



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

**1000 Rochester Hills Dr.
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Legislative File No: 2009-0239

TO: Mayor and City Council Members

FROM: Keith Sawdon, Director of Finance, Ext 2535

DATE: June 12, 2009

SUBJECT: FY 2009 2nd Quarter Budget Amendments / Appropriation

REQUEST:

City Council is being asked to approve the Mayor's proposed 2009 budgeted fund totals and/or line-item changes for the following funds: General, Major Road, Local Road, Fire Department, Green Space, 1998 Refunding Debt, 2002 Refunding Debt, Fire Capital, Pathway Construction, Water & Sewer, Fleet, Local Development Finance Authority, Smart-Zone and the New Retiree Health Care Trust Fund.

BACKGROUND:

The State's Uniform Budgeting and Accounting Act (Public Act 2 of 1968) Section 19 along with the City's Charter (Section 3.7), require that from time to time we adjust (amend) our budget. The City has chosen to amend its budgets on a quarterly basis. On advise of the Mayor, Fiscal Services has prepared the attached suggested budget amendments to amend the adopted 2009 budget. These 2nd quarter budget amendments reflect current updates regarding operating revenue and expenditures, adjustments to capital projects and changes needed related to transfers in or out.

The combined Budget Amendment being requested has a net increase of \$3,743,870. The Retiree Health Care Benefit Trust makes up the largest amount of this amendment representing \$2,124,480. The net result of the full budget amendment is: a *reduction in operating budgets of \$101,560, capital budgets are being reduced by \$751,690, transfers to other funds are increasing by \$3,440,660* and as a result of the budget amendments *Fund Balances are increasing by \$1,156,460*. The following is an overview of amendments by fund:

- In **General Fund**, several revenue accounts are being adjusted (both up and down) to reflect current and forecasted 2009 results. We are also adjusting expenditure accounts (both up and down) to reflect current and forecasted 2009 results. The biggest adjustment (\$1,222,600 & \$103,700) is related to Transfer Out to provide the funding source for the Retiree Supplemental Benefit, previously designated in the General Fund's fund balance by City Council, and to make its annual required contribution (ARC payment) related to the retiree implicit rate subsidy.
- In **Major Road Fund**, several capital projects are being amended to reflect either a construction delay to fiscal year 2010 or put on hold do to funding delays. The biggest item being adjusted is Augstin Avenue. It has been determined by the LDFA Board that LDFA funds can and should be used for the construction of this Major road project. The Amendment reflects incoming funds from LDFA and the related construction expense.
- In **Local Road Fund**, there were minor adjustments made related to traffic arrow boards.

- In **Fire Fund**, the largest adjustment is related to this Fund's share of both the Retiree Supplemental Benefit (\$228,780) and for its share of the 2009 ARC payment (\$21,660) for the Retiree Implicit Rate Subsidy.
- In **Green Space Millage Fund**, minor adjustments are requested related personnel expenses.
- In the **1998 and 2002 Refunding Debt Funds**, adjustments are being made to reflect additional revenue collected and its related affect on Fund Balance.
- In **Fire Capital Fund**, amendments are being made to reflect revenue received from the sale of surplus equipment and to reflect a purchase that came in lower than expected.
- In **Pathway Construction Fund**, the amendments being requested are to move several construction projects from FY 2009 to FY 2010.
- In the both the **Water and Sewer Operating Funds**, amendments being requested are related to moving FY2008 Capital, Lateral and Depreciation funds to the Water or Sewer Capital Fund(s). We are also requesting an amendment to Water and Sewer Operating Fund(s) to reflect its share of the Retiree Supplemental Benefit (\$517,400) and for its share of the 2009 ARC payment (\$30,340) for the Retiree Implicit Rate Subsidy.
- In **Water & Sewer Capital Fund**, the amendment reflects the transfer in from Water & Sewer Operating Fund for FY 2008 Capital, Lateral and Depreciation funds as discussed above.
- In **Fleet Fund**, a majority of the amendments are related to bids coming in either over or under budget.
- The **Retiree Health Care Trust Fund**, the amendments related to this newly created fund reflect the activity associated with funding the City's liability related to negotiated retiree benefits.

We have attached detail reports that explain all of the budget amendments that are being requesting.

Note: On the attached budget amendment schedule an "R" represents a revenue account and an "E" represents an expenditure/expense account.

RECOMMENDATION:

We recommend that City Council approve the Mayor's proposed 2009 amended budgeted fund totals and/or line-item changes for the following funds: General, Major Road, Local Road, Fire Department, Green Space, 1998 Refunding Debt, 2002 Refunding Debt, Fire Capital, Pathway Construction, Water & Sewer, Fleet, Local Development Finance Authority, Smart-Zone and the New Retiree Health Care Trust Fund.

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