



City of Rochester Hills  
AGENDA SUMMARY  
NON-FINANCIAL ITEMS

1000 Rochester Hills Dr.  
Rochester Hills, MI 48309  
248.656.4630  
[www.rochesterhills.org](http://www.rochesterhills.org)

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Legislative File No: 2012-0204

TO: Mayor and City Council Members  
FROM: Keith Sawdon, Director of Finance, ext 2535  
DATE: June 18, 2012  
SUBJECT: FY 2012 – 2<sup>nd</sup> Quarter Budget Amendment

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**REQUEST:**

We are requesting that City Council approve the Mayor's proposed amendments to the 2012 Budget for the following funds: General Fund, Major Road Fund, Local Street Fund, Fire Fund, Special Police Fund, Perpetual Care Fund, RARA Millage, Pathway Maintenance Fund, Tree Fund, Water Resources Fund, OPC Millage Fund, Green Space Fund, Street Improvements (2001 Series) Debt Fund, SAD Street Improvements (2001 Series) Debt Fund, Drain Debt Fund, OPC Building Refunding Debt Fund, Fire Capital Fund, Pathway Construction Fund, Capital Improvement Fund, Water & Sewer Operating Fund, Water & Sewer Capital Fund, Facilities Fund, MIS Fund, Fleet Fund, Retiree Healthcare Trust Fund, Brownfield Redevelopment Fund, Local Development Finance Authority Fund, Smart Zone Fund and EDC.

**BACKGROUND:**

As required by the State's Uniform Budgeting and Accounting Act and City Charter Section 3.7, the Mayor's Office has prepared the following recommended budget amendments to the original adopted 2012 Budget.

**The Budget Amendment proposes an increase in total revenues of \$1,831,660 and an increase in total expenses of \$419,290. The net increase in revenues less the increase in expenses will have a net positive impact on citywide fund balances and retained earnings of \$1,412,370.** The amounts requested for amendment is detailed on the attached Overview Report.

On a Citywide basis, nearly all funds with personnel assigned to them are being requested to be amended due to new wage factors related to Unemployment Insurance. There two reasons for the increase, first is an increase to the City's Unemployment Compensation factor as determined by the State of Michigan and is related to the City's recent experience level. Second (and in part due to the increase in the Unemployment factor), the City must also contribute to the reserve account to a meet a higher Unemployment Compensation reserve requirement in FY 2012.

Capital accounts represent a reduction in expenditures of \$329,820 with operating accounts representing an increase of \$403,060. Inter-fund transfers-out represents an increase of \$346,050.

The attached Budget Amendment Summary Report shows the requested budget amendments at the total budget level (which includes an overview) and at the fund level. A description of the requested

changes is provided in the tables used throughout the attached report. We have also attached a line-item detail report to help with your understanding of the requested budget amendments.

In addition, the Uniform Budgeting and Accounting Act authorize City Council to permit the Mayor to execute *adjustments* to the budget within limits. Adjustments are intended to reduce the amount of insignificant budget amendments and to allow for more efficient and uninterrupted City operations. Administrative adjustments are not intended to increase a fund's total expenditures previously approved by City Council or make changes to a capital expenditure account. We have enclosed a list of administrative adjustments that were made in the first quarter.

**RECOMMENDATION:**

We recommend that City Council approve the Mayor's proposed 2<sup>nd</sup> Quarter Budget Amendment to the FY 2012 Budget as proposed.

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APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
City Council Liaison		