

**CITY OF FERNDALE
REQUEST FOR COUNCIL ACTION**

FROM: Jaymarie C. Hubanks, Finance Director/Assistant City Manager

SUBJECT: Interim Financial Forecast for fiscal year ending June 30, 2010

SUMMARY & BACKGROUND:

Attached is the Interim Financial Forecast for FYE-2010, prepared by this office with the data provided by departmental budget managers. The purpose of this report is to advise Council of changes in financial position since adopting the original FYE-2010 budget in May 2009.

Overall, the **General Operating Fund is expected to decrease its fund balance about \$408,000** by the end of fiscal year 2010. Notable items include the following:

The overall change to revenue is a modest increase of \$122,000:

- Property tax receipts are expected to be \$34,000 less than 2009 collections, but to fare better by \$188,000 than the amount conservatively budgeted last May, to a revised \$9,212,000.
- Despite the expected decrease to State Shared Revenue of \$330,000, interest earnings and the write-off of an outstanding payable are expected to offset that decrease.
- District Court revenues, which were planned to increase with the hiring of an additional clerk for 2010, is not expected to occur. Revenues are expected to come in at 2009 levels, or a reduction of \$114,000.

The projected change to expenditures is a notable increase of \$580,000:

- Most of the increase to expenditures is the increase in Fringe Benefit costs:
 - Contribution to the Police/Fire Retirement System of \$ 208,650.
 - Contribution to OPEB Trust for retiree health coverage of \$1,240,000, an increase of \$430,000 from the budgeted amount of \$810,000.
- The positive variance of \$152,000 reflected in Community Development is attributed to the vacancies in four (4) full-time positions (Assistant Bldg. Insp., Code Enforcement Officers (2), Clerk-Typist), two of which are expected to be filled with contractual inspectors without benefits.

Also notable is the expected deficit in the Local Streets Fund of \$148,000 for 2010. Unless a deficit reduction plan is put into place immediately, the General Fund will be obligated to cover that deficit, increasing the reduction to its fund balance by \$556,000. The General Fund covered Local Streets deficit in 2009 by \$236,000, but this situation should not be continued.

ATTACHMENTS: FYE-2010 Interim Financial Forecast

COUNCIL AGENDA DATE: November 23, 2009

CITY MANAGER APPROVAL: Robert J. Bruner, Jr.

COMMENTS: DPW Director Byron Photiades has been directed to prepare a deficit reduction plan for the Local Streets Fund, to be presented to Council in December.

RECOMMENDED ACTION: Moved by , seconded by , to review and adopt the attached Interim changes to the FYE-2010 Budget.

CITY OF FERNDALE

ADOPTED BUDGET Fiscal Year Ending - 6/30/2010

SCHEDULE "A"

19-Nov-09

FUNDS	ACTUALS - FYE-2009		ORIGINAL - FYE-2010		FORECAST - FYE-2010		Pos/(Neg) Variance	
	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue	Expenditure
101-General Fund								
Legislative - City Council	-	54,768	-	61,985	-	61,985	-	-
Judicial - District Court	1,685,670	1,313,660	1,799,964	1,304,046	1,685,964	1,304,046	(114,000)	-
General Government	14,914,365	3,263,775	13,283,929	3,192,906	13,641,180	3,305,913	357,251	(113,007)
Public Safety	2,186,247	11,813,445	2,408,546	11,789,034	2,338,203	12,193,185	(70,343)	(404,152)
Public Works	217,167	811,909	413,700	935,176	397,700	955,935	(16,000)	(20,759)
Recreation and Culture	449,409	950,402	527,651	989,149	493,151	981,414	(34,500)	7,735
Fund Transfers	57,500	1,530,000	57,500	218,994	57,500	218,994	-	-
	<u>19,510,357</u>	<u>19,737,959</u>	<u>18,491,290</u>	<u>18,491,290</u>	<u>18,613,698</u>	<u>19,021,473</u>	<u>122,408</u>	<u>(530,183)</u>
Special Revenue Funds								
202-Major Streets Fund	1,058,605	1,207,802	1,021,387	1,057,167	1,021,387	1,051,205	-	5,962
203-Local Streets Fund	661,143	683,120	469,920	602,804	469,920	617,577	-	(14,773)
226-Sanitation Fund	2,468,339	2,619,756	2,457,175	2,552,292	2,560,222	2,627,579	103,047	(75,287)
243-Brownfield Redvl.Auth.	228,930	139,259	224,000	223,100	369,000	368,100	145,000	(145,000)
245-Public Imprv. Fund	1,555,727	535,943	240,624	716,297	240,624	716,297	-	-
248-Downtown Devel.Auth.	539,915	448,733	560,200	550,480	697,775	613,286	137,575	(62,806)
265-Drug Forfeiture Fund	212,304	127,129	97,000	121,000	147,000	147,000	50,000	(26,000)
271-Library Fund	1,316,764	1,135,746	1,273,800	1,176,986	1,298,800	1,293,650	25,000	(116,664)
280-Comm.Devel.Block Grt.	74,879	74,716	84,569	82,749	84,569	82,749	-	-
288-SMART Transpo.Fund	81,834	83,401	80,966	80,611	80,966	80,611	-	-
290-Neighborhood Stabilization	-	-	670,640	670,640	648,640	648,640	(22,000)	22,000
Debt Service Funds								
301-Genl.Oblig.Bond Fund	3,373,322	3,433,253	3,604,000	3,618,625	3,703,000	3,618,625	99,000	-
Community Development								
410-Sewer Infrastructure	26,458	419,655	5,000	1,172,124	2,203	2,176,130	(2,797)	(1,004,006)
471-Library Infrastructure	51,130	470,349	40,000	2,052,601	40,000	2,471,561	-	(418,960)
Enterprise Funds								
585-Auto Parking Fund	569,213	489,315	524,000	655,601	610,000	555,548	86,000	100,054
592-Water/Sewer Fund	6,984,922	6,541,688	11,205,474	11,651,064	7,885,474	9,629,776	(3,320,000)	2,021,288
Internal Service Funds								
661-Vehicle/Equip. Fund	1,677,785	1,474,150	1,454,000	1,863,758	1,462,200	1,895,048	8,200	(31,290)
667-Workers' Comp.Fund	228,203	383,133	155,000	177,900	205,000	177,900	50,000	-
	<u>40,619,832</u>	<u>40,005,108</u>	<u>42,659,045</u>	<u>47,517,089</u>	<u>40,140,478</u>	<u>47,792,754</u>	<u>(2,518,567)</u>	<u>(275,665)</u>

CITY OF FERNDALE

GENERAL FUND

Expenditure Summary

Fiscal Year Ending - 6/30/2010

19-Nov-09

	ACTUAL FYE-2009	ORIGINAL FYE-2010	ESTIMATE FYE-2010	Pos/(Neg) Variance	
				from 2009	from Original
City Council	54,768	61,985	61,985	(7,217)	-
43rd District Court	1,313,660	1,304,046	1,304,046	9,614	-
City Manager	327,894	335,459	352,181	(7,564)	(16,722)
Finance	361,132	427,667	452,703	(66,535)	(25,036)
Assessor/Treasurer	396,658	372,781	387,579	23,877	(14,798)
City Clerk	321,205	300,144	308,967	21,061	(8,823)
Elections	45,772	76,100	76,100	(30,328)	-
Legal Services	274,606	330,000	330,000	(55,394)	-
Cable T.V.	125,140	113,949	111,577	11,191	2,372
Police Department	6,804,159	6,871,110	7,205,409	(66,952)	(334,299)
Fire Department	4,103,779	4,020,817	4,238,440	82,962	(217,623)
Community Development	779,926	766,440	614,426	13,486	152,014
Property Clean-up	26,051	28,377	28,377	(2,326)	-
Animal Control Services	99,530	102,290	106,533	(2,760)	(4,244)
Dept.of Public Services	611,377	600,976	621,735	10,401	(20,759)
Sidewalk Program	200,532	334,200	334,200	(133,668)	-
Dream Cruise, Car Show	107,473	108,986	108,986	(1,512)	-
Kulick Community Center	785,875	825,200	817,466	(39,325)	7,735
FAC Youth Center	57,054	54,963	54,963	2,091	-
Telecommunications	44,096	47,000	47,000	(2,904)	-
Liability/Property Insurance	509,374	450,000	500,000	59,374	(50,000)
Utilities	64,226	80,000	80,000	(15,774)	-
Street Lighting	371,306	380,000	380,000	(8,694)	-
Transfers Out to Other Funds	1,530,000	218,994	218,994	1,311,006	-
Bad Debt, other	422,364	279,806	279,806	142,558	-
Miscellaneous	-	-	-	-	-
Total Expenditures	19,737,959	18,491,290	19,021,473	1,246,669	(530,183)
<i>Expenditure Increase From Prior Fiscal Year</i>		-6.316%	-3.630%		
TOTAL REVENUE	19,510,357	18,491,290	18,613,698		
TOTAL EXPENDITURES	19,737,959	18,491,290	19,021,473		
<i>Net Change to Undesignated, Unreserved Fund Balance</i>	<u>(227,602)</u>	<u>0</u>	<u>(407,775)</u>		

CITY OF FERNDALE
RESOURCES / BALANCES
and
CHANGE in RESOURCES / BALANCES
Fiscal Year Ending - 6/30/2009

19-Nov-09

RESOURCES / BALANCES	FYE-2009 Available Resources	FYE-2010 Original Resources	FYE-2010 Forecasted Resources	Change in Resources 2009 to 2010
General Fund	4,918,679	4,918,679	4,510,904	(407,775)
			*	
<i>*Adjusted for Reallocation of Designated Reserves</i>				
Special Revenue Funds				
Major Streets Fund	45,259	9,479	15,441	(29,818)
Local Streets Fund	3,520	(129,364)	(144,137)	(147,657)
Sanitation Fund	503,268	408,151	435,911	(67,357)
Brownfield Redevel.Auth.	125,371	126,271	126,271	900
Public Imprv. Fund	2,548,175	1,947,502	1,947,502	(600,673)
Downtown Devel. Auth.	100,728	110,448	185,218	84,489
Drug Forfeiture Fund	262,476	238,476	262,476	-
Library Fund	541,145	637,959	546,295	5,150
Comm.Devel.Block Grant	74,389	76,209	76,209	1,820
SMART Transpo.Fund	59,500	59,855	59,855	355
Neighborhood Stabilization	-	-	-	-
Debt Service Funds	200,940	186,315	285,315	84,375
Construction-in-Progress				
Sewer System infrastructure	2,173,927	1,006,803	(0)	(2,173,927)
Com Library infrastructure	4,444,162	2,431,561	2,012,601	(2,431,561)
Proprietary Funds				
Enterprise Funds				
Auto Parking Fund (a)	561,413	429,812	615,865	54,452
Water/Sewer Fund (a)	3,557,161	3,111,570	1,812,859	(1,744,302)
Internal Service Fund				
Vehicle/Equip.Fund (b)	774,037	364,279	341,189	(432,848)
Workers' Comp. (a)	267,926	245,026	295,026	27,100
Total Targeted Reserves	<u>21,162,077</u>	<u>16,179,033</u>	<u>13,384,801</u>	<u>(7,777,276)</u>

(a) unrestricted net assets

(b) net current assets less inventory

CITY OF FERNDALE

GENERAL FUND

Revenue Summary

Fiscal Year Ending - 6/30/2010

19-Nov-09

	ACTUAL FYE-2009	ORIGINAL FYE-2010	ESTIMATE FYE-2010	Pos/(Neg) Variance	
				from 2009	from Original
General Government					
Property Taxes/PILOT	9,245,408	9,023,749	9,211,500	(33,908)	187,751
Tax Administrative Fee	368,958	345,000	374,500	5,542	29,500
Delinquent Interest/Penalty	311,392	280,000	280,000	(31,392)	-
State Shared Revenue	3,135,956	3,000,000	2,670,000	(465,956)	(330,000)
Interest Income	778,193	100,000	350,000	(428,193)	250,000
Other General Revenue	953,984	439,680	659,680	(294,304)	220,000
Interfund Transfers	57,500	57,500	57,500	-	-
43rd District Court	1,685,670	1,799,964	1,685,964	294	(114,000)
City Clerk	55,907	44,500	44,500	(11,407)	-
Cable T.V.	64,567	51,000	51,000	(13,567)	-
Police Department					
Towing Reimbursement	46,098	65,000	65,000	18,902	-
Charges/Permits/Fees/Misc.	220,576	208,850	208,850	(11,726)	-
False Alarm Fines	8,465	10,000	10,000	1,535	-
Court Recovery of Costs	7,317	7,500	7,500	183	-
Federal/State/Local Grants	89,905	120,812	141,421	51,516	20,609
Liquor Law Enforcement	30,623	18,400	18,400	(12,223)	-
Auto/Other Auctions	39,323	45,000	45,000	5,678	-
Fire Department					
Intergovernmental Contracts	847,951	847,041	847,041	(910)	-
Ambulance Fees	317,615	314,045	314,045	(3,570)	-
Miscellaneous	17,535	99,575	38,700	21,165	(60,875)
Community Development					
Business Licenses/Permits	22,025	20,000	20,000	(2,025)	-
Building Permits	94,826	130,000	130,000	35,174	-
Elec./Plumb./Mech.Permits	74,923	75,000	59,000	(15,923)	(16,000)
Landlord/Rental Permits	68,550	65,000	65,000	(3,550)	-
Planning/Devel. and Other	134,245	202,649	188,572	54,327	(14,077)
Refuse/Grass/Weed Control	111,744	125,000	125,000	13,256	-
Animal Shelter	54,526	54,674	54,674	148	-
Department of Public Works					
Engineering	43,741	43,000	43,000	(741)	-
Tree Planting/Damages/Misc.	18,137	36,500	20,500	2,363	(16,000)
Sidewalk Program	155,289	334,200	334,200	178,911	-
Dream Cruise Car Show	115,149	110,000	110,000	(5,149)	-
Kulick Center, Recreation					
Youth Programs	77,545	91,000	81,000	3,455	(10,000)
Youth Programs	49,071	80,400	70,400	21,329	(10,000)
Adult Programs	109,121	125,500	110,500	1,379	(15,000)
Senior Programs	50,713	63,000	63,000	12,287	-
Martin Rd.Youth Center	47,809	57,751	58,251	10,442	500
Total Revenues	19,510,357	18,491,290	18,613,698	(896,659)	122,408
<i>Revenue Increase From Prior Fiscal Year</i>		-5.223%	-4.596%		

CITY OF FERNDALE

INTERNAL SERVICE FUND

FRINGE BENEFITS

Fiscal Year Ending - 6/30/2011

19-Nov-09

	ACTUAL FYE-2009	ORIGINAL FYE-2010	ESTIMATE FYE-2010	Pos/(Neg) Variance	
				from 2009	from Original
				Full-time Salaries	57,636
Part-time Salaries	-	-	-	-	-
Overtime	-	-	-	-	-
<i>Total Personal Services</i>	57,636	57,905	57,905		
Educational Pay/Reimbursement	20,152	24,050	27,500	(7,348)	(3,450)
Clothing/Cleaning Pay	74,634	59,200	72,250	2,384	(13,050)
EMT/Hazmat Special Pay	48,046	51,092	51,092	(3,046)	-
Holiday Pay	227,029	241,268	241,718	(14,689)	(450)
FICA - Social Security Tax	429,917	449,159	442,551	(12,634)	6,608
EE/Retiree Health Coverage	3,409,803	3,471,650	3,505,000	(95,197)	(33,350)
Retiree Medicare Part B Reimb.	174,484	187,610	178,147	(3,663)	9,463
Reserve for Retiree Health Care	1,293,805	810,000	1,240,000	53,805	(430,000)
RHS Plan Contribution	1,570	3,925	3,683	(2,113)	242
Active Life Insurance	31,069	32,663	32,663	(1,594)	-
Retiree Life Insurance	32,216	32,308	31,417	799	891
DB/DC Pension Contribution	623,799	774,500	986,625	(362,826)	(212,125)
Other Fringe Benefits	588	10,067	9,950	(9,362)	117
Shift Differential	78,101	81,347	82,685	(4,584)	(1,338)
Longevity Pay	212,326	220,645	224,646	(12,320)	(4,001)
Vacation Pay	13,315	25,000	25,000	(11,685)	-
Sick Bank Buy-out Pay	148,713	136,424	139,503	9,210	(3,079)
Cost-of-Living Allowance	7,973	7,280	7,280	693	-
Workers' Comp./Unemployment	200,000	150,000	200,000	-	(50,000)
Pay-in-Lieu-of-Benefits	69,700	71,700	64,500	5,200	7,200
Meal Allowance	26,274	28,219	28,219	(1,945)	-
Contractual Svc., EAP program	7,812	11,000	11,000	(3,188)	-
Contingency/Miscellaneous	7,460	7,000	7,000	460	-
<i>Total Current Expenses</i>	7,138,785	6,886,107	7,612,429		
Prior Year(s) Capital Outlay					
Capital Outlay - technology	-	5,000	5,000	(5,000)	-
<i>Total Capital Outlay</i>	-	5,000	5,000	(478,913)	(726,322)
Pension Fund Recovery	(206,700)	(219,918)	(209,564)		
Non-pooled Activity Recovery	(449,074)	(448,127)	(436,319)		
Cost Recovery Balance	(6,540,647)	(6,280,967)	(7,029,451)		
Distributed Fringe Benefits	(7,196,421)	(6,949,012)	(7,675,334)	(478,913)	(726,322)
UNDISTRIBUTED FRINGE BENEFITS	0	0	0		
Ratio of Benefits to FT Payrol	79.757%	78.000%	88.000%		