



Rochester Hills Minutes Financial Services Committee

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Donald Atkinson, Bryan Barnett, John Dalton, Kurt Dawson, Rajeev Gudipati, Melinda Hill, Julie Jenuwine, Lang Liu, Lee Zendel

Thursday, August 19, 2004

5:00 PM

1000 Rochester Hills Drive

CALL TO ORDER

Chairperson Melinda Hill called the Financial Services Committee meeting to order at 5:10 p.m.

ROLL CALL

Present: Melinda Hill, Bryan Barnett, John Dalton, Donald Atkinson and Lee Zendel

Non-Voting Members Present: Julie Jenuwine

Non-Voting Members Absent: Kurt Dawson, Rajeev Gudipati and Lang Lui

Others Present: None

APPROVAL OF MINUTES

2004-0649 Regular Meeting - April 29, 2004

Attachments: 042904 FS Draft Minutes.pdf; Resolution.pdf

A motion was made by Zendel, seconded by Barnett, that this matter be Approved.

Resolved that the Financial Services Committee hereby approves the Minutes of the Regular Meeting of April 29, 2004 as presented.

The motion carried by the following vote:

Aye: Hill, Barnett, Dalton, Atkinson and Zendel

2004-0674 Regular Meeting - June 24, 2004

Attachments: 062404 FS Draft Minutes.pdf; Resolution.pdf

Minutes were set over to research corrections.

Postponed

COMMUNICATIONS

None Presented

UNFINISHED BUSINESS

2004-0543 Proposed Budget - 2005

Julie Jenuwine, Interim Finance Director, discussed 2005 Proposed Budget handout

noting the following.

- * The 2005 Proposed Budget document for the City of Rochester Hills was submitted to City Council on August 4, 2004.
- * This year's budget plan proposes over \$111 million in revenues and expenses.
- * Capital Improvements total \$31 million of the proposed plan, including over \$20 million in the Water & Sewer Department.
- * Proposed W&S projects include the construction of a new DPS Facility (FA-04); installation of water and sewer lines in Section(SS-10 & WS-11); and along Harding Road (SS-17 * WS-21).
- * The Major Road Fund's proposed capital projects total over \$4.2 million including construction work along Crooks Road from South Blvd to M-59 (MR-01B&C); Tienken Road and Bridge Rehabilitation (MR-06A); and Powderhorn Ridge Reconstruction (MR-44).
- * Proposed Drain projects total \$4.4 million and include work on the Rewold Drain (SW-05A&B); Stoney Creek Drain (SW-04); and O'Malley Drain (SW-06).
- * The Capital Improvement Fund also proposes nearly \$850,000 of capital improvements, many of which focus on a variety Park improvements included in the Capital Improvement Plan (CIP).
- * No Capital Improvements were proposed for the Local Roads, since a dedicated funding source has not yet been identified.
- * Service Charges are the largest proposed single source of revenue for the City at over \$29 million (\$22 million in W&S alone).
- * City Taxes is the second largest source at nearly \$28 million.
- * It is proposed for the City to issue \$19 million in bonds in 2004 to fund capital improvements:
 - * \$3.8 million in Major Roads
 - * \$3.6 million in Drains
 - * \$11.5 million in the Water and Sewer Fund
- * With the exception of the Water and Sewer Fund, very little is being drawn out of fund balance retained earnings to balance the 2005 proposed budget.
- * The General Fund has estimated proposed expenses over revenues of \$177,850 and Debt Service Funds plan to draw down fund balances by \$250,810.
- * Water and Sewer is proposed to draw \$10.3 million additional dollars from retained earnings.

Discussed

NEW BUSINESS

2004-0681 GFOA Budget Award

Attachments: August 2004 GFOA info.pdf

Julie Jenuwine, Interim Finance Director, reported that the City of Rochester Hills has been awarded the Distinguished Budget Presentation Award for the current fiscal year.

She noted the Government Finance Officers Association's (GFOA) review indicated that the City's budget document failed to satisfy the criteria:

Financial Plan Criterion #2

Financial Plan Criterion #3

However, this deficiency will not disqualify the budget document from receiving the award this year.

The award is valid for (1) one year.

For continued participation within the program, the following must be met:

Next annual budget document must be submitted to GFOA within (90) ninety days of the budget's final adoption.

Closed

2004-0684 Budget vs. Actuals Review - 2004

Ms. Jenuwine presented and discussed July 2004 Year-to-Date Variance Report for all major operating funds' budgets handout Noting the following.

MAJOR OPERATING FUNDS SUMMARY

* General Fund - Legal, Planning and Parks expenditures are the only General Fund departments "off pace" of budget. Total General Fund expenditures are at sixty-eight (68) percent, due to the quarterly transfers that are performed in the first month of each quarter. Revenues are "on pace" in most categories to exceed budget. The City has received forty-three (43%) percent of its budgeted State Shared Revenues. A budget amendment will be performed in the 4th quarter, when final revenue estimates are easier to project.

* Major Road Fund - Has only expended thirty-two (32%) percent due to the low expenditures for capital improvements. Winter Maintenance department has expended seventy-nine (79%) percent due to its seasonal nature. Revenues are behind budget due to the Tri-party revenues budgeted which will likely be amended in the 4th quarter.

- * Local Road Fund - Has expended fifty-eight (58%) percent due to the transfers-out bringing up that percentage, as the transfers for the entire quarter are performed in July. Revenues are behind due to slower interest earnings and license revenues.
- * Fire Fund - Has expended sixty-five (65%) percent due to Administration, Paid- on-call, and Dispatch departments "on pace" to go slightly over, but part of this is due to the transfers for the entire quarter are made in July. A bottom-line budget amendment may be necessary in the 4th quarter. Revenues are ahead of budget due to EMS charges.
- * Police Fund - Has expended fifty-three (53%) percent of its budget. Revenues are on track due to the early receipt of tax revenue and the 3rd quarter transfer-in performed in July.
- * Bike Path - Has expended seventy-three (73%) percent mostly due to increased employee activity related to maintenance of the pathway, and should increase at a slower pace for the balance of the year, unless there are early snowfalls in December.
- * Drain Improvement Fund - Has expended five (5%) percent of expenditures year-to-date. Revenues appear to be poor based on the bond revenue that is not likely to occur.
- * Water and Sewer Fund - Has expended twenty-four (24%) percent of expenditures budgeted. This is very low due to delayed capital expenses and the lag in the billing from Detroit for the water and sewer. Revenues are at seventy-nine (79%) percent remaining to be collected, this is due to the sale of fixed assets not occurring, the lag for water and sewer commodity revenues, and fund balance-to-balance not being journaled until the end of the year.
- * Facilities - Has expended fifty-eight (58%) percent of its budget. This can be misleading, as the entire quarter of depreciation is booked in July. Revenues are at twenty-seven (27%) percent remaining.
- * MIS - Has expended forty-seven (47%) percent of its budget. Revenues are at forty-eight (48%) percent remaining, as fund balance-to-balance account entry is not performed until the end of the year.
- * Fleet - Has expended fifty-three (53%) percent. Revenues are at fifty-three (53%) percent remaining, as fund balance-to-balance entry is not performed until the end of the year.
- * Ms. Jenuwine will meet with each Director during the month of September, after the close of August financial period, to review their applicable variance reports in detail.
- * Variance report does not reflect the proposed 3rd quarter budget amendments.

2004-0688 Third Quarter Budget Amendments - 2004

Attachments: Agenda Summary.pdf; 3rd Qtr budget amendments.pdf; Public Notice.pdf; 0688 Resolution.pdf

Julie Jenuwine received the amendments to the following:

General Fund
Major Roads Fund
Fire Fund
Police Fund
Pathway Maintenance Fund
Tree Fund
Drain Fund
Drain Debt Fund
Refunding Bond Series 1998 Fund
Refunding Bond Series 2002 Fund
Fire Capital Fund
Pathway Construction Fund
Water and Sewer Fund
Building and Grounds Fund
Fleet Fund

Discussed

Enactment No: RES0327-2004

ANY OTHER BUSINESS

None Presented

NEXT MEETING DATE

September 16, 2004

ADJOURNMENT

There being no further business to discuss, Chairperson Melinda Hill adjourned the meeting at 5:38 p.m.

Minutes prepared by Sue Busam.

Minutes were approved as presented at the January 13, 2005, Regular Financial Services Committee Meeting.