

City of Ann Arbor
Revenue Projections

FY 2010 & FY 2011

August 2009

Economic Environment

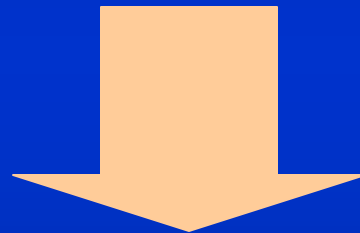
- Grim outlook → Serious implications for City
 - Unemployment (June):
 - Ann Arbor Area – 10.6%
 - Michigan – 15.2%
 - State Sales Tax Receipts – Down 8%
 - Interest Rates – Short-term near 0%
 - Property Tax Revenues – Declining
 - State's Budget Issues – Unresolved
 - Stimulus Package – Not expected to help recurring operations.

Existing Practices

- Committed to Efficient Operations
- Maintain Reserves
- Balance Recurring Rev./Exp.
- Two Year Planning

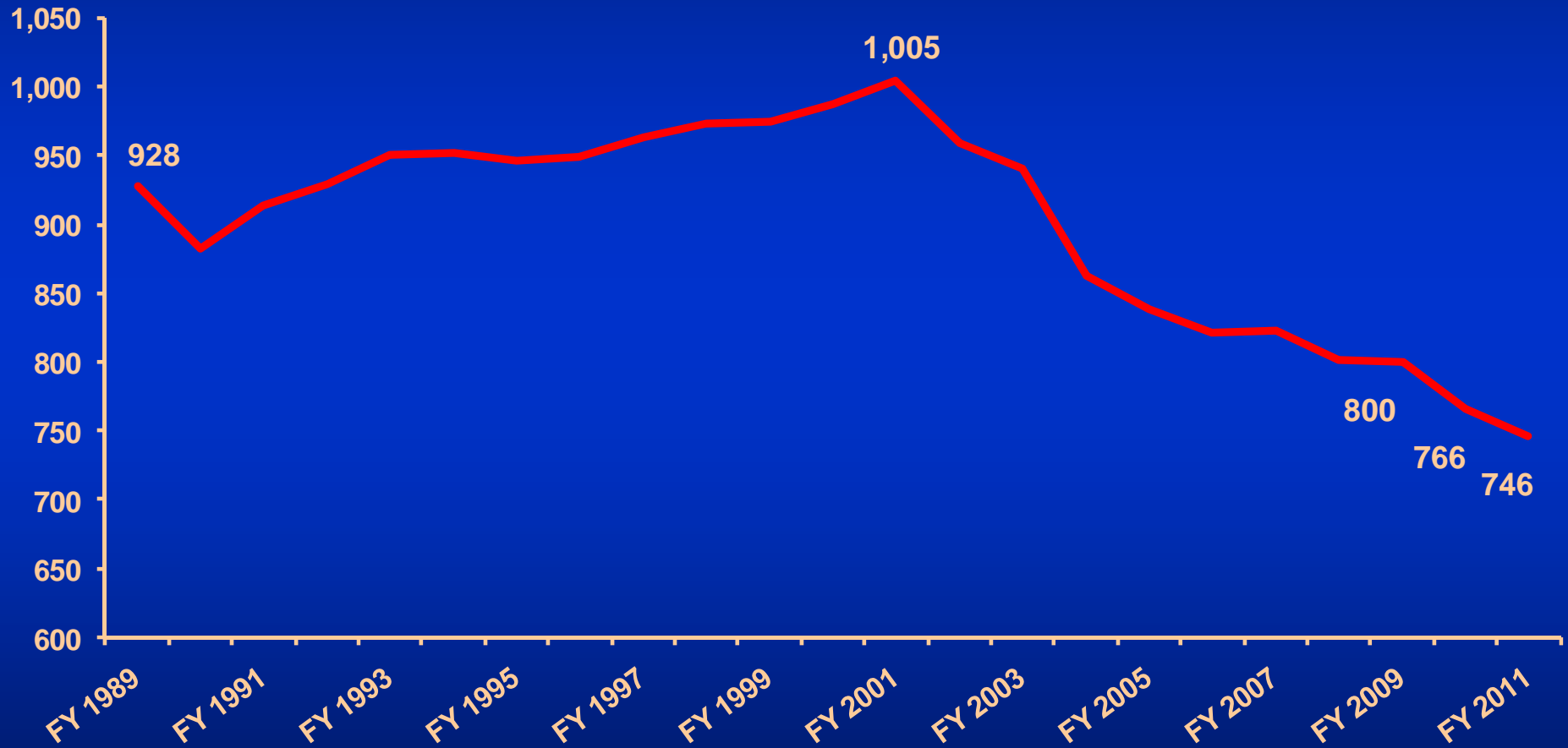
Measure

26% FTE Reduction
10% of Expenditures
Financial Sustainability
Focus on Strategic Issues



- No mid-year financial problems
- Minor adjustments to 2nd year of Two-Year Fiscal Plan
- Invested in capital & special projects for the City's future

Impact on Staffing Levels



General Fund Projections

	<u>FY 09 (Adopted)</u>	<u>FY 10</u>	<u>FY 11</u>
<u>Early 2009 - Budget Projections</u>			
Revenues	\$ 89,214,660	\$ 84,955,831	\$ 82,184,794
Expenditures	89,214,660	87,021,699	87,593,410
Excess/(Deficit)	<u>\$ -</u>	<u>\$ (2,065,868)</u>	<u>\$ (5,408,616)</u>
Percent to Expenditures		-3%	-7%
<u>May 2009 - Approved Plan</u>			
Revenues	\$ 89,214,660	\$ 85,202,388	\$ 82,868,508
Expenditures	89,214,660	84,735,376	83,250,520
Excess/(Deficit)	<u>\$ -</u>	<u>\$ 467,012</u>	<u>\$ (382,012)</u>

Significant Changes

- | | | |
|--|---|---|
| • Police Restructuring (Reduce 27 FTEs) | X | |
| • Implementation of Safety Service Fee for Water Utility | X | |
| • Install New Parking Meters | X | |
| • Salaried Employee Wage Freeze | X | |
| • Reduce Operations at Mack Pool | X | X |
| • Other Staff Reductions | X | X |
| • Close Senior Center | | X |
| • Fire Reductions (Equivalent to 14 FTEs) | | X |
| • Reduce Funding for Human Services | | X |

General Fund Forecast

	<u>FY 09 (Adopted)</u>	<u>FY 10</u>	<u>FY 11</u>
<u>May 2009 - Approved Plan</u>			
Revenues	\$ 89,214,660	\$ 85,202,388	\$ 82,868,508
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August 2009 - Anticipated Revenue Issues

State shared revenues	\$-1 to \$-1.9 Mils.	\$-1 to \$-2.8 Mils.
Investment Income	\$ -1.0	\$ -0.9
Traffic Citations & Caseload	\$ -0.2	\$ -0.2
New Development Review Fees	\$ -0.2	\$ -0.2
Unresolved Lease with DDA	-	\$ -1.7
Forecast Worse than Planned	<u>\$-2.4 to \$-3.3</u> Mils.	<u>\$-4.0 to \$-5.8</u> Mils.
Percent of Expenditures	-3% to -4%	-5% to -7%
Equivalent Number of FTEs	-24 to -40	-50 to -70

New Reality

- Council has Little Flexibility for Obtaining Revenues
 - Property taxes – Headlee eliminated previously authorized taxing capacity
 - Other taxes – State previously removed ability for local entertainment or sales tax
 - State Shared Revenue – Continued deterioration to locals
 - General fund reserves – Within 8% - 12 policy range
- Additional Cost Reductions Will Likely Require Reduced Services