

Seven Year Financial Forecast Fiscal Years 2016-2022



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(s)**
- 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

- Modest improvements in the economy in FY2015,
- Strengthening to normal economy in FY2016,
- Continuing normal economy for FY2017-FY2020; and
- Slowing economy in FY2021 to FY2022.

What does this mean to the City

- Citywide taxable values – Improving then stabilizing
- Funding from the state – Modest Increases in the near term
- Credit market – Easing
- Improving unemployment levels for the region
- Consumer confidence – Improving but continued tight Household budgets (wage squeeze)

Key Forecasting Points

▶ Revenues

- Base Year is our FY2015 Budget through 1st quarter Amendment;
- Assumes no changes in programs, services, or policies
- We Forecast 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 introduced
- All (non-debt) Millage(s) expiring in the Forecasting timeline are renewed at current levels
- Current Millage Rates are 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

- FY2016 * 3.26%
- FY2017 to 2022 ** 1.50%

*Actual

** Estimated By Assessor Based on his estimate of future CPI



Forecasting Assumptions

Revenues Continued

State Shared Revenue

- 1.0%, FY2016–2022

Act 51 Revenue

- 0.0%, FY2016–2022

Interest Rates*

- 0.30% for FY2016
- 0.50% for FY2017
- 1.00% for FY2018
- 2.00% for FY2019-2022

* Estimated By Treasurer

Key Forecasting Points

► Expenditures

Base Year is the FY2015 Budget through 1st quarter
Amendment;

Assumes no changes in programs, services or policies;

We are Forecasting Changes in:

- 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 for
FY2016-2022 = 0**

Salary and Wages

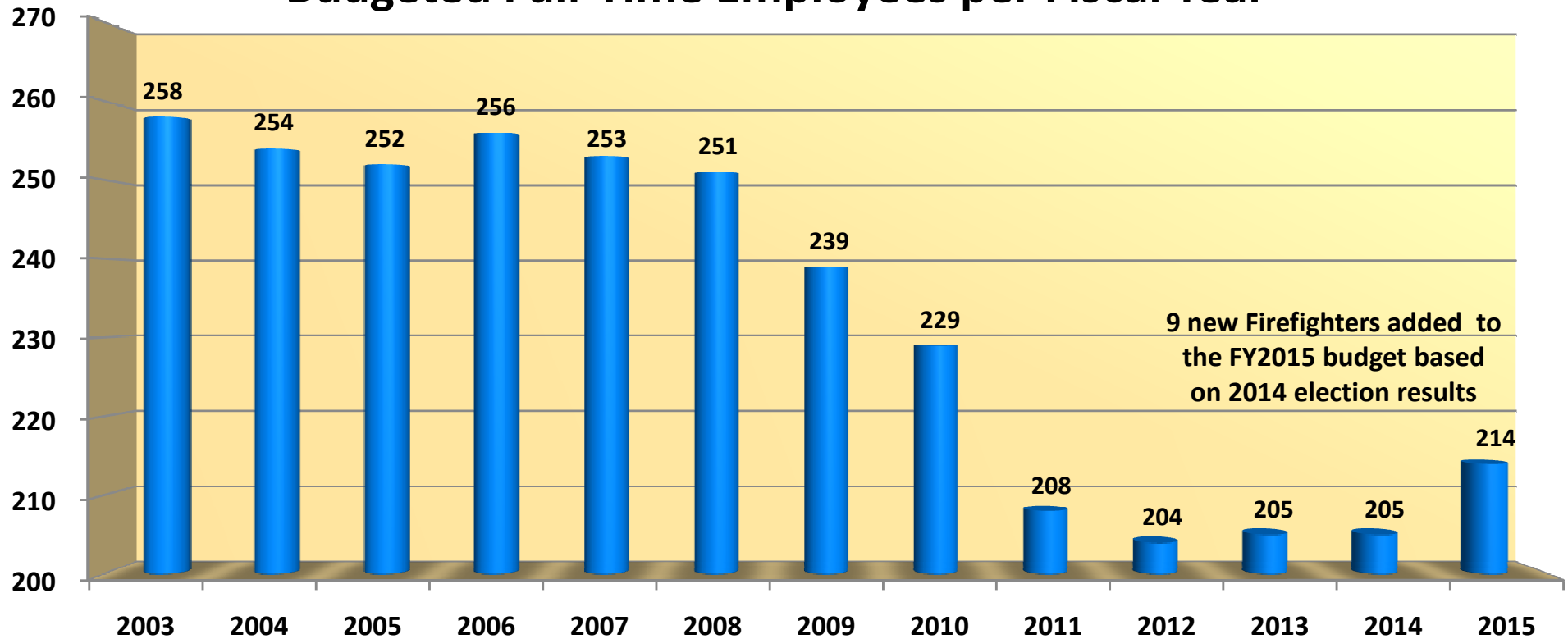
- 1.0% per year, FY2016–2022

Health Care (Core Plan)

- 9.0% per year, FY2016-2022

Overall Employee Counts

Budgeted Full-Time Employees per Fiscal Year



Forecast Assumptions

Expenditures Continued

Inflation

- General Citywide and Capital Project Inflation:
+1.5% Change

Sheriff Contract

- 3.00%, FY2016-2022**

** 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 ***capital activity***.



General Fund

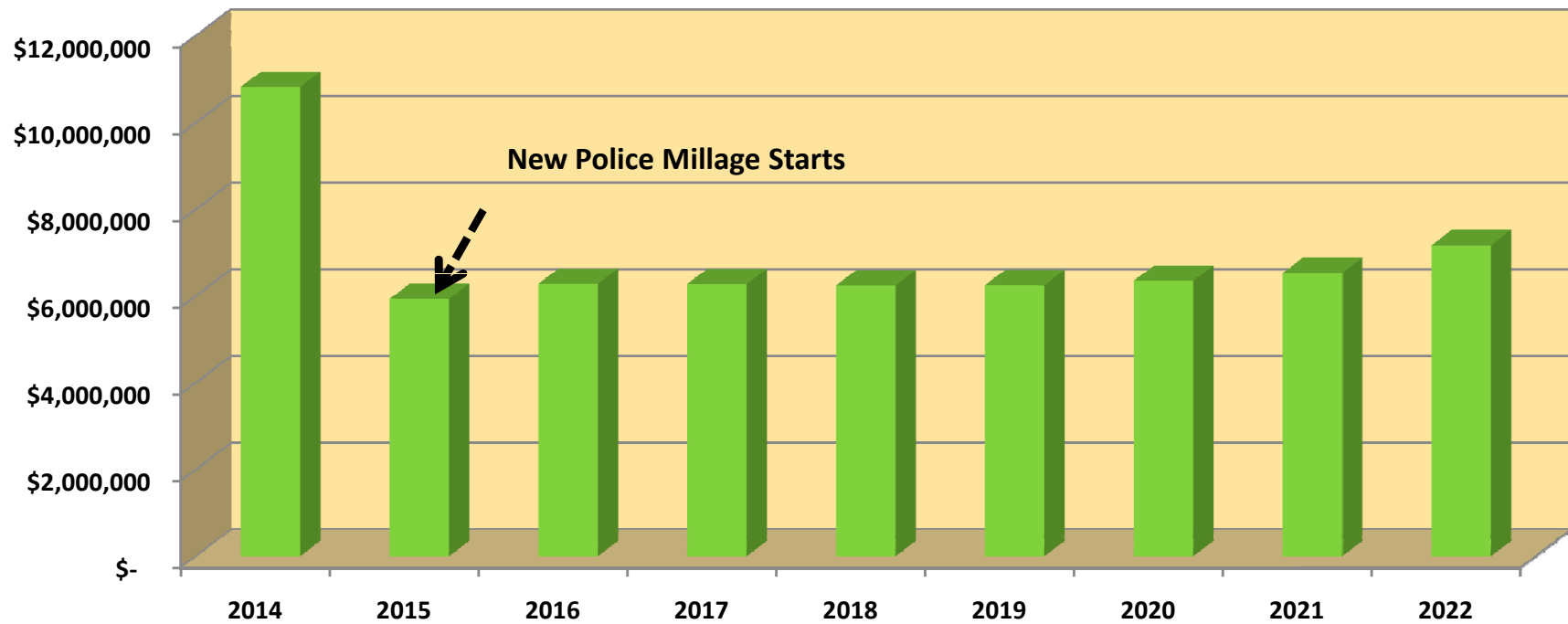
Model Dated: April 8, 2015									
	2014	2015	2016	2017	2018	2019	2020	2021	2022
101 - General Fund	Actual	1st Qtr	Projected	Projected	Estimated	Estimated	Estimated	Estimated	Estimated
City Taxes	\$ 10,821,980	\$ 5,931,360	\$ 6,278,570	\$ 6,273,980	\$ 6,242,380	\$ 6,245,870	\$ 6,347,900	\$ 6,530,600	\$ 7,168,970
Licenses & Permits	2,676,333	2,356,400	2,521,400	2,356,400	2,351,400	2,366,000	2,380,750	2,393,640	2,610,680
Intergovernmental Revenue	5,711,080	5,680,000	5,730,000	5,780,000	5,830,000	5,887,000	5,944,570	6,002,720	6,061,450
Interfund Charges	3,907,174	4,155,450	4,155,450	4,155,450	4,155,450	4,217,780	4,281,040	4,345,250	4,410,430
Service Charges	2,052,060	1,865,350	1,876,010	1,838,490	1,839,670	1,856,730	1,859,850	1,863,010	1,860,110
Fines & Forfeitures	626	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Investment Earnings	71,246	70,080	80,950	116,530	233,050	466,100	466,100	466,100	466,100
Other Revenue	185,346	110,000	153,870	110,000	110,000	110,000	153,870	110,000	110,000
Transfer-In	628,498	5,580	3,900	4,660	7,490	14,460	27,960	27,130	26,010
101 - General Fund	\$ 26,054,343	\$ 20,377,720	\$ 20,803,650	\$ 20,819,010	\$ 20,972,940	\$ 21,367,440	\$ 21,665,540	\$ 21,943,950	\$ 22,717,250

101 - General Fund									
Personnel Services	\$ 9,427,569	\$ 10,406,960	\$ 10,651,900	\$ 10,810,460	\$ 11,078,770	\$ 11,313,480	\$ 11,560,780	\$ 11,823,060	\$ 12,100,610
Operating Supplies	223,923	262,830	241,310	240,810	243,310	245,750	250,970	253,440	258,760
Professional Services	1,416,143	1,702,630	1,562,200	1,664,100	1,569,900	1,611,360	1,610,510	1,653,440	1,653,110
Interfund Charges	2,660,626	2,895,910	2,895,910	2,895,910	2,895,910	2,939,360	2,983,450	3,028,160	3,073,540
Other Expenses	70,736	139,480	121,480	105,720	105,900	107,480	109,160	110,900	112,980
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Transfer Out	11,698,898	9,283,390	9,009,890	5,102,010	5,079,150	5,150,010	5,150,670	5,074,950	5,518,250
101 - General Fund	\$ 25,497,895	\$ 24,691,200	\$ 24,482,690	\$ 20,819,010	\$ 20,972,940	\$ 21,367,440	\$ 21,665,540	\$ 21,943,950	\$ 22,717,250



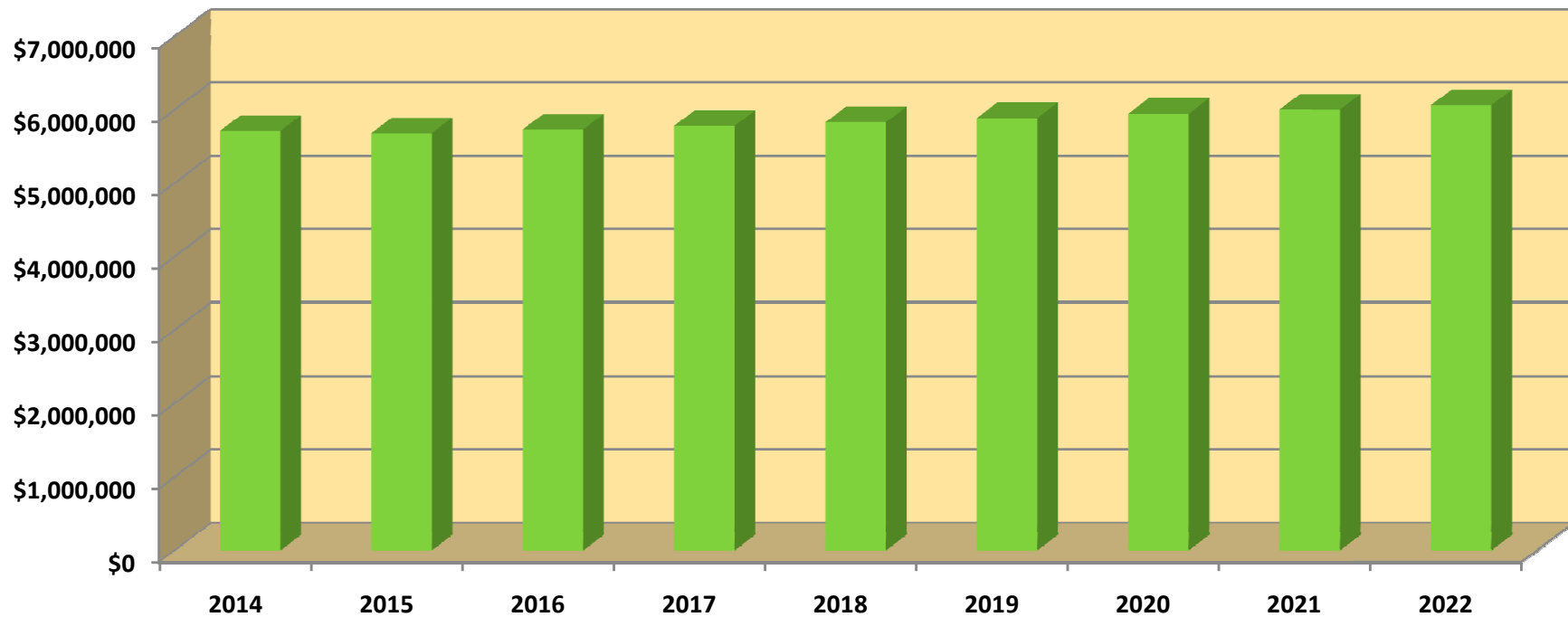
General Fund Revenue

Property Tax



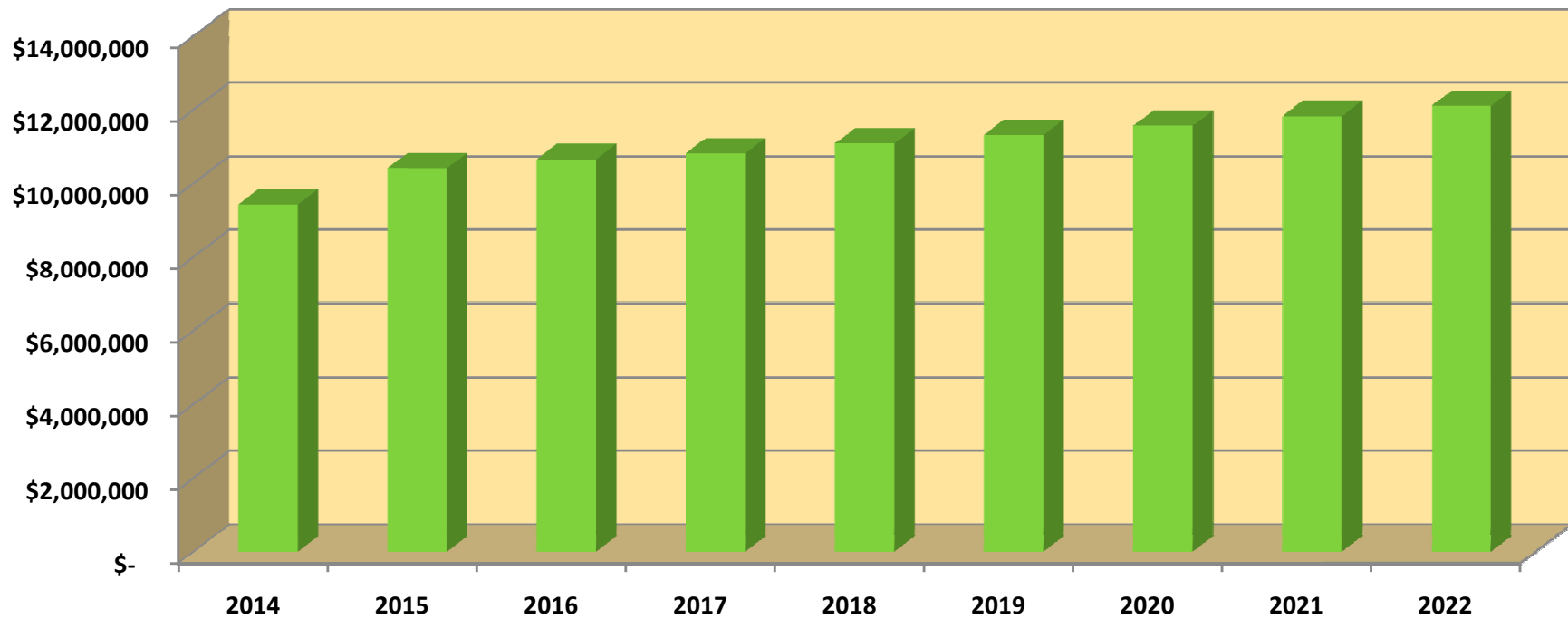
General Fund Revenue

State Shared Revenue

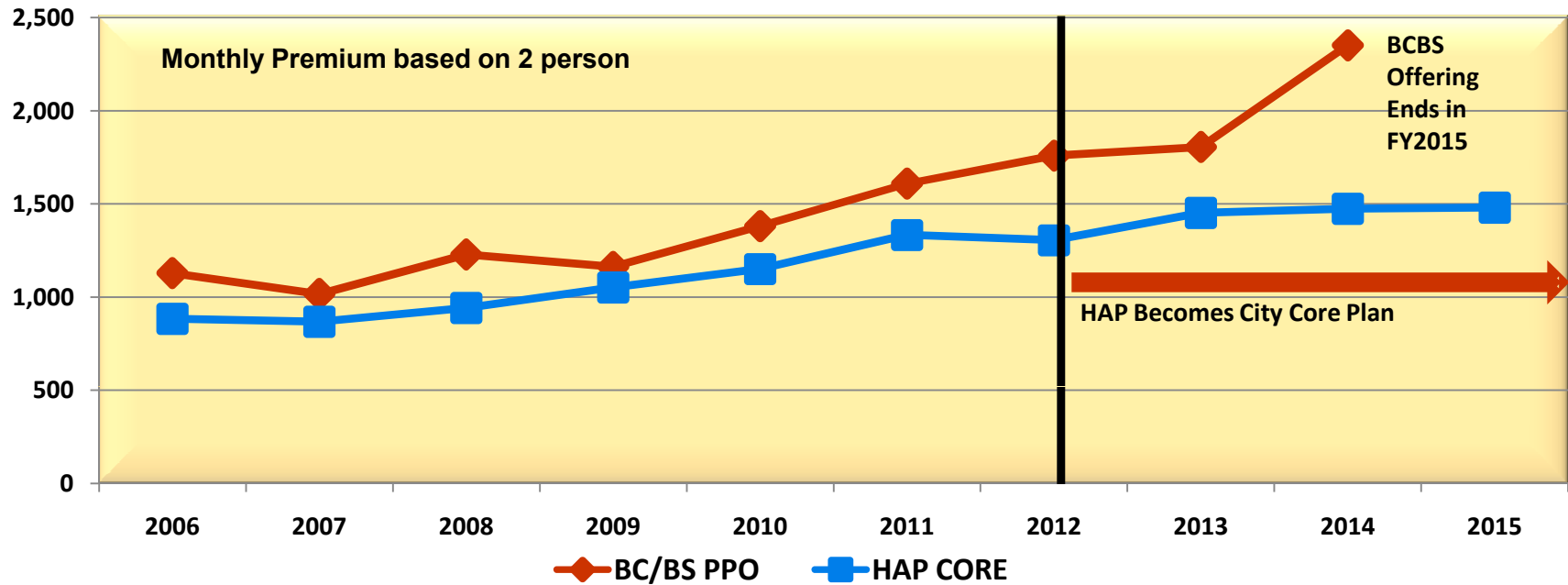


General Fund Expenditures

Personnel Services



Overall Health Care



The City has been working on limiting health care cost 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 change was discontinuing the availability of the BCBS PPO Plan in FY2015.**

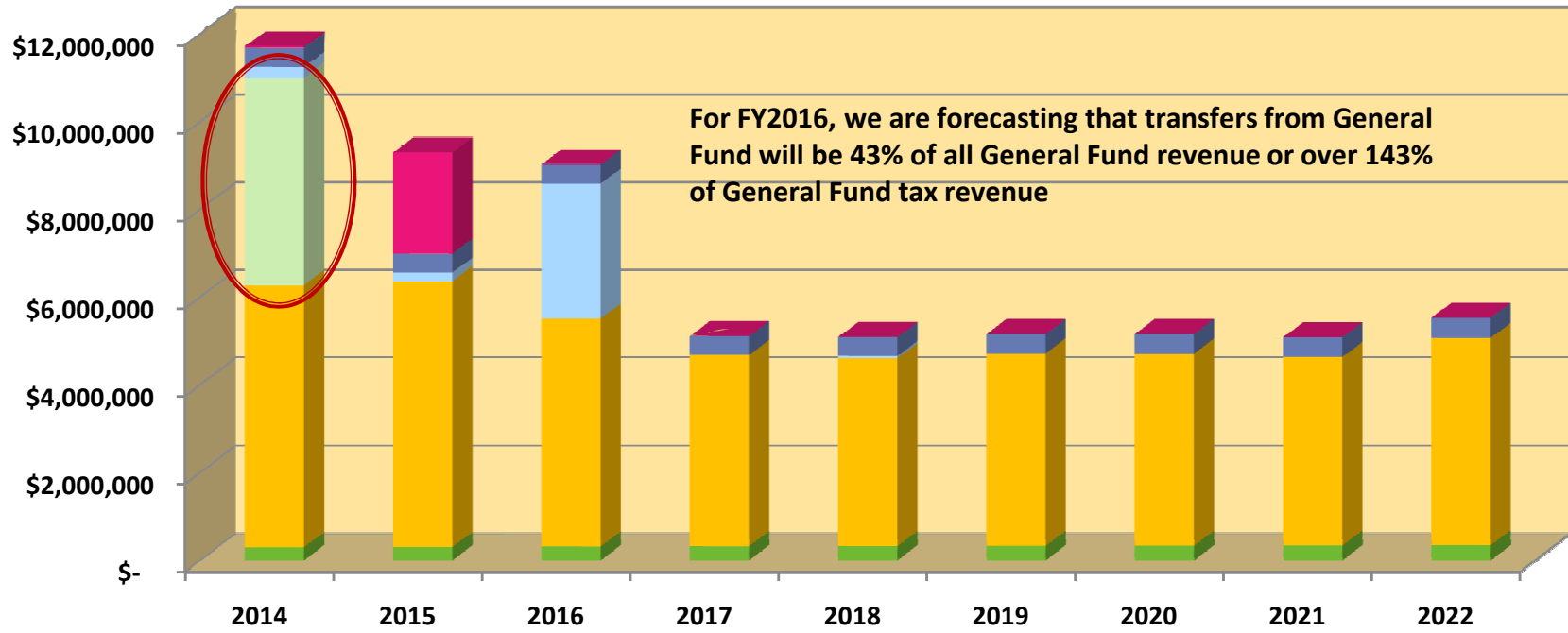
General Fund Expenditures

Transfers to Other Funds

Model Dated: April 8, 2015		2014 Actual	2015 1st Qtr	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 Estimated
990 - Transfer Out										
999202	Major Roads	\$ 296,318	\$ 301,510	\$ 312,820	\$ 317,510	\$ 322,280	\$ 327,110	\$ 332,020	\$ 337,000	\$ 342,050
999203	Local Streets	5,973,170	6,054,920	5,190,110	4,352,540	4,274,910	4,384,470	4,373,650	4,286,310	4,717,800
999207	Special Police	4,714,610	-	-	-	-	-	-	-	-
999420	Capital Improve. Fund	251,000	195,000	3,075,000	-	50,000	-	-	-	-
999631	Facilities (Common Area)	433,800	431,240	431,240	431,240	431,240	437,710	444,280	450,940	457,700
999631	Facilities (Projects)	20,000	2,300,000	-	-	-	-	-	-	-
999870	RH Museum Trust Fund	10,000								
999893	E.D.C.	-	720	720	720	720	720	720	700	700
TRANSFER OUT		\$ 11,698,898	\$ 9,283,390	\$ 9,009,890	\$ 5,102,010	\$ 5,079,150	\$ 5,150,010	\$ 5,150,670	\$ 5,074,950	\$ 5,518,250



General Fund Transfers



- Major Roads
- Local Streets
- Special Police
- Capital Improve Fund
- Facilities (Common Area)
- RH Museum Trust Fund
- E.D.C.
- Facilities (Projects)



General Fund

Important Take Away

- Approximately 43% of all FY2016 revenue or 143% of FY2016 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 capital improvements.



Major Road Fund



Major Road Fund

Model Dated: April 8, 2015	2014	2015	2016	2017	2018	2019	2020	2021	2022
202 - Major Road Fund	Actual	1st Qtr	Projected	Projected	Estimated	Estimated	Estimated	Estimated	Estimated
City Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses & Permits	-	-	-	-	-	-	-	-	-
Intergovernmental Revenue	3,598,843	3,205,000	3,205,000	3,205,000	3,205,000	3,205,000	3,205,000	3,205,000	3,205,000
Interfund Charges	20,633	22,000	22,000	22,000	22,000	22,340	22,680	23,020	23,370
Service Charges	205,242	222,500	222,500	222,500	222,500	222,500	222,500	222,500	222,500
Fines & Forfeitures	-	-	-	-	-	-	-	-	-
Investment Earnings	31,490	28,310	15,520	25,170	50,940	119,950	119,680	139,360	159,780
Other Revenue	37,419	39,350	2,260,500	60,500	60,500	60,500	60,500	60,500	60,500
Transfer-In	596,318	501,510	512,820	517,510	1,289,860	527,110	532,020	537,000	542,050
202 - Major Road Fund	\$ 4,489,946	\$ 4,018,670	\$ 6,238,340	\$ 4,052,680	\$ 4,850,800	\$ 4,157,400	\$ 4,162,380	\$ 4,187,380	\$ 4,213,200

202 - Major Road Fund	2014	2015	2016	2017	2018	2019	2020	2021	2022
Personnel Services	\$ 751,497	\$ 880,910	\$ 899,000	\$ 918,160	\$ 938,460	\$ 960,010	\$ 982,910	\$ 1,007,300	\$ 1,033,280
Operating Supplies	157,594	176,050	182,300	188,860	195,750	203,770	212,150	220,930	230,110
Professional Services	455,183	425,380	324,980	309,980	424,980	314,370	435,310	323,330	445,930
Interfund Charges	690,098	744,540	744,540	744,540	744,540	755,030	765,690	776,510	787,490
Other Expenses	1,243	2,300	2,300	2,300	2,300	2,330	2,360	2,390	2,420
Capital Outlay	4,058,863	9,070,630	4,222,580	1,829,130	1,641,750	1,935,220	780,000	836,000	780,000
Debt Service	-	-	-	-	-	-	-	-	-
Transfer Out	750,000	387,500	-	-	-	-	-	-	-
202 - Major Road Fund	\$ 6,864,478	\$ 11,687,310	\$ 6,375,700	\$ 3,992,970	\$ 3,947,780	\$ 4,170,730	\$ 3,178,420	\$ 3,166,460	\$ 3,279,230

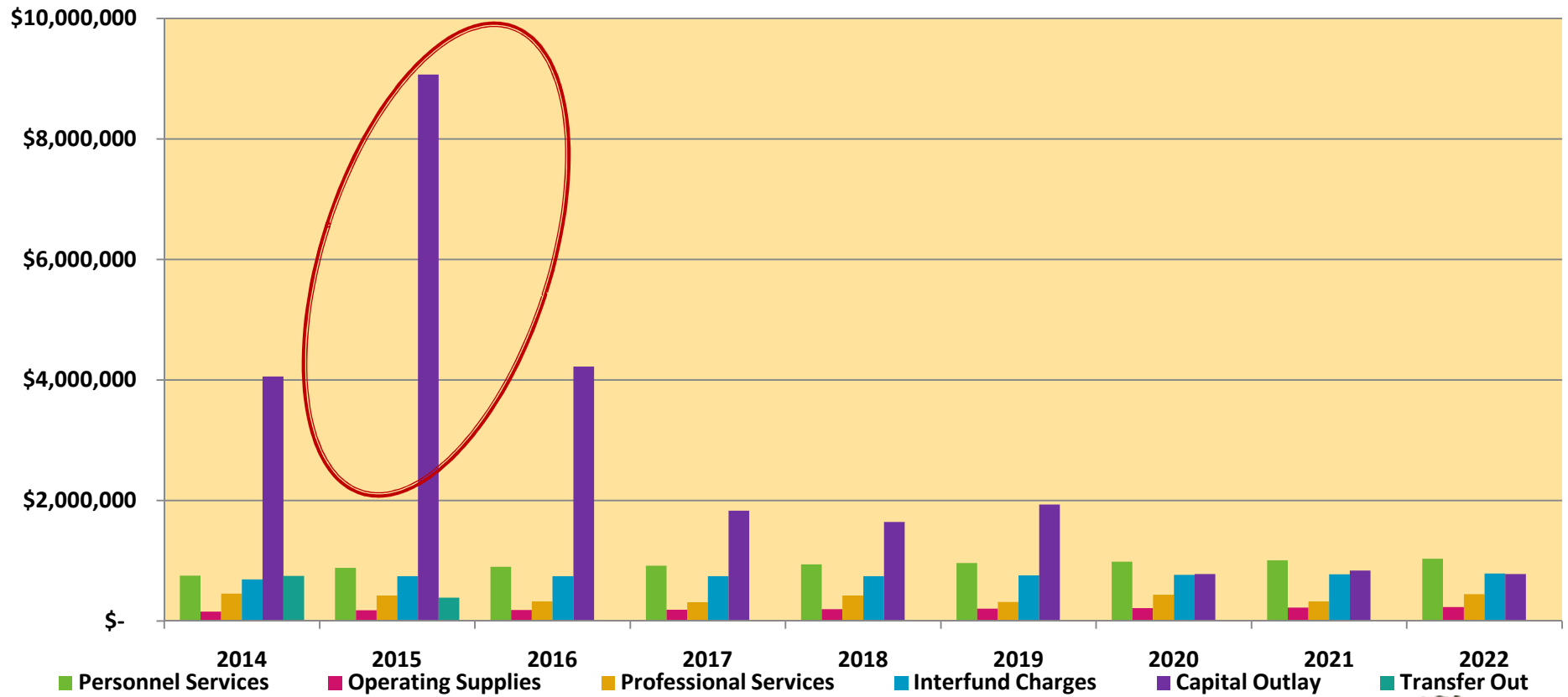


Major Road Fund Fund Balance

	2014 Actual	2015 1st Qtr	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 Estimated
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ (2,374,532)	\$ (7,668,640)	\$ (137,360)	\$ 59,710	\$ 903,020	\$ (13,330)	\$ 983,960	\$ 1,020,920	\$ 933,970
BEGINNING FUND BALANCE	\$ 15,215,146	\$ 12,840,614	\$ 5,171,974	\$ 5,034,614	\$ 5,094,324	\$ 5,997,344	\$ 5,984,014	\$ 6,967,974	\$ 7,988,894
ENDING FUND BALANCE	\$ 12,840,614	\$ 5,171,974	\$ 5,034,614	\$ 5,094,324	\$ 5,997,344	\$ 5,984,014	\$ 6,967,974	\$ 7,988,894	\$ 8,922,864



Major Road Fund



Major Road Fund

Important Take Away

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

Local Street Fund



Local Street Maintenance Funding Plan

FY 2015 Local Street Maintenance Funding Sources



Local Street Maintenance Funding Plan



Local Street Maintenance Funding Plan Where We Were

May 18, 2009



Local Street

Model Dated: April 8, 2015									
	2014	2015	2016	2017	2018	2019	2020	2021	2022
203 - Local Street Fund	Actual	1st Qtr	Projected	Projected	Estimated	Estimated	Estimated	Estimated	Estimated
City Taxes	\$ 2,498,858	\$ 2,544,920	\$ 3,571,190	\$ 3,624,280	\$ 3,678,200	\$ 3,733,070	\$ 3,788,790	\$ 3,845,360	\$ 3,902,806
Licenses & Permits	25,675	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Intergovernmental Revenue	1,354,329	1,192,000	1,192,000	1,192,000	1,192,000	1,192,000	1,192,000	1,192,000	1,192,000
Inter-fund Charges	-	-	-	-	-	-	-	-	-
Service Charges	154,581	161,380	126,590	132,080	137,830	143,870	150,210	156,860	163,850
Fines & Forfeitures	-	-	-	-	-	-	-	-	-
Investment Earnings	12,904	14,630	20,030	33,390	66,780	133,560	133,560	133,560	133,560
Other Revenue	94,217	10,320	7,500	-	7,500	-	7,500	-	7,500
Transfer-In	6,723,170	6,442,420	5,190,110	4,352,540	4,274,910	4,384,470	4,373,650	4,286,310	4,717,800
203 - Local Street Fund	\$ 10,863,734	\$ 10,380,670	\$ 10,122,420	\$ 9,349,290	\$ 9,372,220	\$ 9,601,970	\$ 9,660,710	\$ 9,629,090	\$ 10,132,516

203 - Local Street Fund									
Personnel Services	\$ 1,580,136	\$ 1,680,790	\$ 1,717,330	\$ 1,756,130	\$ 1,797,380	\$ 1,841,260	\$ 1,887,970	\$ 1,937,810	\$ 1,991,050
Operating Supplies	212,992	353,320	358,550	364,040	369,800	379,590	389,740	400,260	411,170
Professional Services	209,850	267,100	267,400	252,400	267,400	256,180	276,240	260,080	280,140
Interfund Charges	1,674,671	1,802,980	1,802,980	1,802,980	1,802,980	1,828,010	1,853,420	1,879,190	1,905,340
Other Expenses	156,301	177,560	144,230	150,590	157,880	165,360	173,430	181,900	190,790
Capital Outlay	6,552,375	5,464,650	5,200,000	4,709,000	4,976,780	5,131,570	5,079,910	4,969,850	5,354,026
Debt Service	-	-	-	-	-	-	-	-	-
Transfer Out	627,240	634,270	631,930	314,150	-	-	-	-	-
203 - Local Street Fund	\$ 11,013,565	\$ 10,380,670	\$ 10,122,420	\$ 9,349,290	\$ 9,372,220	\$ 9,601,970	\$ 9,660,710	\$ 9,629,090	\$ 10,132,516

Local Roads is receiving about 35% of its total funding or 76% of its maintenance needs from property taxes thanks to voter approval on repurposing of expiring millage(s).

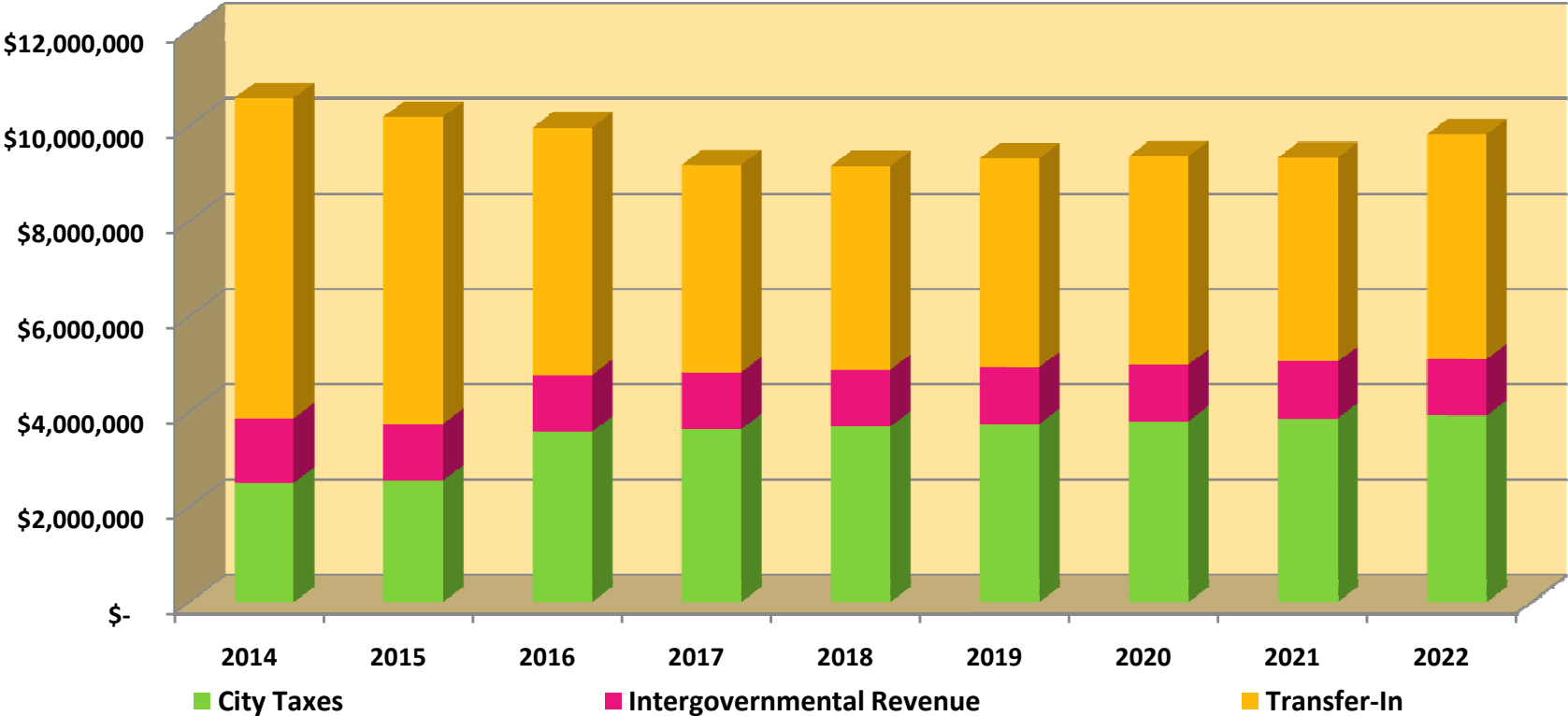


Local Street's Dependence on General Fund

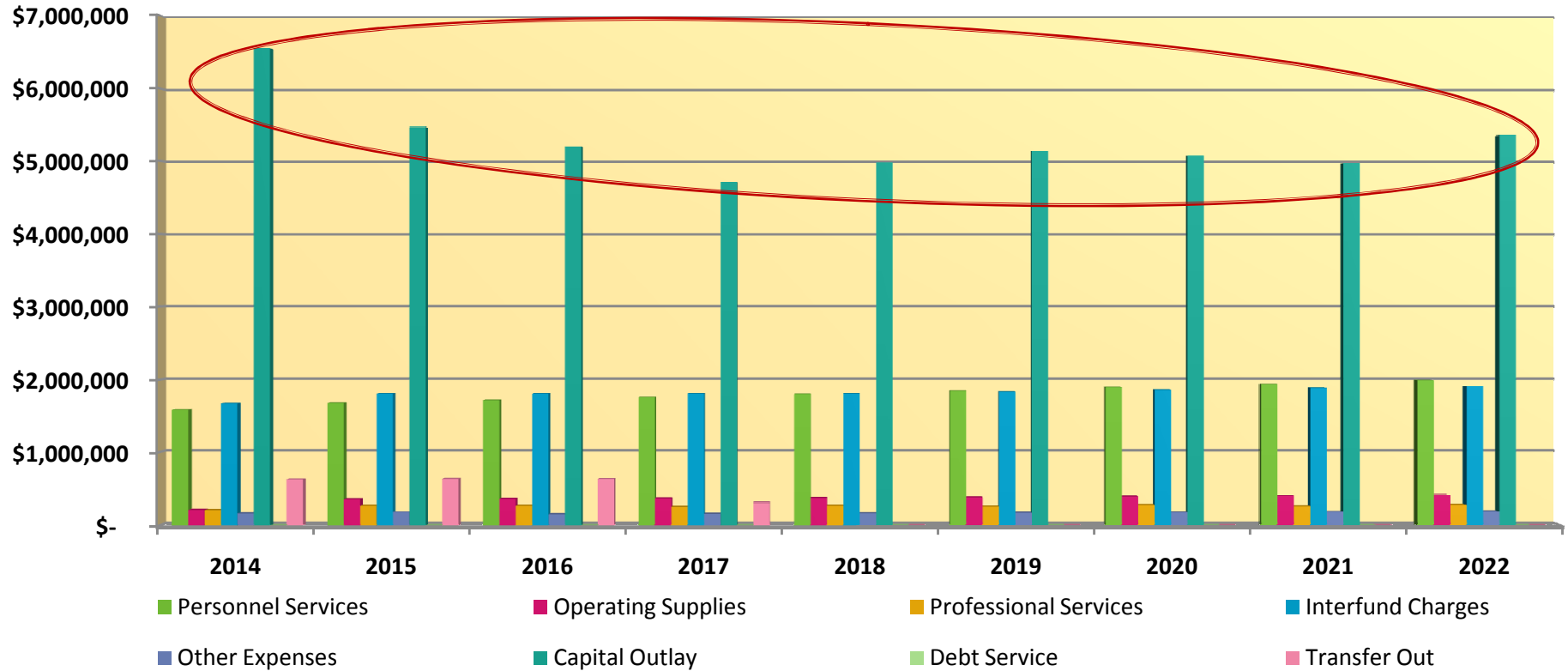
Model Dated: April 8, 2015	2014	2015	2016	2017	2018	2019	2020	2021	2022
Transfer In - General Fund	\$ 5,973,170	\$ 6,054,920	\$ 5,190,110	\$ 4,352,540	\$ 4,274,910	\$ 4,384,470	\$ 4,373,650	\$ 4,286,310	\$ 4,717,800
Transfer In - Major Roads	750,000	387,500	-	-	-	-	-	-	-
Total Transfer In	\$ 6,723,170	\$ 6,442,420	\$ 5,190,110	\$ 4,352,540	\$ 4,274,910	\$ 4,384,470	\$ 4,373,650	\$ 4,286,310	\$ 4,717,800
Total Local Road Fund Revenues	\$ 10,863,734	\$ 10,380,670	\$ 10,122,420	\$ 9,349,290	\$ 9,372,220	\$ 9,601,970	\$ 9,660,710	\$ 9,629,090	\$ 10,132,516
Transfers as a % of Revenues	61.9%	62.1%	51.3%	46.6%	45.6%	45.7%	45.3%	44.5%	46.6%
Capital Outlay	6,552,375	5,464,650	5,200,000	4,709,000	4,976,780	5,131,570	5,079,910	4,969,850	5,354,026
Capital Outlay as a % of Trans	97.5%	84.8%	100.2%	108.2%	116.4%	117.0%	116.1%	115.9%	113.5%



Local Street Funding



Local Streets Funding



Local Street Fund

Important Take Away

- The fund does not receive enough Act 51 (Gas Tax) funding to cover its maintenance costs.
- Local Streets now has two dedicated funding sources: Act 51 and Local Street millage(s) which is providing approximately 50% of it's total revenue but 100% of it's maintenance cost.
- Local Streets has no funding source available for capital improvements to Local (subdivision) streets and must rely on General Fund for support of its capital needs.

Fire Fund



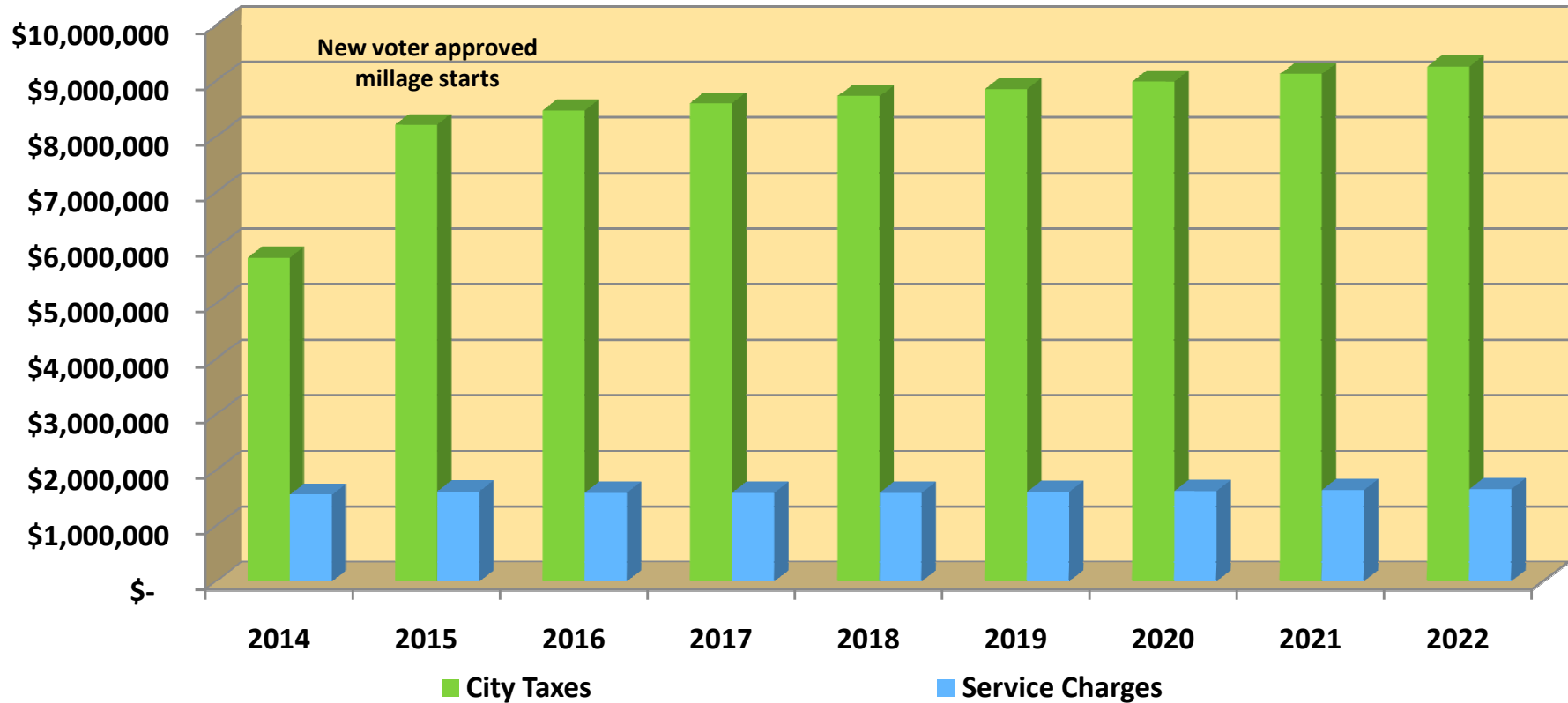
Fire Fund

Model Dated: April 8, 2015									
206 - Fire Department Fund	2014 Actual	2015 1st Qtr	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 Estimated
City Taxes	\$ 5,821,723	\$ 8,210,970	\$ 8,471,210	\$ 8,597,160	\$ 8,725,080	\$ 8,855,190	\$ 8,987,350	\$ 9,121,557	\$ 9,257,825
Licenses & Permits	5,025	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Intergovernmental Revenue	1,204	-	-	-	-	-	-	-	-
Interfund Charges	-	-	-	-	-	-	-	-	-
Service Charges	1,560,312	1,619,250	1,596,250	1,596,250	1,596,250	1,612,000	1,627,910	1,643,980	1,660,210
Fines & Forfeitures	3,057	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Investment Earnings	14,702	9,290	12,090	20,150	40,310	80,610	80,610	80,610	80,610
Other Revenue	4,216	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Transfer-In	179,022	-	-	-	-	-	-	-	-
206 - Fire Operating Fund	\$ 7,589,260	\$ 9,854,510	\$ 10,094,550	\$ 10,228,560	\$ 10,376,640	\$ 10,562,800	\$ 10,710,870	\$ 10,861,147	\$ 11,013,645
206 - Fire Fund									
Personnel Services	\$ 5,037,844	\$ 6,885,030	\$ 6,939,930	\$ 7,066,180	\$ 7,199,790	\$ 7,357,740	\$ 7,515,200	\$ 7,682,150	\$ 7,859,380
Operating Supplies	110,309	140,620	113,070	113,070	113,070	114,790	116,520	118,270	120,050
Professional Services	333,340	474,200	410,330	423,330	430,330	443,740	460,410	471,580	486,710
Interfund Charges	1,602,701	1,595,270	1,619,270	1,595,270	1,619,270	1,619,200	1,666,320	1,666,590	1,714,780
Other Expenses	44,095	53,840	51,250	49,960	49,960	50,620	51,280	51,940	52,610
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Transfer Out to Capital Fund	145,860	705,550	960,700	980,750	964,220	976,710	901,140	870,617	780,115
206 - Fire Fund	\$ 7,274,150	\$ 9,854,510	\$ 10,094,550	\$ 10,228,560	\$ 10,376,640	\$ 10,562,800	\$ 10,710,870	\$ 10,861,147	\$ 11,013,645

Based on current staffing configuration and includes the 9 additional firefighters budgeted in FY2015

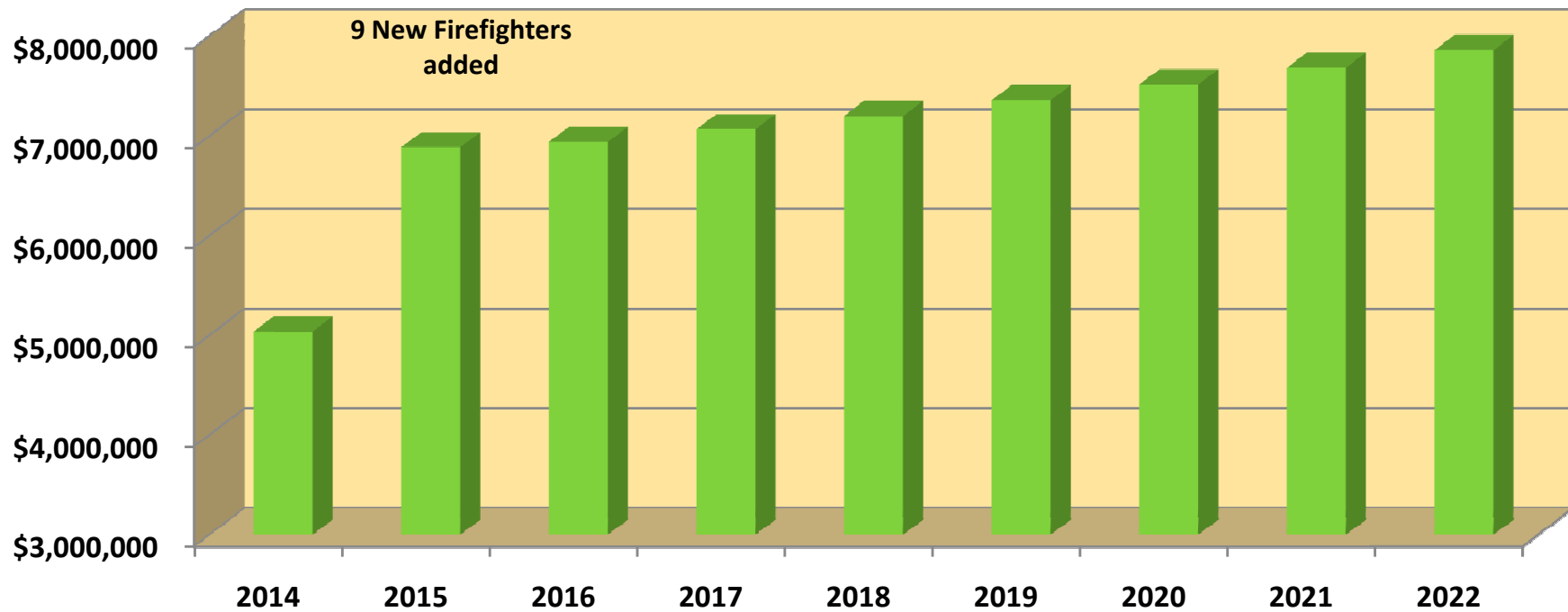


Fire Fund Revenues



Fire Fund Expenses

Personnel Services



Personnel costs reflect the 9 new Firefighters and current staffing configurations.

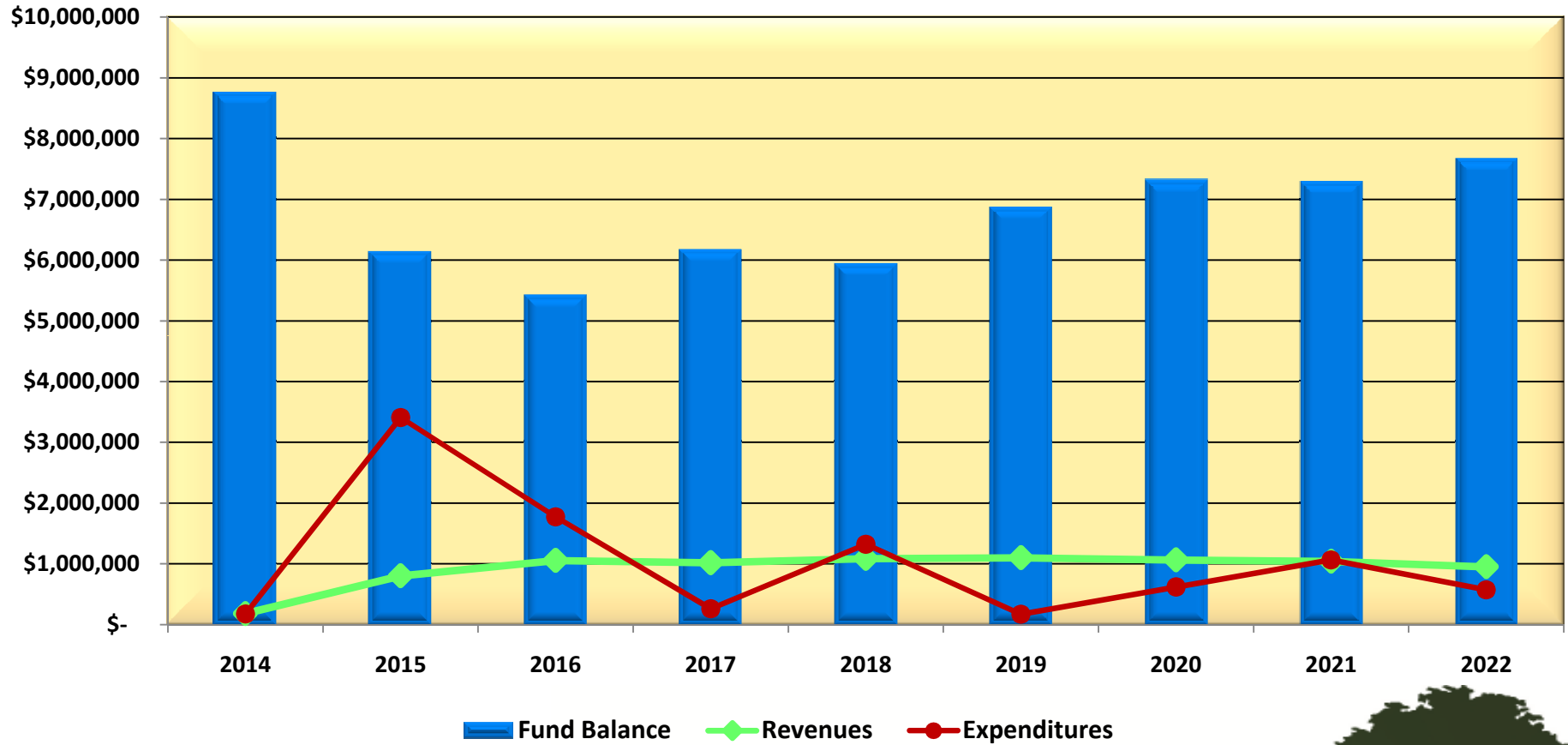


Fire Capital Fund

Model Dated: April 8, 2015	2014	2015	2016	2017	2018	2019	2020	2021	2022
402: Fire Capital Fund	Actual	1st Qtr	Projected	Projected	Estimated	Estimated	Estimated	Estimated	Estimated
Investment Earnings	20,103	19,980	18,400	27,070	61,670	118,630	137,190	146,070	145,600
Other Revenue	16,171	78,470	76,410	10,200	63,250	5,660	27,500	24,770	25,760
Transfer-In	145,860	705,550	960,700	980,750	964,220	976,710	901,140	870,617	780,115
402: Fire Capital Fund	\$ 182,134	\$ 804,000	\$ 1,055,510	\$ 1,018,020	\$ 1,089,140	\$ 1,101,000	\$ 1,065,830	\$ 1,041,457	\$ 951,475
402: Fire Capital									
Operating Supplies	68,254	150,160	77,500	10,000	10,000	10,000	10,000	267,490	10,000
Capital Outlay	107,461	3,258,390	1,698,000	254,000	1,315,000	163,130	611,570	797,820	565,240
402: Fire Capital	\$ 175,715	\$ 3,408,550	\$ 1,775,500	\$ 264,000	\$ 1,325,000	\$ 173,130	\$ 621,570	\$ 1,065,310	\$ 575,240
EXCESS OF REVENUE OVER									
(UNDER) EXPENDITURES	\$ 6,420	\$ (2,604,550)	\$ (719,990)	\$ 754,020	\$ (235,860)	\$ 927,870	\$ 444,260	\$ (23,853)	\$ 376,235
BEGINNING FUND BALANCE	\$ 8,731,558	\$ 8,737,978	\$ 6,133,428	\$ 5,413,438	\$ 6,167,458	\$ 5,931,598	\$ 6,859,468	\$ 7,303,728	\$ 7,279,875
ENDING FUND BALANCE	\$ 8,737,978	\$ 6,133,428	\$ 5,413,438	\$ 6,167,458	\$ 5,931,598	\$ 6,859,468	\$ 7,303,728	\$ 7,279,875	\$ 7,656,110



Fire Capital Fund



Fire Fund

Important Take Away

- The FY2015 Fire millage rate was increased based on voter approved change
- The Fire Capital Fund is stable in the near term. Refinement and review of the replacement schedule and an on going review of the amount spread for the Fire Millage should be reviewed periodically to ensure the capital fund's longer-term sustainability.

Special Police Fund

Special Police Fund

Model Dated: April 8, 2015

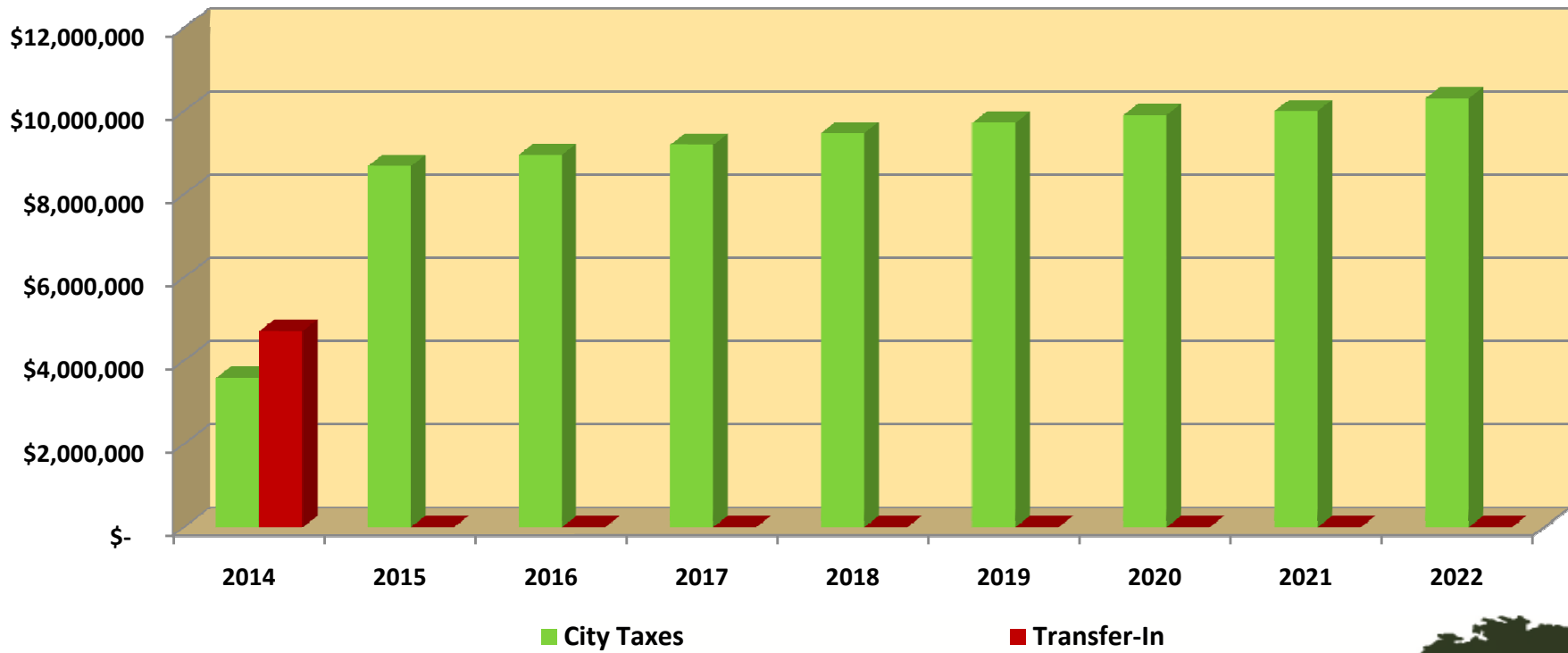
	2014 Actual	2015 1st Qtr	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 Estimated
207 - Special Police Fund									
City Taxes	\$ 3,595,406	\$ 8,677,360	\$ 8,943,630	\$ 9,187,930	\$ 9,467,110	\$ 9,719,510	\$ 9,901,060	\$ 9,998,173	\$ 10,308,537
Licenses & Permits	-	-	-	-	-	-	-	-	-
Intergovernmental Revenue	334,201	300,910	308,800	316,930	325,300	333,930	342,810	351,960	361,380
Interfund Charges	-	-	-	-	-	-	-	-	-
Service Charges	153,067	171,870	175,380	178,990	182,710	186,540	190,490	194,550	198,740
Fines & Forfeitures	395,927	345,000	345,000	345,000	345,000	345,000	345,000	345,000	345,000
Investment Earnings	6,121	3,180	4,640	7,740	15,470	30,950	30,950	30,950	30,950
Other Revenue	9,742	-	-	-	-	-	-	-	-
Transfer-In	4,714,610	-	-	-	-	-	-	-	-
207 - Special Police Fund	\$ 9,209,073	\$ 9,498,320	\$ 9,777,450	\$ 10,036,590	\$ 10,335,590	\$ 10,615,930	\$ 10,810,310	\$ 10,920,633	\$ 11,244,607

207 - Special Police									
Personnel Services	\$ 53,878	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Supplies	6,220	16,500	16,500	16,500	16,500	16,760	17,020	17,280	17,540
Professional Services	8,371,009	8,951,720	9,220,180	9,496,700	9,781,490	10,074,890	10,377,090	10,688,360	11,008,960
Interfund Charges	170,120	196,910	196,910	196,910	196,910	199,860	202,850	205,890	208,980
Other Expenses	1,557	13,810	10,180	8,900	9,010	9,040	9,070	9,100	9,130
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Transfer Out	329,795	319,380	333,680	317,580	331,680	315,380	204,280	-	-
207 - Special Police	\$ 8,932,579	\$ 9,498,320	\$ 9,777,450	\$ 10,036,590	\$ 10,335,590	\$ 10,615,930	\$ 10,810,310	\$ 10,920,630	\$ 11,244,610



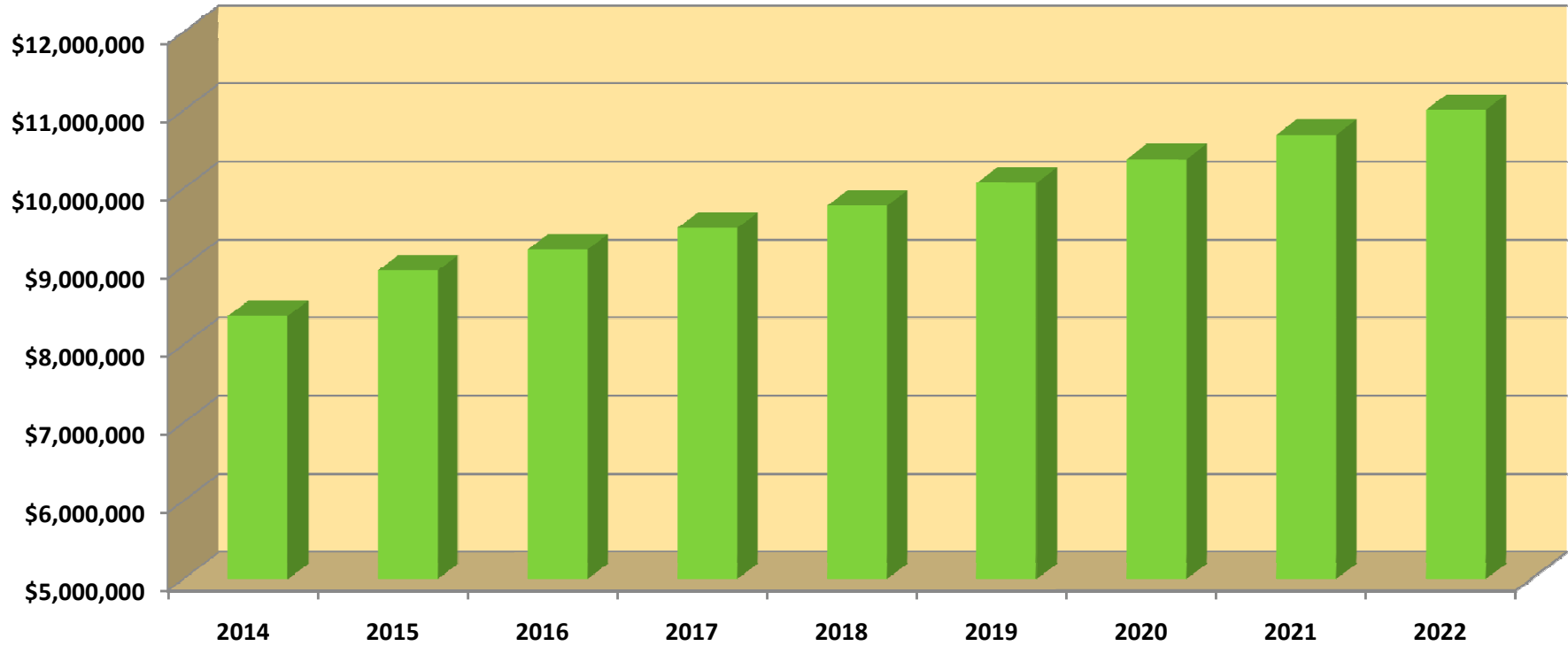
Special Police Fund

Special Police Revenue



Special Police Fund

Police Service Contract



Special Police Fund

Important Take Away

- In FY2015, Police Services is no longer subsidized by General Fund as its new voter approved dedicated millage starts
- Sheriff Contract Pricing Adjusts each Year which will require the Special Police millage to rise to offset those increases. Any increase in the Special Police millage is offset by a reduction in the General Fund levy has designed in the City's Forecasting model

Water Resources Fund



Water Resources Fund

Model Dated: April 8, 2015									
244 - Water Resources Fund	2014 Actual	2015 1st Qtr	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 Estimated
City Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses & Permits	-	-	-	-	-	-	-	-	-
Intergovernmental Revenue	64,524	-	-	-	-	-	-	-	-
Interfund Charges	-	-	-	-	-	-	-	-	-
Service Charges	109,979	23,700	23,700	23,700	23,700	23,700	23,700	23,700	23,700
Fines & Forfeitures	-	-	-	-	-	-	-	-	-
Investment Earnings	3,065	2,430	5,490	6,720	8,750	8,050	-	-	-
Other Revenue	150,441	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Transfer-In	15,000	710,000	-	-	-	-	-	-	-
244 - Water Resources Fund	\$ 343,009	\$ 748,130	\$ 41,190	\$ 42,420	\$ 44,450	\$ 43,750	\$ 35,700	\$ 35,700	\$ 35,700

244 - Water Resources Fund	2014 Actual	2015 1st Qtr	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 Estimated
Personnel Services	\$ 209,169	\$ 179,920	\$ 183,740	\$ 187,790	\$ 192,090	\$ 196,650	\$ 201,510	\$ 206,680	\$ 212,200
Operating Supplies	14,141	18,000	18,000	18,000	18,000	18,280	18,560	18,840	19,130
Professional Services	96,158	753,750	43,750	43,750	43,750	44,410	45,070	45,750	46,440
Interfund Charges	95,063	88,540	88,540	88,540	88,540	89,700	90,870	92,060	93,270
Other Expenses	70,903	178,490	190,860	174,430	174,430	177,050	179,710	182,410	185,150
Capital Outlay	10,030	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Transfer Out	-	-	-	-	-	-	-	-	-
244 - Water Resources Fund	\$ 495,464	\$ 1,218,700	\$ 524,890	\$ 512,510	\$ 516,810	\$ 526,090	\$ 535,720	\$ 545,740	\$ 556,190

	2014 Actual	2015 1st Qtr	2016 Projected	2017 Projected	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 Estimated
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ (152,455)	\$ (470,570)	\$ (483,700)	\$ (470,090)	\$ (472,360)	\$ (482,340)	\$ (500,020)	\$ (510,040)	\$ (520,490)
BEGINNING FUND BALANCE	\$ 2,451,509	\$ 2,299,054	\$ 1,828,484	\$ 1,344,784	\$ 874,694	\$ 402,334	\$ (80,006)	\$ (580,026)	(1,090,065.86)
ENDING FUND BALANCE	\$ 2,299,054	\$ 1,828,484	\$ 1,344,784	\$ 874,694	\$ 402,334	\$ (80,006)	\$ (580,026)	\$ (1,090,066)	\$ (1,610,556)

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 Fund has deferred all capital improvement projects. With the postponement of those projects and adjustments in other operating expenditures, the fund is projected last into FY2018 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 manage maintenance costs.
- The fund will be out of money after FY 2018.



Critical Forecasted Factors to Focus on

- 43% of **General Fund's** FY2016 revenue or 143% of FY2016 **General Fund** tax revenue is transferred to other funds.
- **Local Streets** needs additional funding sources if it is wants to continue performing subdivision reconstruction (capital) activity. General Fund is able to provide some limited support in this area.
- **Fire Fund** with the recently (voter) approved millage increase, the fund is able to add additional staffing to improve its service levels. The Fund should review and update its capital replacement schedule and develop an annual review process of its Fire Apparatus (Capital) Fund to ensure it's sustainability.
- **Water Resource Fund** needs a funding source 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 and brought some very innovative ways to solve future issues without raising taxes.
- 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.
- I/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.



Thank you



Q & A

Q & A

