

ADOPTED BUDGET FY 2013-14 FORECAST ASSUMPTIONS

GENERAL FUND

For many years, the City of Royal Oak has developed a budget document that includes a four year forecast. The projections in the FY2013-14 budget document make numerous assumptions. Most significant, the final year of the forecast assumes the renewal of the Public Safety millage, which provides for the continuation of the significant transfer out of the General Fund to the Public Safety Fund.

At the time of budget adoption all Labor Bargaining Units had contracts that expire June 30, 2013. In the budget document forecast, wages are assumed to increase 1.5% each year. In addition, Police and Fire wages increase another 1% due to step increases for new hires. Medical is assumed to increase 5%. OPEB and Pension trusts contributions are assumed to increase 7% and 3% respectively. The Public Safety Millage is assumed to be levied at its max in forecast years three through five and the last year of the forecast this millage is assumed to be renewed. The loss of \$13.7 million in Personal Property taxable value is assumed beginning FY14-15 due to recent proposed legislative changes. Real property tax revenue is assumed to increase at 1% with no Headlee reduction in the millage rates. Non-personnel operating budget line-items such as supplies etc are budgeted to remain constant in the forecast. All projects in the CIP have been included in the forecast whether funding is available or not. Most of all other revenues and expenditures are assumed to remain constant.