

SUMMARY OF BUDGET CUTS AND ADJUSTMENTS

The FY 2009/2010 General Fund Budget is 0.78% lower than the current budget. However, this does not completely describe the difficult decisions that had to be made this budget year. The City Manager's Budget Presentation presented an overall view of the General Fund Budget. Not covered in detail were the many special revenue, internal service, and enterprise fund accounts. Among these accounts are Sanitation and Motor Pool. We had to also utilize our Capital Reserve Fund.

Research revealed that the City's leaf program and some of its tree removal and disposal services in the General Fund qualified for funding in our sanitation millage. Shifting these expenses to Sanitation reduced General Fund Operating Expenses.

Cash for the Motor Pool Fund comes from charges assessed in each department to pay for replacement vehicles at a rental rate established by MDOT. We were able to reduce the charges this year because we fully paid for all current equipment and planned purchases require less money than last year. This reduced the operating expenses in the General Fund.

The City did not have enough money to fully fund its Capital Improvement program. For this year, the City is utilizing its Capital Reserve fund to pay for necessary capital items.

As in past years, revenues derived from State Shared Statutory Revenue Sharing is recognized as revenue and shows up as reserve funds on the expense side of the budget. This means the City of Clawson does not depend on this revenue to support its General Fund insulating us from State actions such as the recent Executive Order from Governor Granholm cutting revenue sharing statewide. Other cities are struggling in light of this order. Since we deposit this money in our reserve funds, we have a means to annually support our Capital Reserve Fund based on any money received from the State.

Each of these changes provide only short-term relief, but the revenue growth the City experienced in its Commercial Real Estate and Personal Property values was able to offset much of the 11.9% drop in residential values. We are anticipating a similar growth in the coming fiscal year which should help us produce a balanced budget next year without serious cuts.

Budget cuts or reductions in revenue were significant.

Operating Expenses cut \$164,705 or 11.47%

Contingency Expenses cut \$57,155 or 59.42%

Capital debt for vehicles and equipment paid off.

Loss of State Shared Revenue Sharing resulted in revenue decrease of \$20,000 or 6.67%

Changes in Retiree Health Insurance and Collective Bargaining Agreements resulted in cost control and increases at less than inflation:

Personnel Expenses were increased only 2.31%

Retiree Health Cares expenses were increased only 3.14%

Retirement benefits for current retirees increased only 1.76%