

ADOPTED BUDGET FY 2012-13 FORECAST ASSUMPTIONS

GENERAL FUND

For many years, the City of Royal Oak has developed a budget that includes a four year forecast. These prior years' budgets took into consideration numerous increases in wages and benefits along with changes in other operational costs as well as revenue changes. The projections in FY2012-13 budget does not provide for changes in wages, benefits or other costs nor does it include increases/decreases in revenues. **The projections in the FY2012-13 budget demonstrates that if revenues or expenditures don't change relative to the current year, then the City will utilize all of its General Fund fund balance by the end of FY2013-14.**

During the time of the FY2012-13 budget development, the City analyzed the need for a millage, in order to provide some relief to the General Funds structural deficit problem. During this millage analysis, the City incorporated numerous changes to the assumptions relative to the FY2012-13 budget.

To recap, the millage analysis takes into consideration numerous revenue and expenditure changes however the forecast in the FY2012-13 assumes all revenue and expenditures remain constant so that people can see the severe position the City will be in should improvements to revenue or expenditures occurs.