

City of Rochester Hills Seven Year Financial Forecast Fiscal Years 2027-2033



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 updated Governmental Fund Balance Policy
- ▶ Includes FY 2026 Proposed 2nd Qtr Budget Amendment



Key Assumptions: Revenue

	Prior Forecast - July 2025 (2026-2032)			Current Forecast – July 2026 (2026-2033)	
Taxable Value	2027	2.75%		2027	4.19% *
	2028	2.50%		2028	2.75%
	2029	2.50%		2029	2.50%
	2030-32	2.50%		2030-33	2.50%
State-Shared Revenue	2026	1.0%		2026	(9.3%)
	2027	1.0%		2027	1.0%
	2028	1.0%		2028	1.0%
	2029	1.0%		2029	1.0%
	2030-32	1.0%		2030-33	1.0%
Act 51 Revenue	2026	1.0%		2026	7.7%
	2027	1.0%		2027	11.0%
	2028	1.0%		2028	1.0%
	2029	1.0%		2029	1.0%
	2030-32	1.0%		2030-33	1.0%



* = Actual



Key Assumptions: Revenue

	Prior Forecast - July 2025 (2026-2032)			Current Forecast – July 2026 (2026-2033)	
Interest Rates	2026	3.0%		06/30/2026	3.9% *
	2027	3.0%		2027	3.0%
	2028	3.0%		2028	3.0%
	2029	2.5%		2029	3.0%
	2030-32	2.5%		2030-33	2.5%



* = Actual



Key Assumptions: Expenditure

	<i>Prior Forecast - July 2025 (2026-2032)</i>			Current Forecast – July 2026 (2026-2033)	
Number of Employees	2026-32	263 FTE		2026-33	264 FTE
Salary Wage Change	2026-27	2.75%		2026-27	2.75%
	2028	2.50%		2028	2.75%
	2029-32	2.50%		2029-33	2.50%
Health Care	2026-32	6.0%		2025-32	7.0%
Inflation	2026	2.5% - 5.0%		2026	2.5% - 5.0%
	2027	2.5% - 5.0%		2027	2.5% - 5.0%
	2028	2.5% - 5.0%		2028	2.5% - 5.0%
	2029-32	2.5% - 5.0%		2029-2033	2.5% - 5.0%
Capital Projects	All CIP projects updated with current cost estimates			All CIP projects updated with current cost estimates	



Key Assumptions: Expenditure

	Prior Forecast - July 2025 (2026-2032)			Current Forecast – July 2026 (2026-2033)	
Number of OCSO Officers	2026-32	64		2026-33	64
OCSO Contract	2027	9.0%		2027	9.0% *
	2028	5.2%		2028	5.4%
	2029	5.2%		2029	5.4%
	2030	5.2%		2030	5.4%
	2031-32	5.2%		2031-33	3.0%



* = Actual



City Millage Rate Projection

	Actual 2026	Projected 2027	Estimated 2028	Estimated 2029	Estimated 2030	Estimated 2031	Estimated 2032	Estimated 2033
OPERATING MILLAGE								
Charter Operating	2.7416	2.7654	2.7654	2.7654	2.7654	2.7654	2.7654	2.7654
Local Street I	1.0531	1.0448	1.0448	1.0448	1.0448	1.0448	1.0448	1.0448
Fire Fund	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000
Special Police I	2.8460	2.8460	2.8460	2.8460	2.8460	2.8460	2.8460	2.9901
Pathway	0.1715	0.1701	0.1701	0.1701	0.1701	0.1701	0.1701	0.1701
Park Infrastructure	0.1620	0.1607	0.1607	0.1607	0.1607	0.1607	0.1607	0.1607
RARA: Operating	0.1802	0.1787	0.1787	0.1787	0.1787	0.1787	0.1787	0.1787
OPC: Operating	0.3099	0.3074	0.3074	0.3074	0.3074	0.3074	0.3074	0.3074
Library I	0.7245	0.7188	0.7188	0.7188	0.7188	0.7188	0.7188	0.7188
Library II	0.3865	0.3834	0.3834	0.3834	0.3834	0.3834	0.3834	0.3834
TOTAL OPERATING MILLAGE	11.2753	11.2753	11.2753	11.2753	11.2753	11.2753	11.2753	11.4194

TOTAL MILLAGE RATE	11.2753	11.2753	11.2753	11.2753	11.2753	11.2753	11.2753	11.4194
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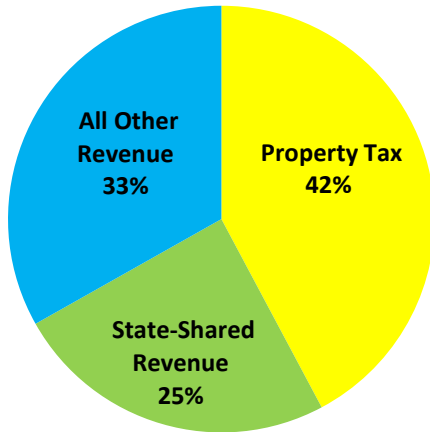
	= Signifies Millage Increase
	= Signifies Last Year of Existing Millage



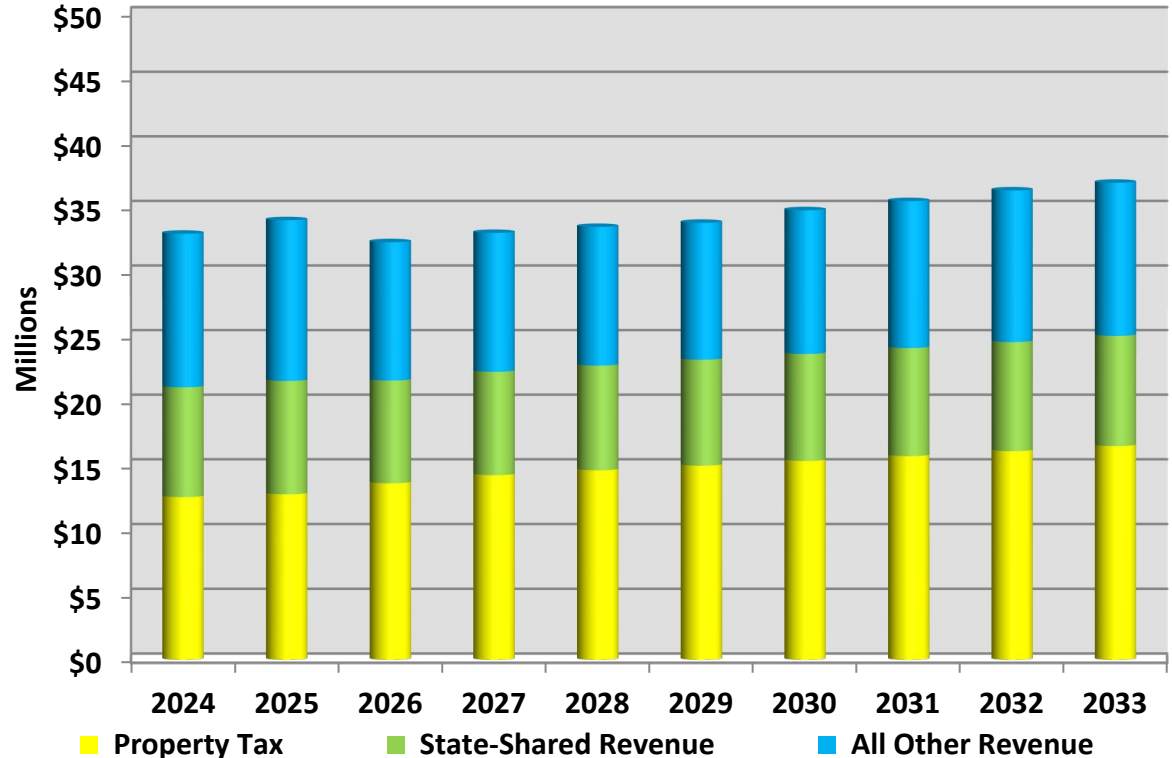
2027-2033 Fund Forecasts

General Fund (101): Revenue

General Fund:
FY 2026 Revenue Sources

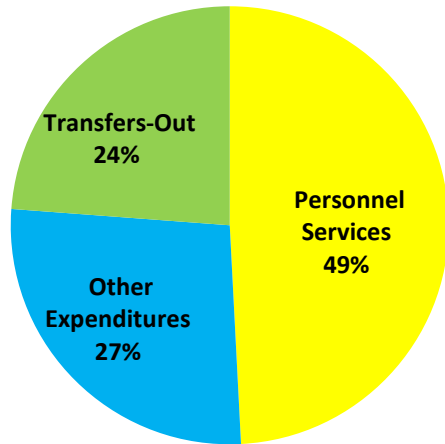


General Fund: Total Revenue Trend

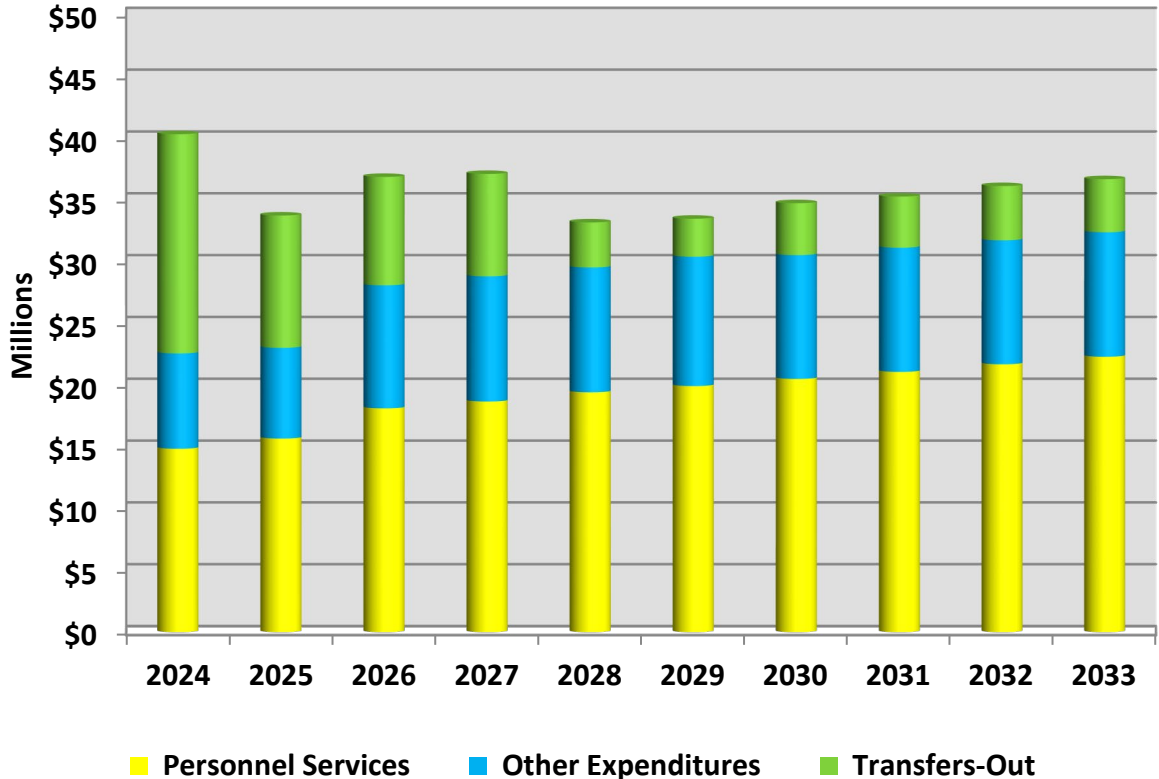


General Fund (101): Expenditures

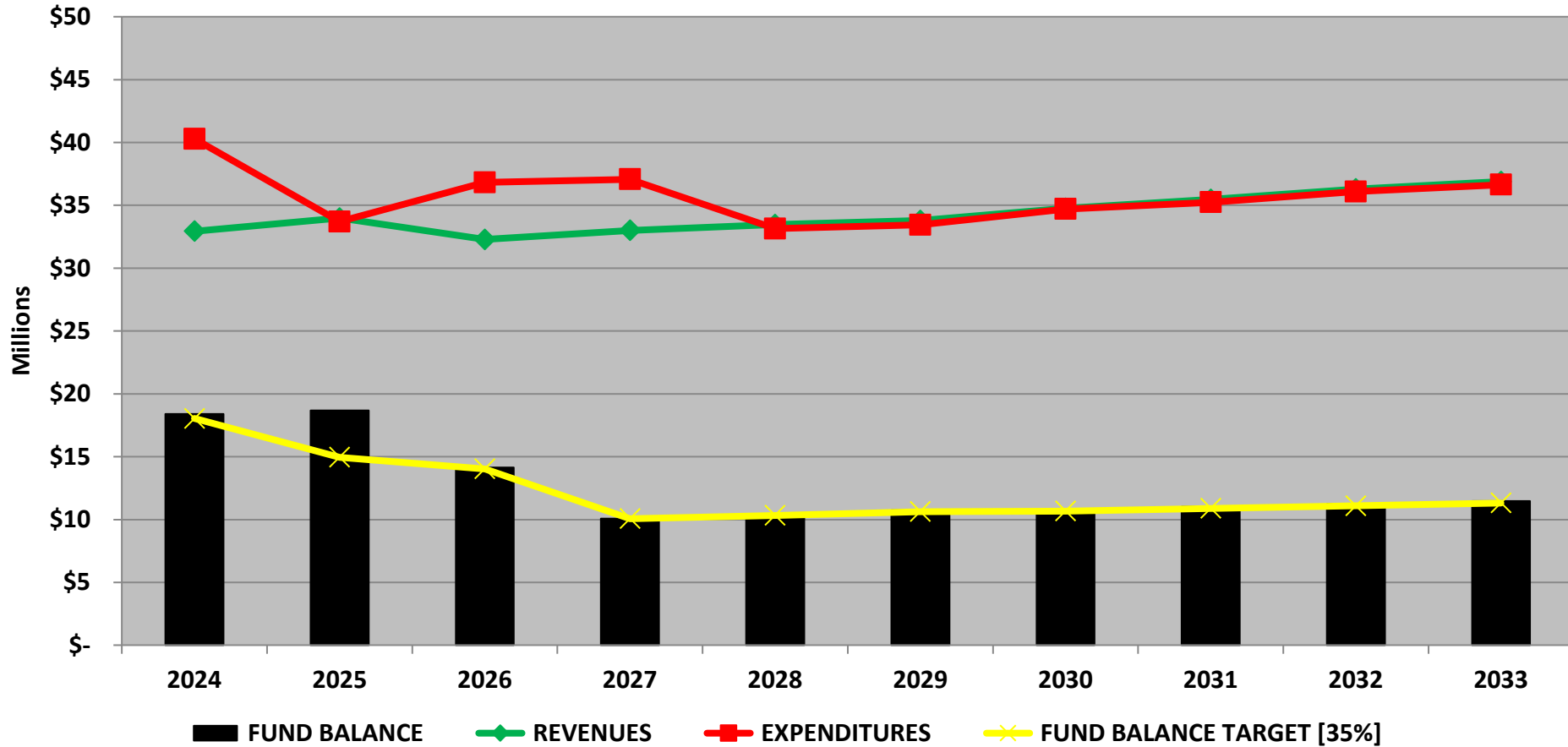
General Fund:
FY 2026 Expenditure Sources



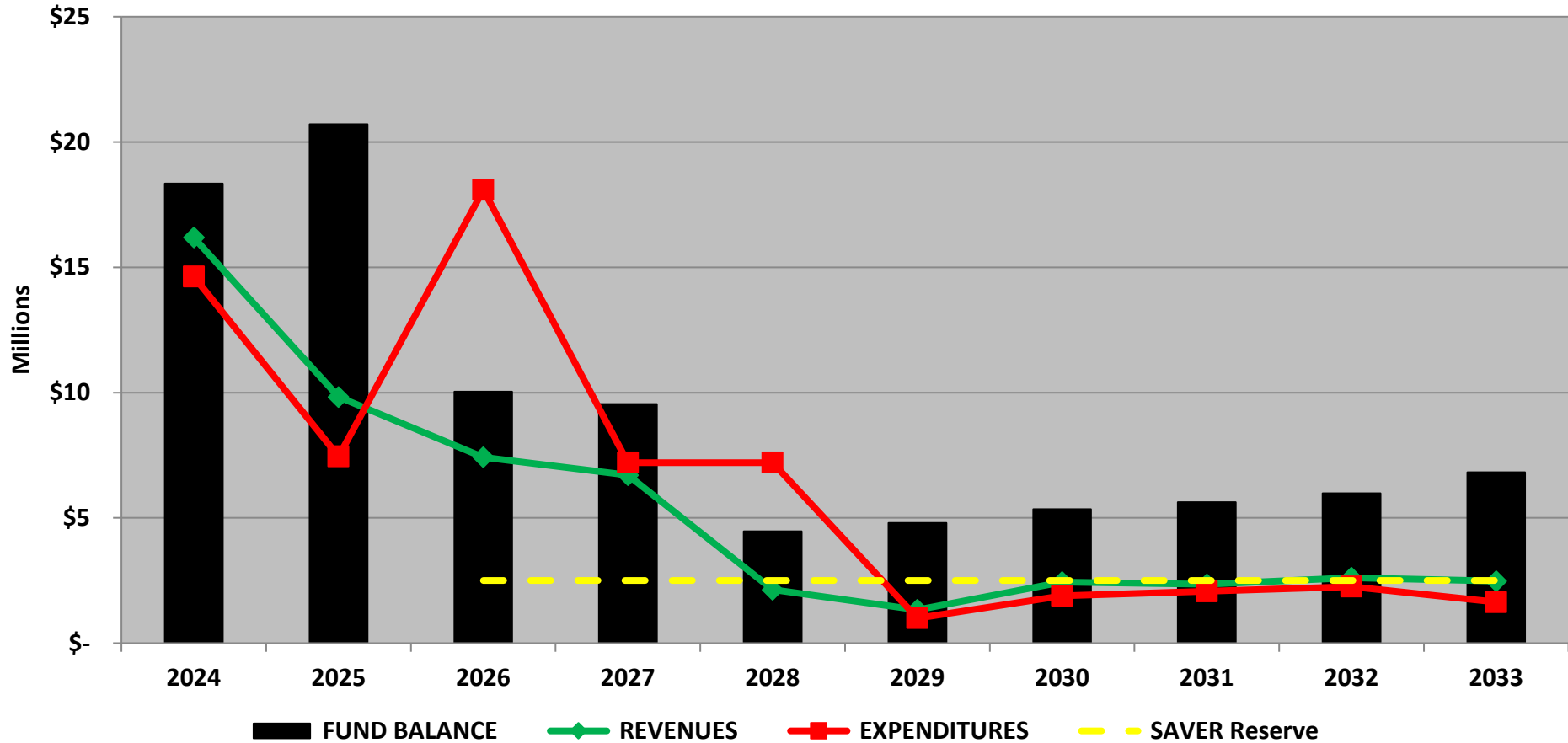
General Fund: Total Expenditure Trend



General Fund (101): Changes in Fund Balance



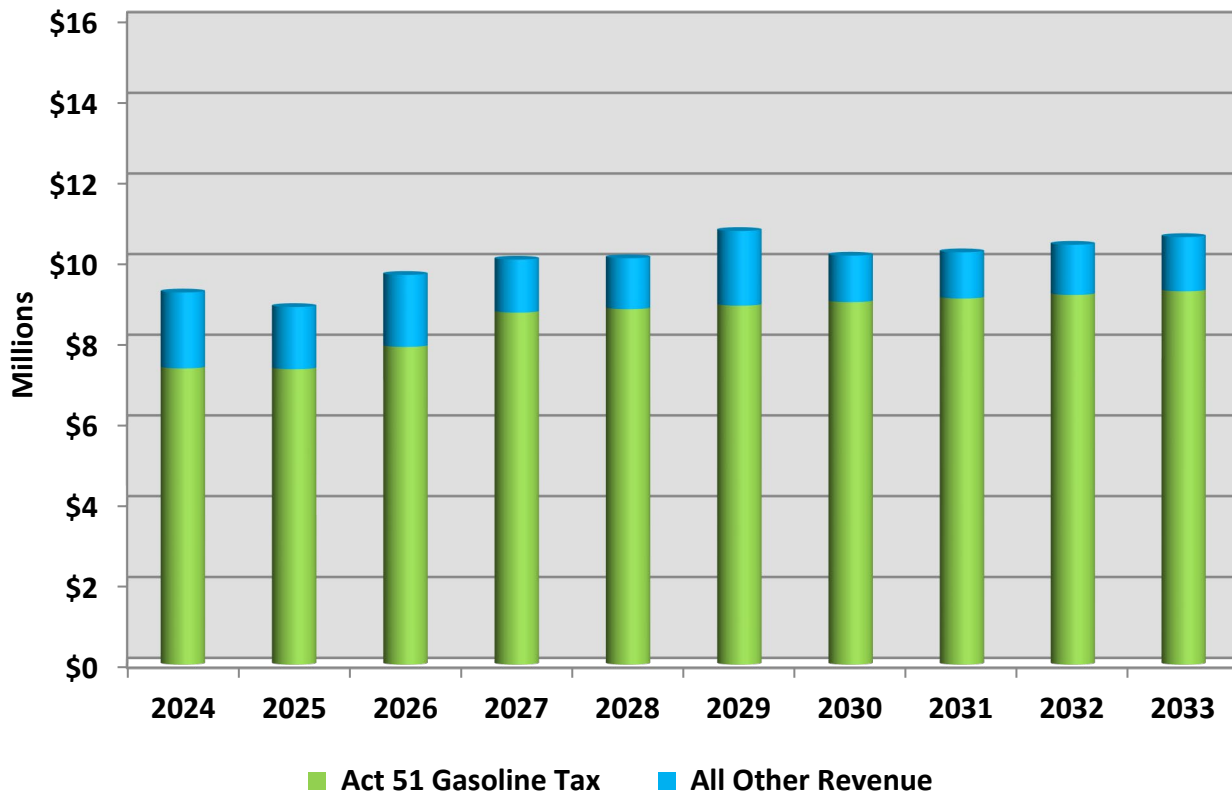
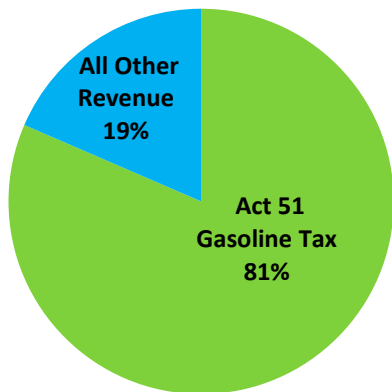
Capital Improvement Fund (420): Changes in Fund Balance



Major Road Fund (202): Revenue

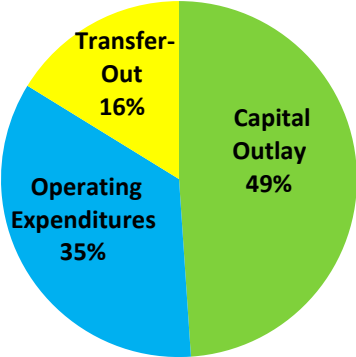
Major Road Fund: Total Revenue Trend

Major Road Fund:
FY 2026 Revenue Sources

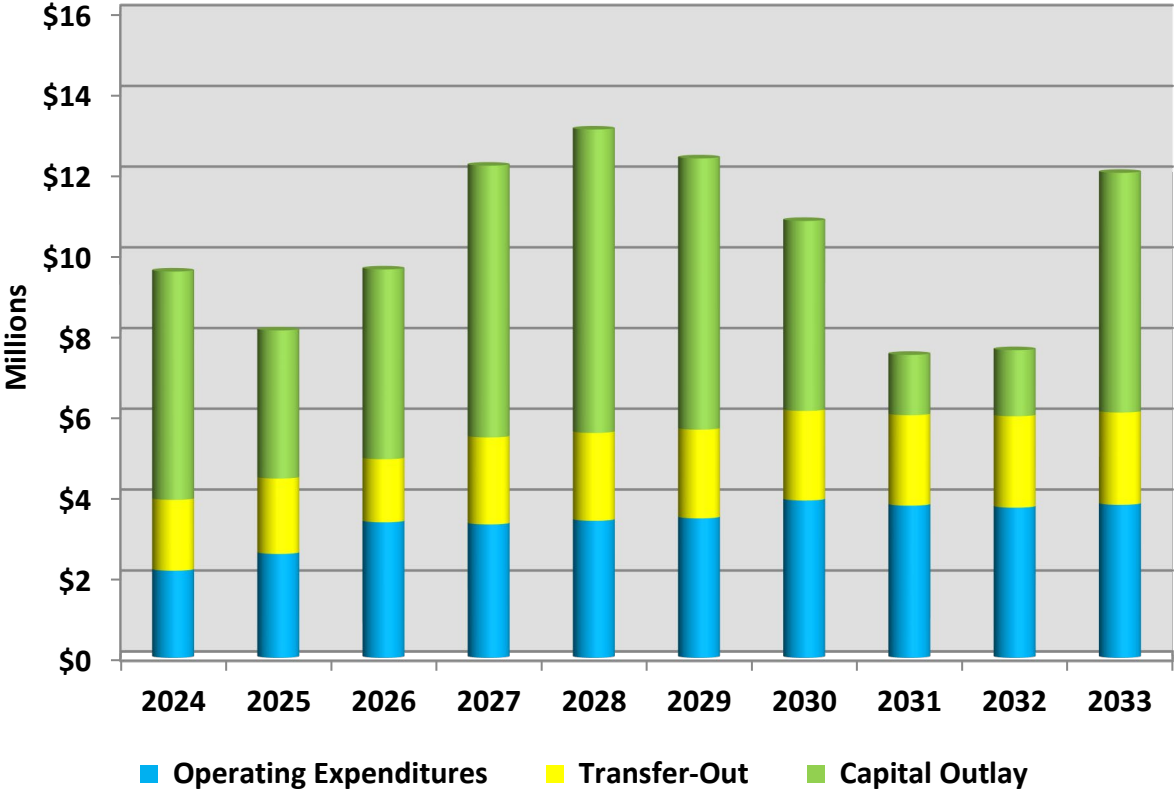


Major Road Fund (202): Expenditures

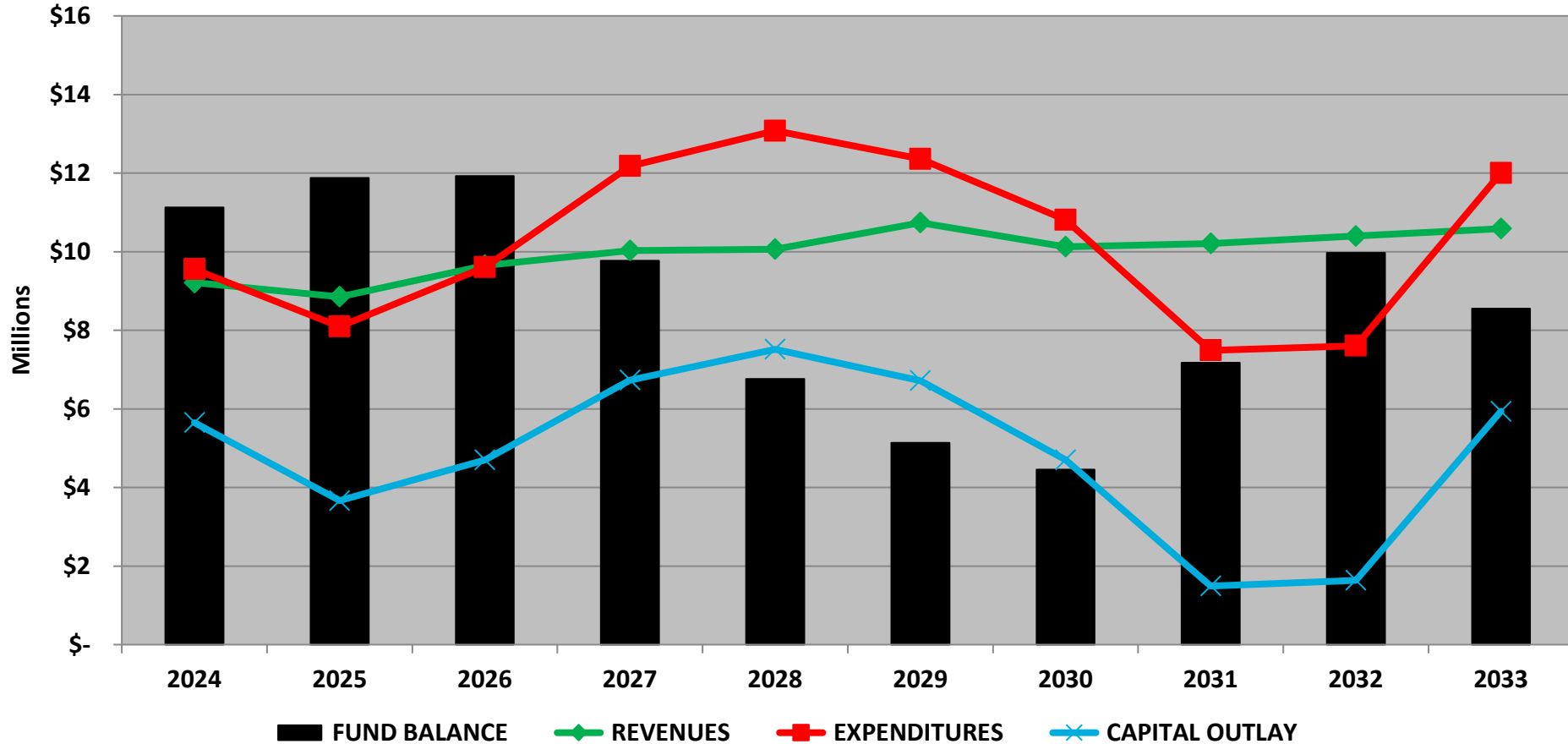
Major Road Fund:
FY 2026 Expenditure Sources



Major Road Fund: Total Expenditure Trend



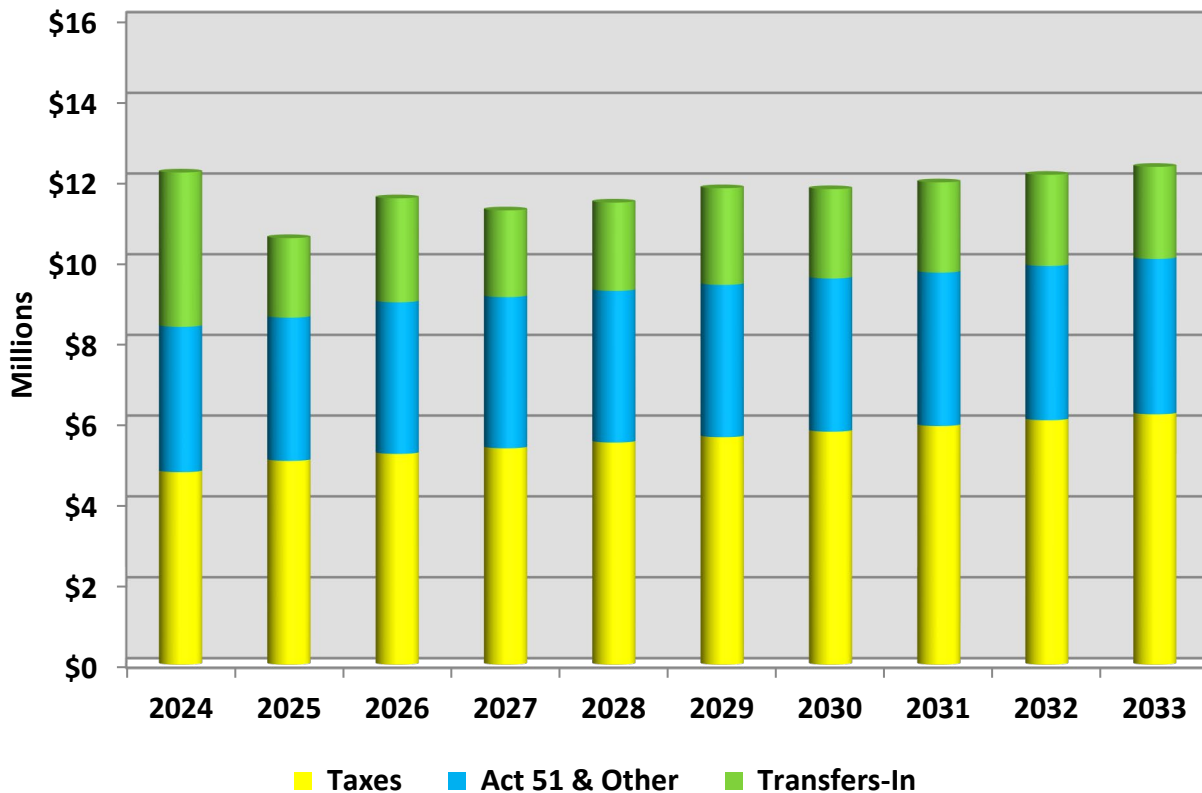
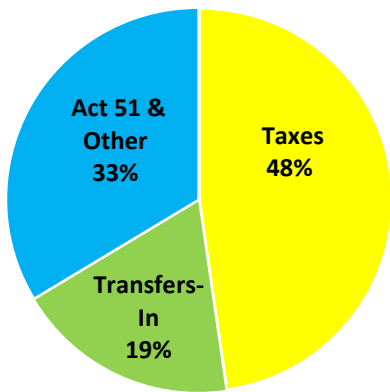
Major Road Fund (202): Changes in Fund Balance



Local Street Fund (203): Revenue

Local Street Fund: Total Revenue Trend

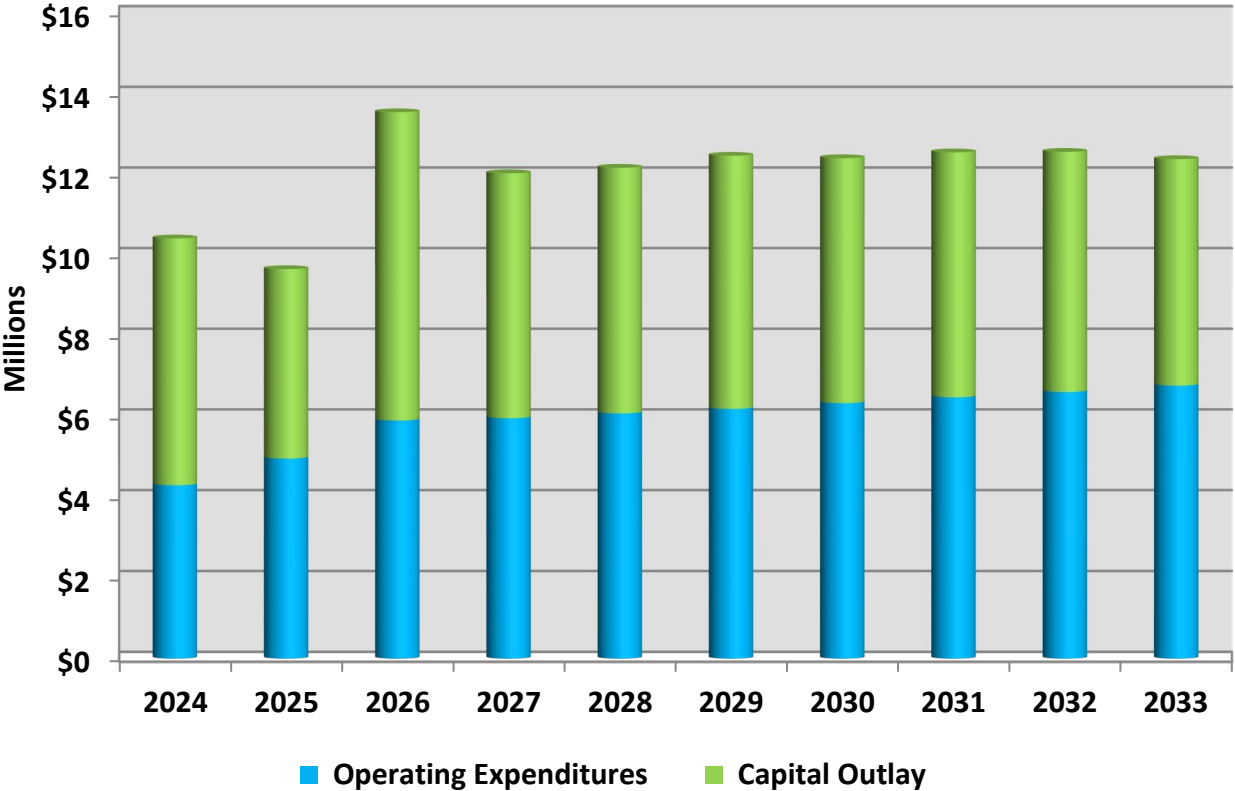
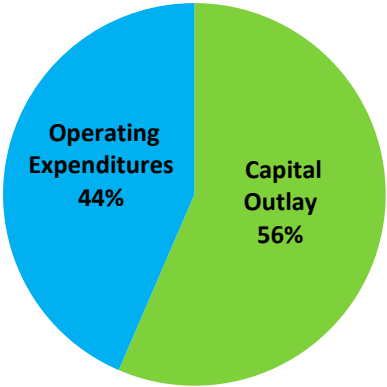
Local Street Fund:
FY 2026 Revenue Sources



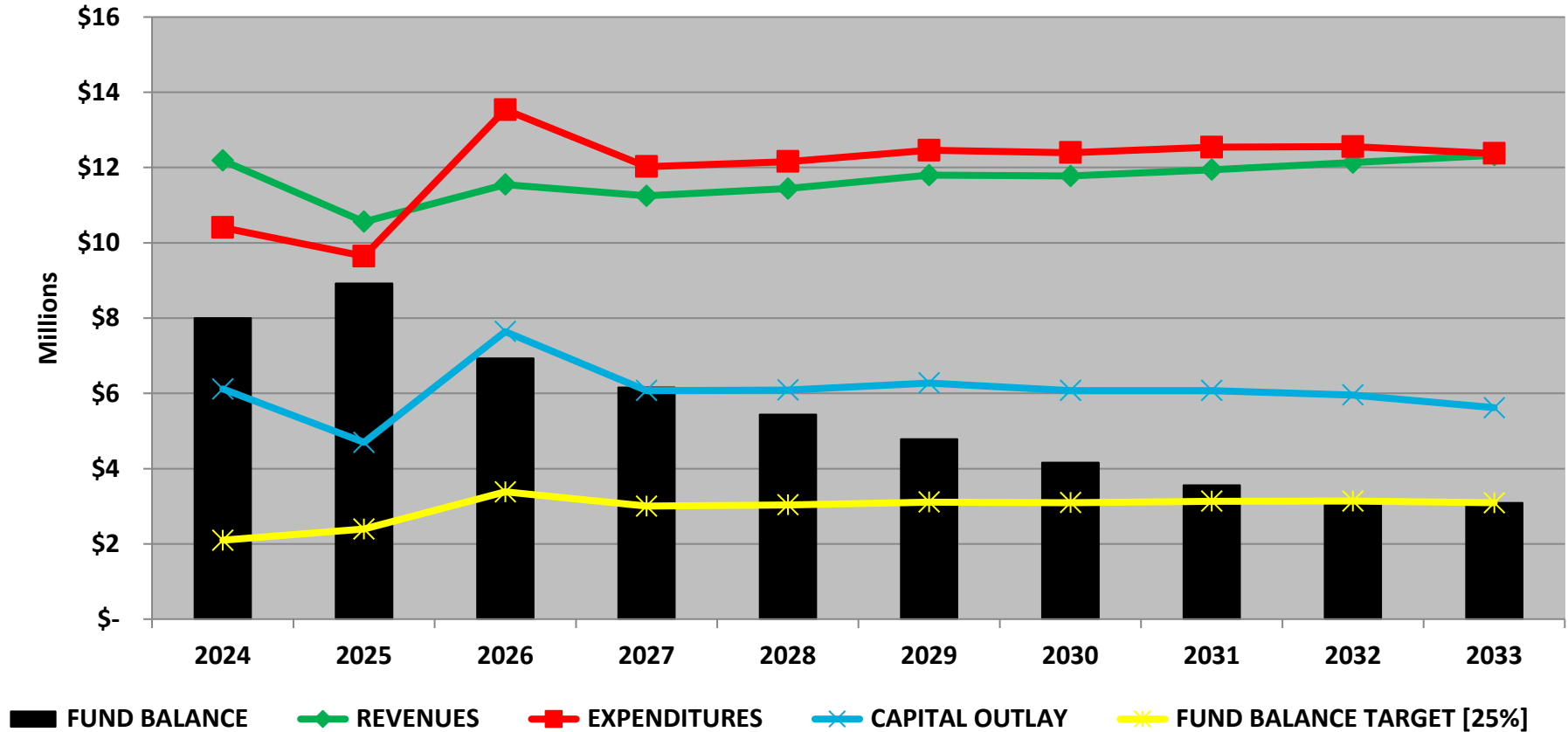
Local Street Fund (203): Expenditures

Local Street Fund: Total Expenditure Trend

Local Street Fund:
FY 2026 Expenditure Sources

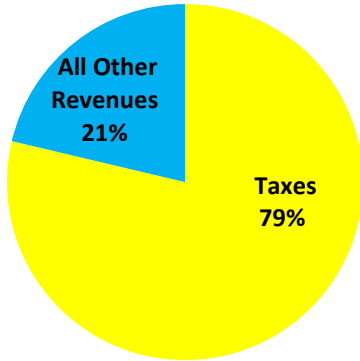


Local Street Fund (203): Changes in Fund Balance

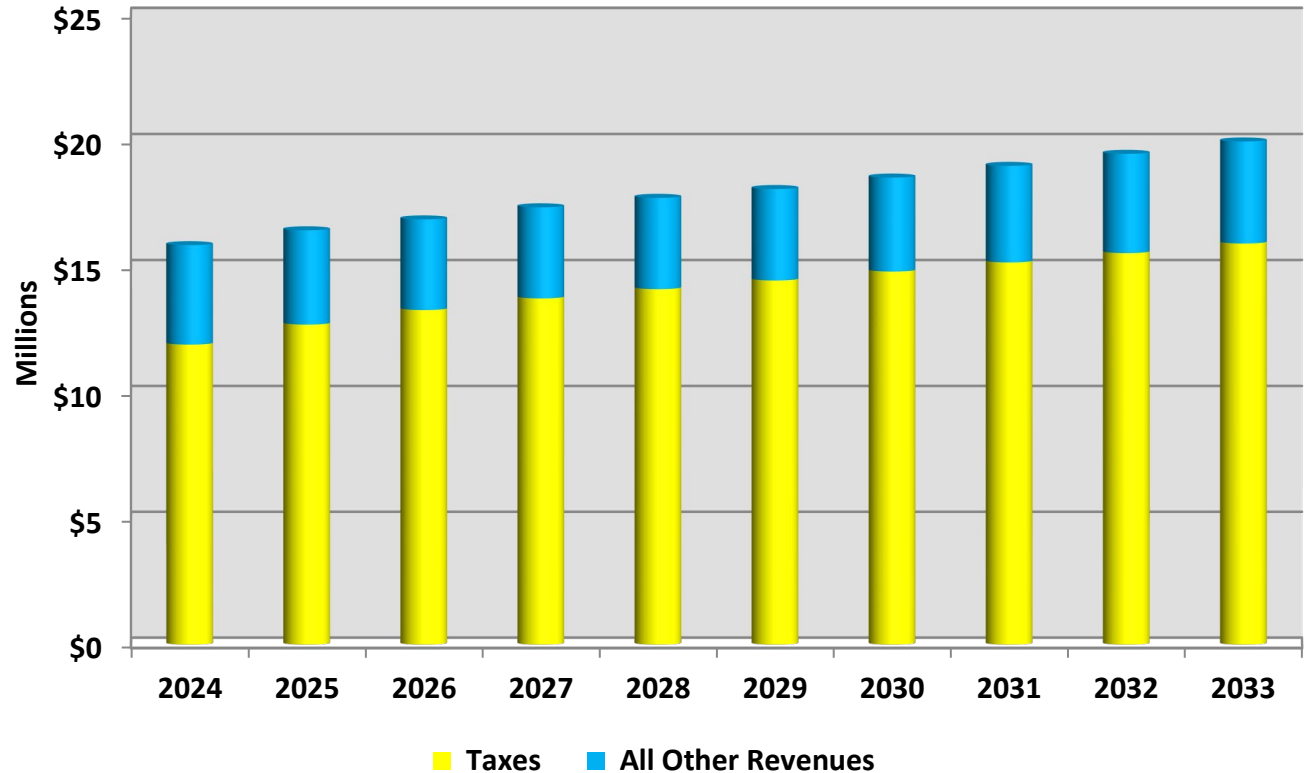


Fire Operating Fund (206): Revenue

Fire Operating Fund:
FY 2026 Revenue Sources



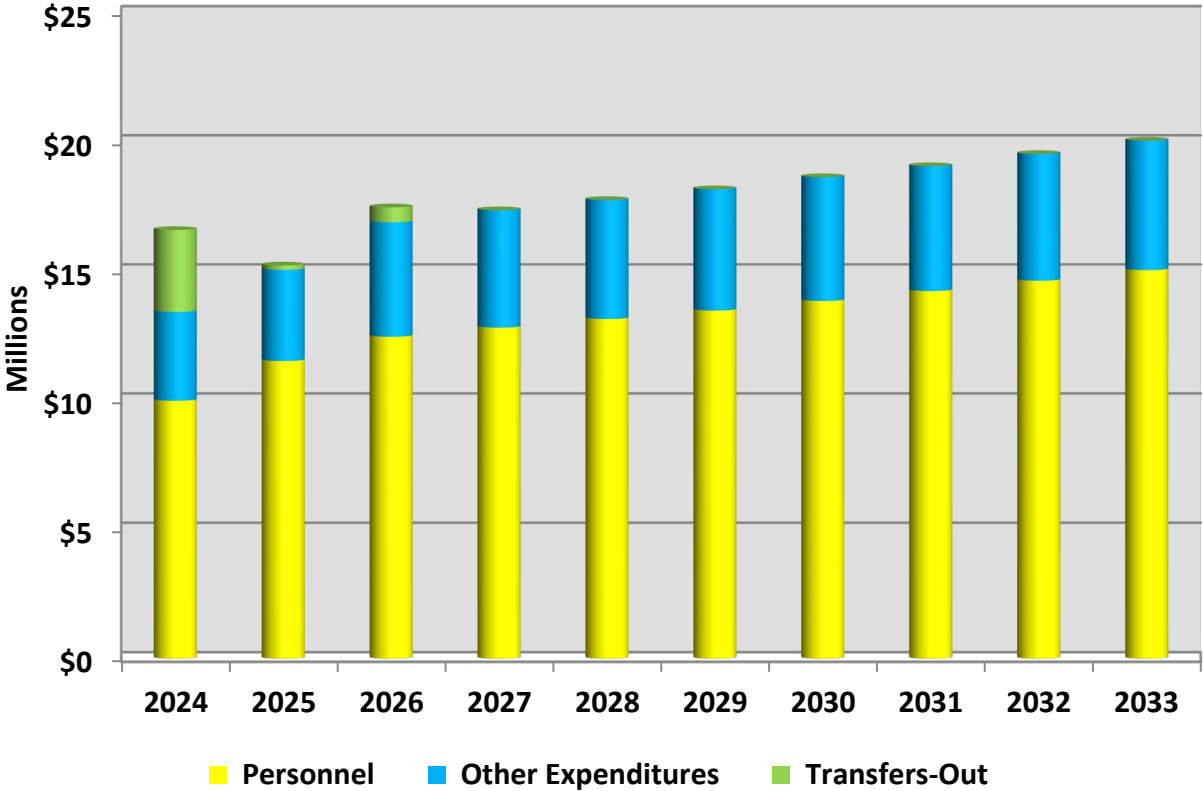
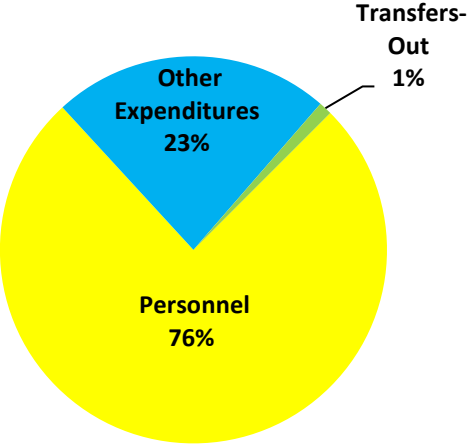
Fire Operating Fund: Total Revenue Trend



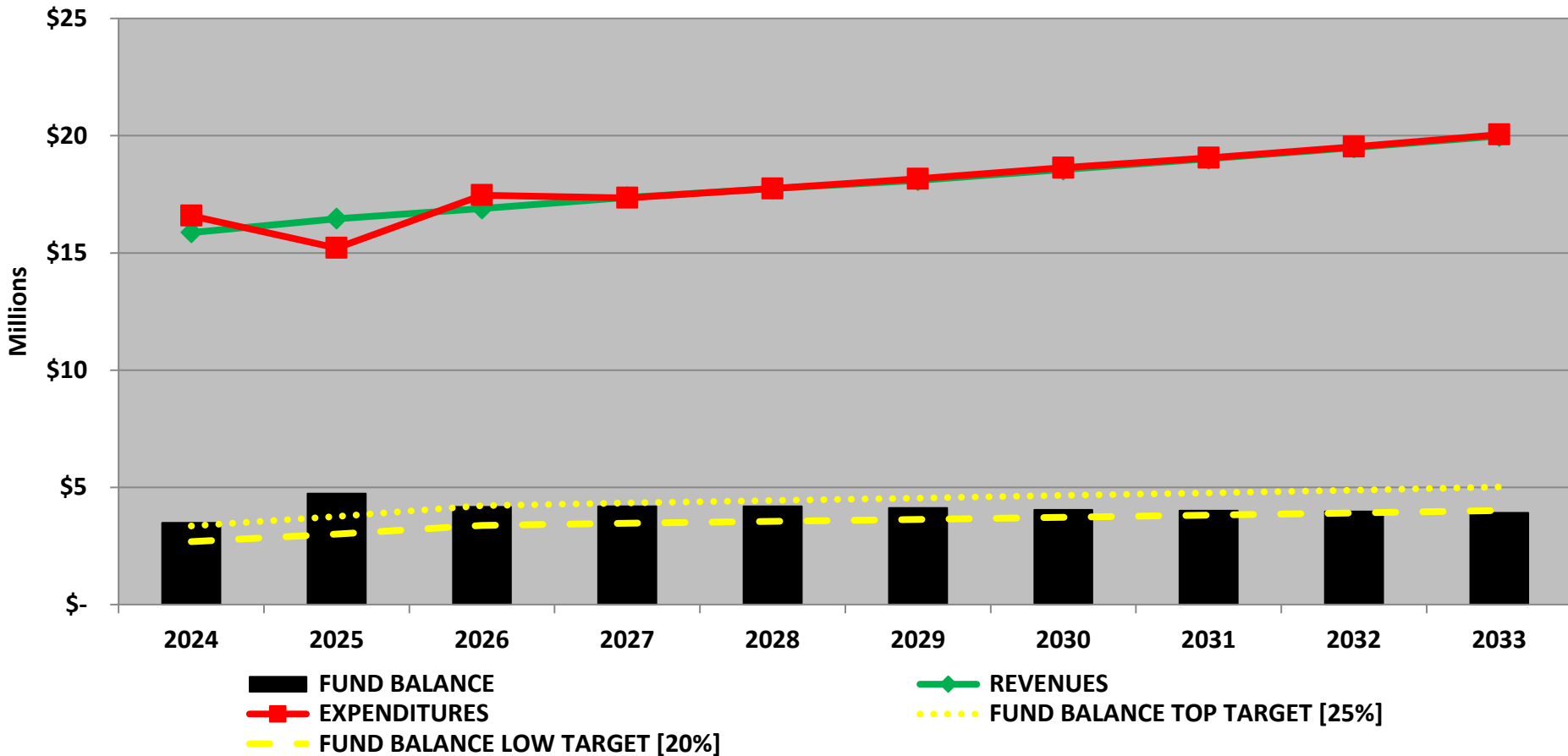
Fire Operating Fund (206): Expenditure

Fire Operating Fund: Total Expenditure Trend

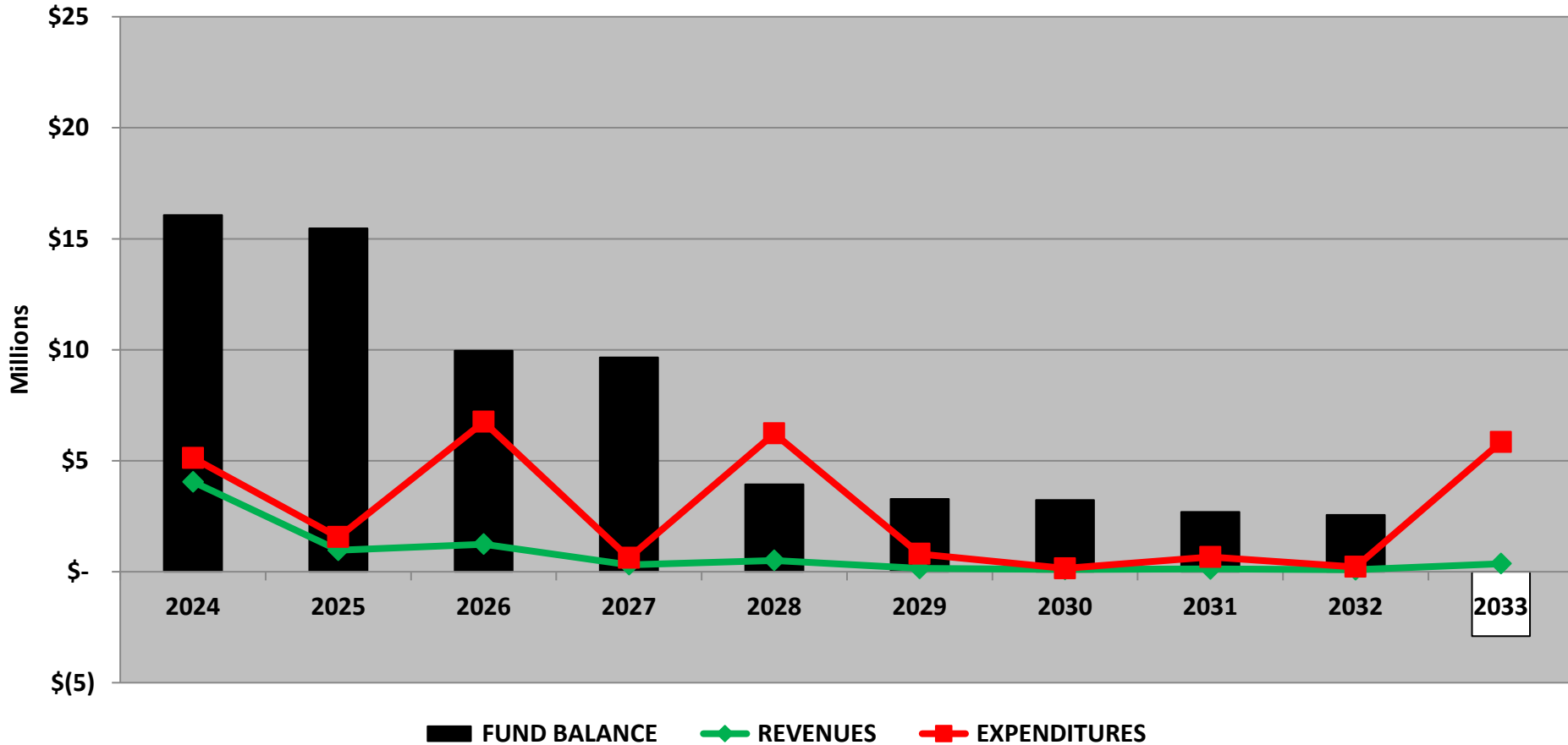
Fire Operating Fund:
FY 2026 Expenditure Sources



Fire Operating Fund (206): Changes in Fund Balance



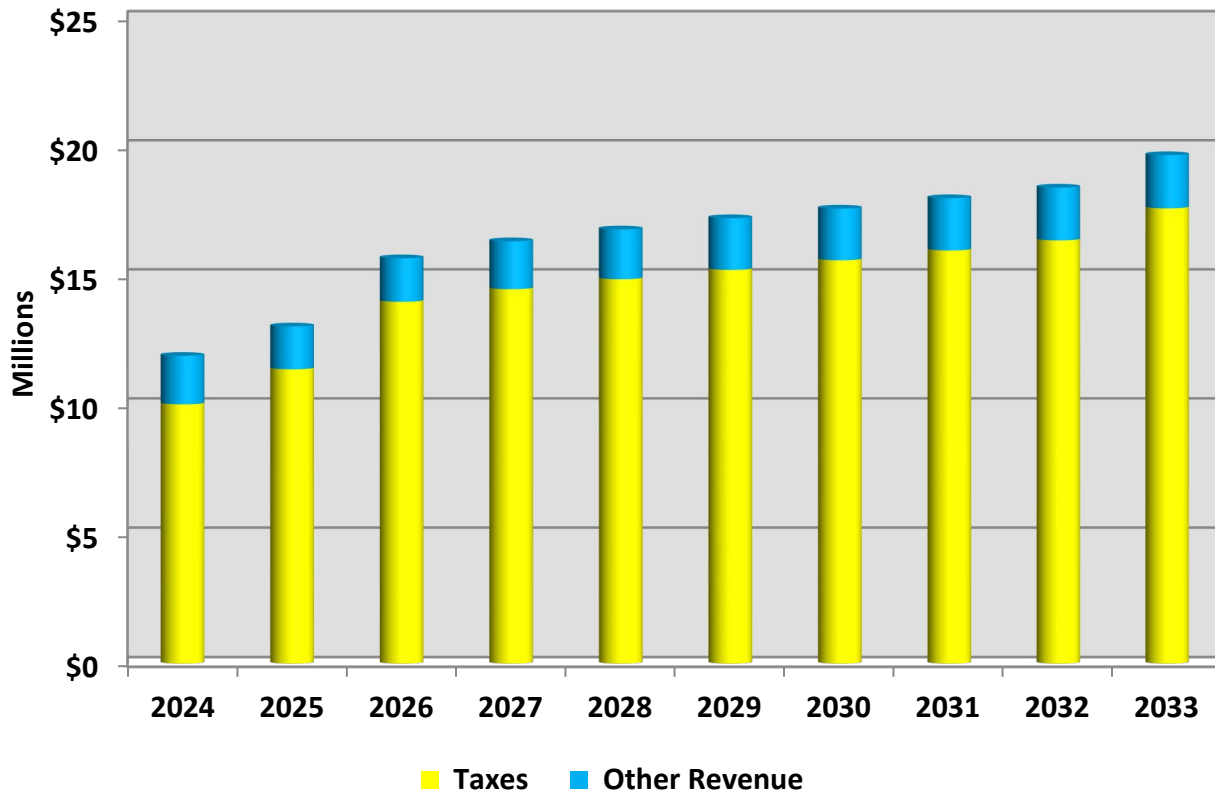
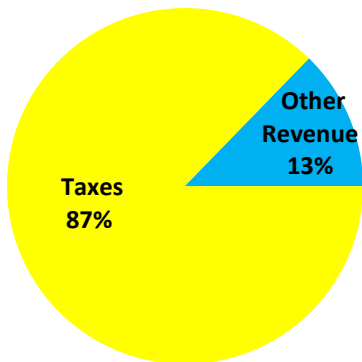
Fire Capital Fund (402): Changes in Fund Balance



Police Fund (207): Revenue

Police Fund: Total Revenue Trend

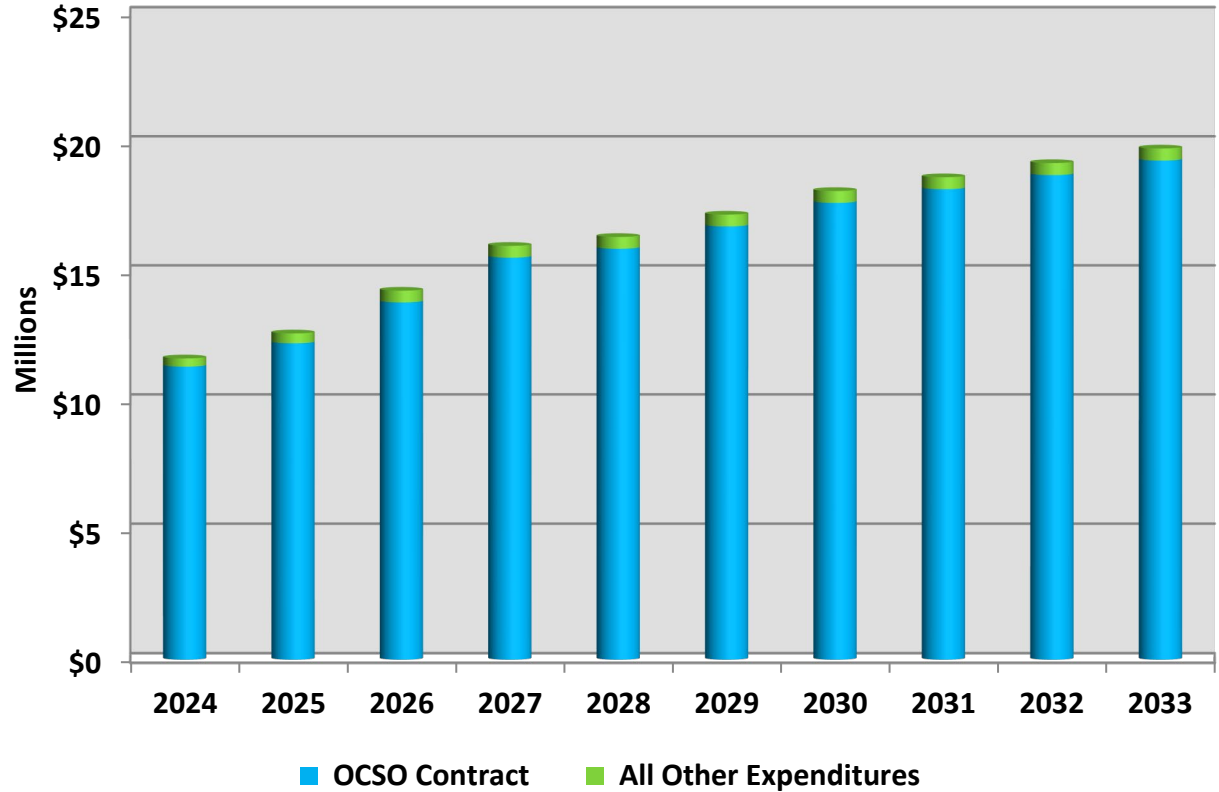
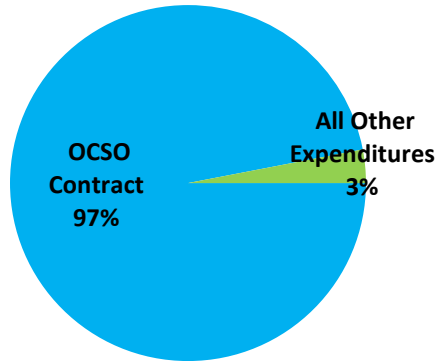
Police Fund:
FY 2026 Revenue Sources



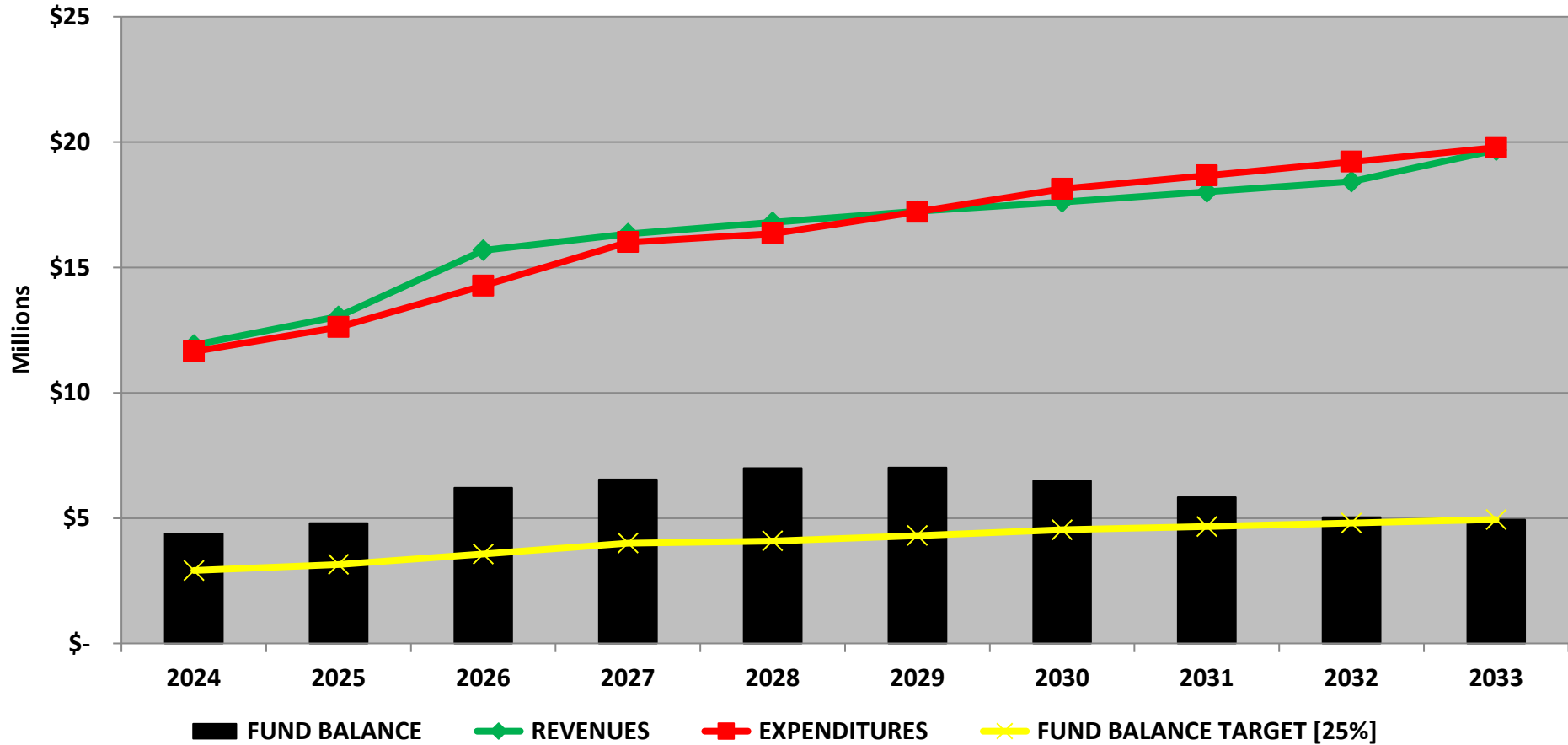
Police Fund (207): Expenditures

Police Fund: Total Expenditure Trend

Police Fund:
FY 2026 Expenditure Sources



Special Police Fund (207): Changes in Fund Balance



Fund Balance Summary

- ▶ **Governmental Fund Balance Policy prescribes the fund balance reserve levels for the following City Major Funds:**
 - General Fund = 25-35% of annual operational expenditures
 - Local Street Fund = 20-25% of annual expenditures (including capital)
 - Special Police Fund = 20-25% of annual expenditures
 - Fire Operating Fund = 20-25% of annual expenditures
- ▶ **The following City Funds are secure through 2033+:**
 - Major Road Fund
 - Capital Improvement Fund
- ▶ **The following City Funds have concerns through 2033+:**
 - Fire Operating Fund
 - Fire Capital Fund



Takeaways

- ▶ **Excellent Financial position as of 12/31/2025**
 - Strong Fund Balances
 - Conservative Projections
- ▶ **Long-Term Projections**
 - Constantly monitoring and adjusting
- ▶ **Long-Term Capital Planning**
 - Ability to schedule capital projects and leverage City dollars
- ▶ **Public Safety Cost Increases**
 - OCSO Future Contract Increase
 - Fire Operations & Capital



Questions / Comments

