

City of Rochester Hills Seven Year Financial Forecast Fiscal Years 2024-2030



Why Present a Long-Term Forecast?

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

**** Better Decision Making ****



Long-Term Forecast Disclaimers:

- ▶ Financial Forecast **is NOT intended** to be:
 - *A budget*
 - *A policy recommendation to City Council*
- ▶ Financial Forecast **is intended** to be:
 - *A projection of the City's Revenues, Expenditures, and Fund Balances based upon an updated set of assumptions*
- ▶ Includes Governmental Fund Balance Policy
- ▶ Includes FY 2023 Proposed 2nd Qtr Budget Amendment



Key Assumptions: Revenue

	Prior Forecast - July 2022 (2024-2029)		Current Forecast – July 2023 (2024-2030)	
Taxable Value	2024	4.4%	2024	7.2% (*)
	2025	2.1%	2025	4.4%
	2026	2.5%	2025	2.5%
	2027-29	2.5%	2026-29	2.5%
	2023 **	(7.3%)	2023 **	(7.2%) YTD
State-Shared Revenue	2024	2.0%	2024	2.0%
	2025	2.0%	2025	2.0%
	2026	2.0%	2026	2.0%
	2027-27	2.0%	2027-30	2.0%
	2023	0.0%	2023	(0.2%) YTD
Act 51 Revenue	2024	0.0%	2024	0.0%
	2025	0.0%	2025	0.0%
	2026	0.0%	2026	0.0%
	2027-29	0.0%	2027-30	0.0%



(*) = Actual



Key Assumptions: Revenue

	Prior Forecast - July 2022 (2023-2029)		Current Forecast – July 2023 (2024-2030)	
Interest Rates	2022	1.00%	2022	4.2% (*)
	2023	1.50%	2023	4.6% YTD
	2024	1.50%	2024	3.00%
	2025	1.50%	2025	2.50%
	2026	1.50%	2026	2.50%
	2027-29	1.50%	2027-30	2.50%



* = Actual



Key Assumptions: Expenditure

	Prior Forecast - July 2022 (2023-2029)		Current Forecast – July 2023 (2024-2030)	
Number of Employees	2023-29	245 FTE	2024-30	258 FTE
Salary Wage Change	2023-29	2.75%	2024-30	2.75%
Health Care	2023-29	7.0%	2024-30	7.0%
Inflation	2023	5.0%	2023	5.0%
	2024	3.0%	2024	4.0%
	2025	2.5%	2025	3.0%
	2026	2.0%	2026	2.5%
	2027-29	2.0%	2027-2030	2.5%
Capital Projects	All CIP projects updated with current cost estimates		All CIP projects updated with current cost estimates	



* = Actual



Key Assumptions: Expenditure

	<i>Prior Forecast - July 2022 (2023-2029)</i>		Current Forecast – July 2023 (2024-2030)	
Number of OCSO Officers	2023-29	63	2024-30	65
OCSO Contract	2023	2.7%	2023	2.7% *
	2024	2.8%	2024	2.8% *
	2025	3.0%	2025	5.0%
	2026	3.0%	2026	5.0%
	2027	3.0%	2027	4.0%
	2028-29	3.0%	2028-30	3.0%



* = Actual



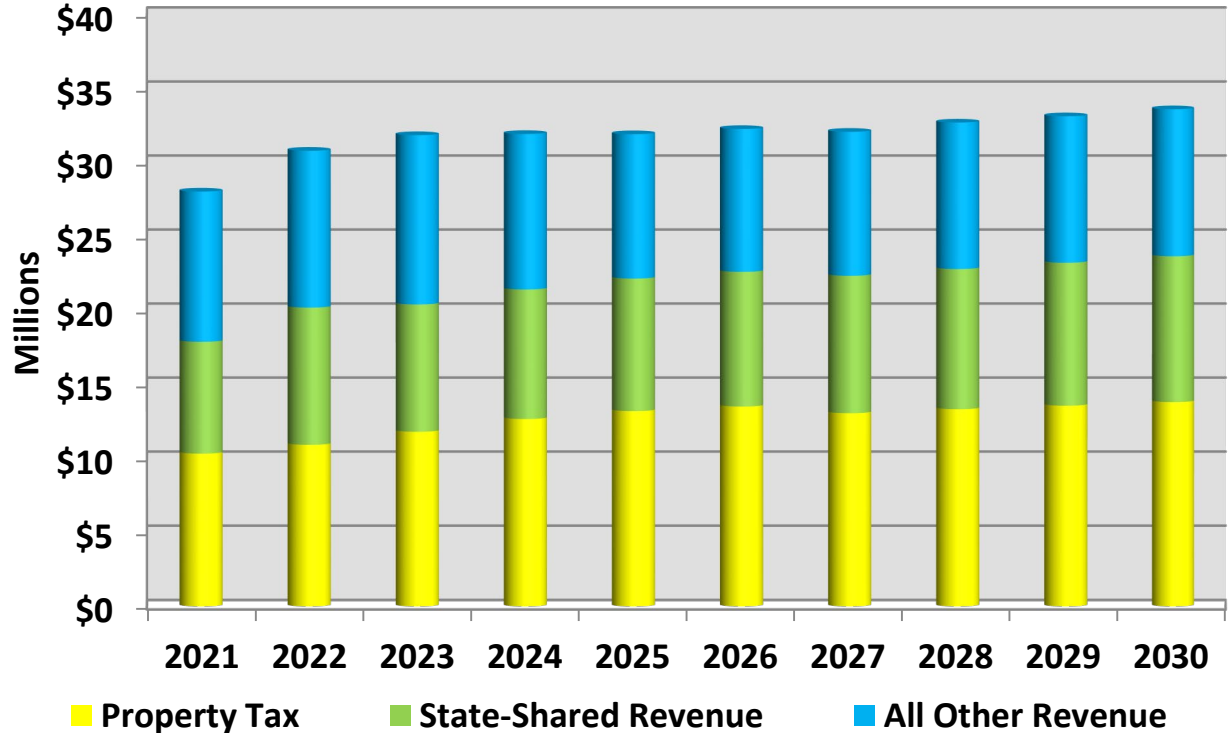
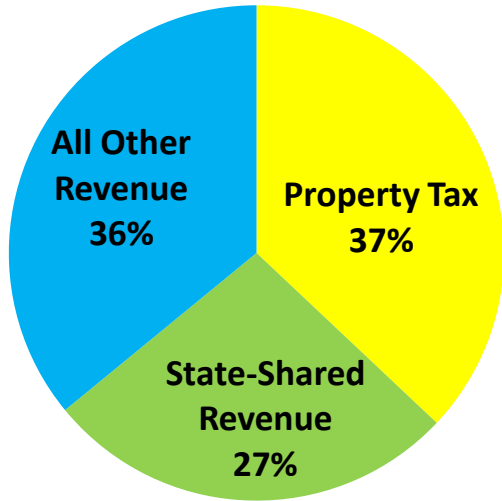
City Millage Rate Projection

	Projected 2023	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028	Estimated 2029	Estimated 2030
OPERATING MILLAGE								
Charter Operating	2.8285	2.8157	2.8157	2.8157	2.6494	2.6415	2.6254	2.6098
Local Street I	1.0687	1.0687	1.0687	1.0687	1.0687	1.0687	1.0687	1.0687
Fire Fund	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000
Special Police I	1.1359	1.1359	2.2704	2.2704	2.4367	2.4446	2.4607	2.4763
Special Police II	1.1197	1.1345	-	-	-	-	-	-
Pathway	0.1742	0.1742	0.1742	0.1742	0.1742	0.1742	0.1742	0.1742
Parks Infrastructure	0.1645	0.1645	0.1645	0.1645	0.1645	0.1645	0.1645	0.1645
RARA: Operating	0.1829	0.1829	0.1829	0.1829	0.1829	0.1829	0.1829	0.1829
OPC: Transportation	0.0937	-	-	-	-	-	-	-
OPC: Operating	0.3146	0.3146	0.3146	0.3146	0.3146	0.3146	0.3146	0.3146
Library: Operating	0.7353	0.7353	0.7353	0.7353	0.7353	0.7353	0.7353	0.7353
TOTAL OPERATING MILLAGE	10.5180	10.4263	10.4263	10.4263	10.4263	10.4263	10.4263	10.4263
DEBT MILLAGE								
Drain Debt Fund	0.0330	0.0310	0.0310	-	-	-	-	-
TOTAL DEBT MILLAGE	0.0330	0.0310	0.0310	-	-	-	-	-
TOTAL MILLAGE RATE	10.5510	10.4573	10.4573	10.4263	10.4263	10.4263	10.4263	10.4263

2024-2030 Fund Forecasts

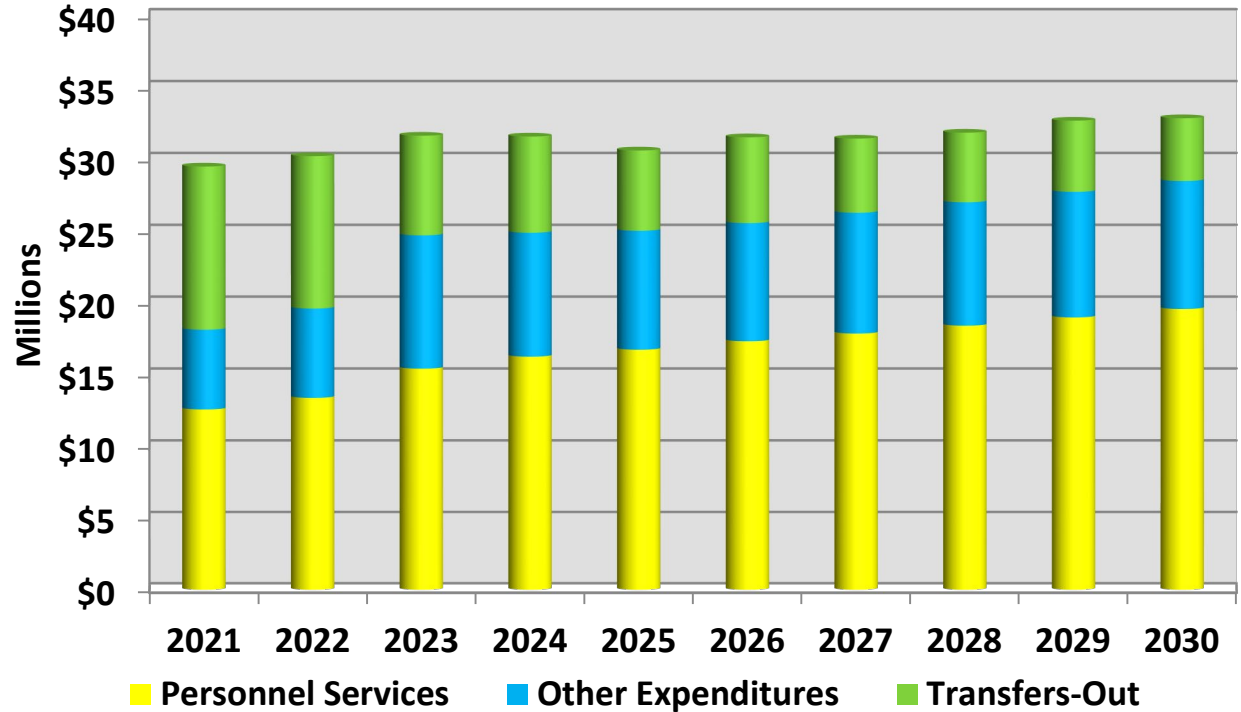
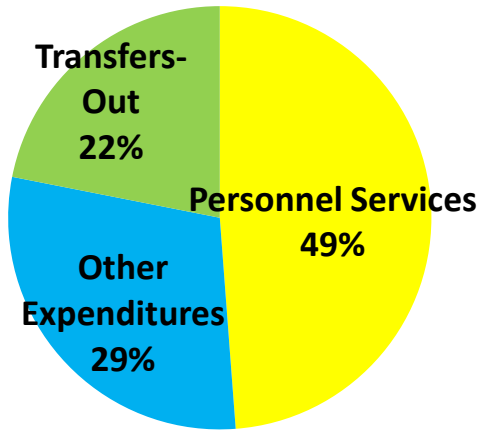
General Fund (101): Revenue

General Fund:
FY 2023 Revenue Sources

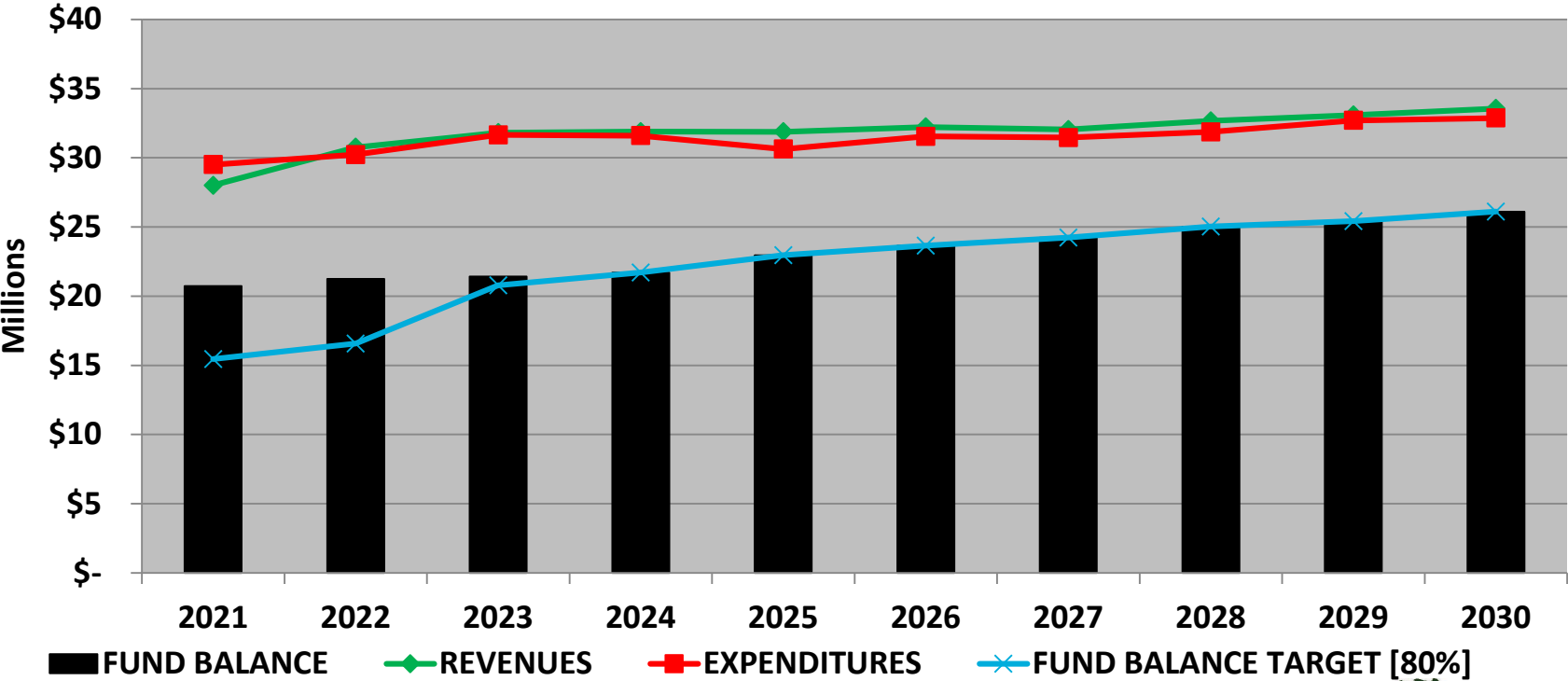


General Fund (101): Expenditures

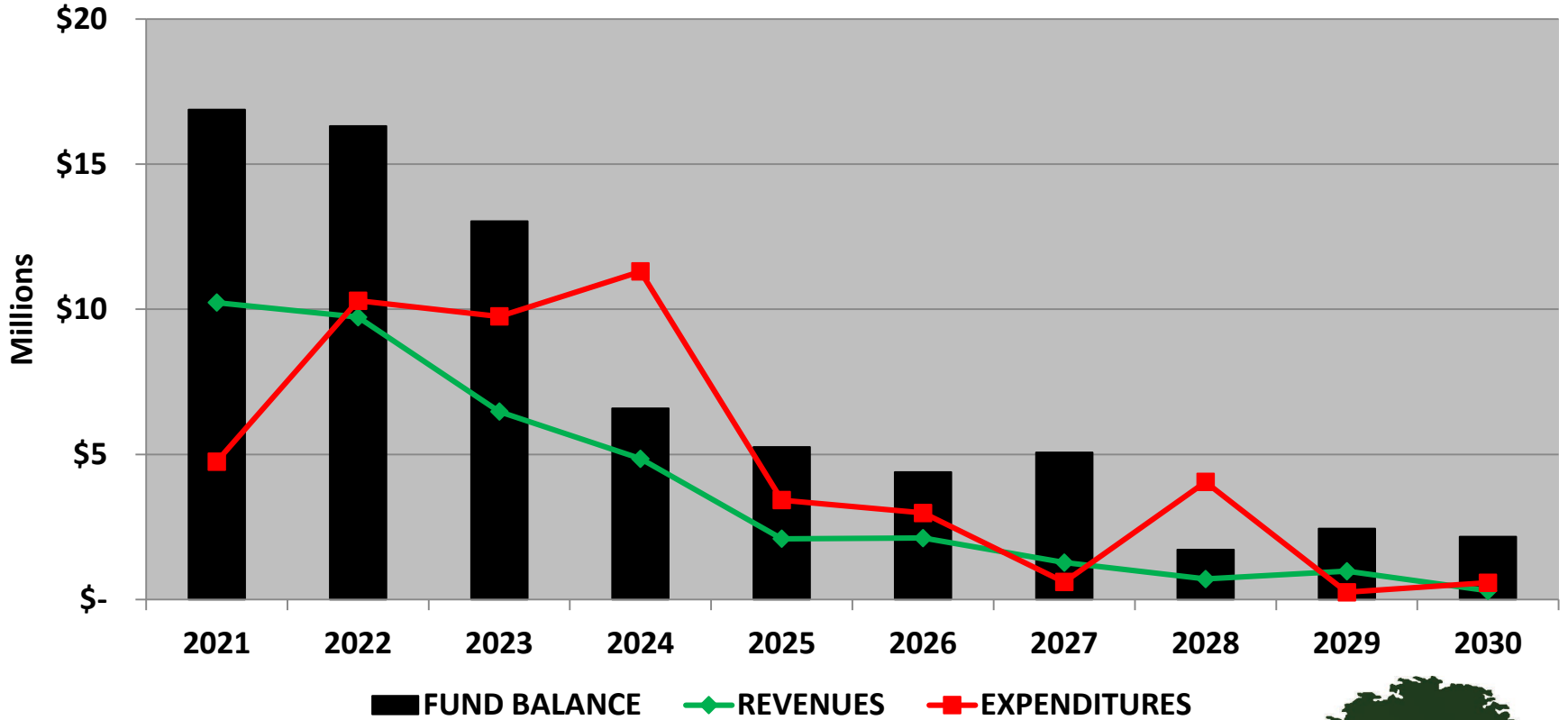
General Fund:
FY 2023 Expenditure Sources



General Fund (101): Changes in Fund Balance

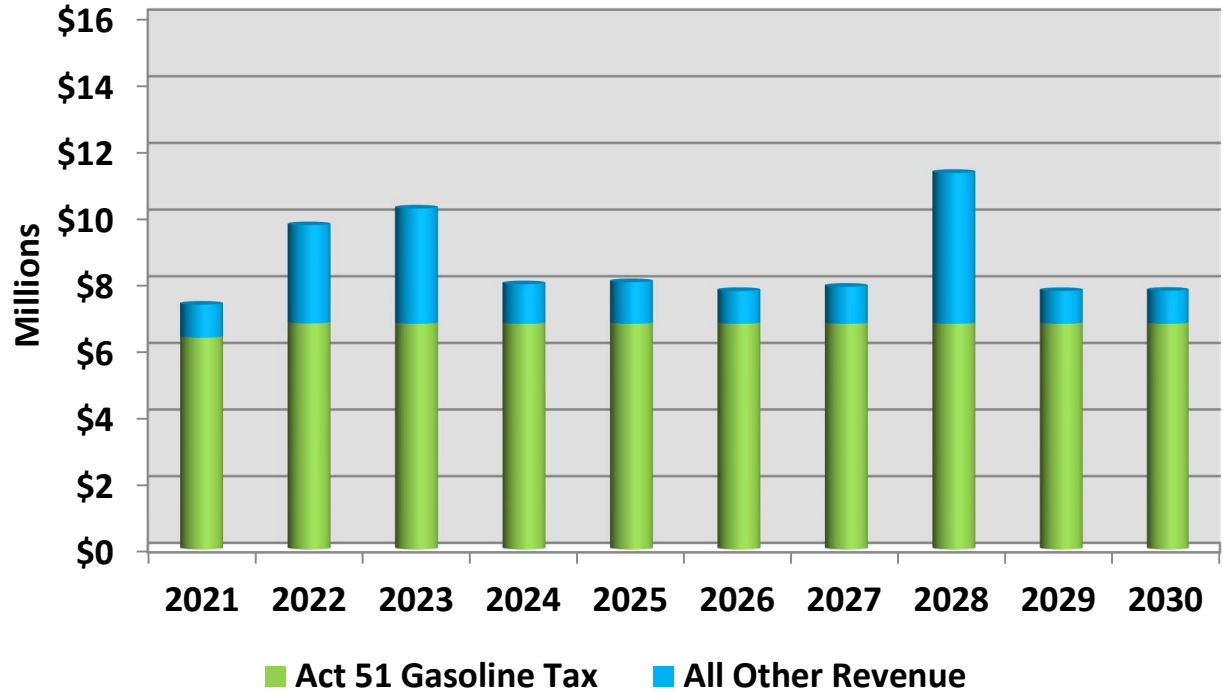
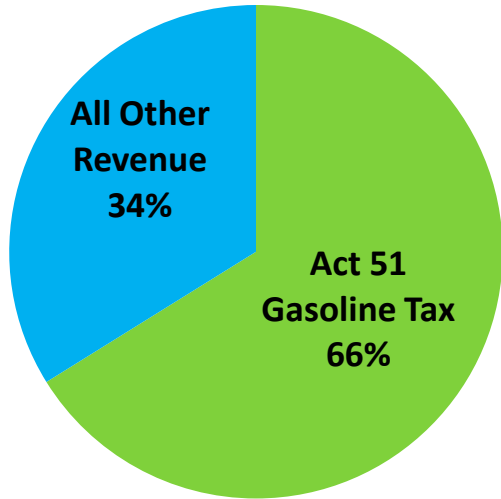


Capital Improvement Fund (420): Changes in Fund Balance



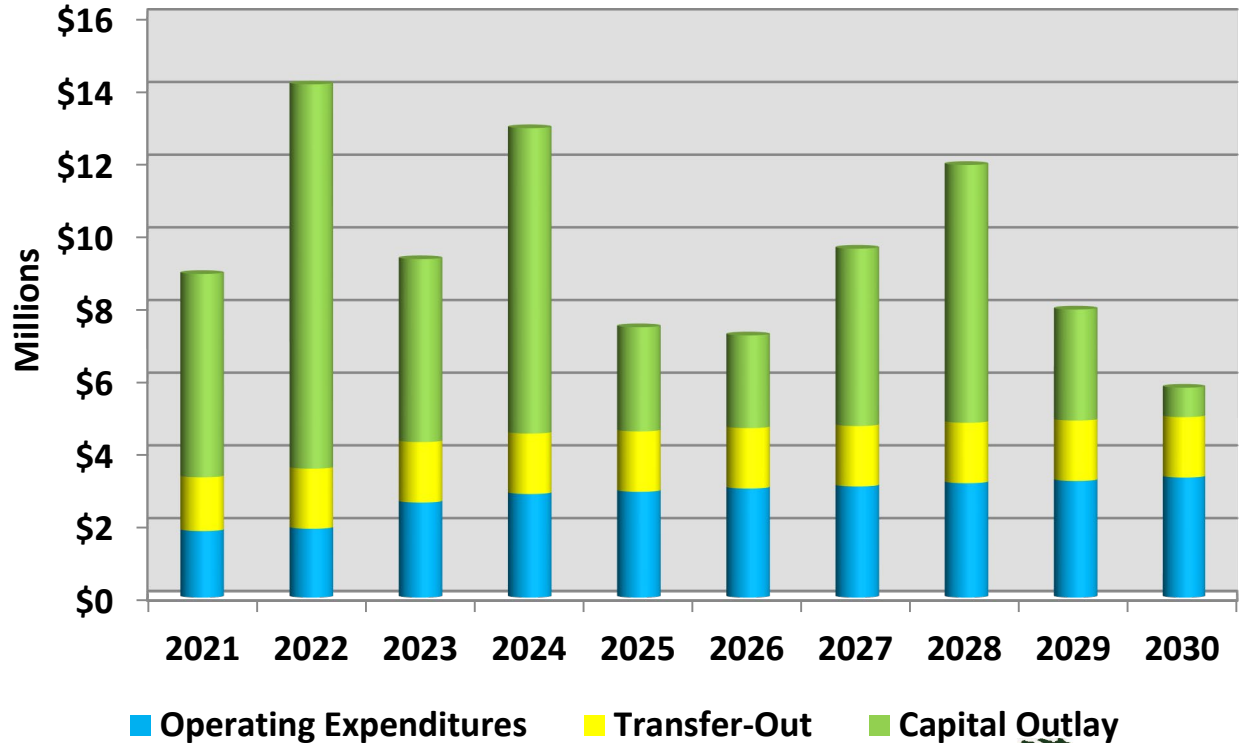
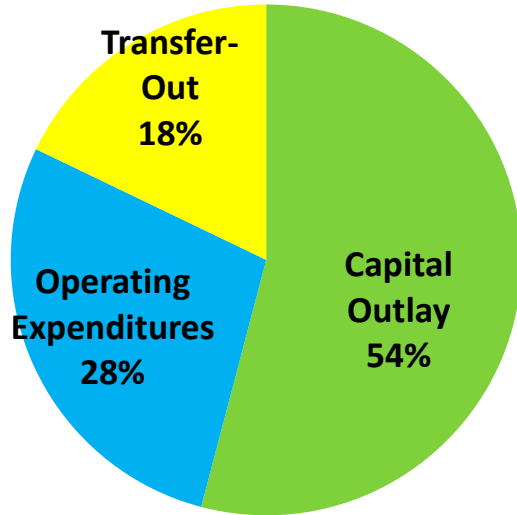
Major Road Fund (202): Revenue

Major Road Fund:
FY 2023 Revenue Sources

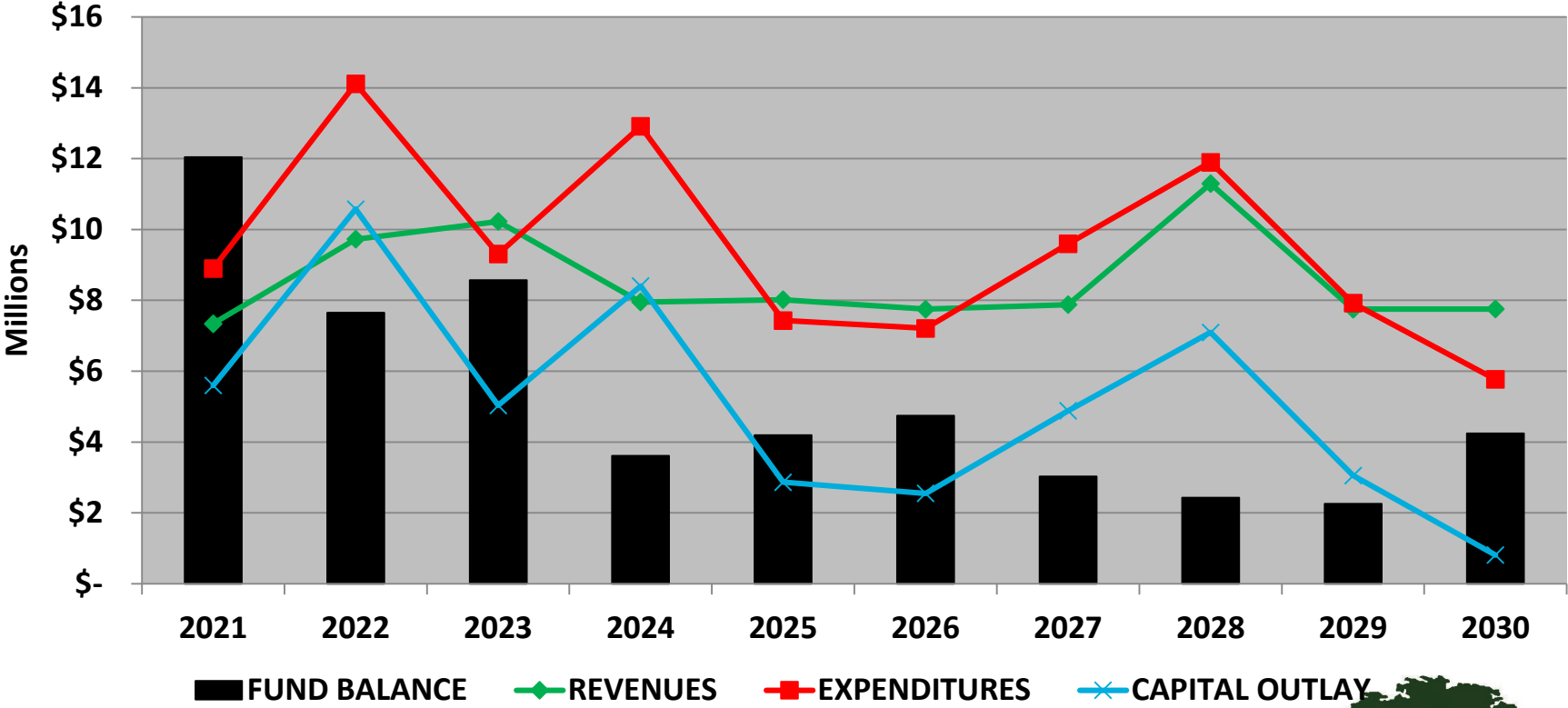


Major Road Fund (202): Expenditures

Major Road Fund:
FY 2023 Expenditure Sources

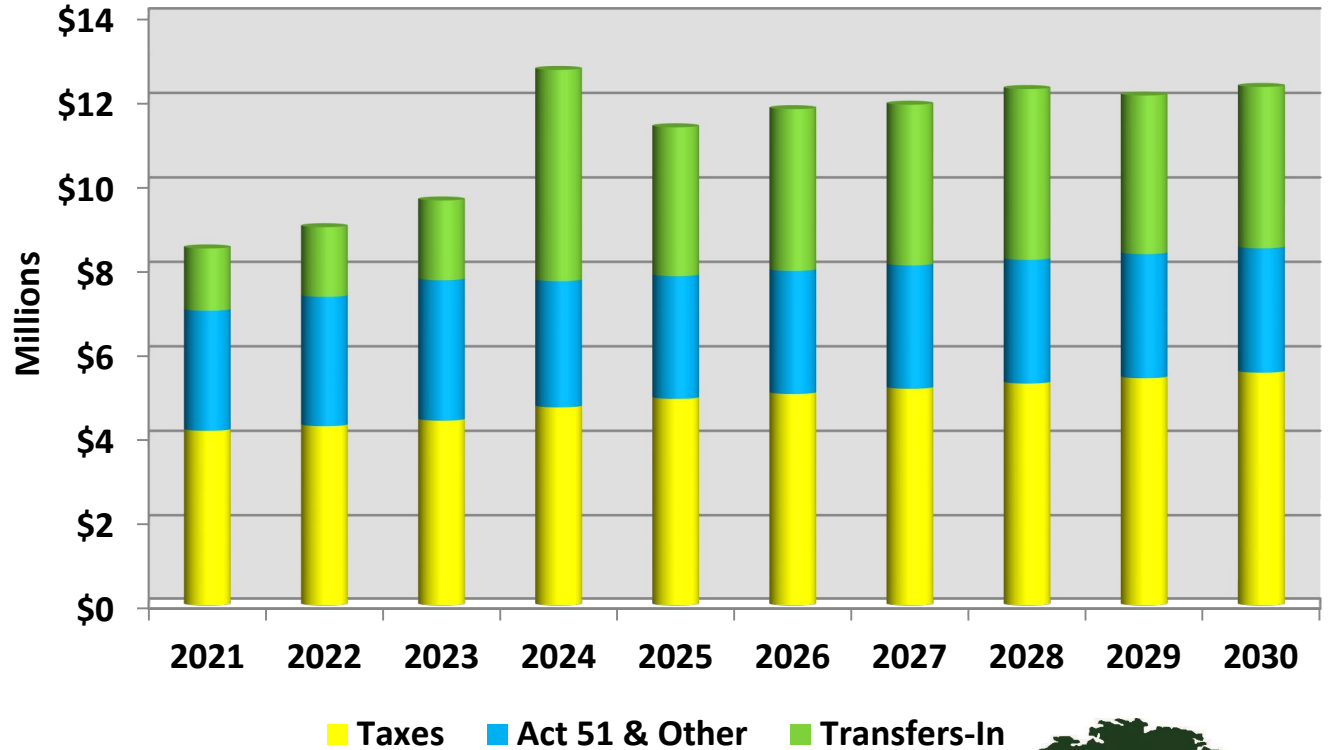
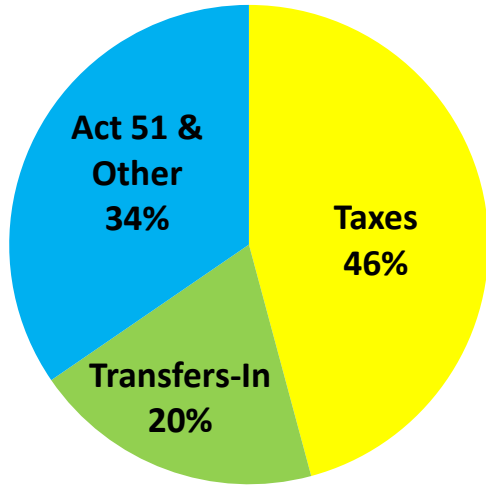


Major Road Fund (202): Changes in Fund Balance



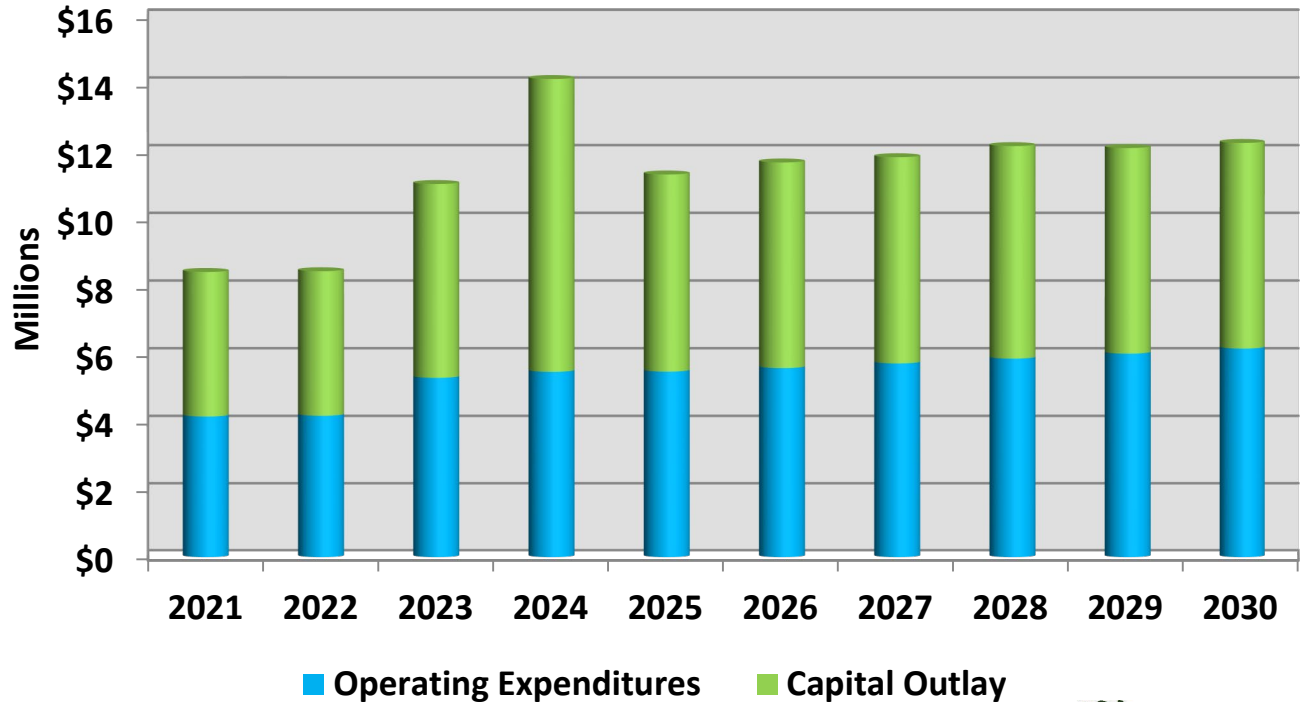
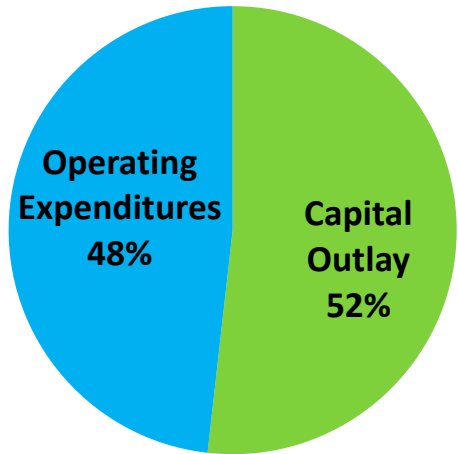
Local Street Fund (203): Revenue

Local Street Fund:
FY 2023 Revenue Sources

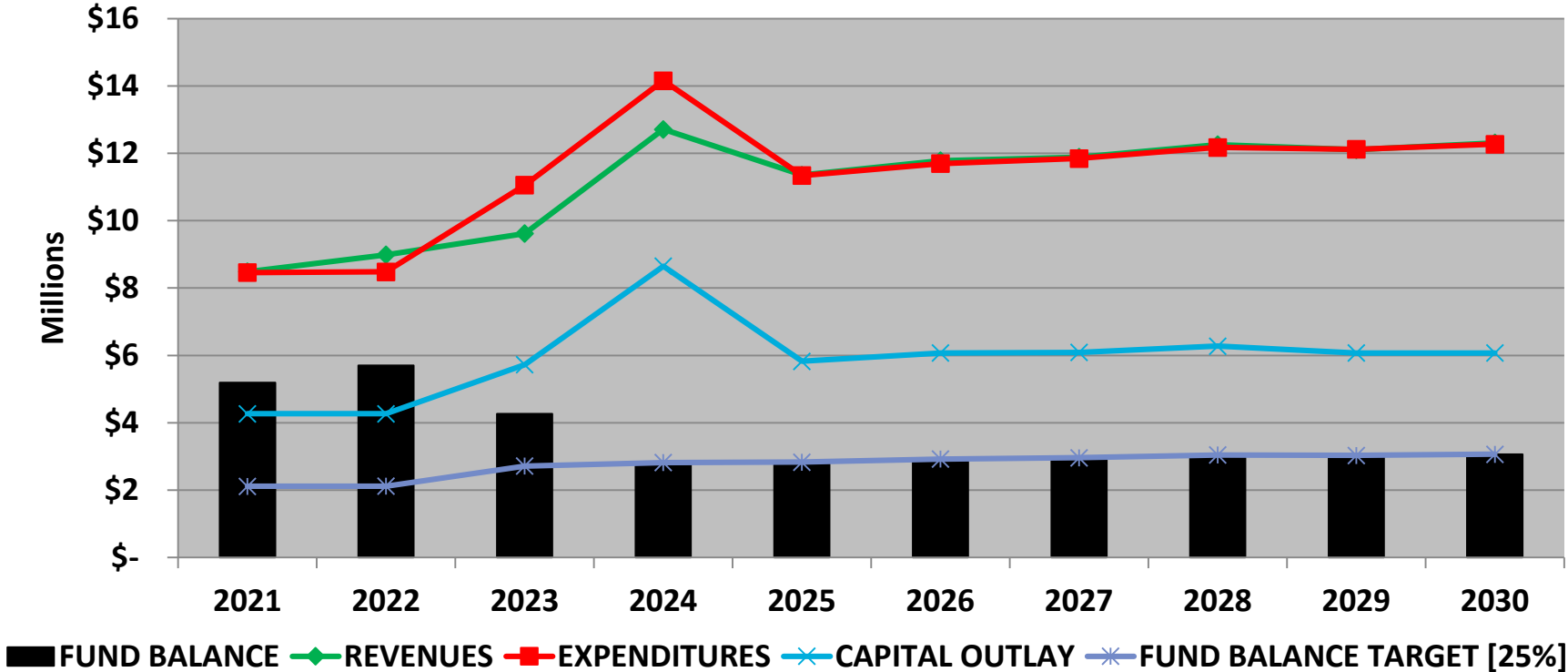


Local Street Fund (203): Expenditures

Local Street Fund:
FY 2023 Expenditure
Sources

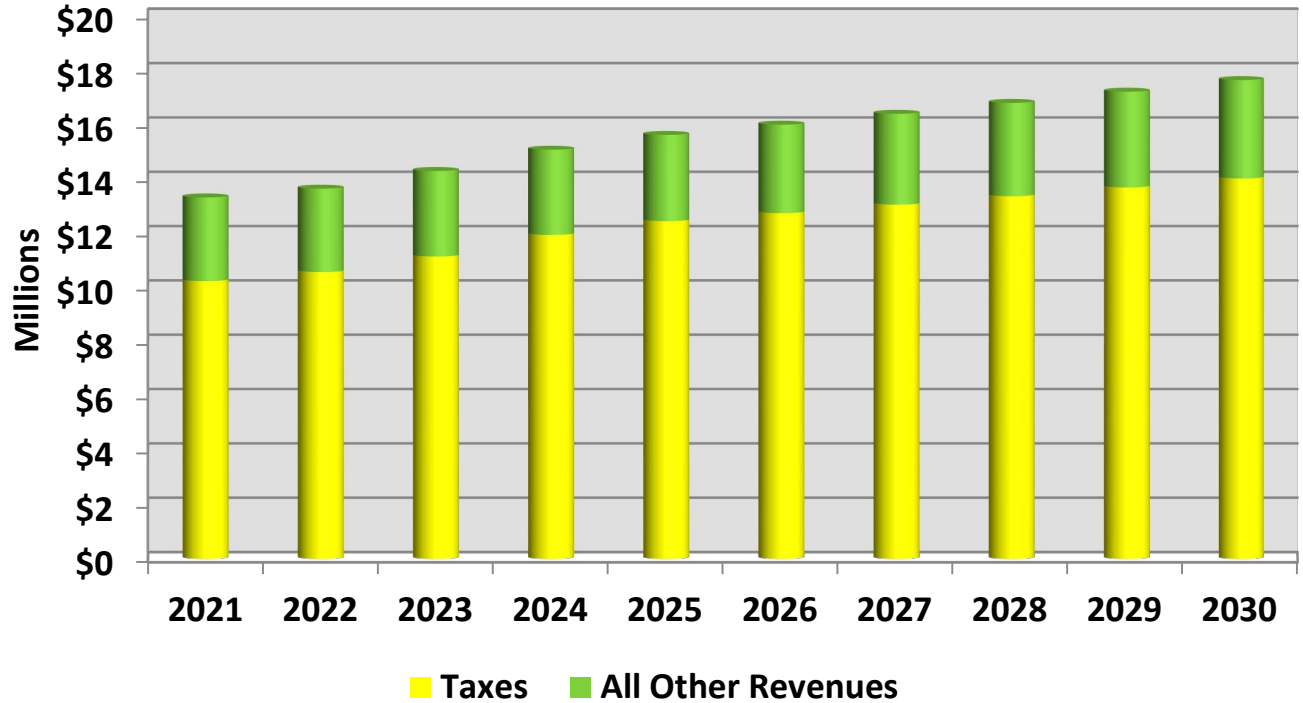
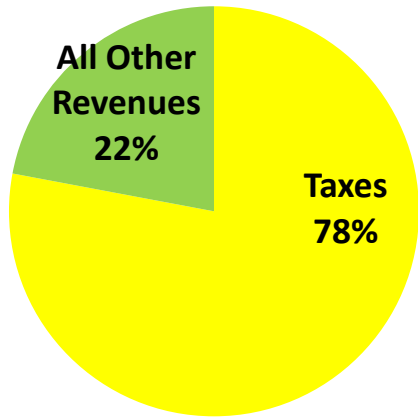


Local Street Fund (203): Changes in Fund Balance



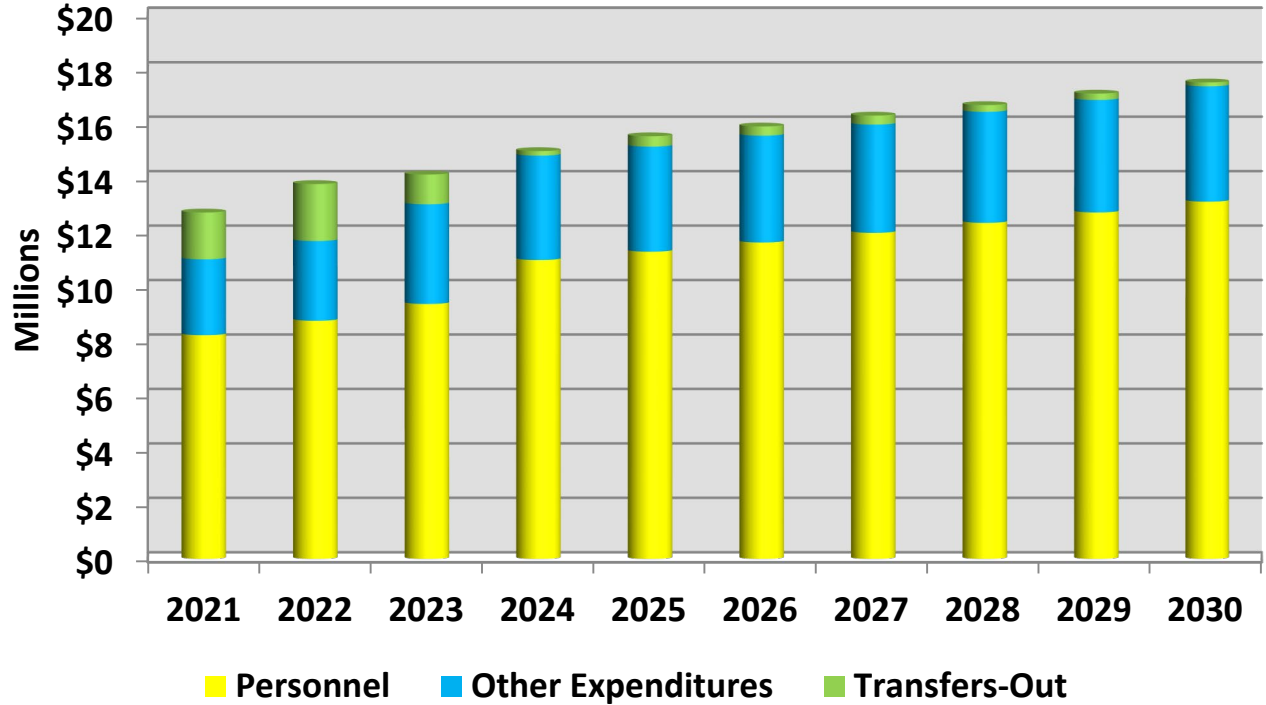
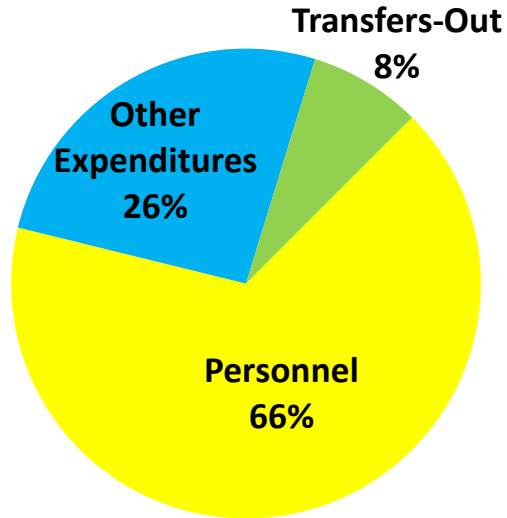
Fire Operating Fund (206): Revenue

Fire Fund:
FY 2023 Revenue Sources

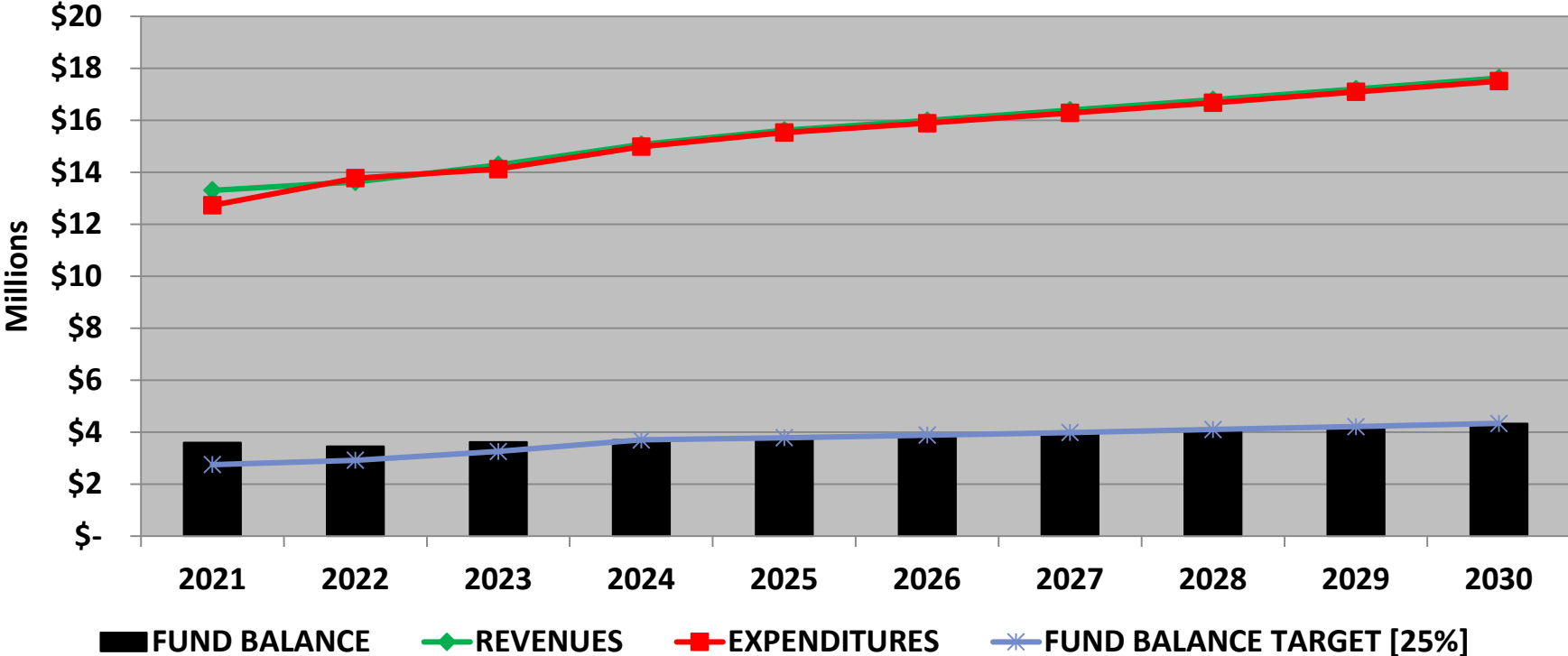


Fire Operating Fund (206): Expenditure

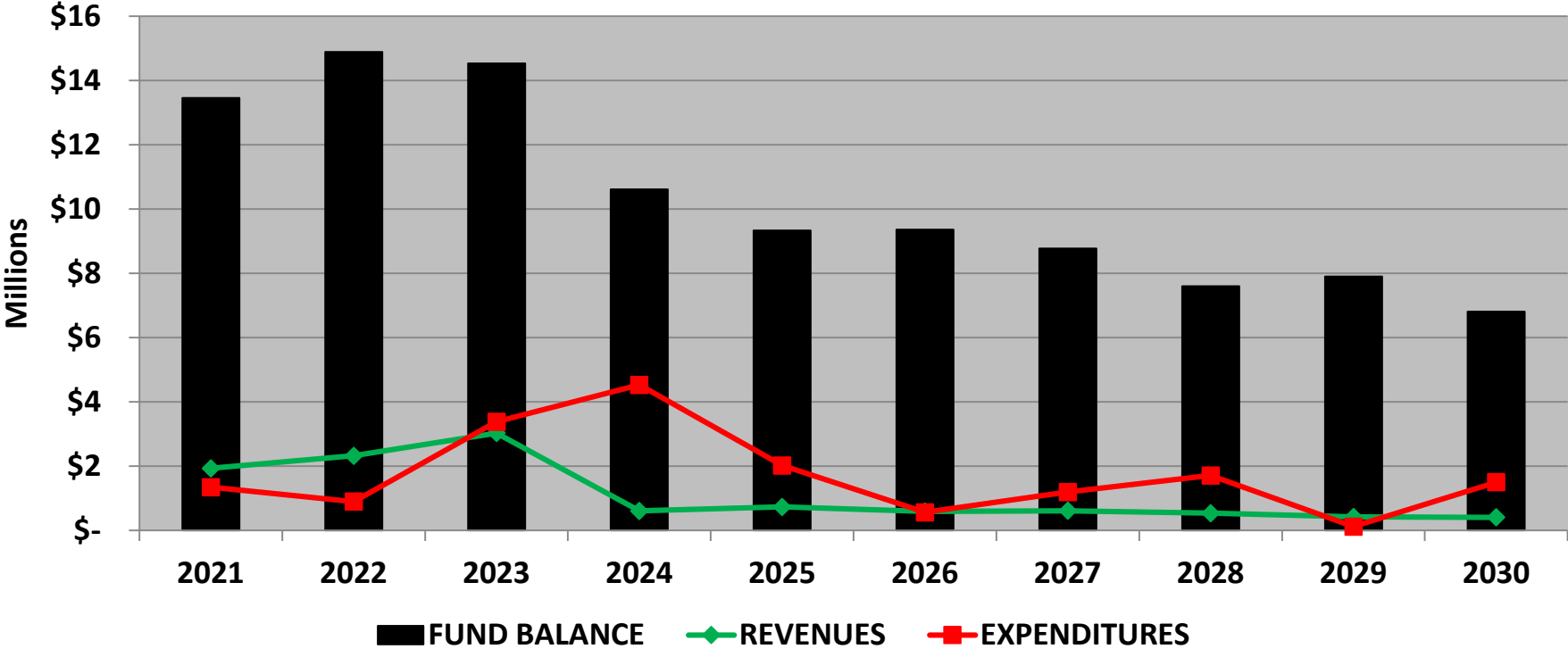
Fire Fund:
FY 2023 Expenditure Sources



Fire Operating Fund (206): Changes in Fund Balance

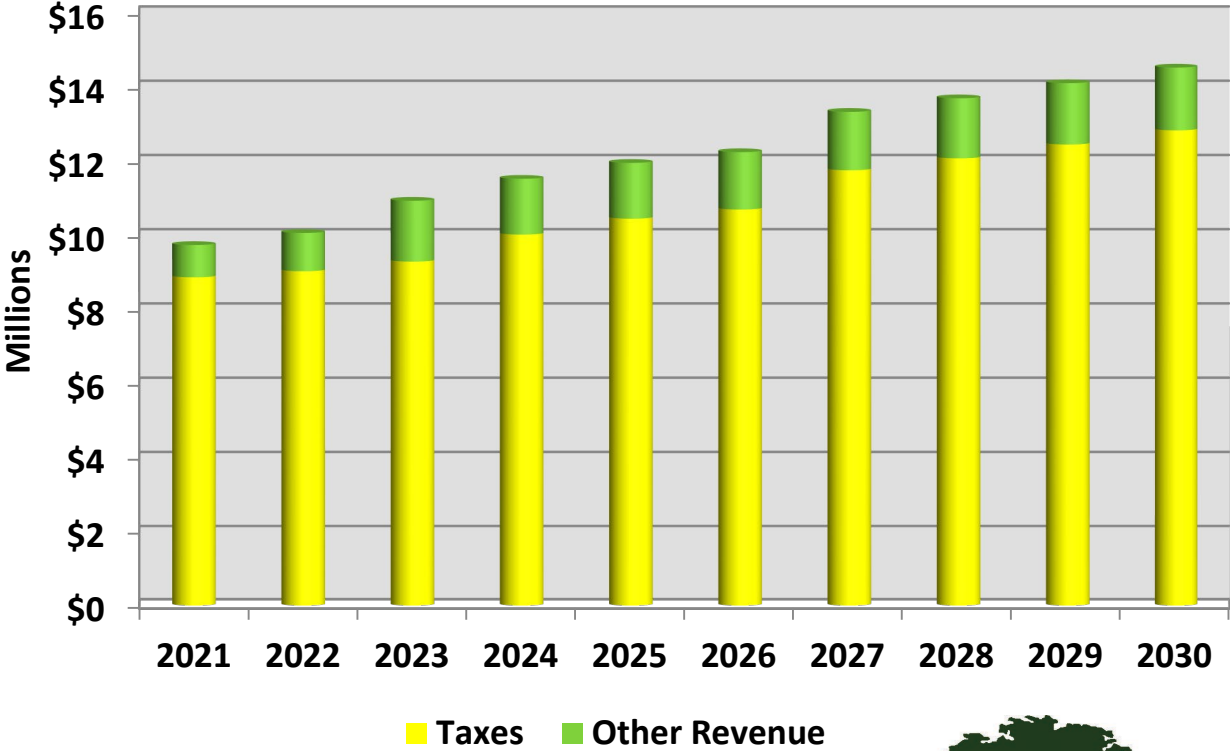
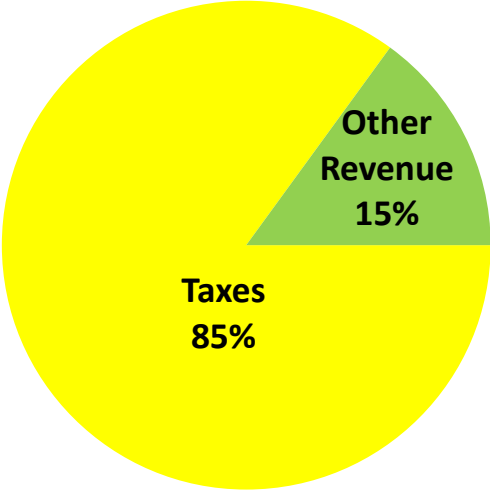


Fire Capital Fund (402): Changes in Fund Balance



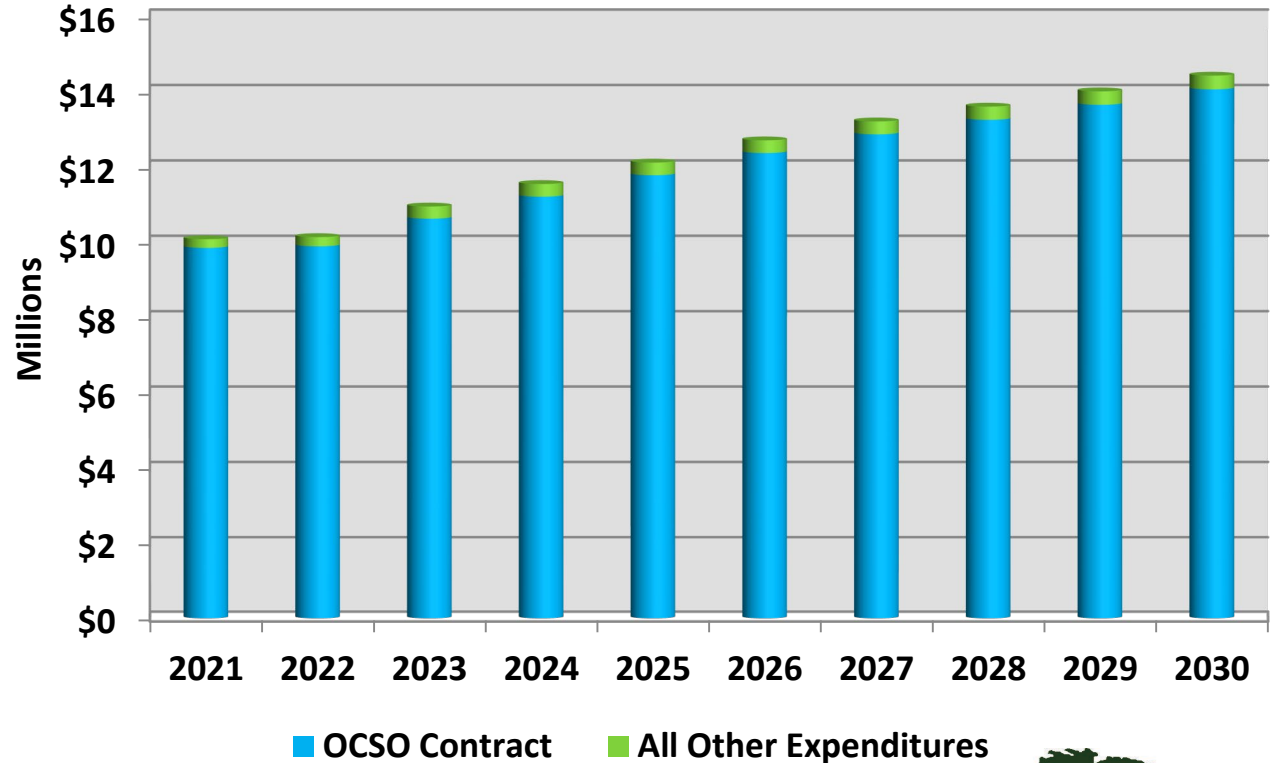
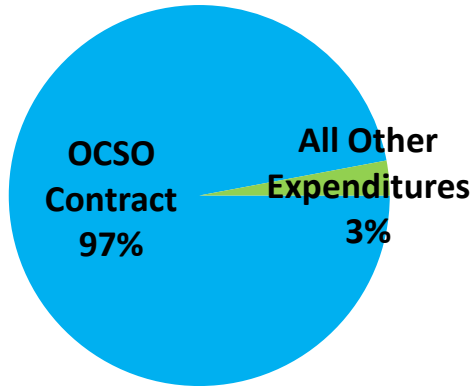
Special Police Fund (207): Revenue

Special Police Fund:
FY 2023 Revenue Sources

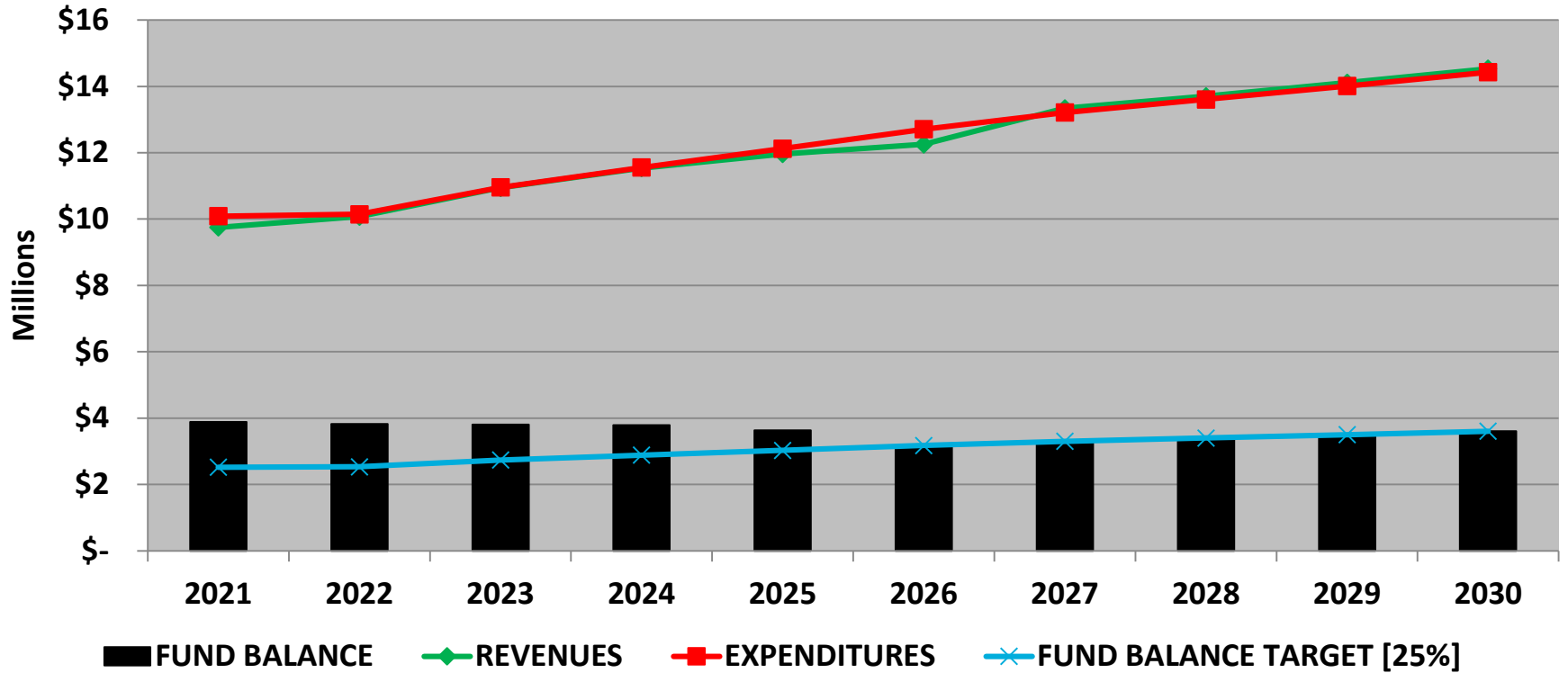


Special Police Fund (207): Expenditure

Special Police Fund:
FY 2023 Expenditure
Sources



Special Police Fund (207): Changes in Fund Balance



American Rescue Plan Act (ARPA)

- ▶ **Total ARPA Funding Received: \$6,194,980**
 - Funds must be expended by 12/31/2024

Program Name	Total Amount	Program Timeline
CDBG Supplement	\$ 150,000	3-Year Program (2022-2024) / \$50K per Year
Not-For-Profit Assistance	\$ 300,000	FY 2023-24
Drexelgate Parkway & Pathway	\$ 1,813,700	FY 2023
Drexelgate Water Main	\$ 180,100	FY 2023
Ambulances (x3)	\$ 1,188,000	FY 2023
Innovation Hills: Restroom	\$ 575,000	FY 2023-24
Citywide Gateways	\$ 850,000	FY 2023-24
City Hall: HVAC Replacement	\$ 1,012,000	FY 2023
Citywide: LED Lighting Upgrades	\$ 126,180	FY 2023
GRAND TOTAL	\$ 6,194,980	



Fund Balance Summary

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



Takeaways

▶ **Excellent Financial position as of 12/31/2022**

- Strong Fund Balances
- Structural Surplus
- Conservative Projections

▶ **Fund Balance Policy**

- Defines financial parameters

▶ **Long-Term Projections**

- Constantly monitoring and adjusting

▶ **Long-Term Capital Planning**

- Ability to schedule capital projects and leverage City dollars



Questions / Comments

