



CITY of NOVI CITY COUNCIL

**Agenda Item 4
May 12, 2014**

SUBJECT: Approval of resolution to authorize Budget Amendment #2014-3

SUBMITTING DEPARTMENT: Finance

CITY MANAGER APPROVAL: 

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. As of this third quarter, 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. Attached is the third quarter budget amendment which includes the following:

GENERAL FUND

The proposed General Fund budget amendment request below does not include any additional use of fund balance. Any overall increase in expenditures categories would have been offset by either increase in a revenue category or a decrease in an unrelated expenditure budget category.

<u>GENERAL FUND</u>			
Beginning Fund Balance, July 1, 2013			\$ 8,811,564
	Amended Revenue	29,300,348	
2014-3	Third Quarter Budget Amendment	12,750	
	Amended Revenue		29,313,098
	Amended Expenditures	31,346,577	
2014-3	Third Quarter Budget Amendment	12,750	
	Amended Expenditures		31,359,327
Expenditures over(under) Revenues			\$ 2,046,229
Projected Fund Balance, June 30, 2014			\$ 6,765,335
Projected Fund Balance as a % of budgeted expenditures			21.6%

- The Senior Accountant accepted the Assistant Treasurer Position in June 2013. The 2013-2014 Approved Budget included the training for this position in the Finance Department. The proposed amendment is requested to move part of the conference and workshop funds associated with this employee from the Finance Department to the Treasury Department.
- The Civic Center Server Room sprinkler system was identified as a deficiency in the Information Technology Audit dated October 2010. In order to address this, the project has been budgeted in the current fiscal year. The Facility Operations Department, however, is requesting additional funds since the original estimate was below cost. Additional funds are available in the General Administration Department within the personnel services category to offset this unanticipated expenditure.
- The Police Department is requesting an increase in both the revenue and related expenditures within the department associated with hosting training (Emotional Survival for Law Enforcement on April 23, 2014). The Police department will begin hosting training annually with the expectation that the revenue received will offset any expenditures.
- The Fire Department is requesting additional capital outlay funds within the department to offset project expenditures related to building improvements to the Fire Tower. This cost increase is offset by lower than expected professional service costs.
- Department of Public Services is requesting additional funds within the Administration Division which is offset by the increased reimbursement from other funds in the Allocation to Other Funds line-item within the Engineering Division. The following are the requests:
 - Capital items related to the DPS office suite renovation project
 - Additional building maintenance costs due to electrical issues during mezzanine lift construction project, replacement of two water heater tanks, and the addition of a winter command center for Facility Operations
 - Capital items related to the DPS front office renovation project added to the current private office renovation project as efficiencies were identified for combining the two.
- Department of Public Services is requesting additional funds within the Field Operations Division which is offset by the increased reimbursement from other funds in the Allocation to Other Funds line-item within the division. The following are the requests.
 - Overtime exceeded budget due to extreme winter weather
 - Addition of new park property resulted in new maintenance costs that were not originally budgeted
 - Rental costs of a loader while the city-owned loader was under repair
 - Replacement of striper for preparation of athletic fields, since the existing striper has exceeded its useful life
- Department of Public Services is requesting additional funds within the Fleet Asset Division due to the extreme winter weather which has caused overtime and equipment and vehicle maintenance to go over budget, including fuel. This is offset by additional reimbursements from other funds in the Field Operations Division.
- Community Development is requesting movement of funds within the department in order to provide seasonal support with a temporary Planner position while the fulltime Planner is on leave.

MAJOR STREET FUND

<u>MAJOR STREET FUND</u>			
Beginning Fund Balance, July 1, 2013			\$ 1,689,075
2014-3	Amended Revenue	2,455,900	
	Third Quarter Budget Amendment	<u>239,286</u>	
	Amended Revenue		2,695,186
2014-3	Amended Expenditures	3,800,344	
	Third Quarter Budget Amendment	<u>159,286</u>	
	Amended Expenditures		<u>3,959,630</u>
Expenditures over(under) Revenues			<u><u>1,264,444</u></u>
Projected Fund Balance, June 30, 2014			<u><u>\$ 424,631</u></u>
Projected Fund Balance as a % of budgeted expenditures			10.7%

- Due to extreme winter weather, winter maintenance is over budget and requires an amendment (allocations of DPS time and equipment). A one-time revenue allocation from the State of Michigan in the amount of \$156,285 was received which will offset a portion of the cost overage. This proposed amendment increase estimated ending fund balance.

LOCAL STREET FUND

<u>LOCAL STREET FUND</u>			
Beginning Fund Balance, July 1, 2013			\$ 1,878,596
2014-3	Amended Revenue	3,868,250	
	Third Quarter Budget Amendment	<u>91,059</u>	
	Amended Revenue		3,959,309
2014-3	Amended Expenditures	5,176,915	
	Third Quarter Budget Amendment	<u>114,374</u>	
	Amended Expenditures		<u>5,291,289</u>
Expenditures over(under) Revenues			<u><u>1,331,980</u></u>
Projected Fund Balance, June 30, 2014			<u><u>\$ 546,616</u></u>
Projected Fund Balance as a % of budgeted expenditures			10.3%

- Due to extreme winter weather, winter maintenance is over budget and requires an amendment. A one-time revenue allocation from the State of Michigan in the amount of \$56,059 was received which will help to offset the expenditure overage. Capital Preventative Maintenance will be over budget so a request to move the funds from construction to maintenance is requested. Overall, the small increase

use of fund balance leaves the estimated ending fund balance within council limits.

MUNICIPAL STREET FUND

<u>MUNICIPAL STREET FUND</u>			
Beginning Fund Balance, July 1, 2013			\$ 2,410,120
	Amended Revenue	4,642,350	
2014-3	Third Quarter Budget Amendment	<u>155,359</u>	
	Amended Revenues		4,797,709
	Amended Expenditures	5,818,819	
2014-3	Third Quarter Budget Amendment	<u>315,556</u>	
	Amended Expenditures		<u>6,134,375</u>
Expenditures over(under) Revenues			<u>1,336,666</u>
Projected Fund Balance, June 30, 2014			<u>\$ 1,073,454</u>
Projected Fund Balance as a % of budgeted expenditures			17.5%

- The 2014 Tri-Party Program approved by Council on February 18, 2014 includes widening of Haggerty Road, so DPS requests to include the appropriate budgets at this time. The cost is being split three ways between the City, County, and Road Commission. Additionally the City of Farmington Hills has agreed to pay \$18,500 of the project costs. The 2014 Sidewalk Program includes Segment 16 and Segment 73 and the increased length of boardwalks, increased width of pathway, and need for a bridge over Bishop Creek has increased construction estimates. Overall the small increase use of fund balance leaves the estimated ending fund balance within council limits.

PARKS, RECREATION, & CULTURAL SERVICES FUND

<u>PARKS, RECREATION, & CULTURAL SERVICES FUND</u>			
Beginning Fund Balance, July 1, 2013			\$ 1,283,200
	Amended Revenue	2,695,276	
2014-3	Third Quarter Budget Amendment	<u>218,948</u>	
	Amended Revenues		2,914,224
	Amended Expenditures	3,574,678	
2014-3	Third Quarter Budget Amendment	<u>173,448</u>	
	Amended Expenditures		<u>3,748,126</u>
Expenditures over(under) Revenues			<u>833,902</u>
Projected Fund Balance, June 30, 2014			<u>\$ 449,298</u>
Projected Fund Balance as a % of budgeted expenditures			12.0%

- In 2010, the Michigan Natural Resources Trust Fund Grant in the amount of \$437,500 for development of the Landings Property (aka Pavilion Shore Park) was awarded to the City of Novi, so this amendment recognizes the revenue and expenditures related to the completion of that grant. In the current fiscal year, there was vandalism to Rotary Park restrooms, so the unanticipated expenditure needs to be funded for. Increase in merchant fees for credit cards requires additional funding. Finally, the revenue budget needs to be increased to reflect actual activity due to larger theatre shows. Overall, the amendment decreases the use of fund balance within Council limits.

DRAIN FUND

- Reallocation of funds to recognize the cost overage of the Randolph Street Inter-county Drain Maintenance budget.

FORFEITURE FUND

- Additional funds needed to complete the installation of epoxy floors in the vehicle maintenance area; and repair/paint garage and sally port doors is being offset by cost savings in other categories within this fund.

LIBRARY FUND

- Adjust the 2013-14 Amended Budget, revenue and expenditures, to the amended budget approved by the Library Board.

RECOMMENDED ACTION:

Approval of resolution to authorize Budget Amendment #2014-3

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

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

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2014-3 is authorized:

	INCREASE (DECREASE)
GENERAL FUND	
REVENUES	
Licenses, Permits, & Charges for Services	12,750
TOTAL REVENUES	\$ 12,750
APPROPRIATIONS	
Finance Department	
Other services and charges	(1,680)
Treasury Department	
Other services and charges	1,680
Facility Operations	
Capital Outlay	19,500
General Administration	
Personnel services	(19,500)
Police Department	
Other services and charges	12,750
Fire Department	
Other services and charges	(12,000)
Capital Outlay	12,000
Department of Public Services	
Supplies	4,467
Other services and charges	58,838
Capital Outlay	50,000
Department of Public Services - Engineering	
Allocated to Other Funds	(113,305)
Department of Public Services - Field Operations	
Personnel services	140,000
Supplies	8,000
Other services and charges	44,271
Capital Outlay	4,515
Allocated to Other Funds	(413,745)
Department of Public Services - Fleet Asset	
Personnel services	6,000
Supplies	7,150
Other services and charges	203,809
Community Development - Planning	
Personnel services	8,000
Other services and charges	(8,000)
TOTAL APPROPRIATIONS	\$ 12,750

MAJOR STREET FUND**REVENUES**

State Sources	239,286
Appropriation of Fund Balance	(80,000)
TOTAL REVENUES	\$ 159,286

APPROPRIATIONS

Maintenance	159,286
TOTAL APPROPRIATIONS	\$ 159,286

LOCAL STREET FUND**REVENUES**

State Sources	91,059
Appropriation of Fund Balance	23,315
TOTAL REVENUES	\$ 114,374

APPROPRIATIONS

Maintenance	114,374
TOTAL APPROPRIATIONS	\$ 114,374

MUNICIPAL STREET FUND**REVENUES**

Other Revenue	155,359
Appropriation of Fund Balance	160,197
TOTAL REVENUES	\$ 315,556

APPROPRIATIONS

Other Services & charges	1,500
Maintenance	30,000
Construction	284,056
TOTAL APPROPRIATIONS	\$ 315,556

PARKS, RECREATION, & CULTURAL SERVICES FUND**REVENUES**

Program Revenue	14,000
Federal Grants	204,948
Appropriation of Fund Balance	(45,500)
TOTAL REVENUES	\$ 173,448

APPROPRIATIONS

Administration Department	
Other services & charges	29,200
Capital outlay	131,918
Parks, Recreation, & Cultural Svcs Dept	
Program expenditures	12,330
TOTAL APPROPRIATIONS	\$ 173,448

DRAIN FUND	
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APPROPRIATIONS

Other services & charges	1,000
Maintenance	(1,000)
TOTAL APPROPRIATIONS	\$ -

FORFEITURE FUND	
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APPROPRIATIONS

Other services & charges	7,620
Capital outlay	(7,620)
TOTAL APPROPRIATIONS	\$ -

LIBRARY FUND	
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REVENUES

Fines & Forfeitures	2,040
Other Revenue	4,887
Appropriation of Fund Balance	(9,919)
TOTAL REVENUES	\$ (2,992)

APPROPRIATIONS

Personnel services	(38,000)
Supplies	(200)
Other services & charges	35,208
TOTAL APPROPRIATIONS	\$ (2,992)

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 22, 2014

Maryanne Cornelius
City Clerk

2014-3: 3rd Quarter Budget Amendment - May 12, 2014

<u>GL#</u>	<u>GL Description</u>	<u>AMT</u>
General Fund		
Revenues		
101-000.00-632.250	Police Department - Hosted Training	12,750
		<u>\$ 12,750</u>
Expenditures		
101-201.00-956.000	Conferences and Workshops	(1,680)
101-253.00-956.000	Conferences and workshops	1,680
101-265.00-986.000	Data processing-capital outlay	19,500
101-299.00-718.100	Pension-additional contributions	(19,500)
101-301.00-941.000	Grounds maintenance	3,410
101-301.00-957.250	Hosted Training	9,340
101-337.00-804.000	Medical service	(12,000)
101-337.00-976.000	Building improvements	12,000
101-442.00-727.000	Office supplies	2,500
101-442.00-732.000	Magazines and periodicals	(300)
101-442.00-740.200	Desk chairs and file cabinets	2,267
101-442.00-802.000	Data processing	120
101-442.00-851.600	Telephone maintenance	200
101-442.00-921.000	Heat	5,050
101-442.00-934.000	Building maintenance	28,850
101-442.00-941.000	Grounds maintenance	24,618
101-442.00-976.000	Building improvements	50,000
101-442.10-997.100	Allocated to other funds	(113,305)
101-442.20-997.100	Allocated to other funds	(413,745)
101-442.20-706.000	Overtime	140,000
101-442.20-745.000	Signing supplies	8,000
101-442.20-809.000	Memberships and dues	176
101-442.20-816.575	Recycling center	6,370
101-442.20-862.000	Mileage	400
101-442.20-939.000	Park maintenance	25,000
101-442.20-943.000	Equipment rental/lease	12,325
101-442.20-982.000	Miscellaneous equipment	4,515
101-442.30-706.000	Overtime	6,000
101-442.30-740.000	Operating supplies	7,150
101-442.30-802.000	Data processing	2,000
101-442.30-861.000	Gasoline and oil	114,000
101-442.30-933.000	Equipment maintenance	31,635
101-442.30-934.000	Building maintenance	600
101-442.30-935.000	Vehicle maintenance	54,800
101-442.30-935.100	Vehicle-new install	774
101-807.00-805.300	Woodlands Consulting	(3,000)
101-807.00-805.350	Façade - Outside Services	(2,500)
101-807.00-829.105	Traffic Consultant	(2,500)
101-807.00-705.000	Temporary Salaries	8,000
		<u>\$ 12,750</u>

2014-3: 3rd Quarter Budget Amendment - May 12, 2014

<u>GL#</u>	<u>GL Description</u>	<u>AMT</u>
Major Street Fund		
Revenues		
202-000.00-680.000	Appropriation of fund balance	(80,000)
202-000.00-546.000	Gas and weight tax	239,286
		\$ 159,286
Expenditures		
202-202.00-867.100	Traffic control sign replacement program	(15,000)
202-202.00-868.000	Winter maintenance	174,286
		\$ 159,286
Local Street Fund		
Revenues		
203-000.00-680.000	Appropriation of fund balance	23,315
203-000.00-546.000	Gas and weight tax	91,059
		\$ 114,374
Expenditures		
203-203.00-867.100	Traffic control sign replacement program	(25,626)
203-203.00-868.000	Winter maintenance	140,000
203-203.00-865.432	Construction - 2013 Neighborhood Roads	(30,000)
203-203.00-866.500	Capital Preventative Maintenance	30,000
		\$ 114,374
Municipal Street Fund		
Revenues		
204-000.00-680.000	Appropriation of fund balance	160,197
204-000.00-581.000	Contributions from local units	107,261
204-000.00-665.000	Miscellaneous Income	48,098
		\$ 315,556
Expenditures		
204-204.00-805.626	ENG-JO DRIVE REHAB	2,500
204-204.00-862.048	ROW Expenditures-Metro Act PA 048	856
204-204.00-863.502	Meadowbrook & Nine Mile Signal Upgrade	(4,000)
204-204.00-974.442	Sidewalk-Eng-Seg73-1Meadowbrook E-Gr-11M	6,000
204-204.00-809.000	Memberships and dues	1,500
204-204.00-805.656	Engineering - Haggerty widen	22,000
204-204.00-865.656	Construction - Haggerty widen	95,000
204-204.00-974.440	Engineering - Sidewalk Segment 16	7,400
204-204.00-974.441	Construction - Sidewalk Segment 16	18,000
204-204.00-974.442	Engineering - Sidewalk Segment 73	41,500
204-204.00-97.443	Engineering - Sidewalk Segment 73	124,800
		\$ 315,556

2014-3: 3rd Quarter Budget Amendment - May 12, 2014

<u>GL#</u>	<u>GL Description</u>	<u>AMT</u>
Parks, Recreation, & Cultural Services Fund		
Revenues		
208-000.00-680.000	Appropriation of fund balance	(45,500)
208-000.00-523.000	Park development grant	204,948
208-000.00-653.633	Theater - December show	14,000
		\$ 173,448
Expenditures		
208-691.00-974.086	Park Dev-Pavilion Shore (fka Landings)	129,514
208-691.00-976.000	Building improvements	2,404
208-691.00-802.100	Bank services	24,200
208-691.00-910.001	Uninsured expenditures	5,000
208-693.00-960.632	Theater - November show	1,025
208-693.00-960.634	Theater - March show	10,500
208-693.00-960.635	Theater - May show	805
		\$ 173,448
Drain Fund		
Expenditures		
210-211.00-872.000	Storm sewer maintenance	(26,113)
210-211.00-872.100	Randolph Drain maintenance	29,000
210-211.00-875.000	Detention basin maintenance	(3,887)
210-211.00-809.000	Memberships and dues	1,000
		\$ -
Forfeiture Fund		
Expenditures		
266-266.00-983.000	Vehicles-Federal Forfeitures	(7,620)
266-266.00-934.266	Building Maintenance-Federal	7,620
		\$ -

2014-3: 3rd Quarter Budget Amendment - May 12, 2014

<u>GL#</u>	<u>GL Description</u>	<u>AMT</u>
Library Fund		
Revenues		
268-000.00-657.000	Library Book Fines	4,500
268-000.00-658.000	State Penal Fines	(2,460)
268-000.00-665.000	Miscellaneous Income	1,500
268-000.00-665.100	Copier	300
268-000.00-665.200	Electronic Media (previously VHS)	(600)
268-000.00-665.266	Summer Reading t-shirt sales	200
268-000.00-665.300	Meeting Room	5,000
268-000.00-665.400	Gifts & Donations	(1,500)
268-000.00-665.404	Novi Township Assessment	(13)
268-000.00-680.000	Appropriation of Fund Balance	(9,919)
		\$ (2,992)
Expenditures		
268-000.00-803.000	Independent Audit	(110)
268-000.00-804.000	Medical Service	500
268-000.00-806.000	Legal Fees	(1,500)
268-000.00-816.000	Professional Services	(500)
268-000.00-818.000	TLN Central Services	(250)
268-000.00-851.000	Telephone	(2,000)
268-000.00-862.000	Mileage	(350)
268-000.00-880.000	Community Promotion	1,000
268-000.00-880.267	Library Programming - Book It	(1,000)
268-000.00-880.268	Library Programming	(4,000)
268-000.00-900.000	Printing, graphic design and publishing	(2,000)
268-000.00-910.000	Property & Liability Insurance	868
268-000.00-934.000	Building Maintenance	20,800
268-000.00-941.000	Grounds Maintenance	22,100
268-000.00-942.100	Records Storage	150
268-000.00-956.000	Conferences & Workshops	1,500
268-000.00-705.000	Temporary Salaries	(20,000)
268-000.00-716.000	Insurance	(7,000)
268-000.00-716.200	HAS - employer contribution	(4,000)
268-000.00-718.000	Pension - DB normal cost	(2,200)
268-000.00-719.000	Unemployment Insurance	(2,000)
268-000.00-720.000	Worker's Compensation	(2,800)
268-000.00-728.000	Postage	(1,100)
268-000.00-740.000	Operating Supplies	400
268-000.00-742.100	Library Book - Fines	500
268-000.00-744.000	Audio Visual Materials	5,000
268-000.00-745.300	Electronic resources (CD rom materials)	(5,000)
		\$ (2,992)