



CITY of NOVI CITY COUNCIL

Agenda Item 1
October 14, 2013

SUBJECT: Approval of resolution to authorize Budget Amendment #2014-1

SUBMITTING DEPARTMENT: Finance *W*

CITY MANAGER APPROVAL: *[Signature]*

BACKGROUND INFORMATION:

The 1st quarter budget amendment, traditionally, includes the rollover items from the previous fiscal year that were unable to be completed. The City's annual budget is adopted by the third Monday in May each year and is effective July 1st each year. Budget amendments are prepared quarterly, or when an appropriation is required for a specific category. The budget is adopted at a category level (vs. line item). The first quarter rollovers and budget amendments are in line with the projected 2012-13 revenues and expenditures (and projected fund balance) brought before City Council as part of the 2013-14 budget approval process. Additional expenditures are financed by uncommitted dollars not already included in the anticipated 7/1/13 beginning Fund Balance.

GENERAL FUND AND SPECIAL REVENUE FUNDS

By way of overview and background, the City has a diverse array of funding mechanisms to support its board responsibilities:

Fund	Unaudited FY 13 Ending Fund Balance	Fiscal Year 2014 Adopted Budget		Projected Fund Balance prior to Budget Amendment #2014-1
		Revenues	Expenditures	
General Fund	\$ 8,814,423	\$ 29,217,048	\$ (29,878,687)	\$ 8,152,784
Major Street	1,689,075	2,455,900	(3,186,890)	958,085
Local Street	1,878,596	3,868,250	(4,039,580)	1,707,266
Municipal Street	2,410,120	4,632,380	(4,294,863)	2,747,637
Public Safety	3,711,468	4,193,000	(5,300,000)	2,604,468
Parks and Rec	1,269,708	2,685,064	(2,792,298)	1,162,474
Tree	1,485,961	87,650	(87,650)	1,485,961
Drain	4,004,871	349,000	(724,400)	3,629,471
Drain Perpetual Maint	6,169,585	65,000	-	6,234,585
Special Assessment Revolving	3,721,329	10,000	-	3,731,329
Judgment Trust	-	-	-	-
Contributions and Donations	240,470	200	-	240,670
Forfeiture	341,404	31,500	(271,810)	101,094
Library	2,113,292	2,493,600	(2,974,700)	1,632,192
Walker Library	1,552,289	-	-	1,552,289
	\$ 39,402,591	\$ 50,088,592	\$ (53,550,878)	\$ 35,940,305

The most substantial rollovers and new budget amendments are noted below:

General Fund

General Fund rollovers and budget amendments in total are \$1,138,718. Of this amount, \$1,088,425 relates to rollovers of encumbrances, (obligated, but not yet expended) from fiscal year 2012-2013. Significant rollovers relate to the acquisition of a new apparatus in the fire department, DPS HVAC and fuel canopy work, and the purchase of two new dump trucks in the DPW department. First quarter new budget amendment request cover, primarily, the long-term DPS/Public Safety facility needs assessment (\$18,822) and Villa Barr property acquisition (\$17,449).

Unaudited Beginning General Fund, Fund Balance July 1, 2013		\$ 8,814,423
2013-14 Adopted Budget :		
Revenue	29,217,048	
Expenditures	(29,878,687)	\$ (661,639)
2014-1 Rollover budget amendment	(1,088,425)	
2014-1 First Quarter budget amendment	(50,293)	(1,138,718)
Expenditures after rollover and budget amendment	(31,017,405)	
Projected Fund Balance, June 30, 2014		\$ 7,014,066
Projected Fund Balance as a % of budgeted expenditures		22.6%

Special Revenue Funds

Major Street Fund

Major Street Fund rollover and other budget amendments items total \$605,145, of which, \$527,385 relate to rollover requests from prior year projects. The significant rollover projects include construction of a traffic signal at Novi Road and Old Novi and the 2013 Capital Preventative Maintenance program. The first quarter budget amendment requests is to increase the monthly engineering allocation from the General Fund based on and increase in time worked by City Engineers on projects related to Major Streets.

Local Street Fund

Local Street Fund rollover and budget amendment requests amount to \$1,431,015. Of this request, \$1,167,842 pertains to the rollover of Neighborhood Roads 2013 construction. Another \$94,771 has been requested as a budget amendment for Neighborhood Roads 2013 engineering and routine maintenance.

Municipal Street Fund

The Municipal Street Fund rollover and budget amendments total \$1,405,902, of which \$1,183,831 has been requested as a rollover of construction and engineering expenditures on various projects. The majority of the budget amendment request is related to the ITC Corridor project of \$102,000 and \$50,432 for the M-5/I-275 Trail Connector.

Parks & Recreation Fund

Parks Fund rollover and budget amendment requests equate to \$774,168, of which \$742,088 apply to rollovers. The most significant rollover is for \$605,964 for the Pavilion Shore Park. The Park first quarter budget amendments total \$32,080 of which \$30,882 is for the SOMOCO land purchase.

Tree Fund

The Tree Fund has requested a rollover of \$56,390 for its spring tree planning contract.

Drain Fund

The Drain Fund rollover request equates to \$552,693. The most significant rollovers are for the soon to be awarded contract for the Monroe Creek culvert repairs and for storm sewer maintenance.

Forfeiture Fund

The forfeiture fund rollover request is \$4,165 for a new vehicle install and a budget amendment for \$6,500 for forcible entry tools.

RECOMMENDED ACTION:

Approval of resolution to authorize Budget Amendment #2014-1

	1	2	Y	N
Mayor Gatt				
Mayor Pro Tem Staudt				
Council Member Casey				
Council Member Fischer				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Wrobel				

Summary of General Fund – Fund Balance (unaudited):

A summary of the General Fund Financial Highlights for the prior Fiscal Year 2012/13 that ended on June 30, 2013 are as follows:

General Fund - Unaudited Year Ended June 30, 2013					
	Original Budget	Amended Budget	Actual as of 10/5/13	Variance w/ Amended Budget	% of Budget Used
Revenues	\$ 28,601,171	\$ 29,778,774	\$ 29,331,508	\$ (447,266)	98%
Expenditures	29,786,566	32,413,940	30,081,686	(2,332,254)	93%
Net Change in Fund Balance	(1,185,395)	(2,635,166)	(750,178)	(1,884,988)	
Fund Balance - beginning 7/1/12	9,564,600	9,564,600	9,564,600		
Fund balance - ending 6/30/13	8,379,205	6,929,434	8,814,422		
Fund balance as a % of actual expenditures			29.3%		

The formal CAFR for the fiscal year ended June 30, 2013 will be presented at the first meeting in December.

Revenues: In total, **revenues were less than amended budget estimates for the year by \$447,266 or 1.5%**, primarily a result of the following:

- o Unrealized loss on investments was lower than expected by \$403,199. **GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools**, requires Governmental entities to report investments at fair value. All investment income, including changes in the fair value of investments, should be reported as revenue in the operating statement. You may recall that last year we reported an increase in investment revenue as a result of recording the investments at the fair market value; however, in fiscal year 2012-2013, this resulted in an unrealized loss on investments.
- o Property tax revenue fell short of budget by \$311,792 due to several significant MTT case settlements (i.e. Erickson Fox Run). The offset, at least partially, is that the reserve for taxable value (TV) loss is reduced due to a lower loss potential.
- o Cable television fees outperformed estimates by \$291,272 due to recording an extra quarter of revenue in fiscal year 2013. In the prior year, the fourth quarter revenue had not been accrued. GASB rules would state that revenues should be recognized when they are available and measurable. Revenues related to the prior year received within 60 days after year end are typically considered available and measurable and therefore recorded as revenue.

Expenditures: Actual expenditures as of June 30, 2013 were **under budget by \$2,332,254 or 7.6%**. This is a result of \$1,088,425 of which a majority are capital outlay projects that will be requested to be rolled over into FY 2013-14. The remaining noncapital expenditures were under budget by **\$1,243,829 or 4.1%** of actual, unaudited, expenditures. Many of the individual General Fund departments of the City had savings; however, the savings cannot be attributed to any one particular line item or category of spending.

RESOLUTION FOR BUDGET AMENDMENT# 2014-1

NOW, THEREFORE BE IT RESOLVED that the following Budget Amendment# 2014-1 is authorized:

	GENERAL FUND	<u>INCREASE (DECREASE)</u>
APPROPRIATIONS		
FACILITY OPERATIONS		
Other Services and Charges		\$ 14,000
Capital Outlay		38,718
FINANCE		
Personal Services		(83,000)
Other Services and Charges		83,000
HUMAN RESOURCES		
Other Services and Charges		4,700
GENERAL ADMINISTRATION		
Personal Services		1,922
Capital Outlay		41,765
PUBLIC SAFETY		
Supplies		12,708
Other Services and Charges		18,822
Capital Outlay		537,120
DEPARTMENT OF PUBLIC SERVICES		
Other Services and Charges		26,326
Capital Outlay		383,642
COMMUNITY DEVELOPMENT		
Other Services and Charges		18,000
PLANNING COMMISSION		
Other Services and Charges		40,995
		<u><u>\$ 1,138,718</u></u>
 MAJOR STREET FUND		
APPROPRIATIONS		
Construction		\$ 482,343
Maintenance		108,959
Traffic Services		13,843
		<u><u>\$ 605,145</u></u>
 LOCAL STREET FUND		
APPROPRIATIONS		
Construction		\$ 1,267,013
Routine Maintenance		117,209
Traffic Services		46,793
		<u><u>\$ 1,431,015</u></u>
 MUNICIPAL STREET		
APPROPRIATIONS		
Construction		\$ 1,203,190
Routine Maintenance		78,632
Winter Maintenance (County roads)		122,124
Capital Outlay		1,956
		<u><u>\$ 1,405,902</u></u>

RESOLUTION FOR BUDGET AMENDMENT# 2014-1 (continued)

		INCREASE (DECREASE)
	PARKS, RECREATION & CULTURAL SERVICES	
REVENUE		
Recreation Programs		\$ 1,000
		<u>\$ 1,000</u>
APPROPRIATIONS		
Capital Outlay		\$ 773,168
		<u>\$ 773,168</u>
	TREE FUND	
APPROPRIATIONS		
Capital Outlay		\$ 56,390
		<u>\$ 56,390</u>
	DRAIN FUND	
APPROPRIATIONS		
Construction		\$ 288,204
Maintenance		264,489
		<u>\$ 552,693</u>
	FORFEITURE FUNDS	
APPROPRIATIONS		
Capital Outlay		\$ 10,665
		<u>\$ 10,665</u>

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi at a regular meeting held on September 14, 2013

**Cortney Hanson
Deputy City Clerk**

City of Novi - 1st Quarter Budget Amendment Detail - October 7, 2013

Acct#	GL Name	Amount	Notes
101.301.00.971.100	Land improvements	\$ 58,810	Police parking lot improvement-replacement
101.301.00.971.100	Land improvements	\$ 7,400	Police parking lot improvement-replacement
101.301.00.976.000	Building improvements	\$ (58,810)	Police parking lot improvement-replacement - moving to correct account
101.299.00.971.000	Land acquisition	\$ 17,449	Barr property
101.301.00.741.500	Ammunition	\$ 1,400	Rollover
101.301.00.741.500	Ammunition	\$ 11,308	Rollover
101.337.00.979.000	Fire equipment	\$ 519,432	Rollover - New Apparatus
101.337.00.979.000	Fire equipment	\$ 10,288	Rollover - new equipment to accompany new fire apparatus
101.442.00.976.000	Building improvements	\$ 142,679	Rollover - HVAC work, Fuel Canopy
101.371.00.802.000	Data processing	\$ 13,259	Rollover - Tablets for Building Inspectors to support new inspection software
101.371.00.802.000	Data processing	\$ 4,741	Rollover - vehicle mounts for tablets
101.442.10.805.000	Engineering consulting	\$ 26,326	Rollover - Engineering Consultant, ADA, 2013 Chip Seal
101.299.00.971.000	Villa Barr Art Park Property	\$ 24,316	Rollover - Property Acquisition and Improvements
101.299.00.718.501	Retiree health care benefits - additional	\$ 1,922	Initial budget was understated
101.442.20.984.000	Heavy Equipment	\$ 240,963	Rollover- Two new dump trucks
101.807.00.823.100	Carlisle Wortman Town Center Study	\$ 40,995	Rollover
101.265.00.986.000	CS100 Version Upgrade and Call Upgrade	\$ 14,448	Rollover
101.265.00.976.000	Server room sprinkler system	\$ 12,580	Rollover
101.265.00.934.000	Atrium window replacement	\$ 14,000	Rollover
101.265.00.986.000	Cellular wireless cameras	\$ 11,690	Rollover
101.337.000.816.000	Professional services	\$ 3,813	Long term DPS/Public Safety Facility Needs Assessment
101.301.00.816.000	Professional services	\$ 15,009	Long term DPS/Public Safety Facility Needs Assessment
101.270.00.802.000	Data processing	\$ 4,700	HR scanning and imaging tool
101.201.00.704.000	Permanent Salaries	\$ (83,000)	Savings from vacant positions
101.201.00.816.000	Professional services	\$ 83,000	Senior Accountant Consultant Contract
		<u>\$ 1,138,718</u>	
202.202.00.805.001	Engineering (City Services)	\$ 77,760	Increase monthly Engineering allocation
202.202.00.805.459	Engineering West Oak Dr	\$ 1,230	Rollover
202.202.00.805.667	Eng Nine Mile Rehab	\$ 41,000	Rollover
202.202.00.865.115	Construction Novi/Old Novi	\$ 281,170	Rollover
202.202.00.865.458	Construction Fountain Walk Dr	\$ 34,668	Rollover
202.202.00.865.459	Construction West Oaks Dr	\$ 15,710	Rollover
202.202.00.865.654	Construction - Nine Mile	\$ 30,805	Rollover
202.202.00.866.500	Capital Preventative Maintenance	\$ 108,959	Rollover
202.202.00.867.100	Traffic control sign replacement	\$ 13,843	Rollover
		<u>\$ 605,145</u>	
203.203.00.805.433	Engineering - Neighborhood Rds 2013	\$ 94,771	Additional Engineering for Expanded Neighborhood Road program
203.203.00.865.432	Construction - Neighborhood Rds 2013	\$ 1,167,842	Rollover
203.203.00.865.565	Construction-S Karevich (old Sheraton)	\$ 4,400	Rollover
203.203.00.866.010	Routine maint-contract joint-crack seal	\$ 30,345	Rollover
203.203.00.866.020	Routine maint-contract-spray patch	\$ 41,040	Rollover
203.203.00.866.500	Capital Preventive Maintenance Program	\$ 45,824	Rollover
203.203.00.867.000	Traffic services	\$ 22,656	Rollover
203.203.00.867.100	Traffic control sign replacement program	\$ 24,137	Rollover
		<u>\$ 1,431,015</u>	
204.204.00.805.003	ADA Compliance Plan	\$ 65,208	Rollover
204.204.00.805.261	Engineering SW Quadrant Ring Rd	\$ 49,250	Rollover
204.204.00.805.619	Engineering-12 Mile Rd Beck to Dixon	\$ 75,000	Rollover
204.204.00.805.626	Eng Jo Drive Rehabilitation	\$ 29,639	Jo Drive engineering
204.204.00.862.616	Easements etc-Novoi Rd-10 to GR	\$ 113,380	Rollover
204.204.00.863.501	Grand River & Meadowbrook Signal	\$ 100,000	Rollover
204.204.00.863.502	Meadowbrook & Nine Mile Signal Upgrade	\$ 12,815	Rollover
204.204.00.863.505	Eng-Traff Sig Imp (Meadowbrook @ 8Mi)	\$ 8,899	Rollover
204.204.00.865.616	Construction-Novoi Rd 10 MI-GR	\$ 67,196	Rollover
204.204.00.865.899	Construction-MDOT projects-local share	\$ 23,384	Rollover
204.204.00.866.000	Routine maintenance	\$ 19,942	Rollover
204.204.00.866.011	Meadowbrook Bridge over Ingersol Creek	\$ 57,970	Rollover
204.204.00.867.200	Trailblazing sign - I96 Study	\$ 720	Rollover
204.204.00.868.500	Winter maintenance-county roads	\$ 122,124	Rollover
204.204.00.974.418	Sidewalk construction-Seg#145 10 MI	\$ 2,090	Rollover
204.204.00.974.421	Sidewalks-Seg# 83 9 Mile	\$ 600	Rollover
204.204.00.974.426	Sidewalks-Seg# 144- Meadowbrook GR to CH	\$ 15,297	Rollover
204.204.00.974.427	Sidewalk-Seg#36 Taft Rd - 11MI-GR	\$ 18,359	Rollover

City of Novi - 1st Quarter Budget Amendment Detail - October 7, 2013

Acct#	GL Name	Amount	Notes
204.204.00.974.428	Sidewalks M-5/I-275 Trail Connector	\$ 50,432	Engineering services - Metro Connector Pathway project
204.204.00.974.429	Neighborhood connector seg. 2-Brookfarm	\$ 21,079	Rollover
204.204.00.974.430	ITC Corridor - Beck Rd to Medilodge site	\$ 206,562	Rollover
204.204.00.974.430	ITC Corridor - Beck Rd to Medilodge site	\$ 102,000	Needed grading in order to secure easement
204.204.00.974.431	Segment #92 Novi Rd 9 Mi to 10 Mi west	\$ 202,000	Rollover
204.204.00.974.806	NC1 Pathway E Lake-Hickory Woods	\$ 1,956	Rollover
204.204.00.xxx.xxx	Brookfarm Park pedestrian bridge	\$ 40,000	Engineering costs
		<u>\$ 1,405,902</u>	
208.000.00.653.003	Youth softball/t-ball	\$ 1,000	Rollover
208.691.00.974.000	Park development-Fuerst estate	\$ 39,854	Rollover
208.691.00.974.085	Park development - entryway signs	\$ 2,360	Rollover
208.691.00.974.086	Pavilion shore park	\$ 605,964	Rollover
208.691.00.974.093	Power park baseball field repair	\$ 52,500	Rollover
208.691.00.974.102	11 Mile/Beck Field/Parking Development	\$ 25,000	Rollover
208.691.00.974.105	Greenway development phase 1	\$ 15,410	Rollover
208.691.00.974.300	Park acquisition and grant match	\$ 30,882	SOMOCO land purchase
208.691.00.983.000	Vehicles	\$ 1,198	Pick up truck - additional cost
		<u>\$ 774,168</u>	
209.000.00.972.100	Spring Tree Planting Contract	\$ 56,390	Additional Plantings added to contract
210.211.00.805.000	Engineering consulting-non construction	\$ 15,000	Rollover
210.211.00.805.000	Engineering consulting-non construction	\$ 26,000	Stormwater Master Plan Update
210.211.00.805.136	Engineering - Monroe Creek	\$ 27,500	Rollover
210.211.00.805.687	Eng-Leavenworth, Lexington Green, Thornton	\$ 28,252	Rollover
210.211.00.865.023	Civic Center Basin Improvements	\$ 14,820	Rollover
210.211.00.865.136	Monroe Creek culvert repairs	\$ 110,000	Rollover
210.211.00.865.687	Leavenworth, Lexington Green & Thornton	\$ 66,632	Rollover
210.211.00.869.510	Brookfarm Park Streambank Stabilization	\$ 29,375	Rollover
210.211.00.872.000	Storm sewer maintenance	\$ 230,433	Rollover
210.211.00.875.000	Detention basin maintenance	\$ 4,681	Rollover
		<u>\$ 552,693</u>	
266.266.00.935.100	Vehicle new -install	\$ 4,165	Rollover
266.266.00.982.250	Miscellaneous Equipment - Local Forfeiture	\$ 6,500	Forcible entry tools
		<u>\$ 10,665</u>	