

**FISCAL YEAR 2010
2nd QUARTER BUDGET AMENDMENT**

Budget Amendment Summary

Summary Presentation of 2nd Qtr Budget Amendment

	Current 2010 Budget	2nd Qtr Amendment	Revised 2010 Budget
Total Revenues	\$ 109,233,690	\$ 341,170	\$ 109,574,860
<i>Operating Expense</i>	\$ 86,470,400	\$ (74,550)	\$ 86,395,850
<i>Capital Outlay Expense</i>	12,228,450	(4,017,120)	8,211,330
<i>Transfer-Out Expense</i>	20,046,610	44,330	20,090,940
Total Expenses	\$ 118,745,460	\$ (4,047,340)	\$ 114,698,120
To/(From) Fund Balance	\$ (9,511,770)	\$ 4,388,510	\$ (5,123,260)

Detail Presentation of 2nd Qtr Budget Amendment

	Current 2010 Budget	2nd Qtr Amendment	Revised 2010 Budget
Total Revenues	\$ 109,233,690	\$ 341,170	\$ 109,574,860
<i>Operating Expense</i>	\$ 85,518,180	\$ (48,050)	\$ 85,470,130
<i>Operating Project (Carryover)</i>	\$ 262,000	\$ 30,000	\$ 292,000
<i>Operating (Capital Reclass)</i>	\$ 690,220	\$ (56,500)	\$ 633,720
OPERATING SUB-TOTAL	\$ 86,470,400	\$ (74,550)	\$ 86,395,850
<i>Capital Outlay Expense</i>	\$ 12,918,670	\$ (4,073,620)	\$ 8,845,050
<i>Capital (Operating Reclass)</i>	\$ (690,220)	\$ 56,500	\$ (633,720)
CAPITAL SUB-TOTAL	\$ 12,228,450	\$ (4,017,120)	\$ 8,211,330
<i>Transfer-Out Expense</i>	\$ 20,046,610	\$ 44,330	\$ 20,090,940
TRANSFER OUT SUB-TOTAL	\$ 20,046,610	\$ 44,330	\$ 20,090,940
Total Expense	\$ 118,745,460	\$ (4,047,340)	\$ 114,698,120
To/(From) Fund Balance	\$ (9,511,770)	\$ 4,388,510	\$ (5,123,260)

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Overview

Revenue, Expense, and Fund Balance Impact:

The FY 2010 2nd Quarter Budget Amendment proposes a decrease in total expenses of (\$4,047,340) and an increase in total revenues of \$341,170. The reduction in expenditures combined with the increase in revenues will allow the City to reduce the anticipated draw from its fund balance by (\$4,388,510).

Summary by Fund

General Fund

Total General Fund revenues are anticipated to increase in total by \$99,840 primarily due to additional tax revenues generated and Museum Fundraising donations. General Fund expenditures are proposed to increase by \$25,000 for Museum Fundraising services which are covered 100% by offsetting donations. The additional revenues will allow the General Fund to now contribute funding into its fund balance in the anticipated amount of \$18,370 instead of drawing funding from fund balance.

Major Road Fund

Major Road expenditures are proposed to decrease by (\$1,415,460) due to the deferral of six (6) projects:

- MR-05F / Adams Boulevard Irrigation System
 - Defer project to future date
- MR-09B / Technology Drive Extension [Adams Road Connection]
 - No FY 2010 City Share anticipated as actual construction is now not anticipated until FY 2011, which is the more likely timeframe due to delays in achieving final approval from MDOT for the Adams Road connection
- MR-13B / Dequindre Road Reconstruction [South Boulevard – Auburn Road]
 - No FY 2010 City Share anticipated due to road funding issues with MDOT
 - MR-13B is not anticipated to begin until after FY 2010
- MR-40A / Tienken Corridor Improvements [Livernois – Sheldon]
 - Defer \$200,000 of \$400,000 budget for ROW to FY 2011
- MR-42C / M-59 Rehabilitation [Adams Road – Crooks Road]
 - No FY 2010 City Share anticipated as actual construction is now not anticipated until FY 2011
- MR-42D / M-59 Sound Barrier Installation [Federal Share x 2]
 - No FY 2010 City Share anticipated as actual construction is now not anticipated until FY 2011

Major Roads Capital Project Change Summary				
CIP ID#	Project Title	Current Project Budget	Proposed Amendment	Revised Project Budget
MR-05F	Adams Boulevard Irrigation System	\$ 190,000	\$ (190,000)	\$ -
MR-09B	Technology Drive Extension [to Adams] (Const)	\$ 200,000	\$ (200,000)	\$ -
MR-13B	Dequindre [South-Auburn] (P/E & ROW)	\$ 100,000	\$ (100,000)	\$ -
MR-40A	Tienken Corridor Improvements [Livernois-Sheldon]	\$ 400,000	\$ (200,000)	\$ 200,000
MR-42C	M-59 Rehabilitation [Adams-Crooks] (P/E & Const)	\$ 367,900	\$ (367,900)	\$ -
MR-42D	M-59 Sound Barrier Installation [Federal x2]	\$ 357,560	\$ (357,560)	\$ -
Major Roads Capital Project Change Summary		\$ 1,615,460	\$ (1,415,460)	\$ 200,000

The reduction in expenditures by deferring these projects into the future will allow the Major Road Fund to reduce the anticipated draw from its fund balance by \$1,415,460.

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Reclassification Notes:

- \$15,000 is proposed to be reclassified from Professional Services (452.801000) to Construction (452.970000) due to City Council approving the (MR-40B) Tienken Road @ Stoney Creek Bridge Replacement project. Since this project is officially moving forward it is appropriate to capitalize these Professional Services / Engineering funds.

Local Street Fund

Local Street expenditures are proposed to decrease by (\$2,965,360) due to the elimination of Local Street construction programs for FY 2010 (\$2,970,360), offset by an increase in the Local Street share of an ADA Transition plan [+ \$5,000].

Local Street Capital Project Change Summary				
		Current Project Budget	Proposed Amendment	Revised Project Budget
LS-01	Local Street Asphalt Rehabilitation Program	\$ 1,435,000	\$ (1,435,000)	\$ -
LS-03	Local Street Concrete Slab Replacement Program	\$ 1,535,360	\$ (1,535,360)	\$ -
Local Street Capital Project Change Summary		\$ 2,970,360	\$ (2,970,360)	\$ -

The reduction in net expenditures will allow the Local Street Fund to now contribute funding into its fund balance in the anticipated amount of \$2,126,380 instead of drawing funding from fund balance.

Fire Fund

Fire Fund expenditures are proposed to increase by \$58,000 due to amending for anticipated costs for dispatching services provided by Oakland County. This additional expense will decrease the amount projected to be contributed to Fire Fund balance by \$58,000.

Note: Additional Budget Amendments will likely be forthcoming (3rd & 4th Qtr Budget Amendments) to decrease the Personnel Services accounts for the Fire – Dispatch division when final costs are better known.

Pathway Maintenance Fund

Pathway Maintenance Fund net expenditures are proposed to remain unchanged, however Professional Services are proposed to increase by \$45,000 due to an ADA Transition Plan with an offsetting (\$45,000) decrease to the amount Transferred-Out to Pathway Construction Fund (403). The ADA Transition Plan was previously included in the FY 2009 Budget at \$30,000, so it is requested to be “carried over” into FY 2010 as well as to be increased to the proposed amount. There is no impact to Pathway Maintenance (214) fund balance.

Tree Fund

Tree Fund net expenditures are proposed to decrease by (\$10,090) due to adjusting the annual transfer to the General Fund for Forestry Division operations to reflect the prior year’s (FY 2009) actual interest earnings as opposed to the current year’s (FY 2010) projected interest earnings. This implements the Tree Fund Policy recently adopted by City Council. The reduction in expenditures will allow the Tree Fund to reduce the anticipated draw from its fund balance by \$10,090.

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Local Street Improvements – 2001 Series Debt Fund

Local Street Improvements (2001 Series) Debt Fund interest revenue earnings are anticipated to decrease by (\$7,500). The reduction in revenue will increase the anticipated draw from Local Street Improvement (2001 Series) Debt fund balance by \$7,500.

Local Street SAD Improvements – 2001 Series Debt Fund

Local Street SAD Improvements (2001 Series) Debt Fund interest revenue earnings are anticipated to decrease by (\$4,000). The reduction in revenue will increase the anticipated draw from Local Street SAD Improvement (2001 Series) Debt fund balance by \$4,000.

Local Street Improvements – 2002 Series Debt Fund

Local Street Improvements (2002 Series) Debt Fund interest revenue earnings are anticipated to decrease by (\$9,000). The reduction in revenue will increase the anticipated draw from Local Street Improvement (2002 Series) Debt fund balance by \$9,000.

Drain Debt Fund

Drain Debt Fund revenues are anticipated to increase by \$200,650 due primarily to interest revenues generated on drain debt issued and held by Oakland County as well as higher tax revenues generated. The additional revenues generated will allow the Drain Debt Fund to now contribute funding into its fund balance in the anticipated amount of \$158,420 instead of drawing funding from fund balance.

OPC Building Debt Fund

OPC Building Debt Fund revenues are anticipated to increase by \$630 due primarily to higher tax revenues generated offset by lower anticipated interest earnings. The additional revenue will allow the OPC Building Debt Fund to reduce the anticipated draw from its fund balance by \$630.

Refunding (1998 Series) Debt Fund

Refunding (1998 Series) Debt Fund revenues are anticipated to increase by \$17,770 due primarily to higher tax revenues generated. Expenditures are projected to increase by \$4,270 due to higher Tax Tribunal expenditures. The net additional revenue will allow this debt fund to reduce the anticipated draw from the Refunding (1998 Series) Debt fund balance by \$13,500.

Fire Capital Fund

Fire Capital Fund expenditures are proposed to increase by \$150,000 due to transition costs for dispatch operations to Oakland County. These additional expenditures will increase the anticipated draw for the Fire Capital fund balance by \$150,000.

Pathway Construction Fund

Pathway Construction Fund revenues are proposed to decrease by (\$45,000) due to a reduced transfer-in from the Pathway Maintenance Fund (214). Pathway Construction Fund expenditures are proposed to increase by \$16,500 due to project expenditures associated with three (3) projects:

- (PW-08C) / Tienken Pathway [Mill Stream Village – Van Hoosen Road]
 - Due to project bids higher than anticipated
- (PW-09B) / Technology Drive Pathway [Adams Road Extension]
 - Preliminary Engineering expenditures

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- Due to coordinating this phase of the project with (MR-09B) Technology Drive Extension [Adams Road Extension] scheduled for construction in FY 2011.
- No CIP / Auburn Pathway [Adams – Dequindre]
 - City share of ADA Pathway upgrade work as a result of MDOT Adams Road construction project.

Pathway Construction Fund Project Change Summary				
		Current Project Budget	Proposed Amendment	Revised Project Budget
PW-08C	Tienken Pathway [Mill Stream Village - Van Hoosen]	\$ 116,500	\$ 4,000	\$ 120,500
PW-09B	Technology Pathway [Adams Connection] P/E	\$ -	\$ 2,500	\$ 2,500
No CIP	Auburn Pathway Ramps [Adams - Dequindre]	\$ -	\$ 10,000	\$ 10,000
Pathway Construction Fund Project Change Summary		\$ 116,500	\$ 16,500	\$ 133,000

The reduction in revenue combined with the additional proposed expenditures will increase the anticipated draw from Pathway Construction fund balance by \$61,500.

Reclassification Notes:

- *\$41,500 is proposed to be reclassified from Professional Services (403.801000) to Land Improvement (403.974000) due to City Council approving the (PW-08C) Tienken Road Pathway [Mill Stream Village – Van Hoosen Road] project. Since this project is officially moving forward it is appropriate to capitalize these Professional Services / Engineering funds.*

Capital Improvement Fund

Capital Improvement Fund expenditures are proposed to decrease by (\$7,000) due to eliminating the Transfer-Out to the Facilities Fund for Digital Recording equipment for the City Hall Auditorium as a less expensive alternative was pursued. The reduction in expenditure will allow the Capital Improvement Fund to increase the anticipated contribution to its fund balance by \$7,000.

Sanitary Sewer Division

Sanitary Sewer Division expenses are proposed to increase by \$43,130 due to actual FY 2009 Sanitary Sewer Capital & Lateral revenues received, as well as actual FY 2009 Sanitary Sewer Depreciation expenses. These transfers are required in keeping with the annual Water & Sewer Operating Division transfer to the Water & Sewer Capital Fund policy. The additional proposed expenses will increase the anticipated draw from Sewer Division retained earnings by \$43,130.

Water Division

Water Division expenses are proposed to increase by \$29,290 due to actual FY 2009 Water Capital & Lateral revenues received, as well as actual FY 2009 Water Depreciation expenses. These transfers are required in keeping with the annual Water & Sewer Operating Division transfer to the Water & Sewer Capital Fund policy. The additional proposed expenses will increase the anticipated draw from Water Division retained earnings by \$29,290.

Water & Sanitary Sewer Capital Fund

Water & Sewer Capital Fund revenues are proposed to increase by \$72,420 due to actual FY 2009 Water & Sewer Capital & Lateral revenues received, as well as actual FY 2009 Water & Sewer Depreciation expenses. These transfers are required in keeping with the annual Water & Sewer Operating Division transfer to the Water

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& Sewer Capital Fund policy. The additional proposed revenues will allow the Water & Sewer Fund to decrease the anticipated draw from its retained earnings by \$72,420.

Facilities Fund

Facilities Fund revenues and expenditures are both proposed to decrease by (\$7,000) due to eliminating the Transfer-In from the Capital Improvement Fund for Digital Recording equipment for the City Hall Auditorium as a less expensive alternative was pursued. This has no impact on Facilities retained earnings.

Revenues and net expenses are both proposed to be increased by \$5,000 as the City has been awarded a Risk Avoidance Program (RAP) Grant for City Hall Security System improvements. The total estimated amount of City Hall Security System improvements are anticipated to total \$20,000. \$15,000 is proposed to be amended from the Facilities Repairs & Maintenance account (631.929000), while \$5,000 is coming in as additional grant revenue. This has no impact on Facilities retained earnings.

Revenues and expenses are both proposed to be increased by \$9,380 due to utilizing Federal EECBG Funding for the energy-efficient lighting upgrades. This has no impact on Facilities retained earnings.

In total, Facilities net revenues and expenses are both proposed to increase by \$7,380 with no impact on Facilities retained earnings.

Retiree Healthcare Trust Fund

Retiree Healthcare Trust Fund expenditures are proposed to increase by \$17,000 due to Internal Revenue Service (IRS) service charges. The additional proposed expenditure will increase the anticipated draw from the Retiree Healthcare Trust fund balance by \$17,000.

LDFA Fund

LDFA Fund net revenues are anticipated to increase by \$7,980 due primarily to higher tax revenues generated, partially offset by a reduction in Personal Property Tax. The additional revenues generated will allow the LDFA Fund to increase the anticipated contribution to its fund balance by \$7,980