

CITY OF ROCHESTER HILLS



SEVEN YEAR FINANCIAL FORECAST

For Fiscal Years 2022 – 2028

Presented: July 26, 2021



innovative *by* nature

July 26, 2021

We are pleased to present the Rochester Hills City Council with the City's Seven-Year Financial Forecast.

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 the City's adopted Governmental Funds Fund Balance Policy and Capital Improvement Plan (CIP).

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.

7-Year Forecast / Executive Summary

101 – General Fund / Takeaway Points:

- The General Fund (Charter Operating) millage is adjusted and set to maintain the bottom-line millage rate each year
- State-Shared revenues decreased by approx. (0.5%) in FY 2020 due to COVID before recovering in FY 2021
- Other City revenues are proposed to be very conservatively projected
- 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 annual transfer from the General Fund to maintain the Water Resources Fund Balance at 25% of annual expenditures is anticipated to resume in FY 2024
- General Fund Balance in excess of 80% of annual expenditures will be annually transferred-out to the Capital Improvement Fund

420 – 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 / Takeaway Points:

- Act 51 revenues only increased by approx. +0.9% due to COVID in FY 2020, before recovering in FY significantly 2021
- Capital Outlay costs for 2022-2028 include Major Road projects as included in the CIP

203 – Local Street Fund / Takeaway Points:

- Local Street I, II, & III renewal was approved by voters in November 2019 to be renewed into one (1) single Local Street millage for 10-Years beginning in FY 2021 through FY 2030
- The Local Street millage level is maintained at the levy of 1.0781 mill throughout this forecast model
- Act 51 revenues only increased by approx. +0.9% due to COVID in FY 2020, before recovering significantly in FY 2021
- 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
- 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

7-Year Forecast / Executive Summary

206 – 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 / Takeaway Points:

- Capital Outlay costs for 2022-2028 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 / Takeaway Points:

- Special Police Millage I & II can both be levied through FY 2024, and then could be renewed into one (1) single Police Millage for FY 2025+
- Special Police Millage II reduced (FY 2022-2024) 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 2022-28 Long-Term Forecast assumes maintaining 60x OCSO Officers

July 2021 Financial Forecast Projections:

- **Taxable Value:**

FY 2022	3.12%	Actual
FY 2023	2.50%	Projected
FY 2024	2.50%	Projected
FY 2025-2028	2.50%	Projected

- The City is taking a conservative approach to projecting City Taxable Value growth into the future
 - *Taxable Values have increased an average of +3.9% per year the past 5-Years (2017-2021)*

- **Millage Rate:**

	Actual 2021	Projected 2022	Estimated 2023	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028
OPERATING MILLAGE								
Charter Operating	2.6909	2.7496	2.7496	2.7496	2.6146	2.6501	2.6497	2.6447
Local Street I	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	1.1618	1.1618	1.1618	1.2968	1.2967	1.2971	1.3021
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: Operating	0.3200	0.3174	0.3174	0.3174	0.3174	0.3174	0.3174	0.3174
OPC: Transportation	0.0954	0.0946	0.0946	0.0946	0.0946	0.0946	0.0946	0.0946
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						
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- Older Person's Commission (OPC) Building Refunding Debt millage has expired after the debt issue for the OPC Building was fully retired in FY 2021
 - The City is proposing to re-purpose the expiring 0.1660 OPC Debt Millage towards a Parks System Facilities & Operations Millage on the November 2, 2021 Election to begin for FY 2022
 - This re-purposed millage towards Parks ***is not*** included in the 2022-2028 Forecast as the re-purposed millage has ***not yet been*** approved by voters
- The bottom line City millage rate of **10.3850** * is held consistent throughout the forecast period of 2022-2028
 - The General Fund (Charter Operating) millage is adjusted and set to maintain the bottom-line millage rate each year
 - * = Millage rate dependent upon the election results of the Parks Re-purpose Millage
 - **If approved, the bottom line millage rate for FY 2022 will be the same as FY 2021 at 10.5510 mill**

July 2021 Financial Forecast Projections:

- **State Shared Revenue:**

FY 2020	-0.5%	Actual
FY 2021	5.3%	Projected
FY 2022	2.0%	Projected
FY 2023	2.0%	Projected
FY 2024-2028	2.0%	Projected

- State-shared revenue represents the share of sales tax distributed by the State of Michigan to the City of Rochester Hills
- Due to the COVID-19 pandemic, this revenue source was reduced in FY 2020 by approx. (0.5%) before recovering significantly in FY 2021
- 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 +3.3% per year the past 5-Years (2016-2020)*

- **Act 51 Revenue:**

FY 2020	0.9%	Actual
FY 2021	5.7%	Projected
FY 2022	2.0%	Projected
FY 2023	2.0%	Projected
FY 2024-2028	2.0%	Projected

- State of MI Gasoline tax (Act 51) represents the share of gasoline tax and vehicle registration fees distributed to local units
- Due to the COVID pandemic, this revenue source only increased in FY 2020 by approx. +0.9% before recovering significantly in FY 2021
- The City is taking a conservative approach to projecting Act 51 revenue growth into the future
 - *Note: Act 51 Revenues have increased an average of +10.9% per year the past 5-Years (2016-2020) due to an increase in the State Gasoline tax in FY 2017*

- **Interest Rates:**

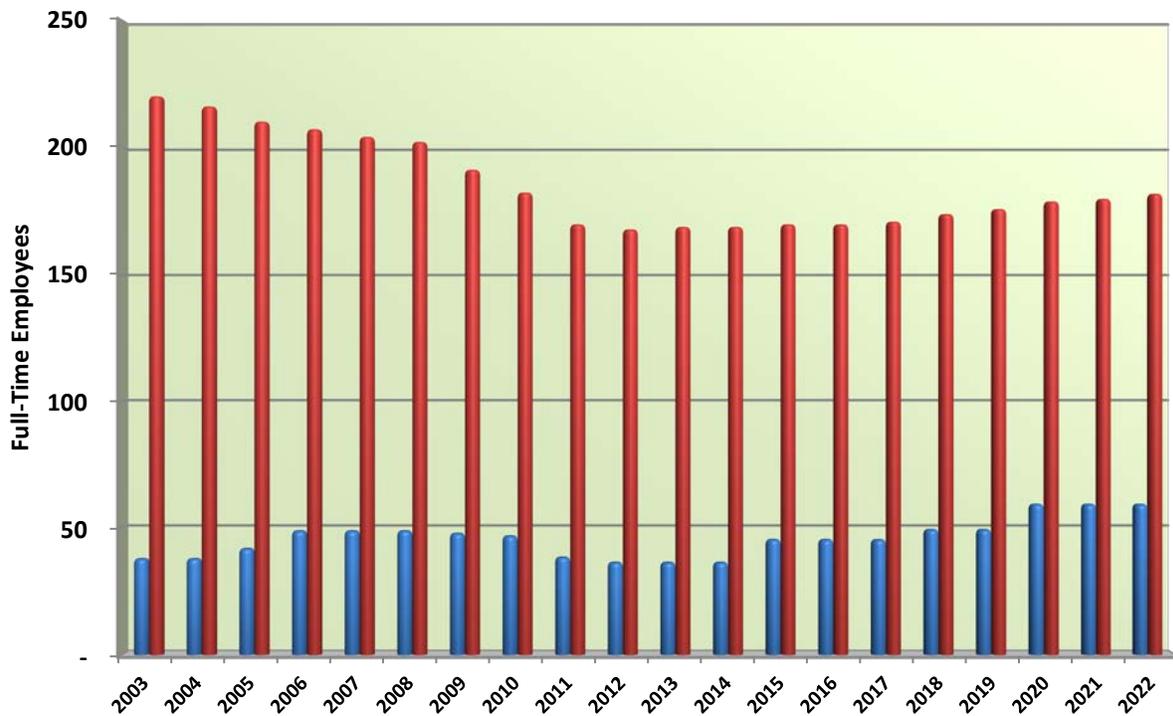
FY 2022	0.25%	Projected
FY 2023	0.50%	Projected
FY 2024	0.75%	Projected
FY 2025	1.00%	Projected
FY 2026	1.25%	Projected
FY 2027-2028	1.50%	Projected

- The Federal Reserve Board reduced the Federal Funds Rate to 0.00% - 0.25% due to the COVID pandemic in early 2020
- The Federal Reserve Board has stated that they are projecting to begin increasing the Federal Fund Rate near the end of FY 2022 or FY 2023
- The City is taking a conservative approach to projecting investment revenue into the future
 - *Note: As of 06/30/2021 the City's average weighted yield returned 0.54%*

July 2021 Financial Forecast Projections:

- **2021 Budget Information:**
 - Updated with FY 2021 2nd 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 2022-2027 CIP process
- **Staffing Levels:**
 - 2022-2028 Long-Term Forecast projects two (2) additional full-time employees in the staffing level

Budgeted Full-Time Employees per Fiscal Year



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
■ Fire Staff	38	38	42	49	49	49	48	47	38	36	36	36	45	45	45	49	49	59	59	59
■ All Other City Staff	220	216	210	207	204	202	191	182	170	168	169	169	170	170	171	174	176	179	180	182

- **Salary and Wages**

FY 2022-2028	2.50%	Projected
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 - Consistent with existing Union contracts
- **OCSO Contract**

FY 2022-2028	3.00%	Projected
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 - Consistent with existing OCSO contract

July 2021 Financial Forecast Projections:

- **Health Care**

FY 2022-2028	7.00%	Projected
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- Based on information provided by City's Healthcare broker

- **General Inflation**

FY 2022-2028	2.00%	Projected
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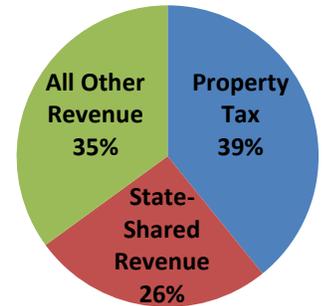
- Based on Federal Reserve Board inflation target

(101) General Fund Forecast

GENERAL FUND / REVENUES:

- For FY 2021, the primary sources of General Fund revenue are:
 - 39% = Property Tax
 - 26% = State-Shared Revenue
 - 35% = All Other Revenue
 - Charges for Services, License & Permits, etc...

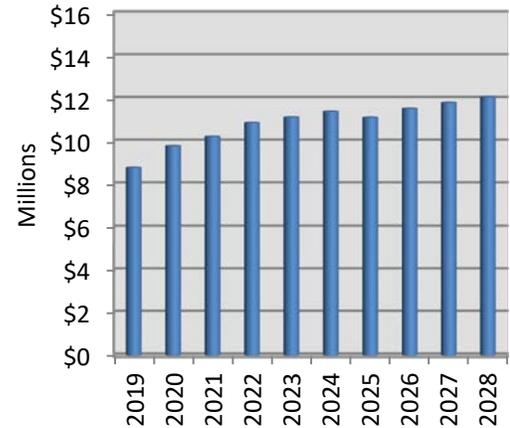
**General Fund:
FY 2021 Revenue Sources**



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 2025 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

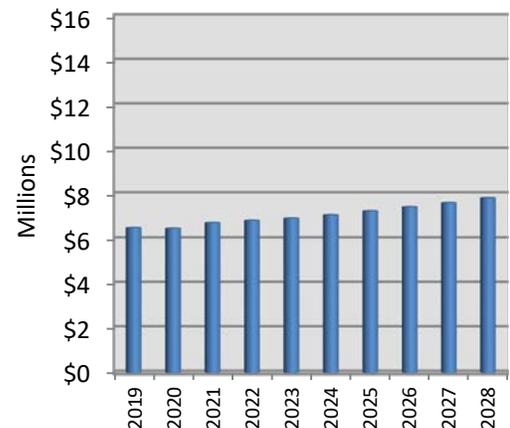
**General Fund:
Property Tax Trend**



General Fund / State Shared Revenue:

- State-Shared revenues decreased by approx. (0.5%) in FY 2020 due to COVID before recovering in FY 2021+
 - FY 2021 = +5.3% projected
 - FY 2022 = +2.0% projected
 - FY 2023 = +2.0% projected
 - FY 2024+ = +2.0% projected

**General Fund:
State Shared Revenue Trend**

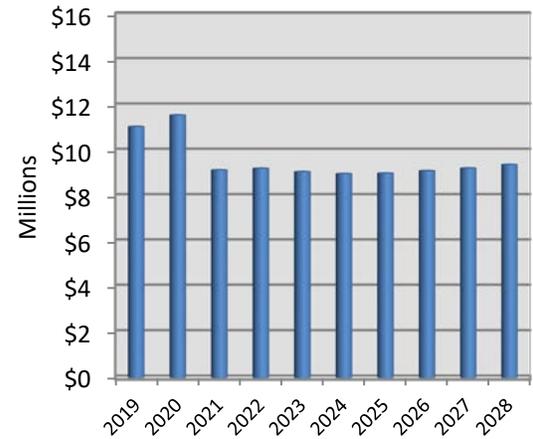


(101) General Fund Forecast

General Fund / Other Revenues:

- Various Charges for Services, License & Permits, etc...
 - Examples: Building, Ordinance, Clerks, Planning, Parks Department, Investment Earnings, etc...
 - The decrease in revenue from FY 2019-20 to FY 2021+ is due to Other City revenues being conservatively projected

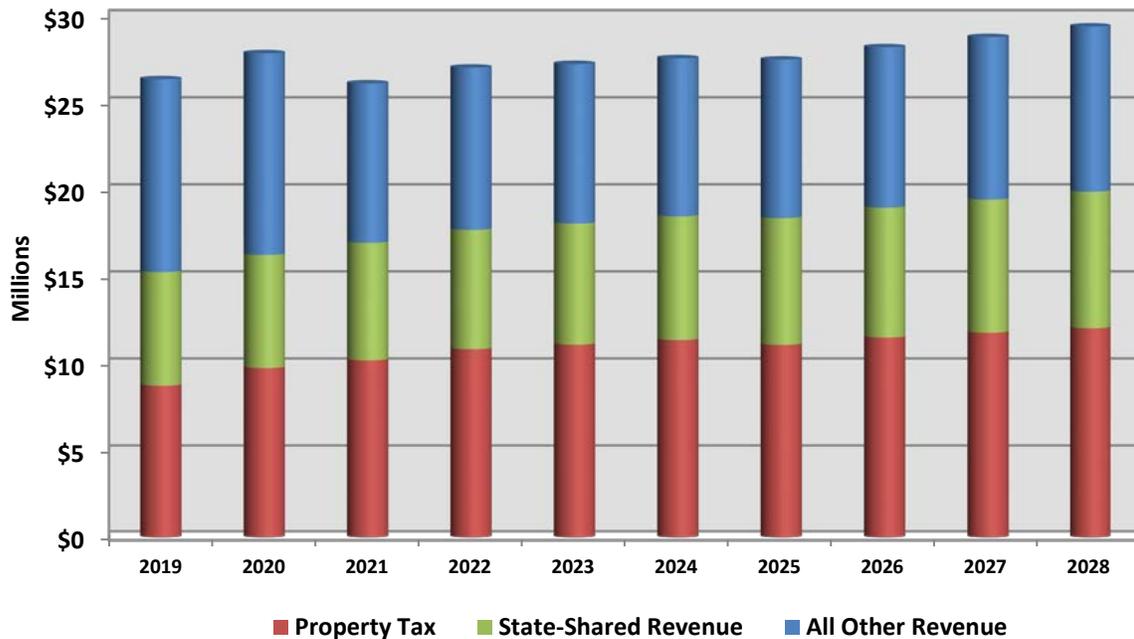
General Fund: All Other Revenues Trend



General Fund / Revenue Summary:

- General Fund revenues are fairly balanced between Property Tax, State-Shared Revenue, and All Other Revenue
- The General Fund (Charter Operating) millage is adjusted and set to maintain the bottom-line millage rate each year
- State-Shared revenues decreased by approx. (0.5%) due to COVID in FY 2020, before recovering in FY 2021
- Other City revenues are conservatively projected

General Fund: Total Revenue Trend

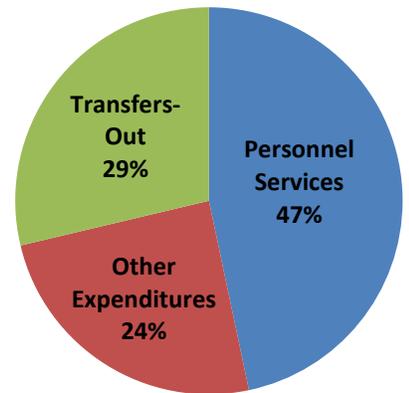


(101) General Fund Forecast

GENERAL FUND / EXPENDITURES:

- For FY 2021, the primary sources of General Fund expenditures are:
 - 47% = Personnel Services
 - 24% = Other Expenditures
 - Supplies, Services, Interfund Charges, Memberships, etc...
 - 29% = Transfers-Out to other funds
 - *Includes transfer to the Capital Improvement Fund (420) to set the General Fund Balance at 80% of annual expenditures*

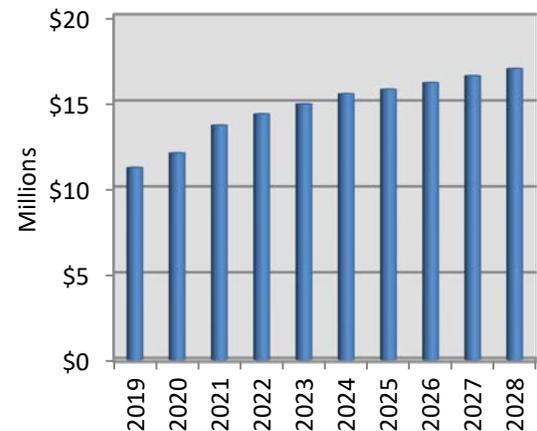
**General Fund:
FY 2021 Expenditure Sources**



General Fund / Personnel Services:

- Salary and Wages are projected to increase 2.5% per year
 - *The increase in trend from 2019-20 to 2021+ is due to actual personnel expenditures routinely coming in under budget due to some level of salary lapse (vacant positions) each year*

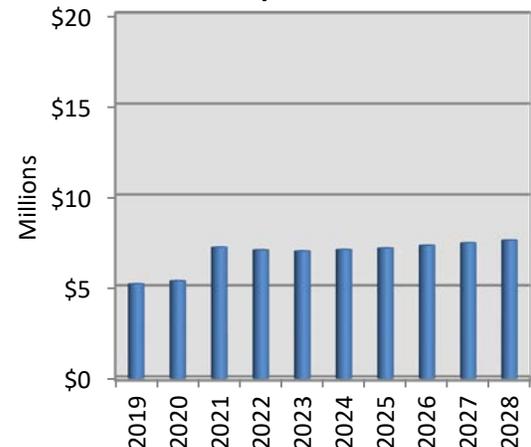
**General Fund:
Personnel Services Trend**



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% per year
 - *The increase in trend from 2019-20 to 2021 is due to actual operating expenditures routinely coming in under budget each year*

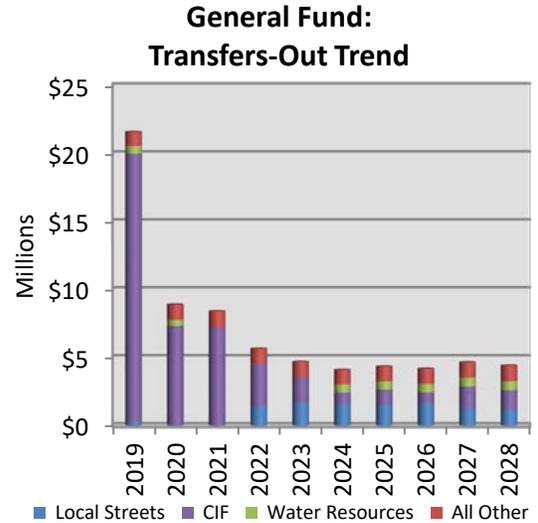
**General Fund:
Other Expenditures Trend**



(101) General Fund Forecast

General Fund / Transfers-Out:

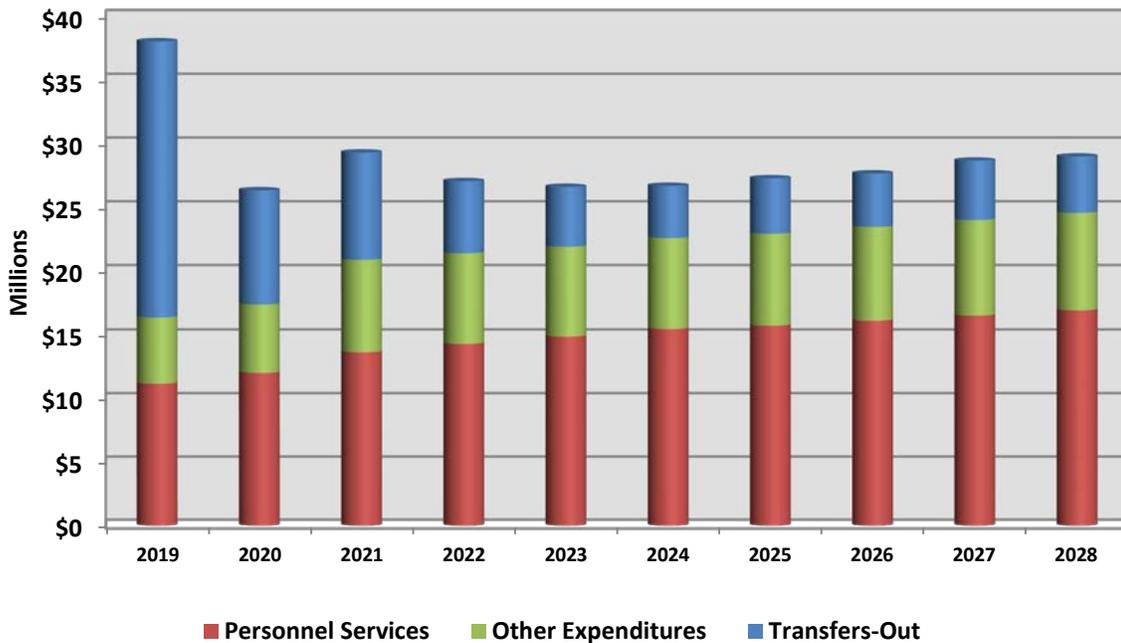
- FY 2019 includes the initial Transfer-Out to the Capital Improvement Fund (420) to set the General Fund Balance at 80% of annual expenditures
 - General Fund Balance in excess of 80% of annual expenditures will be annually transferred-out to the Capital Improvement Fund
- The annual transfer from the General Fund will be in an amount to maintain the Local Street Fund Balance at 25% of annual expenditures
- The annual transfer from the General Fund to maintain the Water Resources Fund Balance at 25% of annual expenditures is anticipated to resume in FY 2024



General Fund / Expenditure Summary:

- FY 2019 includes the initial Transfer-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
- Actual Personnel Services and Other Expenditures routinely come in under budget each year

General Fund: Total Expenditure Trend

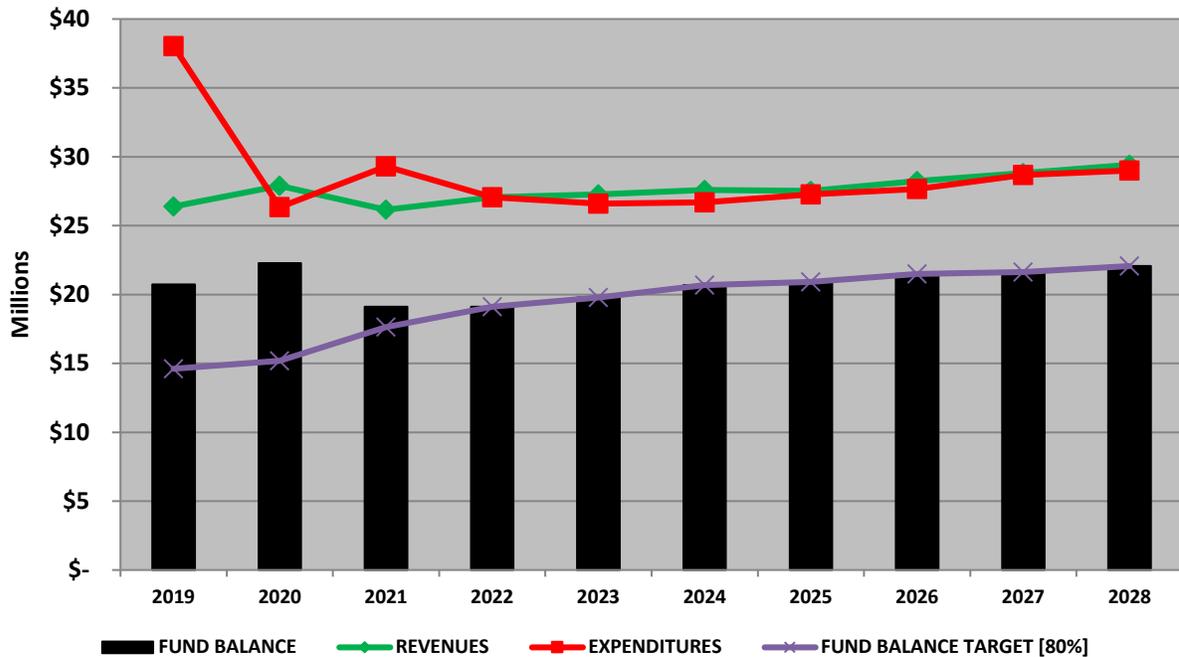


(101) General Fund Forecast

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

- 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 decrease in fund balance in FY 2021 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:

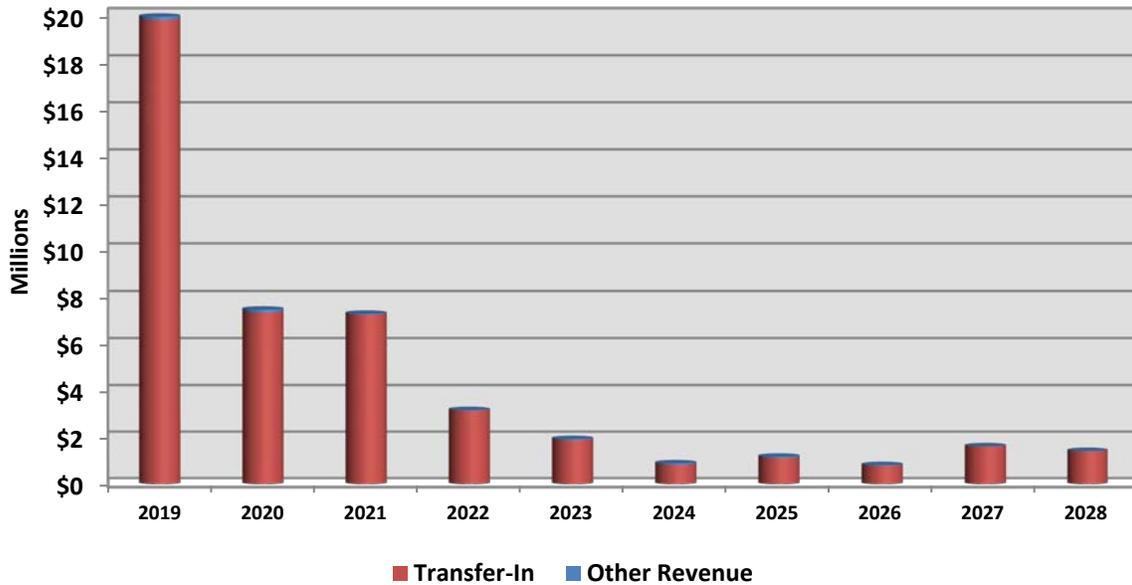
- The General Fund (Charter Operating) millage is adjusted and set to maintain the bottom-line millage rate each year
- State-Shared revenues decreased by approx. (0.5%) in FY 2020 due to COVID before recovering in FY 2021
- Other City revenues are proposed to be very conservatively projected
- The annual transfer from the General Fund will be in an amount to maintain the Local Street Fund Balance at 25% of annual expenditures
- The annual transfer from the General Fund to maintain the Water Resources Fund Balance at 25% of annual expenditures is anticipated to resume in FY 2024
- General Fund Balance in excess of 80% of annual 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 2019-2021 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

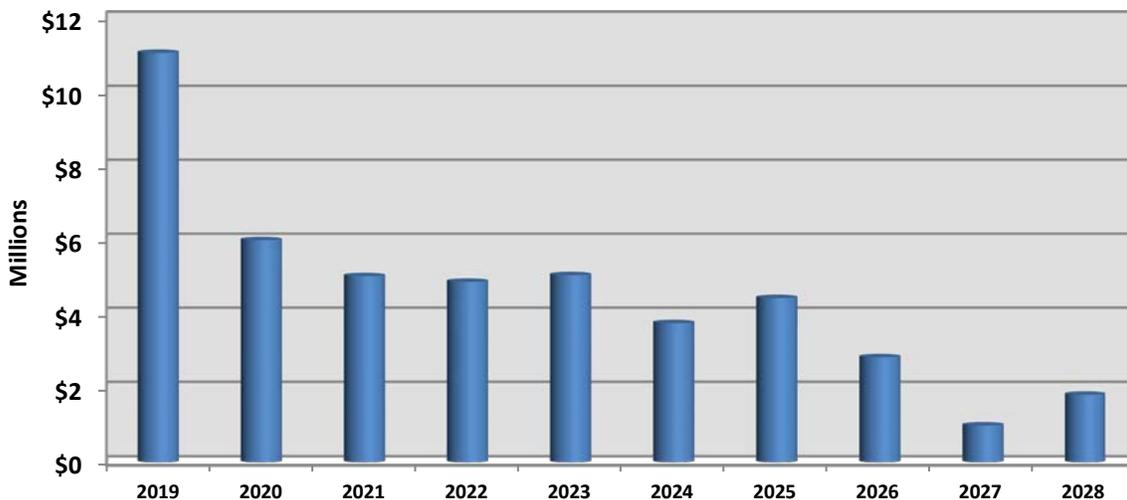


(420) Capital Improvement Fund Forecast

Capital Improvement Fund / Expenditure Summary:

- Capital Outlay costs for 2020-2027 include projects as included in the City’s annual Capital Improvement Plan (CIP):
 - 2019 Actual:
 - \$7.5M = Auburn Road Corridor
 - \$0.9M = Innovation Hills
 - \$0.8M = Local Street projects / School Road Paving
 - \$1.8M = Various Facility & Other Improvement projects
 - 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 Budget:
 - \$2.3M = Innovation Hills
 - \$1.7M = Borden Park Office Relocation
 - \$1.0M = Various Facility & Other Improvement projects
 - 2022 Projected:
 - \$1.9M = Parking Lot Replacement Program
 - \$0.6M = Auburn Corridor Parking Lot
 - \$0.5M = Roof Replacement Program
 - \$0.5M = Innovation Hills
 - \$1.5M = Various Facility & Other Improvement projects
 - 2023 Projected:
 - \$2.2M = Parking Lot Replacement Program
 - \$0.6M = Roof Replacement Program
 - \$0.5M = Innovation Hills
 - \$1.3M = Various Facility & Other Improvement projects
 - 2024 Projected:
 - \$2.7M = Parking Lot Replacement Program
 - \$0.6M = Innovation Hills
 - \$0.4M = Various Facility & Other Improvement projects

Capital Improvement Fund: Total Expenditure Trend

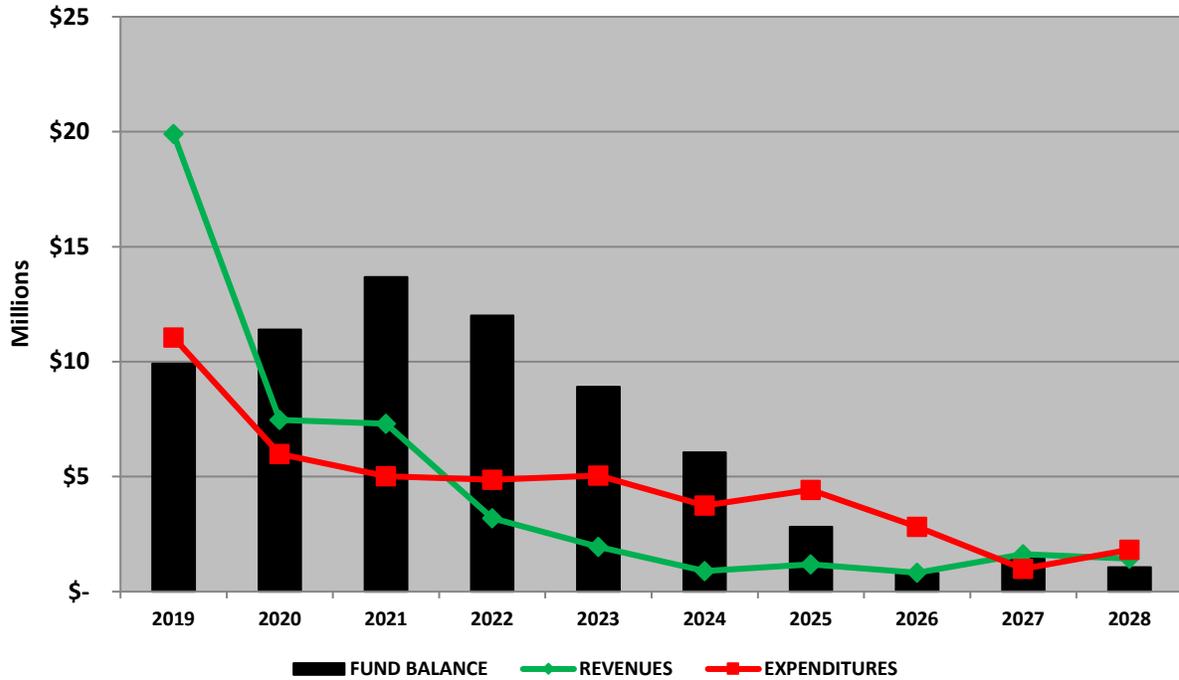


(420) Capital Improvement Fund Forecast

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

- The increase in Revenues in FY 2019-2021 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 2022-2028 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:

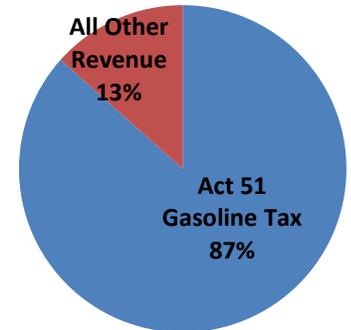
- The mission of the Capital Improvement Fund is to provide a mechanism to fund certain projects identified in the Capital Improvement Plan (CIP)
- Revenues represent the annual structural surplus of the General Fund maintained at 80% of operating expenditures
- Capital Outlay costs include projects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

(202) Major Road Fund Forecast

MAJOR ROAD FUND / REVENUES:

- For FY 2021, the primary sources of Major Road Fund revenue are:
 - 87% = Act 51 Gasoline Tax
 - 13% = All Other Revenue

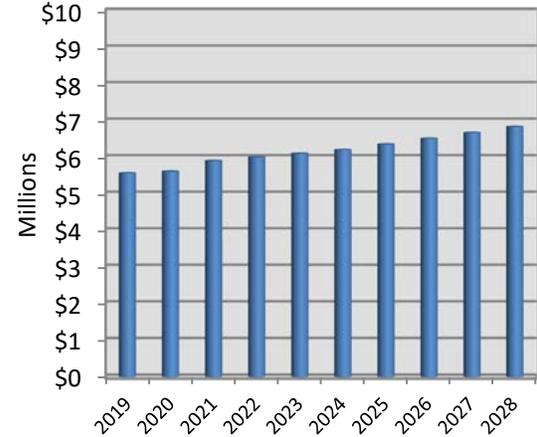
**Major Road Fund:
FY 2021 Revenue Sources**



Major Road / Act 51 Gasoline Tax Revenue:

- Act 51 revenues only increased by approx. +0.9% due to COVID in FY 2020, before recovering significantly in FY 2021
 - FY 2021 = +5.7% projected
 - FY 2022 = +2.0% projected
 - FY 2023 = +2.0% projected
 - FY 2024+ = +2.0% projected

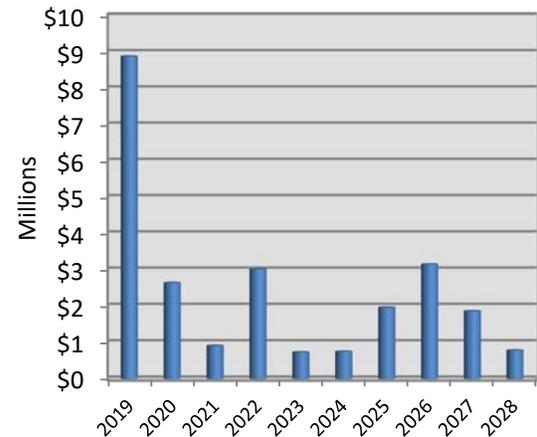
**Major Road Fund:
Act 51 Gasoline Tax Trend**



Major Road / Other Revenues:

- 2019:
 - \$3.6M from State of MI for Livernois
 - \$2.1M from CIF (420) and Tree Fund (232) for Auburn Corridor Project
 - \$1.6M from Auburn Hills & RCOC for Hamlin Road
 - \$0.6M from State of MI for Auburn Corridor Project
- 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

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

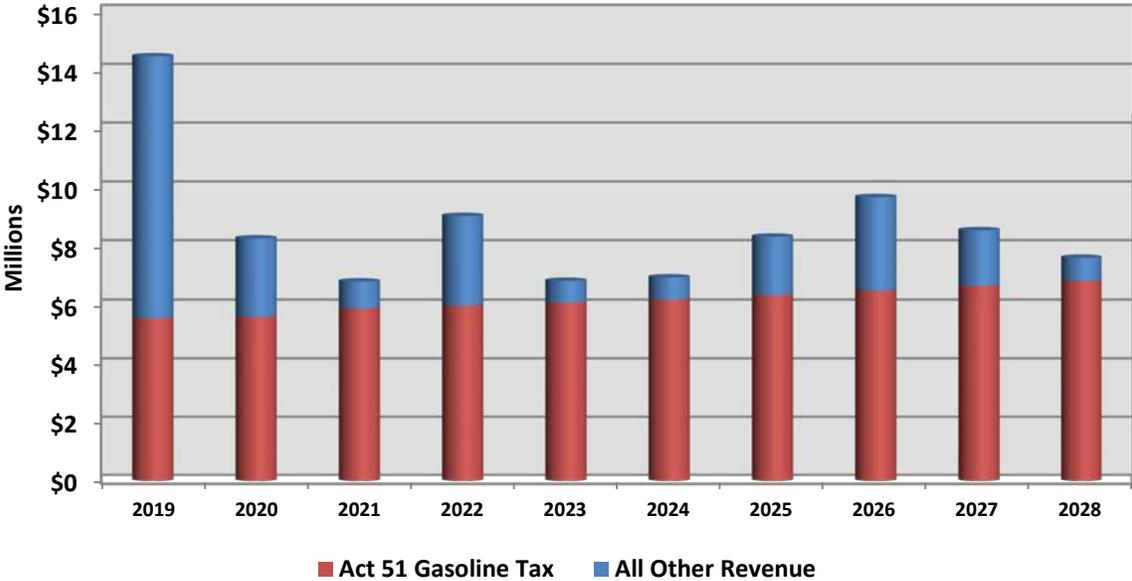


(202) Major Road Fund Forecast

Major Road / Revenue Summary:

- Act 51 revenues only increased by approx. +0.9% due to COVID in FY 2020, before recovering significantly in FY 2021
- 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: Total Revenue Trend

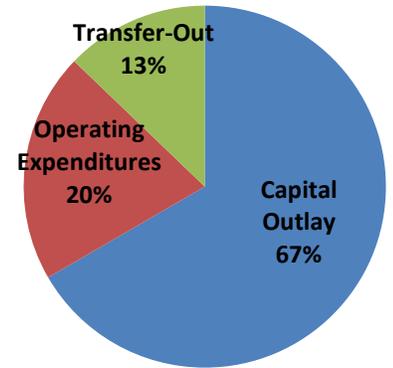


(202) Major Road Fund Forecast

MAJOR ROAD FUND / EXPENDITURES:

- For FY 2021, the primary sources of Major Road Fund expenditures are:
 - 20% = Operating Expenditures
 - 67% = Capital Outlay
 - *This proportion will vary significantly based upon the level of capital outlay scheduled in a particular Fiscal Year*
 - 13% = 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*

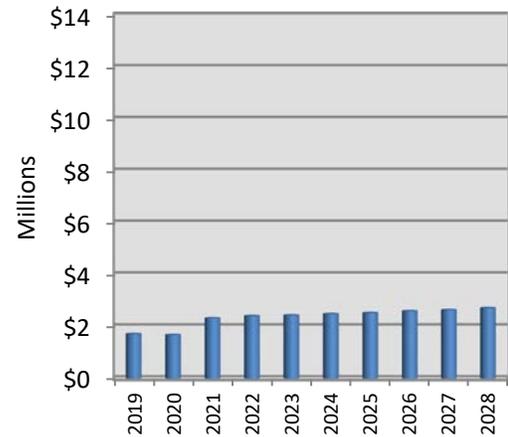
**Major Road Fund:
FY 2021 Expenditure Sources**



Major Road Fund / Operating Expenditures:

- Personnel, Materials, Supplies, Services, Interfund Charges (Fleet), Memberships, etc...
- Operating expenditures are projected to increase 2.0% per year
- The increase in trend from 2019-2020 to 2021+ is due to actual Major Road operating expenditures routinely coming in under budget

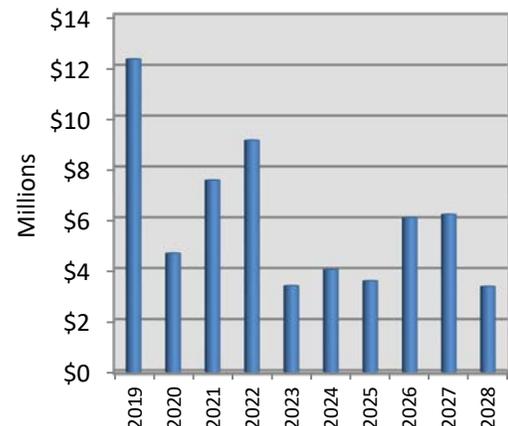
**Major Road Fund:
Operating Expenditure Trend**



Major Road Fund / Capital Outlay:

- Capital Outlay costs for 2022-2028 include Major Road projects as included in the Adopted CIP
 - 2019 = Auburn Corridor, Livernois [Avon-Walton]
 - 2020 = Auburn Corridor, John R [Avon-Bloomer] Harding, Austin, Dequindre
 - 2021 = Hamlin [Adams-Crooks], Butler, Avon / Dequindre / 23-Mile
 - 2022 = Auburn [Rochester-Culbertson], Waterview (LDFA Funded), Old Perch
 - 2023 = Avon Industrial, Barclay Circle
 - 2024 = Drexelgate Road & Pathway
 - 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**

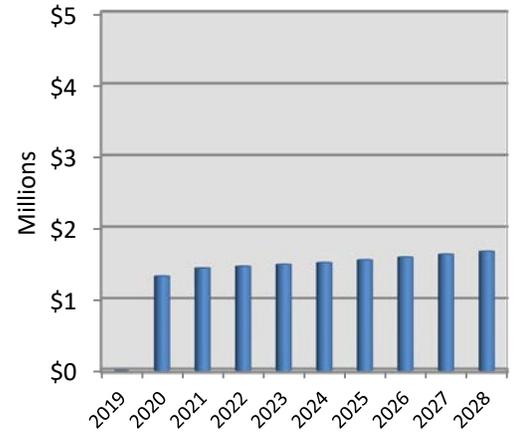


(202) Major Road Fund Forecast

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
- Beginning in FY 2020, the Major Road Fund began to transfer 25% of Act 51 monies to the Local Street Fund

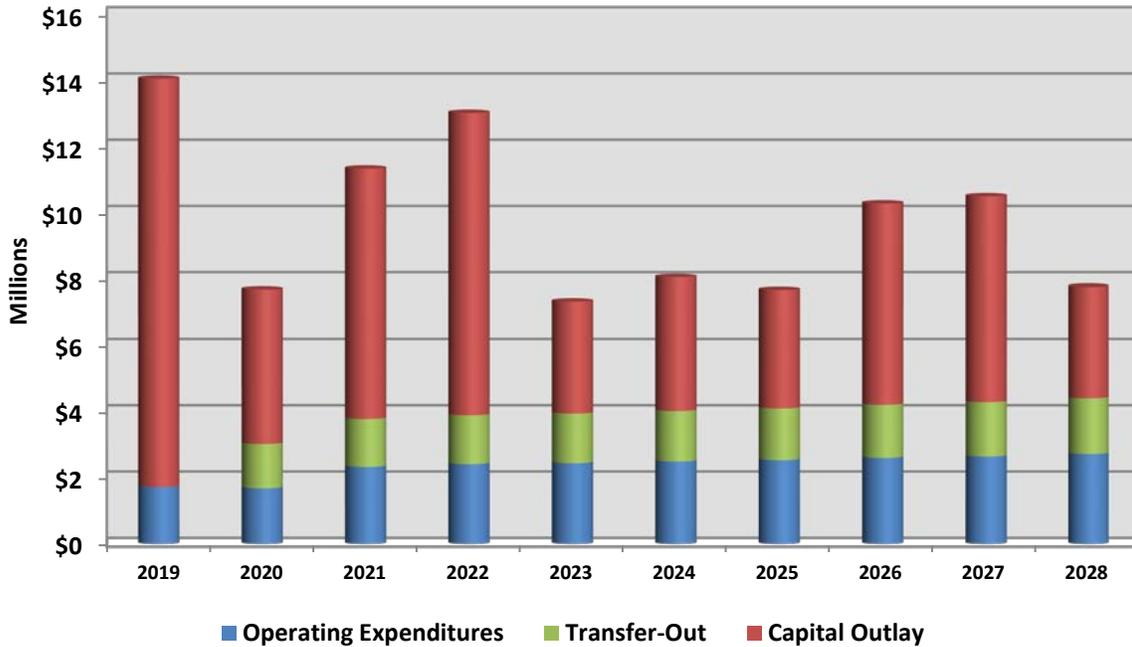
**Major Road Fund:
Transfer-Out Expenditure Trend**



Major Road Fund / Expenditure Summary:

- Capital Outlay costs for 2022-2028 include Major Road projects as included in the CIP
- Beginning in FY 2020, the Major Road Fund began to transfer 25% of Act 51 monies to the Local Street Fund

Major Road Fund: Total Expenditure Trend

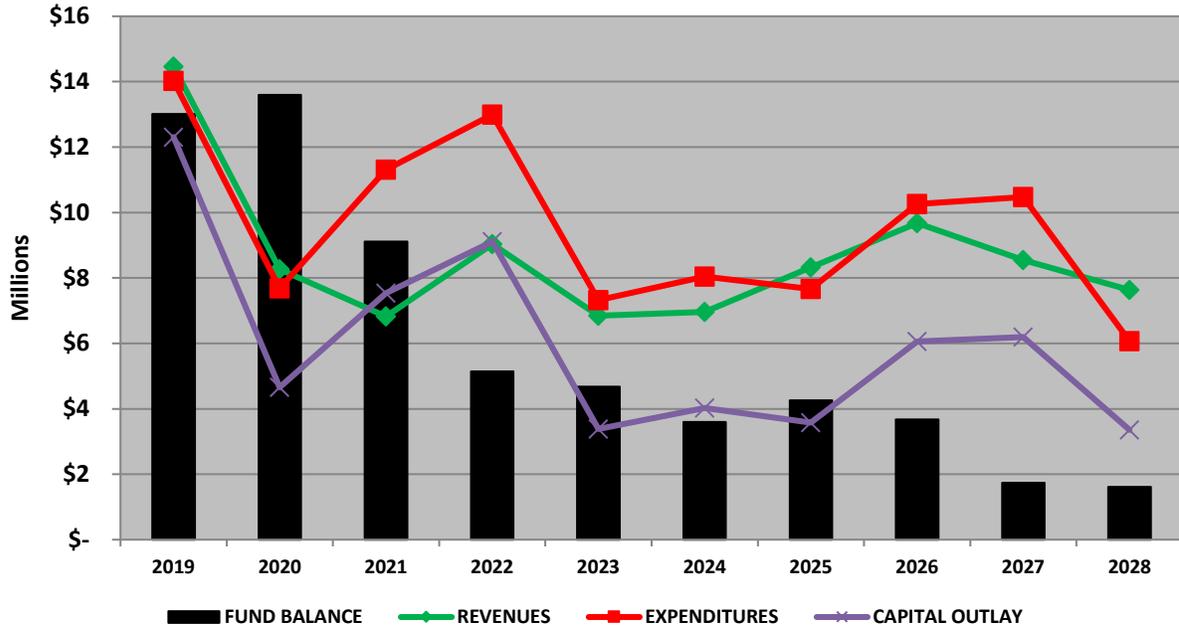


(202) Major Road Fund Forecast

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

- Act 51 revenues only increased by approx. +0.9% due to COVID in FY 2020, before recovering significantly in FY 2021
- Capital Outlay costs for 2022-2028 include Major Road projects as included in the CIP

Major Road Fund: Revenue / Expenditure / Fund Balance



Major Road Fund / Takeaway Points:

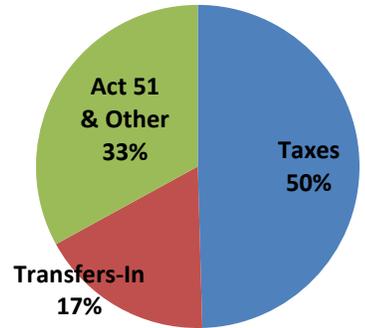
- Act 51 revenues only increased by approx. +0.9% due to COVID in FY 2020, before recovering in FY significantly 2021
- Capital Outlay costs for 2022-2028 include Major Road projects as included in the CIP

(203) Local Street Fund Forecast

LOCAL STREET FUND / REVENUES:

- For FY 2021, the primary sources of Local Street Fund revenue are:
 - 50% = Property Taxes
 - 33% = Act 51 & Other Revenue
 - 17% = Transfers-In

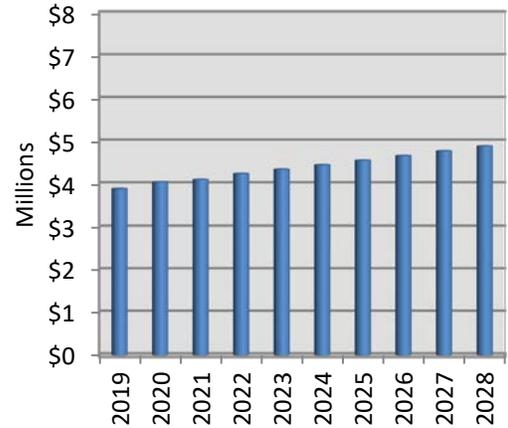
**Local Street Fund: FY 2021
Revenue Sources**



Local Street Fund / Property Taxes:

- Local Street I, II, & III renewal was approved by voters in November 2019 to be renewed into one (1) single Local Street millage for 10-Years beginning in FY 2021 through FY 2030
- The Local Street millage level is maintained at the levy of 1.0781 mill throughout this forecast model

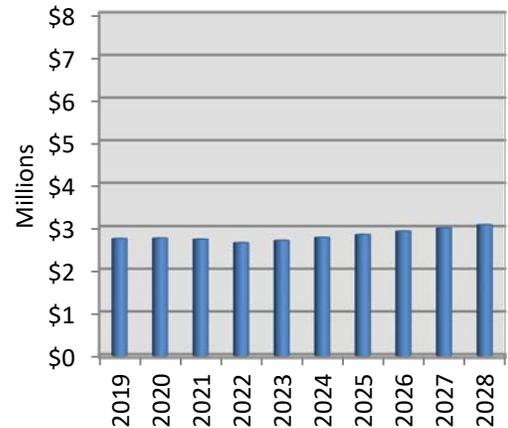
**Local Street Fund:
Property Tax Trend**



Local Street Fund / Act 51 & Other Revenue:

- Act 51 revenues only increased by approx. +0.9% due to COVID in FY 2020, before recovering significantly in FY 2021
 - FY 2021 = +5.7% projected
 - FY 2022 = +2.0% projected
 - FY 2023 = +2.0% projected
 - FY 2024+ = +2.0% projected

**Local Street Fund:
Other Revenue Trend**

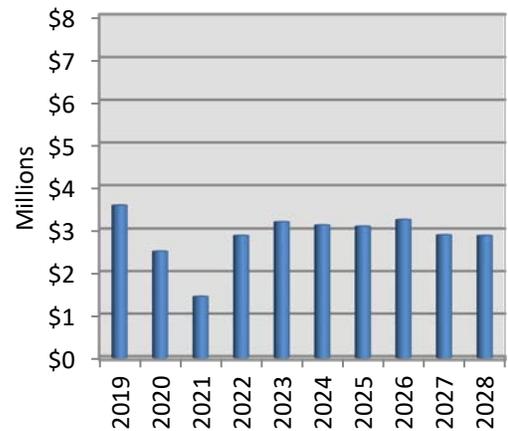


(203) Local Street Fund Forecast

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%
- Beginning in FY 2020, the Major Road Fund began to transfer 25% of its Act 51 monies to the Local Street Fund
 - This reduces the annual amount of funding required from the General Fund to balance the Local Street Fund

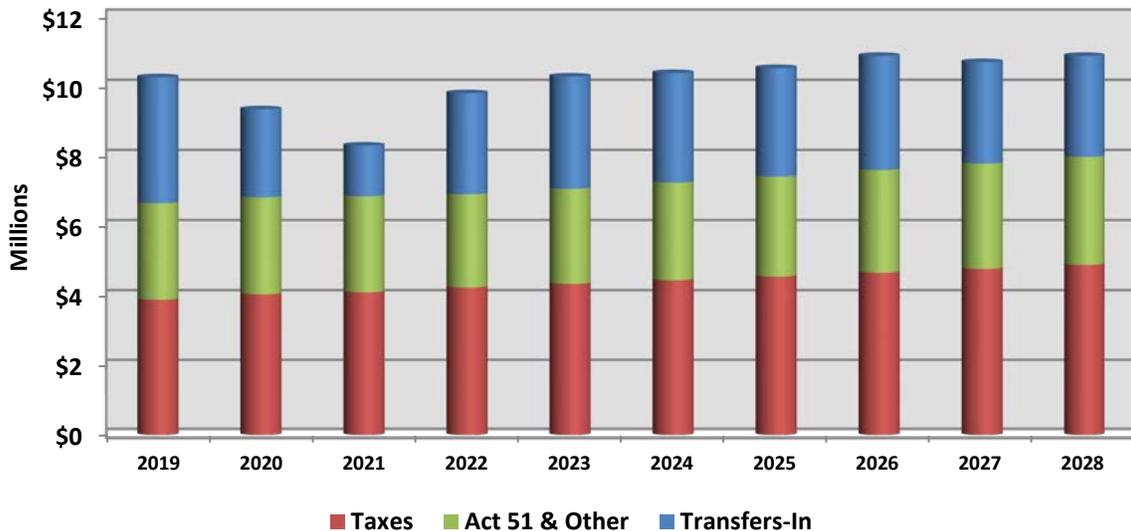
**Local Street Fund:
Transfers-In Trend**



Local Street Fund / Revenue Summary:

- Local Street Fund revenues are balanced between Property Tax, Act 51 Revenue, and Transfers-In from the General Fund and Major Road Fund
- Local Street I, II, & III renewal was approved by voters in November 2019 to be renewed into one (1) single Local Street millage for 10-Years beginning in FY 2021 through FY 2030
- The Local Street millage level is maintained at the levy of 1.0781 mill throughout this forecast model
- Act 51 revenues only increased by approx. +0.9% due to COVID in FY 2020, before recovering in FY significantly 2021+
- 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
 - The decrease in Transfers-In in 2021 is to reduce the Local Street Fund Balance to 25%

Local Street Fund: Total Revenue Trend

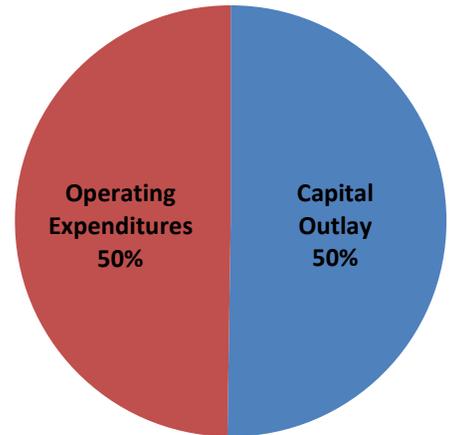


(203) Local Street Fund Forecast

LOCAL STREET FUND / EXPENDITURES:

- For FY 2021, the primary sources of Local Street Fund expenditures are:
 - 50% = Operating Expenditures
 - 50% = Capital Outlay

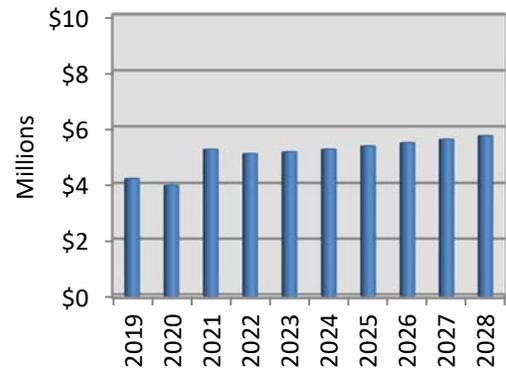
**Local Street Fund:
FY 2021 Expenditure Sources**



Local Street Fund / Operating Expenditures:

- Personnel, Materials, Supplies, Services, Interfund Charges (Fleet), Memberships, etc...
- Operating expenditures are projected to increase 2.0% per year
- The increase in trend from FY 2019-20 to FY 2021+ is due to actual Local Street operating expenditures routinely coming in under budget

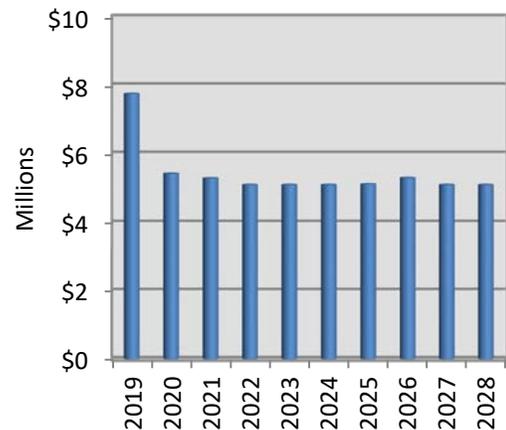
**Local Street Fund:
Operating Expenditure Trend**



Local Street Fund / Capital Outlay:

- The increase in FY 2019 is due to additional Local Street construction projects included as part of the CIP
 - 2019 = Auburn Road Corridor & School Road
- 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

**Local Street Fund:
Capital Outlay Trend**

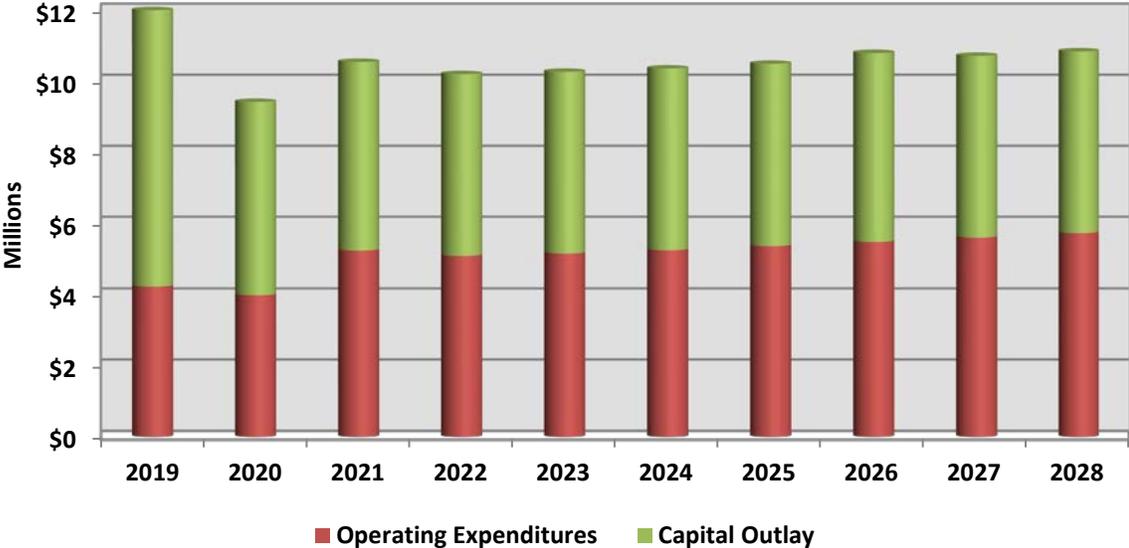


(203) Local Street Fund Forecast

Local Street Fund / Expenditure Summary:

- The increase in Operating Expenses from FY 2019-20 to FY 2021+ is due to actual Local Street operating expenditures routinely coming in under budget
- The increase in Capital Outlay in FY 2019 is due to additional Local Street construction projects included as part of the CIP
- 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

Local Street Fund: Total Expenditure Trend

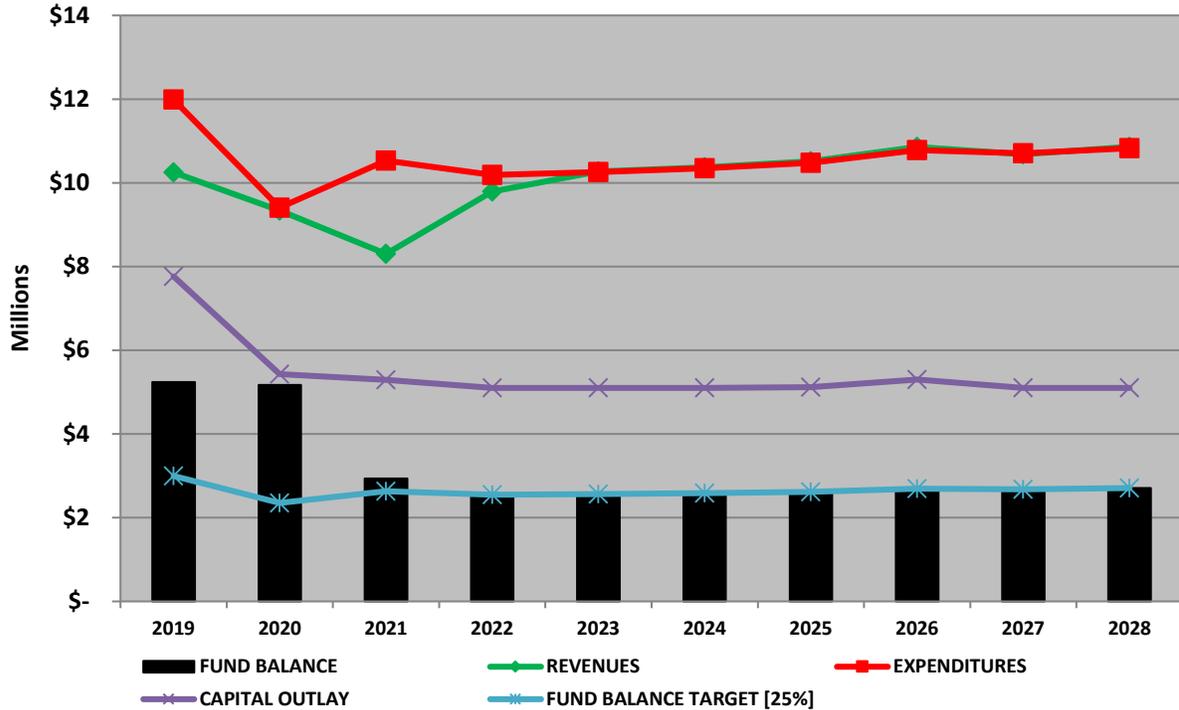


(203) Local Street Fund Forecast

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

- Transfers-In revenue decreased in FY 2019-2021 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:

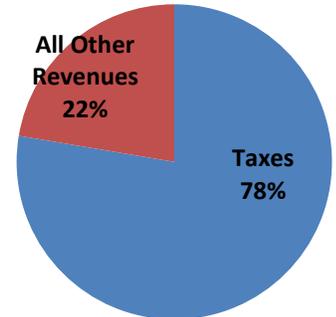
- Local Street I, II, & III renewal was approved by voters in November 2019 to be renewed into one (1) single Local Street millage for 10-Years beginning in FY 2021 through FY 2030
- The Local Street millage level is maintained at the levy of 1.0781 mill throughout this forecast model
- Act 51 revenues only increased by approx. +0.9% due to COVID in FY 2020, before recovering significantly in FY 2021
- 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
- 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

(206) Fire Operating Fund Forecast

FIRE OPERATING FUND / REVENUES:

- For FY 2021, the primary sources of Fire Operating Fund revenue are:
 - 78% = Property Taxes
 - 22% = All Other Revenues

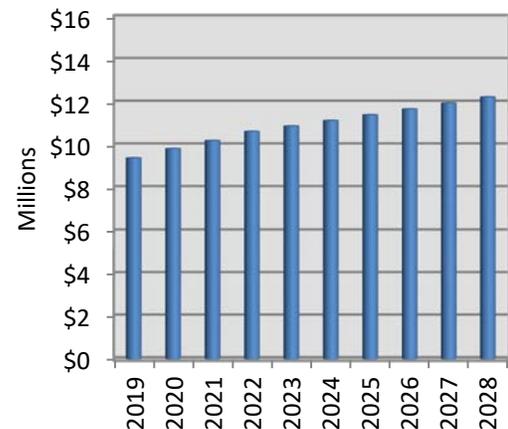
**Fire Fund:
FY 2021 Revenue Sources**



Fire Operating Fund / Property Taxes:

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

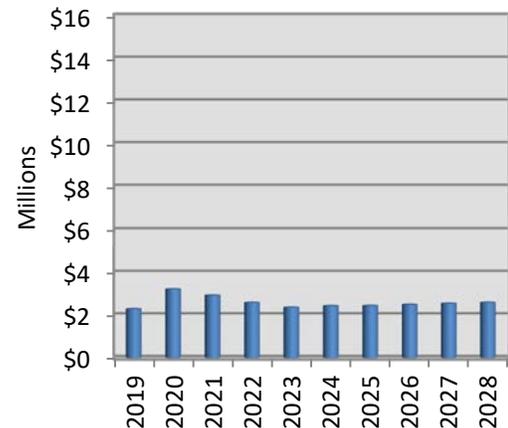
**Fire Fund:
Property Tax Trend**



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**

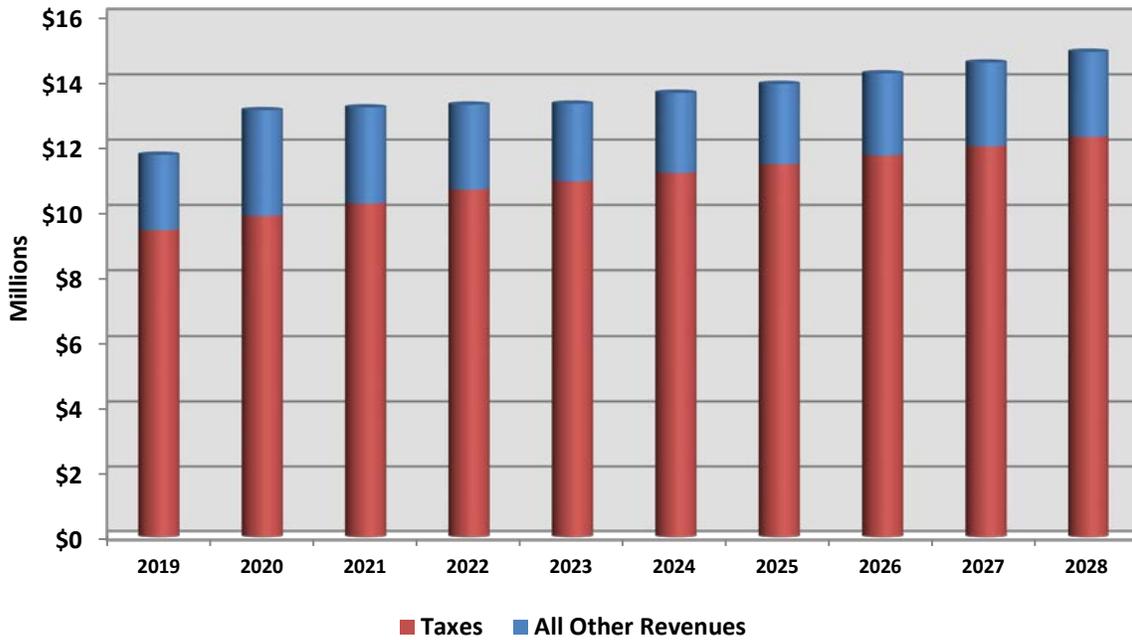


(206) Fire Operating Fund Forecast

Fire Operating Fund / Revenue Summary:

- The Fire Charter millage level is maintained at the existing levy of 2.7000 mill throughout this forecast model
- FY 2020-2022 Other Revenue includes funding from the SAFER Grant for the hiring of eight (8) additional Firefighters

Fire Fund: Total Revenue Trend

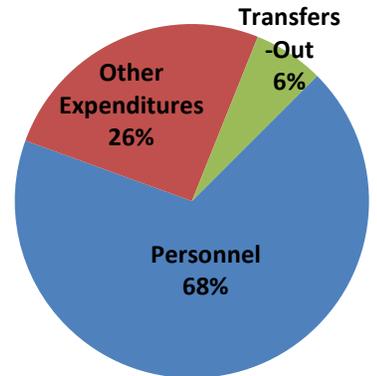


(206) Fire Operating Fund Forecast

FIRE OPERATING FUND / EXPENDITURES:

- For FY 2021, the primary sources of Fire Operating expenditures are:
 - 68% = Personnel
 - 26% = Other Expenditures
 - 6% = Transfer-Out
 - Includes the Transfer to the Fire Capital Fund (402) to set the Fire Operating Fund Balance at 25% of annual expenditures

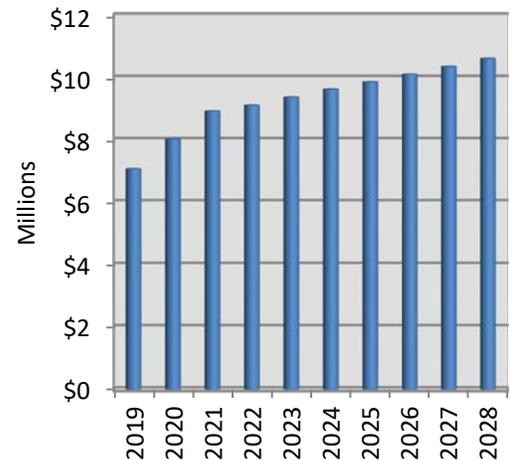
**Fire Fund:
FY 2021 Expenditure Sources**



Fire Operating Fund / Personnel Services:

- Salary and Wages are projected to increase 2.5% per year
 - The increase from FY 2019-20 to FY 2021+ is due to 8x Firefighter-EMT positions and 2x Fire Inspector positions added in FY 2020
 - Also due to actual personnel expenditures routinely coming in under budget due to some level of salary lapse (vacant positions) each year

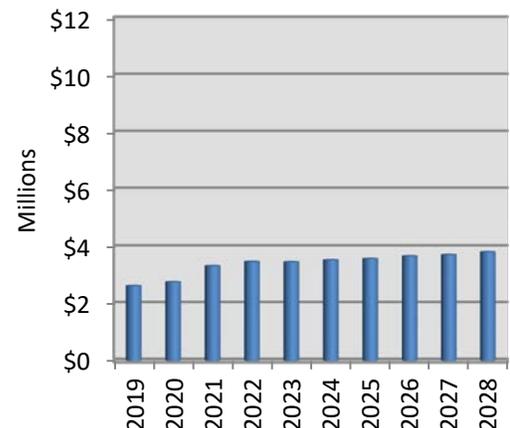
**Fire Operating Fund:
Personnel Trend**



Fire Operating Fund / Other Expenditures:

- Supplies, Services, Interfund Charges (including Fleet & Facilities), Memberships, etc...
- The increase in trend from FY 2019-2020 to FY 2021+ is due to actual Fire operating expenditures routinely coming in under budget
- Other expenditures are projected to increase 2.0% per year

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

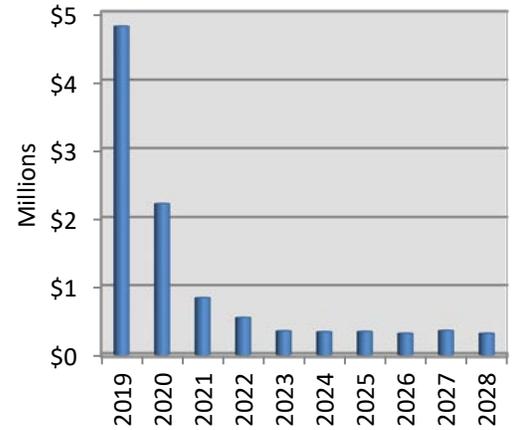


(206) Fire Operating Fund Forecast

Fire Operating Fund / Transfer-Out:

- The increase in Transfers-Out in FY 2019-2021 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**

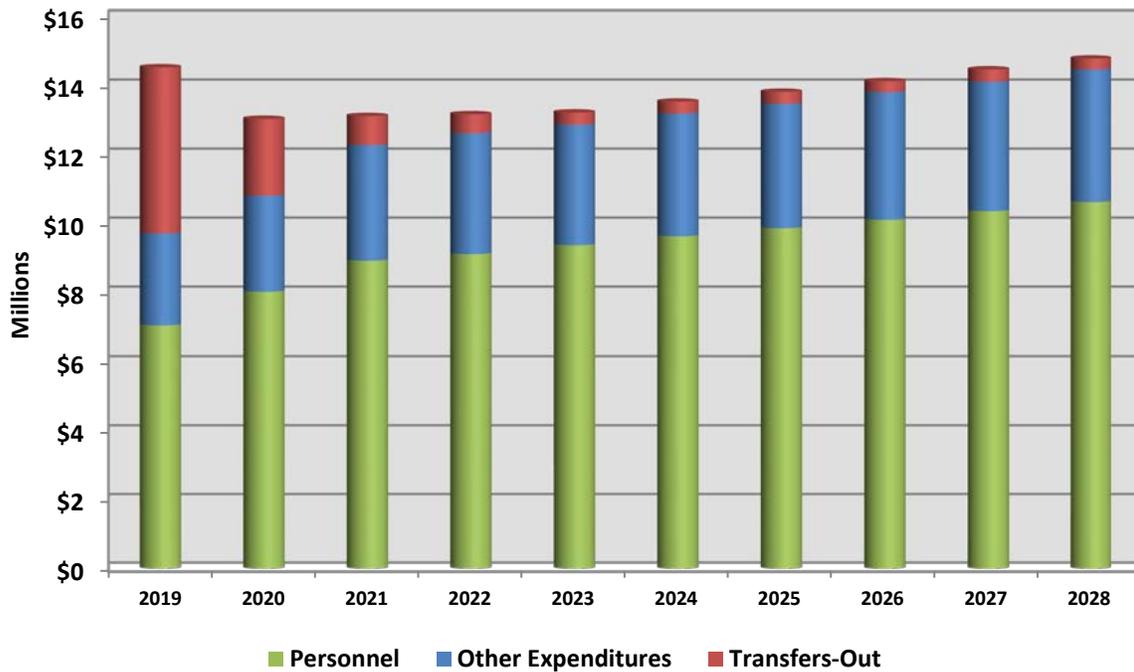


(206) Fire Operating Fund Forecast

Fire Operating Fund / Expenditure Summary

- The increase in Personnel from FY 2019-20 to FY 2021+ is due to 8x Firefighter-EMT positions and 2x Fire Inspector positions added in FY 2020
 - Also due to actual personnel expenditures routinely coming in under budget due to some level of salary lapse (vacant positions) each year
- The increase in Transfers-Out in FY 2019-21 is to set the Fire Operating Fund at 25% of its annual operating expenditures
 - 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 Fund: Total Expenditure Trend

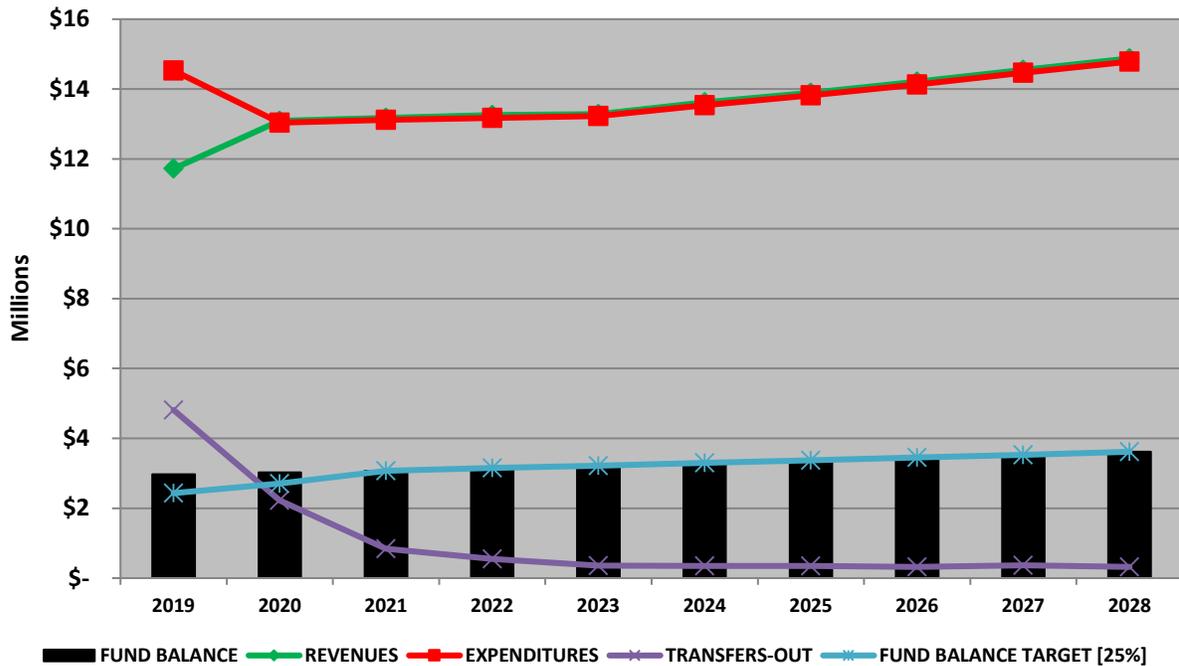


(206) Fire Operating Fund Forecast

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

- The Fire Charter millage level is maintained at the existing levy of 2.7000 mill throughout this forecast model
- FY 2020-2022 Revenue includes funding from the FEMA SAFER Grant for the hiring of eight (8) additional Firefighters
- The increase in Transfers-Out in FY 2019-21 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:

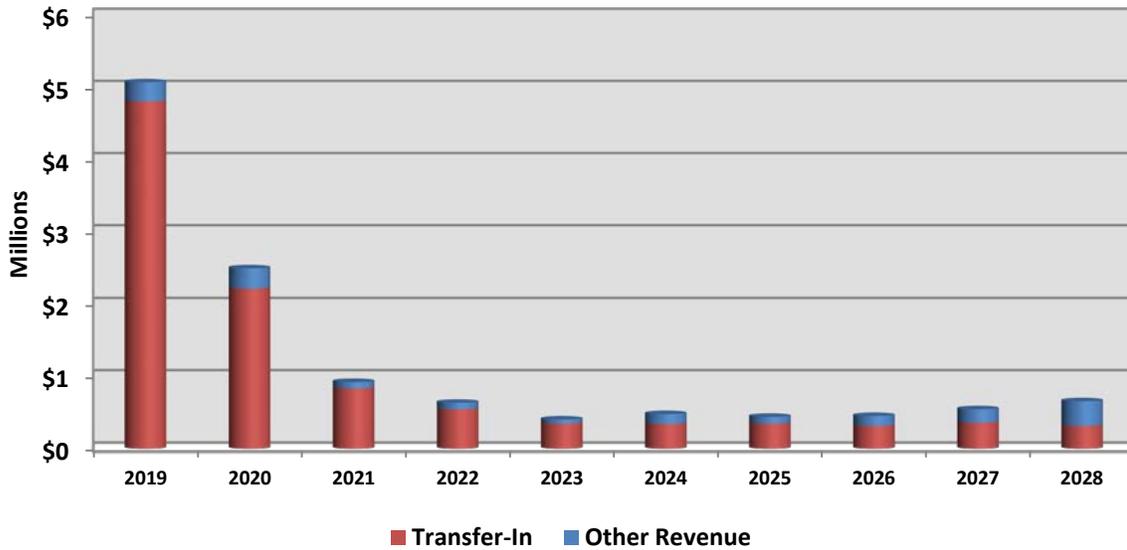
- The Fire Charter millage level is maintained at the existing levy of 2.7000 mill throughout this forecast model
- The annual transfer-out to the Fire Capital Fund will be in an amount to maintain the Fire Operating Fund Balance at 25% of annual operating expenditures
- It is projected the existing 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 Revenues in FY 2019-21 is to set the Fire Operating Fund (206) at 25% of annual operating expenditures
 - 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

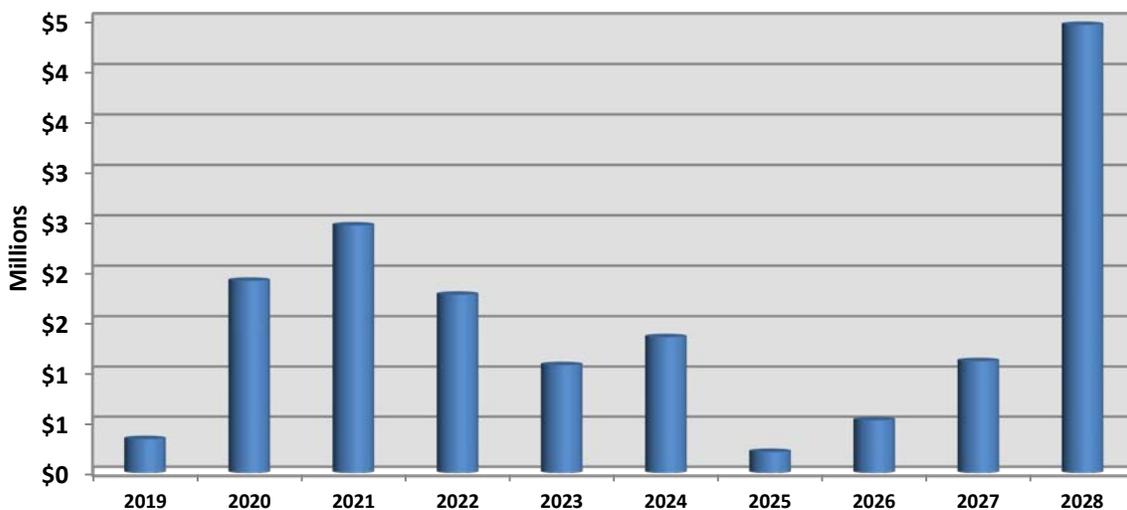
Fire Capital Fund: Total Revenue Trend



Fire Capital Fund / Expenditure Summary:

- Capital Outlay costs for 2022-2028 include Fire Capital purchases as included in the CIP and annual budget plan

Fire Capital Fund: Total Expenditure Trend

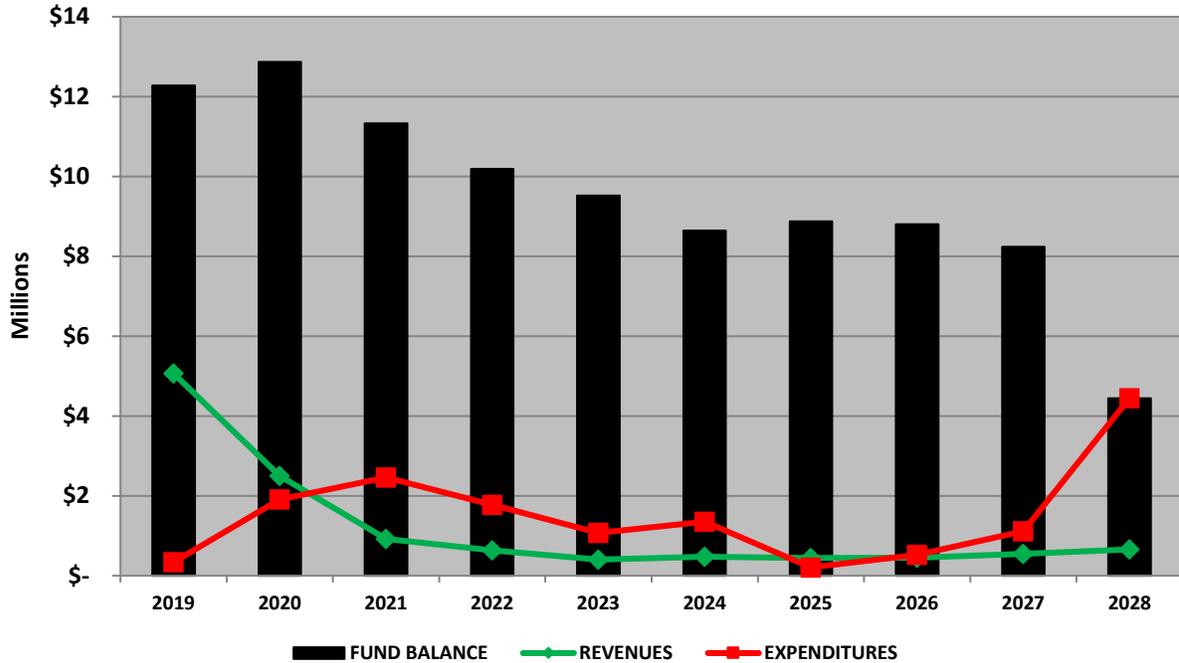


(402) Fire Capital Fund Forecast

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

- The increase in Transfers-In Revenue in FY 2019-21 is to set the Fire Operating Fund (206) at 25% of annual operating expenditures
 - 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
- Capital Outlay costs for 2022-2028 include Fire Capital purchases as included in the CIP and annual budget plan

Fire Capital Fund: Revenue / Expenditure / Fund Balance



Fire Capital Fund / Takeaway Points:

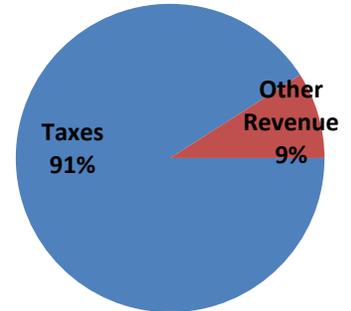
- Capital Outlay costs for 2022-2028 include Fire Capital purchases as included in the CIP and annual budget plan
- It is projected the existing Fire millage levy of 2.7000 mill will be adequate to contribute funding to the Fire Capital Fund (402) through FY 2030+

(207) Special Police Fund Forecast

SPECIAL POLICE FUND / REVENUES:

- For FY 2021, the primary sources of Special Police Fund revenue are:
 - 91% = Property Taxes
 - 9% = Other Revenues

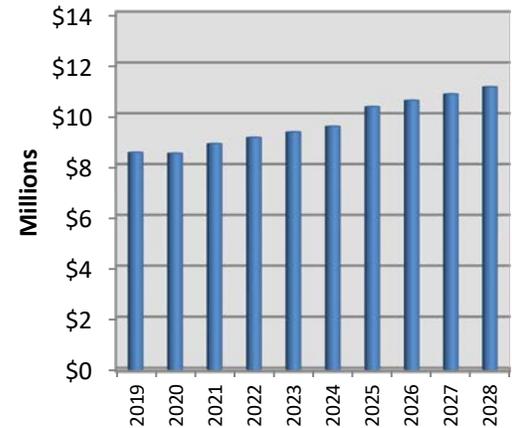
**Special Police Fund:
FY 2021 Revenue Sources**



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 could be renewed into one (1) single Police Millage for FY 2025+*
- Special Police Millage II reduced (FY 2022-2024) 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

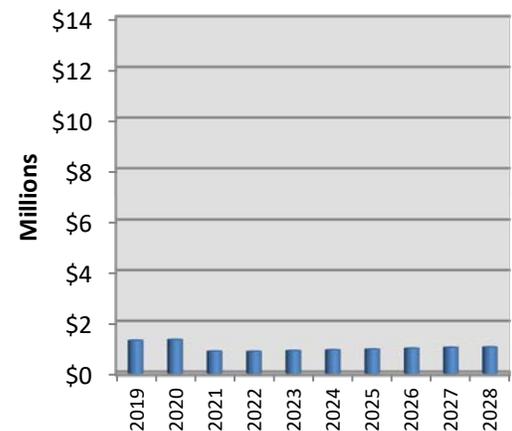
**Special Police Fund:
Property Tax Trend**



Special Police Fund / Other Revenues:

- Includes Fines, District Court Fees, Charges for Service, Mini-Contracts, etc...
- Other revenues are projected to increase from 0.0% to 3.0% per year

**Special Police Fund:
Other Revenue Trend**

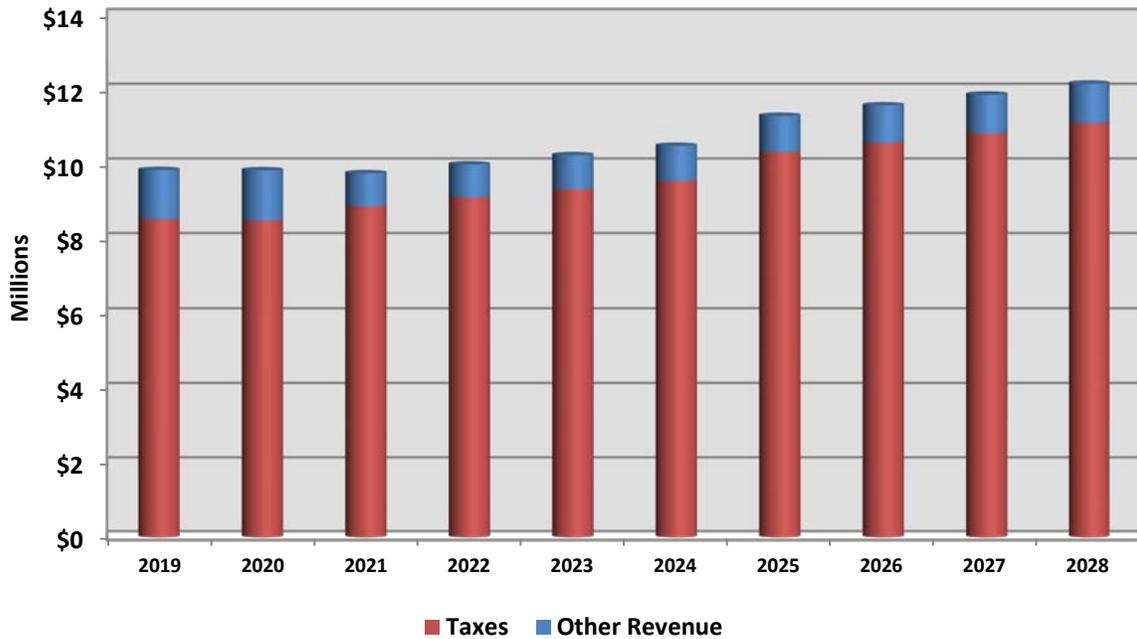


(207) Special Police Fund Forecast

Special Police Fund / Revenue Summary:

- The General Fund levy is decreased 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 levied through FY 2024 and then could be renewed into one (1) single Police Millage for FY 2025+
- Special Police Millage II reduced (FY 2022-2024) 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

Special Police Fund: Total Revenue Trend

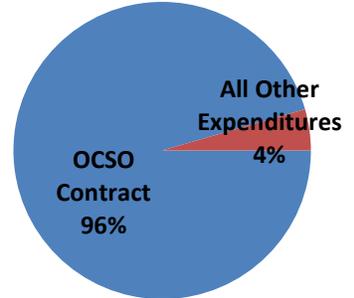


(207) Special Police Fund Forecast

SPECIAL POLICE FUND / EXPENDITURES:

- For FY 2021, the primary sources of Special Police Fund expenditures are:
 - 96% = OCSO Contract
 - 4% = All Other Expenditures

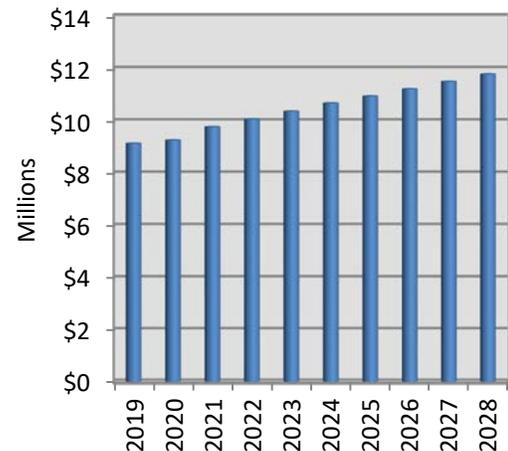
**Special Police Fund:
FY 2021 Expenditure
Sources**



Special Police Fund / OCSO Contract:

- FY 2022-28 Long-Term Forecast assumes maintaining 60x OCSO Officers
 - FY 2022-28 = +3.00% per year

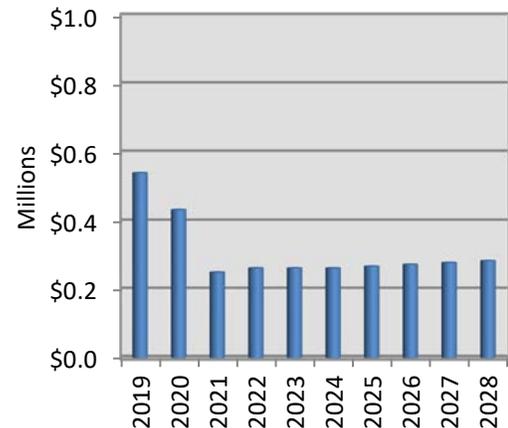
**Special Police Fund:
OCSO Contract Trend**



Special Police Fund / Other Expenditures:

- Supplies, Services, Interfund Charges (including Facilities), Memberships, Debt Service, etc...
- The decrease in Other Expenditures from FY 2019-20 to FY 2021 is a result of the debt related to the new OCSO Substation construction being paid off
- In FY 2020 the debt related to the OCSO Substation construction was fully paid off

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

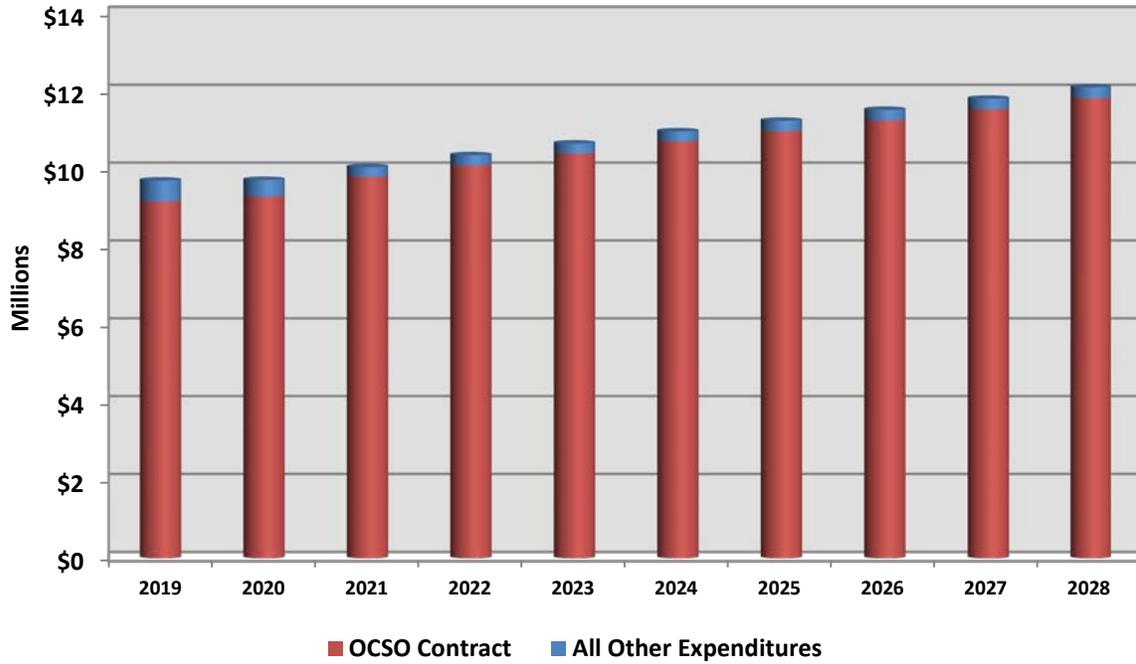


(207) Special Police Fund Forecast

Special Police Fund / Expenditure Summary:

- FY 2022-28 Long-Term Forecast assumes maintaining 60 x OCSO Officers

Special Police Fund: Total Expenditure Trend

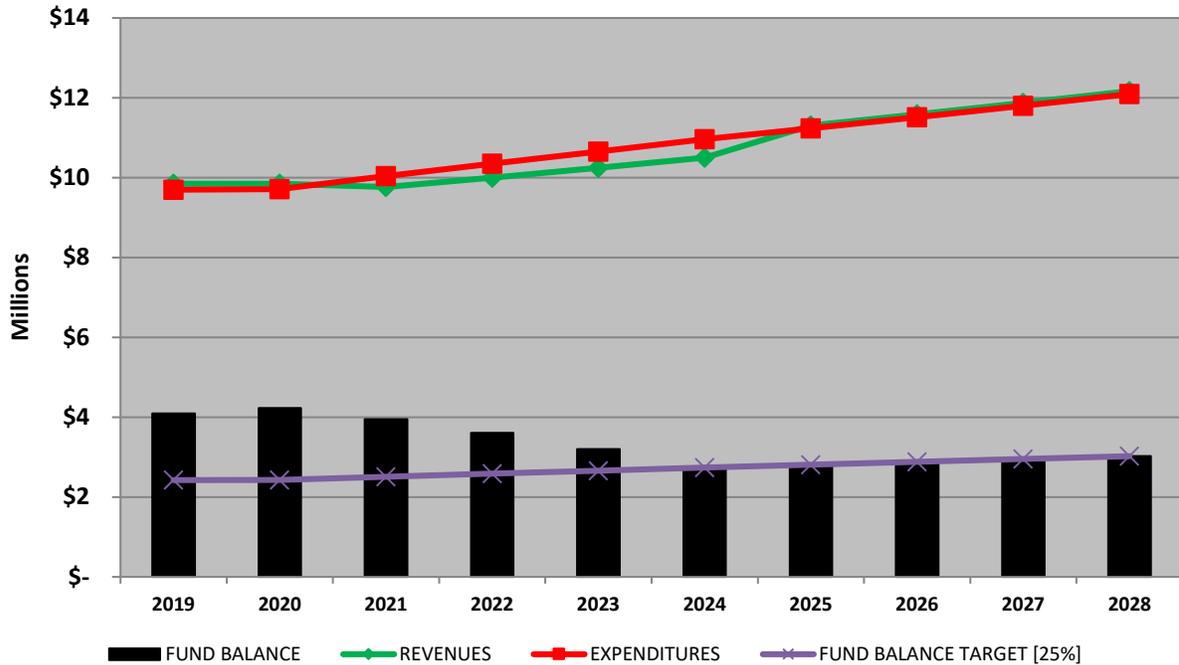


(207) Special Police Fund Forecast

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

- Special Police Millage II reduced (FY 2022-2024) 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 2022-28 Long-Term Forecast assumes maintaining 60x OCSO Officers

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 could be renewed into one (1) single Police Millage for FY 2025+
- Special Police Millage II reduced (FY 2022-2024) 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 2022-28 Long-Term Forecast assumes maintaining 60x OCSO Officers