



**City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS**

**1000 Rochester Hills Dr.
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248.656.4630
www.rochesterhills.org**

Legislative File No: 2008-0264

TO: City Council Members
FROM: Julie Jenuwine, Finance Director 248.841.2535
DATE: May 30, 2008
SUBJECT: FY2008 2nd Quarter Budget Amendments

REQUEST:

To request that City Council approve the Mayor's proposed 2008 budgeted fund totals and/or line-item changes for the following funds: General Fund, Major Road Fund, Local Street Fund, Fire Operating Fund, Special Police Fund, Perpetual Care Fund, Pathway Maintenance Fund, Drain Fund, various Debt Funds, Fire Capital Fund, Pathway Construction Fund, Capital Improvement Fund, Water & Sewer Operating Fund, Water & Sewer Capital Fund, Facilities Fund, Fleet Fund, and Local Development Finance Authority Fund.

BACKGROUND:

In accordance with the State's Uniform Budgeting and Accounting Act and City Charter Section 3.7, the Fiscal Office has prepared suggested budget amendments to the current 2008 budget. These 2nd quarter budget amendments reflect the current estimated revenues and departments' requested expenditures by line-item. The amendments reflect changes based on present operating budget information along with capital project updates.

In summary, revenues are estimated to decrease approximately \$843,000 across funds mostly due to the following: lower interest earnings based on recently declining interest rates and lower receipts from city fees due to the economic climate and a decline in Act 51 receipts.

Operating expenditures are proposed to increase approximately \$1,053,000 mostly due to the settlement of the Firefighters labor contract, increased vehicle fuel/maintenance costs, electrical and gas utilities, drain maintenance, police overtime, and environmental oversight costs.

Capital expenditures are proposed to decrease approximately \$2,220,000, which is the net effect of changes in project timelines, updated cost estimates and changes in project scope (specific project detail enclosed).

Only line-items requested to be changed are included on the enclosed schedule, as opposed to providing the budget in its entirety. The enclosed budget amendment schedule reports the "Original Budget", "Current Budget" and *proposed* "Amended Budget" totals for each line-item change requested. A brief description for each request is provided in the "Explanation" column. An "R" represents a revenue account and "E" represents an expenditure/expense account on the enclosed detailed budget amendment schedule to further report whether a revenue or expenditure account is increasing or decreasing.

The enclosed resolutions provide the new requested fund totals.

Public Act 2 of 1968, the Uniform Budgeting and Accounting Act Section 19, authorizes the City Council to permit the Mayor to execute *adjustments* to the budget within limits. As discussed during the City Council Financial Policy review, the Mayor is requesting that City Council allow him to administratively adjust the operating budget line-items effective immediately after the budget amendment approval. With the approval of City Council in the appropriations act (budget resolution enclosed), the Mayor will be permitted to perform *budget adjustments* within limits(\$25,000) between operating budget line-items within a fund. Adjustments are intended to reduce the amount of insignificant budget amendments and allows for more efficient and uninterrupted City operations. In no case will total expenditures of a particular fund exceed that which is appropriated by the City Council without a budget amendment. Budget adjustments shall not conflict with the City Council's expressed programs or policies. Adjustments will be reported to City Council on a quarterly basis along with the budget amendments.

Should you wish to have further explanation, please do not hesitate to inquire.

RECOMMENDATION:

To recommend that City Council approve the Mayor's proposed 2008 budgeted fund totals and/or line-item changes for the following funds: General Fund, Major Road Fund, Local Street Fund, Fire Operating Fund, Special Police Fund, Perpetual Care Fund, Pathway Maintenance Fund, Drain Fund, various Debt Funds, Fire Capital Fund, Pathway Construction Fund, Capital Improvement Fund, Water & Sewer Operating Fund, Water & Sewer Capital Fund, Facilities Fund, Fleet Fund, and Local Development Finance Authority Fund.

Attachments:

Public Hearing Notice

Resolution

Schedule detailing line-item budget *amendment* changes

Schedule detailing line-item budget *adjustments*

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Mayor		
City Council Liaison		