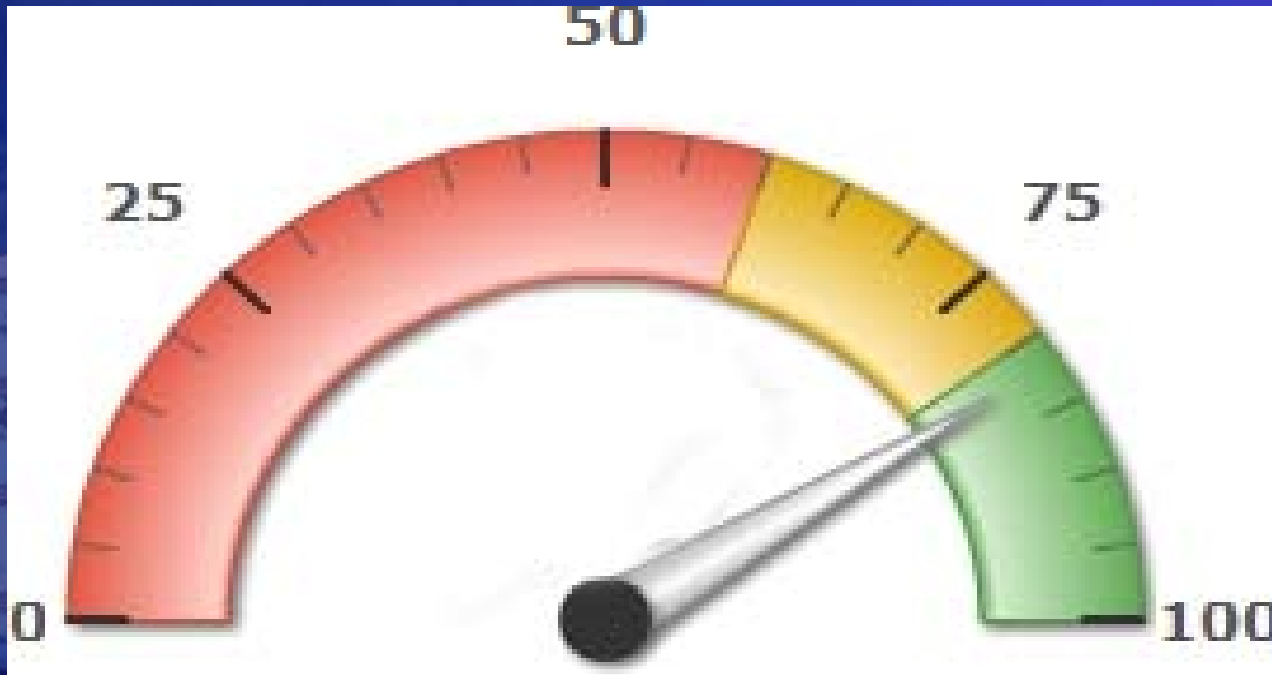


City of Rochester Hills Performance Dashboard



Measuring the City's Performance

September 19, 2011

Measuring the City's Performance

The information provided through this Dashboard is designed to help you gain insight in how the city is performing in the following areas:

- Finance
- Economic Strength
- Public Safety
- Quality of Life and
- Community Partnerships

Summary of the City's Performance

| Finance | | |
|---|--|---|
| Revenues | | |
| General Fund Reserves as a % of General Fund Revenues | | ↑ |
| Property Tax Revenues | | ↓ |
| State Shared Revenue | | ↑ |
| Act 51 Gasoline Tax | | ↓ |
| Building Permits | | ↑ |
| Expenditures | | |
| Governmental Operating Expenditures | | ↑ |
| Personnel Services Expenditures | | ↑ |
| Governmental Revenue and Expenditures per Capita | | ↑ |
| Water & Sewer-Statement of Revenues & Expenses | | ↑ |
| Debt | | |
| Debt per Capita | | ↑ |
| Legal Debt Limit | | ↑ |
| Ratio of Total Debt to Taxable Value | | ↑ |
| Unfunded Liabilities | | ↑ |
| Fund Balances / Reserves | | |
| Governmental Fund Balance by Component | | → |
| General Fund Balance as a % of Annual Expenditures | | ↑ |
| Water & Sewer Cash Reserves & Net Capital Assets | | ↑ |

Green/Better ↑, Yellow/Same →, Red/Worse ↓

Summary of the City's Performance

| | | |
|--|--|---|
| Economic Strength | | |
| Percentage Unemployed | | ↑ |
| Availability of High Speed Internet | | → |
| Community Profile | | ↑ |
| Average Age of Citywide Infrastructure | | ↓ |
| Public Safety | | |
| Public Safety / Part A Crimes | | → |
| Public Safety / Part B Crimes | | ↑ |
| Public Safety / Part C Crimes | | ↓ |
| Quality of Life | | |
| Satisfaction Rate | | ↑ |
| Miles of Pathway | | ↑ |
| Arts, Culture, and Recreation | | ↑ |
| Total Acres of Parkland | | → |
| Tons of Recycled Material | | ↑ |
| Community Partnerships | | ↑ |

Green/Better ↑ , Yellow/Same → , Red/Worse ↓

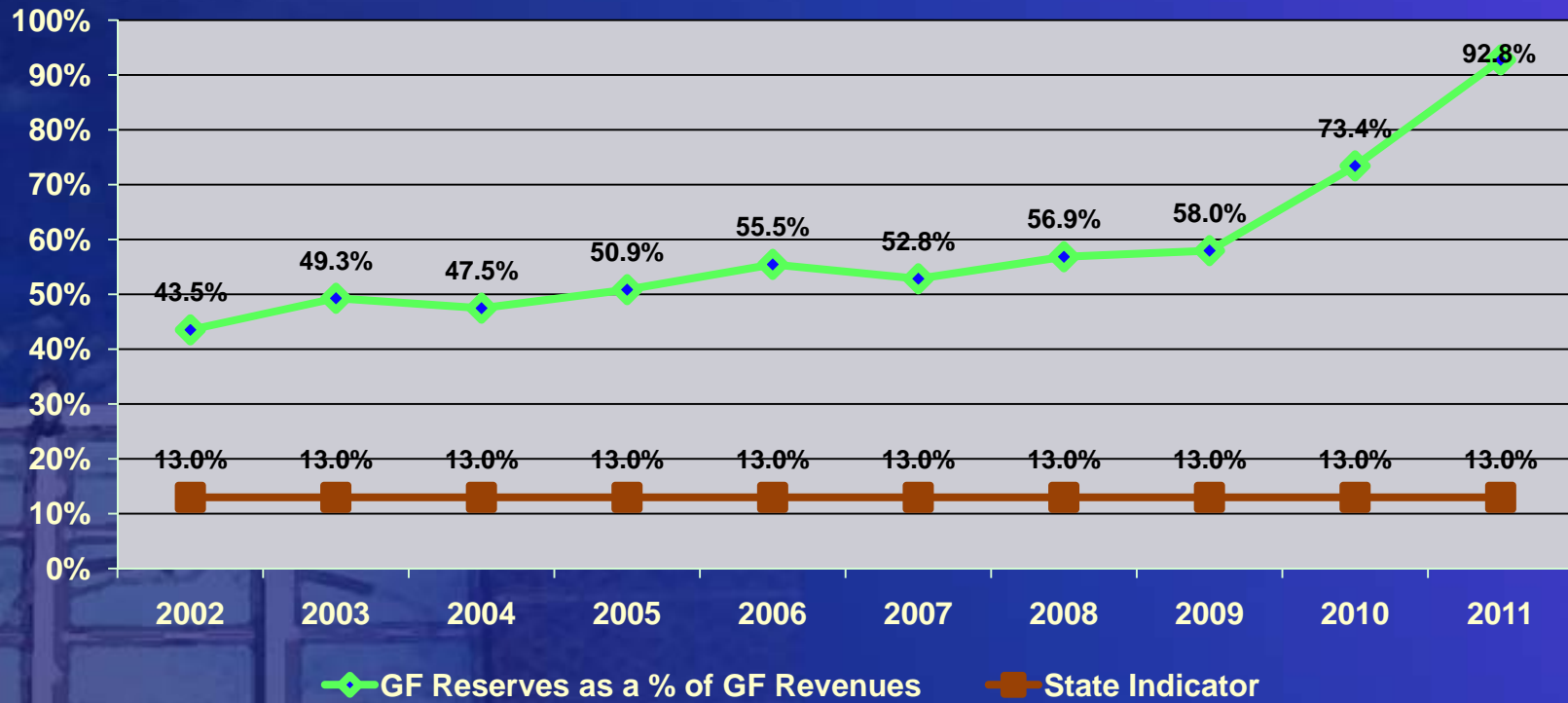
FINANCE

- Revenues
- Expenditures
- Debt
- Reserves


Revenues

- **General Fund's fund balance compared to General Fund Revenues**
- **Governmental Property Tax Revenues**
- **State-Shared Revenues**
- **Act 51 Gasoline Tax**
- **Building Permits**

General Fund Reserves as a Percentage of General Fund Revenues



It is a sound practice to maintain a positive fund balance. Having a healthy fund balance will allow the city to cope with unforeseen circumstances related to either its revenue and/or expenditure streams. Fund balance levels below 13% are considered not healthy and may not provide the needed resources during fiscal stress.

Indicator Score = **Green/Better** 

TREND ANALYSIS:

The city considers having a strong fund balance critical to being able to manage its service delivery during all business cycles. The city has a formal adopted fund balance policy to insure there is no deviation from that essential concept.



Governmental Property Tax Revenues



Taxes are levied by the city for the purpose of funding services that are performed for the collective benefit of residents. There are several variables that affect the growth or decline of tax revenues including the addition or loss of taxable value, statutory regulations, and the addition or expiration of dedicated millages.

Indicator Score = **Red/Worse** ↓

TREND ANALYSIS:

Taxable valuations in the City of Rochester Hills increased by approximately 3.2% per year, on average, for the period FY 2005 through FY 2009. However, taxable valuations decreased by 3.8% in 2010, by 11.3% in 2011 and by 6.3% for FY 2012. They are also projected to decrease by 5.0% for FY 2013 and 5.0% for FY 2014. Over the ten-year period, property taxes have represented, on average, 57% of total governmental operating revenues.




State Shared Revenue



* Budget

State-shared revenue represents the share of sales tax distributed to the City of Rochester Hills by the State of Michigan.

Indicator Score = **Green/Better** 

TREND ANALYSIS:

Sales tax fluctuations vary depending on the strength of the state economy, actual sales tax revenue, and annual appropriation bills for the statutory portion. This is evidenced by the decrease of actual disbursements in state shared revenue by nearly \$1.0 million from FY 2002 to the FY 2010. The 2.9% increase in revenue is the result of our growth in population from the 2010 census helped the city share more in this allocation.

Act 51 Gasoline Tax



Fluctuation in Act 51 revenues vary depending upon the strength of the state economy, actual gasoline tax revenues, vehicle registrations, and statutory changes. The City of Rochester Hills' major road and local street programs are both very dependent upon this revenue source.

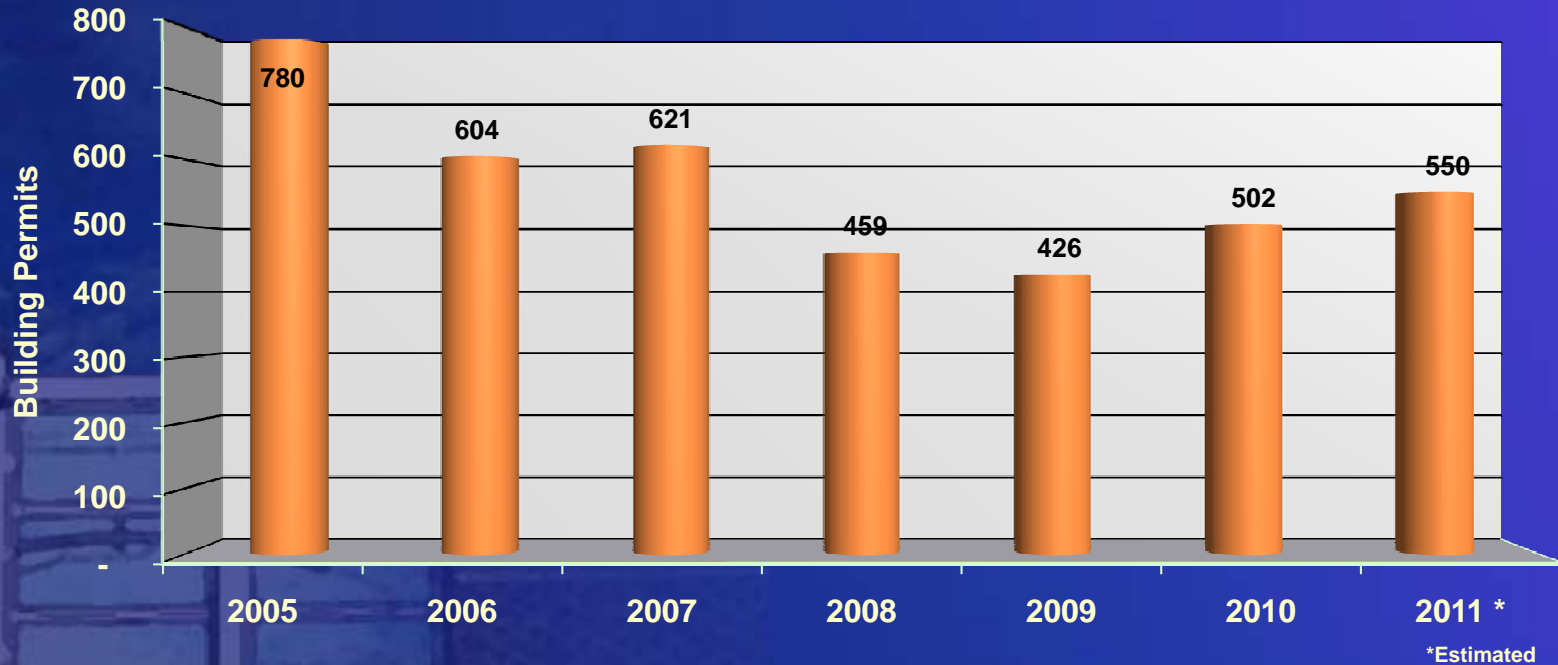
Indicator Score = **Red/Worse** ↓

TREND ANALYSIS:

Gasoline tax revenues represent 76% of total major road revenues and 16% of total local street revenues. A decline in this revenue source is primarily due to projected declines in state vehicle registrations and the projected number of gallons of gasoline sold based on decreasing statewide population, price volatility, and more fuel efficient vehicles. We see no change for this revenue source in the near term.



Building Permits



The number of building permits issued within a community provides some indication of the local economy's health. Fluctuations in building permits and construction are generally attributable to the strength or weakness of the local/regional/national economy. Construction activity tends to stagnate or decline in periods of economic uncertainty.

Indicator Score = **Green/Better** 

TREND ANALYSIS:

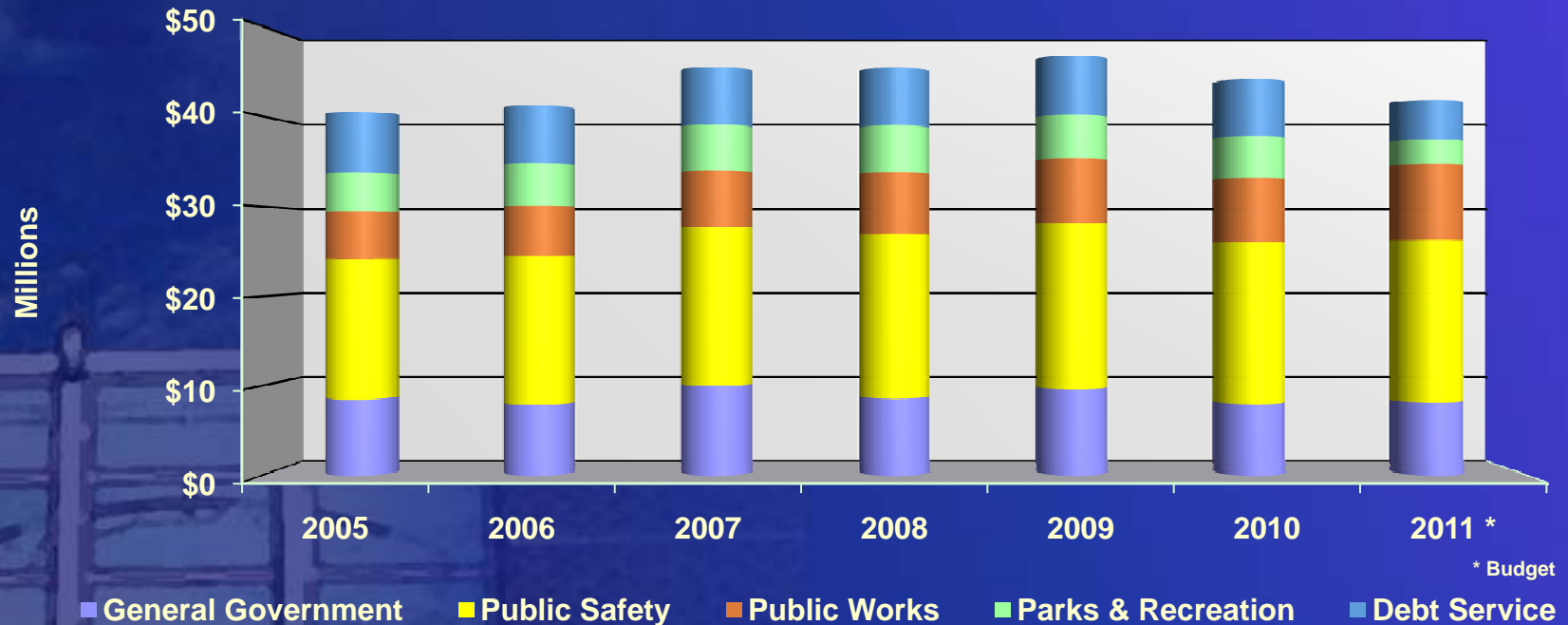
The total number of building permits issued decreased steadily from 2003-2009, before beginning to show growth in FY 2010. That growth is estimated to continue in FY 2011.



Expenditures

- **Governmental Operating Expenditures**
- **Total Personnel Services Expenditures**
- **Governmental Revenue / Expenditure per Capita**
- **Water & Sewer Fund Revenue / Expense**

Governmental Operating Expenditures



Governmental operating funds are comprised of the General Fund, Special Revenue Funds, and Debt Service Funds. Enterprise Funds, such as Water & Sewer, Internal Service Funds, Trust & Agency Funds, and Component Unit Funds are not considered governmental funds. The allocation of revenue represents the city's expenditure policies and the priorities set by the city related to services and programs. Changes in expenditure policy occur as priorities change from one year to the next.

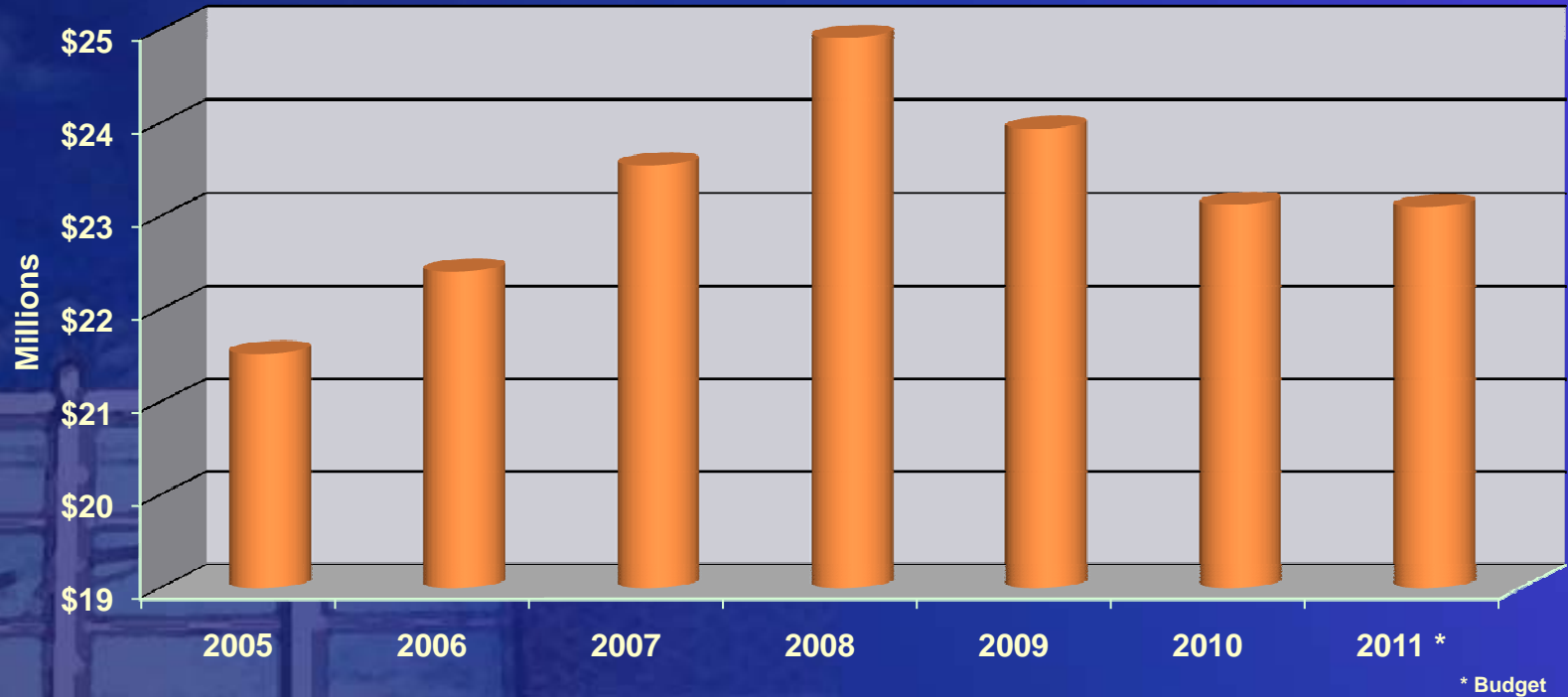
Indicator Score = **Green/Better** ↑

TREND ANALYSIS:


FY 2011 Governmental Operating Expenditures are currently on pace to be approximately -5.14% below FY 2010 actual Governmental Operating Expenditures.



Personnel Services Expenditures



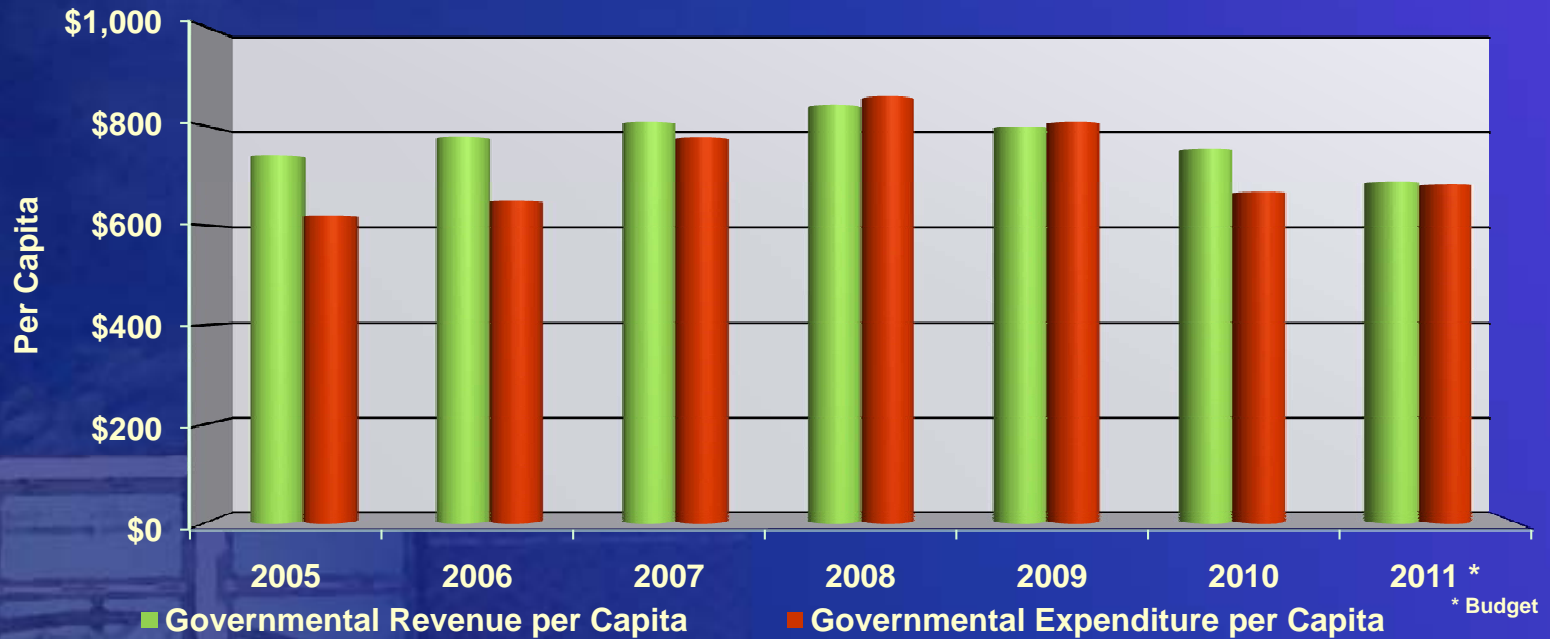
Total Personnel Services expenditures includes all salary and benefit expenditures including health benefits.

Indicator Score = **Green/Better** 


TREND ANALYSIS:

FY 2011 Total Personnel Service Expenditures are currently budgeted at 0.12% below FY 2010 Actual. The city continues to bring its expenditures, including personnel costs, in line with available revenue streams.

Governmental Revenue and Expenditures per Capita



Changes in revenues and expenditures, per capita, reflect changes relative to general governmental functions (police & fire protection, infrastructure maintenance, parks & recreation, administration, debt service, capital outlay, etc.)

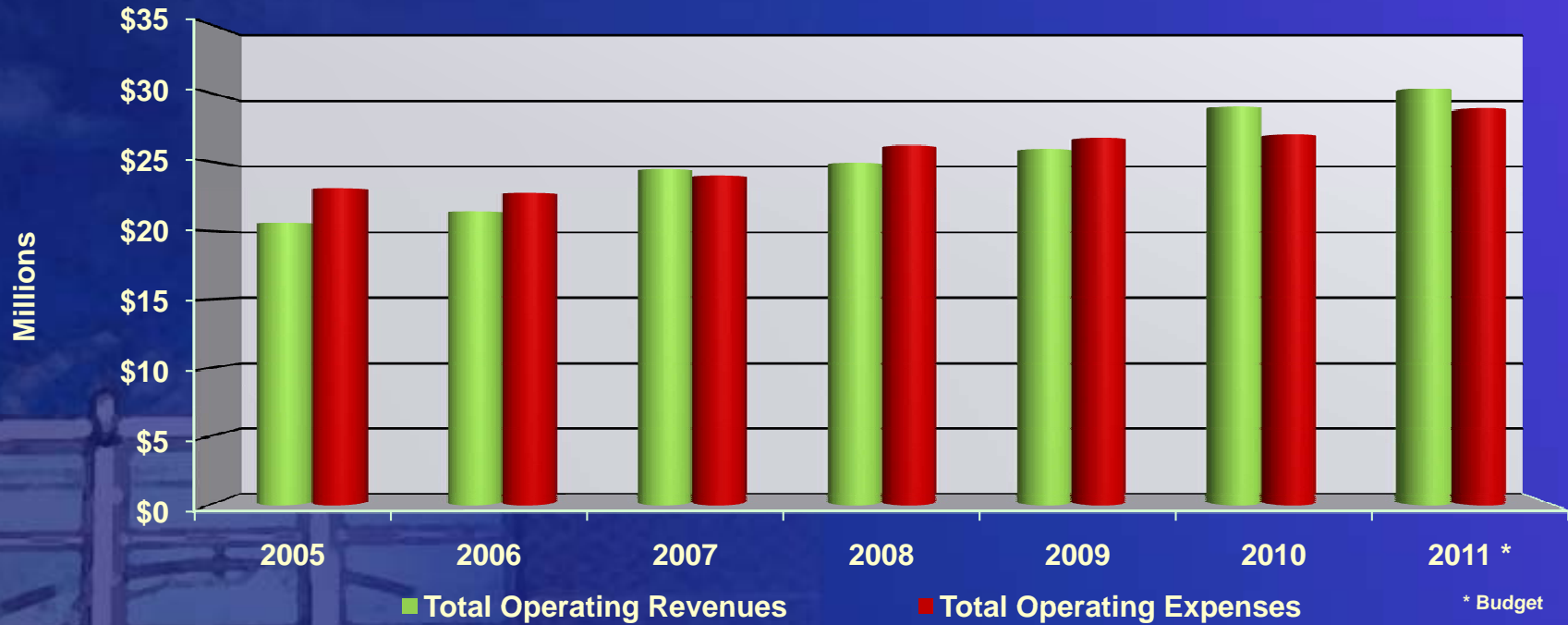
Indicator Score = **Green/Better** 

TREND ANALYSIS:


The city's revenues, per capita, grew every year from FY 2005-2008, but have been and are projected to continue to decrease through FY 2014. This is due, in part, to reductions in taxable value. The increase in expenditures from FY 2006-08 was primarily due to a number of major capital expenditures undertaken to upgrade or replace infrastructure including major roads, local streets, pathways, and water resource (drain) projects, as well as increased levels of public safety services. The decrease in FY 2009-11 reflect the reduction in expenditures due to reductions in taxable values as the city moved to bring expenditures in line with revenue sources.



Water & Sewer-Statement of Revenues & Expenses



Enterprise Funds such as the Water & Sewer Fund, receive no tax revenue to support their operations or service delivery. The full cost of operating the system is supported by the users of the system. Revenue sources are primarily composed of customer service charges related to the sale of water and sanitary sewage disposal.

Indicator Score = **Green/Better** 

TREND ANALYSIS:

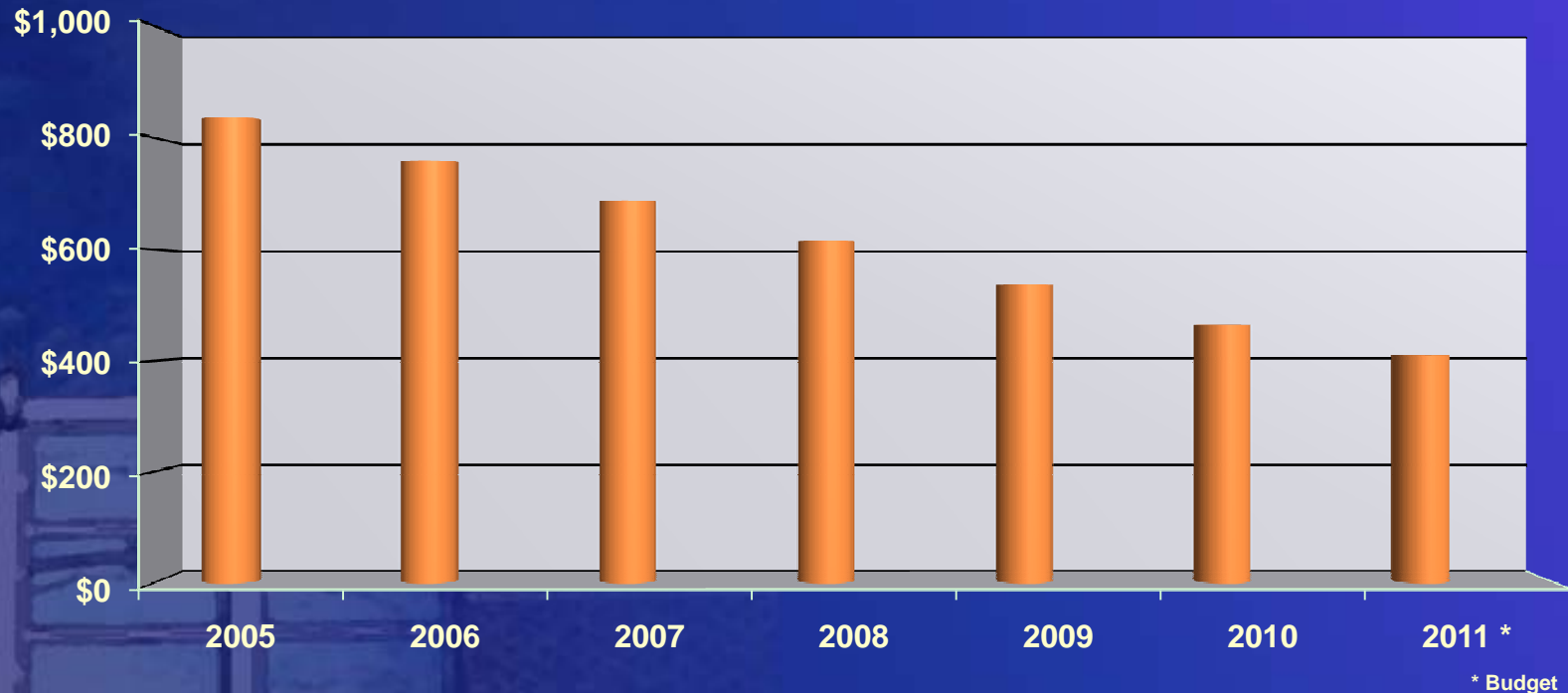
The Water & Sewer Technical Rate Committee established a multi-year approach to establishing rates for the 2010-2011 rate year. Their intent is to operationally break even and contribute adequate funding in order to meet established fund balance levels by fiscal year 2014. It is currently projected that the Water & Sewer system will meet the minimum fund balance requirements by 12/31/2014.



Debt

- City Debt per Capita
- City Debt Limits
- Ratio of Total Debt to Taxable Value
- Unfunded Liabilities

Debt per Capita



The city issues debt to fund projects that were either voter approved, such as the Older Persons Commission's building, or resident driven requests such as Special Assessment Districts or citywide infrastructure improvements. One indicator relative to debt and its burden is to look at it on a per capita (population related) basis.

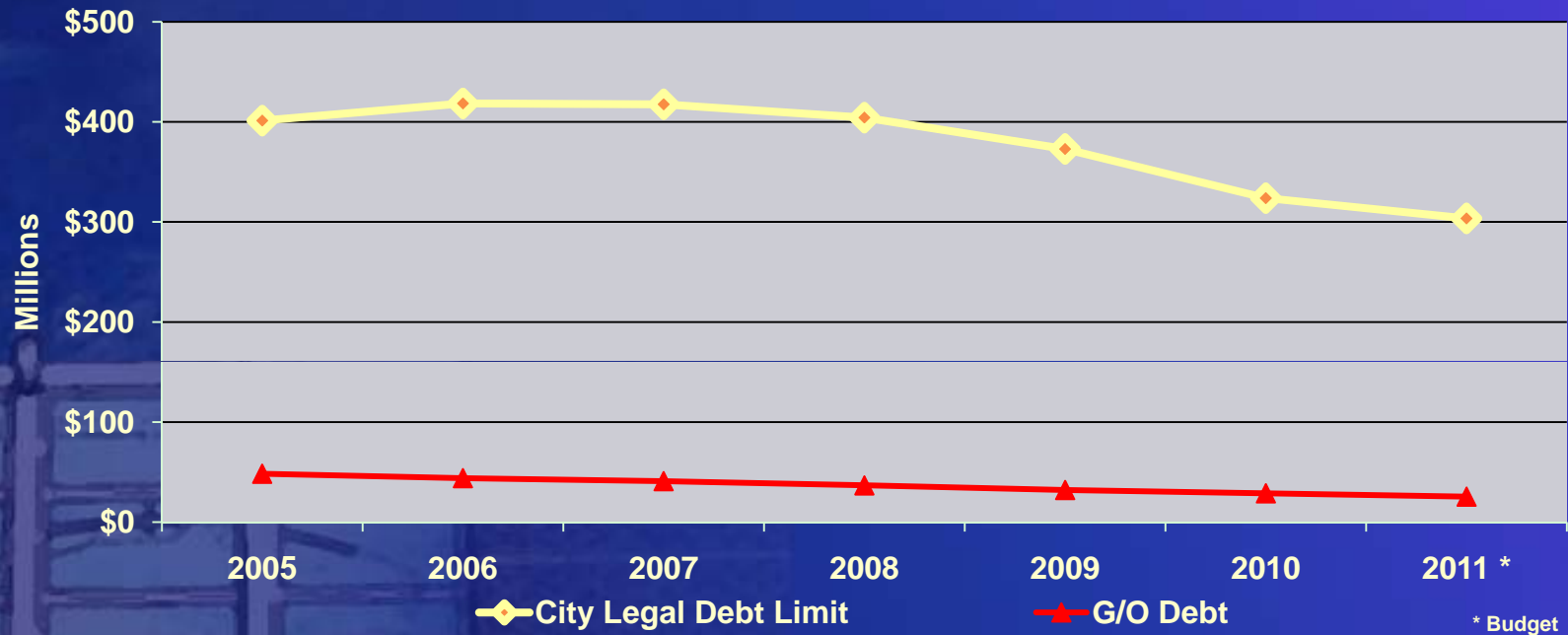
Indicator Score = **Green/Better** 

TREND ANALYSIS:

As indicated above, the city's debt burden has been falling continually and the city's trend is headed downward in the foreseeable future.



Legal Debt Limit



In accordance with Public Act 279, the statutory debt limit of bonded indebtedness shall not exceed 10% of a city's State Equalized Valuation (SEV) of taxable property.

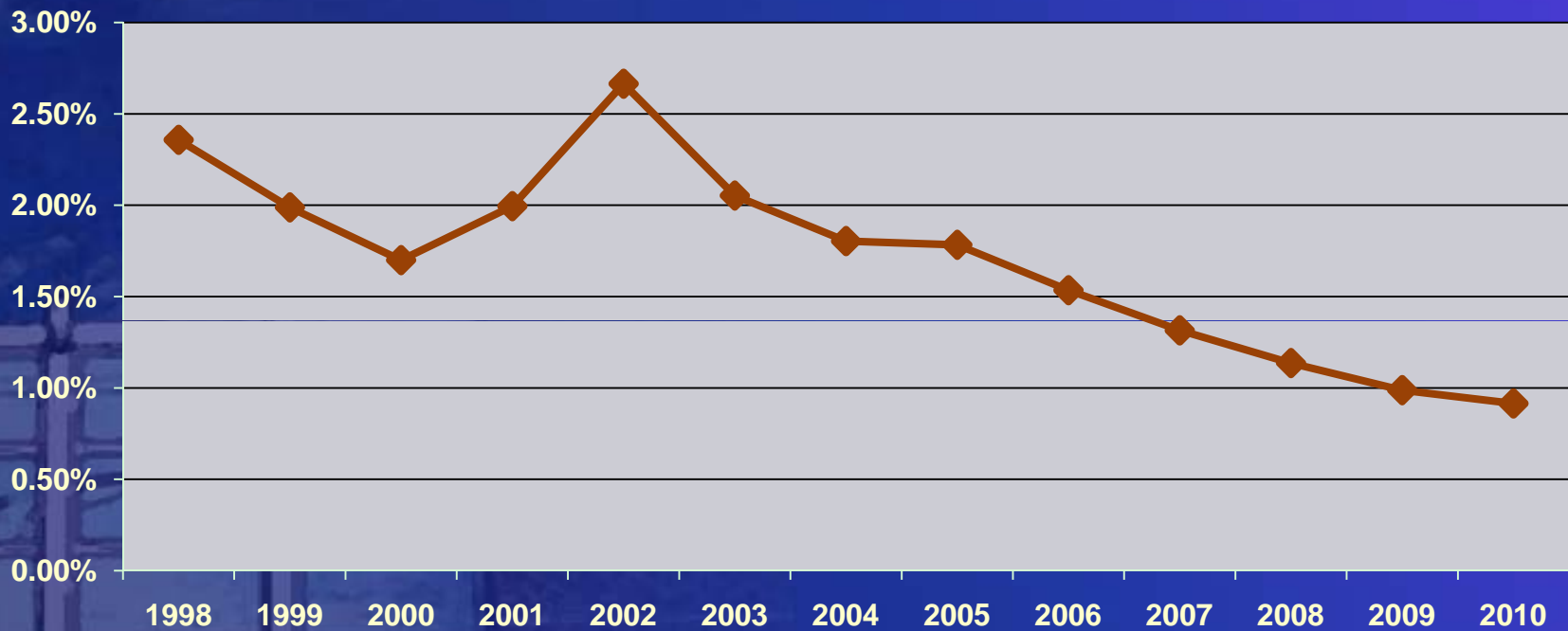
Indicator Score = **Green/Better** 

TREND ANALYSIS:


The SEV for the City of Rochester Hills for FY 2011 is \$3,238,195,190, and the corresponding debt limit for FY 2011 was \$323,819,519 (or 10% of the SEV). The city's outstanding General Obligation debt as of December 31, 2010, that is subject to the statutory limitation, was \$30,211,633, or 0.9% of the city's SEV and 91% below what is allowed by state law. The city has a small amount of debt when compared with its legally allowed (debt) limit.



Ratio of Total Debt to Taxable Value



Large debt levels, relative to the governments' ability to generate revenue, are one sign of fiscal distress. This graph shows the city's general long-term debt divided by its taxable value. Any city with a debt to taxable value ratio above six percent is considered under fiscal distress.

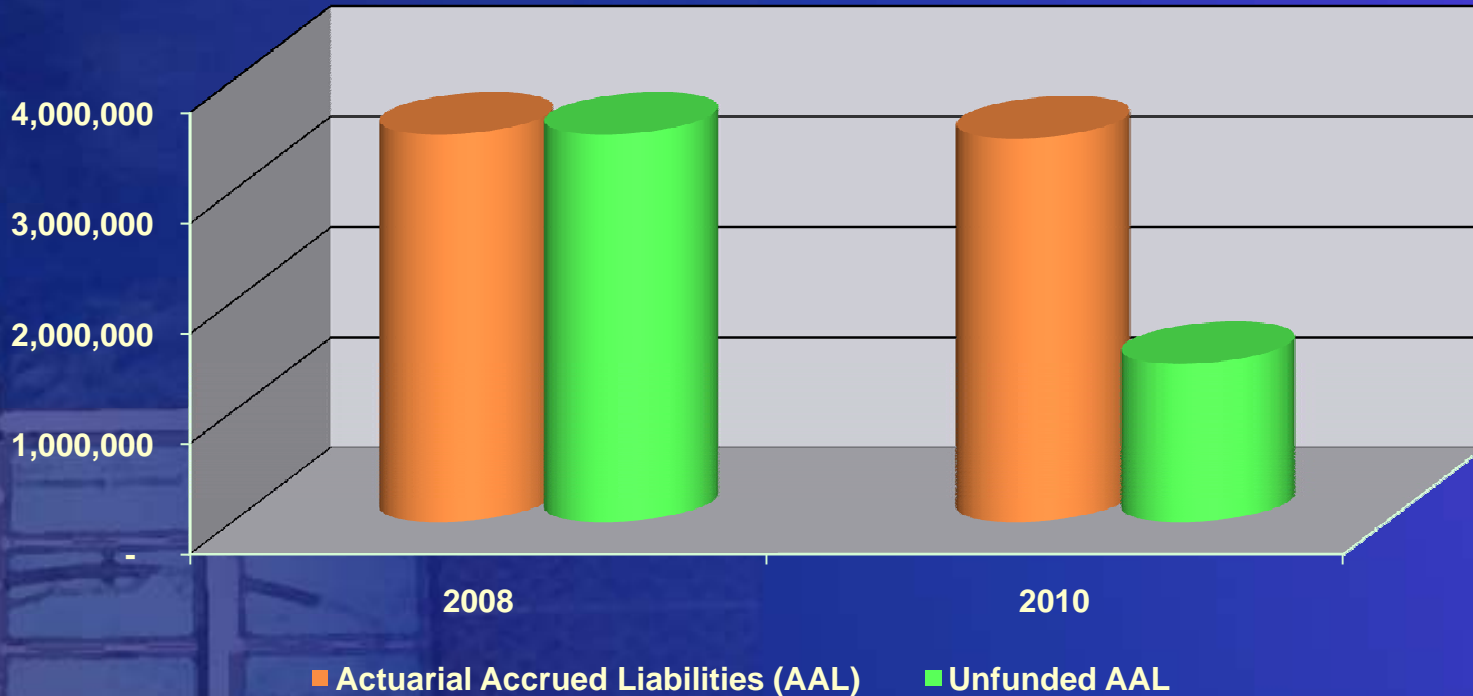
Indicator Score = **Green/Better** 

TREND ANALYSIS:


As indicated above, the city has never approached having a debt level of 6% or more and the city's trend is downward in the foreseeable future.



Unfunded Liabilities



Unfunded liabilities, as shown here, are determined based on actuarial assessments of asset values and long-term liabilities. Even a "fully-funded" community could become underfunded in any given year, depending on investment market conditions. The years listed above, represent Actuarial Required Reporting Years.

Indicator Score = Green/Better 

TREND ANALYSIS:

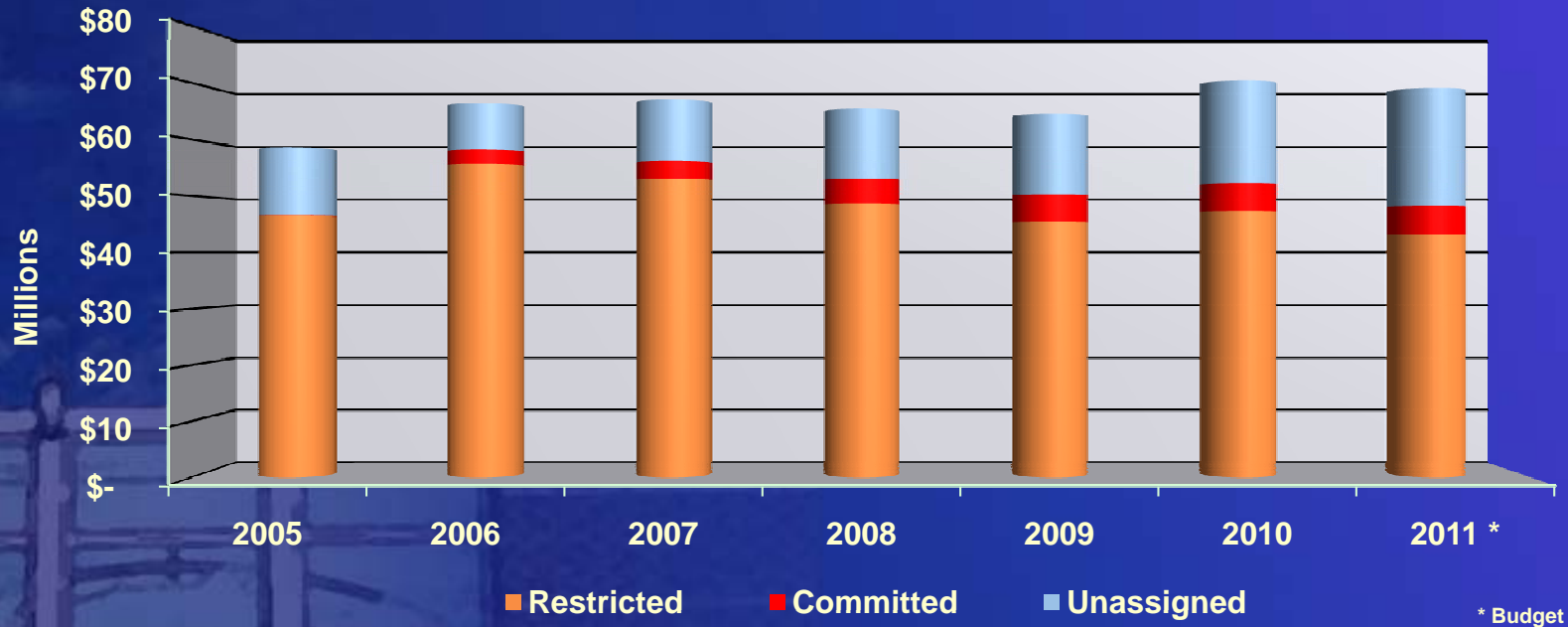
As indicated above, the city has moved toward fully funding its long-term liabilities by making both a large one-time deposit as well as making its yearly Annual Required Contribution (ARC).



Fund Balances / Reserves

- **Governmental Fund Balance Levels by Component**
- **General Fund Balance as a Percent of General Fund Expenditures**
- **Water & Sewer Cash Reserves & Net Capital Assets**

Governmental Fund Balance by Component



Fund Balance represents the historically accumulated excess of a fund's assets (revenues) over its liabilities (expenditures). Fund Balances are surpluses from prior fiscal years that can be carried forward and used to fund expenditures in future years, within that fund, or in the case of the General Fund, can be used for programs or services in other funds in future years.

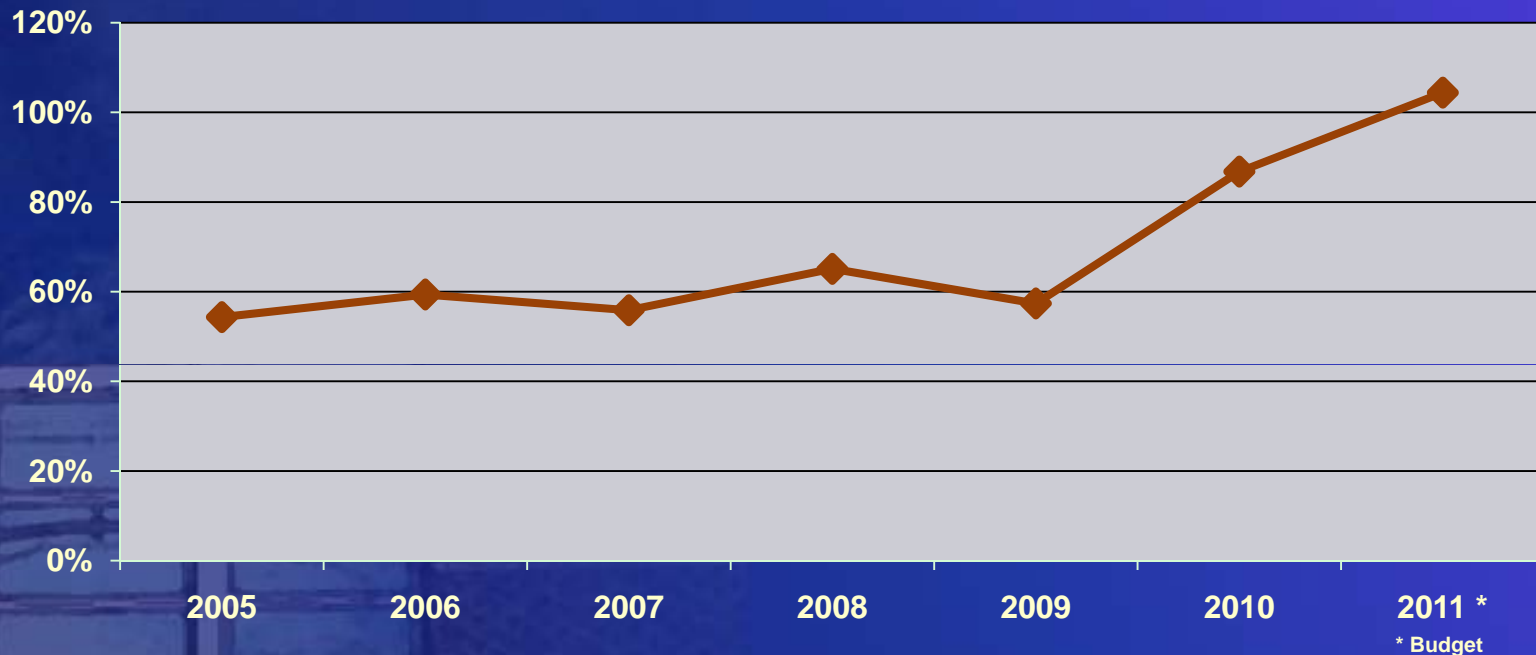
Indicator Score = **Yellow/Same** →

TREND ANALYSIS:

Fund balances should be maintained at levels which are sufficient to absorb revenue shortfalls or financial emergencies; to ensure desired cash-flow levels; and/or to accumulate funds for capital purchases without having to issue debt. In addition, inadequate fund balance levels can affect the city's bond rating.



General Fund Balance as a % of Annual Expenditures



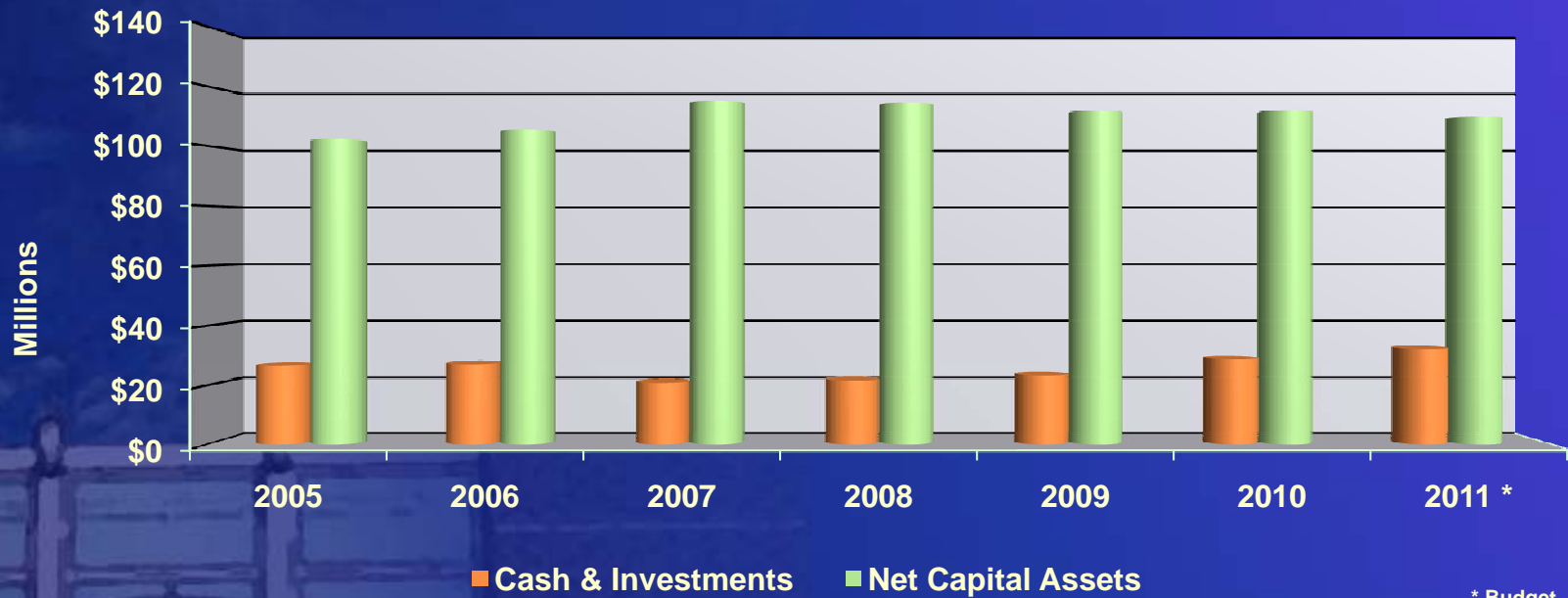
To preserve and maintain the city's sound financial system, and to provide a stable financial base, City Council adopted minimum levels which the Unassigned Fund Balance must be maintained at as a percentage of regular operating revenues.

Indicator Score = **Green/Better** 


TREND ANALYSIS:

Fund balances should be maintained at levels which are sufficient to absorb revenue shortfalls, or financial emergencies, and to ensure desired cash-flow levels. Without this period of taxable value reductions, the city has not relied on its fund balance to offset losses in tax revenues. Instead, it chose to bring its expenditures in line with revenue streams, leaving its fund balance strong for the future.

Water & Sewer Cash Reserves & Net Capital Assets



Similar to governmental fund balances, “Retained Earnings” in an Enterprise Fund is the historically accumulated difference between fund assets and fund liabilities. Unlike governmental funds, enterprise funds report all related assets, including capital assets, and all liabilities which include debt. Therefore, retained earnings serve as a rough barometer of the economic health of the fund.

Indicator Score = **Green/Better** 

TREND ANALYSIS:

Since FY 2005, the Water & Sewer Fund has transferred its annual depreciation and capital and lateral revenue to its capital fund for future water & sewer system infrastructure improvements. The net Capital Asset amount has, and is projected to continue, to decrease from 2007-2011. This is due to greater system-wide depreciation, which is greater than assets being added (or replaced) within the system. In addition, the cash position of the Water & Sewer system is improving as designed by the Water & Sewer Technical Rate Review Committee.