



CITY of NOVI CITY COUNCIL

Agenda Item 9
March 11, 2013

SUBJECT: Approval of resolution to authorize Budget Amendment #2013-4

SUBMITTING DEPARTMENT: Finance *NN*

CITY MANAGER APPROVAL: *[Signature]*

BACKGROUND INFORMATION:

The City's 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). Attached is the budget amendment for the third quarter which includes the following:

General Fund

- An increase in revenues is expected in two key areas; property tax revenue and state shared revenue. The most recent information provided by the Assessing Department projects the City's actual MTT settlements are estimated to be less than the projected liability in the prior year on several significant cases. In addition, the State has provided an update to its State Shared Revenue estimates from the beginning of the fiscal year.
- Expenditures from Treasury Department are due to the payout of compensated absences of the Deputy Treasurer's retirement.
- Expenditures from Assessing Department for increase in tax tribunal defense (primarily appraisals) cases in the current year.
- Expenditures from the Finance Department for finance director search and consulting for vacancies in the department.
- Expenditures from Public Safety associated with the United States Secret Service Southeastern Michigan Financial Crimes Task Force (offset with reimbursement revenue) and the parking lot improvement project.
- Expenditures from the Department of Public Services for Building Improvements related to the Garaventa-Genesis vertical shaftway wheelchair lift (elevator).

Major Street Fund

- Additional expenditures in the Major Street Fund requested by Department of Public Services for the engineering design of Nine Mile Road between Meadowbrook Road and Novi Road in anticipation of potential federal grand funds.

Local Street Fund

- Additional expenditures in the Local Street Fund requested from the Department of Public Services for the 2013 Neighborhood Road-Engineering project. This item will provide for the engineering function to pave the way for the upcoming construction season.

This budget amendment is needed to bring the budget in alignment with actual revenues and appropriations, including items that have been approved during the third quarter. In general, the actual revenue and expenditures for the fiscal year are tracking within budget. Necessary adjustments that departments have recognized in preparing mid-year estimates for FY 2012/13 are included in this budget amendment which is why this budget amendment is being presented before the end of the third quarter.

The Parks and Recreation Department is tracking the progress of the Pavilion Shore Project and the expenditures associated with it. In the fourth quarter, the department will present a request for a budget amendment for this project. The City Manager's Office and Finance Department are working on identifying the revenue source(s) expected to offset the additional expenditure(s). Furthermore, an accounting error is being addressed with how the grant was initially budgeted for.

RECOMMENDED ACTION:

Approval of resolution to authorize Budget Amendment #2013-4

| | 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 | | | | |

**BUDGET AMENDMENT# 2013-4
RESOLUTION**

NOW, THEREFORE BE IT RESOLVED that the following Budget Amendment# 2013-4 is authorized:

| | <u>INCREASE (DECREASE)</u> |
|---|--------------------------------|
| GENERAL FUND | |
| REVENUE | |
| Property tax revenue | 350,000 |
| Engineering review fees | 27,000 |
| Plan review fees | 120,000 |
| South Lyon Inspection Fees | 34,250 |
| Electrical permits | 22,100 |
| Heating permits | 49,200 |
| Court abatement revenue | (31,400) |
| Cable television fee | 60,000 |
| Cable franchise fees (restricted) | 25,000 |
| Police department-miscellaneous revenue | 37,100 |
| Police - firearms range lease revenue | (29,400) |
| Operating - SS Task Force | 21,630 |
| State revenue sharing | 117,848 |
| Federal forfeitures-reimbursement only | 25,000 |
| Miscellaneous income | (40,000) |
| Interest on investments | 30,000 |
| Unrealized gain (loss) on investments | (20,000) |
| Appropriation of Fund Balance | <u>(519,632)</u> |
| Total Revenues- General Fund | <u>\$ 278,696</u> |
| APPROPRIATIONS | |
| Finance Department | |
| Personnel services | - |
| Supplies | - |
| Other services and charges | 45,000 |
| Capital Outly | - |
| Assessing Department | |
| Personnel services | - |
| Supplies | - |
| Other services and charges | 169,500 |
| Capital Outly | - |
| Treasury Department | |
| Personnel services | 36,350 |
| Supplies | - |
| Other services and charges | - |
| Capital Outly | - |
| Police Department | |
| Personnel services | - |
| Supplies | 21,630 |
| Other services and charges | - |
| Capital Outly | 36,336 |
| Fire Department | |
| Personnel services | - |
| Supplies | - |
| Other services and charges | - |
| Capital Outly | (30,120) |
| Department of Public Services | |
| Personnel services | - |
| Supplies | - |
| Other services and charges | (6,850) |
| Capital Outly | 6,850 |
| Total Appropriations- General Fund | <u>\$ 278,696</u> |

**BUDGET AMENDMENT# 2013-4
RESOLUTION**

NOW, THEREFORE BE IT RESOLVED that the following Budget Amendment# 2013-4 is authorized:

| | <u>INCREASE (DECREASE)</u> |
|-----------------------------------|--------------------------------|
| MAJOR STREET FUND | |
| REVENUE | |
| Appropriation of Fund Balance | \$ 41,000 |
| Total Revenue - Major Street | <u>\$ 41,000</u> |
| APPROPRIATIONS | |
| Construction | \$ 41,000 |
| Total Appropriations-Major Street | <u>\$ 41,000</u> |
| LOCAL STREET FUND | |
| REVENUE | |
| Appropriation of Fund Balance | \$ 154,000 |
| Total Revenue -Local Street | <u>\$ 154,000</u> |
| APPROPRIATIONS | |
| Construction | \$ 154,000 |
| Total Appropriations-Local Street | <u>\$ 154,000</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 March 11, 2013

Maryanne Cornelius
City Clerk

General Fund Summary

| | | |
|--|---------------|----------------|
| Beginning Fund Balance July 1, 2011 | | \$ 11,417,075 |
| Actual 2011-12: | | |
| Revenue | \$ 26,307,264 | |
| Expenditures | (28,159,739) | \$ (1,852,475) |
| Fund Balance, June 30, 2012 | | \$ 9,564,600 |
| Rollover expenditure items included in budget amendment 2013-1 | | \$ 660,640 |

| | | |
|---|---------------|----------------|
| Beginning Fund Balance July 1, 2012 | | \$ 9,564,600 |
| Adopted 2012-13 Budget: | | |
| Revenue | \$ 28,601,171 | |
| Expenditures | (29,786,566) | \$ (1,185,395) |
| Projected Fund Balance prior to Budget Amendments | | \$ 8,379,205 |
| 2013-1 Rollover budget amendment | (660,640) | |
| 2013-1 First Quarter budget amendment | (1,080,670) | |
| 2013-2 Second Quarter budget amendment | (67,217) | |
| 2013-3 Second Quarter budget amendment | (53,270) | |
| 2013-4 Third Quarter budget amendment | 519,632 | (1,342,165) |
| Projected Fund Balance, June 30, 2013 | | \$ 7,037,040 |
| Projected Fund balance as a % of budgeted expenditures | | 22.03% |

Major Street Fund Summary

| | | |
|--|--------------------|---------------------|
| Beginning Fund Balance July 1, 2011 | | \$ 1,560,795 |
| Actual 2011-12: | | |
| Revenue | \$ 2,407,379 | |
| Expenditures | <u>(2,180,250)</u> | \$ 227,129 |
| Fund Balance, June 30, 2012 | | <u>\$ 1,787,924</u> |
| Rollover expenditure items included in budget amendment 2013-1 | | <u>\$ 1,092,270</u> |

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|---|--------------------|---------------------|
| Beginning Fund Balance July 1, 2012 | | \$ 1,787,924 |
| Adopted 2012-13 Budget: | | |
| Revenue | \$ 2,442,100 | |
| Expenditures | <u>(1,806,410)</u> | \$ 635,690 |
| Projected Fund Balance prior to Budget Amendment #2013-2 | | \$ 2,423,614 |
| 2013-1 Rollover budget amendment | (1,092,270) | |
| 2013-1 First Quarter budget amendment | - | |
| 2013-2 Second Quarter budget amendment | - | |
| 2013-3 Second Quarter budget amendment | (265,734) | |
| 2013-4 Third Quarter budget amendment | (41,000) | (1,399,004) |
| Projected Fund Balance, June 30, 2013 | | <u>\$ 1,024,610</u> |
| Projected Fund balance as a % of budgeted expenditures | | <u>31.96%</u> |

Local Street Fund Summary

| | | |
|--|--------------|--------------|
| Beginning Fund Balance July 1, 2011 | | \$ 1,694,825 |
| Actual 2011-12: | | |
| Revenue | \$ 2,334,232 | |
| Expenditures | (2,136,769) | \$ 197,463 |
| Fund Balance, June 30, 2012 | | \$ 1,892,288 |
| Rollover expenditure items included in budget amendment 2013-1 | | \$ 1,424,500 |

| | | |
|---|--------------|--------------|
| Beginning Fund Balance July 1, 2012 | | \$ 1,892,288 |
| Adopted 2012-13 Budget: | | |
| Revenue | \$ 2,774,050 | |
| Expenditures | (2,713,580) | \$ 60,470 |
| Projected Fund Balance prior to Budget Amendment #2013-2 | | \$ 1,952,758 |
| 2013-1 Rollover budget amendment | (1,424,500) | |
| 2013-1 First Quarter budget amendment | - | |
| 2013-2 Second Quarter budget amendment | - | |
| 2013-3 Second Quarter budget amendment | - | |
| 2013-4 Third Quarter budget amendment | (154,000) | (1,578,500) |
| Projected Fund Balance, June 30, 2013 | | \$ 374,258 |
| Projected Fund balance as a % of budgeted expenditures | | 8.72% |