
CITY OF ROCHESTER HILLS

**Fiscal
Team**

Julie Jenuwine, Fiscal

DATE: August 25, 2004

TO: Council Members & Residents

RE: 2005 Proposed Budget Answers II

This memo is in response to two questions (page 4 of August 18, 2005 Proposed Budget Q & A memo) of Council Member Hill, which I answered assuming the General Fund was in question, yet it was the Fire Fund (the adobe file did not delivery headings).

- Q:** Why has Council's policy on transferring excess funds to the Capital Equipment fund changed?
- A:** The policy has not changed. The 3% additional fund balance left in the Fire Operating Fund is explained below.
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Q: Why is fund balance greater than 20% of operating expenses?

A: The 2005 proposed budget leaves about 23% of operating expenditures as fund balance as opposed to precisely 20%. A transfer was not proposed due to the potential budget amendment that will be required in 2005, which will take from fund balance, for wages and benefits should the expired (expires 12/31/04) Firefighter union contract be ratified (should there be an increase in wages). As indicated in the Budget Plan document and the Mayor's Budget Letter, the 2005 wage figures have the Firefighters and Local 2491 personnel budgeted at 2004 rates, due to unsettled/unknown rates at this time. Should council wish to keep precisely 20%, the proposed budget can be changed.

Should there be additional concerns or need for clarification, please do not hesitate to contact me.