

ADOPTED BUDGET FY 2016-17 FORECAST ASSUMPTIONS

For many years, the city of Royal Oak has developed a budget document that includes a four year projections. The projections in the FY2016-17 budget document make numerous assumptions.

REVENUES

Property tax revenue is assumed to increase at 1.5% with no Headlee reduction in the millage rates throughout the forecast. Most significant, the forecast assumes the renewal of the 5 year public safety millage (approval occurred on November 8, 2016), which provides for the continuation of the significant transfer out of the general fund to the public safety fund. The projections include general fund transfers to the public safety fund growing from \$20 million in the current year budget to \$24 million. State Shared revenue is estimated to increase 1% each year. Transfers from auto parking fund is estimated to decrease to \$0 each year. All other revenues are assumed to remain constant.

EXPENDITURES

Many labor bargaining units have settled contracts (through at least June 30 2019) that provide for a 2.5% annual wage increase on July 1, 2016. A 3.5% wage increase is utilized in the projections across all bargaining units (and all funds) to take into consideration the wage steps. Medical is assumed to increase 2% although actual illustrative rates have decreased the last two years. OPEB and Pension trusts contributions are assumed to each increase 2%, although both are expected to decrease assuming bonds are sold. The animal control contract with the city of Berkley is estimated to increase 3% each year. Street lighting (a significant cost to the general fund) is projected to increase 2% in each year of the projections. All other non-personnel operating budget line-items such as supplies etc are budgeted to remain constant in the projections. All projects in the CIP have been included in the projected years whether funding is available or not. All other expenditures are assumed to remain constant.