CITY OF ROCHESTER HILLS

SEVEN YEAR FINANCIAL FORECAST
For Fiscal Years 2027 – 2033
Presented: July 13, 2026

July 13, 2026

We are pleased to present the Rochester Hills City Council with the City's Seven-Year Financial Forecast covering Fiscal Years 2027-2033.

The City's Seven-Year Financial Forecast was developed to give the City Council and the public a forward look at the City's financial picture. This forecast is intended to identify financial trends, issues, and opportunities to enable the City to ***proactively*** address issues rather than be forced into a ***reactive*** position.

The City's Seven-Year Forecast is built by projecting *current* service levels, programs, and policies by a conservative set of financial assumptions to envision the impact of service levels, programs, and policies into the future. The Seven-Year Forecast considers projects identified in the City's Capital Improvement Plan (CIP) and the City's adopted Governmental Funds Fund Balance Policy.

The Seven-Year Financial Forecast is not intended to be a budget, a proposed spending plan, or a policy recommendation.

As the name implies, this process is a forecast and is not a formal plan. The Seven-Year Financial Forecast is not intended to be a comprehensive plan for achieving all City Council adopted objectives.

The Seven-Year Financial Forecast rather sets the stage for the annual Three-Year Budget development, by aiding Department Directors, the Mayor, and City Council in establishing priorities and allocating the City's resources most appropriately. The forecast helps to project economic outcomes, their effects on the City's revenues, and the level of services and programs the City may be able to deliver within those forecasted revenue flows.

July 2026 Financial Forecast Projections:

- **Taxable Value:**

FY 2026	4.79%	Actual
FY 2027	4.19%	Actual
FY 2028	2.75%	Projected
FY 2029	2.50%	Projected
FY 2030-2033	2.50%	Projected

  - The City is taking a conservative approach to projecting City Taxable Value growth into the future
  - The Consumer Price Index (CPI) used to calculate Taxable Value changes is based on a 24-month rolling average
    - *Taxable Values have increased an average of +5.5% per year the past 5-Years (2021-2025)*

- **City of Rochester Hills Millage Rate:**

OPERATING MILLAGE	Actual 2026	Projected 2027	Estimated 2028	Estimated 2029	Estimated 2030	Estimated 2031	Estimated 2032	Estimated 2033
Charter Operating	2.7416	2.7654	2.7654	2.7654	2.7654	2.7654	2.7654	2.7654
Local Street	1.0531	1.0448	1.0448	1.0448	1.0448	1.0448	1.0448	1.0448
Fire	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000
Police	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: Operating I	0.7245	0.7188	0.7188	0.7188	0.7188	0.7188	0.7188	0.7188
Library: Operating II	0.3865	0.3834	0.3834	0.3834	0.3834	0.3834	0.3834	0.3834
TOTAL MILLAGE RATE	**11.2753**	**11.2753**	**11.2753**	**11.2753**	**11.2753**	**11.2753**	**11.2753**	**11.4194**
TOTAL DEBT MILLAGE	-	-	-	-	-	-	-	-
TOTAL MILLAGE RATE	**11.2753**	**11.2753**	**11.2753**	**11.2753**	**11.2753**	**11.2753**	**11.2753**	**11.4194**

  - The City's current overall millage rate of 11.2753 in FY 2026 is projected to be maintained through FY 2032
    - There is the potential that the Police millage may need to be increased in FY 2033 to maintain the Police Fund at its 25% Fund Balance target range level
  - Note: All future millage renewals are projected as status quo renewals
    - In FY 2026, the City's Pathway millage will be up for renewal
      - Note: A straight renewal of the City's Pathway millage will be presented to voters in August 2026
    - No change to the Fire millage is included in the Long-Term Financial Forecast
      - Note: An increase of the City's Fire millage will be presented to voters in August 2026
    - In FY 2031, the City's Local Street millage and the OPC's Operating millage will be up for renewal
    - In FY 2032, the City's Parks Infrastructure millage will be up for renewal

July 2026 Financial Forecast Projections:

- **State-Shared Revenue:**

FY 2026	-9.3%	Projected
FY 2027	1.0%	Projected
FY 2028	1.0%	Projected
FY 2029	1.0%	Projected
FY 2030-2033	1.0%	Projected

  - State-Shared revenue represents the share of sales tax distributed by the State of Michigan to the City of Rochester Hills
  - Projections per the State of MI Consensus Revenue Estimating Conference
    - *State-Shared Revenues have increased an average of* *+6.7%* *per year the past 5-Years (2021-2025)*
  - Note: As part of the State of MI 2025-26 Budget process, sales tax on gasoline sales (previously received as State Shared Revenue) was replaced with an offsetting increase in the State of MI Gasoline Tax (which will be received as Act 51 Revenue)
    - The resulting impact is estimated at a (9.3%) decrease in State Shared Revenue

- **Act 51 Revenue:**

FY 2026	7.7%	Projected
FY 2027	11.0%	Projected
FY 2028	1.0%	Projected
FY 2029	1.0%	Projected
FY 2030-2033	1.0%	Projected

  - State of MI Gasoline tax (Act 51) represents the share of gasoline tax and vehicle registration fees distributed to local units
    - *Act 51 Revenues have increased an average of* *+5.6%* *per year the past 5-Years (2021-2025)*
  - Note: As part of the State of MI 2025-26 Budget process, sales tax on gasoline sales (previously received as State Shared Revenue) was replaced with an offsetting increase in the State of MI Gasoline Tax (which will be received as Act 51 Revenue)
    - The resulting impact is estimated at a +7.7% increase in Act 51 Revenue starting in FY 2026 as the changes in tax policy begin, with a +11.0% increase in Act 51 Revenue in FY 2027
    - The City is taking a conservative approach to projecting Act 51 revenue growth into the future by anticipating 1% growth in Act 51 revenue moving forward
  - The future of Act 51 revenue is unclear with the transition of traditional internal combustion vehicles (which utilize gasoline) to electric vehicles (which do not utilize gasoline)

July 2026 Financial Forecast Projections:

- **Investment Earnings:**

FY 2026	3.93%	6/30/2026
FY 2027	3.00%	Projected
FY 2028	3.00%	Projected
FY 2029	3.00%	Projected
FY 2030-2033	2.50%	Projected

  - At their June 2026 meeting, the Federal Open Market Committee (FOMC) voted to pause and maintain the Federal Funds Rate at a target range of 3.50% to 3.75%
  - The City is taking a <u>very</u> conservative approach to projecting investment revenue into the future
    - *Investment Earnings have returned an average of <u>+3.5%</u> per year the past 5-Years (2021-2025)*

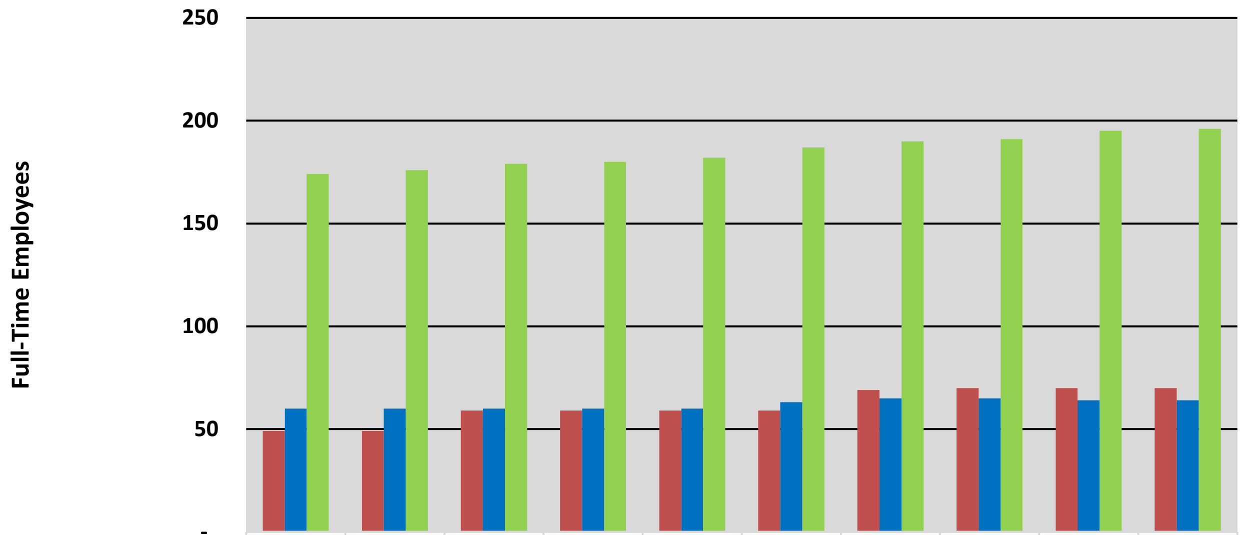
- **2026 Budget Information:**
  - Updated with FY 2026 2nd Quarter Proposed Budget Amendment data to provide the most up-to-date financial forecast

- **Capital Projects:**
  - <u>All</u> capital projects were reviewed and updated with revised cost estimates based upon current market conditions as part of the FY 2027-2032 CIP process

- **Staffing Levels:**
  - 2027-2033 Long-Term Forecast projects the addition of one (1) Full-Time position
    - One (1) Full-Time Park Ranger: Nowicki Park [General Fund / Parks Department]
      - New proposed Position Request due to development of Nowicki Park

July 2026 Financial Forecast Projections:

Budgeted Full-Time Employees per Fiscal Year



	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027 *
Fire Staff	49	49	59	59	59	59	69	70	70	70
OCSO Officers	60	60	60	60	60	63	65	65	64	64
All Other City Staff	174	176	179	180	182	187	190	191	195	196

- **Salary and Wages**

FY 2026	2.75%	Per Contract
FY 2027	2.75%	Per Contract
FY 2028	2.75%	Projected
FY 2029	2.50%	Projected
FY 2030-2033	2.50%	Projected

  - FY 2026-2028 consistent with existing Union contracts
  - FY 2029-2033 projected

- **OCSO Contract**

FY 2026	9.0%	Actual
FY 2027	9.0%	Projected
FY 2028	5.4%	Projected
FY 2029	5.4%	Projected
FY 2030	5.4%	Projected
FY 2031-2033	3.0%	Projected

  - FY 2026-27 consistent with existing OCSO contract
  - FY 2028-30 projected estimate
  - FY 2031-33 projected estimate

July 2026 Financial Forecast Projections:

- **Health Care**

FY 2026	4.00%	Actual
FY 2027	7.00%	Projected
FY 2028	7.00%	Projected
FY 2029	7.00%	Projected
FY 2030-2033	7.00%	Projected

  - FY 2027-2033 projected based on conservative estimate provided by City's Healthcare Broker

- **General Inflation**

FY 2026	2.5% - 5.0%	Projected
FY 2027	2.5% - 5.0%	Projected
FY 2028	2.5% - 5.0%	Projected
FY 2029	2.5% - 5.0%	Projected
FY 2030-2033	2.5% - 5.0%	Projected

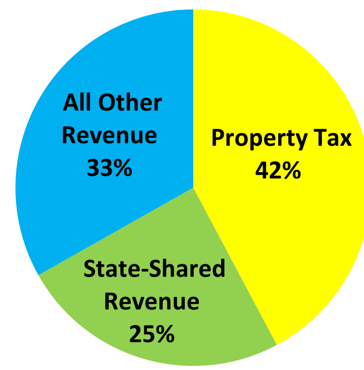
  - FY 2026-2033 projected based on Federal Reserve Board inflation target and varies depending on inflationary conditions experienced on various commodities

(101) General Fund Forecast

GENERAL FUND / REVENUES:

- For FY 2026, the primary sources of General Fund revenue are:
  - 42% = Property Tax
  - 25% = State-Shared Revenue
  - 33% = All Other Revenue
    - Charges for Services, License & Permits, etc…

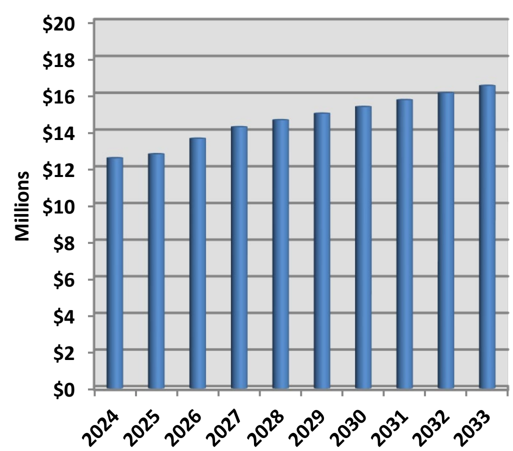
General Fund: FY 2026 Revenue Sources



General Fund / Property Tax Revenue:

- The General Fund (Charter Operating) millage is adjusted and set to maintain the bottom-line millage rate each year

General Fund: Property Tax Trend

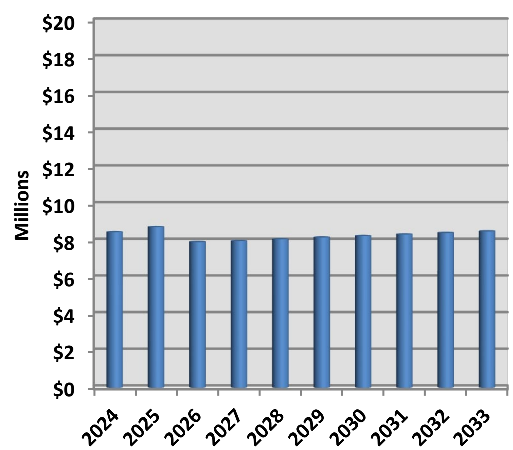


General Fund / State Shared Revenue:

FY 2026	-9.3%	Projected
FY 2027	1.0%	Projected
FY 2028	1.0%	Projected
FY 2029	1.0%	Projected
FY 2030-2033	1.0%	Projected

- Note: As part of the State of MI 2025-26 Budget process, sales tax on gasoline sales (previously received as State Shared Revenue) was replaced with an offsetting increase in the State of MI Gasoline Tax (which will be received as Act 51 Revenue)
  - The resulting impact is estimated at a (9.3%) decrease in State Shared Revenue
  - Projections are provided by the State of Michigan Consensus Revenue Estimating Conference

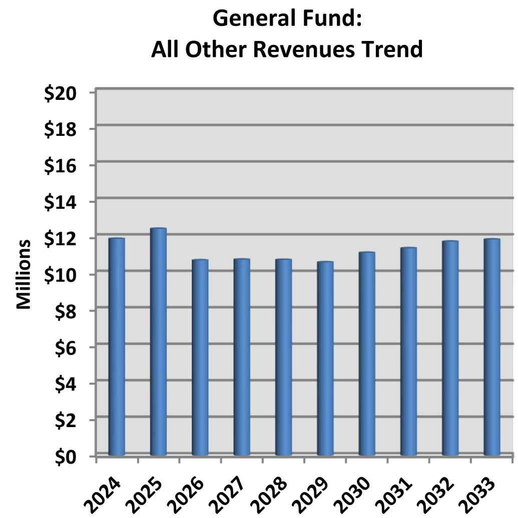
General Fund: State Shared Revenue Trend

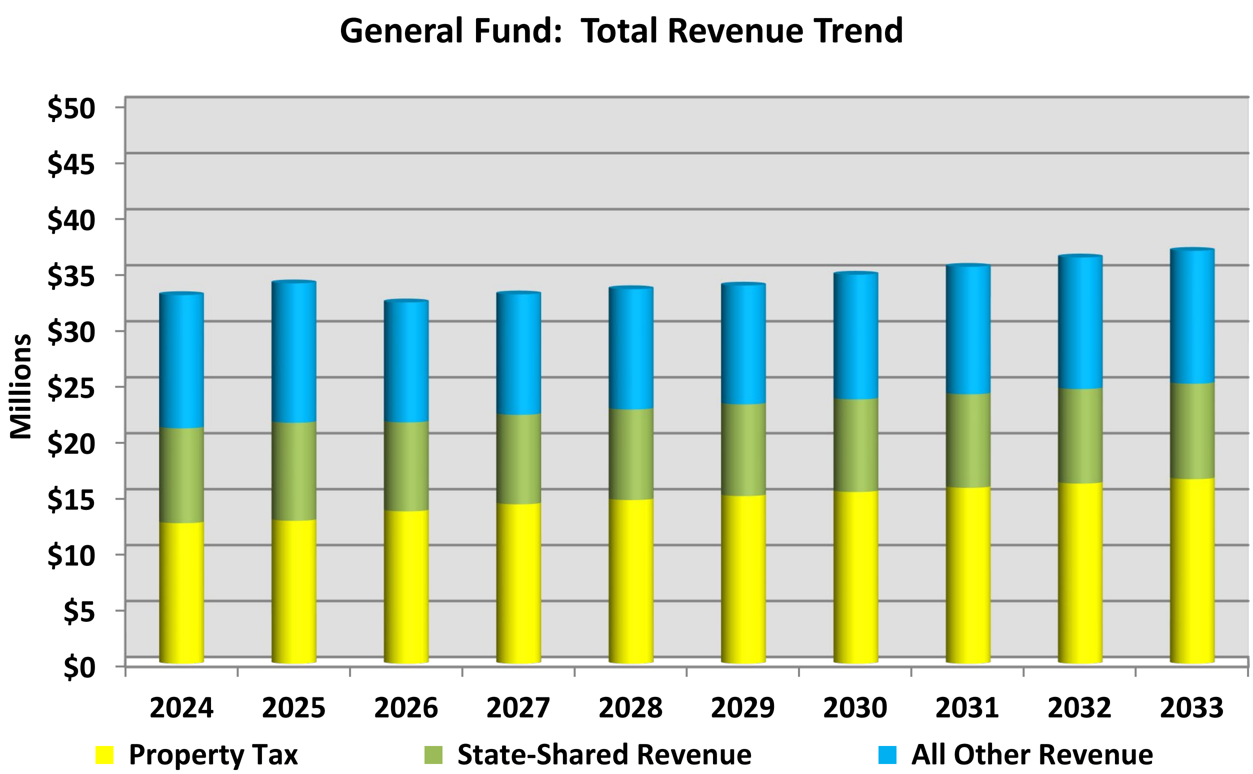


(101) General Fund Forecast

General Fund / Other Revenues:

- Various Charges for Services, License & Permits, etc…
  - Examples: Building, Ordinance, Clerks, Planning, Parks Department, Investment Earnings, etc…
- The decrease in Other Revenue projected from FY 2024-25 to 2026+ is primarily due to conservatively projected Investment Earnings and Building Permit Fees

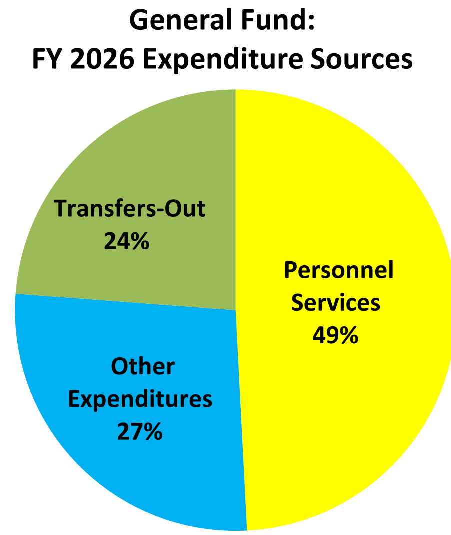




(101) General Fund Forecast

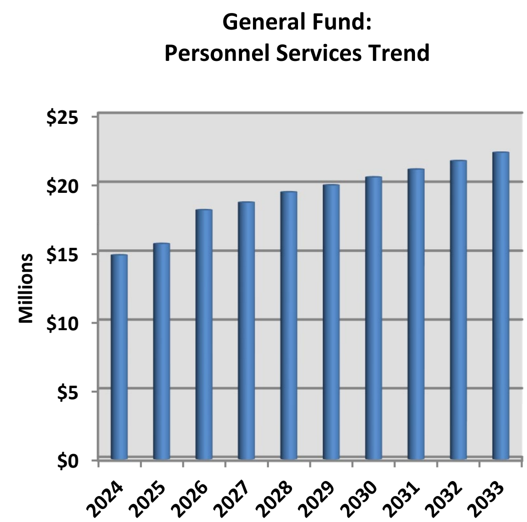
GENERAL FUND / EXPENDITURES:

- For FY 2026, the primary sources of General Fund expenditures are:
    - 49% = Personnel Services
    - 27% = Other Expenditures
        - Supplies, Services, Interfund Charges, Memberships, etc…
    - 24% = Transfers-Out to other funds
        - *Includes transfer to the Capital Improvement Fund (420) to set the General Fund Balance at 50% of annual expenditures by the end of FY 2026*



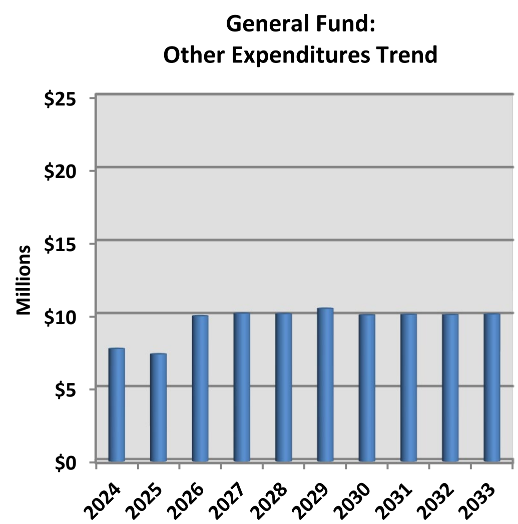
General Fund / Personnel Services:

- 2027-2033 Long-Term Forecast projects one (1) additional full-time City employee
    - One (1) Full-Time Park Ranger: Nowicki Park [General Fund / Parks Department]
        - New proposed Position Request due to development of Nowicki Park
- Salary and Wages are projected to increase +2.75% per year for 2026-2028 and +2.50% per year for 2029+
    - *The increase in trend from 2024-2025 Actual to 2026+ is due to actual personnel expenditures routinely coming in under budget due to some level of salary lapse (vacant positions) each year*



General Fund / Other Expenditures:

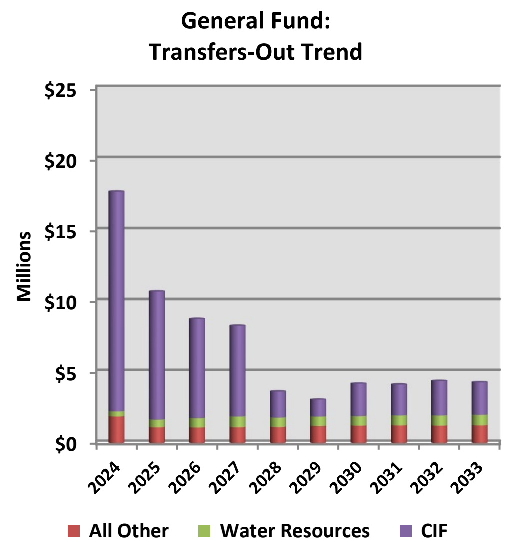
- Supplies, Materials, Professional & Contractual Services, Interfund Charges (Facilities & MIS), Printing & Publishing, etc…
- Other expenditures are projected to increase between 0% to +5.0% per year
    - *The increase in trend from 2024-2025 Actual to 2026+ is due to actual operating expenditures routinely coming in under budget each year*

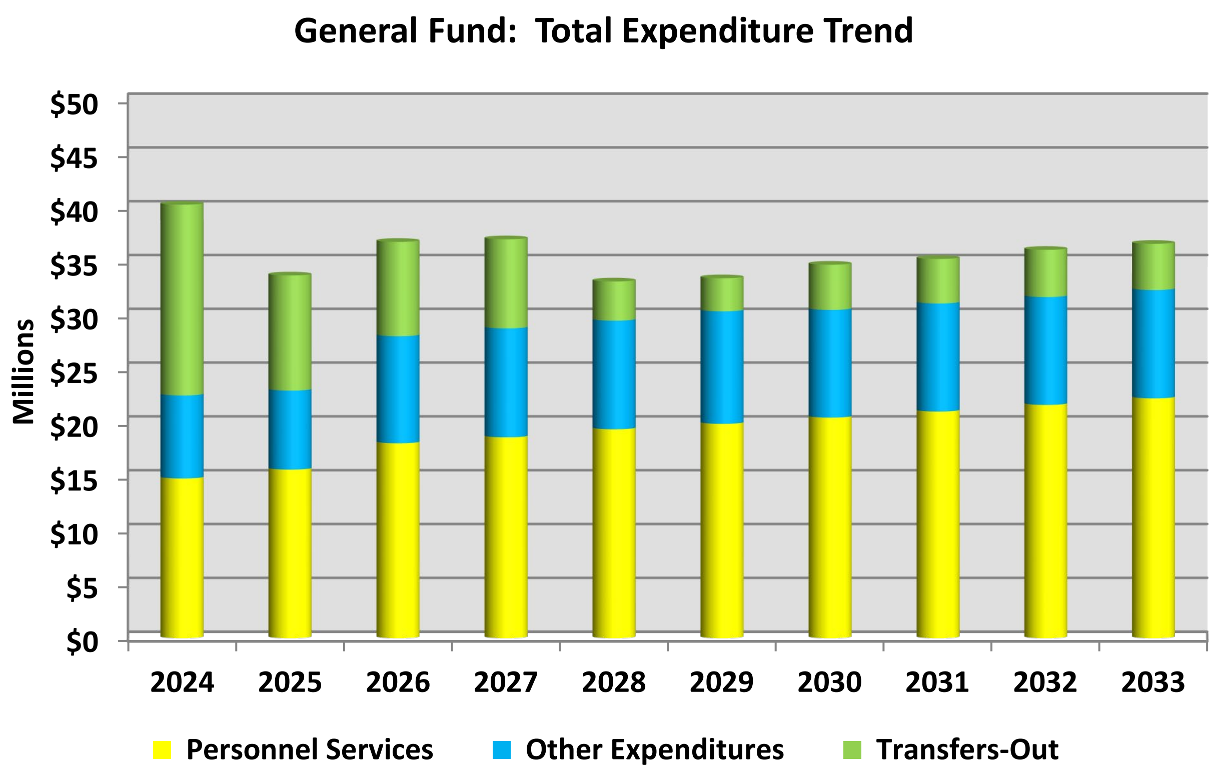


(101) General Fund Forecast

General Fund / Transfers-Out:

- Starting in FY 2025, the annual transfer from the General Fund to the Capital Improvement Fund (CIF) will be in an amount to maintain the General Fund Balance at 35% of annual operating expenditures moving forward
  - Note: It is proposed to move to the 35% level over the course of three (3) years [2025-2027]
- The annual transfer from the General Fund to the Water Resources Fund will be in an amount to maintain the Water Resources Fund Balance at 25% of annual operating expenditures

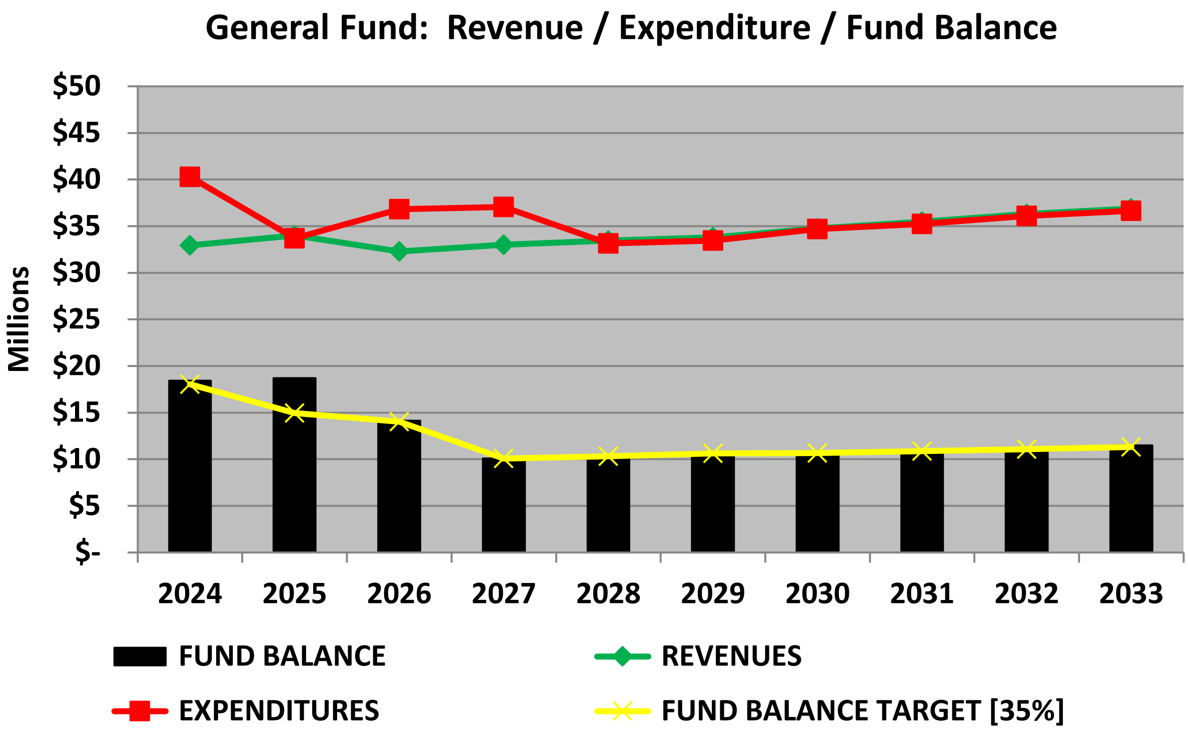




(101) General Fund Forecast

General Fund / Revenue, Expenditures, and Changes in Fund Balance:

- Starting in FY 2025, the annual transfer from the General Fund to the Capital Improvement Fund (CIF) will be in an amount to maintain the General Fund Balance at 35% of annual operating expenditures
  - Note: It is proposed to move to the 35% level over the course of three (3) years [2025-2027]



General Fund / Takeaway Points:

- The General Fund (Charter Operating) millage is adjusted and set to maintain the bottom-line millage rate each year
- 2027-2033 Long-Term Forecast projects one (1) additional full-time City employee
  - One (1) Full-Time Park Ranger: Nowicki Park [General Fund / Parks Department]
    - New proposed Position Request due to development of Nowicki Park
- Starting in FY 2025, the annual transfer from the General Fund to the Capital Improvement Fund (CIF) will be in an amount to maintain the General Fund Balance at 35% of annual operating expenditures
  - Note: It is proposed to move to the 35% level over the course of three (3) years [2025-2027]

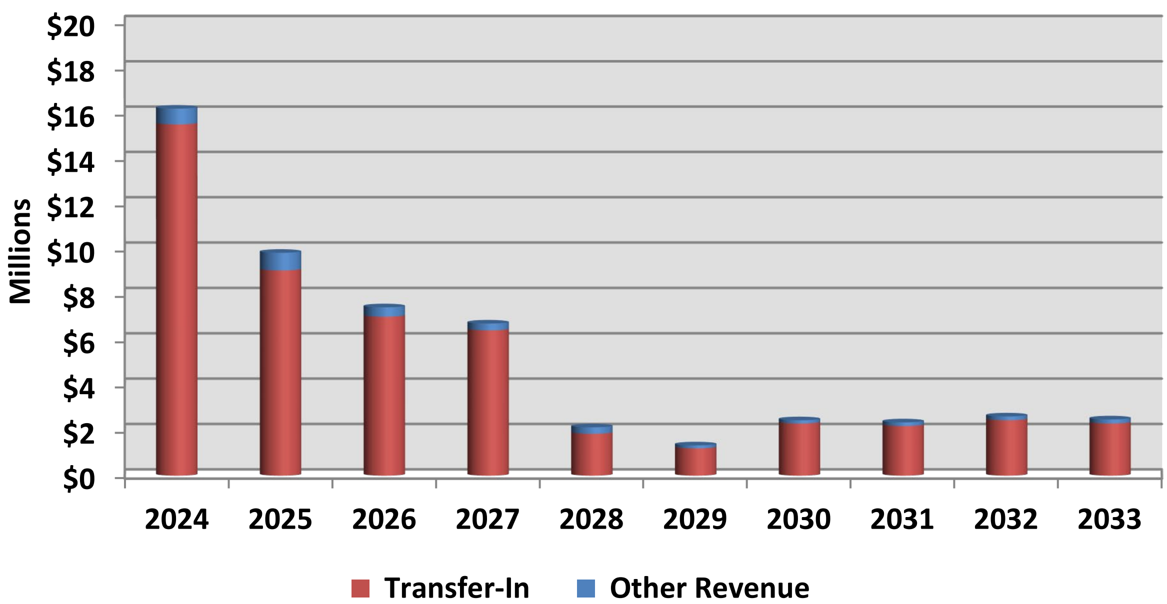
(420) Capital Improvement Fund Forecast

Capital Improvement Fund / Revenue Summary:

- Starting in FY 2025, the annual transfer from the General Fund to the Capital Improvement Fund (CIF) will be in an amount to maintain the General Fund Balance at 35% of annual operating expenditures

  Note: It is proposed to move to the 35% level over the course of three (3) years [2025-2027]

Capital Improvement Fund: Total Revenue Trend



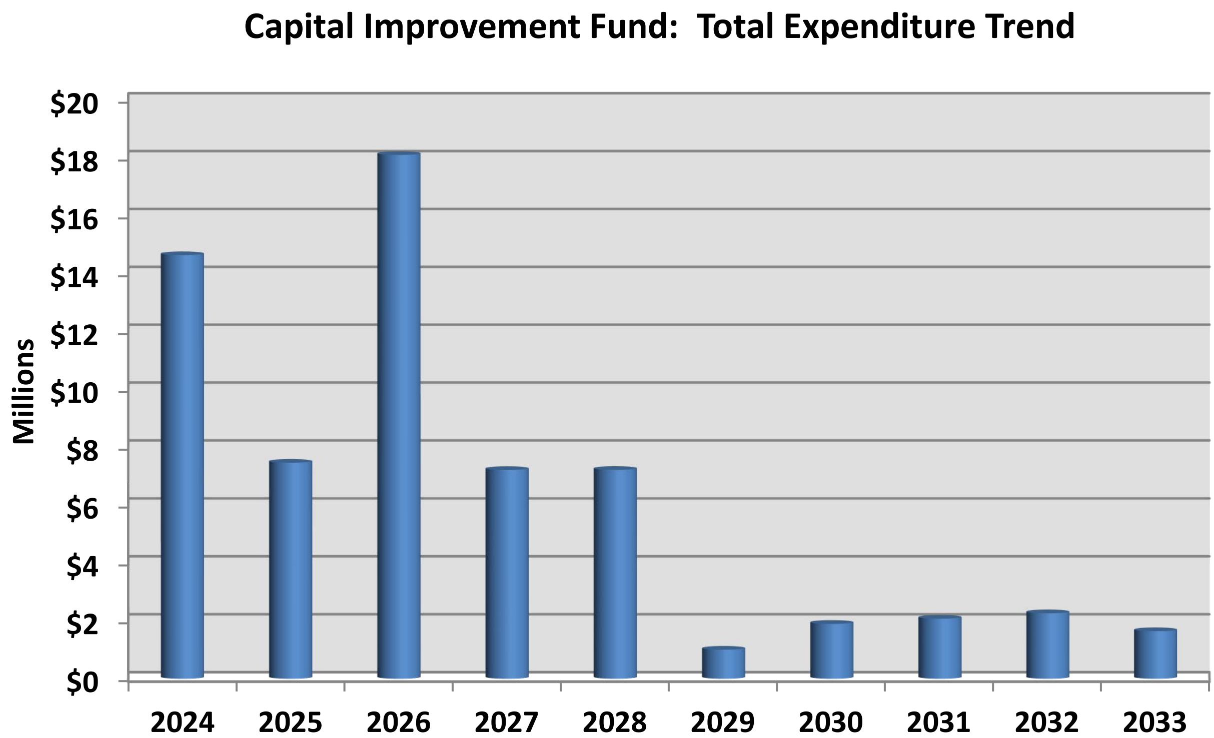
Capital Improvement Fund / Expenditure Summary:

- Capital Outlay costs for 2024-2033 include projects as included in the City's annual Capital Improvement Plan (CIP):
  - 2024 Actual:
    - $5.6M = Spencer & Avondale Park: Parking Lot Replacement and Pathways
    - $2.9M = OCSO Substation: Interior Upgrades and Lobby Security
    - $2.7M = Innovation Hills: Rope Bridge & Restroom
    - $1.4M = 694 Rochester Road Parcel Purchase (Beekeeper Property)
    - $2.0M = Various Facility & Other Improvement projects
  - 2025 Actual:
    - $1.5M = Citywide: Gateways & Park Entrance Signs
    - $1.2M = Brooklands Plaza Enhancements
    - $0.9M = Nowicki Park: Development (Preliminary Engineering)
    - $0.7M = Spencer Park: Deck & Dock Upgrades, Kayak Launch
    - $3.8M = Various Facility & Other Improvement projects
  - 2026 Budgeted:
    - $10.2M = Nowicki Park: Development
    - $1.6M = DPS Garage: HVAC Upgrades and Vehicle Exhaust System
    - $1.0M = Childress SAD Paving
    - $0.9M = Pedestrian Bridge & Structure Repair Program
    - $0.8M = Nowicki Park: 884 N. Adams Road Parcel
    - $3.5M = Various Facility & Other Improvement projects

(420) Capital Improvement Fund Forecast

- 2027 Projected:
  - $1.6M = Bloomer Park: ADA Playground Replacement
  - $1.3M = DPS Garage: Fuel Island Replacement
  - $1.1M = Citywide Parking Lot Rehabilitation
    - Museum Parking Lot – Preliminary Engineering
    - Fire Station #1, 3, 4 Parking Lot – Preliminary Engineering
  - $0.9M = Election Equipment Replacement Schedule
  - $1.4M = Various Facility & Other Improvement projects
- 2028 Projected:
  - $5.7M = Citywide Parking Lot Rehabilitation
    - Museum Parking Lot – Construction
    - Fire Station #1, 3, 4 Parking Lot – Construction
    - OCSO Parking Lot – Preliminary Engineering
  - $0.7M = Spencer Park: ADA Playground Replacement
  - $0.7M = Various Facility & Other Improvement projects
- 2029 Projected:
  - $1.8M = Citywide Parking Lot Rehabilitation
    - OCSO Parking Lot – Construction
    - DPS Garage Parking Lot – Preliminary Engineering
- 2030 Projected:
  - $1.7M = Citywide Parking Lot Rehabilitation
    - DPS Garage Parking Lot – Construction
  - $0.5M = Bloomer Park: Redevelopment
- 2031 Projected:
  - $2.0M = Bloomer Park: Redevelopment
- 2032 Projected:
  - $1.1M = Bloomer Park: Redevelopment
  - $0.8M = Spencer Park: Redevelopment
  - $0.4M = Museum: Dairy Barn Display Upgrades
- 2033 Projected:
  - $1.6M = Spencer Park: Redevelopment

(420) Capital Improvement Fund Forecast

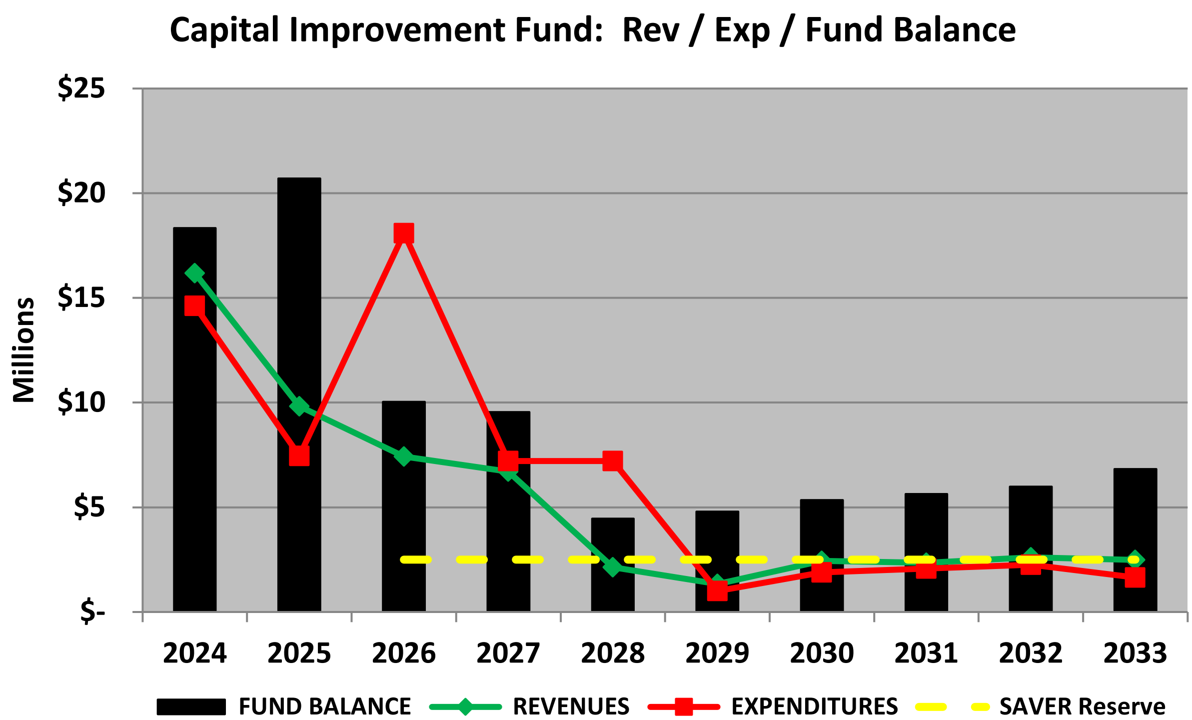


(420) Capital Improvement Fund Forecast

Capital Improvement Fund / Revenue, Expenditures, Changes in Fund Balance:

- Starting in FY 2025, the annual transfer from the General Fund to the Capital Improvement Fund (CIF) will be in an amount to maintain the General Fund Balance at 35% of annual operating expenditures

  Note: It is proposed to move to the 35% level over the course of three (3) years [2025-2027]
- Capital Outlay costs for 2024-2033 include projects as included in the City's annual Capital Improvement Plan (CIP)
- The SAVER Reserve was established in FY 2026 to be maintained at a level of $2.5M to mitigate the risks associated with construction market volatility, supply chain inflation, and unforeseen site conditions.



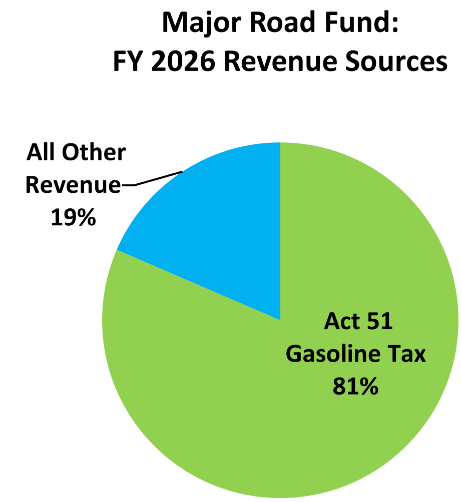
Capital Improvement Fund / Takeaway Points:

- The mission of the Capital Improvement Fund is to provide a mechanism to fund certain projects identified in the Capital Improvement Plan (CIP)
- Revenues represent the annual structural surplus of the General Fund maintained at 35% of operating expenditures
- Capital Outlay costs include projects as included in the Adopted CIP

(202) Major Road Fund Forecast

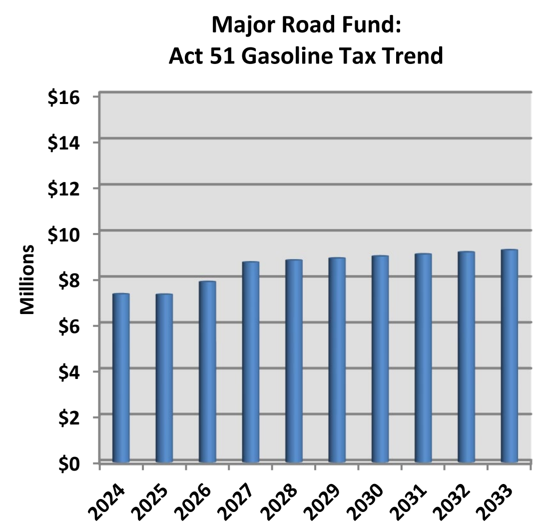
MAJOR ROAD FUND / REVENUES:

- For FY 2026, the primary sources of Major Road Fund revenue are:
  - 81% = Act 51 Gasoline Tax
  - 19% = All Other Revenue



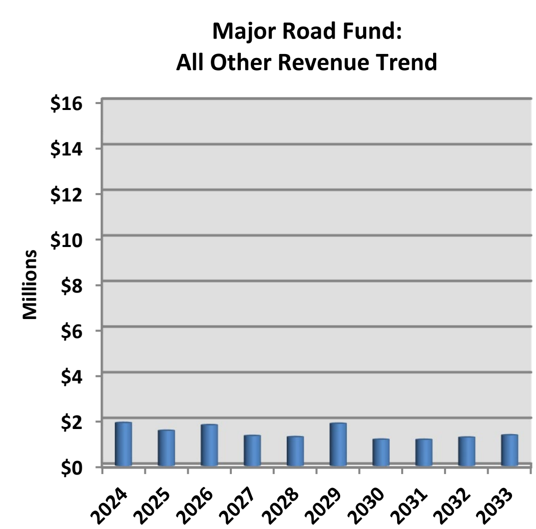
Major Road / Act 51 Gasoline Tax Revenue:

- State of MI Gasoline tax (Act 51) represents the share of gasoline tax and vehicle registration fees distributed to local units
  - Note: As part of the State of MI 2025-26 Budget process, sales tax on gasoline sales (previously received as State Shared Revenue) was replaced with an offsetting increase in the State of MI Gasoline Tax (which will be received as Act 51 Revenue)
    - The resulting impact is estimated at a +7.7% increase in Act 51 Revenue starting in FY 2026 as the changes in tax policy begin, with a +11.0% increase in Act 51 Revenue in FY 2027

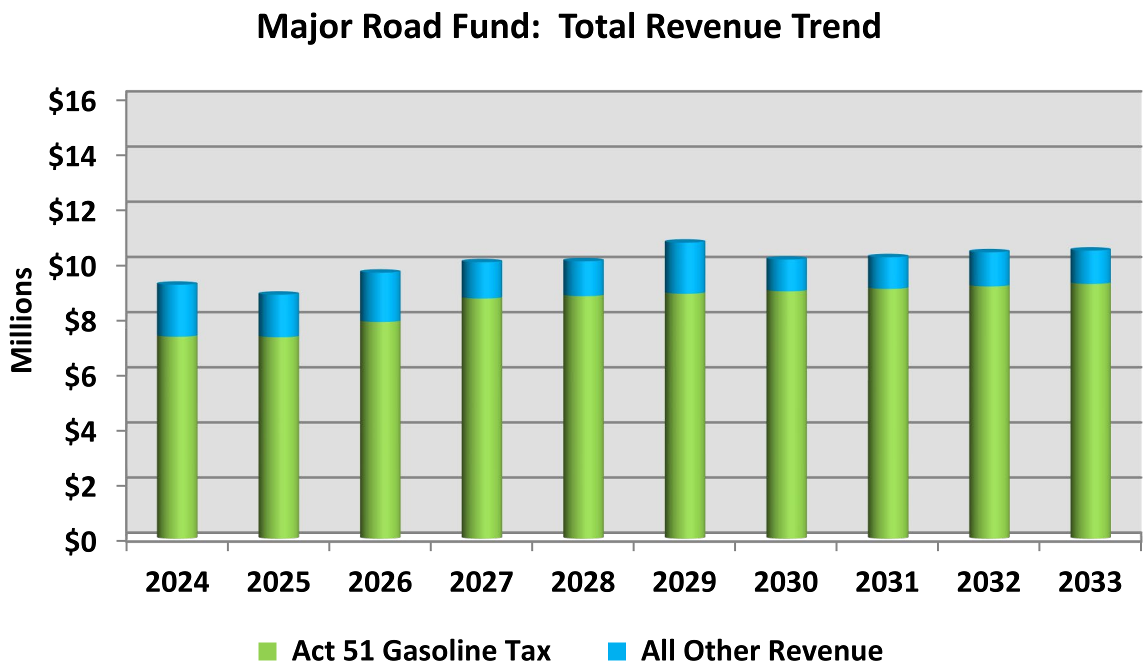


Major Road / Other Revenues:

- The City continually works with other agencies to leverage the City's Major Road funding in order to construct needed improvements and rehabilitations to the City's Major Road network
- 2024:
  - $440K from LDFA for Marketplace Circle Rehabilitation
- 2026:
  - $534K from LDFA for Auburn @ Technology Traffic Signal Improvements
- 2029:
  - $660K from Oakland County Federal Aid Committee for John R Rehabilitation [Auburn - Hamlin]



(202) Major Road Fund Forecast

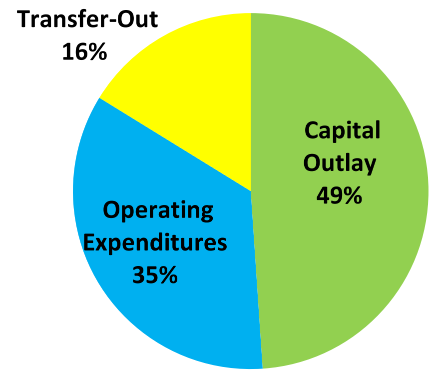


(202) Major Road Fund Forecast

MAJOR ROAD FUND / EXPENDITURES:

- For FY 2026, the primary sources of Major Road Fund expenditures are:
    - 35% = Operating Expenditures
    - 49% = Capital Outlay
        - *This proportion will vary significantly based upon the level of capital outlay scheduled in a particular Fiscal Year*
    - 16% = Transfer-Out
        - *Per Act 51 requirements, a community may transfer up to 50% of Major Road Act 51 monies to the Local Street Fund*
        - *The Major Road Fund transfers 25% of Act 51 monies to the Local Street Fund*

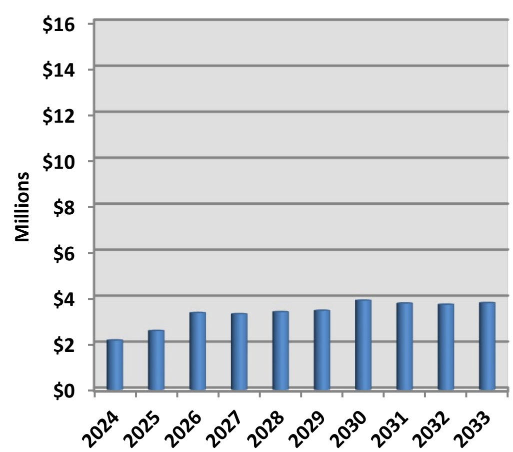
Major Road Fund: FY 2026 Expenditure Sources



Major Road Fund / Operating Expenditures:

- Personnel, Materials, Supplies, Services, Interfund Charges (Fleet), Memberships, etc…
- The increase in trend from 2024-2025 to 2026+ is due to actual Major Road operating expenditures routinely coming in under budget

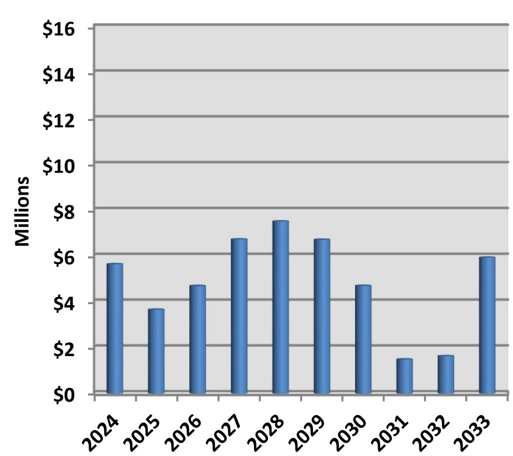
Major Road Fund: Operating Expenditure Trend



Major Road Fund / Capital Outlay:

- Capital Outlay costs for 2024-2033 include Major Road projects as included in the CIP
    - 2024 = Avon Industrial, Barclay Circle, Marketplace Circle, Walton Road [Adams – Livernois]
    - 2025 = Brewster [Walton - Dutton], Traffic Signal Upgrade [Auburn @ Technology]
    - 2026 = Hamlin [E of Crooks] Reconstruction, Adams Road [near Nowicki] Improvements
    - 2027 = Rochester Road [South Bd – Tienken]
    - 2028 = Hampton Circle Reconstruction
    - 2029 = John R Rehabilitation [Avon – Auburn]
    - 2030 = Nawakwa [Rochester – Joshua], Drexelgate [Livernois – Dancer]
    - 2033 = Adams Road [Hamlin – Walton]
- The City continually works with other agencies to leverage the City's Major Road funding in order to construct needed improvements and rehabilitations to the City's Major Road network

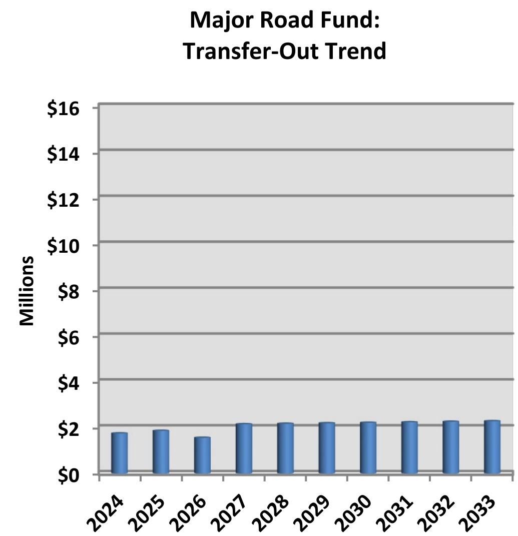
Major Road Fund: Capital Outlay Trend

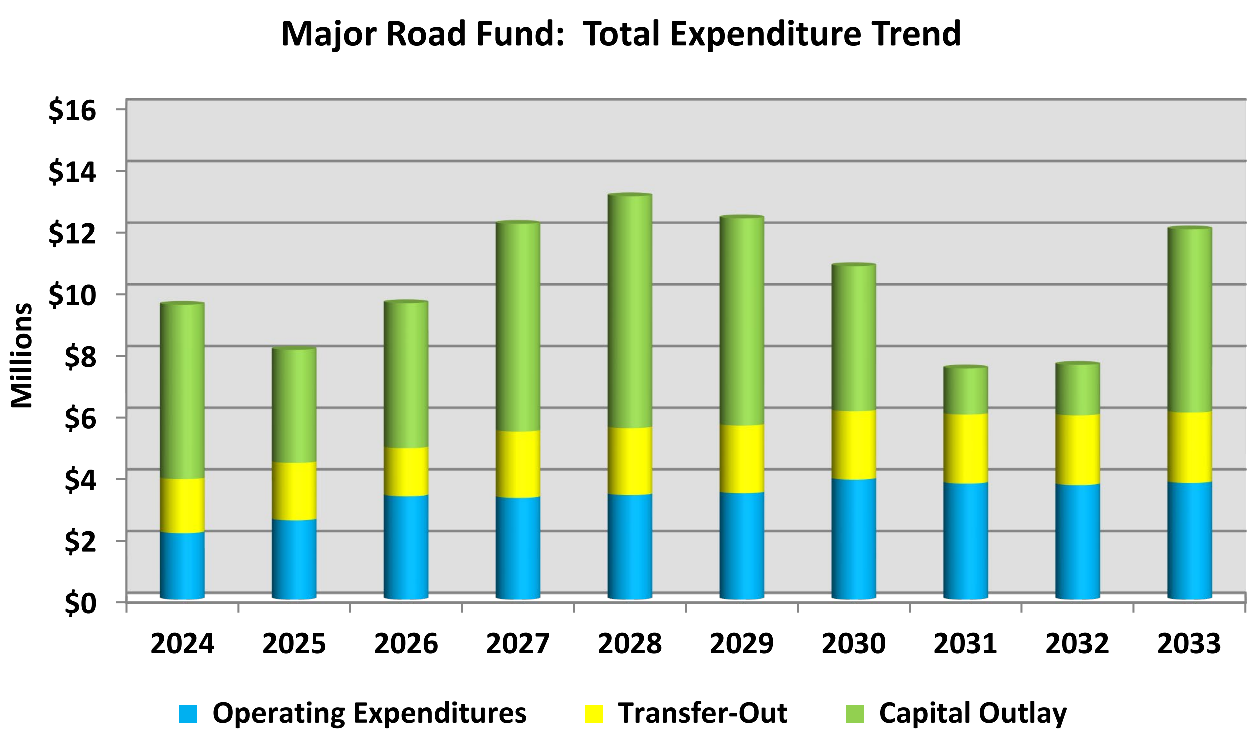


(202) Major Road Fund Forecast

Major Road Fund / Transfer-Out:

- Per Act 51 requirements, a community can transfer up to 50% of Major Road Act 51 monies to the Local Street Fund
  - The City of Rochester Hills has been transferring 25% of Major Road Act 51 monies to the Local Street Fund

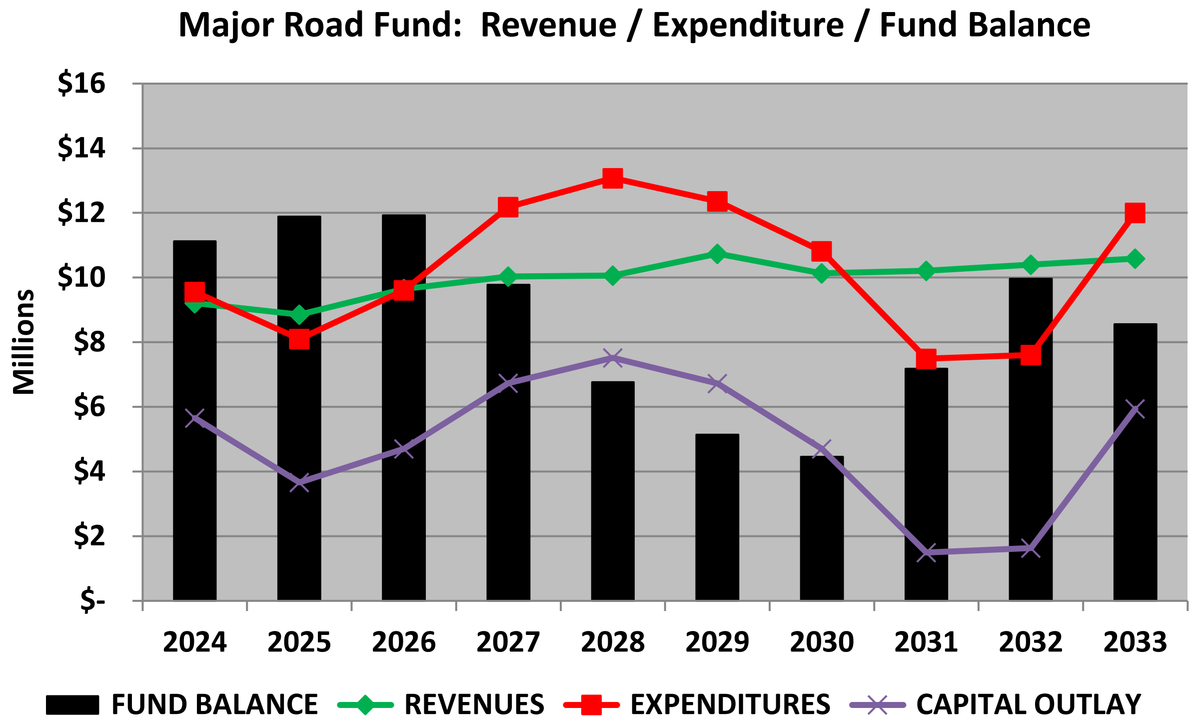




(202) Major Road Fund Forecast

Major Road Fund / Revenue, Expenditures, and Changes in Fund Balance:

- Capital Outlay costs for 2025-2033 include Major Road projects as included in the CIP



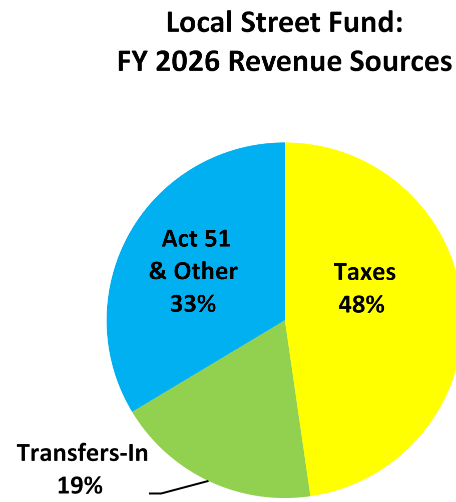
Major Road Fund / Takeaway Points:

- As part of the State of MI 2025-26 Budget process, sales tax on gasoline sales (previously received as State Shared Revenue) was replaced with an offsetting increase in the State of MI Gasoline Tax (which will be received as Act 51 Revenue)
    - The resulting impact is estimated at a +7.7% increase in Act 51 Revenue starting in FY 2026 as the changes in tax policy begin, with a +11.0% increase in Act 51 Revenue in FY 2027
- Capital Outlay costs for 2025-2033 include Major Road projects as included in the CIP

(203) Local Street Fund Forecast

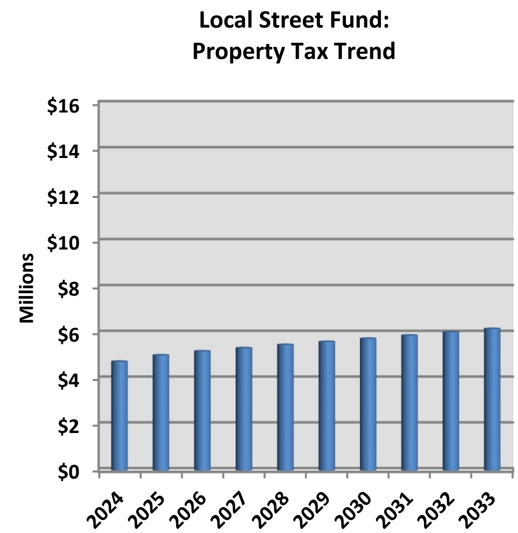
LOCAL STREET FUND / REVENUES:

- For FY 2026, the primary sources of Local Street Fund revenue are:
  - 48% = Property Taxes
  - 33% = Act 51 & Other Revenue
  - 19% = Transfers-In



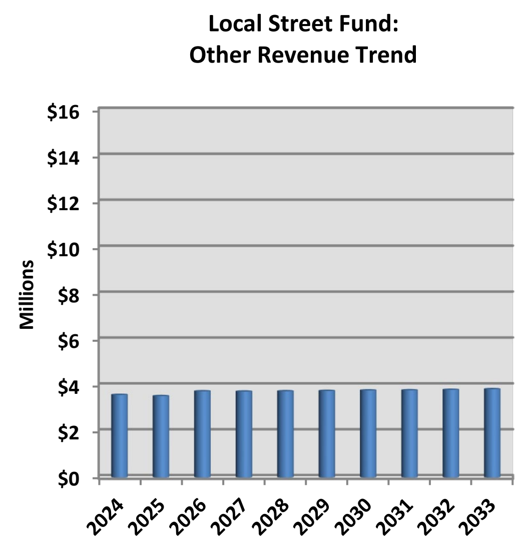
Local Street Fund / Property Taxes:

- The Local Street millage level is maintained at the levy of 1.0488 mill throughout this forecast model



Local Street Fund / Act 51 & Other Revenue:

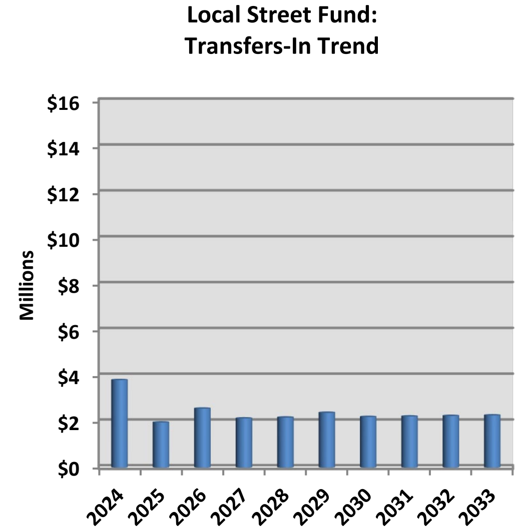
- State of MI Gasoline tax (Act 51) represents the share of gasoline tax and vehicle registration fees distributed to local units
- Note: As part of the State of MI 2025-26 Budget process, sales tax on gasoline sales (previously received as State Shared Revenue) was replaced with an offsetting increase in the State of MI Gasoline Tax (which will be received as Act 51 Revenue)
  - The resulting impact is estimated at a +7.7% increase in Act 51 Revenue starting in FY 2026 as the changes in tax policy begin, with a +11.0% increase in Act 51 Revenue in FY 2027

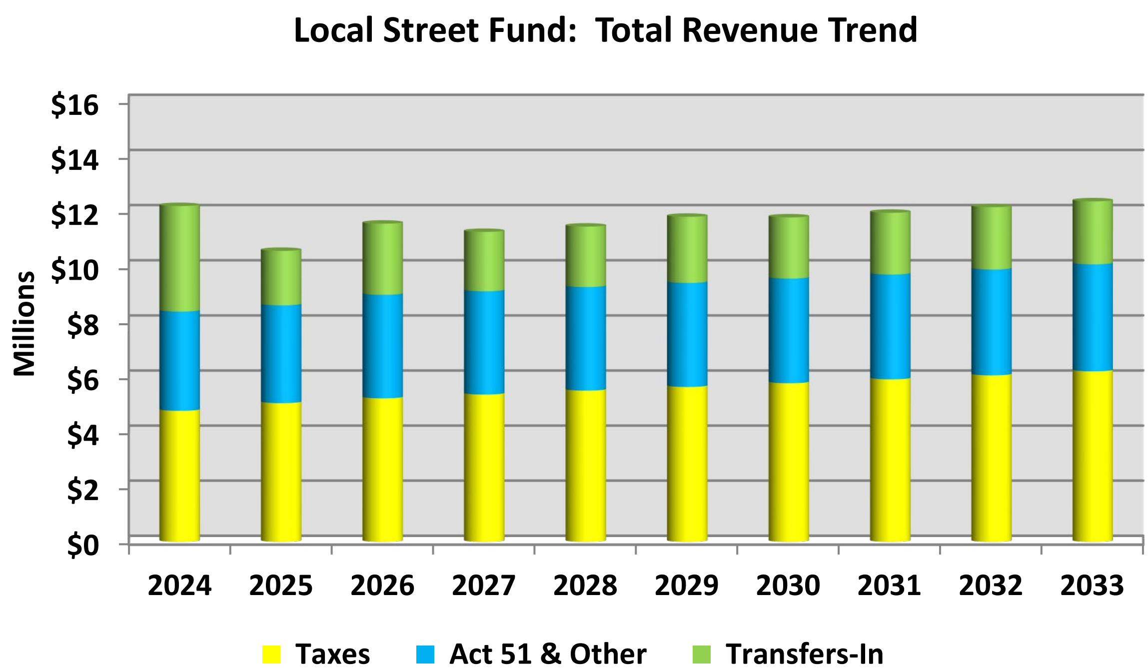


(203) Local Street Fund Forecast

Local Street Fund / Transfers-In:

- In 2024, the LDFA transferred in $2.1M for the paving of Leach Road
- In 2026, the CIF will transfer in $1.0M for the paving of Childress (SAD)
- In 2029, the LDFA is projected to transfer in $0.2M for the paving of Industrial Drive

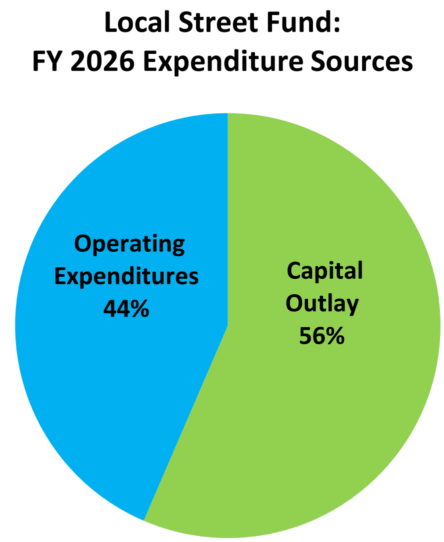




(203) Local Street Fund Forecast

LOCAL STREET FUND / EXPENDITURES:

- For FY 2026, the primary sources of Local Street Fund expenditures are:
  - 44% = Operating Expenditures
  - 56% = Capital Outlay

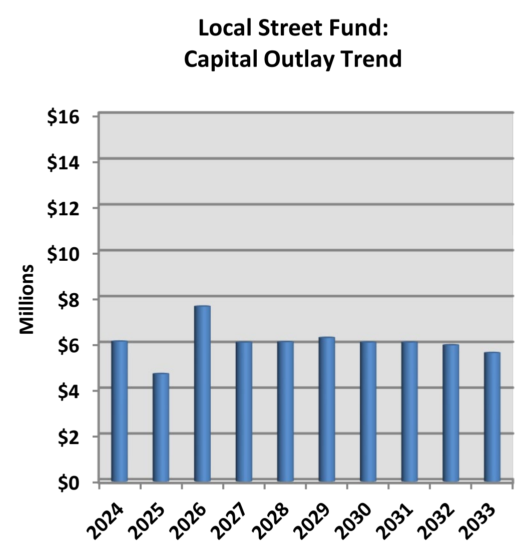


Local Street Fund / Operating Expenditures:

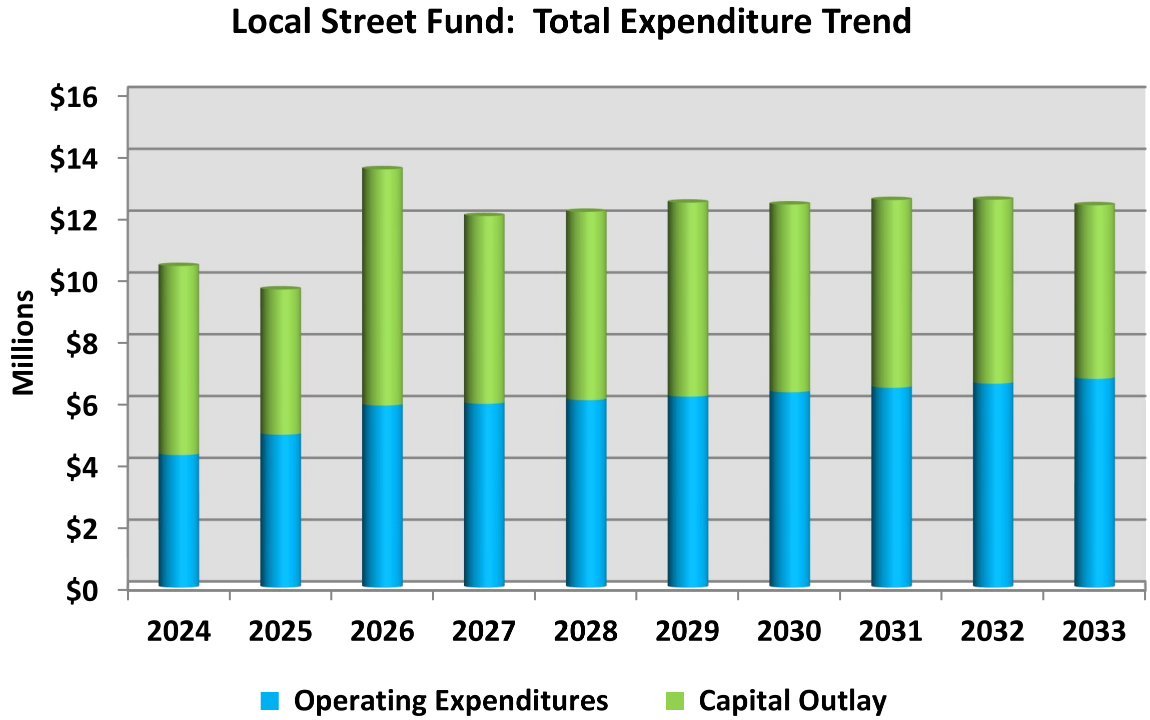
- Personnel, Materials, Supplies, Services, Interfund Charges (Fleet), Memberships, etc…
- The increase in trend from 2024-2025 to 2026+ is due to actual Local Street operating expenditures routinely coming in under budget

Local Street Fund / Capital Outlay:

- Using the current forecast assumptions, the Local Street Fund is able to support an annual Local Street Rehabilitation program of $6 million per year through FY 2032 within existing Local Street revenue sources as well as support from the Major Road Fund
- FY 2026 includes paving of Childress (SAD)



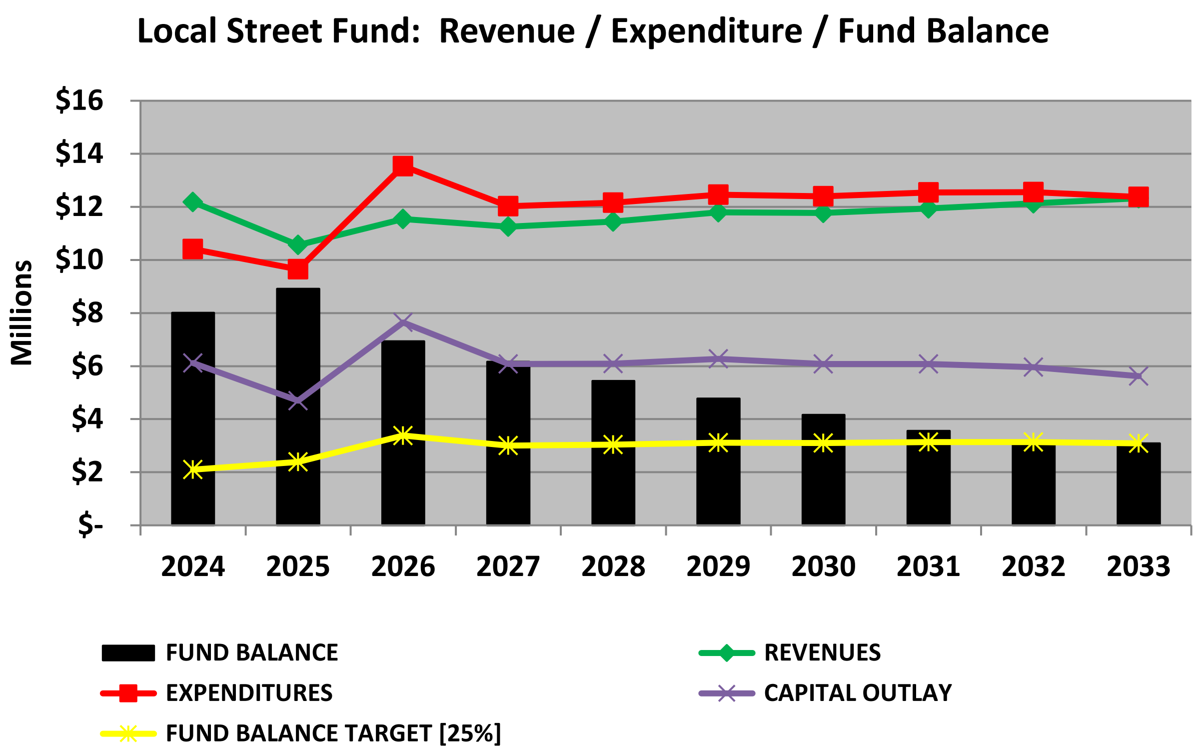
(203) Local Street Fund Forecast



(203) Local Street Fund Forecast

Local Street Fund / Revenue, Expenditures, and Changes in Fund Balance:

- Fund Balance is projected to decrease from FY 2026-2033 to set Local Street Fund Balance at 25% of annual expenditures by supporting an annual Local Street Rehabilitation program of ~ $6 million per year



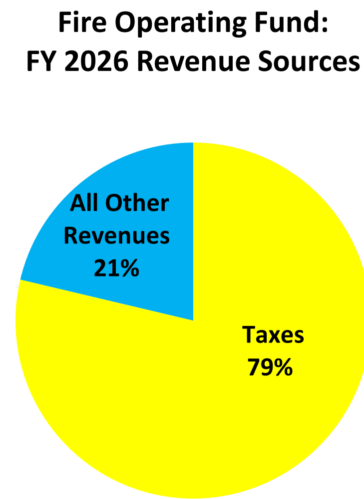
Local Street Fund / Takeaway Points:

- The Local Street millage level is maintained at the levy of 1.0488 mill throughout this forecast model
- As part of the State of MI 2025-26 Budget process, sales tax on gasoline sales (previously received as State Shared Revenue) was replaced with an offsetting increase in the State of MI Gasoline Tax (which will be received as Act 51 Revenue)
    - The resulting impact is estimated at a +7.7% increase in Act 51 Revenue starting in FY 2026 as the changes in tax policy begin, with a +11.0% increase in Act 51 Revenue in FY 2027
- Using the current forecast assumptions, the Local Street Fund is able to support an annual Local Street Rehabilitation program of ~ $6 million per year within existing Local Street revenue sources as well as support from the Major Road Fund

(206) Fire Operating Fund Forecast

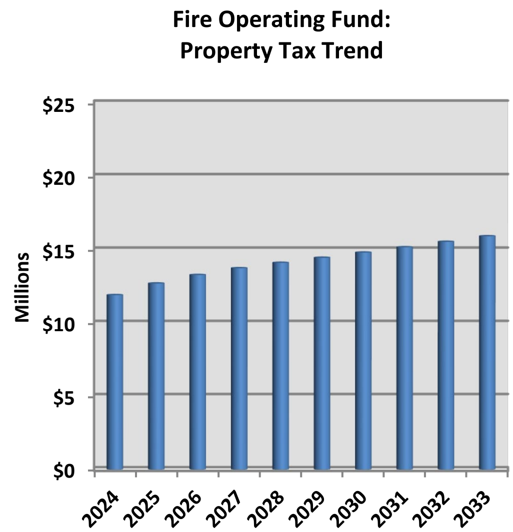
FIRE OPERATING FUND / REVENUES:

- For FY 2026, the primary sources of Fire Operating Fund revenue are:
  - 79% = Property Taxes
  - 21% = All Other Revenues



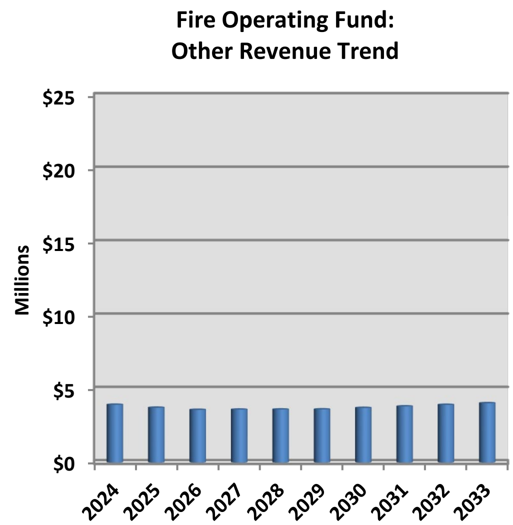
Fire Operating Fund / Property Taxes:

- The Fire Charter millage level is maintained at the existing levy of 2.7000 mill throughout this forecast model

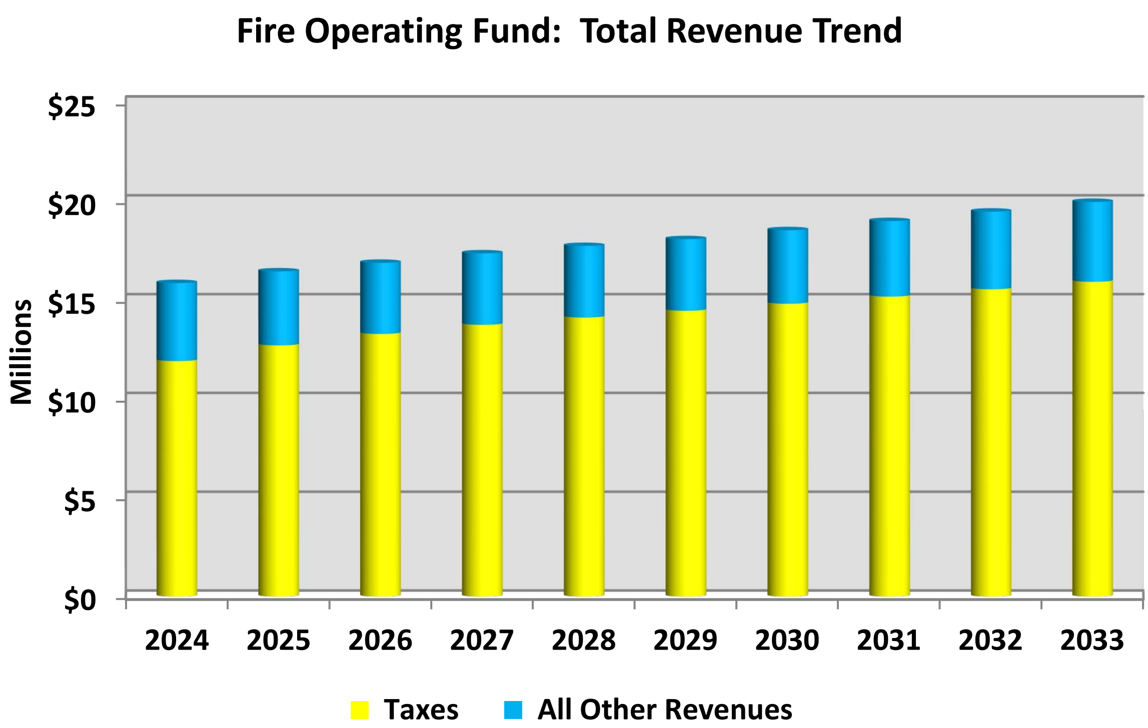


Fire Operating Fund / Other Revenues:

- The primary source of Other Revenue is EMS Charges for Service
- Other revenues are projected to increase from 0.0% to 3.0% per year



(206) Fire Operating Fund Forecast

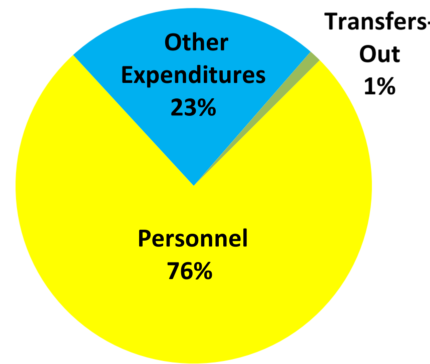


(206) Fire Operating Fund Forecast

FIRE OPERATING FUND / EXPENDITURES:

- For FY 2026, the primary sources of Fire Operating expenditures are:
  - 76% = Personnel
  - 23% = Other Expenditures
  - 1% = Transfer-Out

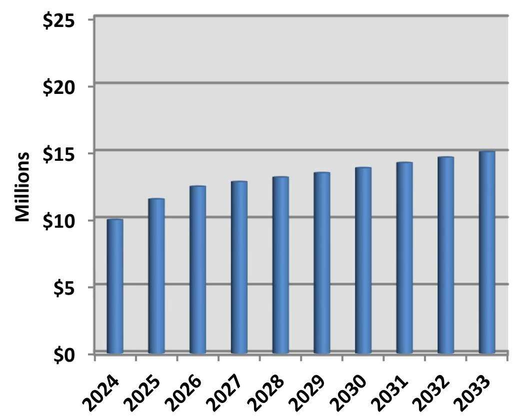
Fire Operating Fund: FY 2026 Expenditure Sources



Fire Operating Fund / Personnel Services:

- Salary and Wages are updated per the #3472 Union contract
  - Salaries are projected to increase +2.75% per year (2026-2028), and +2.50% per year in 2029+

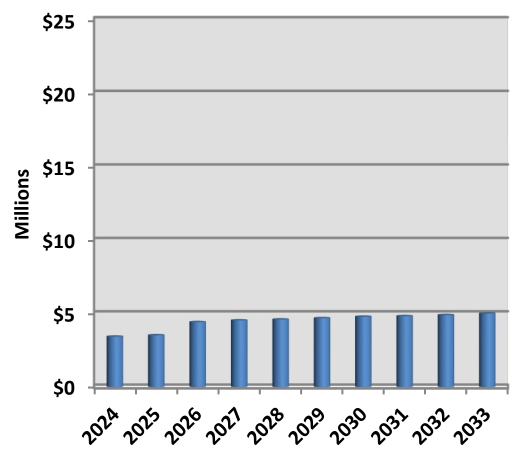
Fire Operating Fund: Personnel Trend



Fire Operating Fund / Other Expenditures:

- Supplies, Services, Interfund Charges (including Fleet & Facilities), Memberships, etc…
- The increase in trend from 2024-2025 to 2026+ is due to actual Fire Department operating expenditures routinely coming in under budget

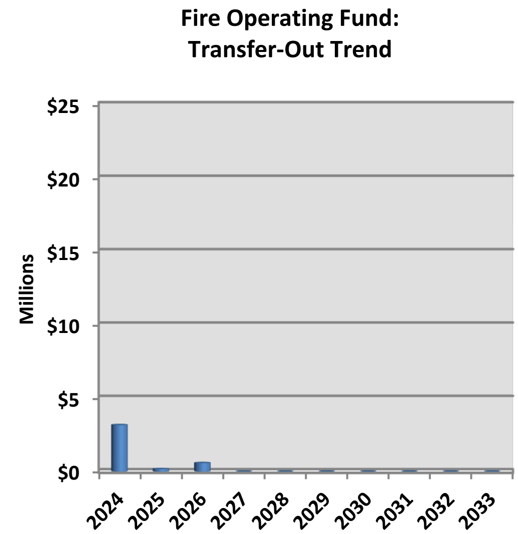
Fire Operating Fund: All Other Expenditure Trend

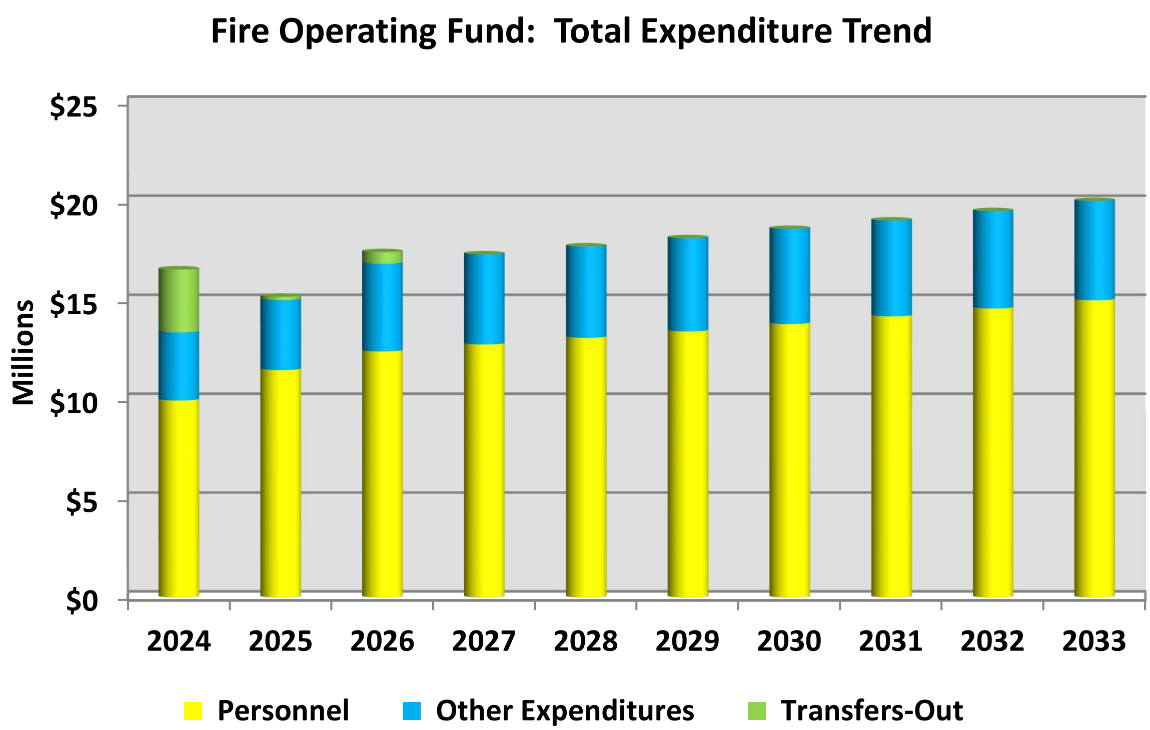


(206) Fire Operating Fund Forecast

Fire Operating Fund / Transfer-Out:

- The annual transfer-out to the (402) Fire Capital Fund will maintain the (206) Fire Operating Fund at a 25% Fund Balance level
    - There is no annual transfer-out to the (402) Fire Capital Fund projected in FY 2027+

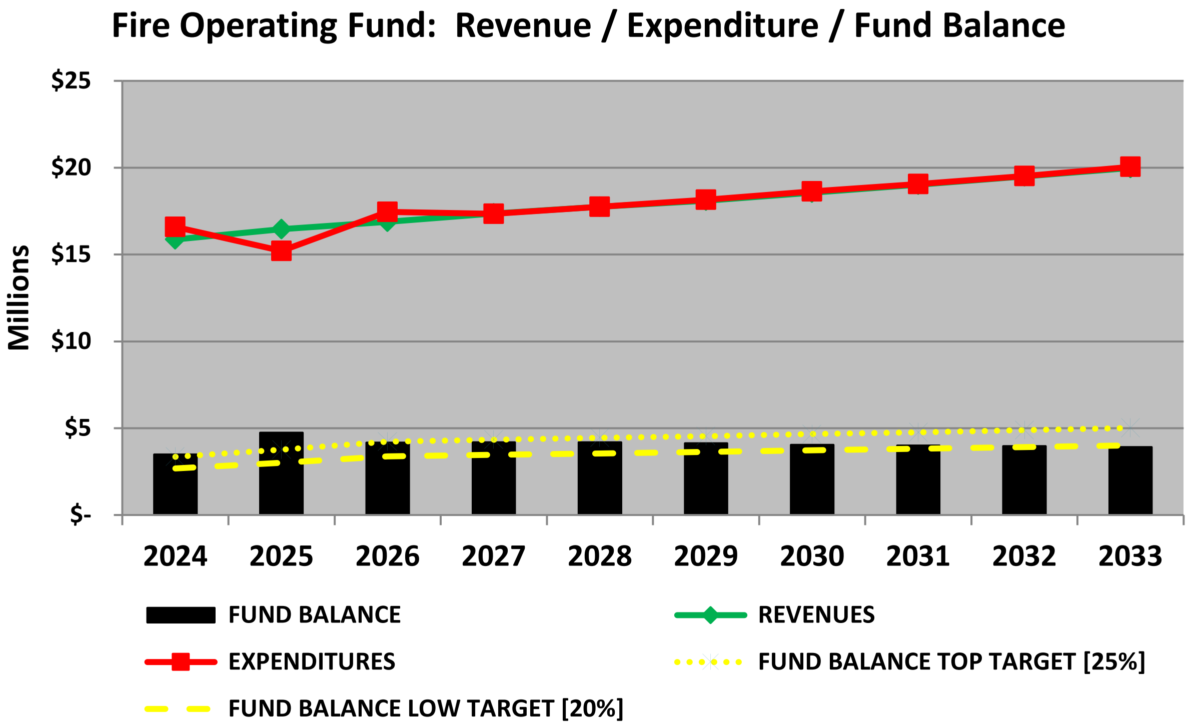




(206) Fire Operating Fund Forecast

Fire Operating Fund / Revenue, Expenditures, Changes in Fund Balance:

- The annual transfer-out to the (402) Fire Capital Fund will maintain the (206) Fire Operating Fund at a 25% Fund Balance level.



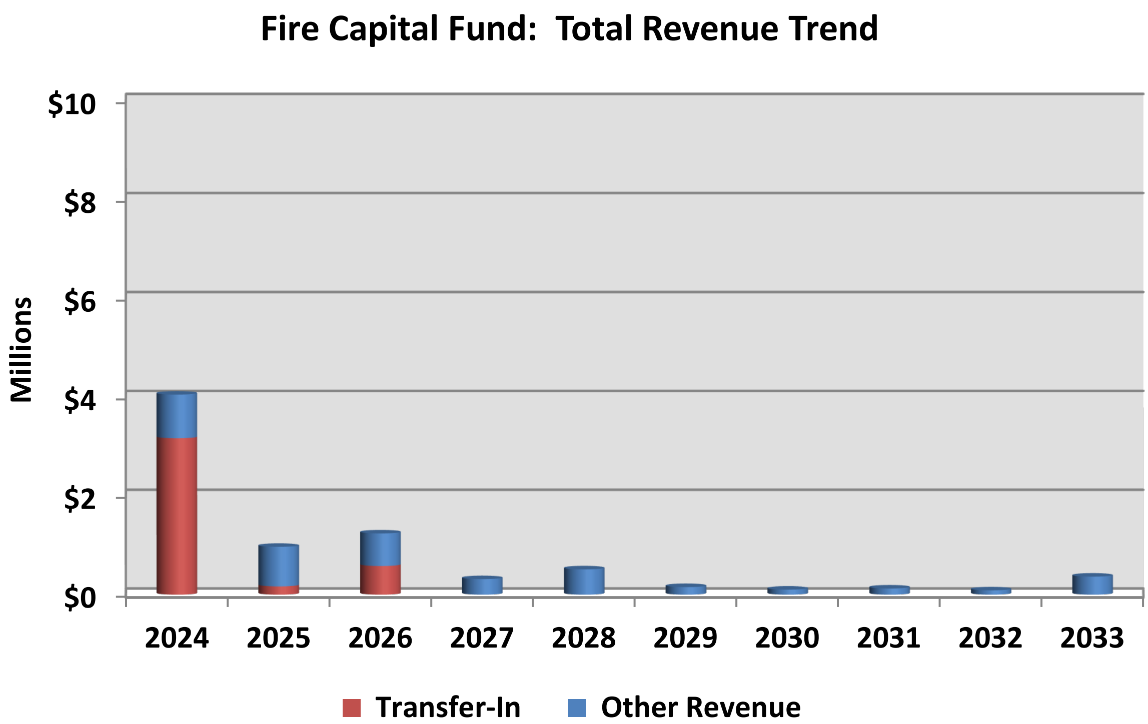
Fire Operating Fund / Takeaway Points:

- The Fire Charter millage level is maintained at the existing levy of 2.7000 mill throughout this forecast model
- Salary and Wages are updated per the new #3472 Union contract
  - Salaries are projected to increase +2.75% per year (2026-2028), and +2.50% per year in 2029+
- The annual transfer-out to the (402) Fire Capital Fund will maintain the (206) Fire Operating Fund at a 25% Fund Balance level
  - There is no annual transfer-out to the (402) Fire Capital Fund projected in FY 2027+

(402) Fire Capital Fund Forecast

Fire Capital Fund / Revenue Summary:

- The annual transfer-out to the (402) Fire Capital Fund will maintain the (206) Fire Operating Fund at a 25% Fund Balance level
  - There is no annual transfer-out to the (402) Fire Capital Fund projected in FY 2027+
- Other Revenue includes grants, investment earnings, and Fire asset sales



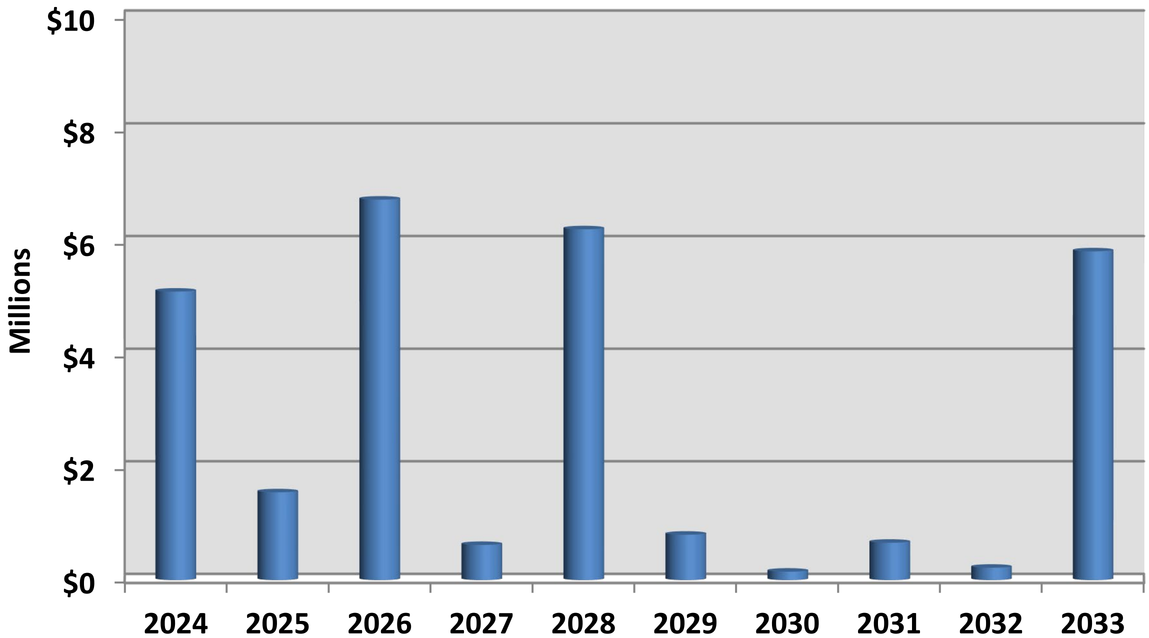
Fire Capital Fund / Expenditure Summary:

- Capital Outlay costs for 2024-2033 include Fire Capital projects as included in the CIP
  - FY 2024
    - Fire Station #1 Renovations, Fire Training Structure, Special Rescue Trailer, various equipment replacements
  - FY 2025
    - Heart Monitor replacements, three (3) Ambulance replacements
  - FY 2026
    - Five (5) Ambulance replacements, Engine #3 replacement, Fire Station Exhaust System replacements
  - FY 2027
    - Heart Monitor replacements, Fire Station #1, 3, 5 Parking Lot replacement – Preliminary Engineering
  - FY 2028
    - Fire Station #1, 3, 5 Parking Lot replacement – Construction, three (3) Ambulance replacements
  - FY 2029
    - Heart Monitor replacements, five (5) vehicle replacements
  - FY 2031

(402) Fire Capital Fund Forecast

        - Heart Monitor replacements, Mobile Data Computer replacements, two (2) vehicle replacements
    - FY 2032
        - One (1) vehicle replacement
    - FY 2033
        - Five (5) Ambulance replacements

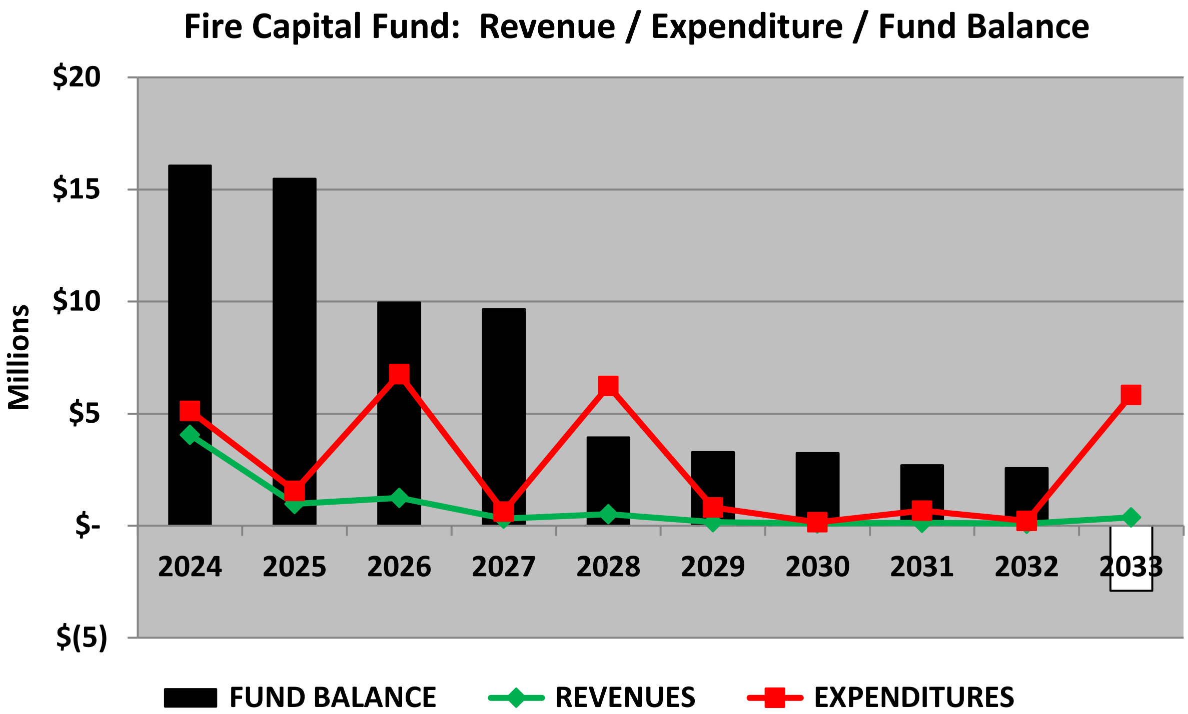
Fire Capital Fund: Total Expenditure Trend



(402) Fire Capital Fund Forecast

Fire Capital Fund / Revenue, Expenditures, Changes in Fund Balance:

- The annual transfer-out to the (402) Fire Capital Fund will maintain the (206) Fire Operating Fund at a 25% Fund Balance level
    - There is no annual transfer-out to the (402) Fire Capital Fund projected in FY 2027+
- Capital Outlay costs for 2024-2033 include Fire Capital projects as included in the CIP



Fire Capital Fund / Takeaway Points:

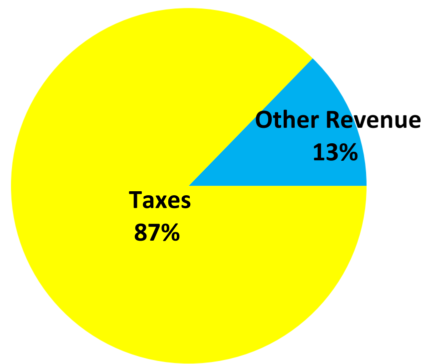
- The annual transfer-out to the (402) Fire Capital Fund will maintain the (206) Fire Operating Fund at a 25% Fund Balance level
    - There is no annual transfer-out to the (402) Fire Capital Fund projected in FY 2027+
- Capital Outlay costs for 2024-2033 include Fire Capital projects as included in the CIP
- It is projected the existing Fire millage levy of 2.7000 mill will not be adequate to support funding to the Fire Capital Fund (402) through FY 2033+

(207) Police Fund Forecast

POLICE FUND / REVENUES:

- For FY 2026, the primary sources of Police Fund revenue are:
  - 87% = Property Taxes
  - 13% = Other Revenues

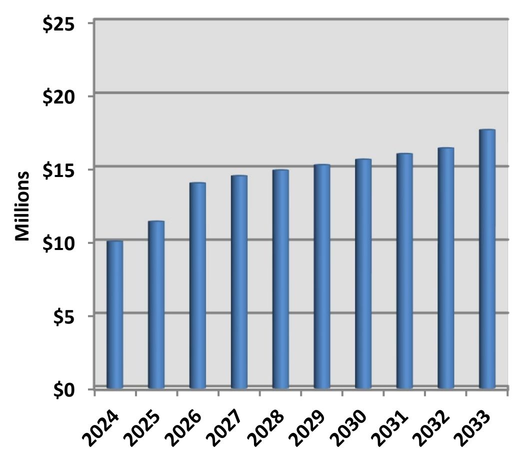
Police Fund:
FY 2026 Revenue Sources



Special Police Fund / Property Taxes:

- Police Millage proposed to be held consistent at 2.8460 mill through FY 2032.
- Potential Police Millage increases may be needed in 2033+ depending upon the 2028-2030 & 2031-2033 OCSO contract increases approved by the Oakland County Board of Commissioners.

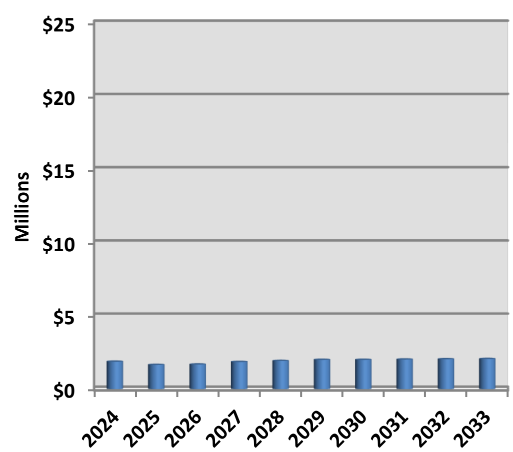
Police Fund:
Property Tax Trend



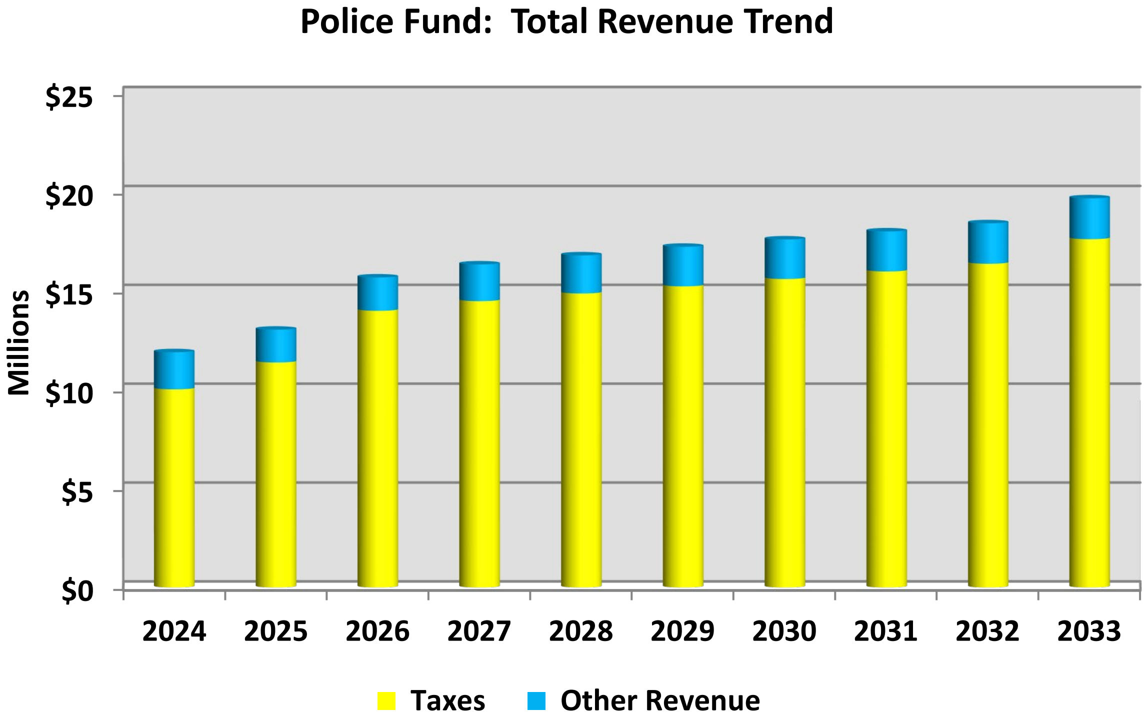
Special Police Fund / Other Revenues:

- Includes Fines, District Court Fees, Charges for Service, Mini-Contracts, etc…

Police Fund:
Other Revenue Trend



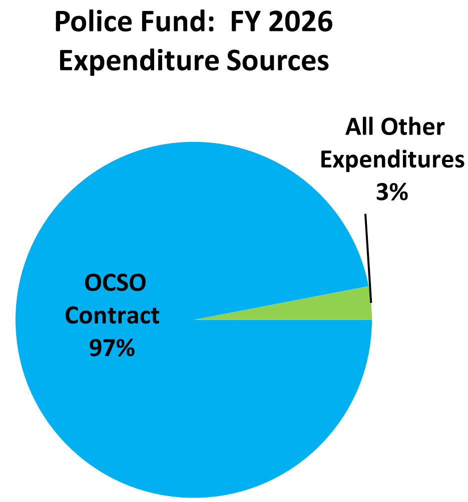
(207) Police Fund Forecast



(207) Police Fund Forecast

POLICE FUND / EXPENDITURES:

- For FY 2026, the primary sources of Special Police Fund expenditures are:
    - 97% = OCSO Contract
    - 3% = All Other Expenditures

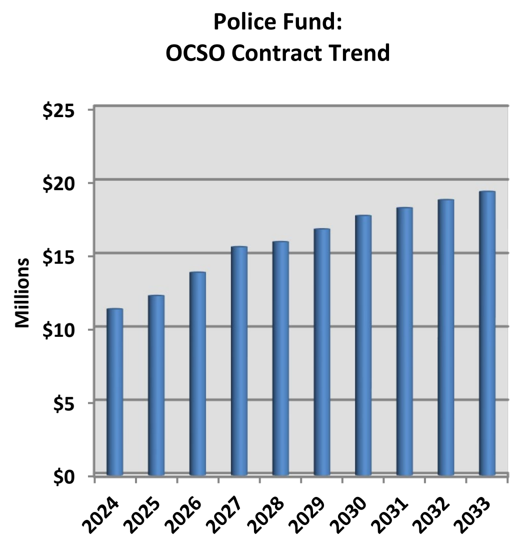


Police Fund / OCSO Contract:

- Contractual OCSO for FY 2025-2027 are per the rate increases approved by the Oakland County Board of Commissioners in December 2024

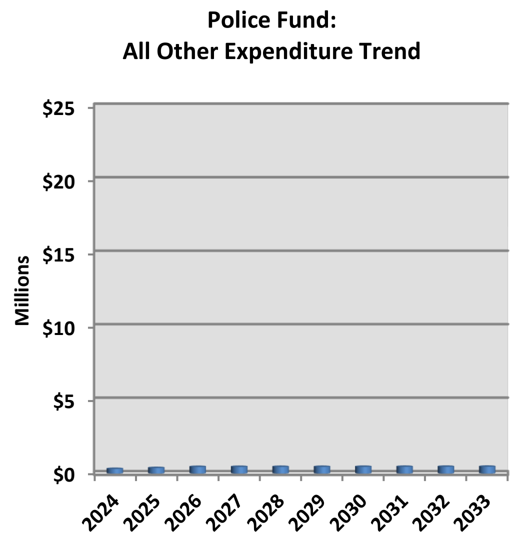
FY 2026	9.0%	Actual
FY 2027	9.0%	Projected
FY 2028	5.4%	Projected
FY 2029	5.4%	Projected
FY 2030	5.4%	Projected
FY 2031-2033	3.0%	Projected

    - FY 2026-27 consistent with existing OCSO contract
    - FY 2028-30 projected estimate
    - FY 2031-33 projected estimate

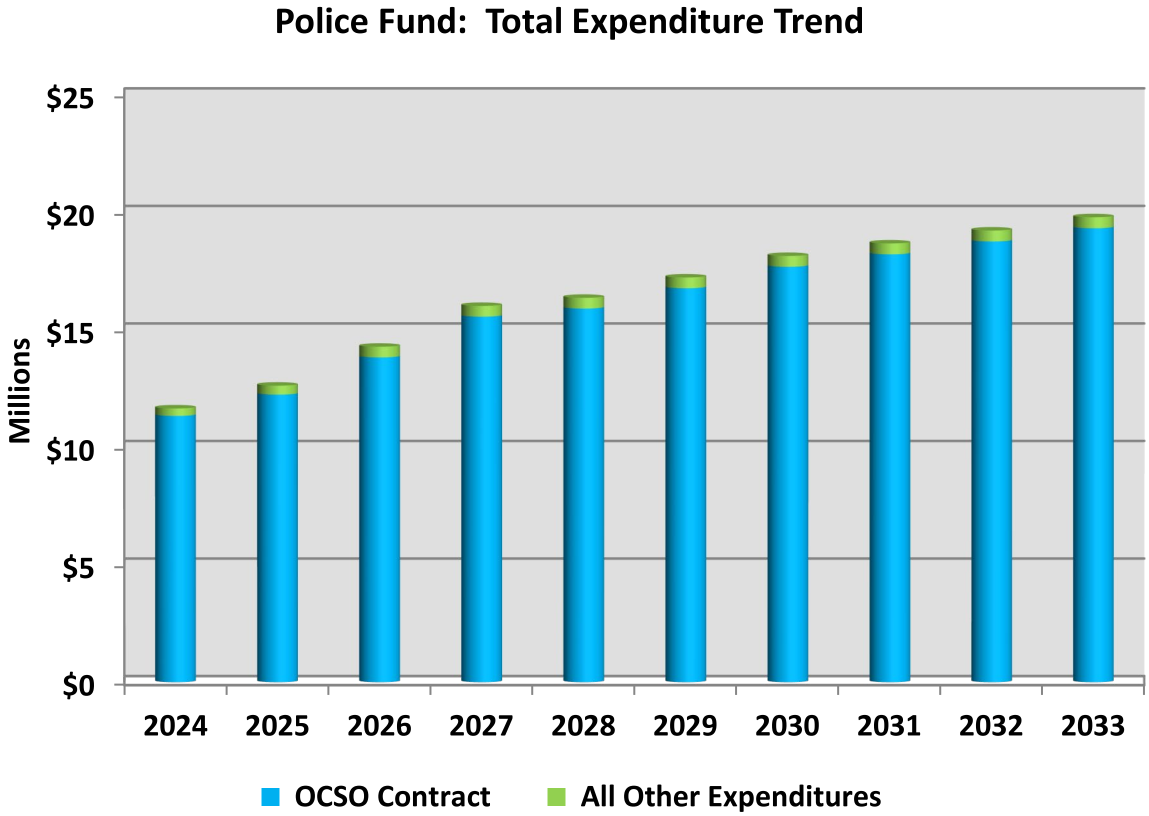


Special Police Fund / Other Expenditures:

- Includes Supplies, Services, and Facility Interfund Charges
- The increase in trend from 2024-2025 to 2026+ is due to actual Police operating expenditures routinely coming in under budget



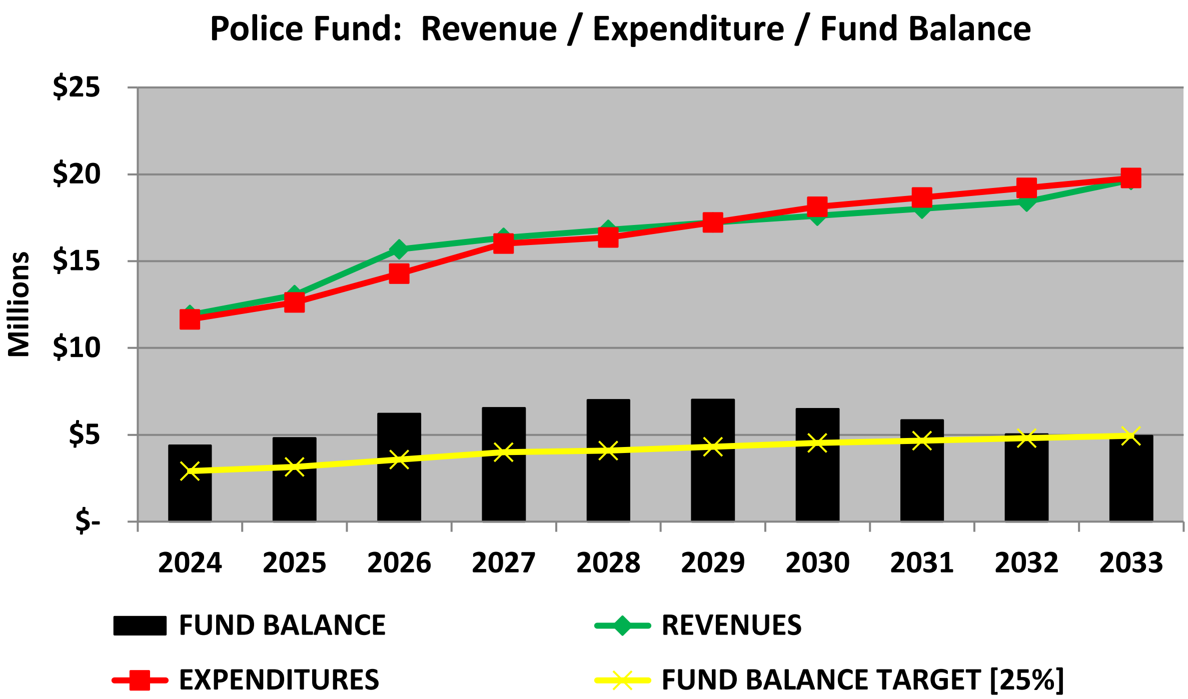
(207) Police Fund Forecast



(207) Police Fund Forecast

Police Fund / Revenue, Expenditures, Changes in Fund Balance:

- Police Millage proposed to be held consistent at 2.8460 mill through FY 2032.
- Potential Police Millage increases may be needed in 2033+ depending upon the 2028-2030 & 2031-2033 OCSO contract increases approved by the Oakland County Board of Commissioners.



Police Fund / Takeaway Points:

- Police Millage proposed to be held consistent at 2.8460 mill through FY 2032.
- Potential Police Millage increases may be needed in 2033+ depending upon the 2028-2030 & 2031-2033 OCSO contract increases approved by the Oakland County Board of Commissioners.
- Contractual OCSO for FY 2025-2027 are per the rate increases approved by the Oakland County Board of Commissioners in December 2024

FY 2026	9.0%	Actual
FY 2027	9.0%	Projected
FY 2028	5.4%	Projected
FY 2029	5.4%	Projected
FY 2030	5.4%	Projected
FY 2031-2033	3.0%	Projected

- FY 2028-33 OCSO rate increases are attempted to be projected conservatively