

# City of Orchard Lake Village

## **FINANCIAL PLAN AND INITIAL 2010-11 BUDGET ASSESSMENT Feb. 16, 2010**



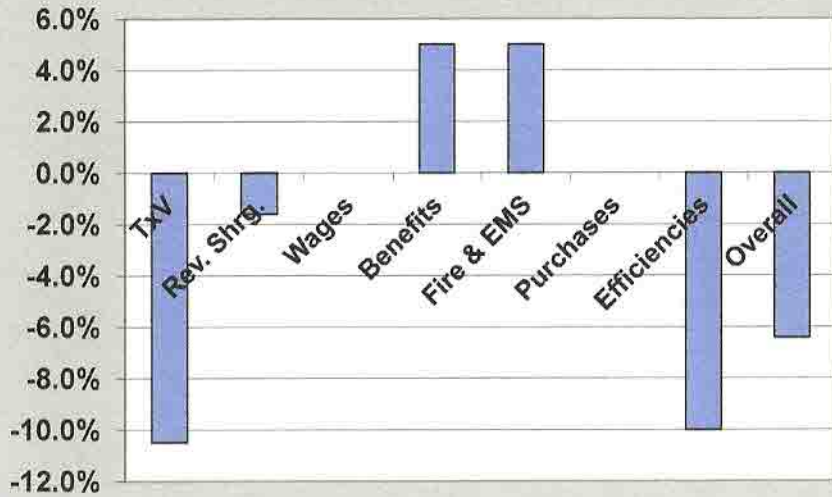
### Highlights:

- + Audit results for 2008-09 reflected in the Plan
- + 2009-10 budget included with pending amendments
- + First cut at 2010-11 budget, with latest Revenue Sharing and Taxable Values
- + Revenues in 2010-11 down 11% (pg. 5)
- + Expenses down 6%, with efficiencies & wage freezes offsetting benefit cost increases (pg. 6)
- + Fund Balance is tapped for \$125,000 to cover revenue vs. expense deficit (pg. 2)
- + General (Rainy Day) Fund shrinks from 38% to 34% of Operating Expenses (pg. 11)
- + Operating millage is unchanged; however, debt millages rise 1.07 mils (pg. 3)
- + Two other scenarios developed; Tap Fund Balance to pay debt & Raise oper. millage (pg. 12)
- + Retiree health care actuarial funding decreased till debt paid off (pg. 7)
- + Engagement of all the stakeholders (staff, union, elected officials & citizens) is needed
- + 2011-12 will see further property tax and revenues sharing cuts of ~ 6%

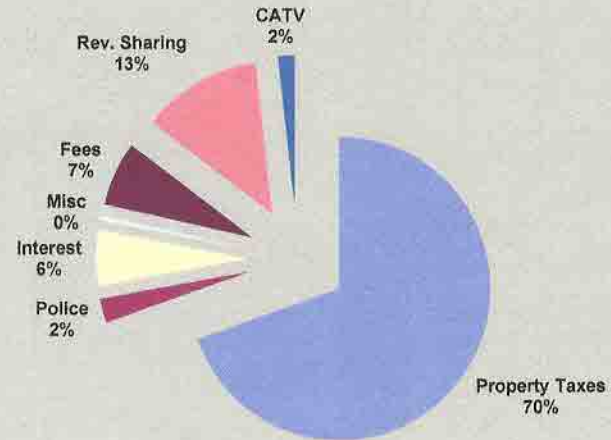
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## FINANCIAL SUMMARY

### ANNUAL % CHANGE

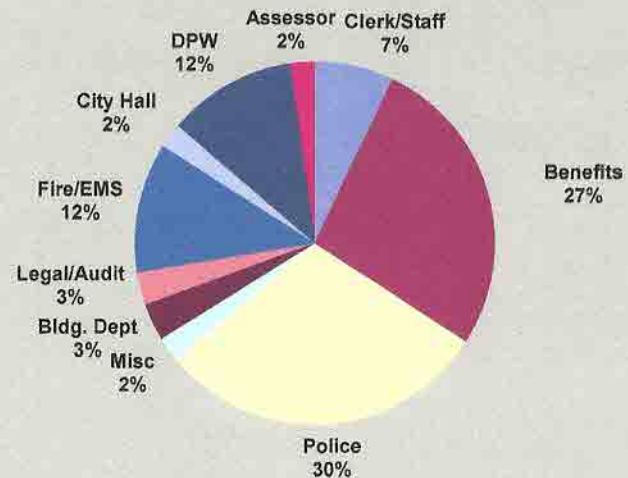


### REVENUE BREAKDOWN



The City has a stable population of 2215 with 770 residences and 19 businesses spread over 4 sq. miles with 16 miles of City roads. The annual per capita taxes are \$1046, based on a proposed 2010-11 budget of \$2.1 million. As indicated in the above chart, the budget assumes a 10.5% decrease in Taxable Values, 2% reduction in State revenue sharing, a wage freeze and a 5% benefit cost increase, 5% for contracted Fire & EMS services and a no increase for all purchased supplies and services, and 10% from efficiencies/cuts, yielding an overall 6% year-over-year reduction. The breakdown of the City's income streams is shown in the upper right chart, with property taxes providing 70% of the City's income. The next largest source of revenue is from state revenue sharing at 13%, followed by fees at 7% and fund investment interest at 6%. The breakdown of expenses is shown in the chart to the right, with Police representing 30% of expenses. The next largest expense is for employee and retiree benefits at 27%, followed by Fire & EMS at 12% and DPW at 12%.

### EXPENSE BREAKDOWN



## Millage Rate and Model Input Assumption Summary

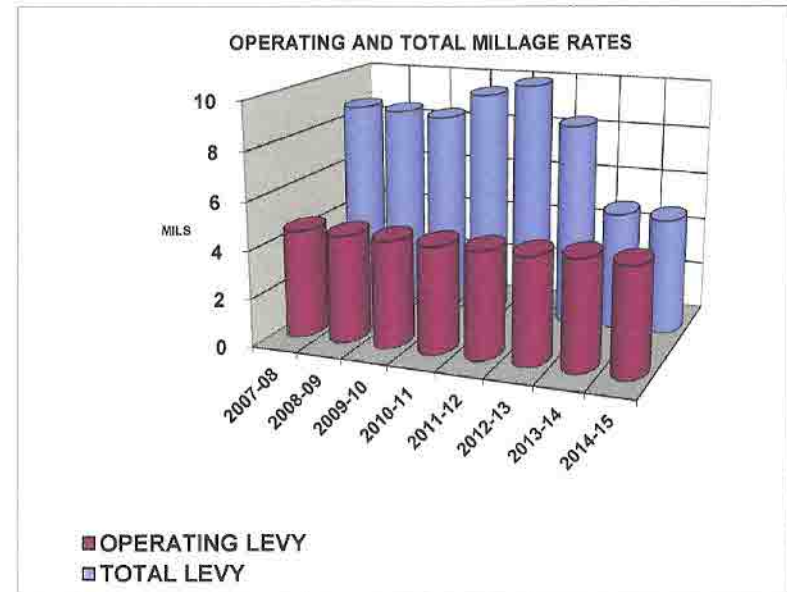
### Input Variables:

<b>Fund Interest</b>	<b>Cash</b>	1.00%	<b>Bonds</b>	1.5%	<b>% Cash</b>	30%		
<b>Inflation</b>	<b>Wage</b>	0.0%	<b>Purch</b>	0.0%	<b>Benefits</b>	5%		
	<b>Rev Shrg</b>	-1.6%	<b>Fire</b>	5.0%	<b>Effic.</b>	-10%		
<b>Home Price Change</b>	<b>Year 0</b>	-12.0%	<b>Year 1</b>	-15.0%	<b>Year 2</b>	-3.0%	<b>Year 3</b>	1.0%
<b>SEV Change</b>	<b>Year 0</b>	-8.0%	<b>Year 1</b>	-13.0%	<b>Year 2</b>	-6.0%	<b>Year 3</b>	0.0%
<b>TxV Change</b>	<b>Year 0</b>	-3.0%	<b>Year 1</b>	-10.5%	<b>Year 2</b>	-6.2%	<b>Year 3</b>	0.5%

### MILLAGES

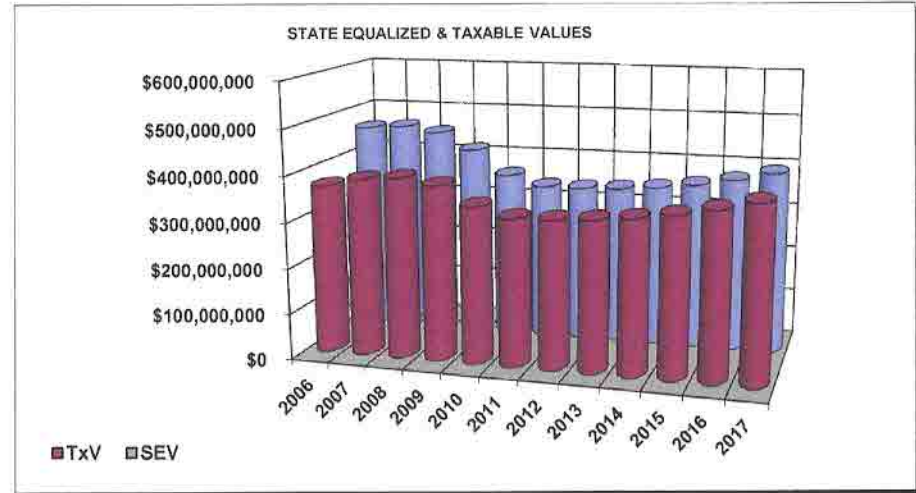
		General Fund			Total					
		% of Oper. Exp.	Operating	YOY Chg	Sewer	Water	Sanctuary	Library	Levy	YOY Chg
2007-08	Actual	43%	4.49	0.01	2.19	0.683	0.97	0.30	8.64	(0.29)
2008-09	Actual	41%	4.48	(0.01)	2.13	0.66	1.00	0.30	8.58	(0.07)
2009-10	Projected	38%	4.46	(0.02)	2.44	0.10	1.14	0.30	8.44	(0.14)
<b>2010-11</b>	<b>Projected</b>	<b>34%</b>	<b>4.46</b>	<b>0.00</b>	<b>2.77</b>	<b>0.63</b>	<b>1.35</b>	<b>0.30</b>	<b>9.50</b>	<b>1.07</b>
2011-12	Projected	28%	4.46	(0.00)	3.25	0.65	1.39	0.30	10.04	0.54
2012-13	Projected	24%	4.46	(0.00)	3.05	0.63	0.00	0.30	8.44	(1.61)
2013-14	Projected	20%	4.58	0.12	0.00	0.00	0.00	0.30	4.88	(3.56)
2014-15	Projected	20%	4.50	(0.08)	0.00	0.00	0.00	0.30	4.80	(0.08)

The millage rates shown above are based on the assumptions and financial attributes that have been plugged into the Financial Model with input from the Finance Committee. For 2010-11, the first millage increase in twelve years may be needed to cover W&S and Sanctuary debt bond obligations. Operating millage is unchanged as a result of efficiencies from wage freezes/retirements and by tapping the fund balance to offset rising employee/retiree benefit costs and revenue drops from an extremely poor economic and housing climate. This financial model continues to provide an automated tool to help analyze and develop creative solutions to meet the current and future financial challenges facing the City.



## ANNUAL STATE EQUALIZED VALUATION (SEV) AND TAXABLE VALUATION (TxV) SUMMARY

	SEV	YOY Change	TxV	YOY Change
2006	459,545,660	9.7%	369,003,100	6.7%
2007	465,587,420	1.3%	387,718,650	5.1%
2008	454,725,130	-2.3%	394,540,320	1.8%
2009	418,347,120	-8.0%	382,744,255	-3.0%
<b>2010</b>	<b>363,961,994</b>	<b>-13.0%</b>	<b>342,632,657</b>	<b>-10.5%</b>
2011	342,124,274	-6.0%	321,457,959	-6.2%
2012	342,124,274	0.0%	323,033,103	0.5%
2013	345,545,517	1.0%	327,846,296	1.5%
2014	352,456,427	2.0%	336,009,669	2.5%
2015	363,030,120	3.0%	347,736,406	3.5%
2016	377,551,325	4.0%	363,349,771	4.5%
2017	396,428,891	5.0%	383,297,673	5.5%

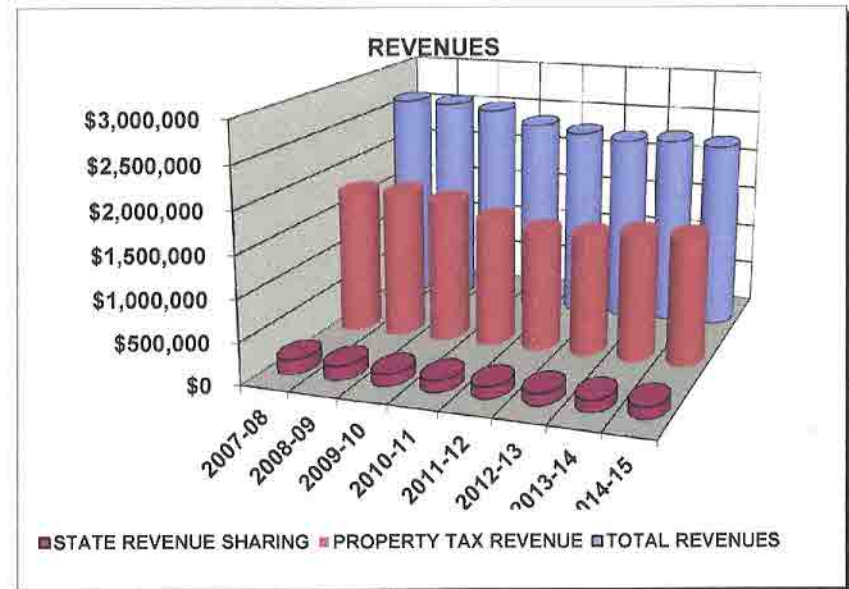


To estimate the city's tax revenue, millage rates are multiplied by the assessed taxable value of all the property within the city. Accurately forecasting taxable values is an important element of the financial model. The City assessor has projected a 13% decrease in assessed values (SEV) and a 10.5% decrease in taxable values (TxV). Some taxpayers may still be seeing a slight TxV increase which will likely cause concerns and an increase in appeals. The City's maximum liability from current tax tribunal challenges is \$85,000, which will likely grow after this year's appeals.

## REVENUE SUMMARY

Fiscal Year	Property Taxes	Intergov't Revenue	Police Dept Revenue	Misc. Revenue	Transfers In/(Out)	Total	Bldg. Dept. Revenue	Rev Sharing Roads	Grand Total	YOY % Chng	W/O Tnsfr
2007-08	1,738,473	175,819	62,603	361,942	0	2,338,837	87,507	169,657	2,596,001	2%	
2008-09	1,760,225	170,102	58,310	337,324	0	2,325,961	114,202	143,917	2,584,080	0%	
2009-10	1,706,000	145,100	55,500	328,702	92,490	2,319,547	66,700	141,496	2,527,743	-2%	
<b>2010-11</b>	<b>1,528,620</b>	<b>142,778</b>	<b>55,500</b>	<b>328,702</b>	<b>125,589</b>	<b>2,181,190</b>	<b>58,029</b>	<b>139,232</b>	<b>2,378,451</b>	<b>-6%</b>	<b>11%</b>
2011-12	1,433,534	140,494	55,500	328,702	156,374	2,114,604	54,547	137,004	2,306,155	-3%	
2012-13	1,439,550	140,494	55,500	328,702	97,289	2,061,534	52,365	137,004	2,250,904	-2%	
2013-14	1,501,599	140,494	55,500	328,702	67,653	2,093,948	50,271	137,004	2,281,223	1%	
2014-15	1,512,830	140,494	55,500	328,702	22,404	2,059,930	48,260	137,004	2,245,194	-2%	

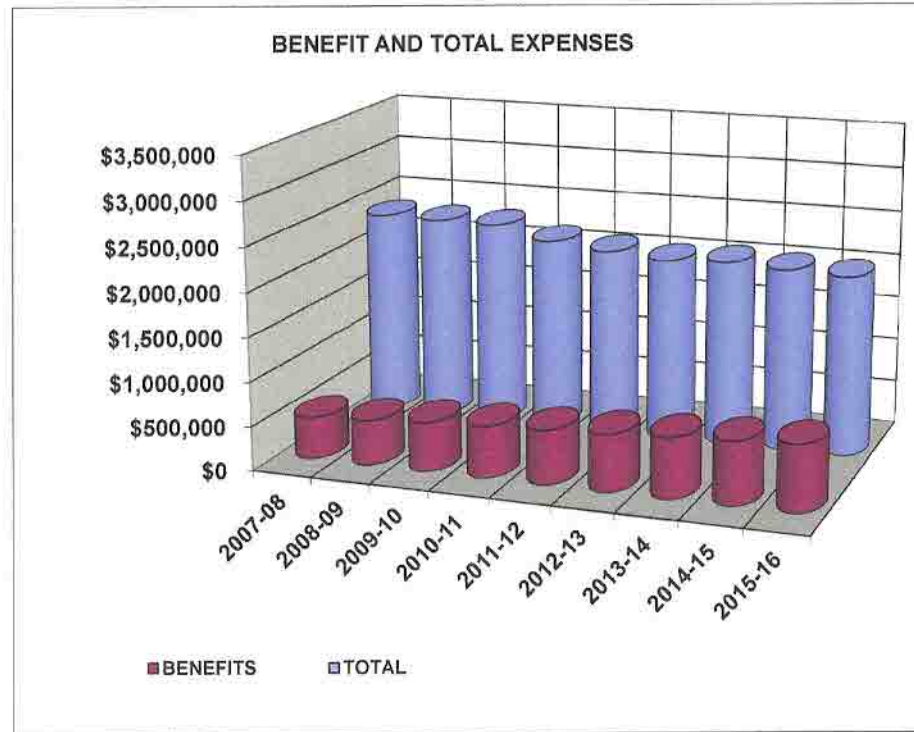
Once property taxes are determined, other City revenue sources, such as State Revenue Sharing, Police and Building Dept. income, must also be identified and forecasted. With State revenue sharing cuts and drops in taxable values, the revenue for the City is forecasted to decrease 11% during the next fiscal year, requiring a subsidy from the Fund Balance/Rainy Day Fund coupled with substantial cuts in expenses.



## EXPENSE SUMMARY

Fiscal Year	Legal & Audit	Assess Dept	Clerk & Staff	City Hall & Grnds	Police Dept	Fire Dept	DPW	Employee Benefits	Retiree Benefits	Misc Expenses	Transfers (In)/Out	Total	Building Dept	Road Work	Grand Total	YOY % Chng
2007-08	91,950	49,964	188,802	81,304	740,705	224,869	354,653	473,600	40,000	111,975	(18,985)	2,338,837	89,773	290,120	2,428,610	4%
2008-09	74,048	47,893	201,448	56,323	727,961	236,112	332,984	508,825	39,400	121,153	(20,186)	2,325,961	91,163	436,330	2,417,124	0%
2009-10	66,400	50,250	176,295	55,950	783,976	247,918	269,028	559,444	38,200	52,086	0	2,319,547	85,350	182,146	2,404,897	-1%
<b>2010-11</b>	<b>66,400</b>	<b>50,250</b>	<b>158,666</b>	<b>50,355</b>	<b>670,578</b>	<b>260,313</b>	<b>260,125</b>	<b>587,416</b>	<b>25,000</b>	<b>52,086</b>	<b>0</b>	<b>2,181,190</b>	<b>74,215</b>	<b>20,000</b>	<b>2,255,405</b>	<b>-6%</b>
2011-12	66,400	50,250	142,799	45,320	603,521	273,329	234,113	616,787	30,000	52,086	0	2,114,604	66,794	50,000	2,181,397	-3%
2012-13	66,400	50,250	128,519	40,788	543,169	286,996	210,701	647,626	35,000	52,086	0	2,061,534	60,114	244,568	2,121,649	-3%
2013-14	66,400	50,250	115,667	36,709	488,852	301,345	189,631	680,008	113,000	52,086	0	2,093,948	54,103	253,730	2,148,051	1%
2014-15	66,400	50,250	104,100	33,038	439,966	316,413	170,668	714,008	113,000	52,086	0	2,059,930	48,692	253,261	2,108,622	-2%
2015-16	66,400	50,250	93,690	29,734	395,970	332,233	153,601	749,708	113,000	52,086	0	2,036,673	43,823	272,617	2,080,497	-1%

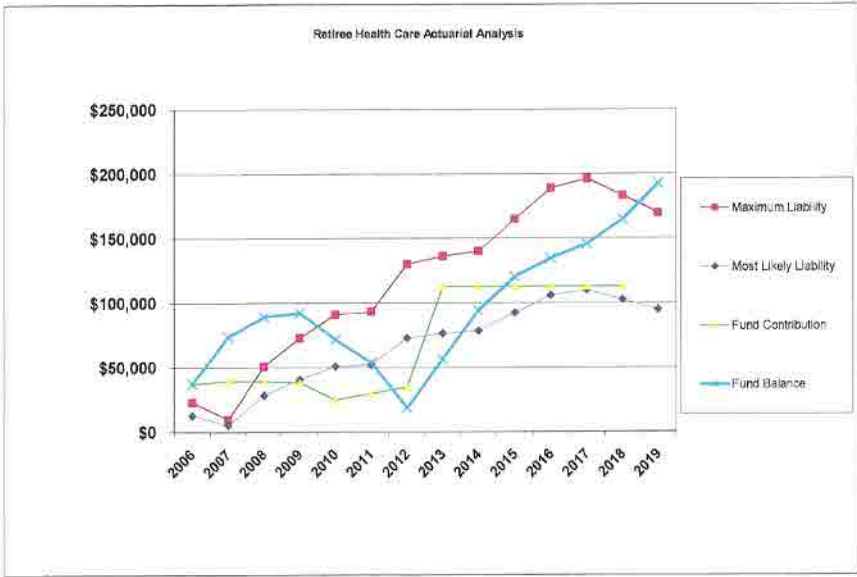
Expenses must equal revenues for the budget to be balanced, or the City will be forced into deficit spending. With employee-related expenses making up about 60% of the City's costs, with health care premiums rising and with revenues down, balancing the budget is very challenging without raising the millage and/or tapping the fund balance. For the next fiscal year, costs are projected to be down 6%, with efficiencies, wage freezes, retirements and use of Rainy Day funds offsetting benefit cost increases. Two employees are assumed to retire, and brought back on a lower cost part time basis, with no new hiring assumed. Curtailing of road repaving another year is assumed.



### Retiree Health Care Benefit Actuarial Valuation

Ben. Infl.	3.0%	Inv Retr.	6.0%	Ret. Contr.	10%	Avg Ret. Age	59	Payroll Incr.	2.5%	Accel. Fctr.	2					
Retirees	Age	Yrs. Of Service	2006 Total	2007 Total	2008 Total	2009 Total	2010 Total	2011 Total	2012 Total	2013 Total	2014 Total	2015 Total	2016 Total	2017 Total	2018 Total	2019 Total
Retiree A	68+	25+	2,400	2,400	-	-	-	-	-	-	-	-	-	-	-	-
Retiree B	68+	25+	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Retiree C	68+	25+	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Retiree D	58	25+	16,184	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Retiree E	65	20	-	-	-	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Retiree F	80	17	-	-	12,584	15,866	16,058	16,459	16,871	17,202	17,718	18,250	18,797	19,361	19,942	20,540
Retiree G	58	26	-	-	15,284	15,743	16,215	16,701	17,202	17,718	18,250	18,797	19,361	19,942	20,540	21,157
Retiree H	54	26	-	-	15,284	15,743	16,215	16,701	17,202	17,718	18,250	18,797	19,361	19,942	20,540	21,157
Retiree I	53	24	-	-	-	15,743	16,215	16,701	17,202	17,718	18,250	18,797	19,361	19,942	20,540	21,157
Retiree J	53	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retiree K	52	26	-	-	-	-	16,215	16,701	17,202	17,718	18,250	18,797	19,361	19,942	20,540	21,157
Retiree L	50	31	-	-	-	-	-	-	17,202	17,718	18,250	18,797	19,361	19,942	20,540	21,157
Retiree M	50	16	-	-	-	-	-	-	17,202	17,718	18,250	18,797	19,361	19,942	20,540	21,157
Retiree N	49	24	-	-	-	-	-	-	-	17,718	18,250	18,797	19,361	19,942	20,540	21,157
Retiree O	47	7	-	-	-	-	-	-	-	-	-	18,797	19,361	19,942	20,540	21,157
Retiree P	47	7	-	-	-	-	-	-	-	-	-	-	19,361	19,942	20,540	21,157
Retiree Q	45	23	-	-	-	-	-	-	-	-	-	-	-	19,942	20,540	21,157
Retiree R	40	7	-	-	-	-	-	-	-	-	-	-	-	-	20,540	21,157
Retiree S	38	17	-	-	-	-	-	-	-	-	-	-	-	-	-	21,157
<b>Total Retiree H/C Costs Maximum</b>			23,384	10,200	50,952	73,094	91,117	93,464	130,285	136,628	140,349	165,379	189,252	196,279	183,523	169,686
<b>Total Retiree H/C Costs Most Likely</b>			<b>13,084</b>	<b>5,712</b>	<b>28,533</b>	<b>40,932</b>	<b>51,026</b>	<b>52,340</b>	<b>72,959</b>	<b>76,512</b>	<b>78,596</b>	<b>92,612</b>	<b>105,981</b>	<b>109,916</b>	<b>102,773</b>	<b>95,030</b>
<b>Fund Contribution</b>			<b>37,500</b>	<b>40,000</b>	<b>39,400</b>	<b>38,500</b>	<b>25,000</b>	<b>30,000</b>	<b>35,000</b>	<b>113,000</b>	<b>113,000</b>	<b>113,000</b>	<b>113,000</b>	<b>113,000</b>	<b>113,000</b>	<b>113,000</b>
<b>Interest</b>			<b>2,250</b>	<b>4,442</b>	<b>5,361</b>	<b>5,537</b>	<b>4,307</b>	<b>3,225</b>	<b>1,141</b>	<b>3,399</b>	<b>5,667</b>	<b>7,230</b>	<b>8,085</b>	<b>8,756</b>	<b>9,894</b>	<b>11,566</b>
<b>Fund Balance</b>			<b>37,500</b>	<b>74,038</b>	<b>89,347</b>	<b>92,276</b>	<b>71,787</b>	<b>53,754</b>	<b>19,020</b>	<b>56,649</b>	<b>94,452</b>	<b>120,507</b>	<b>134,757</b>	<b>145,925</b>	<b>164,908</b>	<b>192,772</b>
Active Employee Payroll Costs			623,711	946,804	970,474	994,736	1,019,604	1,045,094	1,071,222	1,098,002	1,125,452	1,153,589	1,182,428	1,211,989	1,242,289	1,273,346
Pension Contribution			99,946	107,137	115,818	118,711	121,679	124,721	127,839	131,035	134,311	137,668	141,110	144,638	148,254	151,960
Pension Contribution as % of Payroll			10.8%	11.3%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%
Active Employee Health Care Costs			200,846	206,871	213,078	219,470	226,054	232,836	239,821	247,015	254,425	262,058	269,920	278,018	286,358	294,949
Health Care as % of Payroll			22%	22%	22%	22%	22%	22%	22%	23%	23%	23%	23%	23%	23%	23%
Retiree H/Care contr. as % Payroll			2.3%	2.5%	2.6%	2.6%	2.6%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.8%	2.8%
Acceleration Factor due to late start				2	2	2	2	1	1	1	1	1	1	1	1	1

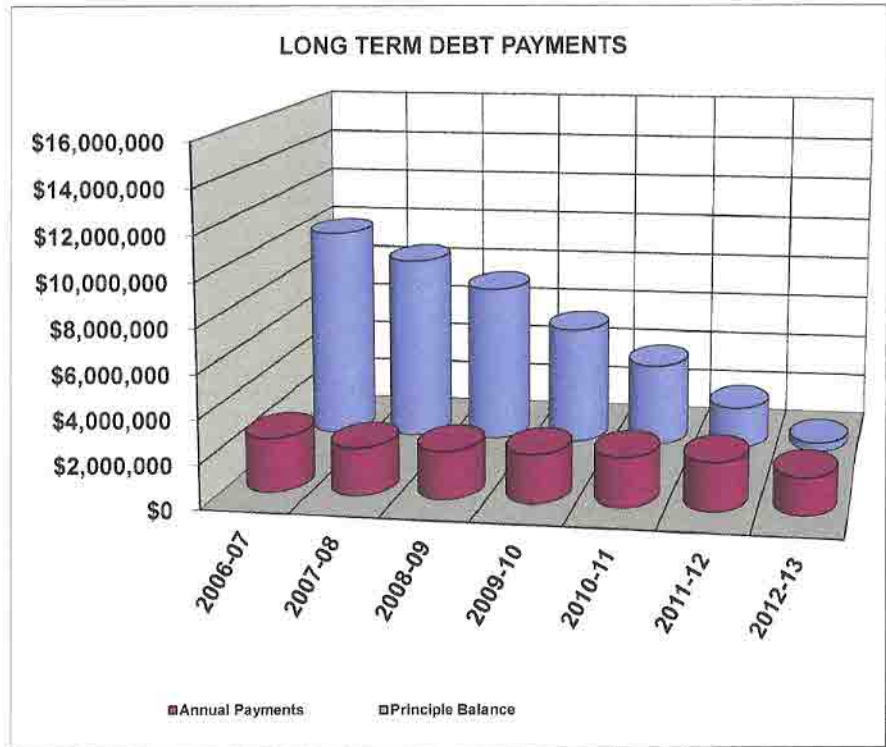
With the significant rise in health care costs, municipalities must now quantify and ideally fund their retiree health care liabilities similar to the way retiree pension funds are funded. As a result, the above actuarial analysis was developed for the city's retirees. The results above show the annual contributions required to adequately fund the future retiree health care liabilities. The chart on the right shows the most probable and maximum liabilities, as well as the fund balance and annual contributions over time under current City retirement and Medicare terms. The City, as required by law, has obtained an actuarial assessment to validate the projections, which recommends a \$113,000 annual contribution. In light of the current fiscal crisis, reduced contributions are planned until 2013 when the debt is completely paid off and the recommended levels become more affordable.



LONG TERM DEBT PRINCIPLE AND INTEREST SUMMARY

Fiscal Year	Sewer/Water Princ. Pymt.	Sewer/Water Interest	Interest Rate	Sanctuary Princ. Pymt.	Sanctuary Interest	Interest Rate	Total Pymts.	Sewer/Water Balance	Sanctuary Balance	Debt Fund Balance	Remaining Debt
2006-07	1,717,660	384,482	3.9%	260,000	93,692	4.3%	2,455,834	9,643,725	1,905,000	1,649,138	9,899,587
2007-08	1,432,660	375,076	3.9%	295,000	81,205	4.3%	2,183,941	8,211,065	1,610,000	1,174,860	8,646,205
2008-09	1,472,977	320,129	3.9%	335,000	66,947	4.2%	2,195,053	6,738,088	1,275,000	644,290	7,368,798
2009-10	1,528,088	260,565	3.9%	385,000	50,471	4.0%	2,224,124	5,210,000	890,000	621,298	5,478,702
<b>2010-11</b>	<b>1,596,000</b>	<b>194,842</b>	<b>3.7%</b>	<b>430,000</b>	<b>31,618</b>	<b>3.6%</b>	<b>2,252,460</b>	<b>3,614,000</b>	<b>460,000</b>	<b>197,563</b>	<b>3,876,437</b>
2011-12	1,620,000	132,887	3.7%	430,000	16,453	3.6%	2,199,340	1,994,000	30,000	97,563	1,926,437
2012-13	1,620,000	72,566	3.6%	-	-	0.0%	1,692,566	374,000	-	0	374,000
	<b>13,712,366</b>	<b>3,174,965</b>		<b>2,615,000</b>	<b>653,990</b>		<b>21,648,783</b>				

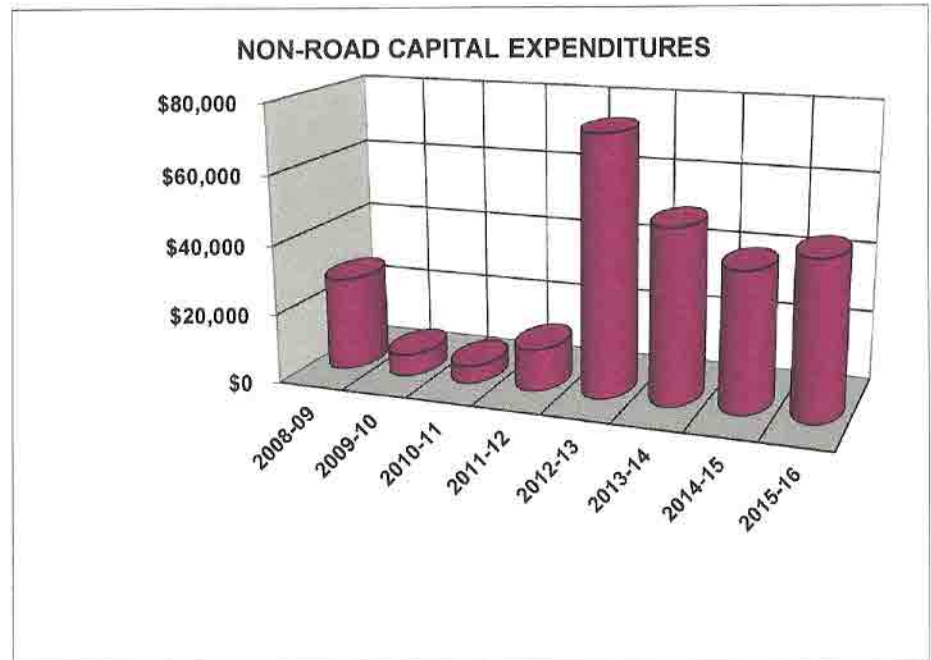
The schedule above indicates the city's debt for sewer & water installation and sanctuary purchase during the mid-90's. All debts in the form of municipal bonds are due to be paid off by 2013. By law the debt fund must be exhausted at the time of final bond payoff, so the City has been using the debt fund balance to reduce debt millage rates or pay off bonds with interest rates greater than 4%. With taxable values dropping, and with fixed annual principle and interest payments, the millage rates have to be raised significantly to generate the correct funds to pay down the debt or the fund balance tapped to cover the shortfall.



## CAPITAL EXPENDITURES SUMMARY, EXCLUSIVE OF ROAD IMPROVEMENTS

CapX	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Reconstruct Parking Lot					50,000				
Repair Salt Barn & DPW roof	10,000								
Police Equipment	3,500	2,000		2,000	2,000				
Computers, copiers & Software	5,000	2,000		2,000	2,000				
Phone Answering System	2,500								
OLR Corridor Recomm.	1,000								
City Hall Improvements		2,300		5,000	5,000	15,000			
Undefined CapX	5,000	0	5,000	3,000	15,000	35,000	40,000	45,000	45,000
Bury Utility Lines						Bond required after current debt paid off (\$900,000 per mile)			
Curbs & gutters						Bond required after current debt paid off (\$1 million per mile)			
<b>Total</b>	<b>27,000</b>	<b>6,300</b>	<b>5,000</b>	<b>12,000</b>	<b>74,000</b>	<b>50,000</b>	<b>40,000</b>	<b>45,000</b>	<b>45,000</b>

Non-Road expenditures planned for next year are minimal and primarily represent contingency funds for maintenance issues around City Hall for such expenses as building repairs, police equipment, software, and minor improvements. Parking lot repaving has been deferred until the economy improves.

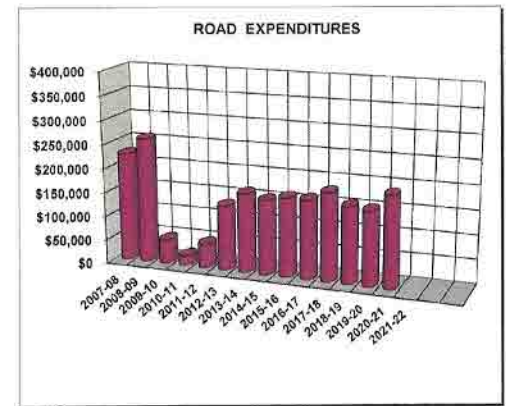


## ROAD CAPITAL IMPROVEMENTS SUMMARY

Road Expenses	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	228,140	260,140	\$ 50,000	\$ 20,000	\$ 50,000	\$ 135,008	\$ 164,179	154,568	163,730	163,281	182,617	158,231	153,725	189,339	

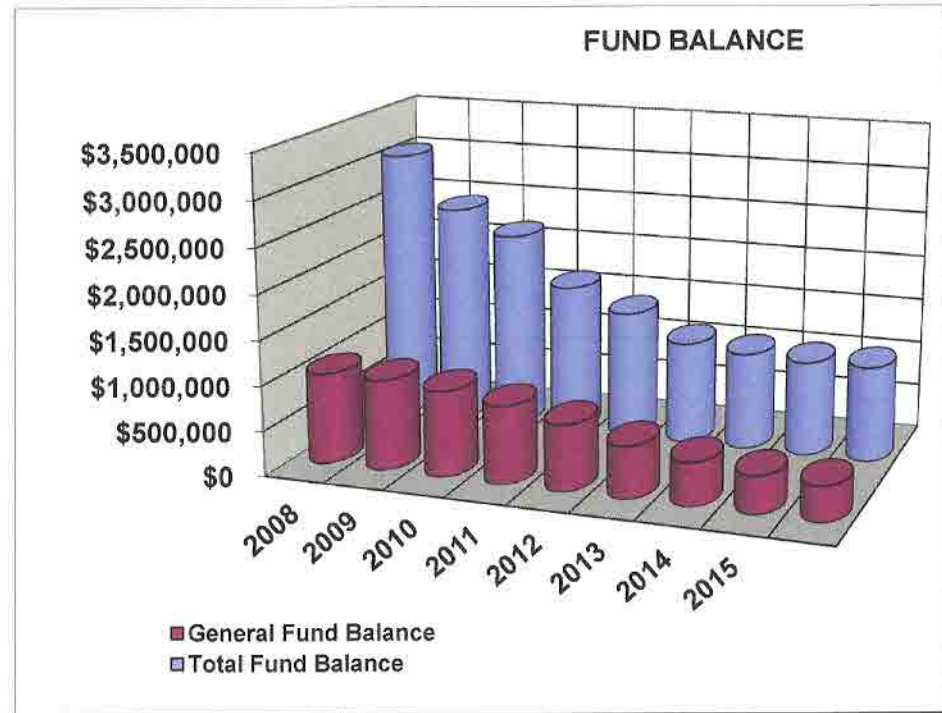
ROAD-BY-ROAD RESURFACING COST PROJECTIONS		Most Recer	Surface	Drainage	Approx.	Average	Road	Area for	Total	Cost Per	Repping	Drain/Curb	Contractor	SDA 15%	Total
Street Name	Comment	Resurfacin	Condition	Rating	Length	Width	Sq. Ft.	Cul de Sac	Square Ft.	Cost Per	Cost	Cost	Cost	Admin/Eng.	Cost
Willow West	Willow Lane West	1995	4	3	215	21	4578	0	4578	\$2.60	\$ 11,903	\$ 11,903	\$ 11,903	1,785	\$ 13,569
Harbor Vista	Shorediffs	1995	5	n/a	900	22	19800	350	20150	\$2.55	\$ 51,383	\$ 2,000	\$ 53,383	10,277	\$ 63,660
Pelletier-East	Orchard Pointe	1995	5	3	900	22	18300	0	18900	\$2.60	\$ 49,140	\$ 1,000	\$ 50,140	7,521	\$ 57,661
Poasum Lane	Country Cl. Gard	1995	5	4	800	22	17800	350	17950	\$2.55	\$ 45,773	\$ 3,662	\$ 49,434	5,195	\$ 54,629
Bay Shore	Country Cl. Gard	1995	6-	4	1600	20	32000	350	32350	\$2.55	\$ 82,493	\$ 6,539	\$ 89,092	15,499	\$ 104,591
Lakeview Ln.	R.C. Bankers	1997	6-	3	450	20	9000	350	9350	\$2.60	\$ 24,310	\$ 1,945	\$ 26,255	3,938	\$ 30,193
Pine Tree	R.C. Bankers	1997	6-	3	550	20	11000	350	11350	\$2.60	\$ 29,710	\$ 2,777	\$ 32,487	5,023	\$ 37,510
Sunbeam	R.C. Bankers	1997	6-	3	230	20	4600	0	4600	\$2.60	\$ 11,960	\$ 1,236	\$ 13,196	2,443	\$ 15,639
Wildrose	R.C. Bankers	1997	6-	3	580	21	12180	0	12390	\$2.60	\$ 32,214	\$ 2,577	\$ 34,791	5,219	\$ 40,010
Wards Point	Wards Pointa	1995	7	4	2400	22	52800	350	53150	\$2.65	\$ 140,848	\$ 11,288	\$ 152,115	22,817	\$ 174,933
Three Lakes Lane	Throo Lakes Lane	1995	7-	4	910	22	20220	350	20370	\$2.65	\$ 53,981	\$ 4,318	\$ 58,299	8,745	\$ 67,044
Ideal Place	Shady Beach	1995	7	3	1300	18	18000	0	18000	\$2.70	\$ 48,600	\$ 3,858	\$ 52,458	7,873	\$ 60,331
Bluebird	Shady Beach	1995	7	3	450	18	8100	0	8100	\$2.70	\$ 21,870	\$ 1,750	\$ 23,620	3,543	\$ 27,163
Sunset	Shady Beach	1995	7	3	1800	21	37800	0	37800	\$2.70	\$ 102,060	\$ 8,165	\$ 110,225	15,534	\$ 125,759
Fairlawn Terrace	Shady Beach	1995	7	3	625	21	11025	0	11025	\$2.70	\$ 29,758	\$ 2,381	\$ 32,149	4,822	\$ 36,971
Garden Terrace	Shady Beach	1995	7	3	600	15	9000	0	9000	\$2.75	\$ 24,750	\$ 1,980	\$ 26,730	4,010	\$ 30,740
Valley Drive	Shady Beach	1995	7	3	300	21	6300	0	6300	\$2.75	\$ 17,325	\$ 1,386	\$ 18,711	2,827	\$ 21,538
Arcadia	Shady Beach	1995	7	3	1625	20	32500	0	32500	\$2.75	\$ 89,375	\$ 7,150	\$ 96,525	14,479	\$ 111,004
Shore Drive	Shady Beach	1995	7	3	1800	21	37800	700	38500	\$2.75	\$ 105,875	\$ 8,470	\$ 114,345	17,182	\$ 131,527
Woodlawn	Shady Beach	1995	7	3	700	21	14700	0	14700	\$2.80	\$ 41,160	\$ 3,293	\$ 44,453	6,668	\$ 51,121
Birchview	Shady Beach	1995	7	3	350	21	7350	0	7350	\$2.80	\$ 20,580	\$ 1,646	\$ 22,226	3,334	\$ 25,560
Lakeview	Shady Beach	1995	7	3	900	21	18000	0	18000	\$2.80	\$ 52,920	\$ 4,234	\$ 57,154	8,573	\$ 65,727
Evergreen	Shady Beach	1997	7	3	900	21	18000	350	18250	\$2.80	\$ 53,900	\$ 4,312	\$ 58,212	8,732	\$ 66,944
Park Drive	Shady Beach	1995	7	3	750	15	11250	0	11250	\$2.80	\$ 31,500	\$ 2,520	\$ 34,020	5,103	\$ 39,123
Sunshine Place	Shady Beach	1995	7	3	450	21	9450	0	9450	\$2.80	\$ 26,460	\$ 2,117	\$ 28,577	4,287	\$ 32,864
Vinona Terrace	Shady Beach	1995	7	3	225	21	4725	0	4725	\$2.80	\$ 13,230	\$ 1,058	\$ 14,288	2,143	\$ 16,432
Hickory Court	Woodlands	2000	7	3	388	20	7760	350	8110	\$2.65	\$ 21,414	\$ 1,383	\$ 22,797	2,821	\$ 25,618
Meadow Ln.	Woodlands	2000	7	3	234	20	4680	350	5030	\$2.65	\$ 14,336	\$ 1,147	\$ 15,482	2,322	\$ 17,805
Pine Lane	Woodlands	2000	7	3	348	20	6960	350	7310	\$2.65	\$ 20,834	\$ 1,687	\$ 22,500	3,375	\$ 25,875
Orchard Trail Ct.	Woodlands	2000	7	3	237	20	4740	350	5090	\$2.85	\$ 14,507	\$ 1,181	\$ 15,687	2,350	\$ 18,017
Orchard Place	Orchard Pointe	1995	7	4	2200	22	48400	0	48400	\$2.85	\$ 137,940	\$ 11,035	\$ 148,975	22,346	\$ 171,321
Woodlands Lane	Woodlands	2000	7	3	800	20	16000	350	16350	\$2.65	\$ 50,196	\$ 2,816	\$ 53,012	7,902	\$ 60,914
Beville Circle	Laclaya	1980	7	4	1950	23	44850	350	45200	\$2.90	\$ 131,080	\$ 10,486	\$ 141,566	21,235	\$ 162,801
Oak Grove	Shady Beach	1995	7	2	1900	15	28500	350	28850	\$2.90	\$ 83,655	\$ 6,693	\$ 90,348	13,554	\$ 103,912
Beacon Drive	Shady Beach	1995	7	n/a	325	15	4875	350	5225	\$2.95	\$ 15,414	\$ 1,253	\$ 16,667	2,497	\$ 19,164
Birchway Paved Portion	Shady Beach	1988	7	n/a	800	22	17600	350	17950	\$2.95	\$ 52,973	\$ 3,198	\$ 56,171	8,476	\$ 64,647
Shady Beach	Shady Beach	1995	7+	3	2750	21	57750	0	57750	\$2.95	\$ 170,363	\$ 13,629	\$ 183,992	27,690	\$ 211,682
Dow Ridge	Dow Ridge	1995	8-	4	4050	15	60750	350	61100	\$3.00	\$ 183,300	\$ 14,864	\$ 198,164	29,695	\$ 227,859
Deer Run Circle	Deer Run	1995	8-	n/a	1884	22	41448	0	41448	\$3.05	\$ 126,418	\$ 10,113	\$ 136,530	20,479	\$ 157,009
Old Orchard Trail West	Deer Run	1989	8	n/a	2200	24	52800	0	52800	\$3.05	\$ 161,040	\$ 12,863	\$ 173,923	26,088	\$ 200,012
LaPlaya Lane	Laclaya	1980	8	4	2400	23	55200	350	55550	\$3.10	\$ 172,205	\$ 13,775	\$ 185,981	27,897	\$ 213,878
Prado Court	Laclaya	1995	8	4	300	23	6900	350	7250	\$3.10	\$ 22,475	\$ 1,798	\$ 24,273	3,641	\$ 27,914
Carman Court East	Laclaya	1995	8	4	300	23	6900	350	7250	\$3.10	\$ 22,475	\$ 1,798	\$ 24,273	3,641	\$ 27,914
Carman Court West	Laclaya	1980	8	4	600	23	13800	350	14150	\$3.10	\$ 43,665	\$ 3,509	\$ 47,174	7,106	\$ 54,280
Buck Court	Laclaya	1995	8	4	300	23	6900	350	7250	\$3.10	\$ 22,475	\$ 1,798	\$ 24,273	3,641	\$ 27,914
Ene	Harbor Hills	1995	8	4	3954	22	87208	350	87558	\$3.15	\$ 275,808	\$ 22,065	\$ 297,872	44,681	\$ 342,553
Indianside	Harbor Hills	1995	8	4	1200	22	26400	0	26400	\$3.20	\$ 84,480	\$ 6,758	\$ 91,238	13,686	\$ 104,924
Arrowway	Harbor Hills	1995	8	4	1200	22	26400	0	26400	\$3.20	\$ 84,480	\$ 6,758	\$ 91,238	13,686	\$ 104,924
Cranbrook Trail	Hickory Pointe	2002	8	4	1350	22	29700	0	29700	\$3.25	\$ 96,525	\$ 7,722	\$ 104,247	15,637	\$ 119,884
Hickory Point	Hickory Pointe	2002	8	4	1800	22	39600	350	39950	\$3.25	\$ 127,838	\$ 10,311	\$ 138,149	20,729	\$ 158,878
Hidden Valley	Hickory Pointe	2002	8	4	360	22	7920	0	7920	\$3.25	\$ 25,740	\$ 2,059	\$ 27,799	4,170	\$ 31,969
South Bay Drive	Hickory Pointe	2002	8	4	1200	22	26400	350	26750	\$3.25	\$ 86,938	\$ 6,956	\$ 93,894	14,084	\$ 107,978
Felipe West	Orchard Pointe	1985	9	5	900	21	18000	350	18350	\$3.30	\$ 60,525	\$ 5,082	\$ 65,607	10,291	\$ 75,898
Browning	Windstream	2002	9	5	750	23	17250	0	17250	\$3.30	\$ 56,925	\$ 4,564	\$ 61,479	9,222	\$ 70,701
Strong Circle	Windstream	2002	9	5	1300	23	30150	700	31500	\$3.30	\$ 104,775	\$ 8,382	\$ 113,157	16,974	\$ 130,131
Cherry Hill	Woodlawn	2004	9	3	4256	21	89386	700	90086	\$3.35	\$ 302,458	\$ 24,197	\$ 326,655	48,998	\$ 375,653
Willow Lane East	Cherry Hill	2005	9	7	750	21	15750	350	16100	\$3.40	\$ 54,740	\$ 4,379	\$ 59,119	8,860	\$ 67,979
Old Orchard Trail South	Cherry Hill	2007	9	7	4200	24	100800	0	100800	\$3.40	\$ 375,360	\$ 30,028	\$ 405,388	60,508	\$ 465,896
West Shore	Cherry Hill	2007	9	7	3420	16	54720	0	54720	\$3.45	\$ 188,764	\$ 15,233	\$ 203,997	28,318	\$ 232,315
Empire/Enterprise Bay	Cruise Pt.	2008	9	7	3750	20	75000	350	75350	\$3.45	\$ 261,568	\$ 20,000	\$ 281,568	41,894	\$ 323,462
Indian Trail	Cruise Pt.	2008	9	n/a	800	18	10800	0	10800	\$2.55	\$ 27,540	\$ 40,000	\$ 67,540	10,131	\$ 77,671
Welsh Ln/Arline/Birchway part	Dir Roads														
Trillium	Private			7	950	22	20900	350	21250	\$0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
					77859		15 miles								2,206,776
															8,081,389
															411,053 per mile



## FUND BALANCE SUMMARY

YEAR	General Operating	Major & Local Road	Capital Impr.	Motor Pool	Sanctuary Debt Service	Library	Debt Service S&W	Building Dept.	Retire Health Care Fund	OLSAD	Total	Gen. Fund % of Oper. Exp.
2008	1,003,608	130,074	426,517	167,942	4,794	1,244	644,290	6,555	70,140	537	\$2,455,701	43%
2009	951,184	11,681	348,041	167,942	0	1,244	621,298	4,388	92,276	537	\$2,198,590	41%
2010	858,694	11,798	341,741	167,942	0	1,244	197,563	4,432	71,787	537	\$1,655,737	38%
<b>2011</b>	<b>733,105</b>	<b>11,916</b>	<b>345,158</b>	<b>167,942</b>	<b>0</b>	<b>1,244</b>	<b>97,563</b>	<b>4,476</b>	<b>53,754</b>	<b>537</b>	<b>\$1,415,695</b>	<b>34%</b>
2012	576,731	12,035	348,610	167,942	0	1,244	0	4,521	19,020	537	\$1,130,639	28%
2013	479,442	12,155	352,096	167,942	0	1,244	0	4,566	56,649	537	\$1,074,632	24%
2014	411,790	12,277	355,617	167,942	0	1,244	0	4,612	94,452	537	\$1,048,471	20%
2015	389,386	12,400	359,173	167,942	0	1,244	0	4,658	120,507	537	\$1,055,847	20%

Fund balance forecasts are shown above and in the chart on the right. As is evident, the overall fund balance is projected to be reduced significantly into the future; which is mainly attributed to using the debt fund to pay down the debt and reduce millage rates driving down the Rainy Day fund as discussed on prior worksheets. The General Fund/Rainy Day balance is projected to drop from \$858,000 or 38% of Operating Expenses to \$733,000 or 34%. The MML has established 15-20% as the minimum safe level for a community our size to effectively handle cash flow and emergency needs.



# Orchard Lake 2010-11 Financial Plan Scenarios

**Scenario A:** Efficiencies/Cost Reductions, Pay Freeze, 5% Benefit Increase, \$125,000 from Fund Balance  
Raise Debt Millages to Offset Drop in Taxable Value

Fund Interest	Cash	1.0%	Bonds	1.5%	% Cash	30.0%		
Inflation	Wage	0.0%	Purch	0.0%	Benefits	5.0%		
	Rev Shrg	-1.6%	Fire	5.0%	Effic.	-10.0%		
Home Price Change	Year 0	-8.0%	Year 1	-15.0%	Year 2	-3.0%	Year 3	1.0%
SEV Change	Year 0	-3.0%	Year 1	-13.0%	Year 2	-6.0%	Year 3	0.0%
TxV Change	Year 0	-8.0%	Year 1	-10.5%	Year 2	-6.2%	Year 3	0.5%

	General Fund % of Oper. Exp	Operating Millage	Total Millage	Taxable Value	Revenues Expenses	Debt Payment	Fund Balances	Road CapEx
2008-09	41%	4.48	8.58	394,540,320	2,417,124	2,183,941	951,184	260,140
2009-10	38%	4.46	8.44	382,744,255	2,404,897	2,195,053	858,694	50,000
<b>2010-11</b>	<b>34%</b>	<b>4.46</b>	<b>9.50</b>	<b>342,632,657</b>	<b>2,255,405</b>	<b>2,224,124</b>	<b>733,105</b>	<b>20,000</b>
2011-12	28%	4.46	10.04	321,457,959	2,181,397	2,252,460	576,731	50,000
2012-13	24%	4.46	8.44	323,033,103	2,121,649	1,692,566	479,442	135,008
2013-14	20%	4.58	4.88	327,846,296	2,148,051	-	411,790	164,179
2014-15	20%	4.50	4.80	336,009,669	2,108,622	-	389,386	154,568

**Scenario B:** Tap fund balance to pay debt obligations coupled with additional efficiencies beyond the baseline plan - allows total millage same year-over-year

Fund Interest	Cash	1.0%	Bonds	1.5%	% Cash	30.0%		
Inflation	Wage	0.0%	Purch	0.0%	Benefits	5.0%		
	Rev Shrg	-1.6%	Fire	5.0%	Effic.	-15.0%		
Home Price Change	Year 0	-8.0%	Year 1	-15.0%	Year 2	-3.0%	Year 3	1.0%
SEV Change	Year 0	-3.0%	Year 1	-13.0%	Year 2	-6.0%	Year 3	0.0%
TxV Change	Year 0	-8.0%	Year 1	-10.5%	Year 2	-6.2%	Year 3	0.5%

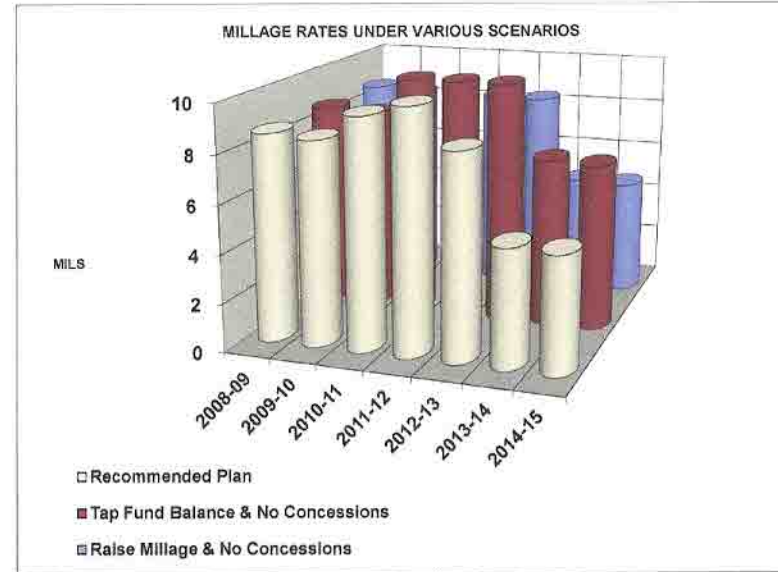
	General Fund % of Oper. Exp	Operating Millage	Total Millage	Taxable Value	Revenues Expenses	Debt Payment	Fund Balances	Road CapEx
2008-09	41%	4.48	8.58	394,540,320	2,417,124	2,183,941	951,184	260,140
2009-10	38%	4.46	8.44	382,744,255	2,404,897	2,195,053	858,694	50,000
<b>2010-11</b>	<b>20%</b>	<b>4.46</b>	<b>8.44</b>	<b>342,632,657</b>	<b>2,185,876</b>	<b>2,224,124</b>	<b>437,773</b>	<b>20,000</b>
2011-12	15%	4.46	8.44	321,457,959	2,116,689	2,252,460	317,503	50,000
2012-13	15%	4.46	8.44	323,033,103	2,051,649	1,692,566	307,747	135,008
2013-14	15%	4.58	4.88	327,846,296	2,078,051	-	311,708	164,179
2014-15	15%	4.50	4.80	336,009,669	2,038,622	-	305,793	154,568

**Scenario C:** Raise Operating millage to fund wage and benefit increases, no efficiencies.

Fund Interest	Cash	1.0%	Bonds	1.5%	% Cash	30.0%		
Inflation	Wage	3.0%	Purch	0.0%	Benefits	5.0%		
	Rev Shrg	-1.6%	Fire	5.0%	Effic.	0.0%		
Home Price Change	Year 0	-8.0%	Year 1	-15.0%	Year 2	-3.0%	Year 3	1.0%
SEV Change	Year 0	-3.0%	Year 1	-13.0%	Year 2	-6.0%	Year 3	0.0%
TxV Change	Year 0	-8.0%	Year 1	-10.5%	Year 2	-6.2%	Year 3	0.5%

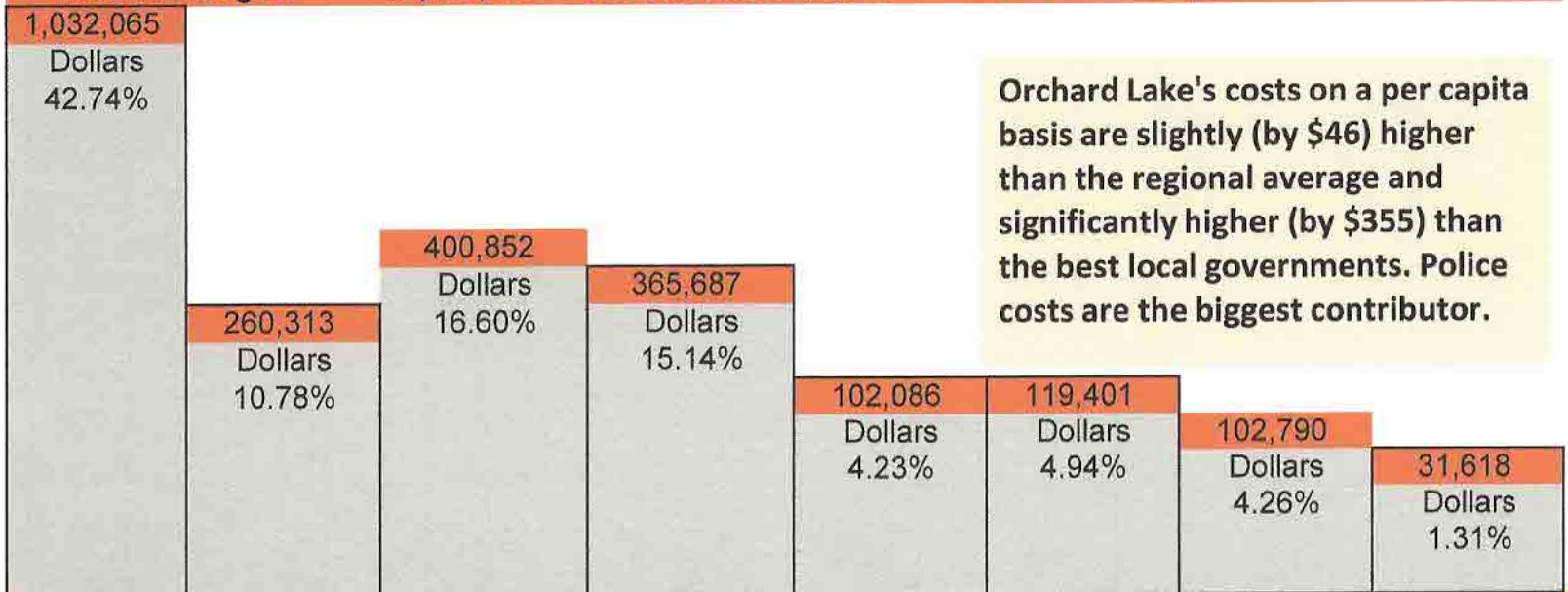
	General Fund % of Oper. Exp	Operating Millage	Total Millage	Taxable Value	Revenues Expenses	Debt Payment	Fund Balances	Road CapEx
2008-09	41%	4.48	8.58	394,540,320	2,417,124	2,183,941	951,184	260,140
2009-10	38%	4.46	8.44	382,744,255	2,404,897	2,195,053	858,694	50,000
<b>2010-11</b>	<b>38%</b>	<b>5.37</b>	<b>10.41</b>	<b>342,632,657</b>	<b>2,436,183</b>	<b>2,224,124</b>	<b>883,831</b>	<b>20,000</b>
2011-12	38%	5.99	11.57	321,457,959	2,525,411	2,252,460	916,766	50,000
2012-13	38%	6.21	10.19	323,033,103	2,618,013	1,692,566	949,053	135,008
2013-14	38%	6.68	6.98	327,846,296	2,787,134	-	1,010,387	164,179
2014-15	38%	6.59	6.89	336,009,669	2,681,923	-	1,015,704	154,568



Various future scenarios have been analysed with the financial model and are depicted on the left and in the chart above. The top scenario A is the baseline plan which holds the line on operating millage, while increasing the debt millage to meet the bond requirements. The second scenario B represents tapping the rainy day fund and increasing efficiencies to cover the debt obligations, thus holding the line or reducing overall millage rates for the 13th consecutive year. The bottom scenario C raises all millage rates to cover expenses without a wage freeze, retirements and no efficiencies.

# City Operational Benchmarking Assessment

**Orchard Lake Costs are Significantly Higher than Regional Benchmarks** Population: 2309  
 2009/10 Budget: \$2,414,813 Per Resident: \$1,046 Benchmark: \$693



Orchard Lake's costs on a per capita basis are slightly (by \$46) higher than the regional average and significantly higher (by \$355) than the best local governments. Police costs are the biggest contributor.

<b>Orchard Lake</b>	<b>\$447</b>	<b>\$113</b>	<b>\$174</b>	<b>\$158</b>	<b>\$44</b>	<b>\$52</b>	<b>\$45</b>	<b>\$14</b>	<b>\$ 1,046</b>
	Per Resident	Per Resident	Per Resident	Per Resident	Per Resident	Per Resident	Per Resident	Per Resident	
<b>Benchmark City</b>	<b>\$252</b>	<b>\$138</b>	<b>\$100</b>	<b>\$61</b>	<b>\$36</b>	<b>\$29</b>	<b>\$22</b>	<b>\$17</b>	<b>\$ 693</b>
	Per Resident	Per Resident	Per Resident	Per Resident	Per Resident	Per Resident	Per Resident	Per Resident	
									
Police & Dispatch Departments	Fire & EMS Departments	Public Works Department	Administrative Departments	General Expenditures & Transfers	Development Departments	Library	Parks & Recreation		

## Municipal Benchmark Data 2007 from SEMCOG (2008 data TBD)

Municipality	Orchard Lake	Bingham Farms	Milford	Northville	Franklin	Birmingham	Bloomfield Hills
Statutory Authority	City	Village	Village	City	Village	City	City
County	Oakland	Oakland	Oakland	Wayne	Oakland	Oakland	Oakland
Population	2,215	1,030	6,272	6,459	2,937	19,291	3,940
Sq Miles	4	1.25	2.5	2	2.7	4.73	5
Total SEV	\$465,587,420			\$469,020,137		\$2,820,169,670	\$1,134,319,730
Total Taxable Value	\$387,718,650	\$187,629,340	\$248,303,360	\$361,677,707	\$280,021,240	\$1,971,748,670	\$864,776,610
Taxable Value per Capita	\$175,042	\$182,164	\$39,589	\$55,996	\$95,343	\$102,211	\$219,486
Operating Millage	4.49	6.8	3.4931	13.3	2.7254	11.3623	8.3
Total Millage	8.64	6.8	11.1027	16.3033	7.6368	15.5546	8.3
Total GF Revenue	\$2,338,837	\$1,747,411	\$2,316,693	\$6,496,039	\$1,834,307	\$26,576,416	\$8,545,888
GF Revenue Per Capita	\$1,056	\$1,697	\$369	\$1,006	\$625	\$1,378	\$2,169
Clerk	\$188,802	\$108,973	\$94,051	\$186,257	\$70,744	\$304,847	\$64,354
Building & Grounds	\$81,304		\$76,666	\$298,255	\$45,920	\$537,910	\$179,169
Police	\$740,705	\$577,364		\$2,172,251	\$1,167,076	\$5,735,400	
Fire	\$224,869	\$249,280		\$342,687		\$4,310,021	
Public Works	\$354,653	\$117,592	\$942,600	\$1,020,719	\$196,131	\$3,924,384	\$906,937
Garbage Collection			\$474,082				
Total GF Expenditures	\$2,338,837	\$1,587,696	\$2,456,358	\$6,337,043	\$1,762,543	\$25,072,554	\$7,788,038
Revenue Sharing	\$169,657	\$98,152	\$551,570	\$595,150	\$211,292	\$1,790,712	\$287,664
Fund Balance Total	\$1,003,608	\$2,154,301	\$782,829	\$2,069,079	\$624,285	\$8,848,633	\$3,727,103
Fund Balance % Oper Exp.	43%	136%	32%	33%	35%	35%	48%

SEMCOG has created a database of comparable financial data for all cities in the State. The data above shows how our City compares to other similar sized or nearby cities for various financial metrics. As indicated, our millage rates, revenues and expenses generally seem competitive; however, it is recommended that staff specifically learn more about the communities with significantly better costs and pursue the appropriate ideas that result. The fiscal data is for 2007 and will be updated once new SEMCOG information is available in March.

