



CITY of NOVI CITY COUNCIL

Agenda Item 2
April 20, 2015

SUBJECT: Approval of resolution to authorize Budget Amendment # 2015-3.

SUBMITTING DEPARTMENT: Finance

CITY MANAGER APPROVAL: *JA*

BACKGROUND INFORMATION:

The City's annual budget is adopted by the third Monday in May each year and is effective July 1st each year. The budget is adopted at a category level (vs. line item). In accordance with the State Budget Act, budget amendments are completed throughout the fiscal year in order to reflect the most current information available related to revenue and expenditure budgets. The proposed amendments are based on actual and projected activity-to-date. Amendments between line-items within the same budget category are managed at the administration level. Only budget amendments that have a positive or negative impact on fund balance or are not within the same budget category are prepared quarterly for Council approval. Budget amendments are done on a quarterly basis as well as throughout the year as needed. The last quarterly budget amendment was approved on January 12, 2015; however, additional amendments have been approved at bi-weekly council meetings up to and through the last council meeting which was April 13, 2015.

The third quarter budget amendment is attached and it is also summarized below; fund balance summaries have been included for funds with minimum fund balance requirements.

GENERAL FUND

<u>GENERAL FUND</u>			
Projected Ending Fund Balance, June 30, 2014			\$ 7,376,366
	Favorable variance, including rollover items		1,827,082
	Restricted Fund Balance		286,569
Beginning Fund Balance, July 1, 2014			<u>\$ 9,490,017</u>
	Amended Revenue as of Council Meeting 04/13/2015	30,630,215	
2015-3	3rd QTR Budget Amendment	<u>30,000</u>	
	Amended Revenue as of Council Meeting 04/13/2015		30,660,215
	Amended Expenditures as of Council Meeting 04/13/2015	31,498,732	
2015-3	3rd QTR Budget Amendment	<u>30,000</u>	
	Amended Expenditures as of Council Meeting 04/13/2015		31,528,732
Revenues over (under) Expenditures			<u>\$ (868,517)</u>
Estimated Unrestricted Fund Balance, June 30, 2015			\$ 8,607,585
Estimated Restricted Fund Balance, June 30, 2015			\$ 13,915
Estimated Ending Fund Balance, June 30, 2015			<u>\$ 8,621,500</u>
Estimated Ending Fund Balance, June 30, 2015, as a % of budgeted expenditures :			27.3%

The proposed General Fund budget amendment request has no effect on fund balance for the fiscal year ending June 30, 2015. The amendment keeps fund balance within Council set limits. The following summarizes the proposed amendment for this fund:

- Decrease expenditure budgets for tax tribunal appraisals and legal fees within the Assessing Department in the amount of \$75,000 to reflect actual activity.
- Recognize expenditure budget needed for election workers in the amount of \$16,500 due to the State-wide special election called for May 5, 2015. The State reimburses the City for election workers.
- Increase temporary salaries budget by \$27,280 in the Facilities Department to reflect actual activity.
- Recognizing the revenue and expenditure budgets for Novi Youth Council in the amount of \$8,000. Previously the revenues and expenditures related to Novi Youth Council were netted in the expenditure account within the Neighborhood and Business Relations Department.
- Increase the police department unfunded pension expense budget by \$33,729 to reflect actual activity.
- Reallocation of line item budgets to fund the fire station# 2 lieutenant office project, upgrades to the fire station #4 training center and backup EOC project, and reclass funds from the Fire Department's budget of \$75,980 to DPS's budget (where the project is being managed) for the Fire Station # 3 parking lot project.
- Reallocation of funds of \$20,602 to the DPS building maintenance line item to fund needed building updates.
- Reallocation of unused budgets to purchase a new scanner/plotter for the DPS building in the amount of \$11,285 to replace the old one which requires repairs and is incompatible with Windows 7.
- Reallocate funds to purchase Executime in the amount of \$ 20,995 which is a Cloud hosted time, attendance, and scheduling software for police, fire, and department of municipal services.

MAJOR STREET FUND

<u>MAJOR STREET FUND</u>			
Projected Ending Fund Balance, June 30, 2014		\$	420,353
Favorable variance, including rollover items			176,149
Beginning Fund Balance, July 1, 2014		\$	596,502
2015-3	Amended Revenue as of Council Meeting 04/13/2015	3,011,900	
	3rd QTR Budget Amendment	250,000	
	Amended Revenue as of Council Meeting 04/13/2015		3,261,900
2015-3	Amended Expenditures as of Council Meeting 04/13/2015	3,002,533	
	3rd QTR Budget Amendment	250,000	
	Amended Expenditures as of Council Meeting 04/13/2015		3,252,533
Revenues over (under) Expenditures			9,367
Estimated Ending Fund Balance, June 30, 2015		\$	605,869
Estimated Ending Fund Balance, June 30, 2015, as a % of budgeted expenditures :			18.6%

The proposed Major Street Fund budget amendment has no effect on fund balance and keeps within Council set limits. The following summarizes the proposed amendment for this fund:

- Increase the engineering budget for the West Road repavement project from West Park Drive to the City. Also, increase the engineering budget for the 11 Mile Rd project from Town Center to Meadowbrook. Both projects have increases in project scopes. This increase of \$31,500 is offset by the capital preventative maintenance program which is under budget.
- Transfer in of \$250,000 from the Municipal Street Fund to help offset the additional funds needs for labor allocations and materials for winter maintenance.

LOCAL STREET FUND

<u>LOCAL STREET FUND</u>			
Projected Ending Fund Balance, June 30, 2014		\$	534,525
Favorable variance, including rollover items			379,845
Beginning Fund Balance, July 1, 2014		\$	914,370
	2015-3 Amended Revenue as of Council Meeting 04/13/2015	4,067,503	
	3rd QTR Budget Amendment	85,000	
	Amended Revenue as of Council Meeting 04/13/2015		4,152,503
	2015-3 Amended Expenditures as of Council Meeting 04/13/2015	4,414,156	
	3rd QTR Budget Amendment	85,000	
	Amended Expenditures as of Council Meeting 04/13/2015		4,499,156
Revenues over (under) Expenditures			(346,653)
Estimated Ending Fund Balance, June 30, 2015		\$	567,717
Estimated Ending Fund Balance, June 30, 2015, as a % of budgeted expenditures :			12.6%

The Local Street Fund amendment has no effect on fund balance and keeps within Council set limits. The following summarizes the proposed amendment for this fund:

- Transfer in of \$85,000 from the Municipal Street Fund to help offset the additional funds needed for the capital preventative maintenance program and materials for winter maintenance.

MUNICIPAL STREET FUND

<u>MUNICIPAL STREET FUND</u>			
Projected Ending Fund Balance, June 30, 2014		\$	728,680
Favorable variance, including rollover items			3,200,429
Beginning Fund Balance, July 1, 2014		\$	3,929,109
2015-3	Amended Revenue as of Council Meeting 04/13/2015	5,459,308	
	3rd QTR Budget Amendment	<u>124,059</u>	
	Amended Revenue as of Council Meeting 04/13/2015		5,583,367
2015-3	Amended Expenditures as of Council Meeting 04/13/2015	5,176,014	
	3rd QTR Budget Amendment	<u>417,359</u>	
	Amended Expenditures as of Council Meeting 04/13/2015		5,593,373
Revenues over (under) Expenditures			<u>(10,006)</u>
Estimated Ending Fund Balance, June 30, 2015		\$	<u>3,919,103</u>
Estimated Ending Fund Balance, June 30, 2015, as a % of budgeted expenditures :			70.1%

The proposed Municipal Street Fund budget amendment reduces fund balance by \$293,300, keeping within Council set limits, and includes the following:

- Transfer out of \$250,000 to the Major Street Fund to help fund labor allocations and materials for winter maintenance (see: Major Street Fund above).
- Transfer out of \$85,000 to Local Street Fund to help fund the capital preventative maintenance program and materials for winter maintenance (see: Local Street Fund above).
- Recognizes the revenue and expenditure budgets of \$ 107,359 for a federal safety grant from Oakland County and Road Commission for Oakland County to construction a dual left turn lane on eastbound Grand River at Beck Road to mitigate congestion and improve safety.

PARKS, RECREATION, & CULTURAL SERVICES FUND

<u>PARKS, RECREATION, & CULTURAL SERVICES FUND</u>			
Projected Ending Fund Balance, June 30, 2014			\$ 461,639
Favorable variance, including rollover items			<u>433,605</u>
Beginning Fund Balance, July 1, 2014			\$ 895,244
	Amended Revenue as of Council Meeting 04/13/2015	3,633,554	
2015-3	3rd QTR Budget Amendment	<u>1,123</u>	
	Amended Revenue as of Council Meeting 04/13/2015		3,634,677
	Amended Expenditures as of Council Meeting 04/13/2015	4,014,040	
2015-3	3rd QTR Budget Amendment	<u>12,599</u>	
	Amended Expenditures as of Council Meeting 04/13/2015		<u>4,026,639</u>
Revenues over (under) Expenditures			<u>(391,962)</u>
Estimated Ending Fund Balance, June 30, 2015			\$ <u><u>503,282</u></u>
Estimated Ending Fund Balance, June 30, 2015, as a % of budgeted expenditures :			12.5%

The proposed Parks, Recreation, & Cultural Services Fund budget amendment request decreases fund balance for the fiscal year ending June 30, 2015, by \$11,476 and includes the following:

- Capital expenditure budget increase to fund the front office and Cultural Arts office workspace redesign. This is necessary due to the fumes from the loading dock seeping into the Cultural Arts office this winter. This amendment includes purchase of modular workstations, relocation the cultural arts office to the Parks front office area and converting the existing cultural arts office into a copy/storage/work room.

Water and Sewer Fund

The proposed Water and Sewer Fund budget amendment request has no effect on fund balance for the fiscal year ending June 30, 2015. The amendment includes increasing the interest income revenue budget to reflect actual activity and to help offset the additional budget needed to fund the final phase of SAD 170 to complete Phase 3B, the pump station at Garfield and Eight Mile Rd.

RECOMMENDED ACTION:

Approval of resolution to authorize Budget Amendment #2015-3.

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

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

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2015-3 is authorized:

	INCREASE (DECREASE)
GENERAL FUND	
REVENUES	
Licenses, Permits, & Charges for Services	22,000
Other Revenue	8,000
TOTAL REVENUES	\$ 30,000
APPROPRIATIONS	
Finance Department	
Supplies	1,158
Other Services and Charges	(7,239)
Assessing Department	
Supplies	1,000
Other Services and Charges	(75,000)
City Clerk	
Other Services and Charges	19,500
Treasury Department	
Supplies	1,742
Other Services and Charges	(10,000)
Facility Operations	
Personnel Services	27,280
Supplies	(5,000)
Other Services and Charges	5,000
Neighborhood & Business Relations	
Other Services and Charges	8,000
Police Department	
Personnel Services	33,729
Supplies	12,000
Other Services and Charges	(2,000)
Capital Outlay	13,465
Fire Department	
Other Services and Charges	(43,700)
Capital Outlay	(28,515)

Department of Public Services - Admin	
Other Services and Charges	12,102
Capital Outlay	(2,102)
Department of Public Services - Engineering	
Personnel Services	10,000
Other Services and Charges	(12,835)
Capital Outlay	87,265
Department of Public Services - Field Operations	
Personnel Services	(10,000)
Supplies	(12,000)
Other Services and Charges	12,000
Capital Outlay	2,600
Department of Public Services - Fleet Asset	
Personnel Services	(10,000)
Other Services and Charges	1,550
TOTAL APPROPRIATIONS	\$ 30,000
Net Increase (Decrease) to Fund Balance	\$ -

MAJOR STREET FUND

REVENUES	
Transfers In	250,000
TOTAL REVENUES	\$ 250,000
APPROPRIATIONS	
Capital Outlay	31,500
Maintenance	218,500
TOTAL APPROPRIATIONS	\$ 250,000
Net Increase (Decrease) to Fund Balance	\$ -

LOCAL STREET FUND

REVENUES	
Transfers In	85,000
TOTAL REVENUES	\$ 85,000
APPROPRIATIONS	
Maintenance	85,000
TOTAL APPROPRIATIONS	\$ 85,000
Net Increase (Decrease) to Fund Balance	\$ -

MUNICIPAL STREET FUND

REVENUES

Licenses, Permits, & Charges for Services	16,700
Other Revenue	107,359
TOTAL REVENUES	\$ 124,059

APPROPRIATIONS

Capital Outlay	107,359
Maintenance	(25,000)
Transfers Out	335,000
TOTAL APPROPRIATIONS	\$ 417,359

Net Increase (Decrease) to Fund Balance	\$ (293,300)
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PARKS, RECREATION, & CULTURAL SERVICES FUND
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REVENUES

Property Tax Revenue	1,123
TOTAL REVENUES	\$ 1,123

APPROPRIATIONS

691 Supplies	(1,123)
691 Capital Outlay	13,722
TOTAL APPROPRIATIONS	\$ 12,599

Net Increase (Decrease) to Fund Balance	\$ (11,476)
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FORFEITURE FUND

APPROPRIATIONS

Other Services and Charges	10,000
Capital Outlay	(10,000)
TOTAL APPROPRIATIONS	\$ -

Net Increase (Decrease) to Fund Balance	\$ -
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LIBRARY FUND

APPROPRIATIONS

Capital Outlay	39,550
TOTAL APPROPRIATIONS	\$ 39,550

Net Increase (Decrease) to Fund Balance	\$ (39,550)
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Street Improvement Fund

REVENUES

Interest Income	(492)
TOTAL REVENUES	\$ (492)
Net Increase (Decrease) to Fund Balance	\$ (492)

WATER & SEWER FUND

REVENUES

Other Revenue	1,165
Interest Income	69,949
TOTAL REVENUES	\$ 71,114

APPROPRIATIONS

Personnel Services	10,000
Other Services & Charges	(10,000)
Capital Outlay	61,114
Debt Service	10,000
TOTAL APPROPRIATIONS	\$ 71,114

Net Increase (Decrease) to Fund Balance	\$ -
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Retiree Healthcare Fund

APPROPRIATIONS

Personnel Services	(3,000)
Other Services and Charges	3,000
TOTAL APPROPRIATIONS	\$ -

Net Increase (Decrease) to Fund Balance	\$ -
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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 April 20, 2015

Maryanne Cornelius
City Clerk

Budget Amendment# 2015-3 - April 20, 2015

<u>GL #</u>	<u>GL Description</u>	<u>Budget Category</u>	<u>Amt</u>
General Fund			
Revenues			
101-000.00-632.060	Police Contracted Services Revenue	Licenses, Permits, & Charges for Services	7,000
101-000.00-632.250	Police Department - Hosted Training	Licenses, Permits, & Charges for Services	15,000
101-000.00-653.295	Novi Youth Council	Other Revenue	8,000
			\$ 30,000
Expenditures			
101-201.00-727.000	Office Supplies	Supplies	1,158
101-201.00-803.000	Independent audit	Other Services and Charges	(7,900)
101-201.00-809.000	Memberships and dues	Other Services and Charges	661
101-209.00-740.209	Supplies - Assessment notice processing	Supplies	1,000
101-209.00-806.000	Legal Fees	Other Services and Charges	(40,000)
101-209.00-816.900	Tax Tribunal Appraisals	Other Services and Charges	(35,000)
101-215.00-722.000	Election Workers	Other Services and Charges	16,500
101-215.00-802.215	Data Processing - election systems	Other Services and Charges	3,000
101-253.00-727.000	Office Supplies	Supplies	1,742
101-253.00-802.100	Bank Service Charges	Other Services and Charges	(10,000)
101-265.00-705.000	Temporary Salaries	Personnel Services	27,280
101-265.00-740.000	Operating Supplies	Supplies	(5,000)
101-265.00-840.400	Township Hall Operating Costs	Other Services and Charges	5,000
101-295.00-882.500	Novi Youth Council	Other Services and Charges	8,000
101-301.00-718.010	Pension - DB unfunded accrued	Personnel Services	33,729
101-301.00-740.200	Desk, Chairs and file cabinets	Supplies	2,000
101-301.00-741.000	Uniforms	Supplies	10,000
101-301.00-861.000	Gasoline & oil	Other Services and Charges	(12,000)
101-301.00-957.250	Hosted Training	Other Services and Charges	10,000
101-301.00-986.000	Internal Technology - Capital	Capital Outlay	13,465
101-337.00-816.000	Professional Services	Other Services and Charges	(5,700)
101-337.00-850.000	Internal technology	Other Services and Charges	(15,000)
101-337.00-882.300	Paid-on-call recruitment	Other Services and Charges	(5,000)
101-337.00-934.000	Building Maintenance	Other Services and Charges	(3,000)
101-337.00-956.000	Conferences and training	Other Services and Charges	(15,000)
101-337.00-971.100	Land Improvements	Capital Outlay	(75,980)
101-337.00-976.000	Building Improvements	Capital Outlay	8,700
101-337.00-986.000	Internal Technology - Capital Outlay	Capital Outlay	35,000
101-337.00-986.000	Internal Technology - Capital	Capital Outlay	3,765
101-442.00-805.000	Engineering Consulting	Other Services and Charges	(18,500)
101-442.00-814.000	Contractual Services	Other Services and Charges	10,000
101-442.00-934.000	Building Maintenance	Other Services and Charges	20,602
101-442.00-976.000	Building Improvements	Capital Outlay	(2,102)
101-442.10-705.000	Temporary salaries	Personnel Services	10,000
101-442.10-805.000	Engineering Consulting	Other Services and Charges	(11,285)
101-442.10-861.000	Gasoline and Oil	Other Services and Charges	(1,550)
101-442.10-981.000	Capital - City Parking Lots	Capital Outlay	75,980
101-442.10-986.000	Internal Technology -Capital Outlay	Capital Outlay	11,285
101-442.20-705.000	Temporary Salaries	Personnel Services	(5,000)
101-442.20-706.000	Overtime	Personnel Services	(5,000)
101-442.20-740.000	Operating Supplies	Supplies	(12,000)
101-442.20-809.000	Memberships and dues	Other Services and Charges	2,000
101-442.20-868.337	Winter Maintenance/Fire	Other Services and Charges	(5,000)
101-442.20-941.301	Grounds Maintenance/Police	Other Services and Charges	15,000
101-442.20-986.000	Internal Technology - Capital	Capital Outlay	2,600
101-442.30-705.000	Temporary salaries	Personnel Services	(10,000)
101-442.30-861.000	Gasoline and Oil	Other Services and Charges	1,550
			\$ 30,000

<u>GL #</u>	<u>GL Description</u>	<u>Budget Category</u>	<u>Amt</u>
Major Street Fund			
Revenues			
202-000.00-676.204	Transfer from Municipal Street Fund	Transfer In	250,000
			<u>\$ 250,000</u>
Expenditures			
202-202.00-805.672	Engineering - 11 Mile (Town Center to Meadowbrook)	Capital Outlay	19,200
202-202.00-805.674	Engineering - West Rd Repave (West Park Dr to City)	Capital Outlay	12,300
202-202.00-866.060	Labor allocation	Maintenance	100,000
202-202.00-866.500	Capital Preventative Maintenance Program	Maintenance	(31,500)
202-202.07-868.000	Winter Maintenance - Materials	Maintenance	150,000
			<u>\$ 250,000</u>
Local Street Fund			
Revenues			
203-000.00-676.204	Transfer from Municipal Street Fund	Transfers In	85,000
			<u>\$ 85,000</u>
Expenditures			
203-203.00-866.500	Capital Preventative Maintenance Program	Maintenance	65,000
203-203.07-868.000	Winter Maintenance - Materials	Maintenance	20,000
			<u>\$ 85,000</u>
Municipal Street Fund			
Revenues			
204-000.00-491.000	Sidewalk Contribution in lieu of construction	Licenses, Permits, & Charges for Services	16,700
204-000.00-581.000	Contributions form local units	Other Revenue	107,359
			<u>\$ 124,059</u>
Expenditures			
204-000.00-965.202	Transfer out to Major Street Fund	Transfer Out	250,000
204-000.00-965.203	Transfer to Local Street Fund	Transfer Out	85,000
204-204.00-863.512	Construction - Grand River Dual Left at Beck	Capital Outlay	107,359
204-204.07-866.055	Equipment Usage	Maintenance	(25,000)
			<u>\$ 417,359</u>
Parks, Recreation, & Cultural Services Fund			
Revenues			
208-000.00-403.001	Property Tax Revenue - County Chargebacks	Property Tax Revenue	1,123
			<u>\$ 1,123</u>
Expenditures			
208-691.00-740.000	Office Supplies	Supplies	(1,123)
208-691.00-976.000	Building Improvements	Capital Outlay	2,246
208-691.00-976.019	Capital Outlay - Office Improvements	Capital Outlay	11,476
			<u>\$ 12,599</u>
Forfeiture Fund			
Expenditures			
266-266.00-935.100	Vehicle - New install (federal)	Other Services and Charges	10,000
266-266.00-983.000	Vehicles - Federal Forfeitures	Capital Outlay	(10,000)
			<u>\$ -</u>
Library Fund			
Expenditures			
268-000.00-962.000	Contingencies	Capital Outlay	24,550
268-000.00-976.000	Building Improvements	Capital Outlay	14,000
268-000.00-986.000	Internal technology - Capital	Capital Outlay	1,000
			<u>\$ 39,550</u>
Street Improvement Fund			
Revenues			
403-000.00-664.000	Interest on investments	Interest Income	(492)
			<u>\$ (492)</u>
Water and Sewer Fund			
Revenues			
592-000.00-664.000	Interest on Investments	Interest Income	69,949
592-000.00-665.000	Miscellaneous Income	Other Revenue	1,165
			<u>\$ 71,114</u>
Expenditures			
592-592.00-706.810	Overtime	Personnel Services	5,000
592-592.00-706.811	Overtime	Personnel Services	5,000
592-592.00-805.025	Vulnerability Assessment	Other Services and Charges	(10,000)
592-592.00-976.009	SAD170 Phase 3B Pump Station	Capital Outlay	59,949
592-592.00-986.000	Internal Technology - Capital	Capital Outlay	1,165
592-592.00-995.000	Interest Expense	Debt Service	10,000
			<u>\$ 71,114</u>
Retiree Health Care Fund			
Expenditures			
710-000.00-716.000	Insurance	Personnel Services	(3,000)
710-000.00-802.100	Bank Service Charges	Other Services and Charges	3,000
			<u>\$ -</u>