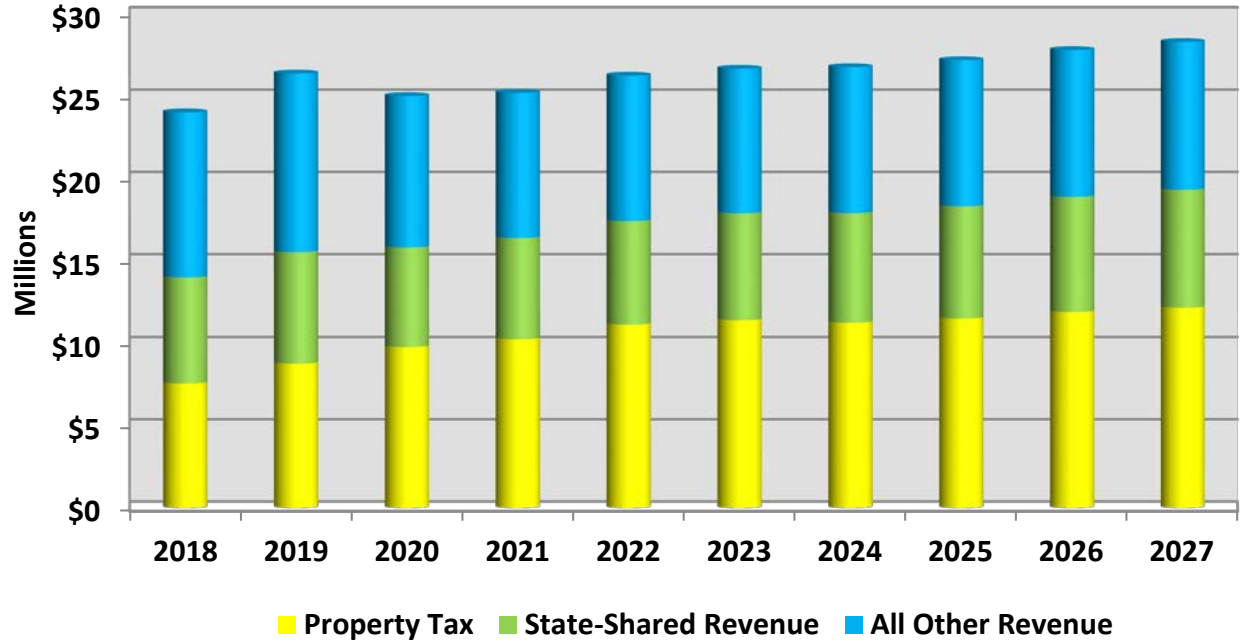


General Fund (101): Revenue

General Fund: FY 2021 Revenue Sources

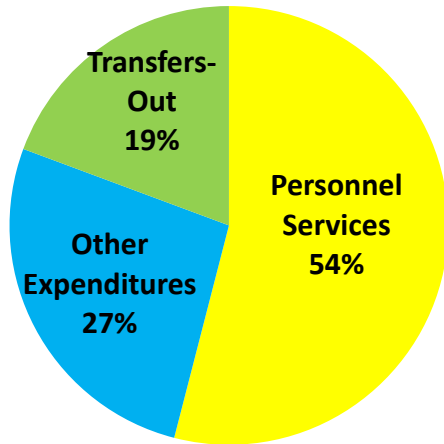


General Fund: Total Revenue Trend

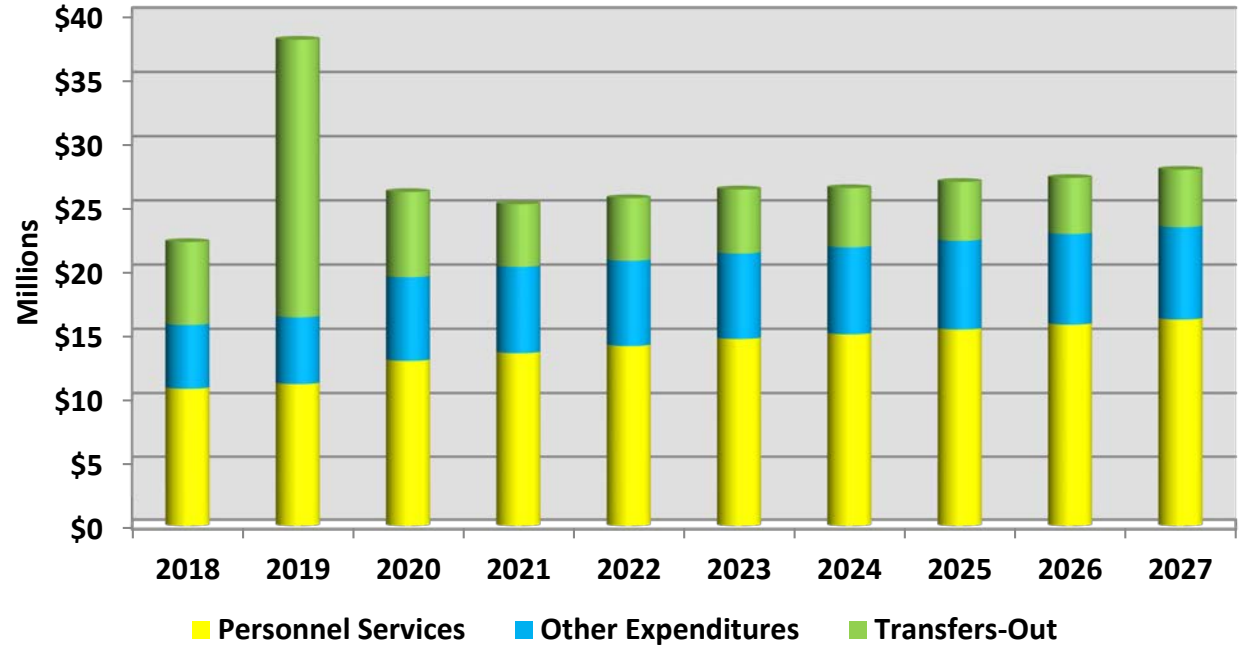


General Fund (101): Expenditures

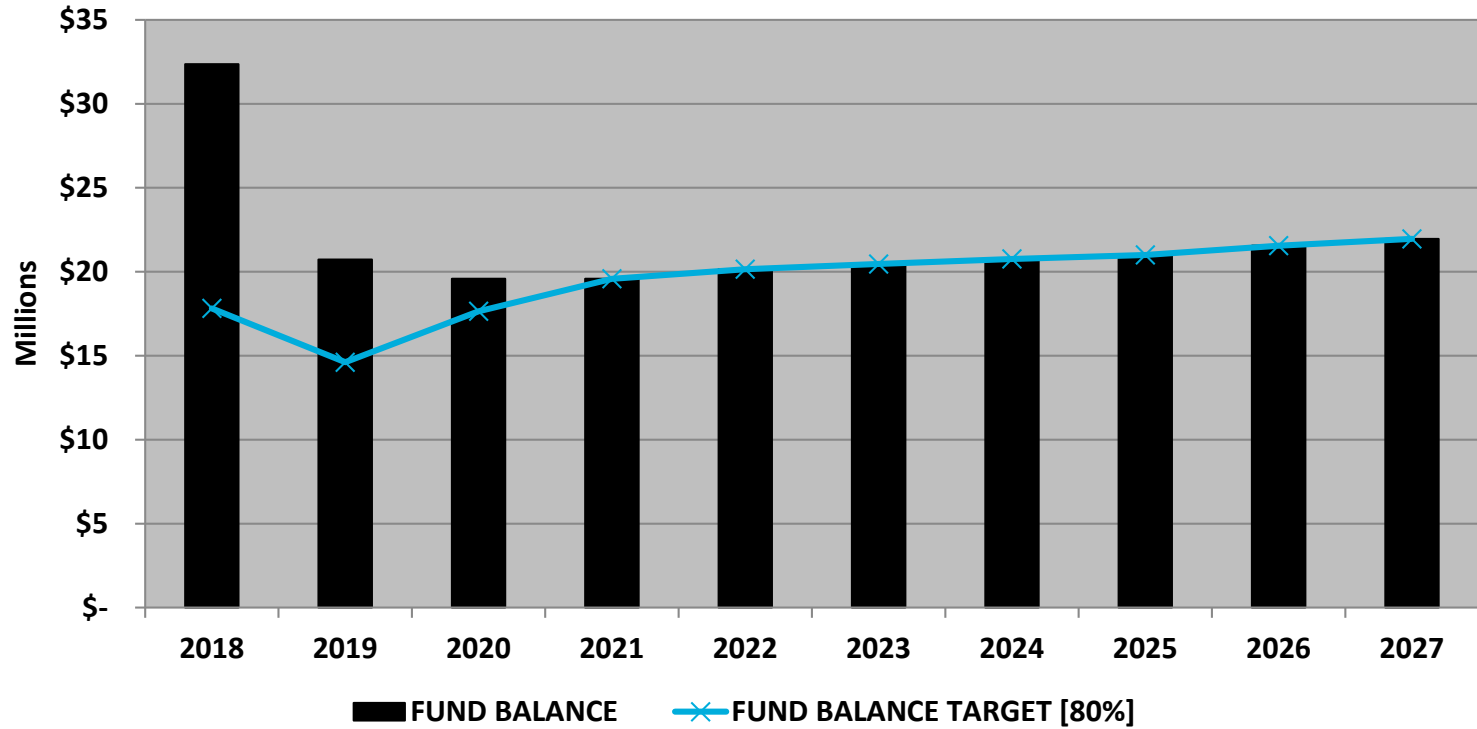
General Fund: FY 2021
Expenditure Sources



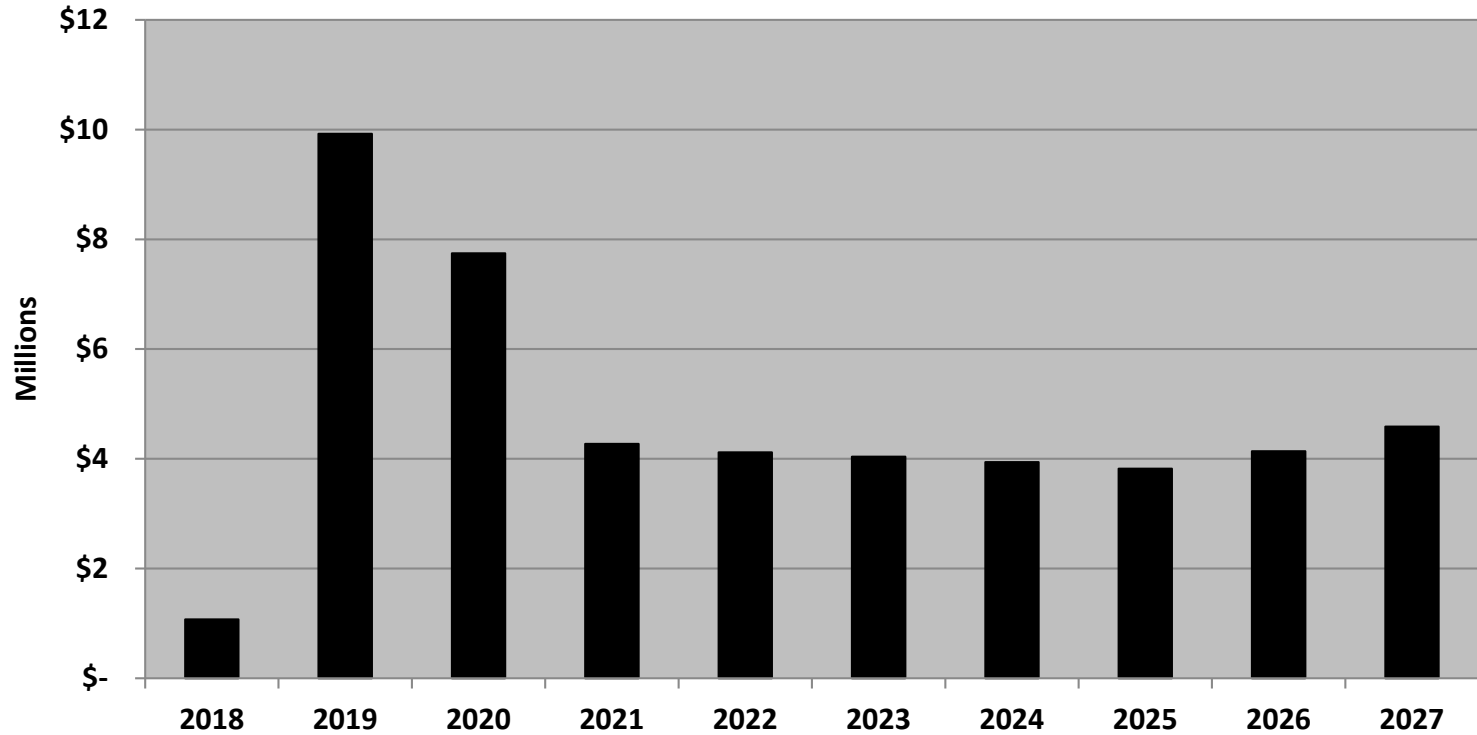
General Fund: Total Expenditure Trend



General Fund (101): Changes in Fund Balance

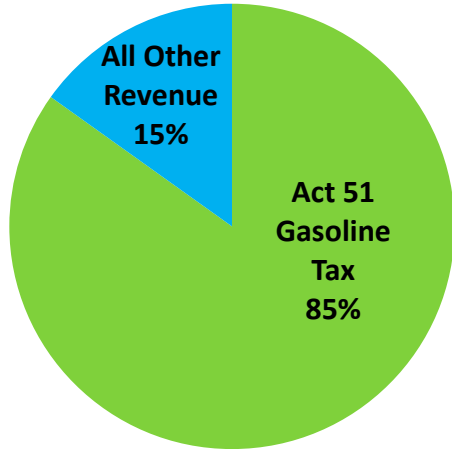


Capital Improvement Fund (420): Changes in Fund Balance

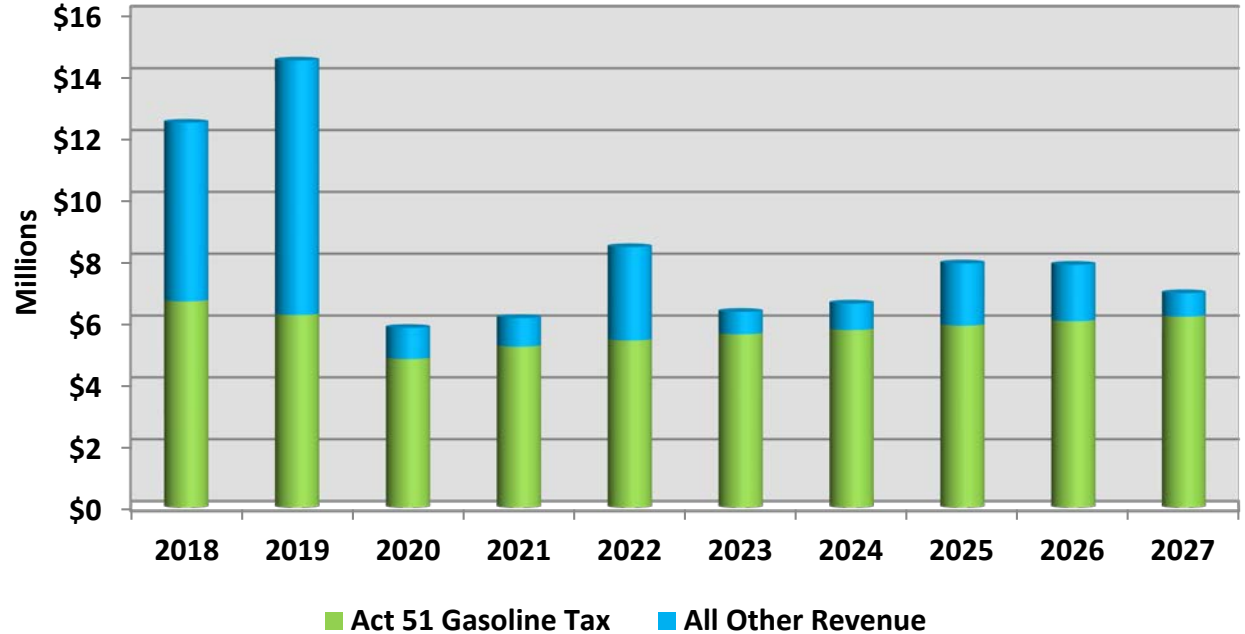


Major Road Fund (202): Revenue

Major Road Fund: FY 2021
Revenue Sources

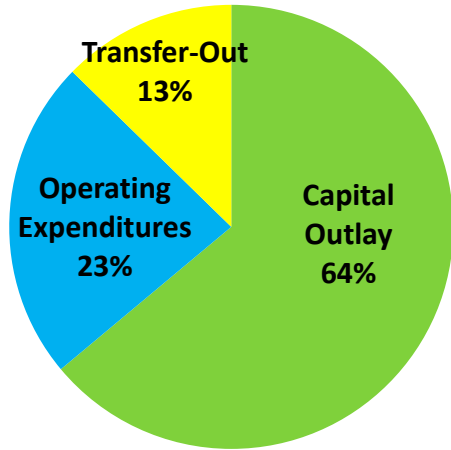


Major Road Fund: Total Revenue Trend

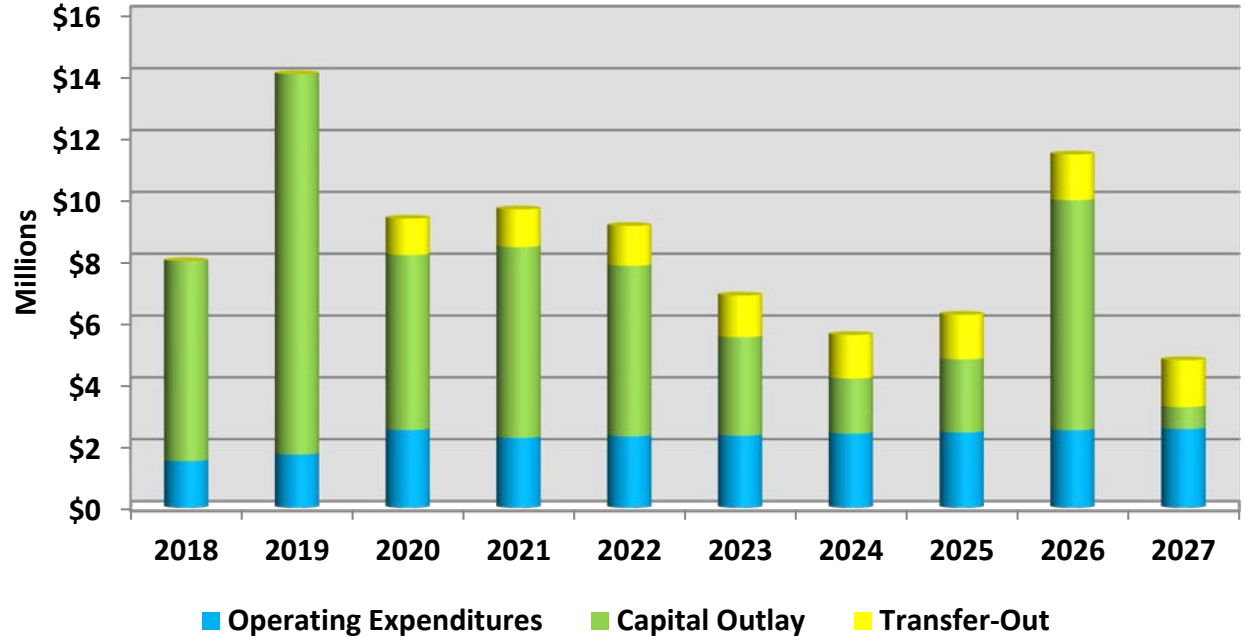


Major Road Fund (202): Expenditures

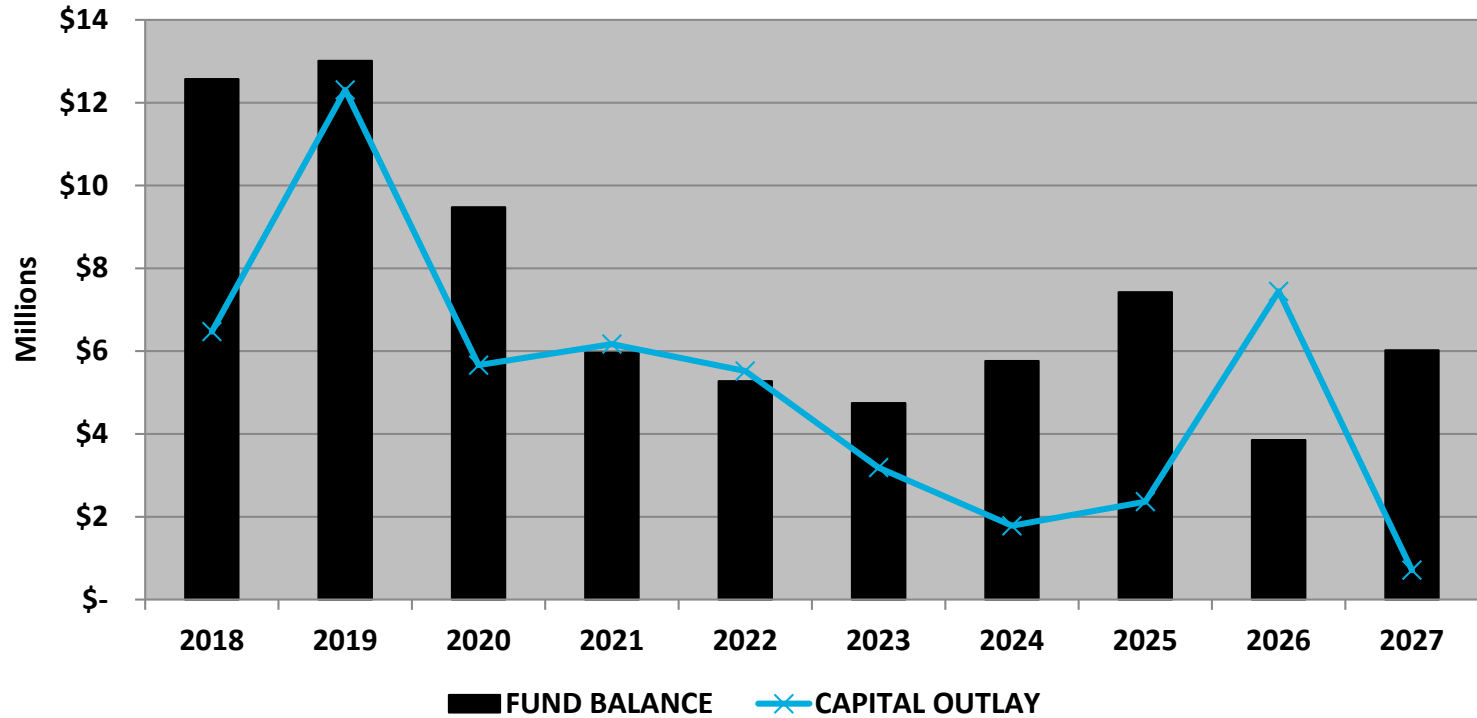
Major Road Fund: FY 2021
Expenditure Sources



Major Road Fund: Total Expenditure Trend

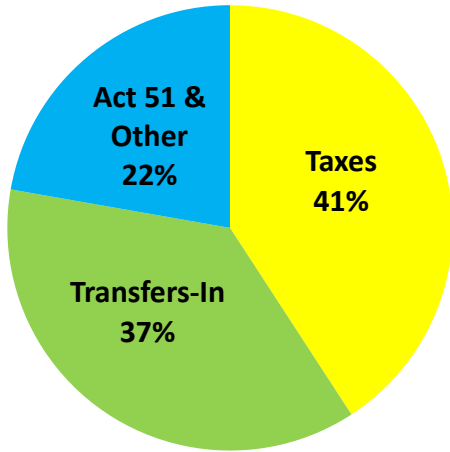


Major Road Fund (202): Changes in Fund Balance

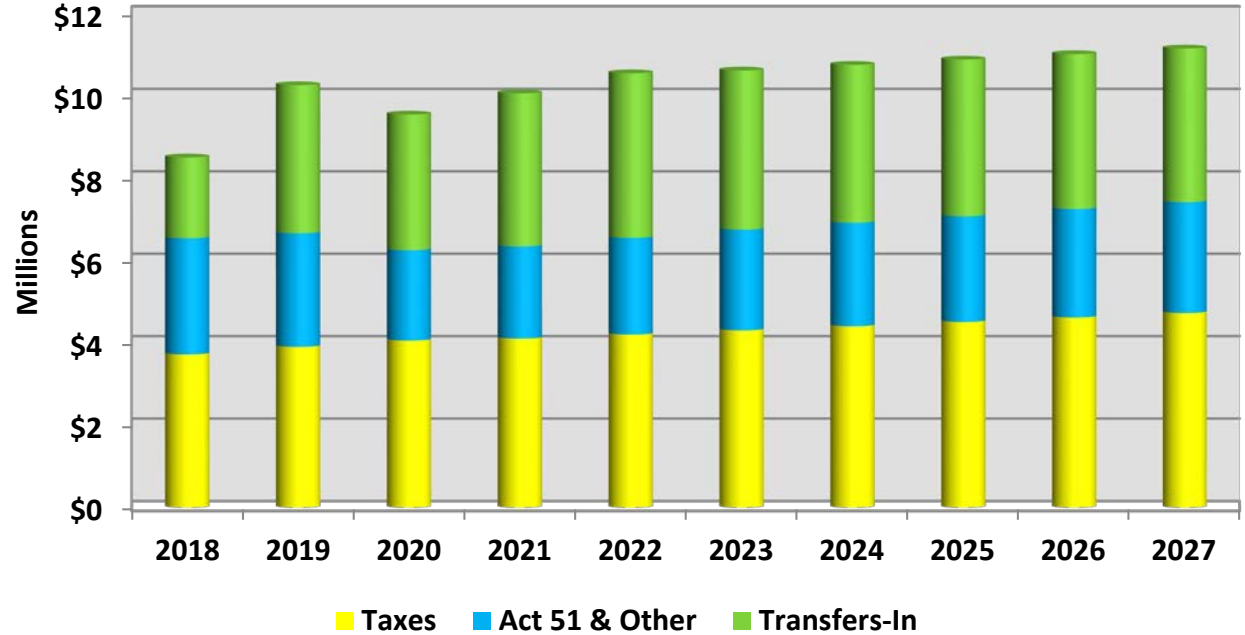


Local Street Fund (203): Revenue

Local Street Fund: FY 2021
Revenue Sources

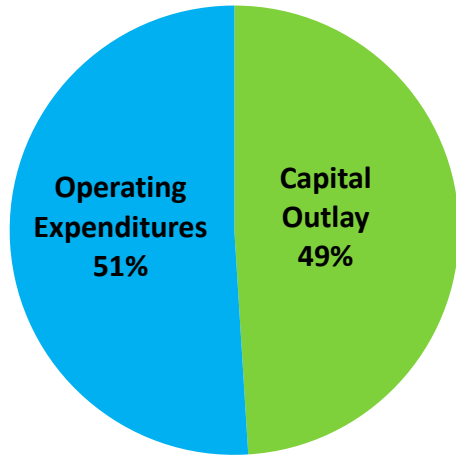


Local Street Fund: Total Revenue Trend

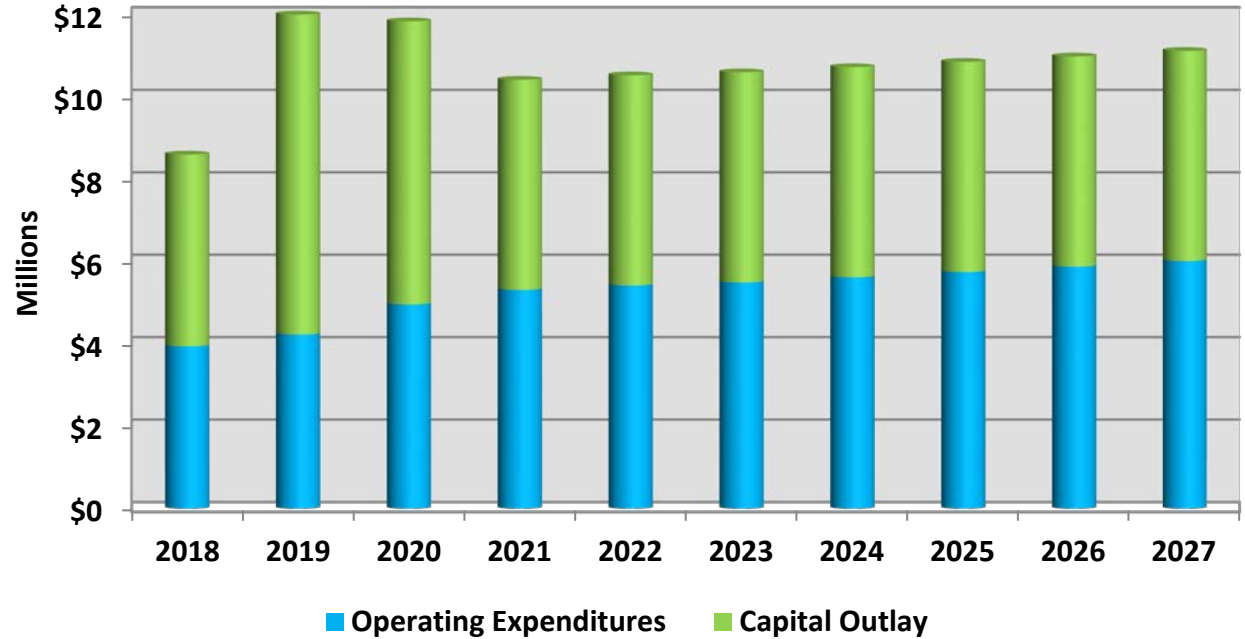


Local Street Fund (203): Expenditures

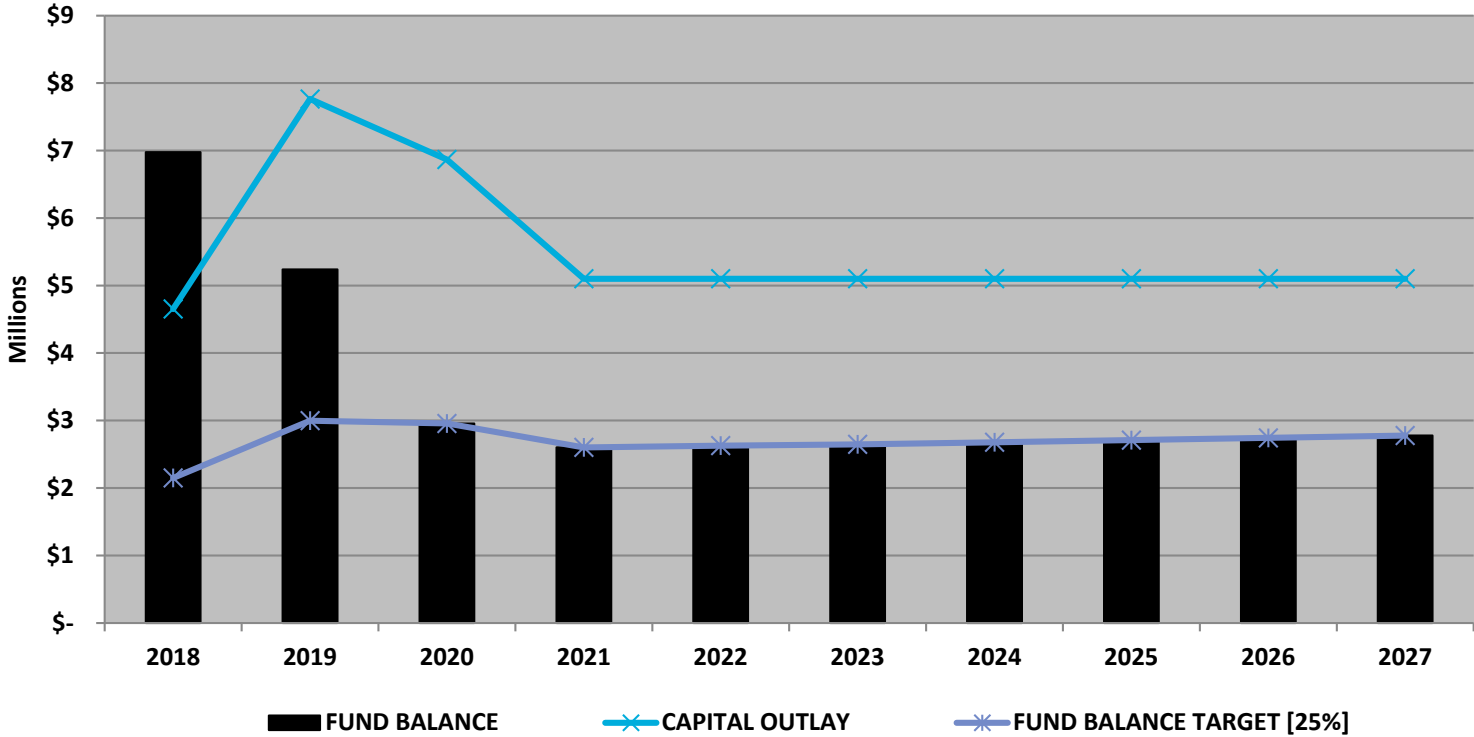
Local Street Fund: FY 2021
Expenditure Sources



Local Street Fund: Total Expenditure Trend

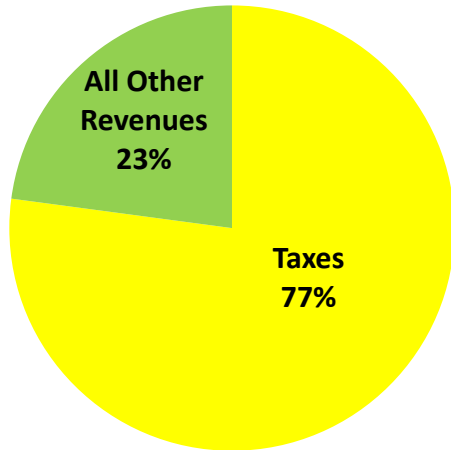


Local Street Fund (203): Changes in Fund Balance

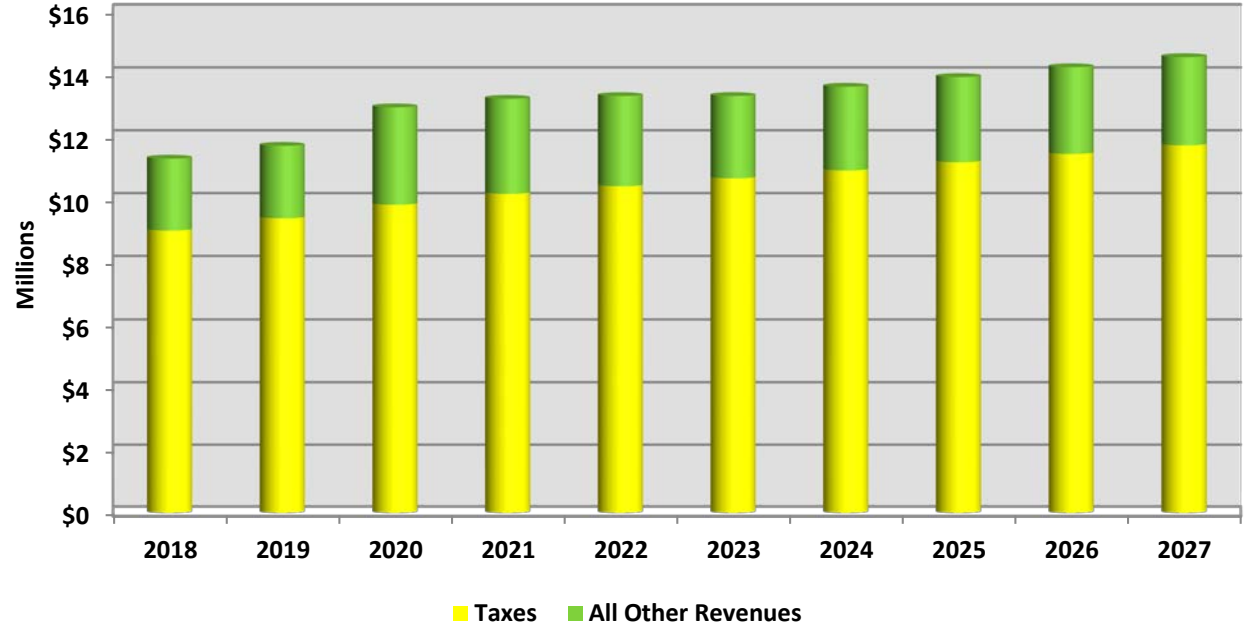


Fire Operating Fund (206): Revenue

Fire Fund: FY 2021
Revenue Sources

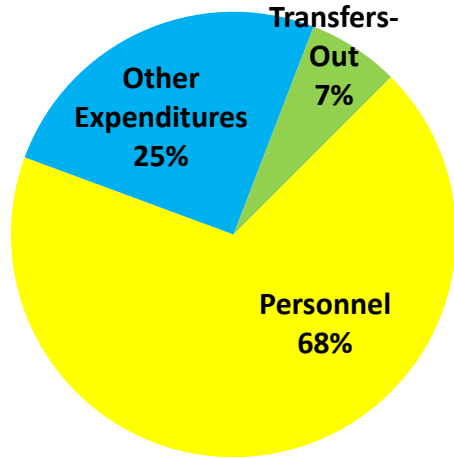


Fire Fund: Total Revenue Trend

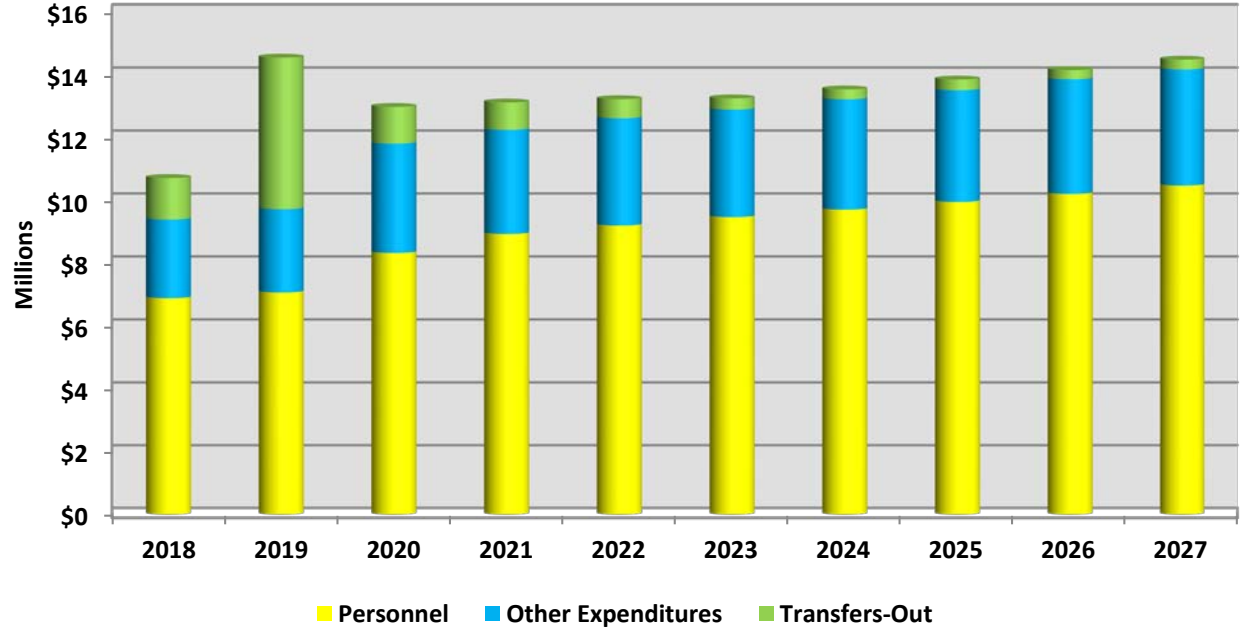


Fire Operating Fund (206): Expenditure

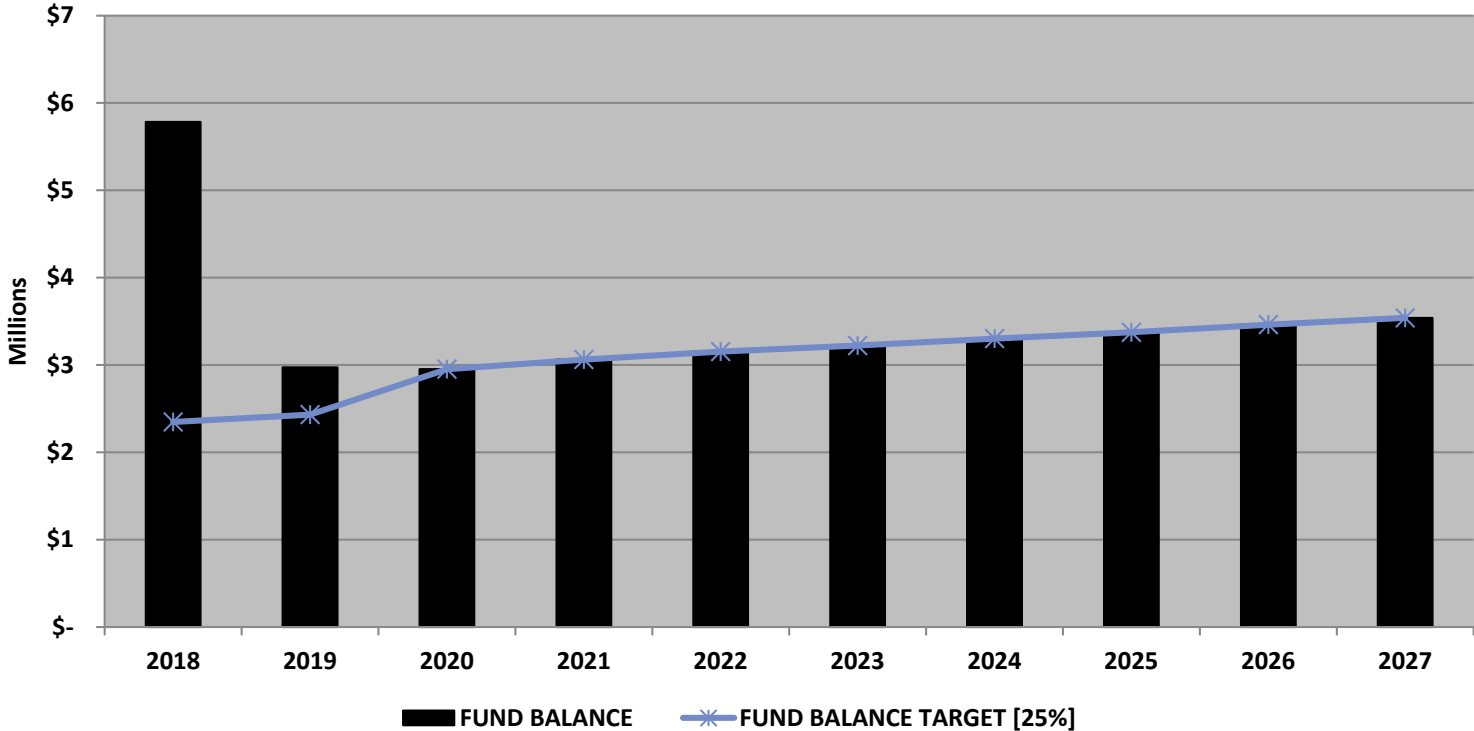
Fire Fund: FY 2021
Expenditure Sources



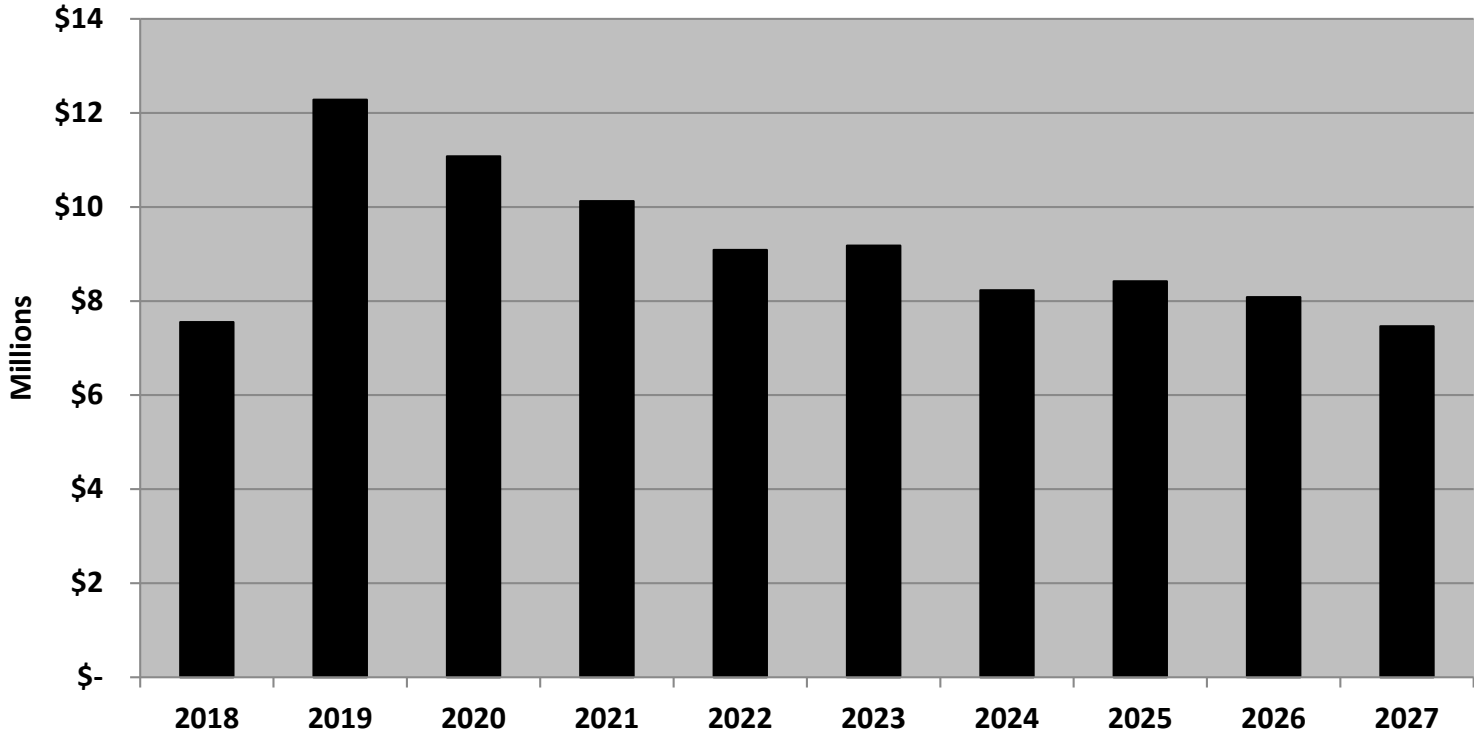
Fire Fund: Total Expenditure Trend



Fire Operating Fund (206): Changes in Fund Balance

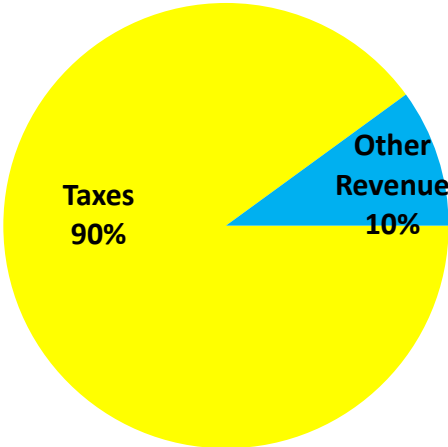


Fire Capital Fund (402): Changes in Fund Balance

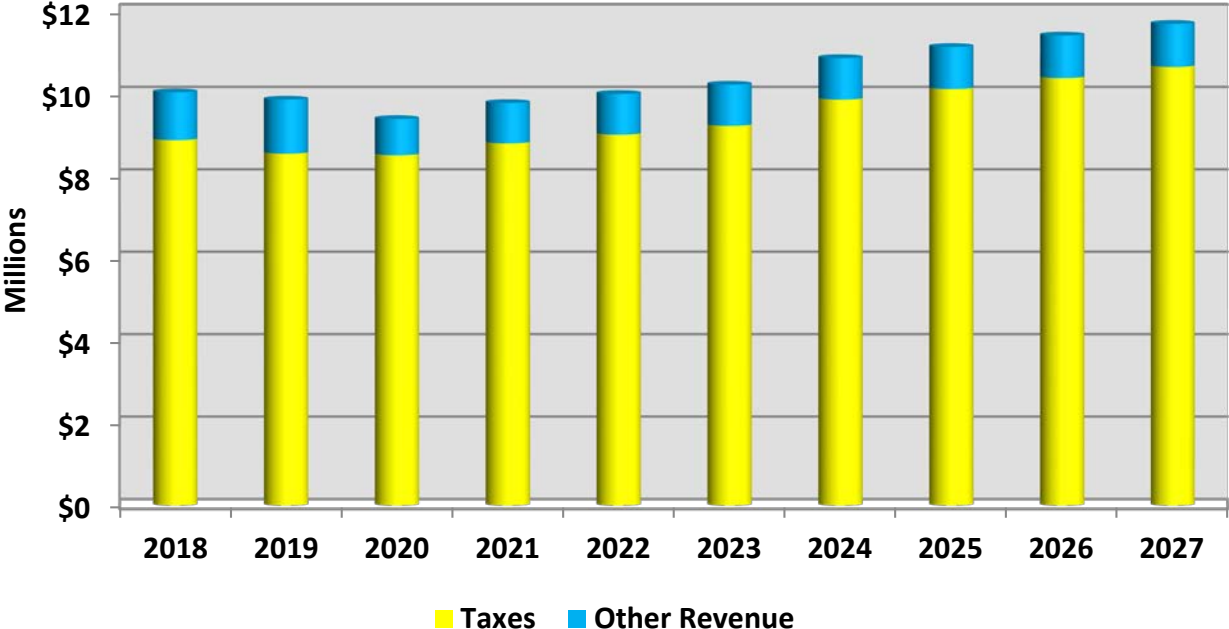


Special Police Fund (207): Revenue

Special Police Fund: FY 2021 Revenue Sources

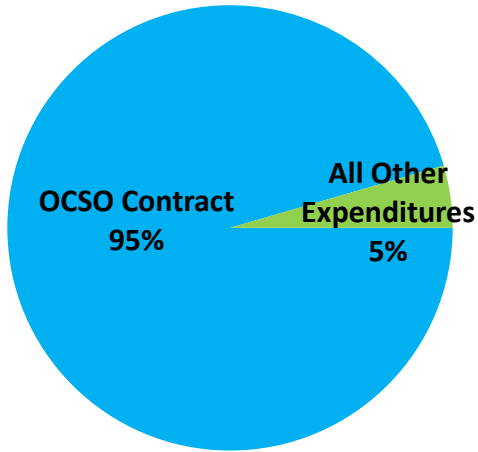


Special Police Fund: Total Revenue Trend



Special Police Fund (207): Expenditure

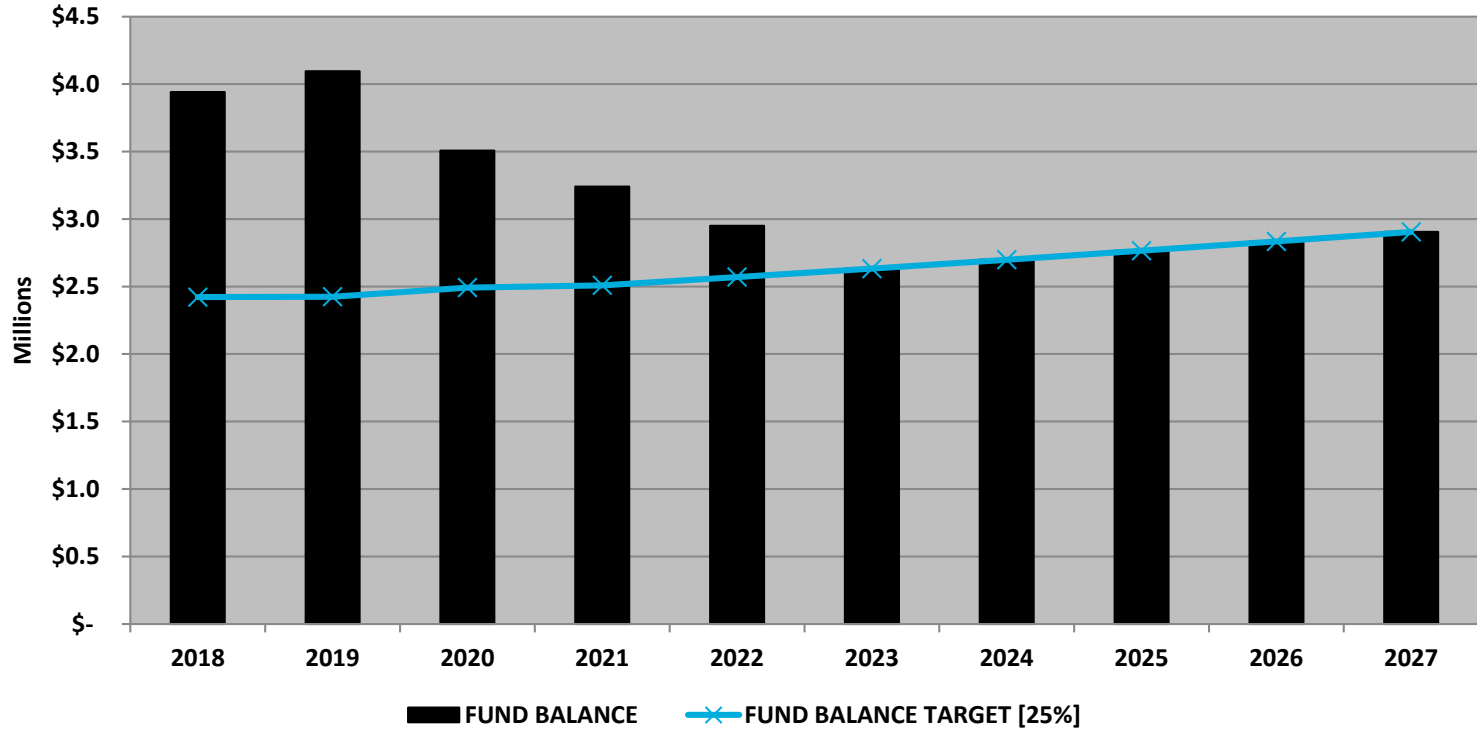
Special Police Fund: FY
2021 Expenditure Sources



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 12/31/2019**
 - Structural Surplus
 - Conservative Projections
 - Strong Fund Balances
- ▶ **Fund Balance Policy**
 - Defines financial parameters
- ▶ **COVID-19 Impacts**
 - State-Shared Revenue & Act 51
- ▶ **Long-Term Projections**
 - Constantly monitoring and adjusting



Questions / Comments

