

City of Rochester Hills Seven Year Financial Forecast Fiscal Years 2020-2026



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 a set of assumptions*
- ▶ Includes Governmental Fund Balance Policy
- ▶ Includes FY 2019 2nd Qtr Budget Amendment



Key Assumptions: Revenue

	Prior Forecast (2019-2025)			Current Forecast (2020-2026)	
Taxable Value	2020	3.00%		2020	4.95% *
	2021	2.25%		2021	3.00%
	2022	2.25%		2022	2.50%
	2023-25	2.25%		2023-26	2.50%
State-Shared Revenue	2019-25	2.00%		2020-26	2.00%
Interest Rates	2020	2.25%		2020	2.00%
	2021	2.25%		2021	1.75%
	2022	2.25%		2022	1.75%
	2023-25	2.25%		2023-26	1.75%



* = Actual



Key Assumptions: Revenue

	<i>Prior Forecast (2019-2025)</i>		<i>Current Forecast (2020-2026)</i>	
Act 51 Revenue	2020	2.0%	2020	2.0%
	2021-25	2.0%	2021-26	2.0%



Key Assumptions: Revenue

OPERATING MILLAGE	Actual 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024	Estimated 2025	Estimated 2026
Charter Operating	2.4959	2.6582	2.6689	2.7798	2.6567	2.6408	2.6248	2.6459
Local Street I	0.3444	0.3418	1.0965	1.0965	1.0965	1.0965	1.0965	1.0965
Local Street II	0.4718	0.4683	-	-	-	-	-	-
Local Street III	0.2886	0.2864	-	-	-	-	-	-
Fire Fund	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000
Special Police I	1.1742	1.1655	1.1655	1.1655	1.1655	1.1655	1.1655	1.1655
Special Police II	1.2725	1.1640	1.1640	1.1640	1.2871	1.3030	1.3190	1.3351
Pathway	0.1803	0.1789	0.1789	0.1789	0.1789	0.1789	0.1789	0.1789
RARA: Operating	0.1893	0.1878	0.1878	0.1878	0.1878	0.1878	0.1878	0.1878
OPC: Transportation	0.0971	0.0963	0.0963	0.0963	0.0963	0.0963	0.0963	0.0963
OPC: Operating	0.2334	0.2316	0.2316	0.3000	0.3000	0.3000	0.3000	0.3000
Library: Operating	0.7602	0.7545	0.7545	0.7545	0.7545	0.7545	0.7545	0.7545
TOTAL OPERATING MILLAGE	10.2077	10.2333	10.2440	10.4233	10.4233	10.4233	10.4233	10.4605

DEBT MILLAGE								
Drain Debt Fund	0.0394	0.0372	0.0372	0.0372	0.0372	0.0372	0.0372	-
Older Persons Refunding: 2010 Series	0.2134	0.1900	0.1793	-	-	-	-	-
TOTAL DEBT MILLAGE	0.2528	0.2272	0.2165	0.0372	0.0372	0.0372	0.0372	-

TOTAL MILLAGE RATE	10.4605	10.4605	10.4605	10.4605	10.4605	10.4605	10.4605	10.4605
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Key Assumptions: Expenditure

	Prior Forecast (2019-2025)		Current Forecast (2020-2026)		
	2019-25	225 FTE	2020-26	238 FTE	↑
Number of Employees	2019-25	225 FTE	2020-26	238 FTE	↑
Salary Wage Change	2019-25	2.0%	2020-26	2.5%	↑
Health Care	2019-25	9.0%	2020-26	7.0%	↓
Inflation	2019-25	2.0%	2020-26	2.0%	☰
OCSO Contract	2019-25	3.0%	2020-21 2022-26	2.9% 3.0%	☰
OCSO Deputies	2019-25	60	2020-26	60	☰
Capital Projects			All CIP projects updated with current cost estimates		☰

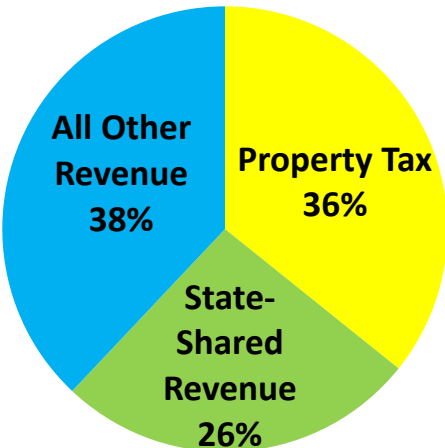


2020-2026 Fund Forecasts

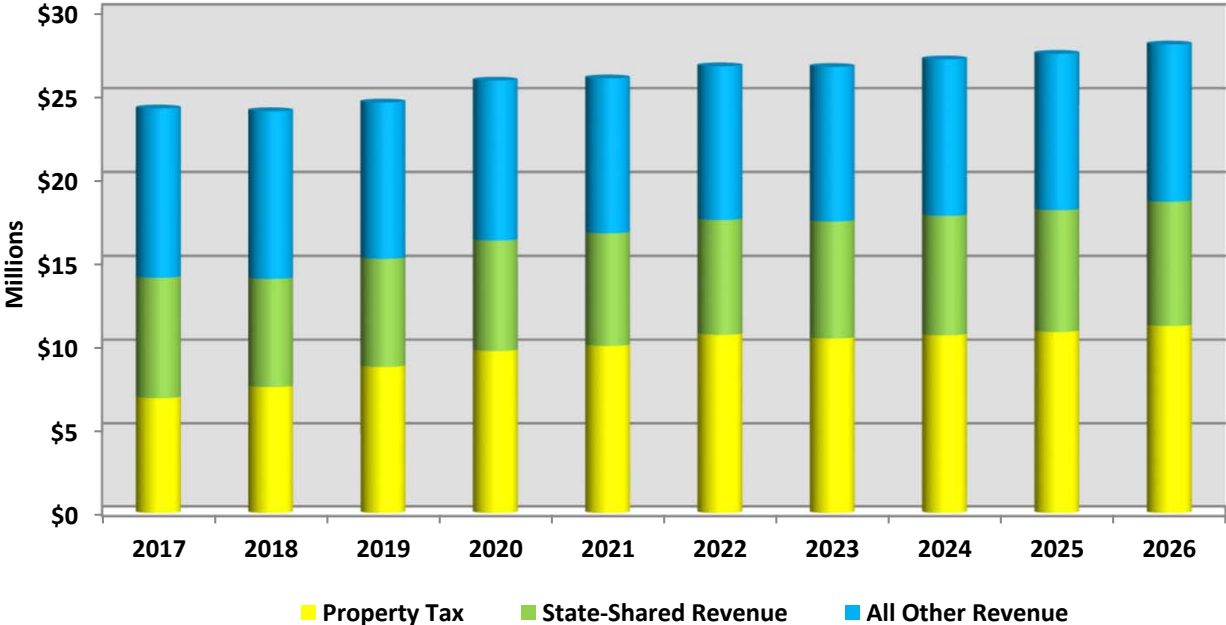


General Fund (101): Revenue

General Fund:
FY 2019 Revenue
Sources

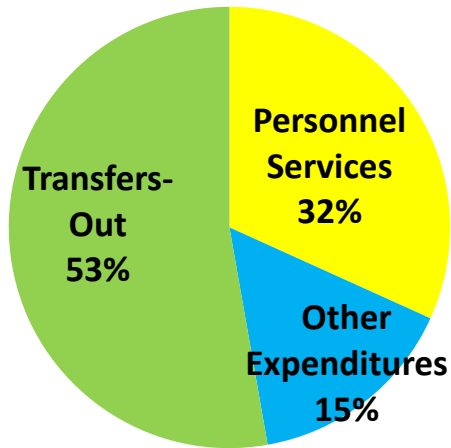


General Fund: Total Revenue Trend

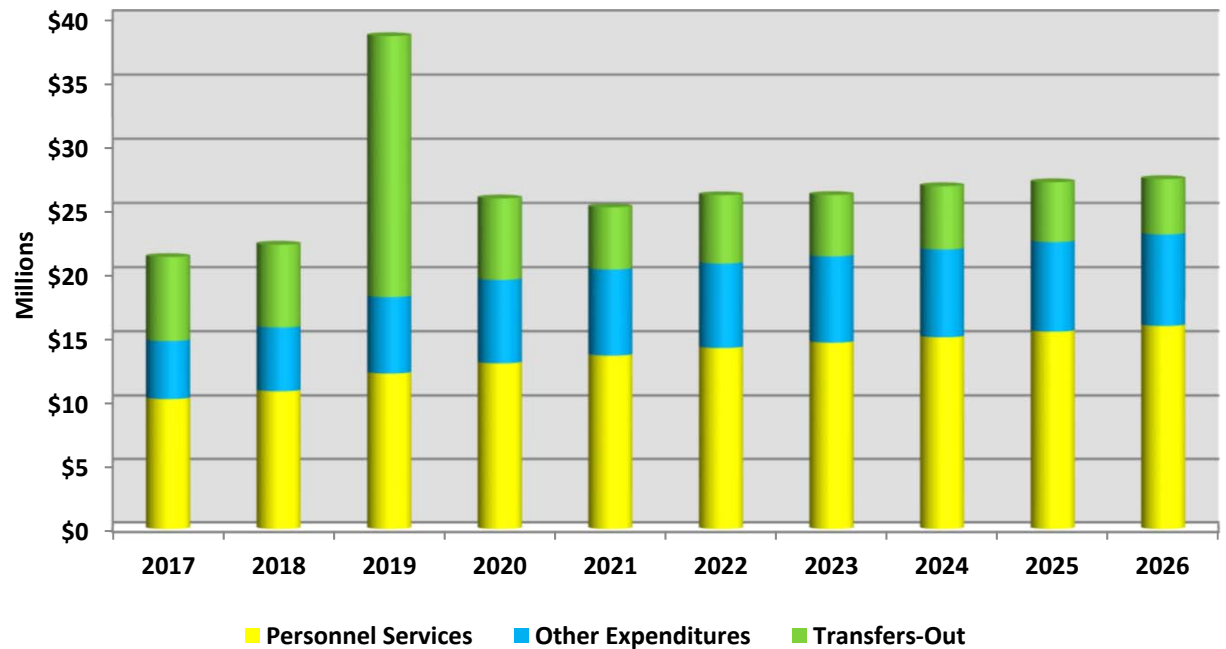


General Fund (101): Expenditures

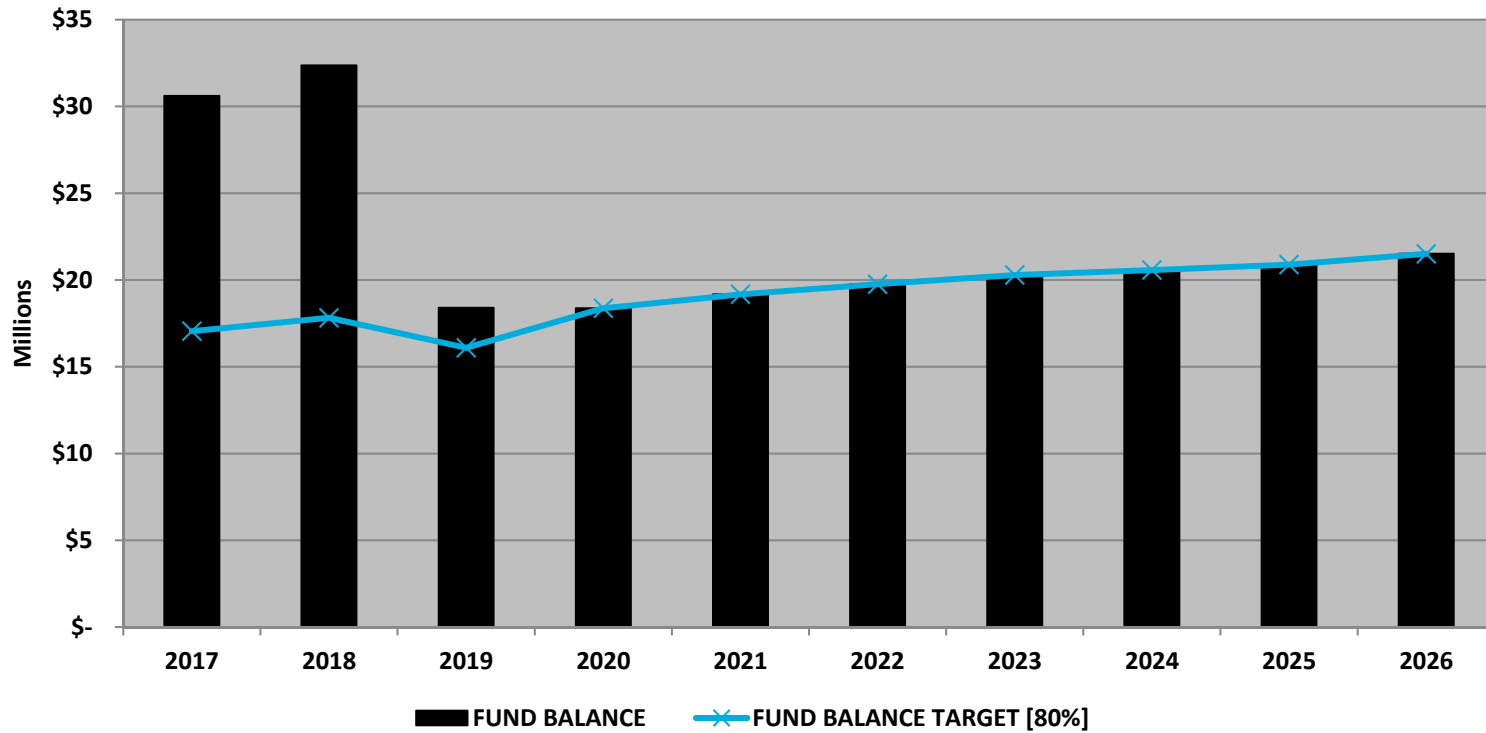
General Fund:
FY 2019 Expenditure
Sources



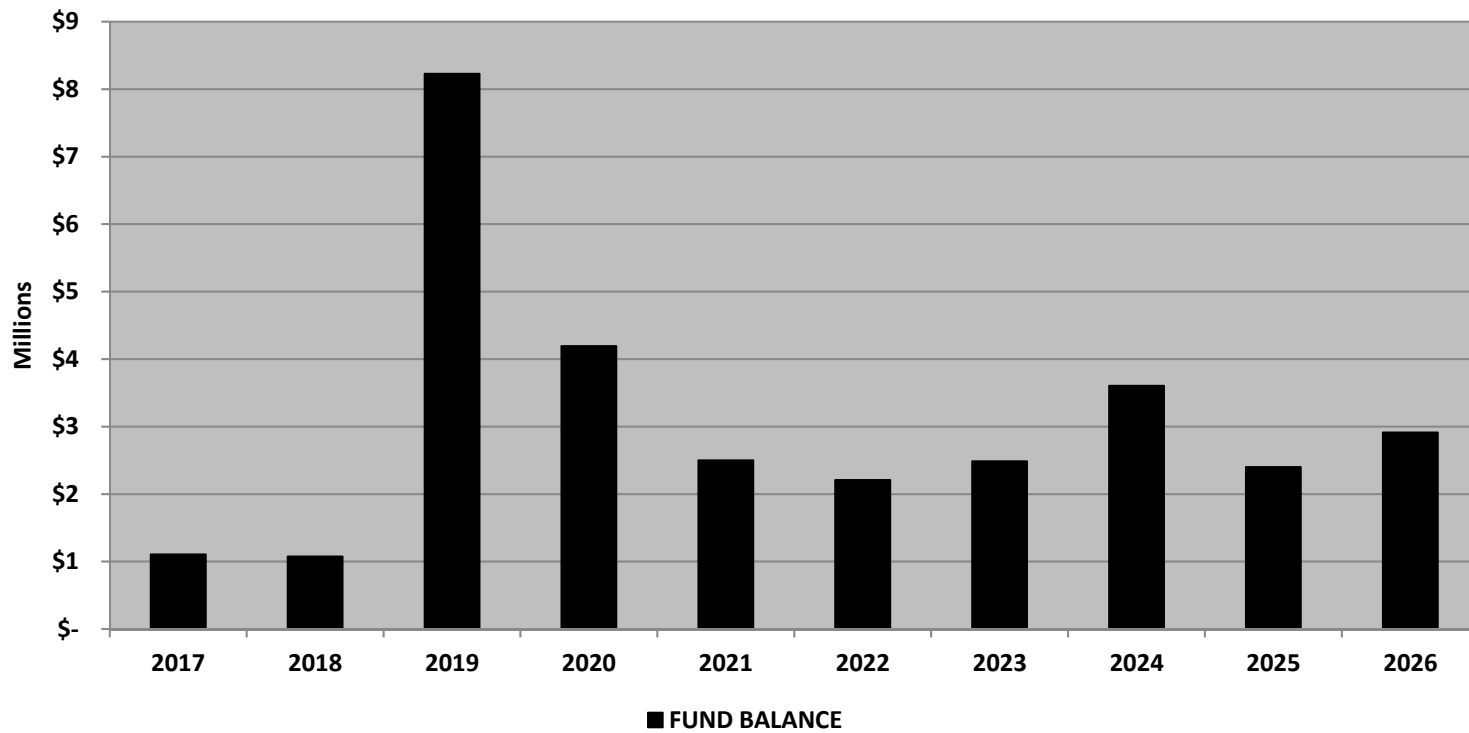
General Fund: Total Expenditure Trend



General Fund (101): Changes in Fund Balance

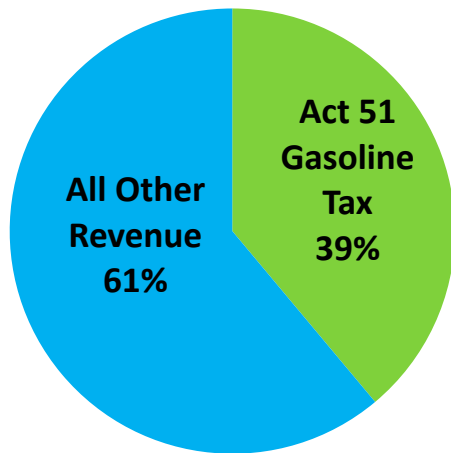


Capital Improvement Fund (420): Changes in Fund Balance

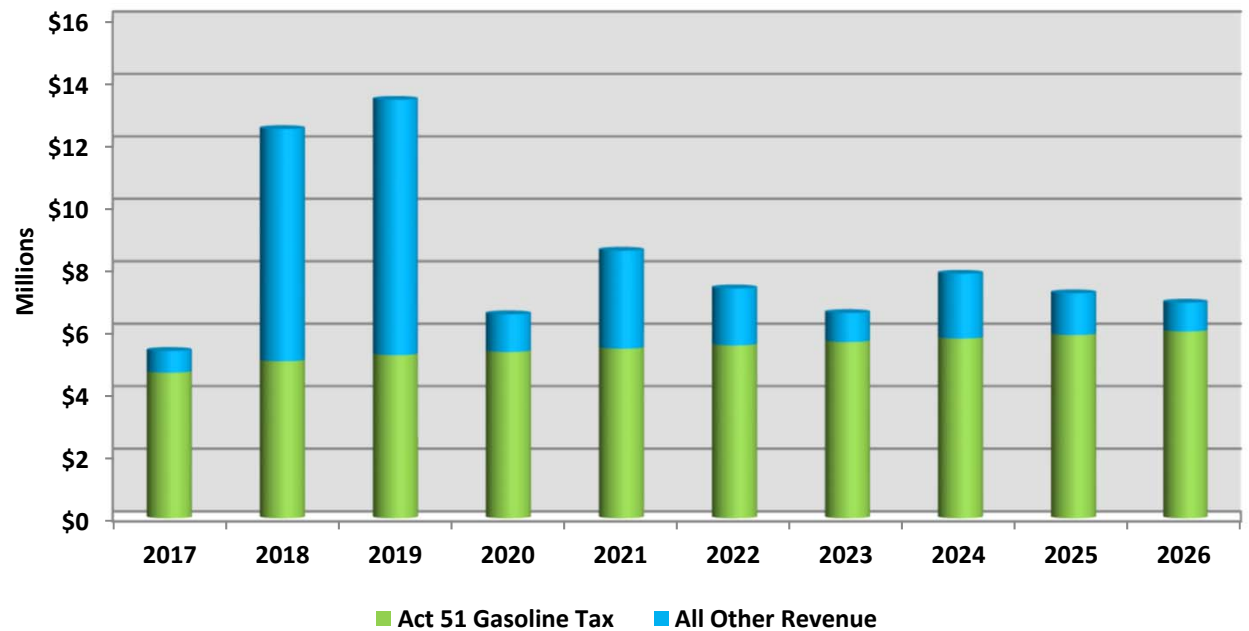


Major Road Fund (202): Revenue

Major Road Fund:
FY 2019 Revenue
Sources

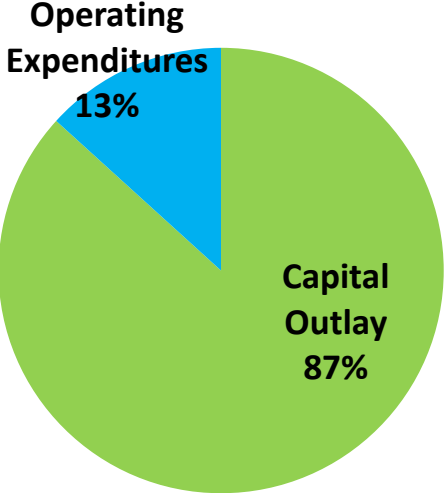


Major Road Fund: Total Revenue Trend

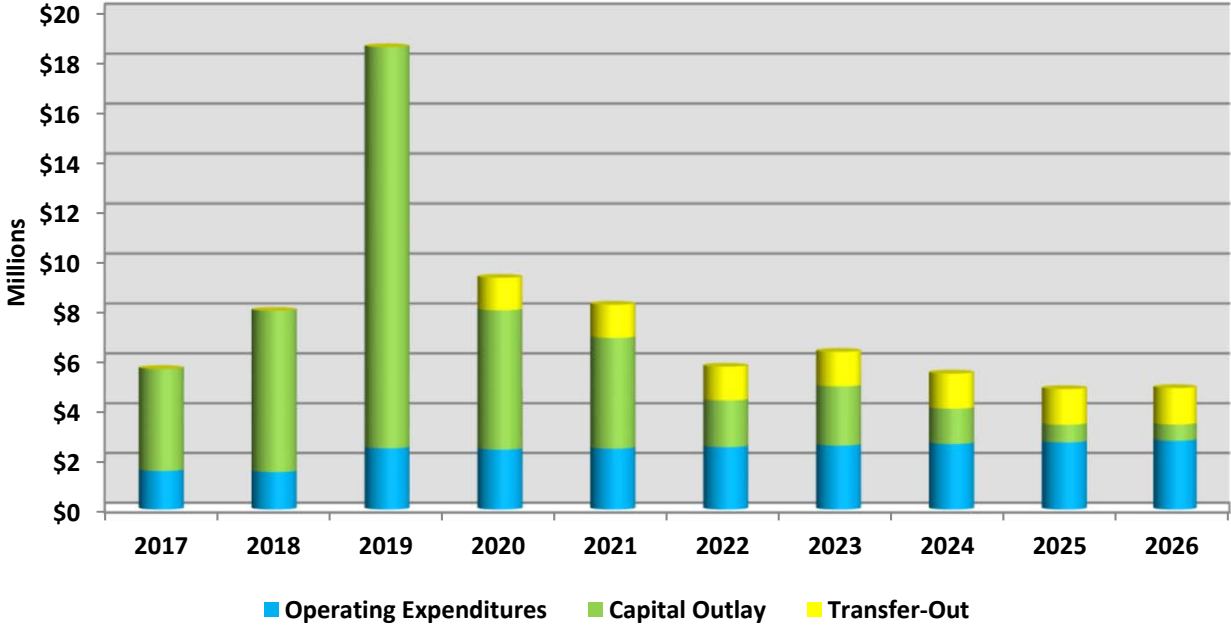


Major Road Fund (202): Expenditures

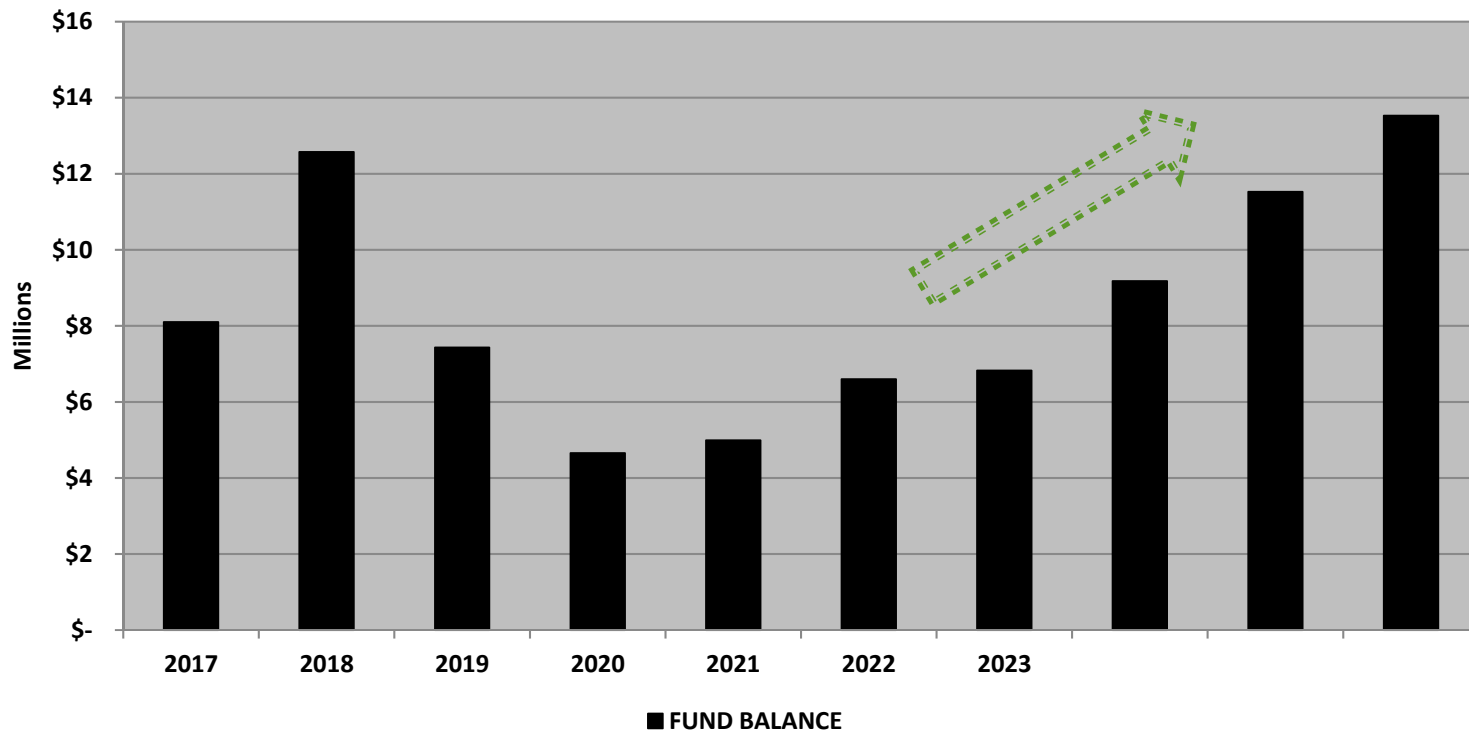
Major Road Fund:
FY 2019 Expenditure
Sources



Major Road Fund: Total Expenditure Trend

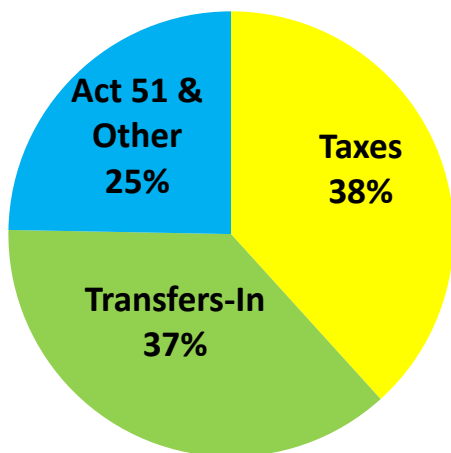


Major Road Fund (202): Changes in Fund Balance

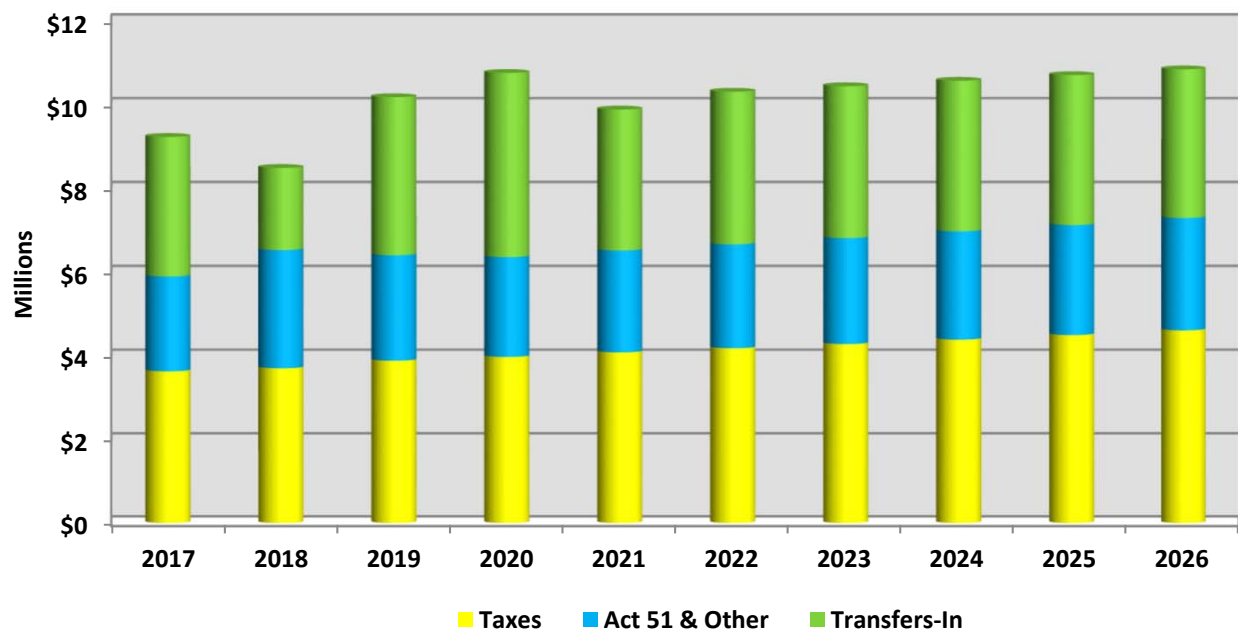


Local Street Fund (203): Revenue

Local Street Fund:
FY 2019 Revenue
Sources

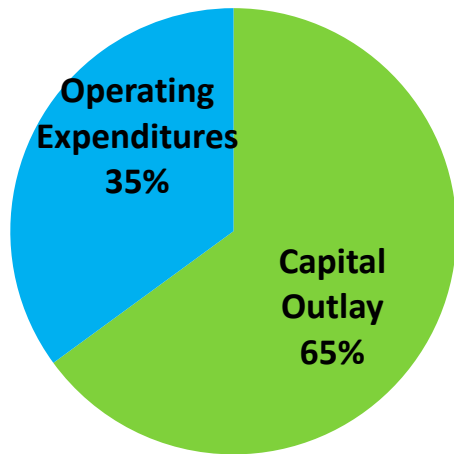


Local Street Fund: Total Revenue Trend

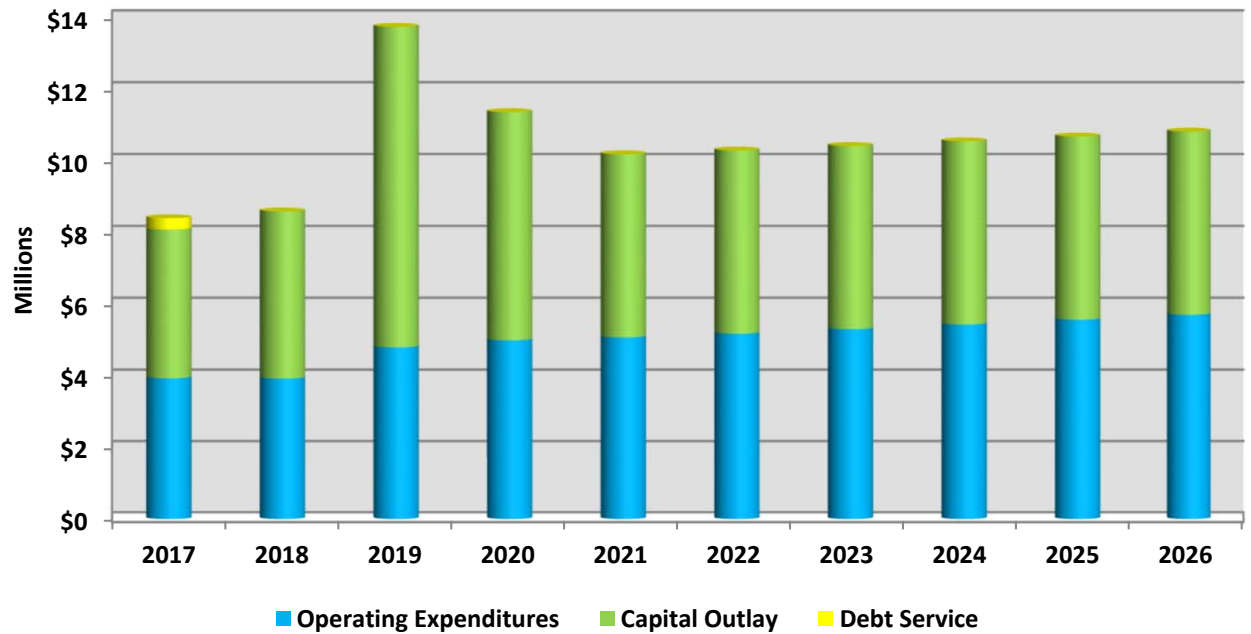


Local Street Fund (203): Expenditures

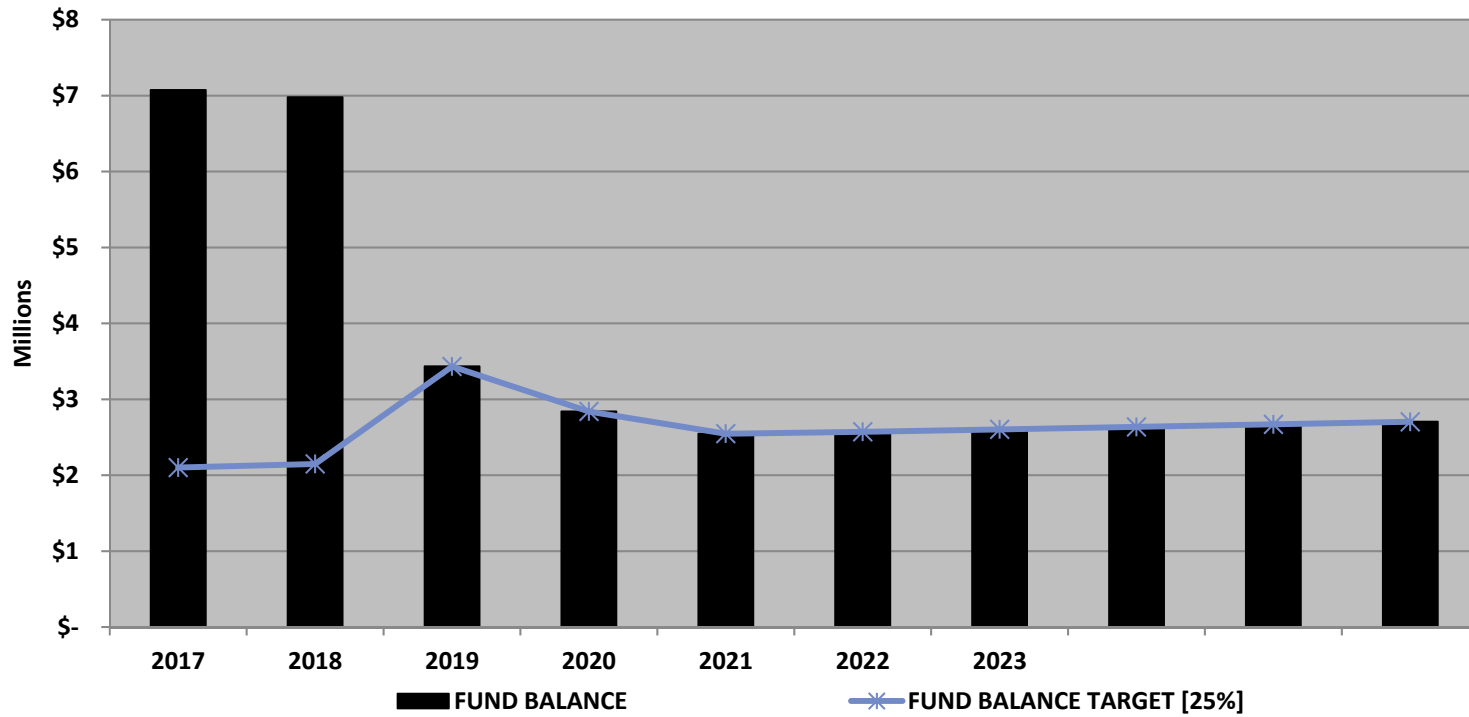
Local Street Fund:
FY 2019 Expenditure
Sources



Local Street Fund: Total Expenditure Trend

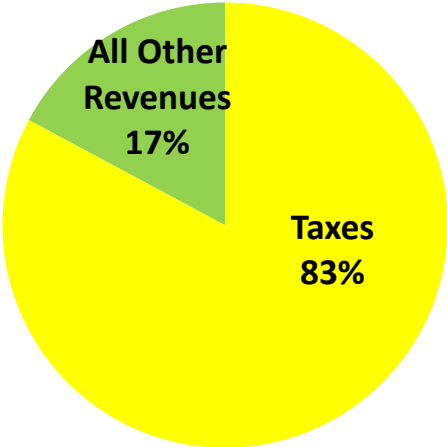


Local Street Fund (203): Changes in Fund Balance

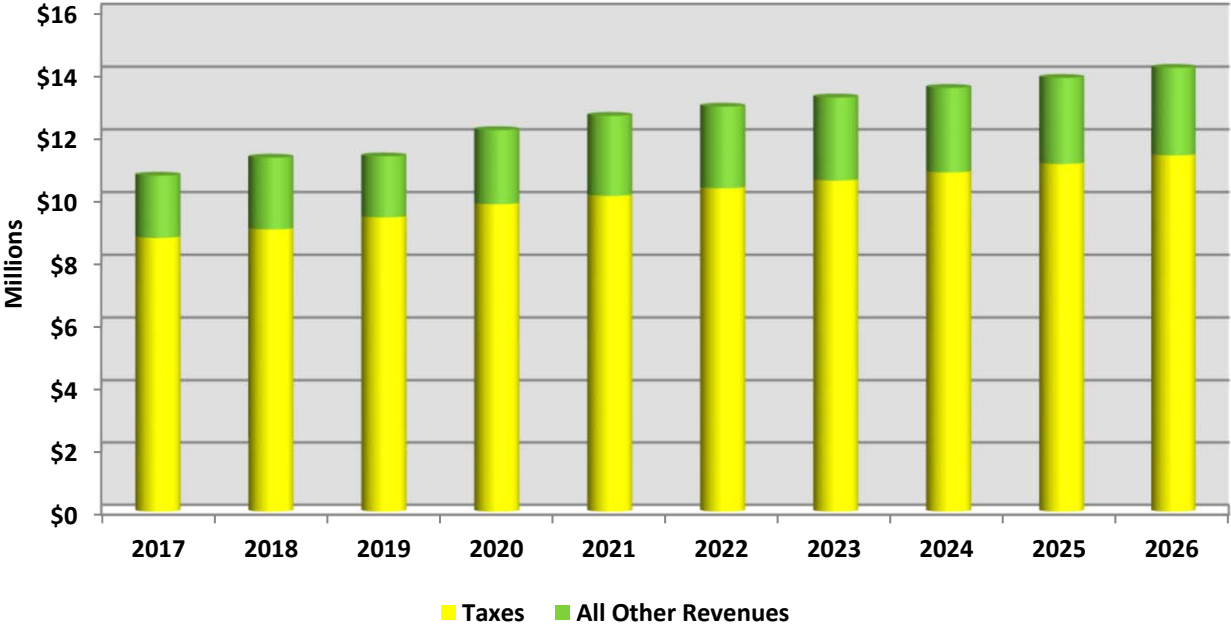


Fire Operating Fund (206): Revenue

Fire Fund:
FY 2019 Revenue
Sources

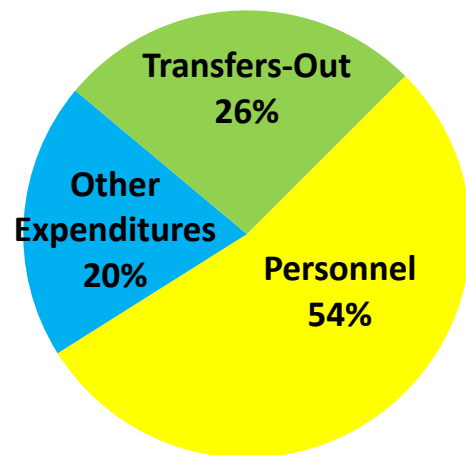


Fire Fund: Total Revenue Trend

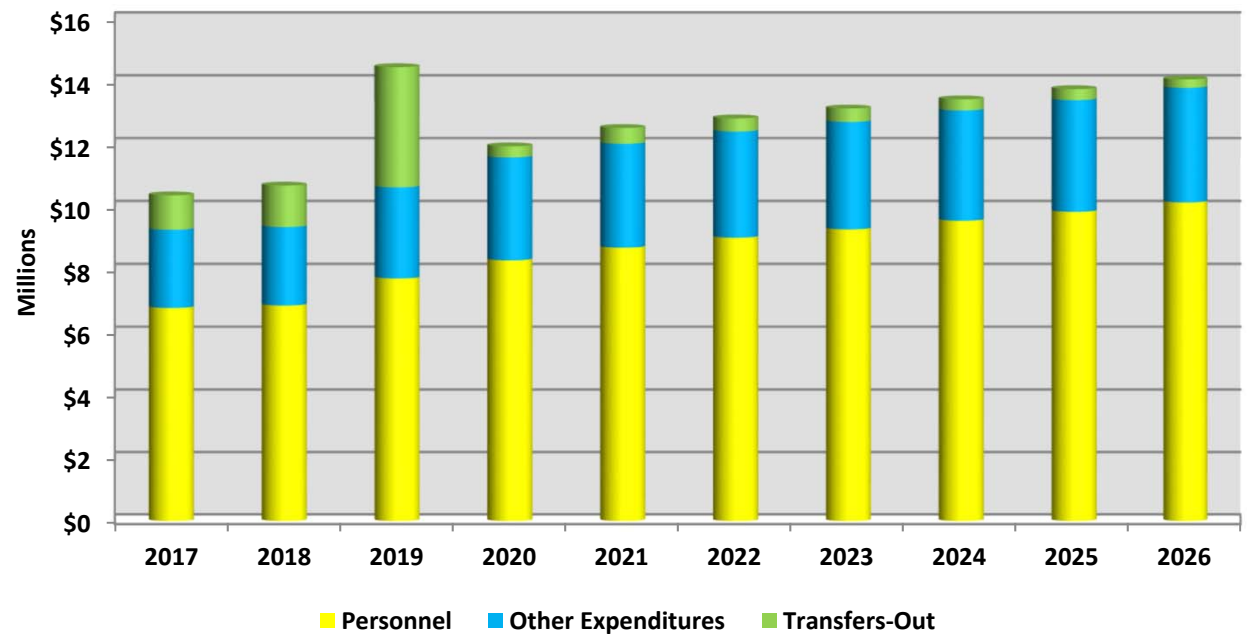


Fire Operating Fund (206): Expenditure

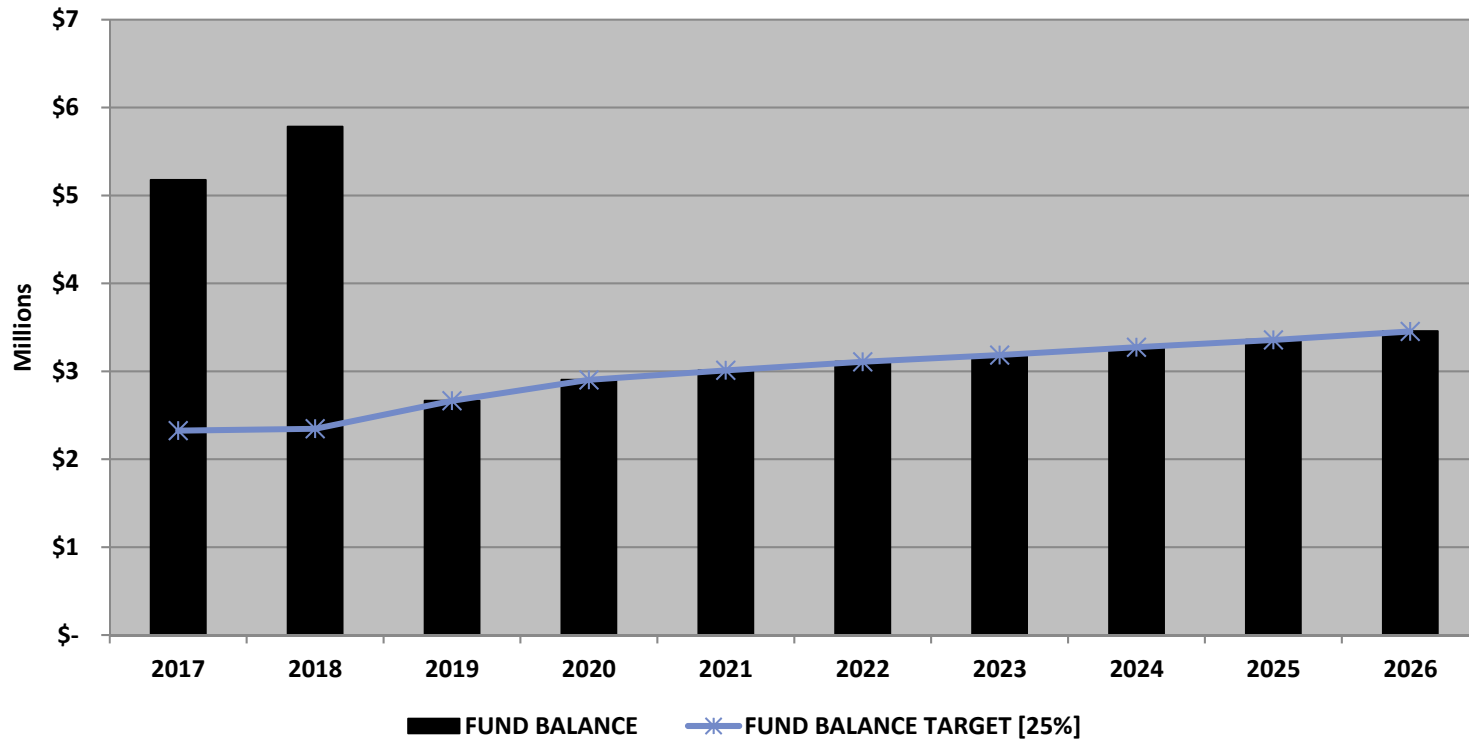
Fire Fund:
FY 2019 Expenditure
Sources



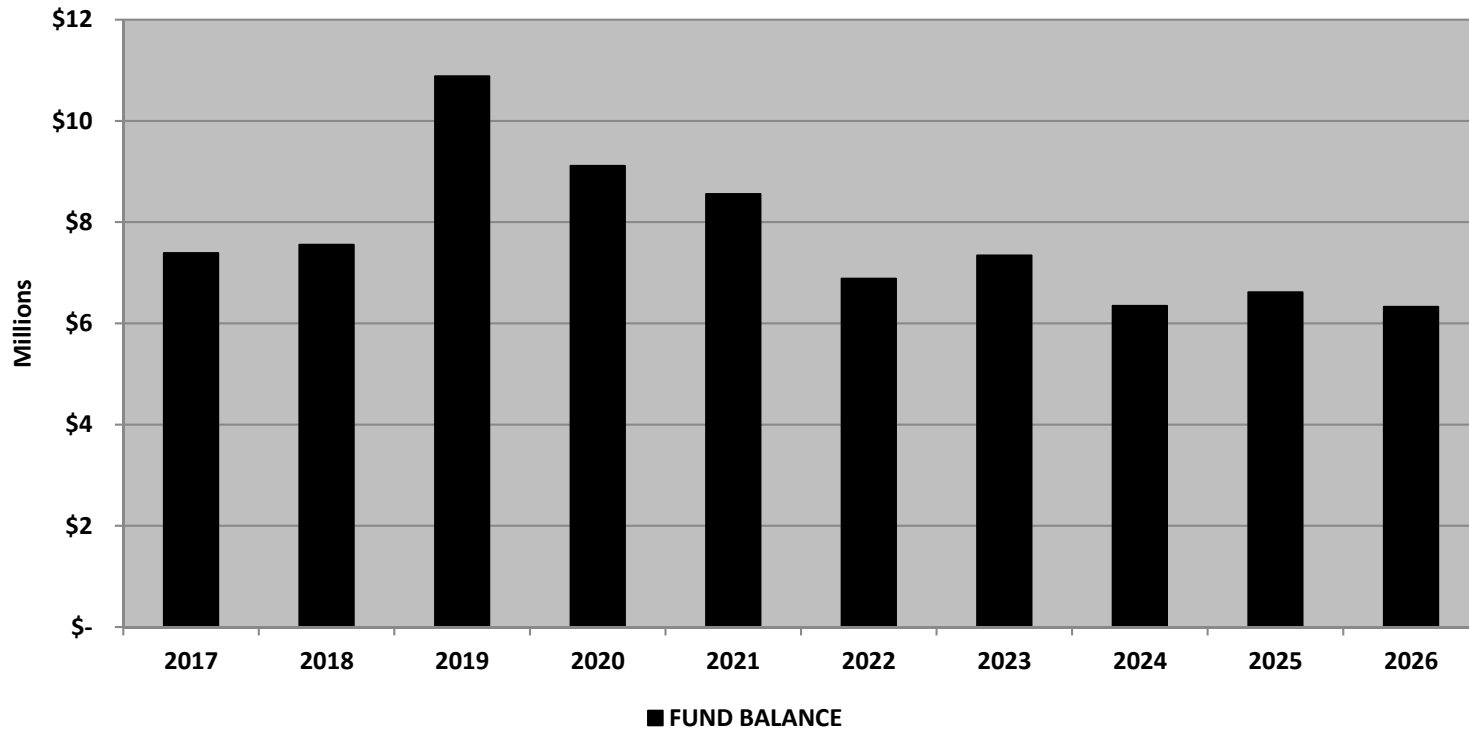
Fire Fund: Total Expenditure Trend



Fire Operating Fund (206): Changes in Fund Balance

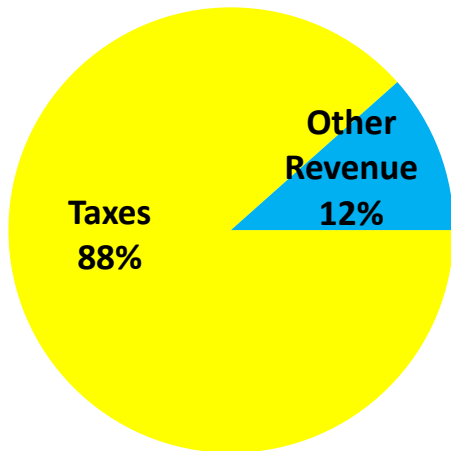


Fire Capital Fund (402): Changes in Fund Balance

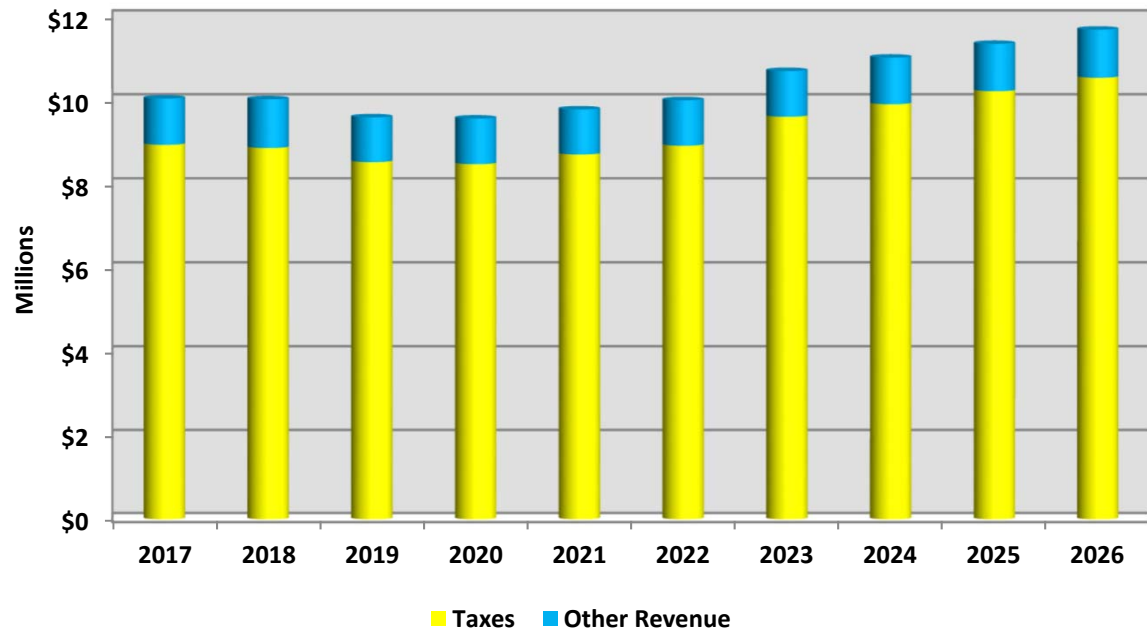


Special Police Fund (207): Revenue

Special Police Fund:
FY 2019 Revenue
Sources

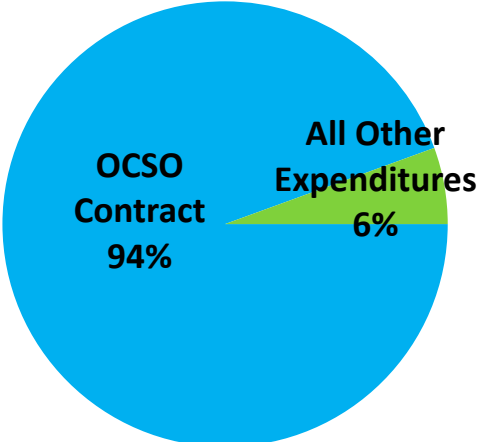


Special Police Fund: Total Revenue Trend

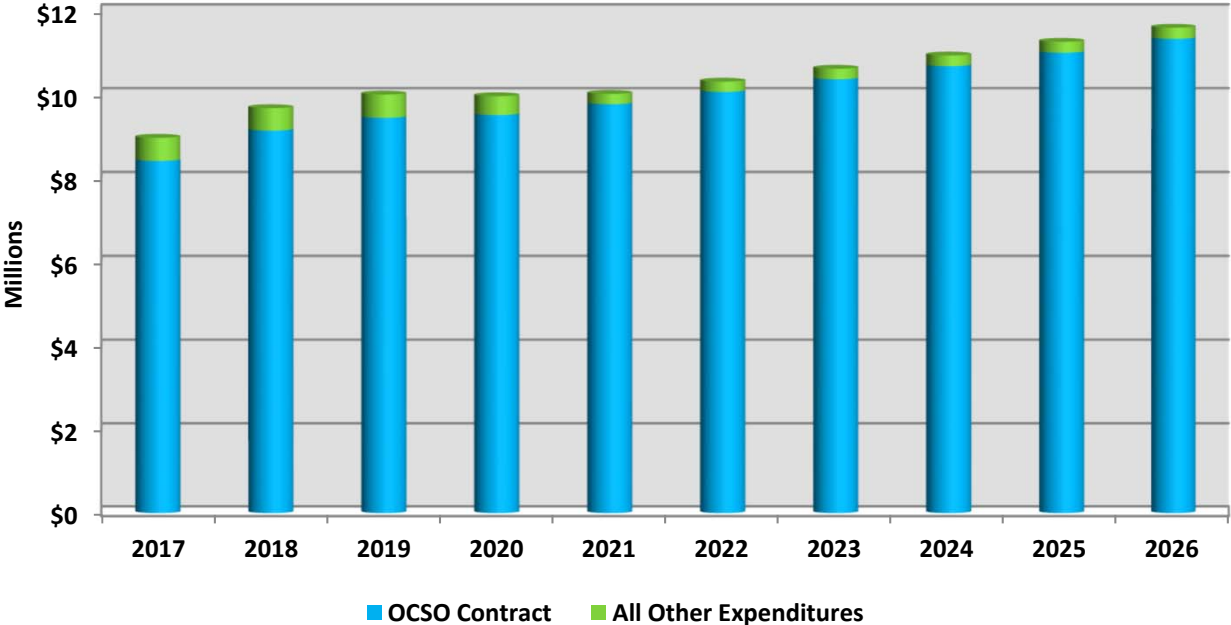


Special Police Fund (207): Expenditure

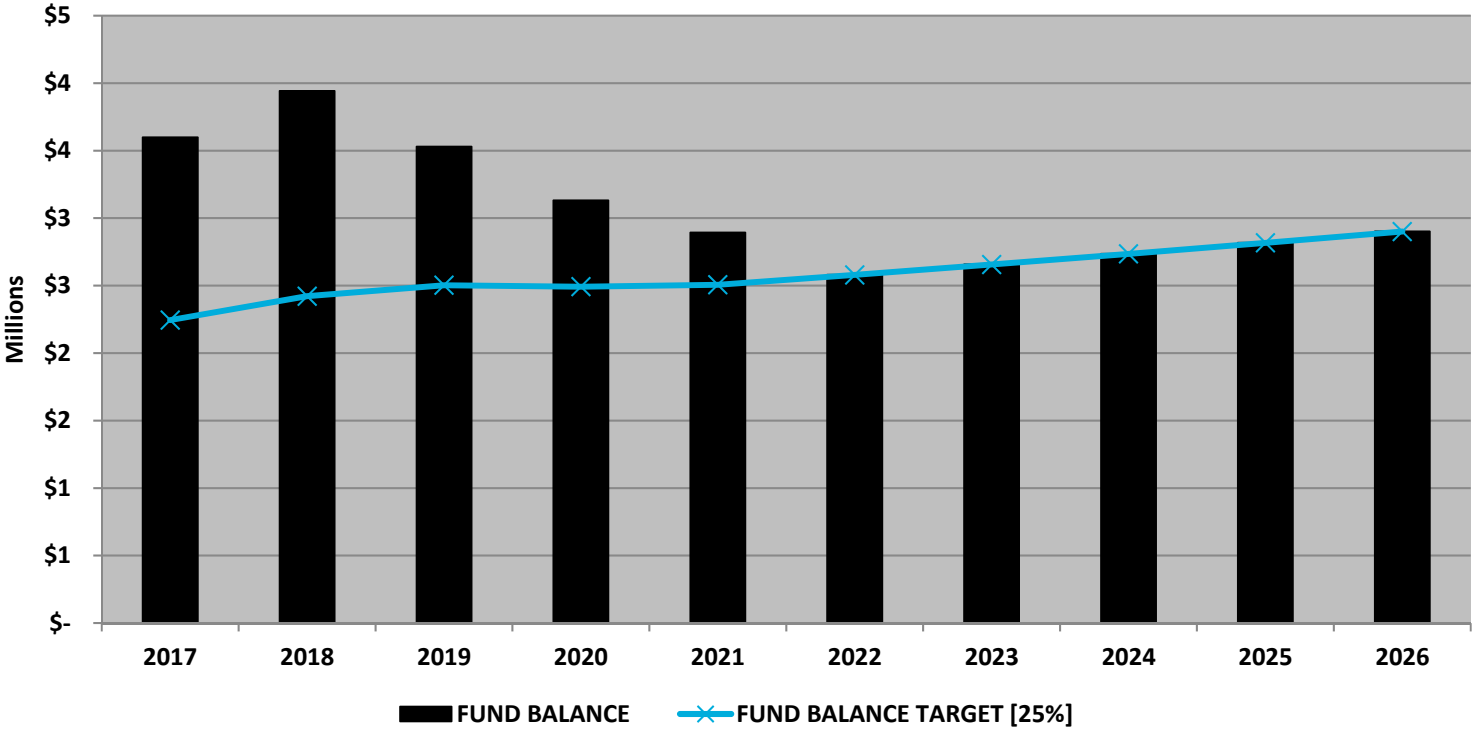
Special Police Fund:
FY 2019 Expenditure
Sources



Special Police Fund: Total Expenditure Trend

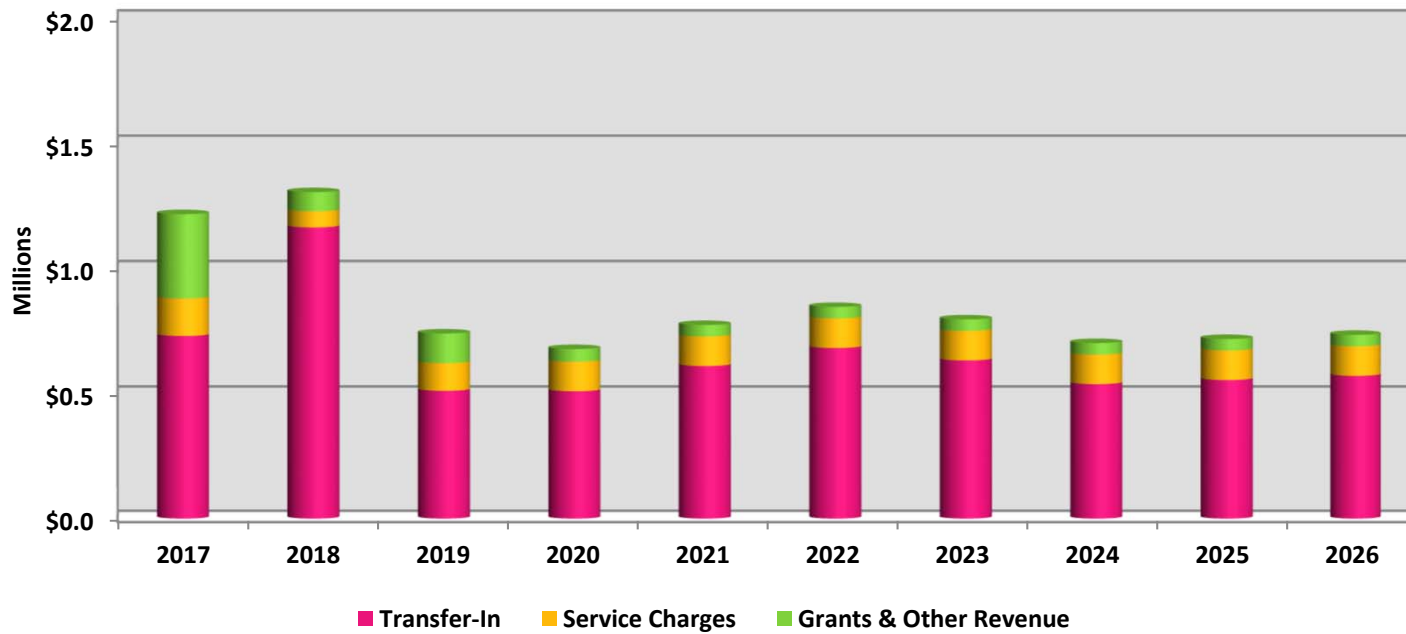


Special Police Fund (207): Changes in Fund Balance



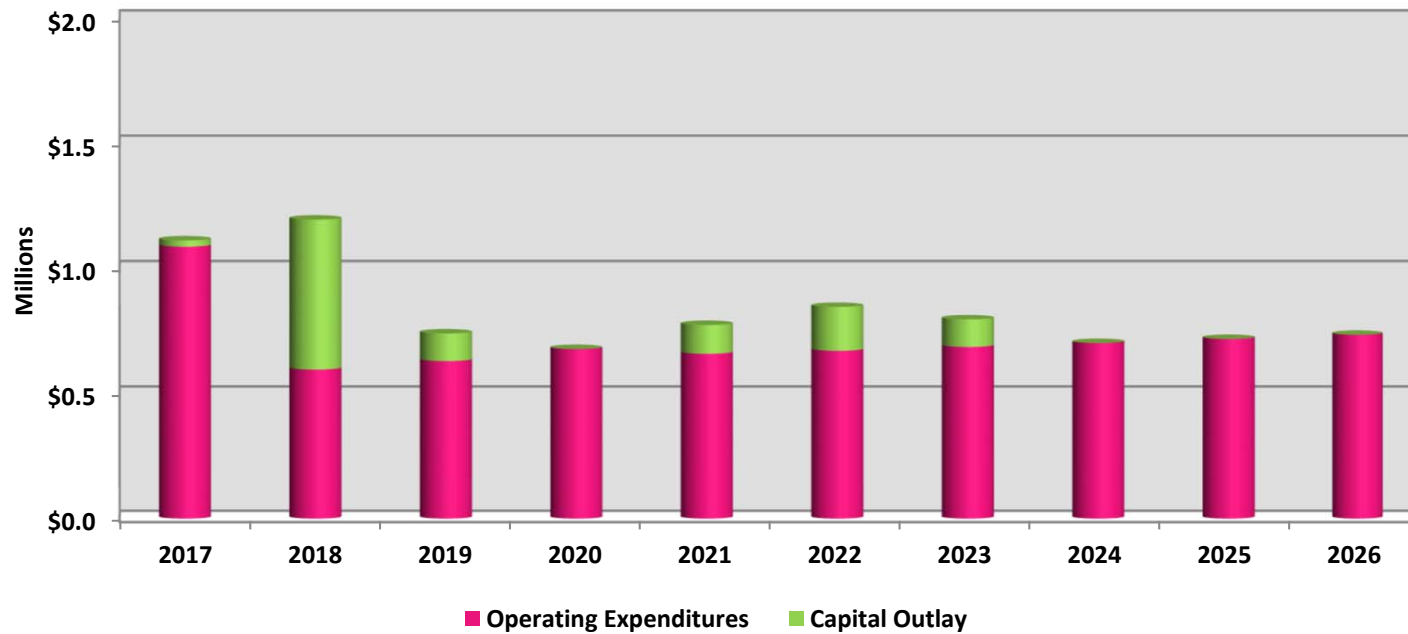
Water Resources Fund (244)

Water Resources Fund: Total Revenue Trend

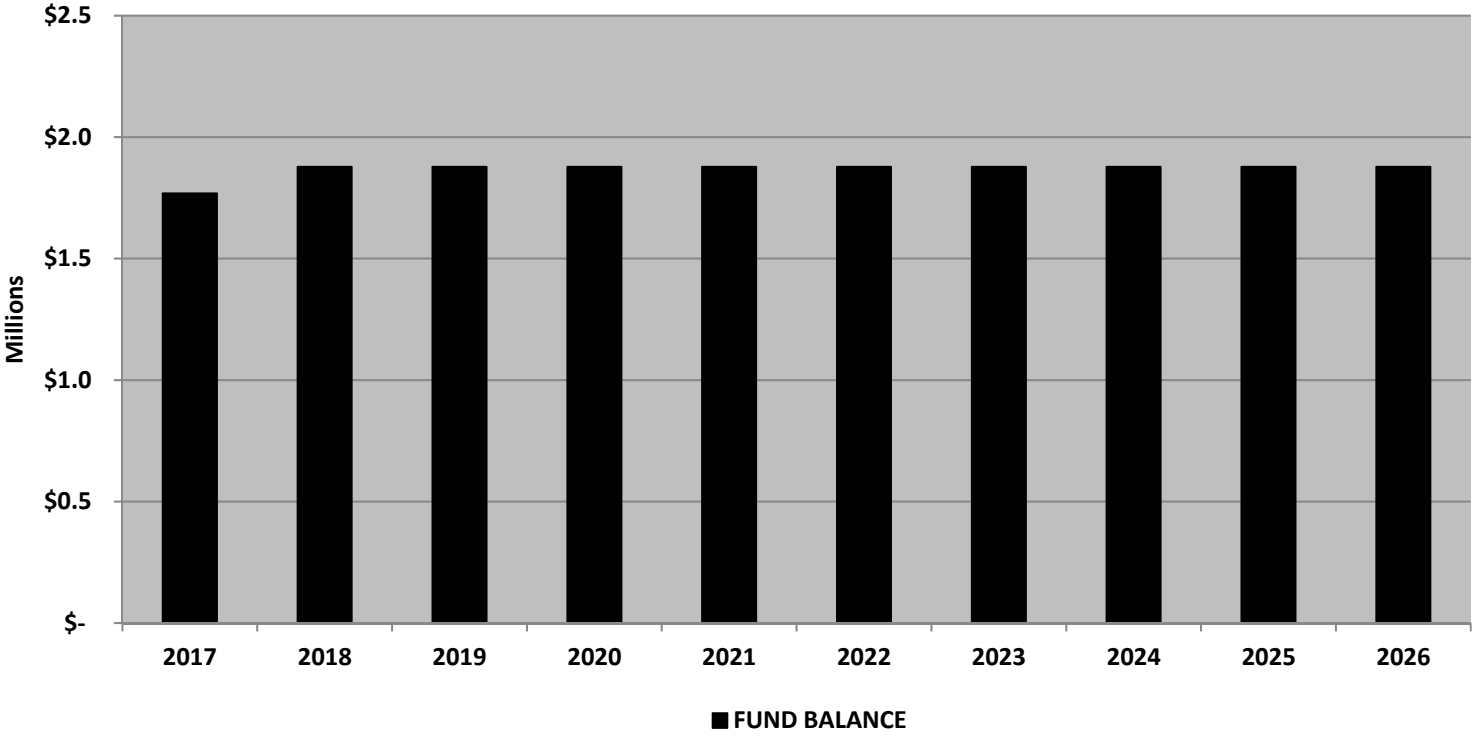


Water Resources Fund (244)

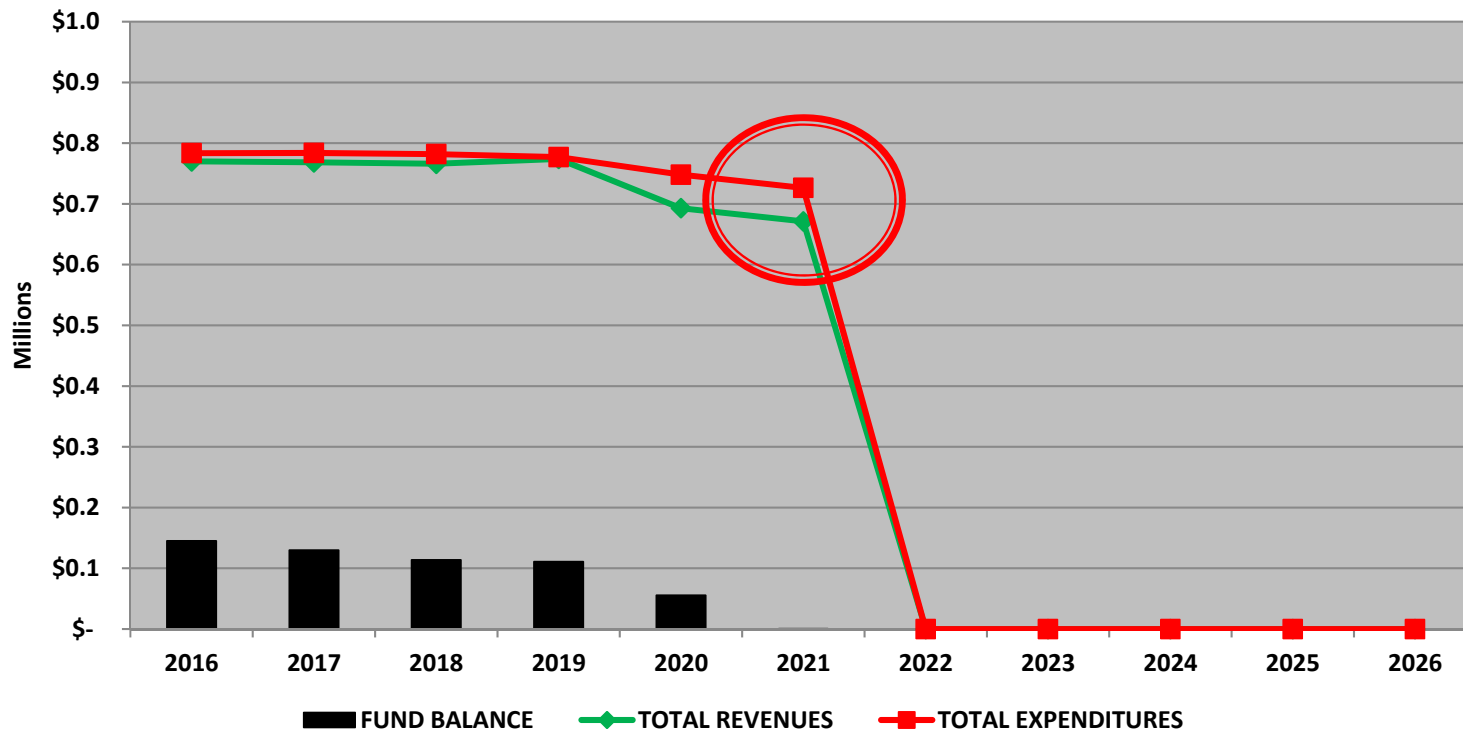
Water Resources Fund: Total Expenditure Trend



Water Resources Fund (244): Changes in Fund Balance



OPC Building Debt Fund (369): Revenues, Expenditures, Changes in Fund Balance



Closing Comments

- ▶ **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 Capital Funds are secure through 2030+:**
 - Capital Improvement Fund
 - Fire Capital Fund

Questions / Comments

