



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

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Legislative File No: 2008-0661

TO: City Council Members
FROM: Julie Jenuwine, Finance Director 248.841.2535
DATE: December 4, 2008
SUBJECT: FY 2008 4th Quarter Budget Amendments/Appropriations

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, Tree Fund, Drain Fund, Green Space Fund, numerous Debt Funds, Fire Capital Fund, Pathway Construction Fund, Capital Improvement Fund, Water & Sewer Operating Fund, Water & Sewer Capital Fund, Facilities Fund, MIS Fund, Fleet Fund, Insurance Fund, Local Development Finance Authority Fund, SmartZone Fund, RARA and OPC.

BACKGROUND:

In accordance with the State's Uniform Budgeting and Accounting Act and City Charter Section 3.7, the Fiscal Office has gathered proposed budget amendments for the current 2008 budget. These 4th quarter budget amendments reflect the current revenues and departments' requested expenditures by line-item, estimated through the end of the fiscal year. The amendments reflect changes based on operating budget information along with capital project cost estimations based on projected progress at year-end.

In summary, the administration is very pleased to report a (net) total decrease of \$8,177,860 (\$7,990,070 when excluding fund balance) is proposed in the 4th quarter amendments. The **General Fund** is estimated to contribute nearly \$780,000 into fund balance; this is mostly due to increased revenue from revised Cable Franchising revenues, State Shared Revenue and Interest revenue estimates and personnel expenditure savings. The **Major Road Fund** is proposed to decrease \$2,443,910 mostly due to the carry over of capital projects to FY2009. The **Local Street Fund** is proposed to decrease (net) \$52,410 due to less forestry work performed and the carry over to FY2009 for some contracted catch basin cleaning and the sidewalk replacement program. The **Fire Operating Fund** is proposed to increase \$146,400 due to the increase in transfers out to the Fire Capital Fund based on increased EMS revenues and \$179,790 savings in operating line-items. The **Special Police Fund** is proposed to increase \$4,600 (and utilizing \$28,710 which was being contributed to fund balance) due to the recognition of the CERT grant along with accruing additional workdays for the Sheriffs contract in FY2008. The **Drain Fund** is proposed to decrease \$449,740 mostly due to the reduced costs for the East Ferry Drain construction and carry over of the contracted catch basin cleaning to FY2009. The **Green Space Fund** is proposed to increase \$157,220, and will no longer be contributing \$1,067,780 to fund balance, as a property purchase will occur in FY2008. Eight of the **Debt Service Funds** are proposed for amendment mostly due to the need to utilize fund balance based on interest earning shortfalls in some funds and an increase in tax revenues generated in other funds. The **Fire Capital Fund** is proposed to decrease \$280,000 due to the carry over of two ambulances to FY2009. The **Pathway Construction Fund** is proposed to decrease \$783,900 mostly due to the carry over of numerous capital projects to FY2009. The **Water & Sewer Fund** is proposed to decrease \$1,239,060 due to a decrease in water and sewage disposal costs (based on the reduced units sold)

along with a decrease in personnel costs. The **Facilities Fund** is proposed to decrease \$85,000 due to a reduction in maintenance and electrical costs. The **MIS Fund** is proposed to decrease \$311,680 due to operating cost reductions, lower depreciation expense, the carry over of Asset Management costs, reduced costs for Office Suite update and financial system enhancements. The **Fleet Fund** is proposed to decrease \$213,770 mostly due to reduced depreciation expense, the carry over of a tractor purchase to FY2009 and reduced cost of the Industrial Scrubber equipment. The **Insurance Fund** is proposed to increase \$194,860 due to the net effect of recognizing a \$244,860 contribution to fund balance and an estimated \$50,000 reduction for the self-insurance retention fund contribution. The **L DFA Fund** is proposed to decrease \$435,000 mostly due to the carry over of capital projects (Technology Park and IT Infrastructure) to FY2009 and the transfer of the concrete slab replacement program to the Major Road Fund.

See enclosed Summary Schedules and Detail Schedule.

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. 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 session and authorized in the City Council’s appropriation act for the 2nd quarter and 3rd quarter budget amendments. 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. The list of *adjustments* is enclosed.

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, Tree Fund, Drain Fund, Green Space Fund, numerous Debt Funds, Fire Capital Fund, Pathway Construction Fund, Capital Improvement Fund, Water & Sewer Operating Fund, Water & Sewer Capital Fund, Facilities Fund, MIS Fund, Fleet Fund, Insurance Fund, Local Development Finance Authority Fund, SmartZone Fund, RARA and OPC.

Attachments:

City - Funds Summary Schedule

City – Funds Summary (by operating and capital) Expenditure Schedule

Schedule - proposed budget *amendments* detailed by line-item

Schedule - detailed budget *adjustments* (in addition to reclassifications)

Schedule – RARA proposed budget *amendments* detailed by line-item

Schedule – OPC proposed budget *amendments* detailed by line-item

Public Hearing Notice

Resolution

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

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

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