

Seven Year Financial Forecast Fiscal Years 2015-2021



Why do we do long range forecasting

- Helps us to better prepare for the future to help *prevent surprises*
- Let's us get ahead of the issues and to be *pro-active* instead of *re-active*.
- *Establishes priorities for the coming budget plan*
- Helps with *decision making* (*what if we...*)
- Financial Forecast is *not* intended to be a budget, a proposed spending plan or a policy recommendation to City Council.



ECONOMIC ASSUMPTIONS

The Assumptions we use are Based on the Current Position in the Business Cycle

- Small up tick in economic activity in FY2014,
- Modest recovery in FY2015 and FY2016,
- Normal economy for the period of FY2017-FY2021.
 - Citywide taxable values – Improving
 - Funding from the state – Modest Increases
 - Credit market – Softening
 - Improving unemployment levels for the City and to a lesser degree the County & the State
 - Consumer confidence – Continued Pressure, but to a lesser degree, on Household budgets (from higher energy and food costs)

Key Forecasting Points

▶ Revenues

- Base Year is our 2014 Amended (1st quarter) Budget;
- Assumes no changes in programs, services or policies
- Forecast Changes in:
 - Changes in Millage Rates
 - Taxable Values
 - State Shared Revenue
 - Act 51 Funding (Gas and Weigh Tax)
 - Interest Rates

Forecasting Assumptions Revenues

Millage Rates

- No new millage is introduced.
- All Millage(s) expiring in the Forecasting timeline are renewed at current levels
- Current Millage Rates only adjusted to Headlee Maximum if funding is needed to fill an operating short- fall **AND** the increase does not increase the City's total millage rate

Taxable Values

- FY2015 *
 - Real 2.25%
 - Personal -7.94%
- FY2016 **
 - Real & Personal 1.50%
- FY2017 to FY2018 **
 - Real & Personal 1.75%
- FY2019 to FY2021
 - Real 2.25%
 - Personal 2.00%

*Actual

** Estimated By Assessor Based on his Estimate of Future CPI



Forecasting Assumptions

Revenues Continued

State Shared Revenue

- 1.0%, FY2015 – 21

Act 51 Revenue

- 0.0%, FY2015 – 21

Interest Rates

- 0.25% for FY2015
- 0.30% for FY2016
- 0.50% for FY2017
- 1.00% for FY2018
- 2.00% for FY2019-21

Estimated By Treasurer

Key Forecasting Points

Expenditures

- **Base Year is the 2014 Amended (1st quarter) Budget;**
- **Assumes no changes in programs, services or policies;**
- **We are Forecasting Changes in:**
 - **Changes in the Number of Employees**
 - **Salary and Wages**
 - **Health Care and other Fringe Benefits**
 - **Inflation**
 - **Price adjustments in the Sheriff Contract**



Forecast Assumptions

Expenditures

Changes in Number of Employees = +1

- Museum Program Coordinator (PT to FT)

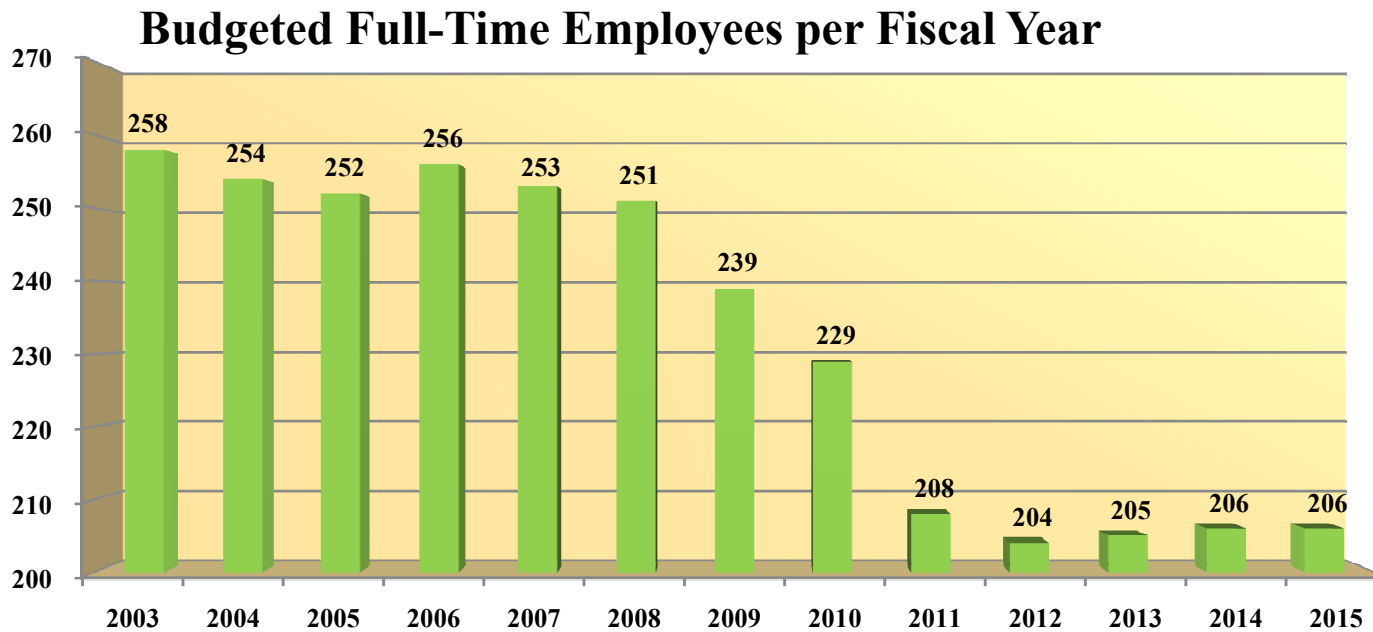
Salary and Wages

- 1.0%, FY2015 – FY2021

Health Care (Core Plan)

- 9.0%, FY2015 - FY2021

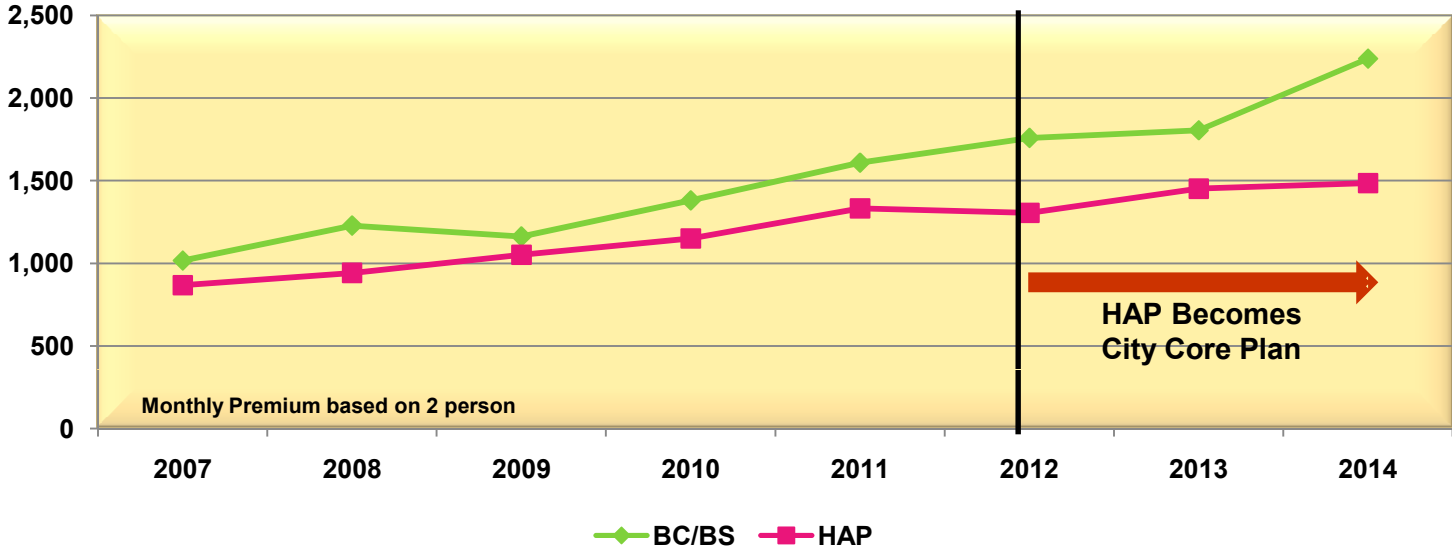
Overall Employee Counts



The City has reduced its work force by over 20% since its peak in 2003



Overall Health Care



The City, working with its union groups, has been re-designing the City’s core health care plan for a number of years adjusting co-pays, deductibles and coverage all in an attempt to control ever increasing costs. **The City’s most recent re-designed plan, for FY 2014, included a High Deductible Plan with an Health Saving Account .**



Forecast Assumptions

Expenditures Continued

Inflation

- **General Citywide Inflation:**
+1.5% Change
- **Capital Project Inflation:**
+2.0% Change

Sheriff Contract

- **1.68%, FY2015***
- **3.00%, FY2016-20****

* Based on current contract

** Estimate Based on Prior Information Provided by Oakland Sheriff Business Manger



General Fund



General Fund

- ▶ ***For this presentation***, we have adjusted our model so that General Fund makes a transfer to Local Street Fund large enough to make sure that the Local Street Fund will have enough revenue to cover ***maintenance costs***.
- ▶ After meeting the maintenance requirement, General Fund was still able to transfer, to the Local Street Fund, providing funding for some ***capital activity***.

General Fund

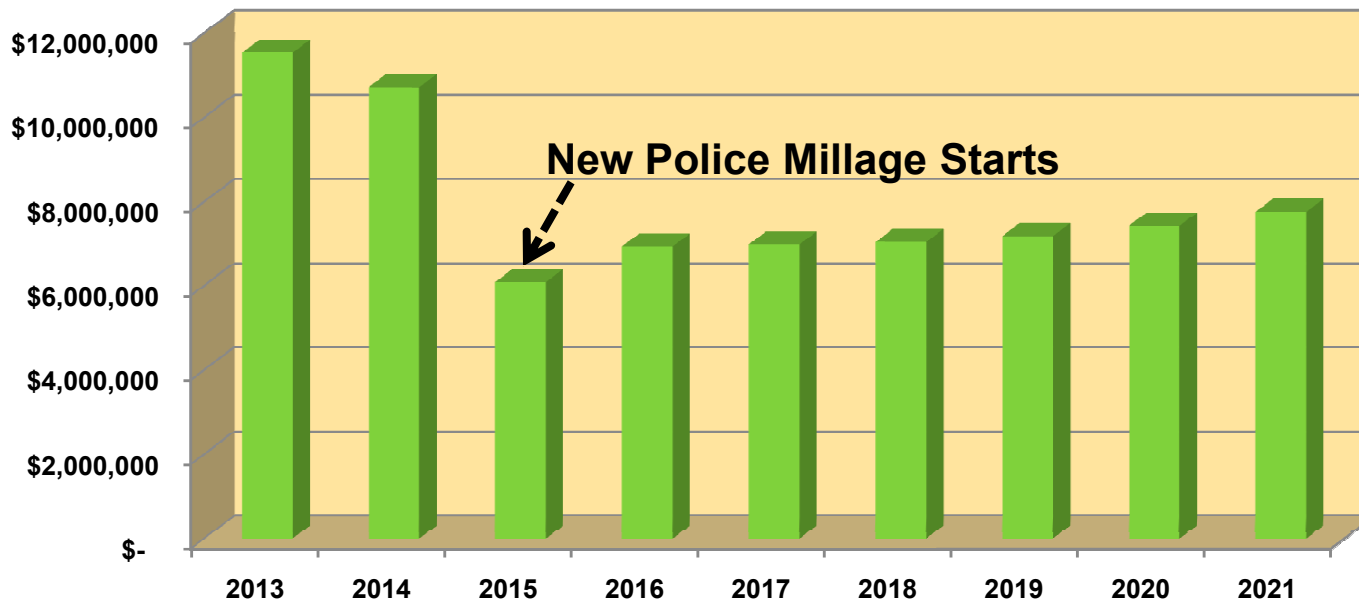
Model Updated: May 1, 2014									
	2013	2014	2015	2016	2017	2018	2019	2020	2021
101 - General Fund	Actual	1st Qtr	Projected	Projected	Projected	Estimated	Estimated	Estimated	Estimated
City Taxes	\$ 11,535,837	\$ 10,713,410	\$ 6,085,180	\$ 6,947,200	\$ 6,994,790	\$ 7,052,340	\$ 7,190,280	\$ 7,433,570	\$ 7,763,014
Licenses & Permits	2,545,670	2,266,400	2,511,400	2,536,400	2,561,400	2,583,900	2,606,740	2,629,920	2,653,450
Intergovernmental Revenue	5,478,373	5,382,000	5,480,000	5,530,000	5,580,000	5,634,500	5,689,550	5,745,150	5,801,300
Interfund Charges	3,640,567	4,310,420	4,308,420	4,308,420	4,308,420	4,373,060	4,438,650	4,505,220	4,572,790
Service Charges	1,896,299	1,736,250	1,755,870	1,757,010	1,758,170	1,761,210	1,764,310	1,767,440	1,770,640
Fines & Forfeitures	20,365	3,500	3,500	3,500	3,500	3,560	3,620	3,680	3,740
Investment Earnings	88,502	117,550	71,540	79,520	125,430	250,860	501,720	501,720	501,720
Other Revenue	168,633	95,000	110,000	153,870	110,000	110,000	110,000	153,870	110,000
Transfer-In	39,844	43,680	43,580	41,900	42,550	45,370	52,350	65,990	65,400
101 - General Fund	\$ 25,414,092	\$ 24,668,210	\$ 20,369,490	\$ 21,357,820	\$ 21,484,260	\$ 21,814,800	\$ 22,357,220	\$ 22,806,560	\$ 23,242,054

101 - General Fund									
Personnel Services	\$ 9,346,565	\$ 10,186,250	\$ 10,414,940	\$ 10,611,470	\$ 10,818,890	\$ 11,040,710	\$ 11,274,070	\$ 11,521,370	\$ 11,783,700
Operating Supplies	217,735	245,180	248,930	244,730	243,230	248,440	250,380	255,690	257,710
Professional Services	1,283,368	1,537,710	1,612,810	1,507,010	1,607,110	1,530,730	1,570,170	1,574,580	1,611,060
Interfund Charges	2,038,942	2,858,710	2,858,710	2,858,710	2,858,710	2,901,590	2,945,070	2,989,230	3,034,030
Other Expenses	90,046	115,050	104,530	103,540	102,630	104,160	105,740	107,430	109,200
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Transfer Out	9,983,145	11,849,610	7,240,010	7,452,860	5,853,690	5,989,170	6,211,790	6,358,260	6,446,354
101 - General Fund	\$ 22,959,801	\$ 26,792,510	\$ 22,479,930	\$ 22,778,320	\$ 21,484,260	\$ 21,814,800	\$ 22,357,220	\$ 22,806,560	\$ 23,242,054



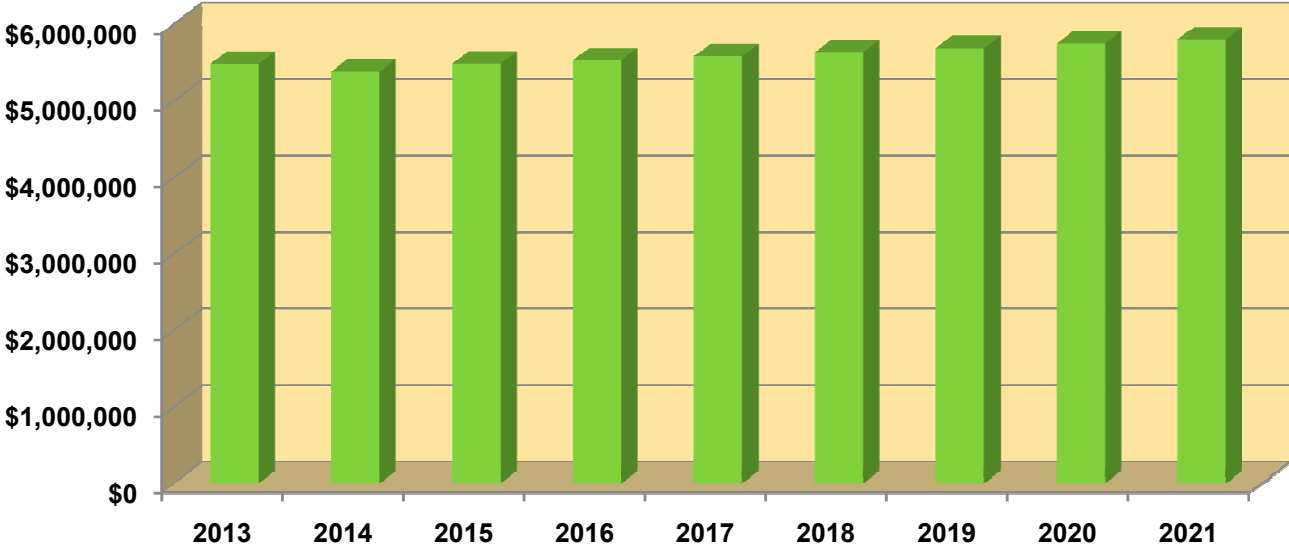
General Fund Revenue

Property Tax



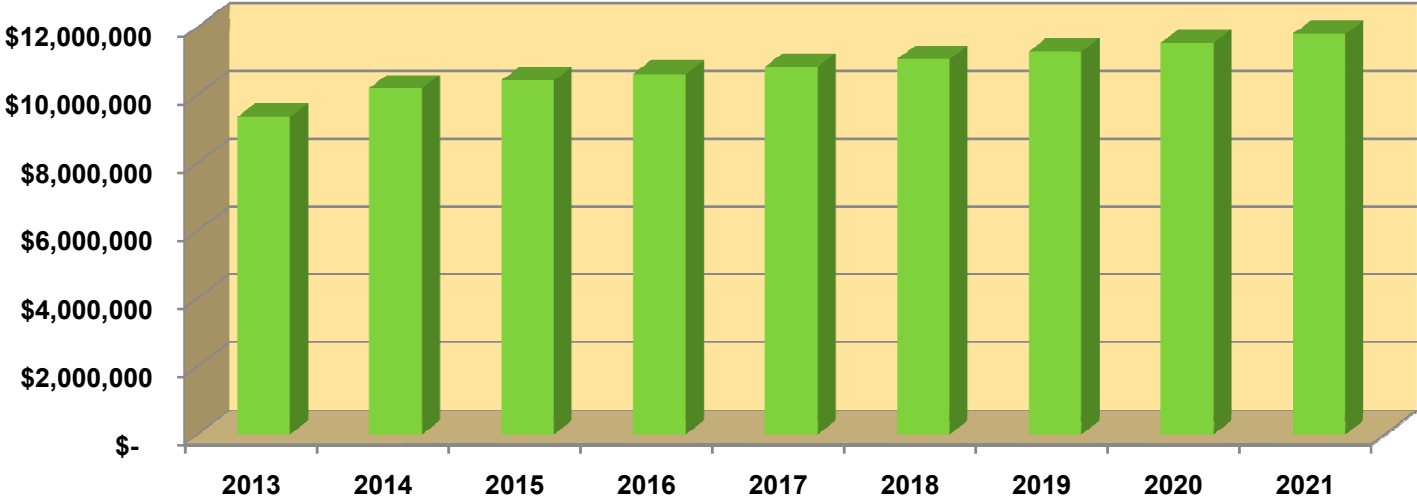
General Fund Revenue

State Shared Revenue



General Fund Expenditures

Personnel Services



Even through the City's staff size is not increasing forecasted increases in health care costs and realistic salary adjustments are increasing the Fund's Personnel costs



General Fund Expenditures

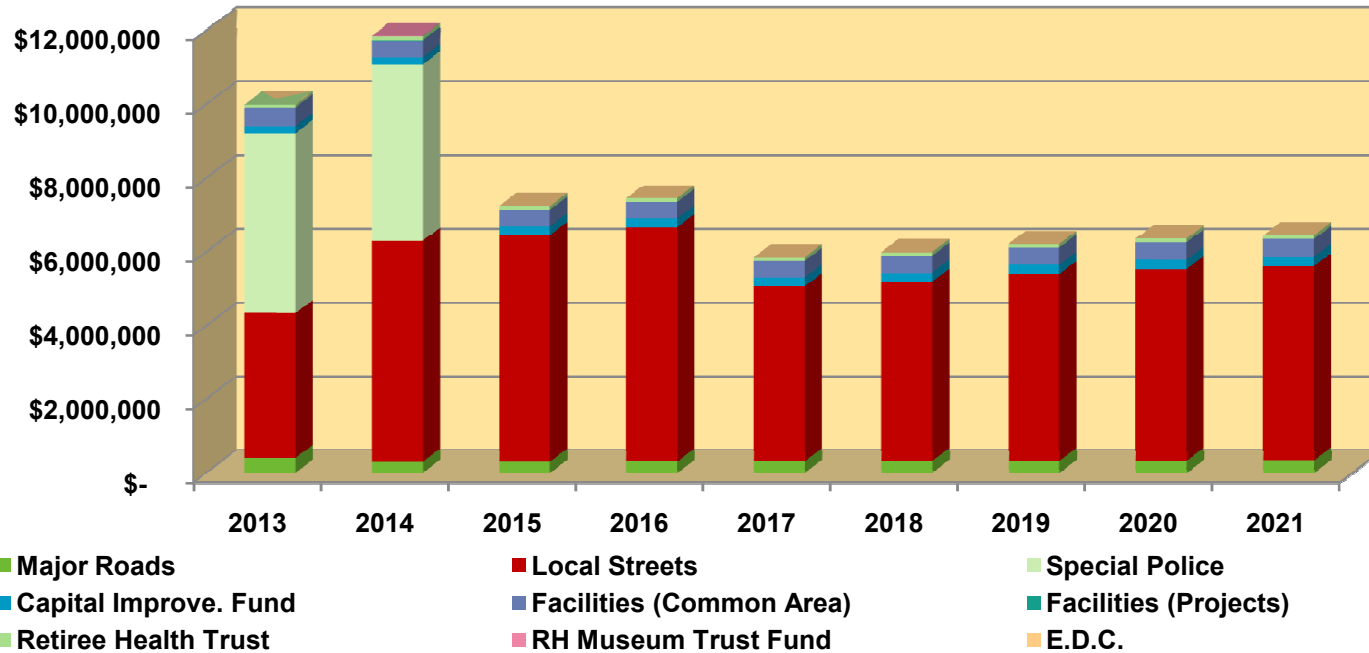
Transfers to Other Funds

Model Updated: May 1, 2014	2013	2014 1st Qtr	2015 Projected	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated
990 - Transfer Out									
Major Roads	\$ 399,039	\$ 296,710	\$ 301,510	\$ 306,030	\$ 311,390	\$ 317,620	\$ 324,760	\$ 332,070	\$ 339,540
Local Streets	3,936,230	6,000,020	6,154,360	6,357,690	4,748,160	4,865,600	5,069,170	5,196,320	5,264,834
Special Police	4,873,160	4,779,460	-	-	-	-	-	-	-
Capital Improve. Fund	190,000	190,000	230,000	235,000	240,000	245,000	250,000	255,000	260,000
Facilities (Common Area)	513,060	453,690	453,690	453,690	453,690	460,500	467,410	474,420	481,540
Facilities (Projects)	-	20,000	-	-	-	-	-	-	-
Retiree Health Trust	71,656	99,730	99,730	99,730	99,730	99,730	99,730	99,730	99,730
RH Museum Trust Fund	-	10,000							
E.D.C.	-	-	720	720	720	720	720	720	710
TRANSFER OUT	\$ 9,983,145	\$ 11,849,610	\$ 7,296,220	\$ 7,488,720	\$ 5,509,360	\$ 5,515,800	\$ 5,726,380	\$ 5,815,510	\$ 5,838,134

Transfers to other funds saw increases in fiscal years 2013 and 2014. You can see the introduction of the new Police Service millage that begins in FY2015 which ends the General Fund subsidy for Police Services. You will also notice that General Fund continues its support for the Local Street Fund for maintenance related activity and some capital improvements. All other transfers remain fairly consistent.



General Fund Transfers



As the chart shows, with Special Police having a dedicated millage funding source, General Fund's Transfers Out are more controllable ending some of the pressure it was under before voters provided that dedicated millage.



General Fund

Important Take Away

- Approximately 32% of all FY2015 revenue or over 120% of FY2015 tax revenue collected in General Fund is transferred to other funds to support their activities.
- The fund is fiscally sound following current budget policies and the structure used in the financial model. That soundness generally comes by limiting transfers to other funds.
- The Fund is currently able to provide approximately \$5 million, per year, in annual funding to support the Local Street operations and capital improvements.

Major Road Fund

Major Road Fund

<i>Model Updated: May 1, 2014</i>	2013	2014	2015	2016	2017	2018	2019	2020	2021
202 - Major Road Fund	Actual	1st Qtr	Projected	Projected	Projected	Estimated	Estimated	Estimated	Estimated
City Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses & Permits	-	-	-	-	-	-	-	-	-
Intergovernmental Revenue	3,247,103	3,105,000	3,205,000	3,205,000	3,205,000	3,205,000	3,205,000	3,205,000	3,205,000
Interfund Charges	17,886	22,000	22,000	22,000	22,000	22,350	22,700	23,050	23,410
Service Charges	217,779	204,500	214,500	214,500	214,500	214,500	214,500	214,500	214,500
Fines & Forfeitures	-	-	-	-	-	-	-	-	-
Investment Earnings	44,214	47,610	31,640	19,560	34,290	67,920	132,930	138,240	156,950
Other Revenue	274,851	60,500	60,500	2,765,120	60,500	60,500	60,500	60,500	60,500
Transfer-In	699,039	596,710	501,510	506,030	511,390	517,620	524,760	532,070	539,540
202 - Major Road Fund	\$ 4,500,871	\$ 4,036,320	\$ 4,035,150	\$ 6,732,210	\$ 4,047,680	\$ 4,087,890	\$ 4,160,390	\$ 4,173,360	\$ 4,199,900

202 - Major Road Fund	2013	2014	2015	2016	2017	2018	2019	2020	2021
Personnel Services	\$ 715,941	\$ 856,500	\$ 910,930	\$ 929,420	\$ 949,000	\$ 969,740	\$ 991,760	\$ 1,015,180	\$ 1,040,090
Operating Supplies	137,154	181,620	228,920	237,530	246,580	256,940	267,780	279,130	291,020
Professional Services	259,656	582,730	309,630	424,630	309,630	430,520	318,460	440,980	327,540
Interfund Charges	584,129	726,380	775,150	775,150	775,150	786,110	797,230	808,520	819,990
Other Expenses	1,221	2,300	2,300	2,300	2,300	2,330	2,360	2,390	2,420
Capital Outlay	2,283,467	3,494,040	7,559,010	4,025,330	1,830,420	1,788,050	1,517,250	691,250	747,250
Debt Service	-	-	-	-	-	-	-	-	-
Transfer Out	1,125,000	750,000	387,500	-	-	-	-	-	-
202 - Major Road Fund	\$ 5,106,568	\$ 6,593,570	\$ 10,173,440	\$ 6,394,360	\$ 4,113,080	\$ 4,233,690	\$ 3,894,840	\$ 3,237,450	\$ 3,228,310

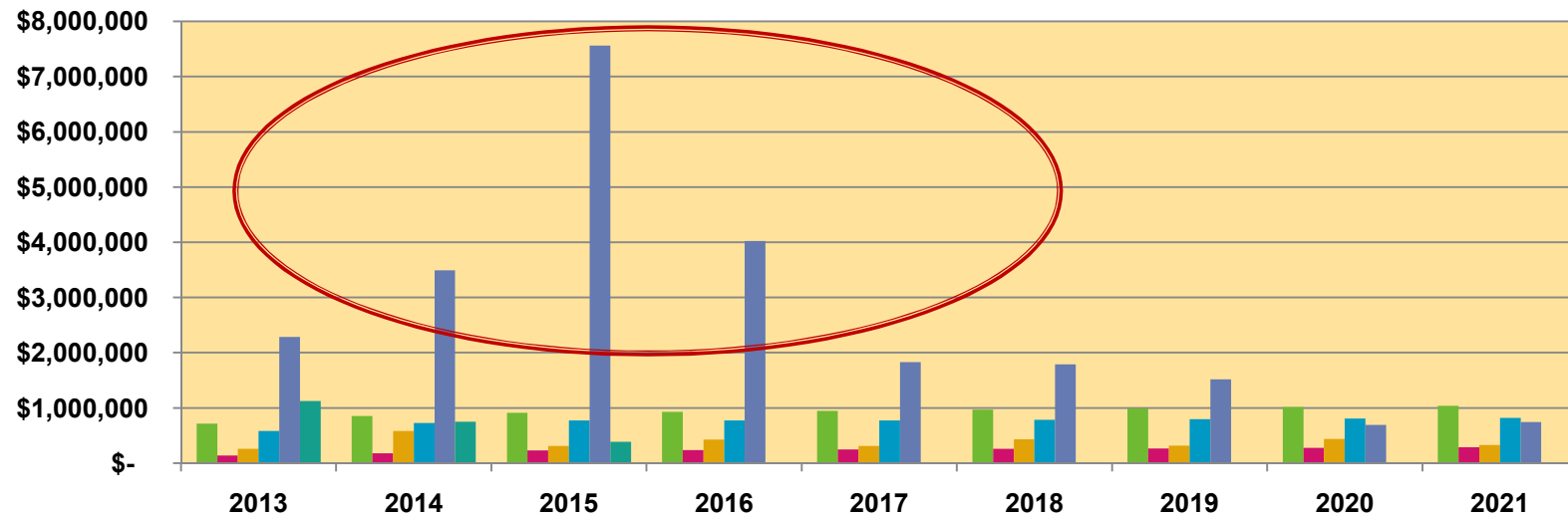
FY2015 will be the last year that the Major Road fund will be transferring to Local Streets. This will provide long-term sustainability to the Major Road Fund.

Capital Outlay is based on the City's Capital Improvement Plan (CIP). You can see the effect of pre-funding Tienken Road (Adams to Livernois) in FY2015.

No Growth in Act 51 (Gas and Weigh Tax) Revenue



Major Road Fund



■ Personnel Services ■ Operating Supplies ■ Professional Services ■ Interfund Charges ■ Capital Outlay ■ Transfer Out

Capital outlay is clearly the biggest part of Major Road's Budget



Major Road Fund Fund Balance

	2013 Actual	2014 1st Qtr	2015 Projected	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ (605,697)	\$ (2,557,250)	\$ (6,138,290)	\$ 337,850	\$ (65,400)	\$ (145,800)	\$ 265,550	\$ 935,910	\$ 971,590
BEGINNING FUND BALANCE	\$ 15,820,843	\$ 15,215,146	\$ 12,657,896	\$ 6,519,606	\$ 6,857,456	\$ 6,792,056	\$ 6,646,256	\$ 6,911,806	\$ 7,847,716
ENDING FUND BALANCE	\$ 15,215,146	\$ 12,657,896	\$ 6,519,606	\$ 6,857,456	\$ 6,792,056	\$ 6,646,256	\$ 6,911,806	\$ 7,847,716	\$ 8,819,306

Major Road's Fund Balance is used to fund their capital expenditure budget and the fund is positioned well to meet that goal provided it keeps revisiting its CIP projects. You can see the effect of the Tienken Road Pre-funding has on the fund's fund balance.



Major Road Fund Where We Were

2012 Forecast

Model Updated May 10, 2011

	2010 Actual	2011 1st Qtr B/A	2012 Projected	2013 Projected	2014 Projected	2015 Estimated	2016 Estimated	2017 Estimated	2018 Estimated
202 - Major Road Fund									
City Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses & Permits	-	-	-	-	-	-	-	-	-
Intergovernmental Revenue	3,657,722	4,024,060	2,820,570	2,792,370	2,792,370	2,792,370	2,792,370	2,792,370	2,792,370
Interfund Charges	28,399	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Service Charges	207,246	204,500	204,500	204,500	204,500	204,500	204,500	204,500	204,500
Fines & Forfeitures	-	-	-	-	-	-	-	-	-
Investment Earnings	139,217	108,100	137,320	198,720	232,190	314,540	161,930	32,110	19,900
Other Revenue	118,683	35,500	35,500	35,500	35,500	35,500	35,500	35,500	35,500
Transfer-In	677,389	513,080	493,500	1,246,400	464,880	464,880	467,530	470,210	475,610
202 - Major Road Fund	\$ 4,828,655	\$ 4,905,240	\$3,711,390	\$ 4,497,490	\$ 3,749,440	\$ 3,831,790	\$ 3,681,830	\$3,554,690	\$3,547,880
202 - Major Road Fund									
Personnel Services	\$ 680,281	\$ 803,220	\$ 819,750	\$ 832,430	\$ 844,790	\$ 867,650	\$ 892,150	\$ 918,410	\$ 946,610
Operating Supplies	113,826	204,270	204,270	204,270	206,320	208,380	210,470	212,570	214,700
Professional Services	469,352	496,630	365,630	360,630	353,990	367,530	360,810	374,570	367,760
Interfund Charges	721,745	906,040	916,380	917,020	926,520	936,130	945,830	955,650	965,560
Other Expenses	1,485	2,300	2,300	2,300	2,320	2,340	2,360	2,380	2,400
Capital Outlay	1,524,024	3,684,610	693,750	2,616,270	1,335,000	5,296,930	4,537,130	617,250	835,320
Debt Service	-	-	-	-	-	-	-	-	-
Transfer Out	582,190	1,144,410	1,193,060	1,203,260	1,205,500	1,239,760	1,060,210	881,110	840,850
202 - Major Road Fund	\$ 4,092,903	\$ 7,241,480	\$ 4,195,140	\$ 6,136,180	\$ 4,874,440	\$ 8,918,720	\$ 8,008,960	\$ 3,961,940	\$ 4,173,200
	\$ 735,752	\$ (2,336,240)	\$ (483,750)	\$ (1,638,690)	\$ (1,125,000)	\$ (5,086,930)	\$ (4,327,130)	\$ (407,250)	\$ (625,320)



Major Road Fund Fund Balance Where We Were

2012 Forecast

<i>Model Updated May 10, 2011</i>	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	2nd Qtr B/A	Projected	Projected	Projected	Estimated	Estimated	Estimated	Estimated
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ 735,752	\$ (2,336,240)	\$ (483,750)	\$ (1,638,690)	\$ (1,125,000)	\$ (5,086,930)	\$ (4,327,130)	\$ (407,250)	\$ (625,320)
BEGINNING FUND BALANCE	\$ 15,332,439	\$16,068,191	\$ 13,731,951	\$13,248,201	\$11,609,511	\$10,484,511	\$ 5,397,581	\$ 1,070,451	\$ 663,201
ENDING FUND BALANCE	\$ 16,068,191	\$13,731,951	\$ 13,248,201	\$11,609,511	\$10,484,511	\$ 5,397,581	\$ 1,070,451	\$ 663,201	\$ 37,881

50% of Act transferred to Local Streets



Major Road Fund

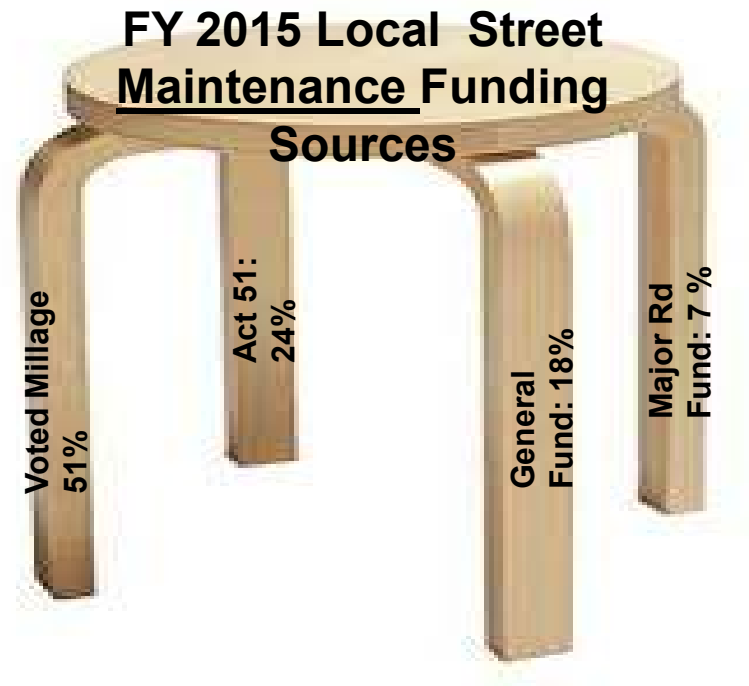
Important Take Away

- Receives more in Act 51 funds than it needs for maintenance costs
- That Excess was being transferred to Local Street Fund to be used for Local Street maintenance. That practice ends with FY2015
- The fund's fund balance is used for construction projects and should last with good prioritization of capital projects and with the phase out of its transfer to Local Streets.

Local Street Fund



Local Street Maintenance Funding Plan



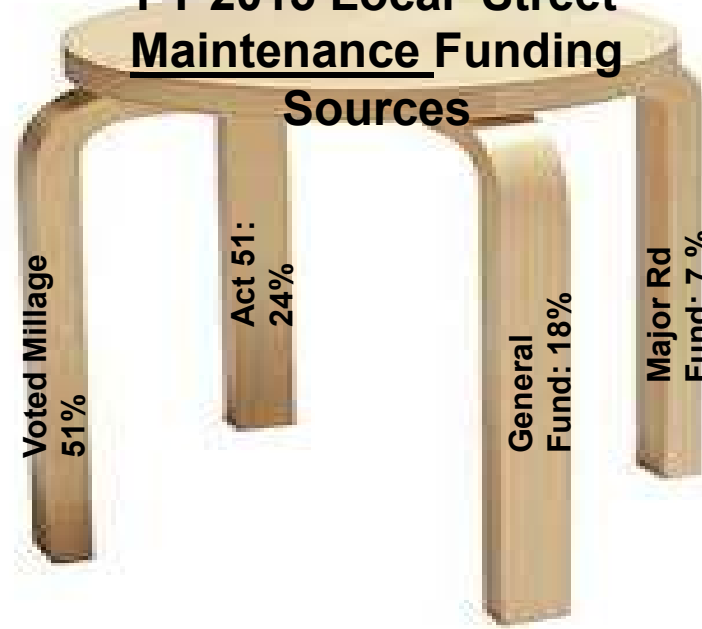
Local Street Maintenance Funding Plan Where We Were

May 18, 2009



Local Street Maintenance Funding Plan

FY 2015 Local Street Maintenance Funding Sources



Local Street Maintenance Funding Plan



Local Street

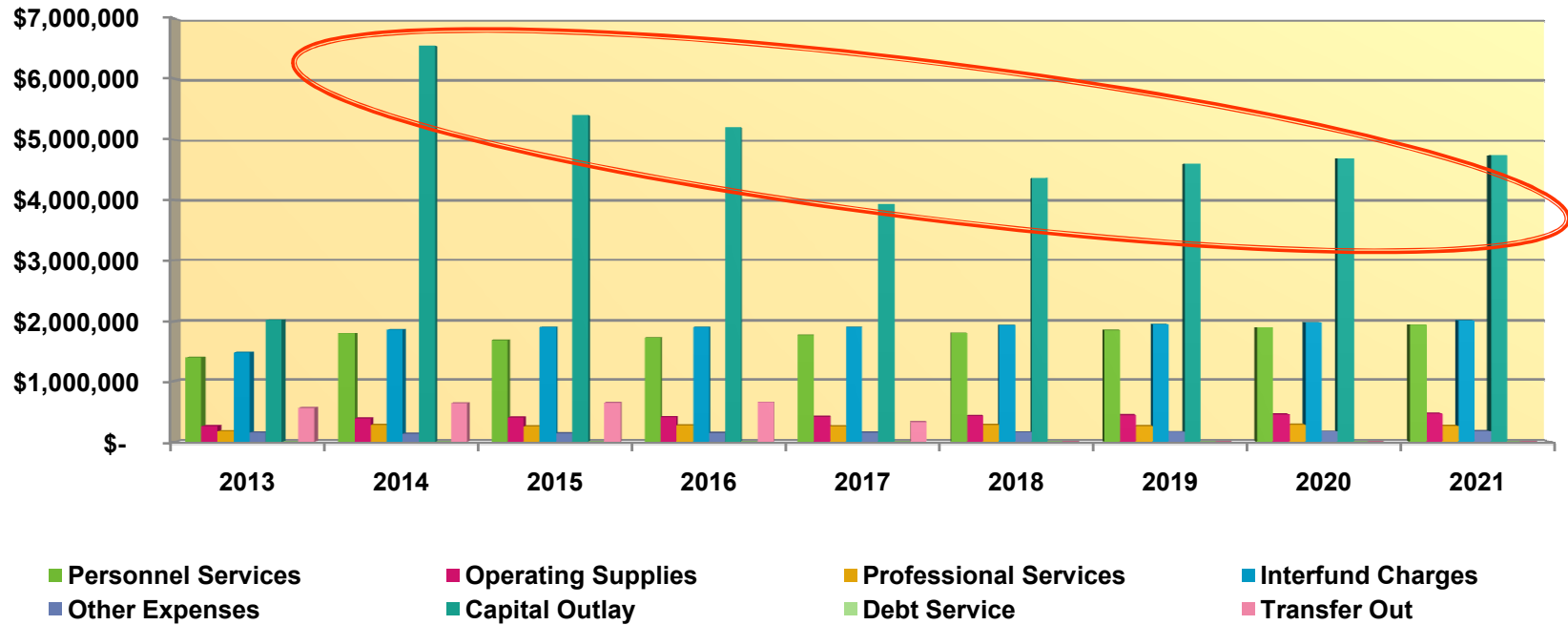
Model Updated: May 1, 2014								
	2013	2014	2015	2016	2017	2018	2019	2020
203 - Local Street Fund	Actual	1st Qtr	Projected	Projected	Projected	Estimated	Estimated	Estimated
City Taxes	\$ 1,039,830	\$ 2,504,430	\$ 2,544,880	\$ 2,582,770	\$ 2,627,690	\$ 2,679,770	\$ 2,739,750	\$ 2,801,110
Licenses & Permits	19,707	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Intergovernmental Revenue	1,232,181	1,192,000	1,192,000	1,192,000	1,192,000	1,192,000	1,192,000	1,192,000
Interfund Charges	-	-	-	-	-	-	-	-
Service Charges	147,406	116,410	121,380	126,590	132,080	137,830	143,870	150,210
Fines & Forfeitures	-	-	-	-	-	-	-	-
Investment Earnings	12,083	20,390	14,630	17,420	29,040	58,080	116,160	116,160
Other Revenue	22,654	12,000	220	7,500	-	7,500	-	7,500
Transfer-In	5,061,230	6,750,020	6,541,860	6,357,690	4,748,160	4,865,600	5,069,170	5,196,320
203 - Local Street Fund	\$ 7,536,091	\$ 10,605,250	\$ 10,424,970	\$ 10,293,970	\$ 8,738,970	\$ 8,950,780	\$ 9,270,950	\$ 9,473,300

203 - Local Street Fund								
Personnel Services	\$ 1,384,116	\$ 1,789,600	\$ 1,686,860	\$ 1,723,110	\$ 1,761,570	\$ 1,802,460	\$ 1,845,950	\$ 1,892,260
Operating Supplies	254,767	392,630	406,540	412,550	418,860	429,790	441,110	452,850
Professional Services	180,949	273,950	251,530	266,530	251,530	271,570	255,330	275,370
Interfund Charges	1,470,679	1,854,410	1,903,560	1,903,560	1,903,560	1,930,090	1,957,020	1,984,350
Other Expenses	151,044	132,130	137,560	143,310	149,820	157,140	164,830	172,900
Capital Outlay	2,022,140	6,555,190	5,404,650	5,200,000	3,940,690	4,359,730	4,606,710	4,695,570
Debt Service	-	-	-	-	-	-	-	-
Transfer Out	559,090	627,240	634,270	644,910	312,940	-	-	-
203 - Local Street Fund	\$ 6,022,787	\$ 11,625,150	\$ 10,424,970	\$ 10,293,970	\$ 8,738,970	\$ 8,950,780	\$ 9,270,950	\$ 9,473,300

Local Roads is receiving about 25% of its total funding or 51% of its maintenance needs from property taxes thanks to voter approval on repurposing of expiring millage(s) which helps free up General Fund funding for capital activities.



Local Streets Funding



As the graph shows capital expenditures are a major and growing expenditure for Local Streets



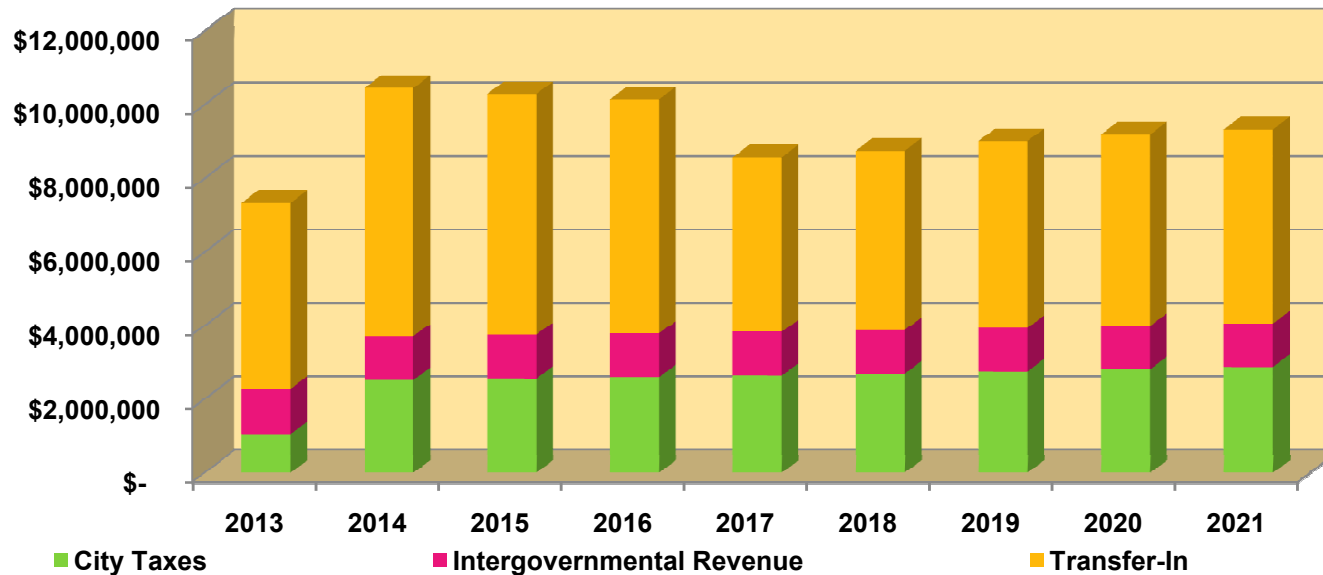
Local Street's Dependence on Other Funds

Model Updated: May 1, 2014	2013	2014	2015	2016	2017	2018	2019	2020
Transfer In - General Fund	\$ 3,936,230	\$ 6,000,020	\$ 6,154,360	\$ 6,357,690	\$ 4,748,160	\$ 4,865,600	\$ 5,069,170	\$ 5,196,320
Transfer In - Major Roads	1,125,000	750,000	387,500	-	-	-	-	-
Total Transfer In	\$ 5,061,230	\$ 6,750,020	\$ 6,541,860	\$ 6,357,690	\$ 4,748,160	\$ 4,865,600	\$ 5,069,170	\$ 5,196,320
Local Road Fund Revenues	\$ 7,536,091	\$ 10,605,250	\$ 10,518,640	\$ 10,391,750	\$ 8,436,490	\$ 8,522,010	\$ 8,832,820	\$ 8,980,420
Transfers as a % of Revenues	67.2%	63.6%	62.2%	61.2%	56.3%	57.1%	57.4%	57.9%
Capital Outlay								
Capital Outlay	2,022,140	6,555,190	5,404,650	5,200,000	3,485,270	3,758,130	3,973,490	3,985,640
Capital Outlay as a % of Trans	40.0%	97.1%	82.6%	81.8%	73.4%	77.2%	78.4%	76.7%

As the table shows, Local Streets depends on about 60% of its funding from other funds but it also spends approximately 75% of those transferred dollars on capital activity.

Note: For FY2017 and beyond was based on what General Fund could afford to transfer to Local Streets

Local Street Funding



As the graph shows transfers-in continue to be a major funding source for Local Roads.

Note: For FY2017 and beyond was based on what General Fund could afford to transfer to Local Streets



Local Street Fund

Important Take Away

- The fund does not receive enough Act 51 (Gas Tax) funding to cover its maintenance costs.
- The only dedicated funding sources for Local Streets is Act 51 funding and the voter approved Local Street millage(s).
- Local Streets has no funding source available for the capital improvements of Local (subdivision) streets and must rely on General Fund for support of its capital needs.

Fire Fund

Fire Fund

<i>Model Updated: May 1, 2014</i>									
206 - Fire Department Fund	2013 Actual	2014 1st Qtr	2015 Projected	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated
City Taxes	\$ 5,747,352	\$ 5,828,250	\$ 5,922,410	\$ 6,010,540	\$ 6,115,080	\$ 6,236,280	\$ 6,375,870	\$ 6,518,680	\$ 6,664,780
Licenses & Permits	5,275	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Intergovernmental Revenue	898	-	-	-	-	-	-	-	-
Interfund Charges	-	-	-	-	-	-	-	-	-
Service Charges	1,559,766	1,594,250	1,619,250	1,644,250	1,644,250	1,660,960	1,677,850	1,694,920	1,712,170
Fines & Forfeitures	4,504	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Investment Earnings	14,949	22,320	9,290	11,150	18,280	67,620	136,420	137,850	139,310
Other Revenue	8,450	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Transfer-In	10,355	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
206 - Fire Operating Fund	\$ 7,351,549	\$ 7,468,820	\$ 7,574,950	\$ 7,689,940	\$ 7,801,610	\$ 7,988,860	\$ 8,214,140	\$ 8,375,450	\$ 8,540,260
206 - Fire Fund									
Personnel Services	\$ 4,829,670	\$ 5,183,400	\$ 5,440,420	\$ 5,527,730	\$ 5,619,820	\$ 5,733,510	\$ 5,843,640	\$ 5,960,000	\$ 6,083,080
Operating Supplies	79,654	103,220	98,220	98,220	98,220	99,720	101,230	102,750	104,300
Professional Services	376,671	456,780	382,050	470,520	392,260	490,040	410,920	507,440	433,720
Interfund Charges	1,407,216	1,572,020	1,548,020	1,572,020	1,548,020	1,595,610	1,593,290	1,641,930	1,639,920
Other Expenses	28,818	55,580	50,560	48,550	47,540	48,180	48,820	49,460	50,110
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Transfer Out	389,926	97,820	55,680	33,120	95,750	33,120	216,240	113,870	229,130
206 - Fire Fund	\$ 7,111,955	\$ 7,468,820	\$ 7,574,950	\$ 7,750,160	\$ 7,801,610	\$ 8,000,180	\$ 8,214,140	\$ 8,375,450	\$ 8,540,260

	2013 Actual	2014 1st Qtr	2015 Projected	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated
Fire Apparatus Fund	370,870	64,700	22,560	-	62,630	-	183,120	80,750	196,010
Supple Retiree Trust	19,056	33,120	33,120	33,120	33,120	33,120	33,120	33,120	33,120
	389,926	97,820	55,680	33,120	95,750	33,120	216,240	113,870	229,130

The stabilization and improvement in taxable values and moving the millage to its Headlee limit has improved the Fire Fund. The finalization of the union contract is affecting the amount that can be set aside for capital needs.



Fire Fund - Where We Were

June 20, 2011

	2010 Actual	2011 1st Qtr B/A	2012 Projected	2013 Projected	2014 Projected	2015 Estimated	2016 Estimated	2017 Estimated	2018 Estimated
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ 695,691	\$ 11,400	\$ 357,870	\$ 61,610	\$ (242,110)	\$ (284,740)	\$ (362,780)	\$ (450,170)	\$ (494,160)
BEGINNING FUND BALANCE	\$ 1,938,318	\$ 2,634,009	\$ 2,645,409	\$ 3,003,279	\$ 3,064,889	\$ 2,822,779	\$ 2,538,039	\$ 2,175,259	\$ 1,725,089
ENDING FUND BALANCE	\$ 2,634,009	\$ 2,645,409	\$ 3,003,279	\$ 3,064,889	\$ 2,822,779	\$ 2,538,039	\$ 2,175,259	\$ 1,725,089	\$ 1,230,929

The stabilization and improvement in taxable values and moving the millage to its Headlee limit has improved the Fire Fund.



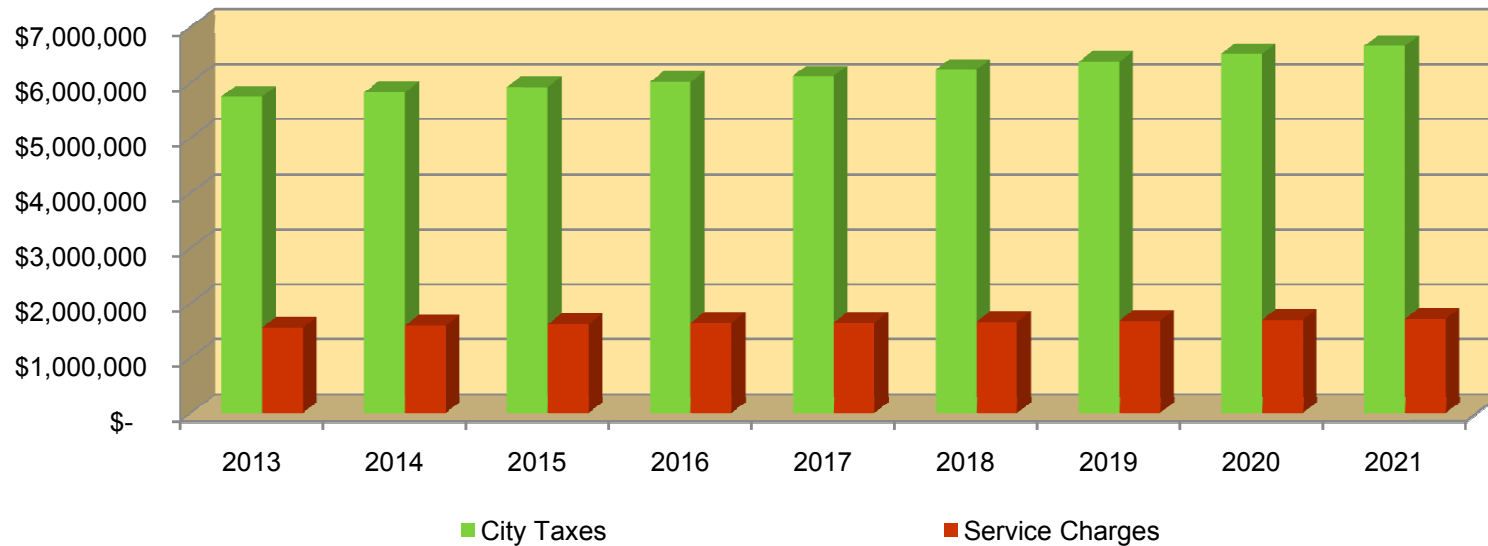
Fire Fund

	2013 Actual	2014 1st Qtr	2015 Projected	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ 239,594	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BEGINNING FUND BALANCE	\$ 3,475,915	\$ 3,715,509	\$ 3,715,509	\$ 3,715,509	\$ 3,715,509	\$ 3,715,509	\$ 3,715,509	\$ 3,715,509	\$ 3,715,509
ENDING FUND BALANCE	\$ 3,715,509	\$ 3,715,509	\$ 3,715,509	\$ 3,715,509	\$ 3,715,509	\$ 3,715,509	\$ 3,715,509	\$ 3,715,509	\$ 3,715,509

	2013 Actual	2014 1st Qtr	2015 Projected	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated
Fire Apparatus Fund	370,870	64,700	22,560	-	62,630	-	183,120	80,750	196,010
Supple Retiree Trust	19,056	33,120	33,120	33,120	33,120	33,120	33,120	33,120	33,120
	389,926	97,820	55,680	33,120	95,750	33,120	216,240	113,870	229,130



Fire Fund Revenues

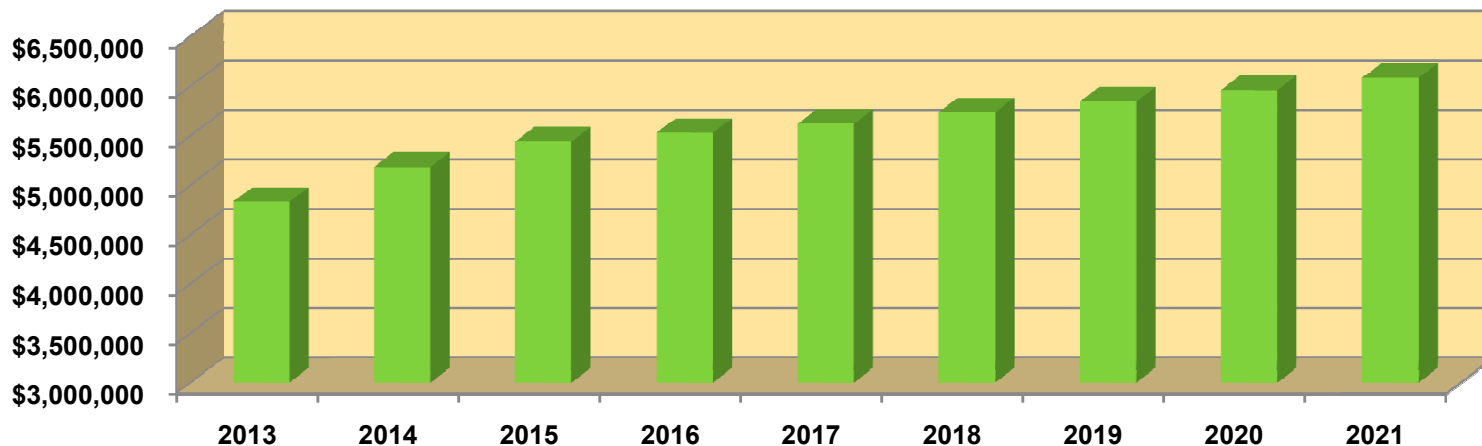


In FY 2012 Fire Fund Millage was raised to its Headlee limit and remains there in the forecast. The increase did not increase the total City millage rate.



Fire Fund Expenses

Personnel Services



Personnel costs reflect the recent contract settlement and reflect future increases in health care costs. In addition, Fire's staff generally starts younger and move, in health care, from single to married then from married to family plans, each of those steps add to the cost of health care.



Fire Fund

Important Take Away

- In FY2012, millage rate needed to be set at the Headlee limit where it is today in the model. The increase DID NOT increase the City's total millage rate.
- The stabilization and improvement in taxable values has improved the Fire Fund. The finalization of the union contract is affecting the amount that can be set aside for capital needs.
- The fund has no operating millage remaining to support any new operating costs

Special Police Fund

Special Police Fund

Model Updated: May 1, 2014									
	2013	2014	2015	2016	2017	2018	2019	2020	2021
207 - Special Police Fund	Actual	1st Qtr	Projected	Projected	Projected	Estimated	Estimated	Estimated	Estimated
City Taxes	\$ 3,548,757	\$ 3,599,160	\$ 8,505,410	\$ 8,768,620	\$ 9,008,470	\$ 9,286,950	\$ 9,536,740	\$ 9,712,760	\$ 9,804,154
Licenses & Permits	-	-	-	-	-	-	-	-	-
Intergovernmental Revenue	267,205	289,500	293,910	301,800	309,930	318,300	326,930	335,810	344,960
Interfund Charges	-	-	-	-	-	-	-	-	-
Service Charges	189,353	154,910	156,870	160,380	163,990	167,710	171,540	175,490	179,550
Fines & Forfeitures	311,161	365,000	365,000	365,000	365,000	365,000	365,000	365,000	365,000
Investment Earnings	2,809	9,840	3,180	3,810	6,350	12,710	25,420	25,420	25,420
Other Revenue	12,436	-	-	-	-	-	-	-	-
Transfer-In	4,873,160	4,779,460	-	-	-	-	-	-	-
207 - Special Police Fund	\$ 9,204,881	\$ 9,197,870	\$ 9,324,370	\$ 9,599,610	\$ 9,853,740	\$ 10,150,670	\$ 10,425,630	\$ 10,614,480	\$ 10,719,084

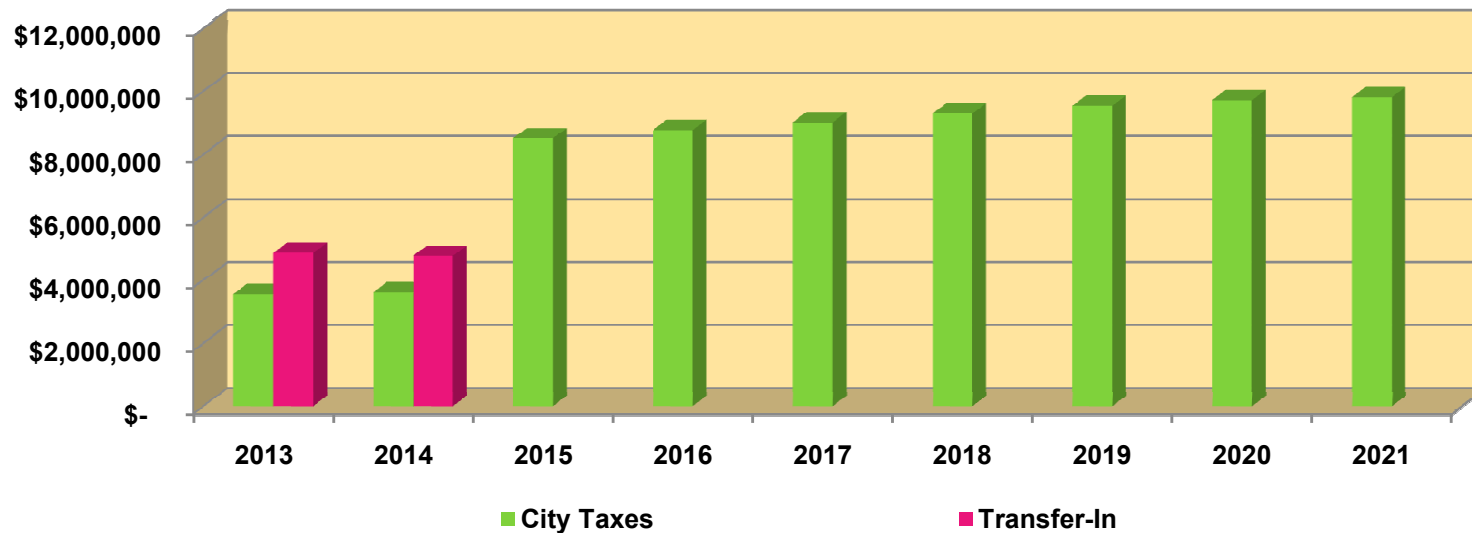
207 - Special Police									
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Personnel Services	\$ 191,785	\$ 124,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Supplies	11,497	16,500	16,500	16,500	16,500	16,760	17,020	17,280	17,540
Professional Services	8,252,563	8,536,170	8,793,040	9,056,740	9,328,370	9,608,180	9,896,380	10,193,230	10,498,980
Interfund Charges	183,681	181,870	181,870	181,870	181,870	184,600	187,370	190,180	193,020
Other Expenses	103	8,220	13,580	10,820	9,420	9,450	9,480	9,510	9,540
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Transfer Out	312,351	330,180	319,380	333,680	317,580	331,680	315,380	204,280	-
207 - Special Police	\$ 8,951,980	\$ 9,197,870	\$ 9,324,370	\$ 9,599,610	\$ 9,853,740	\$ 10,150,670	\$ 10,425,630	\$ 10,614,480	\$ 10,719,080

We can see the effect of the new Police Service millage plus the renewal of the two expiring millage(s) and the end of the General Fund's subsidy in FY2015.



Special Police Fund

Special Police Fund Revenues

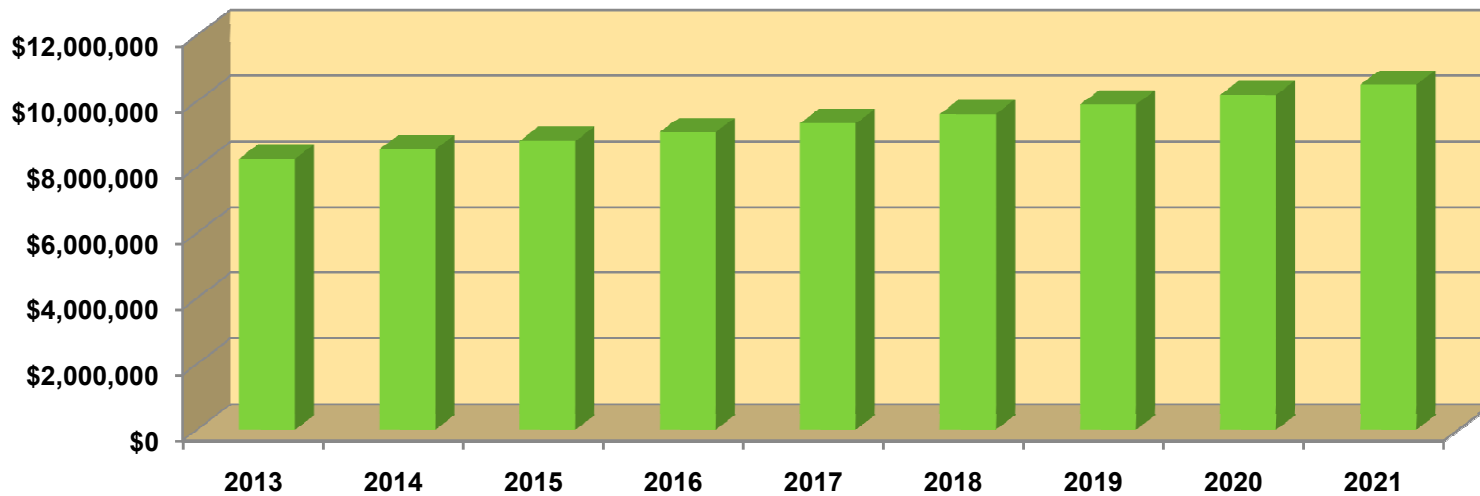


Here is a different way to see the effect of the new Police Service millage plus the renewal of the two expiring millage(s) and the end of the General Fund's subsidy in FY2015.



Special Police Fund

Professional Services



With the level of contracted officers staying at the same level (57 sworn officers), the cost of the sheriff contract moves upward from \$8.3 million in 2013 to about \$10.5 million by 2021 (26.5% increase), based on current assumptions used in the forecasting model.



Special Police Fund

Important Take Away

- In FY2015 Police Services will be no longer be subsidized by General Fund as it's voter approved dedicated millage begins.
- Sheriff Contract Pricing Adjusts each Year which will require the millage to rise to offset those increases.

Water Resources Fund



Water Resources Fund

Model Updated: May 1, 2014									
244 - Water Resources Fund	2013 Actual	2014 1st Qtr	2015 Projected	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated
City Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses & Permits	75	-	-	-	-	-	-	-	-
Intergovernmental Revenue	37,389	9,000	-	-	-	-	-	-	-
Interfund Charges	-	-	-	-	-	-	-	-	-
Service Charges	48,616	23,700	23,700	23,700	23,700	23,700	23,700	23,700	23,700
Fines & Forfeitures	-	-	-	-	-	-	-	-	-
Investment Earnings	3,703	3,500	4,900	4,450	5,050	5,340	980	-	-
Other Revenue	13,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Transfer-In	-	-	-	-	-	-	-	-	-
244 - Water Resources Fund	\$ 102,782	\$ 48,200	\$ 40,600	\$ 40,150	\$ 40,750	\$ 41,040	\$ 36,680	\$ 35,700	\$ 35,700

244 - Water Resources Fund	2013 Actual	2014 1st Qtr	2015 Projected	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated
Personnel Services	\$ 280,482	\$ 201,870	\$ 192,210	\$ 196,040	\$ 200,100	\$ 204,400	\$ 208,950	\$ 213,780	\$ 218,920
Operating Supplies	12,001	18,000	18,000	18,000	18,000	18,280	18,560	18,840	19,130
Professional Services	30,181	44,350	46,350	46,350	46,350	47,050	47,750	48,460	49,180
Interfund Charges	84,694	95,160	93,300	93,300	93,300	94,530	95,770	97,030	98,320
Other Expenses	170,852	171,860	166,760	159,490	159,490	161,880	164,310	166,780	169,280
Capital Outlay	101,170	9,000	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Transfer Out	-	-	-	-	-	-	-	-	-
244 - Water Resources Fund	\$ 679,379	\$ 540,240	\$ 516,620	\$ 513,180	\$ 517,240	\$ 526,140	\$ 535,340	\$ 544,890	\$ 554,830

	2013 Actual	2014 1st Qtr	2015 Projected	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ (576,597)	\$ (492,040)	\$ (476,020)	\$ (473,030)	\$ (476,490)	\$ (485,100)	\$ (498,660)	\$ (509,190)	\$ (519,130)
BEGINNING FUND BALANCE	\$ 3,028,106	\$ 2,451,509	\$ 1,959,469	\$ 1,483,449	\$ 1,010,419	\$ 533,929	\$ 48,829	\$ (449,831)	\$ (959,021)
ENDING FUND BALANCE	\$ 2,451,509	\$ 1,959,469	\$ 1,483,449	\$ 1,010,419	\$ 533,929	\$ 48,829	\$ (449,831)	\$ (959,021)	\$ (1,478,151)

In the 2011 Financial Forecast, the Water Resource Fund was headed on a path of being out of fund balance by 2015. Since that presentation, the Department of Public Services has put together a plan to defer capital improvement projects. With the postponement of those projects and adjustments in other expenditures, the fund is projected last into FY_2018 before all available resources are gone.



Water Resource Fund

Important Take Away

- Has no dedicated funding source. Must make fund balance last as long as possible to pay for maintenance costs related to the City's storm water drainage.
- Many of the City's drains were constructed under Chapter 20 of the Michigan Drain Code which obligates the City to pay Oakland County Water Resources for maintenance related work. This limits the City's ability to contain maintenance costs.
- The fund will be out of money after FY 2018.

Critical Forecasted Factors to Focus on

- 32% of **General Fund** revenue or 120% of **General Fund** tax revenue is transferred to other funds.
- **Local Streets** needs additional funding sources if it is wants to continue performing major subdivision road capital activity. General Fund is able to give some limited support in this area.
- **Fire Fund** is using all of its charter approved millage for operations and can no longer contribute to the Fire Apparatus (Capital) Fund or support any new operating cost.
- **Water Resource Fund** needs a future funding source to pay for the maintenance performed by Oakland County Water Resources if it is to survive beyond FY2018.



In Summary-Thank You

- Like many governments, the City faced a major economic downturn, which challenged our ability to deliver programs and services supported by property taxes and state revenues.
- With Council's support we have been able to indentify and manage during the worst of the economic storm. Working together we careful prioritized services and programs.
- As we were told by the City's Audit firm, the Financial Forecast has helped us get ahead of issues and address them before they became problems. Working together, we have been able to use the fiscal forecast to move the City to a three year approach to budgeting, to bring services and expenses in line with revenue resources and to become pro-active on those issues affecting our ability to deliver services to our citizens.
- We appreciate Council's support. Without it, we might not have been able to manage during the Great Recession.
- There will always be financial challenges but with careful planning many of these challenges can and will be turned into opportunities.



Q & A

