



CITY of NOVI CITY COUNCIL

**Agenda Item 2
May 9, 2011**

SUBJECT: Adoption of 2011 Millage Rates and 2011-12 Budget Resolution.

SUBMITTING DEPARTMENT: City Manager/Finance

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION:

Attached for your consideration are the adopting resolutions for the 2011 millage rates and the 2011-12 Budget.

The budget resolution includes the actions taken by City Council through the Special Budget meetings held on April 16, 2011 and April 27, 2011. The resolution also includes the special assessment districts where applicable.

RECOMMENDED ACTION: Adoption of 2011 Millage Rates and 2011-12 Budget Resolution.

| | 1 | 2 | Y | N |
|-------------------------|---|---|---|---|
| Mayor Landry | | | | |
| Mayor Pro Tem Gatt | | | | |
| Council Member Fischer | | | | |
| Council Member Margolis | | | | |

| | 1 | 2 | Y | N |
|-----------------------|---|---|---|---|
| Council Member Mutch | | | | |
| Council Member Staudt | | | | |
| Council Member Wrobel | | | | |

Resolution of Adoption for 2011 Millage Rates

WHEREAS, the City Council has agreed to maintain the City's total millage rate at 10.5416 mils, which has been maintained for the last twelve years, and

WHEREAS, that these levies are being placed on a diversified tax base that has been shrinking as anticipated in the financial plan, and

WHEREAS, the property tax payers with a combined constant City millage rate of 10.5416 and predominantly falling taxable values, that most taxpayers are paying less in annual City property taxes, and

WHEREAS, a public hearing was held on May 9, 2011 on the proposed millage rates and proposed budget,

NOW, THEREFORE, BE IT RESOLVED, that to finance the level of services established for the 2011-2012 fiscal year, and to meet specific debt obligations of the City that the following millages are authorized to be spread:

| | |
|------------------------------|----------------|
| General Operating | 5.0182 |
| Municipal Street | 0.7719 |
| Police and Fire | 1.4282 |
| Parks and Recreation | 0.3857 |
| Drain Revenue | 0.2642 |
| Library | 0.7719 |
| 2010 Refunding Debt | 0.3843 |
| 2002 Street & Refunding Debt | 0.9783 |
| 2003 Refunding Bonds | 0.3459 |
| 2008 Library Debt | <u>0.1930</u> |
| | <u>10.5416</u> |

I 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 this 9th day of May 2011.

Maryanne Cornelius, City Clerk

Resolution of Adoption 2011-12 Budget

WHEREAS, the City Manager's recommended budget is based upon the September 8, 2010 Administrative and Management Staff Winter Institute, the December 6, 2010 2011 Assessments – Property Tax Base Primer as presented by the City Assessor to City Council and updated as of the post-March 2011 Board of Review, and January 8, 2011 City Council early budget input session with goals and objectives adopted by City Council, and

WHEREAS, recognizing Governor Snyder's March 21, 2011 vision of local government, the City's budget is consistent with this vision through our adherence to principles of shared services, transparency and public employee cost containment, and

WHEREAS, this budget takes into consideration the City's Fiscal Analysis and financial planning through 2013-14, and

WHEREAS, during Special City Council Meetings held on April 16, 2011 and April 27, 2011 City Council has made the following adjustments to align the City's resources consistent with the City's strategic plan, and

Schedule of Budget Changes by City Council - Work Session - April, 27, 2011

| Description | Amount | Fund |
|---|-------------|---------------------------------------|
| <i>Add:</i> | | |
| Non-motorized implementation plan | \$ 33,300 | General |
| Senior Van (extended Econoline Paratransit) | \$ 35,000 | Parks, Recreation & Cultural Services |
| <i>Delete:</i> | | |
| Administrative Wage & Compensation Study | \$ (14,400) | General |

WHEREAS, pursuant to Section 8.3 of the Novi City Charter, a detailed revenue and expenditure plan has been presented in accordance with all applicable City, State and Federal Statutes, and

WHEREAS, a public hearing was held on May 9, 2011 on the proposed budget, and

NOW, THEREFORE, BE IT RESOLVED, that the attached budget is adopted and made a part of this resolution.

I 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 this 9th day of May 2011.

Maryanne Cornelius, City Clerk

GENERAL FUND
REVENUE

| DESCRIPTION | 2011-12 Adopted Budget |
|--|---------------------------|
| Taxes | \$ 14,728,900 |
| Licenses, Permits & Charges for Services | 2,309,450 |
| Federal Grants | 35,400 |
| State Sources | 3,599,720 |
| Other Revenue | 493,095 |
| Fines and Forfeitures | 484,500 |
| Interest Income | 261,000 |
| Transfers from Other Funds | 2,380,000 |
| Appropriation of Fund Balance | 4,192,010 |
| | \$ 28,484,075 |

GENERAL FUND
APPROPRIATION SUMMARY

| DESCRIPTION | 2011-12 Adopted Budget |
|-------------------------------|---------------------------|
| CITY COUNCIL | |
| Personal Services | \$ 4,625 |
| Other Services and Charges | 9,647 |
| | \$ 14,272 |
| CITY MANAGER | |
| Personal Services | \$ 380,127 |
| Supplies | 472 |
| Other Services and Charges | 32,424 |
| Capital Outlay | 24,000 |
| | \$ 437,023 |
| FINANCE DEPARTMENT | |
| Personal Services | \$ 695,561 |
| Other Services and Charges | 70,180 |
| | \$ 765,741 |
| INFORMATION TECHNOLOGY | |
| Personal Services | \$ 488,461 |
| Supplies | 34,100 |
| Other Services and Charges | 126,030 |
| | \$ 648,591 |

GENERAL FUND
 APPROPRIATION SUMMARY (continued)

| DESCRIPTION | 2011-12 Adopted Budget |
|--|---------------------------|
| ASSESSING | |
| Personal Services | \$ 461,955 |
| Supplies | 11,300 |
| Other Services and Charges | 257,455 |
| | \$ 730,710 |
| CITY ATTORNEY | |
| Other Services and Charges | \$ 372,000 |
| CITY CLERK | |
| Personal Services | \$ 455,511 |
| Supplies | 27,000 |
| Other Services and Charges | 32,050 |
| Capital Outlay | 20,380 |
| | \$ 534,941 |
| TREASURY | |
| Personal Services | \$ 223,173 |
| Supplies | 15,550 |
| Other Services and Charges | 45,191 |
| | \$ 283,914 |
| FACILITY OPERATIONS | |
| Personal Services | \$ 255,727 |
| Supplies | 22,800 |
| Other Services and Charges | 395,690 |
| Capital Outlay | 284,000 |
| | \$ 958,217 |
| HUMAN RESOURCES | |
| Personal Services | \$ 330,642 |
| Other Services and Charges | 60,625 |
| | \$ 391,267 |
| NEIGHBORHOOD & BUSINESS RELATIONS GROUP | |
| Personal Services | \$ 379,307 |
| Supplies | 9,800 |
| Other Services and Charges | 391,580 |
| Capital Outlay | 281,340 |
| | \$ 1,062,027 |

GENERAL FUND
APPROPRIATION SUMMARY (continued)

| DESCRIPTION | 2011-12 Adopted Budget |
|-------------------------------|---------------------------|
| GENERAL ADMINISTRATION | |
| Personal Services | \$ 1,014,874 |
| Supplies | 42,490 |
| Other Services and Charges | 483,916 |
| | <u>\$ 1,541,280</u> |
| PUBLIC SAFETY | |
| Personal Services | \$ 14,351,061 |
| Supplies | 301,310 |
| Other Services and Charges | 1,318,941 |
| | <u>\$ 15,971,312</u> |
| COMMUNITY DEVELOPMENT | |
| Personal Services | \$ 1,611,011 |
| Supplies | 48,900 |
| Other Services and Charges | 259,570 |
| | <u>\$ 1,919,481</u> |
| DEPARTMENT OF PUBLIC SERVICES | |
| Personal Services | \$ 2,942,271 |
| Supplies | 143,525 |
| Other Services and Charges | 808,963 |
| Capital Outlay | 720,710 |
| Allocated to Other Funds | (2,071,120) |
| | <u>\$ 2,544,349</u> |
| PLANNING COMMISSION | |
| Supplies | \$ 250 |
| Other Services and Charges | 12,800 |
| | <u>\$ 13,050</u> |
| TRANSFERS TO OTHER FUNDS | |
| | \$ 295,900 |
| | <u>\$ 28,484,075</u> |

MAJOR STREET FUND

REVENUE

| | 2011-12 |
|------------------------------|---------------------|
| DESCRIPTION | Adopted Budget |
| Gas and Weight Tax | \$ 2,080,400 |
| Interest Income | 2,300 |
| Appropriation - Fund Balance | 192,520 |
| | <u>\$ 2,275,220</u> |

APPROPRIATIONS

| | 2011-12 |
|--|---------------------|
| DESCRIPTION | Adopted Budget |
| Construction | \$ 594,220 |
| Routine & Capital Preventive Maintenance | 650,000 |
| Traffic Services | 240,400 |
| Winter Maintenance | 270,000 |
| Administration | 500 |
| Transfers Out | 520,100 |
| | <u>\$ 2,275,220</u> |

LOCAL STREET FUND

REVENUE

| | 2011-12 |
|------------------------------|---------------------|
| DESCRIPTION | Adopted Budget |
| Gas and Weight Tax | \$ 728,300 |
| Interest Income | 1,900 |
| Transfers In | 1,420,100 |
| Appropriation - Fund Balance | 91,750 |
| | <u>\$ 2,242,050</u> |

APPROPRIATIONS

| | 2011-12 |
|--|---------------------|
| DESCRIPTION | Adopted Budget |
| Construction | \$ 1,320,950 |
| Routine & Capital Preventive Maintenance | 525,000 |
| Traffic Services | 150,600 |
| Winter Maintenance | 245,000 |
| Administration | 500 |
| | <u>\$ 2,242,050</u> |

MUNICIPAL STREET FUND
REVENUE

| | 2011-12 |
|------------------------------|----------------|
| DESCRIPTION | Adopted Budget |
| Special Assessments Levied | \$ 1,457,300 |
| Taxes | 2,234,000 |
| Interest Income | 509,550 |
| Other | 93,390 |
| Appropriation - Fund Balance | (222,510) |
| | \$ 4,071,730 |

APPROPRIATIONS

| | 2011-12 |
|-------------------------|----------------|
| DESCRIPTION | Adopted Budget |
| Construction | \$ 1,499,430 |
| Maintenance | 430,000 |
| Administration | 1,700 |
| Street Lighting | 21,220 |
| Bike Trails & Sidewalks | 354,480 |
| Capital Outlay | 48,750 |
| Debt Service | 1,716,150 |
| | \$ 4,071,730 |

POLICE AND FIRE FUND
REVENUE

| | 2011-12 |
|------------------------------|----------------|
| DESCRIPTION | Adopted Budget |
| Taxes | \$ 4,134,000 |
| Interest Income | 38,900 |
| Appropriation - Fund Balance | (1,792,900) |
| | \$ 2,380,000 |

APPROPRIATIONS

| | 2011-12 |
|---------------|----------------|
| DESCRIPTION | Adopted Budget |
| Transfers Out | \$ 2,380,000 |

PARKS, RECREATION & CULTURAL SERVICES FUND

REVENUE

| | 2011-12 |
|-----------------------------------|---------------------|
| DESCRIPTION | Adopted Budget |
| Property Taxes | \$ 1,116,000 |
| Community Development Block Grant | 550,806 |
| Program Revenue | 977,140 |
| Older Adults Program Revenue | 150,059 |
| Interest Income | 5,000 |
| Other Revenue | 5,000 |
| Transfers In | 50,000 |
| Appropriation - Fund Balance | 437,230 |
| | <u>\$ 3,291,235</u> |

APPROPRIATIONS

| | 2011-12 |
|----------------------------|---------------------|
| DESCRIPTION | Adopted Budget |
| Personal Services | \$ 893,188 |
| Supplies | 50,180 |
| Other Services and Charges | 1,460,277 |
| Capital Outlay | 887,590 |
| | <u>\$ 3,291,235</u> |

TREE FUND

REVENUE

| | 2011-12 |
|-------------------------------|-------------------|
| DESCRIPTION | Adopted Budget |
| Interest Income | \$ 10,200 |
| Tree Fund Revenue | 10,000 |
| Tree Fund Maintenance Revenue | 500 |
| Appropriation - Fund Balance | 279,300 |
| | <u>\$ 300,000</u> |

APPROPRIATIONS

| | 2011-12 |
|------------------------|-------------------|
| DESCRIPTION | Adopted Budget |
| Tree Fund Expenditures | <u>\$ 300,000</u> |

DRAIN REVENUE FUND
REVENUE

| | 2011-12 |
|------------------------------|----------------|
| DESCRIPTION | Adopted Budget |
| Property Taxes | \$ 765,000 |
| Interest Income | 54,800 |
| Other | 5,000 |
| Grants | 202,500 |
| Appropriation - Fund Balance | 535,786 |
| | \$ 1,563,086 |

APPROPRIATIONS

| | 2011-12 |
|----------------|----------------|
| DESCRIPTION | Adopted Budget |
| Construction | \$ 755,536 |
| Maintenance | 758,800 |
| Capital Outlay | 48,750 |
| | \$ 1,563,086 |

DRAIN PERPETUAL MAINTENANCE FUND
REVENUE

| | 2011-12 |
|------------------------------|----------------|
| DESCRIPTION | Adopted Budget |
| Interest Income | \$ 89,500 |
| Appropriation - Fund Balance | (89,500) |
| | \$ - |

SPECIAL ASSESSMENT REVOLVING FUND
REVENUE

| | 2011-12 |
|------------------------------|----------------|
| DESCRIPTION | Adopted Budget |
| Interest Income | \$ 25,000 |
| Appropriation - Fund Balance | 875,500 |
| | \$ 900,500 |

APPROPRIATIONS

| | 2011-12 |
|-------------------|----------------|
| DESCRIPTION | Adopted Budget |
| Independent Audit | \$ 500 |
| Transfers Out | 900,000 |
| | \$ 900,500 |

CONTRIBUTIONS AND DONATIONS FUND

REVENUE

| DESCRIPTION | 2011-12 |
|------------------------------|------------------|
| | Adopted Budget |
| Interest Income | \$ 1,520 |
| Donations | 51,000 |
| Appropriation - Fund Balance | (1,520) |
| | <u>\$ 51,000</u> |

APPROPRIATIONS

| DESCRIPTION | 2011-12 |
|--------------------------------|------------------|
| | Adopted Budget |
| Gift and Donation Expenditures | <u>\$ 51,000</u> |

FORFEITURE FUNDS

REVENUE

| DESCRIPTION | 2011-12 |
|------------------------------|-------------------|
| | Adopted Budget |
| Federal Forfeiture Funds | \$ 51,100 |
| State Forfeiture Funds | 35,000 |
| Local Forfeiture Funds | 1,000 |
| OWI Forfeiture Funds | 4,000 |
| Appropriation - Fund Balance | 372,370 |
| | <u>\$ 463,470</u> |

APPROPRIATIONS

| DESCRIPTION | 2011-12 |
|--------------------------|-------------------|
| | Adopted Budget |
| Supplies | \$ 10,000 |
| Other Services & Charges | 69,420 |
| Capital Outlay | 384,050 |
| | <u>\$ 463,470</u> |

**LIBRARY
REVENUE**

| DESCRIPTION | 2011-12 Adopted Budget |
|------------------------------|---------------------------|
| Property Taxes | \$ 2,234,000 |
| State Sources | 20,000 |
| Fines | 107,600 |
| Interest Income | 14,000 |
| Donations | 2,000 |
| Other Revenue | 35,850 |
| Appropriation - Fund Balance | 282,537 |
| | <u>\$ 2,695,987</u> |

APPROPRIATIONS

| DESCRIPTION | 2011-12 Adopted Budget |
|----------------------------|---------------------------|
| Personal Services | \$ 1,764,450 |
| Supplies | 503,700 |
| Other Services and Charges | 415,337 |
| Capital Outlay | 12,500 |
| | <u>\$ 2,695,987</u> |

**WALKER LIBRARY FUND
REVENUE**

| DESCRIPTION | 2011-12 Adopted Budget |
|------------------------------|---------------------------|
| Interest Income | \$ 16,300 |
| Appropriation - Fund Balance | (16,300) |
| | <u>\$ -</u> |

MEMORANDUM



TO: CLAY PEARSON, CITY MANAGER
VICTOR CARDENAS, ASSISTANT CITY MANAGER

CC: LEADERSHIP GROUP

FROM: KATHY SMITH-ROY, FINANCE DIRECTOR/TREASURER

SUBJECT: REVISED BUDGET AND FUND BALANCE

DATE: APRIL 21, 2011

The purpose of this memorandum is to provide additional information regarding fund balance and to share the changes included in the revised fiscal analysis and millage rates as a result of new information since the recommended budget was prepared last month.

The changes to the Fiscal Analysis have been highlighted on the attached schedules. In summary the changes to the General Fund have resulted in the following:

- Over the period 2010-11 through 2014-15 the **revenue increased approximately \$3,335,000** primarily driven by changes to State Shared Revenue (see additional information below).
- Over the period 2010-11 through 2014-15 the **expenditures increased \$1,000,000** primarily as a result of including Capital/One-time expenditures (see additional information below).
- Fund Balance at the end of the budget year 2011-12 was previously estimated at \$6,232,000 (or 21.89% of expenditures), and is now estimated at \$6,194,605 (or 21.76% of expenditures). The change is related to the items noted above, including the Transfer from the Police & Fire Millage Fund.

The following revised documents are included for your consideration:

- Fiscal Analysis
 - General Fund
 - Special Revenue Funds
 - Taxable Value, Millage Rate and Property Tax Revenue Projections
 - Assumptions for the Fiscal Analysis
- 2011-12 Taxable Values and Millage Rates (displays City Charter and Headlee max previously included in front cover of Book 2)
- Police and Fire Millage – Fire Equipment Replacement Program (previously included in front cover of Book 2)

Fiscal Analysis/Budget

After updating the fiscal analysis for State Shared Revenue based on new census information, and other revenue (i.e. property tax data after March 2011 Board of Review), the revised budget/fiscal analysis is presented. The issues discussed at the City Council budget work session on April 16, 2011 have been addressed as follows:

- The General Fund - Fund Balance recommendation continues to meet the City Council's maximum percentage pursuant to the policy resolution. The estimated percentage of fund balance to expenditures over the period 2011-15 is 21.49%-21.93%.
- The fiscal analysis includes a \$400,000 appropriation for one-time capital outlay and/or service improvements which is estimated after taking into consideration capital included in the budget (patrol vehicles and fire equipment). The average annual capital outlay expenditure appropriation has been \$477,000 when excluding capital funded by Police & Fire Fund, grants (did not capture all of the grant items) or installment agreements, and patrol vehicles which are already included in the fiscal. The high of \$2,415,500 – 2009 and low of \$90,323 -2003 were thrown out prior to averaging. (The new high/low was \$943,718 – 2007 and \$170,143 – 2005). The City of Novi has an excellent track record of maintaining and replacing assets in a timely and reasonable manner, which not unlike businesses, allows the City flexibility in deferring capital purchases for a period of time during financially tight years.
- The property tax revenue and related millage rates have been adjusted for the taxable values after the completion of the March 2011 Board of Review. The City Manager recommended budget as originally presented was based on the December 2010 estimates. The difference between the December estimates and the revised estimates included in this report relates to net new construction of \$25 million in taxable value, which now has also added to each subsequent year in the analysis. The estimated percentage loss of taxable value in future years has been maintained.
- State Revenue Sharing now includes approximately \$500,000 per year, **beginning in fiscal year ending June 30, 2011** based on the census population and State estimates for increase in the constitutional distribution formula for this revenue (approximately \$65 per individual added to population, per State of Michigan).
- Interest earnings as well as penalty and interest on taxes have been slightly adjusted relative to the change in property tax revenue and State Shared Revenue.
- For the special revenue funds, the changes include property tax revenue increases and the 9 Mile sidewalk cost increases per the direction given at Monday, April 18th's City Council meeting.

General Fund-Fund Balance

Fund balance is created from excess revenue over expenditures. This can be a combination of revenue being higher than budget and actual expenditures being lower than budget. Accountants use the term *fund balance* to describe the arithmetic difference between the assets and liabilities reported in a governmental fund (e.g., general fund). As Stephen Gauthier, Director of GFOA's Technical Services Center states: "There is probably no single item in a typical state or local government's financial statements that attracts more attention than fund balance."

The following is the excerpt from the budget document:

How Large a Fund Balance?

Determination of an appropriate fund balance is a critical factor in financial planning and the budgeting process. This is of particular importance given the nation's current financial and political climate with homeland security at the top of the nation's priorities. There is a fine distinction between retaining enough to meet the financial needs, yet not accumulating too large a balance without having a specific purpose for doing so.

A city with an appropriate fund balance can:

- Provide a fund or reserve to meet emergency expenditures;
- Provide cash to finance expenditures from the beginning of the budget year until general property taxes or other revenues are collected;
- Demonstrate financial stability and therefore preserve or enhance its bond rating, thereby lowering debt issuance costs;
- Avoid short-term borrowing and associated interest costs.

As a part of the budget process, the City Council must determine fund balance amounts to be:

- Retained for working cash needs, recognizing that this fund also serves as the City's contingency or "rainy day" fund.
- Used to fund expenditures of the next fiscal period.

Why is the 18-22% target for General Fund – Fund Balance recommended?

- The computation of cash flow indicates a range of 12-20% is sufficient for that purpose. The additional 2% is adequate to cover differences in estimates (i.e. employee benefits, etc.).

- Unforeseen risks are limited as the City is fully insured for property, liability, workers compensation and the health insurance (the stop loss in BCBS plan mitigates risk). Further the City is realizing the lowest property and liability insurance premiums since 1998.
- Other funds have fund balance reserves, and the enterprise funds have capital replacement reserves which can be used for any major capital asset emergency purpose related to those funds.

What is the basis for the General Fund – Fund balance cash flow needs?

The following is the estimate of cash flow needs based on the City’s collections of property tax revenue and State Revenue Sharing payments.

| City of Novi | | | |
|--|------|----------------|-------------|
| General Fund - Fund Balance | | | |
| Cash Flow Needs | | | |
| | Ref. | | Computation |
| Expenditures | | \$ 28,854,000 | |
| Capital outlay | | \$ (1,583,000) | |
| Operating expenditures | a | \$ 27,271,000 | |
| Monthly operating expenditures | b | \$ 2,272,583 | a / 12 |
| Two-months expenditures | c | \$ 4,545,167 | b*2 |
| State Revenue Sharing payments | | | |
| June 2011 | | \$ 519,226 | |
| September 2011 | | \$ 507,749 | |
| Revenue sharing payments received after year-end | d | \$ 1,026,975 | |
| Minimum fund balance for cash flows | e | \$ 3,299,558 | b + d |
| % of Expenditures | | 12.1% | e / a |
| Maximum fund balance for cash flows | f | \$ 5,572,142 | c + d |
| % of Expenditures | | 20.4% | f / a |
| * Property taxes are payable July 1 thru August 31, most of the property tax collections occur in the last two weeks of August. | | | |
| * State Revenue Sharing is the second largest revenue to support general fund expenditures. The last two payments of the fiscal year are actually received after year-end, and are required by the State of Michigan to be reported in the City's fiscal year. | | | |
| Note: Data from 2010-11 estimated | | | |

What are other Michigan governmental units doing?

- Fund Balance Reserve Policies of other local units
 - City of Sterling Heights: 10% or an amount equal to 1.2 months of operational expenditures
 - City of Troy: 10-17%
 - City of Livonia: Minimum 12%

- The City looks to Oakland County (OC) for trends in property tax revenue (and for other financial trends). The following is select data from Oakland County's budget:
 - For 2010 to 2011 OC's budget includes minimal reduction in staff, two positions (966-964) through attrition, and 3 positions (964-961) for 2011 to 2012. Novi is proposing elimination of two positions in the 2011-12 fiscal year (240 to 238).
 - "Oakland County's goal is to reserve, at the end of a fiscal year, an amount equivalent to 10% to 20% of General Fund/General Purpose revenues, in General Fund balance."
 - OC's budget includes "Planned Use of Fund Balance" of \$200,000, \$14,214,000 and \$44,724,000 over the three budget years 2011, 2012 and 2013.

Additional Information

The following is also attached as supplemental information:

- State of Michigan Uniform Budgeting and Accounting Act
- GASB Fact Sheet – Fund Balance Reporting (New Fund Balance Classifications)
- GASB Summary Page
- Article by Stephen Gauthier – New Fund Balance

If you have any questions or need any additional information, please let me know.

UNIFORM BUDGETING AND ACCOUNTING ACT (EXCERPT)
Act 2 of 1968

141.436 General appropriations act; requirements; line items not mandated; taxation; limitation on estimated total expenditure.

Sec. 16.

(1) Unless another method for adopting a budget is provided by a charter provision in effect on April 1, 1980, the legislative body of each local unit shall pass a general appropriations act for all funds except trust or agency, internal service, enterprise, debt service or capital project funds for which the legislative body may pass a special appropriation act.

(2) The general appropriations act shall set forth the total number of mills of ad valorem property taxes to be levied and the purposes for which that millage is to be levied. The amendatory act that added this subsection shall be known and may be cited as "the truth in budgeting act".

(3) The general appropriations act shall set forth the amounts appropriated by the legislative body to defray the expenditures and meet the liabilities of the local unit for the ensuing fiscal year, and shall set forth a statement of estimated revenues, by source, in each fund for the ensuing fiscal year.



Fact Sheet about Fund Balance Reporting and Governmental Fund Type Definitions

1. Why has the GASB issued new standards for reporting fund balance?

The GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, to address issues related to how fund balance was being reported. The GASB's original intention was to clear up confusion regarding the relationship between reserved fund balance and restricted net assets. However, the GASB's research revealed that the existing standards guiding fund balance reporting were being interpreted inconsistently by different governments. Consequently, the fund balance information reported by many governments also was inconsistent. It also became clear that the understandability of fund balance information was affected and that financial statement users were unable to readily interpret reported fund balance information.

2. Why did the GASB decide not to just clarify the existing fund balance classifications (reserved, designated, unreserved)?

The GASB considered pursuing a solely educational approach to these issues. However, it became apparent based on interviews and survey results that, even if all governments interpreted the requirements consistently, the resulting information would not meet the needs of people who use fund balance information to identify available resources and assess liquidity and financial flexibility.

3. How will governments report fund balance in the future?

Fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance*—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund)
- *Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation
- *Committed fund balance*—amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint
- *Assigned fund balance*—amounts a government *intends* to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority

- *Unassigned fund balance*—amounts that are available for any purpose; these amounts are reported only in the general fund.

4. Why is unassigned fund balance reported only in the general fund?

When a government transfers resources from the general fund to another governmental fund, it is communicating that, at a minimum, it intends to use those resources for the purpose of the fund receiving them. This expression of intent meets the requirements for classification as assigned fund balance. Because unassigned fund balance represents amounts that are not constrained in any way, not even by an intention to use them for a specific purpose, the general fund is the only appropriate place to report this classification of fund balance.

In the other governmental funds, however, if a government spends more on a specific purpose than the resources available for that purpose in the fund, then it may need to report a negative amount as unassigned fund balance. If a government cannot cover the deficit with amounts assigned to other purposes in that fund, then the remaining deficit should be reported on the unassigned fund balance line.

5. How will rainy-day amounts be reported under Statement 54?

Statement 54 treats stabilization arrangements as a specific purpose, allowing governments to report these amounts in the general fund as restricted or committed, if they meet the applicable definitions and criteria. Stabilization amounts that do not qualify to be reported as restricted or committed should be included in unassigned fund balance. Governments may report stabilization amounts in a special revenue fund only if they derive from specific revenue sources that are restricted or committed to stabilization.

Regardless of where stabilization amounts are reported, governments also will disclose key information about their stabilization arrangements in the notes to the financial statements, including the authority by which the arrangements were established, the conditions under which additions to the stabilization amounts are required, and the circumstances under which amounts may be used.

6. How has Statement 54 changed the way encumbrances are reported?

The new standards clarify that an encumbrance is not a specific purpose and therefore should not be reported as a separate line on the face of the balance sheet. Encumbering amounts that are restricted or committed does not further limit the purposes for which they can be used. If the encumbering process meets the definition and criteria for committed fund balance, then encumbering an assigned or unassigned amount could result in the amount being reported as committed; however, it would be reported with other amounts committed to the same or similar purposes, *not* as “committed for encumbrances.” If a government has significant encumbrances, it should disclose them under the standards for significant commitments.

7. What did the GASB find out about the reporting of governmental funds?

In practice, many governments have interpreted in different ways the prior standards on reporting governmental funds contained in National Council on Governmental Accounting (NCGA) Statement 1, *Governmental Accounting and Financial Reporting Principles*. This is particularly true for special revenue funds.

8. How does Statement 54 clarify the special revenue fund type definition?

Statement 54 makes clear that, for financial reporting purposes, a special revenue fund may only be established around one or more revenue sources that are restricted or committed to purposes other than capital projects or debt service. For example, a school district might report state and federal aid for elementary and secondary education in a special fund if those revenue sources represent a substantial portion of the fund's total inflows.

9. How does Statement 54 clarify the definitions of debt service and capital projects fund types?

Statement 54 revises the definitions of the debt service and capital projects fund types so that consistent language and structure are used across all of the governmental fund type definitions. Although the existing definition of a capital project fund specifies that they should be used to account for "the acquisition or construction of major capital facilities," many governments have used them to report on capital assets that are not facilities or major or either. Based on constituent feedback, the GASB broadened the definition to encompass capital outlays in general.

10. How will Statement 54 impact the reporting of governmental funds?

The most significant changes are likely to occur in the reporting of special revenue funds, because that is where there has been the most variation in how the prior standards were interpreted. Some governments may not be able to continue to report some of their special revenue funds under the clarified definition. The Statement 54 definition is considered by some to be more permissive than the NCGA Statement 1 definition. However, practice has varied so much that the Statement 54 definition may appear more restrictive to some governments.

11. Does Statement 54 affect how governments use funds for internal accounting purposes or for special reporting?

No. Statement 54 affects only the *reporting* of governmental funds in general purpose external financial reports in conformity with generally accepted accounting principles (GAAP). Governments may continue to use any funds they choose or are required to for their internal accounting or for special purpose reporting.

12. What if a state law requires local governments to report a particular type of fund or to report using the current classifications of fund balance?

For general purpose external financial reporting under GAAP, governments are required to follow Statement 54. If a law conflicts with Statement 54 or any other part of GAAP, the legal requirements can be met by presenting supplemental schedules. Governments will still be able to comply with such state laws in their general purpose external financial report, but outside of the basic financial statements, notes to the basic financial statements, and required supplementary information.

13. What other note disclosures does Statement 54 require?

In addition to the disclosures already mentioned, Statement 54 requires governments to disclose:

- Additional detail regarding the purposes of restrictions, commitments, and assignments, if the required level of detail is not met through display on the face of the balance sheet
- The decision-making authority and formal action, if any, that results in commitments of fund balance
- The bodies or persons with the authority to express intended uses of resources that result in assigned fund balance
- The order in which a government assumes restricted, committed, assigned, and unassigned amounts are spent when amounts in more than one classification are available for a particular purpose
- Information about minimum fund balance policies, if a government has one
- The purpose for each major special revenue fund, identifying which revenues and other resources are reported in each of those funds.

14. When should Statement 54 be implemented?

Governments should implement Statement 54 no later than the first fiscal year beginning after June 15, 2010 (for example, the fiscal year starting on July 1, 2010 and ending on June 30, 2011). Governments are encouraged to implement the standards earlier.



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Summaries / Status

Summary of Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions (Issued 02/09)

The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

Governments also are required to classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements is required.

This Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements.

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. Early implementation is encouraged. Fund balance reclassifications made to conform to the provisions of this Statement should be applied retroactively by restating fund balance for all prior periods presented.

How the Changes in This Statement Will Improve Financial Reporting

The requirements in this Statement will improve financial reporting by providing fund balance categories and classifications that will be more easily understood. Elimination of the *reserved* component of fund balance in favor of a *restricted* classification will enhance the consistency between information reported in the government-wide statements and information in the governmental fund financial statements and avoid confusion about the relationship between reserved fund balance and restricted net assets. The fund balance classification approach in this Statement will require governments to classify amounts consistently, regardless of the fund type or column in which they are presented. As a result, an amount cannot be classified as restricted in one fund but unrestricted in another. The fund balance disclosures will give users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated. The clarifications of the governmental fund type definitions will reduce uncertainty about which resources can or should be reported in the respective fund types.

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Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments; public benefit corporations and authorities; public employee retirement systems; and public utilities, hospitals and other healthcare providers, and colleges and universities. Paragraph 3 discusses the applicability of this Statement.

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An abstract graphic featuring three vertical bars of different colors: orange on the left, yellow in the middle, and blue on the right. A large, dark blue dollar sign (\$) is positioned to the right of the bars. The entire graphic is enclosed within a thick, black, irregular border that resembles a stylized frame or a map outline. The background is a light blue color.

FUND BALANCE

NEW AND IMPROVED

BY STEPHEN J. GAUTHIER

There is probably no single item in a typical state or local government's financial statements that attracts more attention than fund balance. In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This latest GASB standard will not affect the calculation of fund balance, but will fundamentally alter the various components used to report it.

BACKGROUND

Accountants use the term *fund balance* to describe the arithmetic difference between the assets and liabilities reported in a governmental fund (e.g., general fund). The categories that have been used until now to present fund balance have focused on whether resources were *available for appropriation* (i.e., budgeting). Thus, the traditional presentation of fund balance distinguished *unreserved fund balance* (i.e., available for appropriation) from *reserved fund balance* (i.e., not available for appropriation).

Fund balance might not be available for appropriation (i.e., reserved) for a variety of reasons. Some resources of a governmental fund, by their very nature, cannot be spent (e.g., prepaid rent and inventories of supplies). Other resources may convert to spendable form only at a much later date (e.g., the long-term portion of notes receivable). Still other resources may be available for spending, but their use is externally restricted to a purpose narrower than the purpose of the fund in which they are reported.

In addition, governing bodies themselves frequently place their own limitations on how they will use resources otherwise available for appropriation (e.g., "earmarking"). Likewise, a government's management may have tentative plans for all or a portion of those resources. In either case, a government traditionally has had the *option* of indicating these tentative managerial plans and self-imposed limitations by presenting a portion of unreserved fund balance as *designated*.

This traditional approach to classifying fund balance is summarized in Exhibit 1.

Three considerations led the GASB to undertake its recent reexamination of the components used to report fund balance. First, the traditional terminology was not self-explanatory

and has frequently led to misunderstandings. Second, governments often have applied the different categories inconsistently in practice. Finally, some have questioned whether the historic focus on availability for appropriation best serves the needs of financial statement users.

NEW GUIDANCE

Focus. GASB Statement No. 54 will shift the focus of fund balance reporting from the availability of fund resources for budgeting to "the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent."¹

Components of fund balance. GASB Statement No. 54 establishes five components of fund balance. Because circumstances differ among governments, not every government or every governmental fund will report all of those components.

There is probably no single item in a typical state or local government's financial statements that attracts more attention than fund balance.

Constraints on how amounts can be spent are not really an issue for resources that are *inherently nonspendable*. Examples include inventories and prepaids; the long-term portion of loans receivable²; and non-financial assets held for resale.³ Still other resources cannot be spent because *legal or contractual provisions require that they be maintained intact* (e.g., the principal of an endowment). GASB Statement No. 54

directs that the portion of fund balance reflecting both be labeled ***nonspendable fund balance***.

Not all limitations on how resources may be used have the same force. Some limitations are externally enforceable and lie beyond the power of the government to change unilaterally (e.g., restrictions imposed by a grant contract or a bond covenant). Other limitations are self-imposed, but would require formal action at the highest level of the government to remove (e.g., resources legally "earmarked" for a given project by the governing body). Still other limitations are less binding and function more as a declaration of intent. GASB Statement No. 54 has created a separate category to accommodate each of these situations.

■ **Restricted fund balance.** The term *restricted fund balance* will encompass net fund resources subject to externally enforceable legal restrictions. It is no accident that the term *restricted fund balance* so closely resembles the term

Exhibit I: Traditional Components of Fund Balance

(Focus on Availability for Appropriation)

- **Reserved fund balance** (not available for appropriation)
 - Portion of net resources that *cannot ever be spent* because of their form
 - Portion of net resources that *cannot yet be spent*
 - Portion of net resources that *cannot be spent for any and all fund-related purposes* because of external limitations
- **Unreserved fund balance** (available for appropriation)
 - **Designated unreserved fund balance** (available for appropriation, with a limitation on use imposed by the government itself)
 - Portion of net resources subject to limitations imposed by the governing body
 - Portion of net resources set aside by management in connection with its tentative plans
 - **Undesignated unreserved fund balance** (available for appropriation, with no external or internal limitation)

restricted net assets used in the context of government-wide financial reporting. In both cases, the *restrictions* concerned would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation.⁴ Note that there is no need for the limitation to be narrower than the purpose of the fund.⁵

- **Committed fund balance.** The term *committed fund balance* will be used to describe the portion of fund balance that represents resources whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation would need to occur no later than the close of the reporting period. Note, once again, that there is no requirement that the limitation be narrower than the purpose of the fund.⁶

- **Assigned fund balance.** The *assigned fund balance* category will cover the portion of fund balance that reflects a government's *intended* use of resources. Such intent would have to be established at either the highest level of decision making, or by a body (e.g., finance committee) or an official designated for that purpose.⁷ Logically speaking, a government cannot *assign* resources that it does not have; therefore, the amount reported as *assigned fund balance* could never exceed total fund balance less its nonspendable, restricted, and committed components. Once again, note that there is no requirement that the limitation be narrower than the purpose of the fund.

Of course, the general fund, as the principal operating fund of a government, may have net resources in excess of what is properly categorized in one of the four categories just already described. If so, the surplus will be presented as **unassigned fund balance**. A positive amount of unassigned fund balance, however, will never be reported in a governmental fund other than the general fund, because GASB Statement No. 54 prohibits reporting resources in another fund unless they are at least *assigned* to the purpose of that fund. All the same, funds other than the general fund could report a negative amount of unassigned fund balance should the total of nonspendable fund balance, restricted fund balance, and committed fund balance exceed the total net resources of the fund.

The new components of fund balance are summarized in Exhibit 2.

Stabilization arrangements. Governments often establish “rainy day funds” or “contingency funds” to provide a financial cushion against unanticipated adverse financial or economic circumstances. The appropriate classification of such resources within fund balance depends on the specific nature of the arrangement.

On the one hand, if the use of the resources is limited in a way that is legally enforceable by an outside party, classification as restricted fund balance would be appropriate. On the other hand, if the limitation was imposed by the highest level of decision making and can only be removed by formal action equivalent to the action taken to impose it, the use of the committed fund balance classification would be appropriate. It would never be appropriate, however, to classify such resources as assigned fund balance.

Exhibit 2: New Components of Fund Balance — GASB Statement No. 54

(Focus on Extent to which Government Is Bound to Honor Constraints on the Specific Purposes for Which Amounts Can Be Spent)

- **Nonspendable fund balance** (inherently nonspendable)
 - Portion of net resources that cannot be spent because of their form
 - Portion of net resources that cannot be spent because they must be maintained intact
- **Restricted fund balance** (externally enforceable limitations on use)
 - Limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments
 - Limitations imposed by law through constitutional provisions or enabling legislation
- **Committed fund balance** (self-imposed limitations set in place prior to the end of the period)
 - Limitation imposed at highest level of decision making that requires formal action at the same level to remove
- **Assigned fund balance** (limitation resulting from intended use)
 - Intended use established by highest level of decision making
 - Intended use established by body designated for that purpose
 - Intended use established by official designated for that purpose
- **Unassigned fund balance** (residual net resources)
 - Total fund balance in the general fund in excess of *nonspendable*, *restricted*, *committed*, and assigned fund balance (i.e., surplus)
 - Excess of *nonspendable*, *restricted*, and *committed* fund balance over total fund balance (i.e., deficit)

GASB Statement No. 54, paragraph 20, places serious limits on what qualifies as a *stabilization arrangement* for this purpose:

The formal action that imposes the parameters for spending should identify and describe the specific circumstances under which a need for stabilization arises. Those circumstances should be such that they would not be expected to occur routinely. For example, a stabilization amount that can be accessed “in an emergency” would not qualify to be classified within the committed category because the circumstances or conditions that constitute an emergency are not sufficiently detailed, and it is not unlikely that an “emergency” of some nature would routinely occur. Similarly, a stabilization amount that can be accessed to offset an “anticipated revenue shortfall” would not qualify unless the shortfall was quantified and was of a magnitude that would distinguish it from other revenue shortfalls that occur during the normal course of governmental operations.

Appropriated fund balance. Not infrequently, governments balance their budget by appropriating a portion of existing fund balance to bridge the gap between appropriations and estimated revenues. The portion of fund balance thus appropriated for the following year would properly be classified as assigned fund balance.

Flow assumptions. Frequently resources for a single project will come from multiple sources. For example, a city may elect to finance a new bridge partially from restricted grant proceeds (*restricted fund balance*), partially from earmarked revenues (*committed fund balance*), and partially from other available resources expressly set aside for the purpose (*assigned fund balance*). In that case, flow assumptions would be needed:

- When both restricted resources and other resources are to be used, how are outlays allocated to each (e.g., restricted resources presumed to be spent first? Spending presumed to occur on a pro rata basis?)?
- When committed, assigned, and unassigned resources are to be used, how are outlays allocated among the various categories?

COMPARISON OF OLD AND NEW

Perhaps the best way to gain an understanding of the new fund balance categories is to contrast how certain specific items are reported today with how those same items will be reported in the future under GASB Statement No. 54.



Reserved fund balance. Currently, reserved fund balance comprises three elements:

- Resources that by their very nature cannot be spent (e.g., prepaid rent)
- Resources that are not yet available for spending (e.g., long-term portion of loans receivable)
- Resources externally restricted to a purpose narrower than the fund

The first of these elements will *always* be reported as nonspendable fund balance. The second element *normally* would be reported as nonspendable fund balance (i.e., unless there was a limitation on how the amounts eventually received could be used, in which case the classification would be restricted, committed, or assigned fund balance, as appropriate). The third element will be reported as restricted fund balance.

Designated unreserved fund balance. Currently this category comprises two elements:

- Limitations that the government places upon itself
- Tentative management plans

Net resources currently reflected in the first category will be reported in the future as either committed fund balance or as assigned fund balance, depending upon the source of the limitation. The latter will be reported as either assigned fund balance (if management is designated to make such assignments) or unassigned fund balance.

Undesignated unreserved fund balance. Today this residual category includes resources whose use is limited, but not for a purpose narrower than the purpose of the fund. Under GASB Statement No. 54, there is no requirement that a limitation be narrower than the purpose of the fund. Accordingly, items that are restricted, committed, or assigned simply for the purpose of the fund will be reported as restricted, committed, or assigned fund balance.

Also, reporting designated unreserved fund balance today is optional. Under GASB Statement No. 54, the use of the equivalent category (i.e., assigned fund balance) will be required. Therefore, many governments that today do not report designated unreserved fund balance will report as assigned fund balance a portion of what today is labeled simply unreserved fund balance.

EFFECTIVE DATE

Governments will need to implement GASB Statement No. 54 starting with the fiscal period that ends June 30, 2011. In the statistical section of the comprehensive annual financial report, retroactive implementation is encouraged, but not required. If a government declines to restate amounts from previous years in the statistical section, it will need to provide an explanation. ■

Notes

1. GASB Statement No. 54, paragraph 5.
2. Assuming that there are not constraints on the use of the amounts eventually collected.
3. Assuming that there are not constraints on the use of the proceeds of the eventual sale.
4. The criteria for restricted net assets set forth in GASB Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*, paragraph 34, are identical to the criteria for *restricted fund balance* in GASB Statement No. 54, paragraph 8.
5. If the use of the amounts to be collected on long-term loans receivable and the amounts resulting from the sale of nonfinancial assets is subject to restrictions, then those items should be reflected in restricted fund balance, rather than in nonspendable fund balance.
6. If the use of the amounts to be collected on long-term loans receivable and the amounts resulting from the sale of nonfinancial assets is committed, then those items should be reflected in committed fund balance, rather than in nonspendable fund balance.
7. If the use of the amounts to be collected on long-term loans receivable and the amounts resulting from the sale of nonfinancial assets is assigned, then those items should be reflected in assigned fund balance, rather than in nonspendable fund balance.

STEPHEN J. GAUTHIER is director of the GFOA's Technical Services Center in Chicago, Illinois.

CITY OF NOVI
Fiscal Analysis 2011-15
GENERAL FUND - Revenue

| DESCRIPTION | Actual | Estimated | Budget | Projected | | Forecast |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| TAXES | | | | | | |
| Current Property Taxes | \$ 17,056,460 | \$ 15,805,000 | \$ 14,526,000 | \$ 14,373,000 | \$ 14,461,000 | \$ 14,662,000 |
| Trailer Fees | 8,071 | 7,900 | 7,900 | 7,900 | 8,137 | 8,381 |
| Penalty and Interest | 528,730 | 325,000 | 195,000 | 195,000 | 195,000 | 195,000 |
| | <u>\$ 17,593,261</u> | <u>\$ 16,137,900</u> | <u>\$ 14,728,900</u> | <u>\$ 14,575,900</u> | <u>\$ 14,664,137</u> | <u>\$ 14,865,381</u> |
| LICENSES, PERMITS & CHARGES FOR SERVICES | | | | | | |
| Clerks Dept Fees (previously included Bus. Regis.) | \$ 27,451 | \$ 25,000 | \$ 25,000 | \$ 25,625 | \$ 26,394 | \$ 27,190 |
| Liquor licenses | 59,893 | 58,000 | 58,000 | 59,100 | 60,300 | 60,300 |
| Engineering Review Fees | 25,504 | 55,000 | 34,000 | 22,000 | 22,700 | 23,400 |
| Planning & Landscape Review Fees | 40,548 | 52,000 | 43,000 | 26,300 | 27,100 | 27,900 |
| Landscape Inspection Fees | 124,077 | 70,000 | 47,500 | 59,500 | 61,300 | 63,100 |
| Grading Permit Fees | 1,620 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 |
| Building Permits | 256,455 | 440,000 | 398,000 | 365,700 | 376,700 | 388,000 |
| Plan Review Fees | 119,525 | 184,000 | 168,000 | 126,100 | 129,900 | 133,800 |
| South Lyon Inspection Fees | - | 12,000 | 12,400 | 12,400 | 12,400 | 12,400 |
| Refrigeration Permits | 22,072 | 35,000 | 32,000 | 16,800 | 17,300 | 17,800 |
| Electrical Permits | 98,971 | 120,000 | 128,000 | 115,600 | 119,100 | 122,700 |
| Heating Permits | 103,952 | 130,000 | 119,500 | 125,600 | 129,400 | 133,300 |
| Plumbing Permits | 62,170 | 78,000 | 79,600 | 42,800 | 44,100 | 45,400 |
| Other Charges | 85,957 | 94,000 | 75,500 | 82,000 | 84,500 | 87,000 |
| Court Abatement | - | 26,000 | 32,000 | 32,000 | 20,000 | 20,000 |
| Soil Erosion Fees | 11,452 | 11,000 | 12,600 | 13,300 | 13,700 | 14,100 |
| Cable Television Fee | 535,804 | 554,500 | 542,600 | 542,600 | 542,600 | 558,900 |
| Cable Television PEG Fees (restricted) | - | 102,530 | 102,530 | 102,530 | 102,530 | 102,530 |
| Weed Cutting | 13,319 | 8,900 | 10,000 | 10,000 | 10,000 | 10,000 |
| Board of Appeals | 17,360 | 17,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Public Safety | 333,691 | 389,710 | 337,020 | 340,390 | 343,794 | 347,232 |
| Administrative Reimbursement | 41,727 | 42,000 | 35,600 | 42,140 | 43,400 | 44,700 |
| Drug Forfeitures (State) | - | - | - | - | - | - |
| | <u>\$ 1,981,548</u> | <u>\$ 2,506,240</u> | <u>\$ 2,309,450</u> | <u>\$ 2,179,085</u> | <u>\$ 2,203,818</u> | <u>\$ 2,256,352</u> |
| FEDERAL GRANTS | <u>\$ 164,674</u> | <u>\$ 373,895</u> | <u>\$ 35,400</u> | <u>\$ 75,000</u> | <u>\$ 75,000</u> | <u>\$ 75,000</u> |
| STATE SOURCES | | | | | | |
| Police Training Grant | \$ 29,679 | \$ 26,000 | \$ 26,000 | \$ 26,000 | \$ 26,000 | \$ 26,000 |
| State Revenue Sharing | 3,046,979 | 3,573,720 | 3,573,720 | 3,680,900 | 3,791,300 | 3,905,000 |
| | <u>\$ 3,076,658</u> | <u>\$ 3,599,720</u> | <u>\$ 3,599,720</u> | <u>\$ 3,706,900</u> | <u>\$ 3,817,300</u> | <u>\$ 3,931,000</u> |
| OTHER REVENUE | | | | | | |
| Contributions (other, DARE, etc.) | \$ 1,374 | \$ 500 | \$ - | \$ - | \$ - | \$ - |
| Fire Department | 9,494 | 7,120 | 120 | 120 | 120 | 120 |
| Miscellaneous Income | 257,053 | 619,100 | 160,600 | 162,210 | 163,830 | 165,470 |
| Filming Permit Revenue | 225 | - | - | - | - | - |
| Novi Township assessment | - | 17,680 | 16,795 | 16,795 | 17,300 | 17,820 |
| Municipal Service Charges | 311,080 | 311,080 | 311,080 | 312,640 | 314,200 | 315,770 |
| State of the City Revenue | 5,375 | 4,475 | 4,500 | 4,500 | 4,500 | 4,500 |
| | <u>\$ 584,601</u> | <u>\$ 959,955</u> | <u>\$ 493,095</u> | <u>\$ 496,265</u> | <u>\$ 499,950</u> | <u>\$ 503,680</u> |

CITY OF NOVI
Fiscal Analysis 2011-15
GENERAL FUND - Revenue

| DESCRIPTION | Actual | Estimated | Budget | Projected | | Forecast |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| FINES AND FORFEITURES | | | | | | |
| Court Fees and Fines | \$ 516,912 | \$ 480,000 | \$ 480,000 | \$ 484,800 | \$ 489,600 | \$ 494,500 |
| Motor Carrier Fines and Fees | 16,350 | 8,900 | 4,500 | 16,000 | 16,500 | 16,500 |
| | <u>\$ 533,262</u> | <u>\$ 488,900</u> | <u>\$ 484,500</u> | <u>\$ 500,800</u> | <u>\$ 506,100</u> | <u>\$ 511,000</u> |
| INTEREST ON INVESTMENTS | <u>\$ 220,390</u> | <u>\$ 193,710</u> | <u>\$ 261,000</u> | <u>\$ 319,000</u> | <u>\$ 328,600</u> | <u>\$ 311,000</u> |
| TRANSFERS FROM OTHER FUNDS | | | | | | |
| Transfer from Police and Fire Fund | \$ 3,490,000 | \$ 4,940,000 | \$ 2,380,000 | \$ 5,300,000 | \$ 5,300,000 | \$ 5,300,000 |
| Transfer from Other Funds | - | 310,765 | - | - | - | - |
| | <u>\$ 3,490,000</u> | <u>\$ 5,250,765</u> | <u>\$ 2,380,000</u> | <u>\$ 5,300,000</u> | <u>\$ 5,300,000</u> | <u>\$ 5,300,000</u> |
| TOTAL REVENUE | <u><u>\$ 27,644,394</u></u> | <u><u>\$ 29,511,085</u></u> | <u><u>\$ 24,292,065</u></u> | <u><u>\$ 27,152,950</u></u> | <u><u>\$ 27,394,905</u></u> | <u><u>\$ 27,753,413</u></u> |

Transfer reduced
(funds remain
available in Police/
Fire Fund) by
\$1.285 million to
stay below 22%

CITY OF NOVI
Fiscal Analysis (continued)
GENERAL FUND - Appropriations

| DESCRIPTION | Actual | Estimated | Budget | Projected | | Forecast |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| CITY COUNCIL | | | | | | |
| Personal Services | \$ 4,183 | \$ 4,625 | \$ 4,625 | \$ 4,640 | \$ 4,650 | \$ 4,660 |
| Other Services and Charges | 5,060 | 4,797 | 4,647 | 4,790 | 4,930 | 5,080 |
| | <u>\$ 9,243</u> | <u>\$ 9,422</u> | <u>\$ 9,272</u> | <u>\$ 9,430</u> | <u>\$ 9,580</u> | <u>\$ 9,740</u> |
| CITY MANAGER | | | | | | |
| Personal Services | \$ 396,052 | \$ 348,756 | \$ 380,127 | \$ 381,080 | \$ 382,030 | \$ 382,990 |
| Supplies | 500 | 466 | 472 | 490 | 500 | 520 |
| Other Services and Charges | 14,859 | 19,458 | 19,924 | 20,520 | 21,140 | 21,770 |
| | <u>\$ 411,411</u> | <u>\$ 368,680</u> | <u>\$ 400,523</u> | <u>\$ 402,090</u> | <u>\$ 403,670</u> | <u>\$ 405,280</u> |
| FINANCE & PURCHASING | | | | | | |
| Personal Services | \$ 698,531 | \$ 700,141 | \$ 695,561 | \$ 697,300 | \$ 699,040 | \$ 700,790 |
| Other Services and Charges | 64,534 | 85,100 | 70,180 | 71,230 | 72,300 | 73,380 |
| Capital outlay | 49,403 | 70,800 | - | - | - | - |
| | <u>\$ 812,468</u> | <u>\$ 856,041</u> | <u>\$ 765,741</u> | <u>\$ 768,530</u> | <u>\$ 771,340</u> | <u>\$ 774,170</u> |
| INFORMATION TECHNOLOGY | | | | | | |
| Personal Services | \$ 479,000 | \$ 487,353 | \$ 488,461 | \$ 489,680 | \$ 490,900 | \$ 492,130 |
| Supplies | 43,082 | 38,100 | 34,100 | 35,120 | 36,170 | 37,260 |
| Other Services and Charges | 114,588 | 139,305 | 126,030 | 129,810 | 133,700 | 137,710 |
| Capital Outlay | 49,284 | 64,000 | - | - | - | - |
| | <u>\$ 685,954</u> | <u>\$ 728,758</u> | <u>\$ 648,591</u> | <u>\$ 654,610</u> | <u>\$ 660,770</u> | <u>\$ 667,100</u> |
| ASSESSING | | | | | | |
| Personal Services | \$ 591,182 | \$ 482,008 | \$ 461,955 | \$ 463,110 | \$ 464,270 | \$ 465,430 |
| Supplies | 5,152 | 21,020 | 11,300 | 11,640 | 11,990 | 12,350 |
| Other Services and Charges | 245,057 | 255,780 | 257,455 | 190,180 | 195,890 | 201,770 |
| Capital Outlay | - | - | - | - | - | - |
| | <u>\$ 841,391</u> | <u>\$ 758,808</u> | <u>\$ 730,710</u> | <u>\$ 664,930</u> | <u>\$ 672,150</u> | <u>\$ 679,550</u> |
| CITY ATTORNEY | | | | | | |
| Other Services and Charges | \$ 347,976 | \$ 422,280 | \$ 372,000 | \$ 372,930 | \$ 373,860 | \$ 374,790 |
| CITY CLERK | | | | | | |
| Personal Services | \$ 521,000 | \$ 480,149 | \$ 455,511 | \$ 481,350 | \$ 456,650 | \$ 482,550 |
| Supplies | 19,586 | 10,100 | 27,000 | 33,810 | 28,820 | 23,680 |
| Other Services and Charges | 24,566 | 46,825 | 32,050 | 33,010 | 34,000 | 35,020 |
| Capital Outlay | - | - | - | - | - | - |
| | <u>\$ 565,152</u> | <u>\$ 537,074</u> | <u>\$ 514,561</u> | <u>\$ 548,170</u> | <u>\$ 519,470</u> | <u>\$ 541,250</u> |
| TREASURY | | | | | | |
| Personal Services | \$ 247,715 | \$ 232,268 | \$ 223,173 | \$ 223,730 | \$ 224,290 | \$ 224,850 |
| Supplies | 20,596 | 15,029 | 15,550 | 16,020 | 16,500 | 17,000 |
| Other Services and Charges | 27,495 | 28,028 | 45,191 | 46,550 | 47,950 | 49,390 |
| | <u>\$ 295,806</u> | <u>\$ 275,325</u> | <u>\$ 283,914</u> | <u>\$ 286,300</u> | <u>\$ 288,740</u> | <u>\$ 291,240</u> |
| FACILITY OPERATIONS (formerly Building and Grounds) | | | | | | |
| Personal Services | \$ 472,463 | \$ 227,449 | \$ 220,395 | \$ 220,950 | \$ 221,500 | \$ 222,050 |
| Supplies | 31,737 | 20,238 | 22,800 | 23,480 | 24,180 | 24,910 |
| Other Services and Charges | 358,180 | 408,148 | 395,690 | 407,560 | 419,790 | 432,380 |
| Capital Outlay | 291,669 | 300,961 | - | - | - | - |
| | <u>\$ 1,154,049</u> | <u>\$ 956,796</u> | <u>\$ 638,885</u> | <u>\$ 651,990</u> | <u>\$ 665,470</u> | <u>\$ 679,340</u> |
| HUMAN RESOURCES (previously included in General Administration) | | | | | | |
| Personal Services | \$ - | \$ 370,282 | \$ 330,642 | \$ 331,470 | \$ 332,300 | \$ 333,130 |
| Other Services and Charges | - | 40,521 | 40,625 | 41,840 | 43,100 | 44,390 |
| | <u>\$ -</u> | <u>\$ 410,803</u> | <u>\$ 371,267</u> | <u>\$ 373,310</u> | <u>\$ 375,400</u> | <u>\$ 377,520</u> |
| NEIGHBORHOOD & BUSINESS RELATIONS GROUP | | | | | | |
| Personal Services | \$ 366,021 | \$ 373,894 | \$ 379,307 | \$ 380,260 | \$ 381,210 | \$ 382,160 |
| Supplies | 8,922 | 9,600 | 9,800 | 10,090 | 10,390 | 10,700 |
| Other Services and Charges | 310,848 | 292,950 | 391,580 | 403,330 | 415,430 | 427,890 |
| Capital Outlay | - | - | - | - | - | - |
| | <u>\$ 685,791</u> | <u>\$ 676,444</u> | <u>\$ 780,687</u> | <u>\$ 793,680</u> | <u>\$ 807,030</u> | <u>\$ 820,750</u> |

CITY OF NOVI
Fiscal Analysis (continued)
GENERAL FUND - Appropriations

| DESCRIPTION | Actual | Estimated | Budget | Projected | | Forecast |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| GENERAL ADMINISTRATION | | | | | | |
| Personal Services | \$ 871,027 | \$ 772,102 | \$ 914,874 | \$ 881,680 | \$ 768,280 | \$ 770,200 |
| Supplies | 37,343 | 50,907 | 42,490 | 43,760 | 45,070 | 46,420 |
| Other Services and Charges | 679,192 | 486,529 | 483,916 | 498,430 | 513,380 | 528,780 |
| Capital Outlay | 9,710 | 62,500 | - | - | - | - |
| | <u>\$ 1,597,272</u> | <u>\$ 1,372,038</u> | <u>\$ 1,441,280</u> | <u>\$ 1,423,870</u> | <u>\$ 1,326,730</u> | <u>\$ 1,345,400</u> |
| PUBLIC SAFETY - POLICE DEPARTMENT | | | | | | |
| Personal Services | \$ 10,472,356 | \$ 10,445,067 | \$ 10,190,076 | \$ 10,215,550 | \$ 10,282,090 | \$ 10,348,800 |
| Supplies | 166,201 | 168,625 | 164,370 | 169,300 | 174,380 | 179,610 |
| Other Services and Charges | 783,630 | 867,434 | 883,321 | 909,820 | 937,110 | 965,220 |
| Capital Outlay | 42,647 | 36,500 | - | - | - | - |
| | <u>\$ 11,464,834</u> | <u>\$ 11,517,626</u> | <u>\$ 11,237,767</u> | <u>\$ 11,294,670</u> | <u>\$ 11,393,580</u> | <u>\$ 11,493,630</u> |
| PUBLIC SAFETY - FIRE DEPARTMENT | | | | | | |
| Personal Services | \$ 4,231,041 | \$ 4,059,089 | \$ 4,160,988 | \$ 4,171,390 | \$ 4,181,820 | \$ 4,192,270 |
| Supplies | 131,768 | 131,581 | 125,245 | 129,000 | 132,870 | 136,860 |
| Other Services and Charges | 403,808 | 391,895 | 425,520 | 438,290 | 451,440 | 464,980 |
| Capital Outlay | 46,617 | 168,165 | - | - | - | - |
| | <u>\$ 4,813,234</u> | <u>\$ 4,750,730</u> | <u>\$ 4,711,753</u> | <u>\$ 4,738,680</u> | <u>\$ 4,766,130</u> | <u>\$ 4,794,110</u> |
| <i>PUBLIC SAFETY TOTAL</i> | <u>\$ 16,278,068</u> | <u>\$ 16,268,356</u> | <u>\$ 15,949,520</u> | <u>\$ 16,033,350</u> | <u>\$ 16,159,710</u> | <u>\$ 16,287,740</u> |
| COMMUNITY DEVELOPMENT - BUILDING DIVISION | | | | | | |
| Personal Services | \$ 1,320,877 | \$ 1,185,557 | \$ 1,173,082 | \$ 1,176,010 | \$ 1,178,950 | \$ 1,181,900 |
| Supplies | 21,498 | 35,200 | 41,200 | 42,440 | 43,710 | 45,020 |
| Other Services and Charges | 95,771 | 119,982 | 155,280 | 159,940 | 164,740 | 169,680 |
| Capital Outlay | - | 52,300 | - | - | - | - |
| | <u>\$ 1,438,146</u> | <u>\$ 1,393,039</u> | <u>\$ 1,369,562</u> | <u>\$ 1,378,390</u> | <u>\$ 1,387,400</u> | <u>\$ 1,396,600</u> |
| COMMUNITY DEVELOPMENT - PLANNING DIVISION | | | | | | |
| Personal Services | \$ 508,959 | \$ 477,916 | \$ 437,929 | \$ 439,020 | \$ 440,120 | \$ 441,220 |
| Supplies | 7,152 | 8,190 | 7,700 | 7,930 | 8,170 | 8,420 |
| Other Services and Charges | 109,254 | 121,375 | 51,300 | 52,840 | 54,430 | 56,060 |
| Capital Outlay | - | 7,300 | - | - | - | - |
| | <u>\$ 625,365</u> | <u>\$ 614,781</u> | <u>\$ 496,929</u> | <u>\$ 499,790</u> | <u>\$ 502,720</u> | <u>\$ 505,700</u> |
| <i>COMMUNITY DEVELOPMENT TOTAL</i> | <u>\$ 2,063,511</u> | <u>\$ 2,007,820</u> | <u>\$ 1,866,491</u> | <u>\$ 1,878,180</u> | <u>\$ 1,890,120</u> | <u>\$ 1,902,300</u> |
| DEPARTMENT OF PUBLIC SERVICES | | | | | | |
| Personal Services | \$ 3,252,224 | \$ 3,131,966 | \$ 2,942,266 | \$ 2,949,620 | \$ 2,956,990 | \$ 2,964,380 |
| Supplies | 162,340 | 144,276 | 143,525 | 147,830 | 152,260 | 156,830 |
| Other Services and Charges | 628,956 | 774,229 | 749,363 | 771,840 | 795,000 | 818,850 |
| Capital Outlay | 159,757 | 872,296 | - | - | - | - |
| | <u>4,203,277</u> | <u>4,922,767</u> | <u>3,835,154</u> | <u>3,869,290</u> | <u>3,904,250</u> | <u>3,940,060</u> |
| Allocated to Other Funds | (1,948,299) | (1,956,520) | (2,071,120) | (2,076,300) | (2,081,490) | (2,086,690) |
| | <u>\$ 2,254,978</u> | <u>\$ 2,966,247</u> | <u>\$ 1,764,034</u> | <u>\$ 1,792,990</u> | <u>\$ 1,822,760</u> | <u>\$ 1,853,370</u> |
| PLANNING COMMISSION | | | | | | |
| Supplies | \$ 250 | \$ 360 | \$ 250 | \$ 260 | \$ 270 | \$ 280 |
| Other Services and Charges | 3,117 | 6,000 | 12,800 | 13,180 | 13,580 | 13,990 |
| | <u>\$ 3,367</u> | <u>\$ 6,360</u> | <u>\$ 13,050</u> | <u>\$ 13,440</u> | <u>\$ 13,850</u> | <u>\$ 14,270</u> |
| TRANSFERS TO OTHER FUNDS | | | | | | |
| Debt Service Fund* | \$ 241,775 | \$ 232,520 | \$ 295,900 | \$ 282,500 | \$ - | \$ - |
| Capital Outlay and/or Non-Recurring Expenditures | | | | | | |
| Vehicle Replacement Program | \$ - | \$ - | \$ - | \$ - | \$ 219,000 | \$ 225,600 |
| Fire Equipment Replacement Program | - | - | - | - | 60,000 | 293,600 |
| Reduction in personal services, pending review of actual-to-budget results | | | | | | (200,000) |
| One-time capital items, service improvements, etc.** | | - | 1,618,749 | 400,000 | 400,000 | 400,000 |
| TOTAL APPROPRIATIONS/EXPENDITURES | <u>\$ 28,248,212</u> | <u>\$ 28,853,772</u> | <u>\$ 28,465,175</u> | <u>\$ 27,350,300</u> | <u>\$ 27,439,650</u> | <u>\$ 27,743,010</u> |

*Final debt service payment on taxable bonds in 2012-13

**Excludes PC replacements which are assumed for all years (\$45,090 for 2011-12)

CITY OF NOVI
Fiscal Analysis (continued)
GENERAL FUND - Fund Balance

| DESCRIPTION | Actual | Estimated | Budget | Projected | | Forecast |
|---|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| <u>General Fund-Fund Balance Summary</u> | | | | | | |
| Fund balance, undesignated, beginning | \$ 10,314,220 | \$ 8,302,002 | \$ 10,367,715 | \$ 6,092,075 | \$ 5,894,725 | \$ 5,849,980 |
| 2010-11 Budget stabilization for 2011-12 | - | 1,408,400 * | - | - | - | - |
| Restricted for communication equipment | - | - | - | 102,530 | 102,530 | 102,530 |
| Fund balance, beginning, total | \$ 10,314,220 | \$ 9,710,402 | \$ 10,367,715 | \$ 6,194,605 | \$ 5,997,255 | \$ 5,952,510 |
| Annual Revenue | \$ 27,644,394 | \$ 29,511,085 | \$ 24,292,065 | \$ 27,152,950 | \$ 27,394,905 | \$ 27,753,413 |
| Annual Expenditures covered by Budget Stabilization | | - | \$ (1,408,400) * | - | - | - |
| Annual Expenditures | (28,248,212) | (28,853,772) | (27,056,775) | (27,350,300) | (27,439,650) | (27,743,010) |
| Estimated Ending Fund Balance | <u>\$ 9,710,402</u> | <u>\$ 10,367,715</u> | <u>\$ 6,194,605</u> | <u>\$ 5,997,255</u> | <u>\$ 5,952,510</u> | <u>\$ 5,962,913</u> |
| Total Fund balance as a percentage of total annual expenditures | 34.38% | 35.93% | 21.76% | 21.93% | 21.69% | 21.49% |
| Fund Balance Ending (minimum 18% of current expenditures) | | | \$ 5,123,732 | \$ 4,923,054 | \$ 4,939,137 | \$ 4,993,742 |
| Funds in excess/or (shortfall) of 18% minimum | | | \$ 1,070,873 | \$ 1,074,201 | \$ 1,013,373 | \$ 969,171 |
| Planned use of fund balance | | | \$ (2,764,710) | \$ (197,350) | \$ (44,745) | |
| Annual Expenditures covered by Budget Stabilization | | - | \$ (1,408,400) | | | |
| Addition to fund balance | | | | | | \$ 10,403 |

*The City Council adopted the 2010-11 Budget with \$1,408,400 budget stabilization for use in 2011-12, which is reflected in the 2011-12 recommended budget.

CITY OF NOVI
Fiscal Analysis 2011-15
MAJOR STREET FUND (excluding SAD's)
REVENUE

| DESCRIPTION | Actual | Estimated | Budget | Projected | | Forecast |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| Gas and Weight Tax | \$ 2,016,261 | \$ 2,037,600 | \$ 2,080,400 | \$ 2,142,800 | \$ 2,207,100 | \$ 2,273,300 |
| Interest on Investments | 1,878 | 2,600 | 2,300 | 2,380 | 2,460 | 2,550 |
| Miscellaneous Revenue | 8,415 | (3,340) | - | - | - | - |
| Transfer from Special Assessment Revolving Fund | 218,750 | - | - | - | - | - |
| Transfer from Municipal Street | 830,000 | 450,000 | - | - | - | - |
| | <u>\$ 3,075,304</u> | <u>\$ 2,486,860</u> | <u>\$ 2,082,700</u> | <u>\$ 2,145,180</u> | <u>\$ 2,209,560</u> | <u>\$ 2,275,850</u> |

MAJOR STREET FUND (excluding SAD's)

| DESCRIPTION | APPROPRIATIONS | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Actual | Estimated | Budget | Projected | | Forecast |
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| Engineering (City Services) & Other Miscellaneous | \$ 8,442 | \$ 8,330 | \$ 8,330 | \$ 8,350 | \$ 8,370 | \$ 8,390 |
| Engineer Beck 10 Mile intersection | 9,039 | - | - | - | - | - |
| Engineer Beck 9 Mile to Cheltenham | - | 63,200 | - | - | - | - |
| Engineering-Orchard Hill Place Rehabilitation | 21,360 | - | - | - | - | - |
| Engineering - Meadowbrook (10 MI to Cherry Hill) | - | 46,560 | 47,940 | - | - | - |
| Engineering - Meadowbrook (8 to 9 Mile) | 29,615 | 2,400 | - | - | - | - |
| Engineering-9 Mile(Meadowbrook to Haggerty) | 31,931 | - | - | - | - | - |
| Engineering - Nine Mile Rd (Novi to Taft) | 52,257 | 41,800 | - | - | - | - |
| Engineering - Nine Mile (Beck to Taft) | 25,286 | 3,520 | - | - | - | - |
| Engineering - Fountain Walk Drive | - | - | 31,000 | - | - | - |
| Engineering - West Oak Drive | - | - | 46,100 | - | - | - |
| Other costs - 9 Mile Reconstruction | 7,410 | 2,990 | - | - | - | - |
| Meadowbrook Rd Repaving (10 Mile to Cherry Hill) | - | - | 90,750 | - | - | - |
| Beck Rd 10 Mile Intersection | 6,239 | - | - | - | - | - |
| Construction - Beck 9 Mile to Cheltenham | - | 303,400 | - | - | - | - |
| Construction - Meadowbrook (8 to 9 Mile) | 14,941 | 5,060 | - | - | - | - |
| Construction-9 Mile (Meadowbrook to Haggerty) | 12,121 | 39,880 | - | - | - | - |
| Construction - Nine Mile Rd (Novi to Taft) | 209,818 | 105,180 | - | - | - | - |
| Orchard Hill Place Rehabilitation | 1,800 | - | - | - | - | - |
| Construction - Fountain Walk Drive | - | - | 149,000 | - | - | - |
| Construction - West Oak Drive | - | - | 221,100 | - | - | - |
| Construction as determined by CIP, grants, funds available | - | - | - | 825,000 | 825,000 | 825,000 |
| Total Construction | \$ 430,259 | \$ 622,320 | \$ 594,220 | \$ 833,350 | \$ 833,370 | \$ 833,390 |
| Routine Maintenance | \$ 448,892 | \$ 500,000 | \$ 500,000 | \$ 501,300 | \$ 502,600 | \$ 503,900 |
| Capital Preventive Maintenance Program | 60,280 | 421,000 | 150,000 | TBD | TBD | TBD |
| Traffic Services | 230,371 | 214,420 | 220,000 | 220,600 | 221,200 | 221,800 |
| Traffic Control Sign Replacement Program | - | 20,400 | 20,400 | 20,400 | 20,400 | 20,400 |
| Winter Maintenance | 383,927 | 272,000 | 270,000 | 270,700 | 271,400 | 272,100 |
| Administration | 500 | 500 | 500 | 500 | 500 | 500 |
| | <u>\$ 1,123,970</u> | <u>\$ 1,428,320</u> | <u>\$ 1,160,900</u> | <u>\$ 1,013,500</u> | <u>\$ 1,016,100</u> | <u>\$ 1,018,700</u> |
| Transfer to Local Street Fund | \$ 504,355 | \$ 509,400 | \$ 520,100 | \$ 535,700 | \$ 551,780 | \$ 568,330 |
| Transfer to MTF Refunding 2002 | 114,542 | 117,990 | - | - | - | - |
| | <u>\$ 618,897</u> | <u>\$ 627,390</u> | <u>\$ 520,100</u> | <u>\$ 535,700</u> | <u>\$ 551,780</u> | <u>\$ 568,330</u> |
| | <u>\$ 2,173,126</u> | <u>\$ 2,678,030</u> | <u>\$ 2,275,220</u> | <u>\$ 2,382,550</u> | <u>\$ 2,401,250</u> | <u>\$ 2,420,420</u> |
| Fund Balance Beginning | \$ 199,625 | \$ 1,101,803 | \$ 910,633 | \$ 718,113 | \$ 480,743 | \$ 289,053 |
| Revenue less Expenditures | 902,178 | (191,170) | (192,520) | (237,370) | (191,690) | (144,570) |
| Ending Fund Balance | <u>\$ 1,101,803</u> | <u>\$ 910,633</u> | <u>\$ 718,113</u> | <u>\$ 480,743</u> | <u>\$ 289,053</u> | <u>\$ 144,483</u> |

CITY OF NOVI
Fiscal Analysis 2011-15

LOCAL STREET FUND (excluding SAD's)

| DESCRIPTION | REVENUE | | | | | |
|---|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | Actual 2009-10 | Estimated 2010-11 | Budget 2011-12 | Projected | | Forecast 2014-15 |
| | | | | 2012-13 | 2013-14 | |
| Gas and Weight Tax | \$ 722,611 | \$ 712,810 | \$ 728,300 | \$ 750,100 | \$ 772,600 | \$ 795,800 |
| Interest on Investments | 1,592 | 2,100 | 1,900 | 1,970 | 2,040 | 2,110 |
| Transfer from Major Street | 504,355 | 509,400 | 520,100 | 535,700 | 551,780 | 568,330 |
| Transfer from Municipal Street | 110,000 | 645,000 | - | TBD | TBD | TBD |
| Transfer from Special Assessment Revolving Fund | 281,250 | - | 900,000 | - | - | - |
| | <u>\$ 1,619,808</u> | <u>\$ 1,869,310</u> | <u>\$ 2,150,300</u> | <u>\$ 1,287,770</u> | <u>\$ 1,326,420</u> | <u>\$ 1,366,240</u> |

LOCAL STREET FUND (excluding SAD's)

| DESCRIPTION | APPROPRIATIONS | | | | | |
|---|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | Actual 2009-10 | Estimated 2010-11 | Budget 2011-12 | Projected | | Forecast 2014-15 |
| | | | | 2012-13 | 2013-14 | |
| Engineering (City Services) | \$ 13,320 | \$ 13,320 | \$ 13,320 | \$ 13,350 | \$ 13,380 | \$ 13,410 |
| Engineering - Neighborhood Roads 2011 | - | 70,000 | - | - | - | - |
| Engineering - Neighborhood Roads 2008 | 999 | - | - | - | - | - |
| Engineering - Neighborhood Roads 2009 | 125,508 | - | - | - | - | - |
| Engineering - Neighborhood Roads 2010 | 17,450 | 101,700 | - | - | - | - |
| Engineering - Neighborhood Roads 2012 | - | - | 150,000 | - | - | - |
| Engineering - Sheraton Drive | - | - | 27,180 | - | - | - |
| Construction - Vista Hills | 153,911 | 72,190 | - | - | - | - |
| Construction - Neighborhood Roads 2009 | 1,025,375 | - | - | - | - | - |
| Construction - Neighborhood Roads 2010 | - | 828,300 | - | - | - | - |
| Construction - Neighborhood Roads 2010 | - | - | 1,000,000 | - | - | - |
| Construction - Sheraton Drive | - | - | 130,450 | - | - | - |
| Construction - Available Funds before Municipal St Transfer | - | - | - | 550,000 | 550,000 | 550,000 |
| Construction - Neighborhood Roads Future | - | - | - | TBD | TBD | TBD |
| | <u>\$ 1,336,563</u> | <u>\$ 1,085,510</u> | <u>\$ 1,320,950</u> | <u>\$ 563,350</u> | <u>\$ 563,380</u> | <u>\$ 563,410</u> |
| Routine Maintenance | \$ 499,163 | \$ 450,000 | \$ 450,000 | \$ 451,100 | \$ 452,200 | \$ 453,300 |
| Capital Preventive Maintenance Program | 71,372 | 120,270 | 75,000 | TBD | TBD | TBD |
| Traffic Services | 115,725 | 118,900 | 120,000 | 120,300 | 120,600 | 120,900 |
| Traffic Control Sign Replacement Program | - | 30,600 | 30,600 | 30,600 | 30,600 | 30,600 |
| Winter Maintenance | 290,260 | 245,000 | 245,000 | 245,600 | 246,200 | 246,800 |
| Administration | 500 | 500 | 500 | 500 | 500 | 500 |
| | <u>\$ 977,020</u> | <u>\$ 965,270</u> | <u>\$ 921,100</u> | <u>\$ 848,100</u> | <u>\$ 850,100</u> | <u>\$ 852,100</u> |
| | <u>\$ 2,313,583</u> | <u>\$ 2,050,780</u> | <u>\$ 2,242,050</u> | <u>\$ 1,411,450</u> | <u>\$ 1,413,480</u> | <u>\$ 1,415,510</u> |
| Fund Balance Beginning | \$ 1,373,395 | \$ 679,620 | \$ 498,150 | \$ 406,400 | \$ 282,720 | \$ 195,660 |
| Revenue less Expenditures | (693,775) | (181,470) | (91,750) | (123,680) | (87,060) | (49,270) |
| Ending Fund Balance | <u>\$ 679,620</u> | <u>\$ 498,150</u> | <u>\$ 406,400</u> | <u>\$ 282,720</u> | <u>\$ 195,660</u> | <u>\$ 146,390</u> |

CITY OF NOVI
Fiscal Analysis 2011-15
MUNICIPAL STREET FUND (excluding SAD's)

| DESCRIPTION | REVENUE | | | | | |
|---------------------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | Actual 2009-10 | Estimated 2010-11 | Budget 2011-12 | Projected | | Forecast 2014-15 |
| | | | | 2012-13 | 2013-14 | |
| Property Taxes | \$ 2,674,686 | \$ 2,436,000 | \$ 2,234,000 | \$ 2,188,000 | \$ 2,201,000 | \$ 2,232,000 |
| Special Assessment Levied | 21,515 | 15,980 | 15,370 | - | - | - |
| Interest on Special Assessments | 9,590 | 8,570 | 7,080 | - | - | - |
| Interest on Investments | 7,793 | 7,800 | 7,800 | 8,070 | 8,350 | 8,640 |
| Miscellaneous Income | 178,275 | 232,180 | 93,390 | - | - | - |
| | <u>\$ 2,891,859</u> | <u>\$ 2,700,530</u> | <u>\$ 2,357,640</u> | <u>\$ 2,196,070</u> | <u>\$ 2,209,350</u> | <u>\$ 2,240,640</u> |

MUNICIPAL STREET FUND (excluding SAD's)

| DESCRIPTION | APPROPRIATIONS | | | | | |
|---|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | Actual 2009-10 | Estimated 2010-11 | Budget 2011-12 | Projected | | Forecast 2014-15 |
| | | | | 2012-13 | 2013-14 | |
| Data Processing | \$ - | \$ 3,500 | \$ 3,500 | \$ 3,610 | \$ 3,720 | \$ 3,830 |
| Engineering (City Services) | 41,871 | 41,640 | 41,640 | 41,740 | 41,840 | 41,940 |
| 12 Mile Rd E of Napier Grand Sakwa | 10,264 | 845 | - | - | - | - |
| ADA Compliance Plan | - | - | 50,000 | - | - | - |
| Engineering - NW Quadrant Ring Road | 155,191 | 2,366 | - | - | - | - |
| Consulting-Novl Rd-10 MI to GR | 4,435 | - | - | - | - | - |
| Engineering -12 Mile Road Widening (Beck Rd to Dixon) | - | - | 150,000 | - | - | - |
| Engineering-Cresnet Blvd Extension (NW Quadrant Ring Rd)(Phase I) | - | - | 83,710 | - | - | - |
| Engineering (Outside Services) | 6,650 | 1,500 | - | - | - | - |
| Memberships and Dues | 14,300 | 14,300 | 15,200 | 15,660 | 16,130 | 16,610 |
| Easements - Novi Rd GR to 10 Mile | 157,070 | 310,000 | - | - | - | - |
| 11 Mile & Meadowbrook Signal & Intersection | 13,663 | - | - | - | - | - |
| Wixom/Ten Mile Signal Upgrades | - | 55,000 | - | - | - | - |
| Beck/Cider Mill Signal | 12,197 | 165,000 | - | - | - | - |
| Civic Center/Library dedicated right turn lane | 21,884 | 95,693 | - | - | - | - |
| Old Novi Rd/13MI/S Lake Dr Intersection improvements | - | 152,000 | - | - | - | - |
| Taft & 11 MI - Roundabout (new) | - | 4,450 | - | - | - | - |
| Grand River & Meadowbrook Signal Modernization | - | - | 100,000 | - | - | - |
| RCOC Signalization Projects (shared costs) | - | 8,221 | - | - | - | - |
| Construction0 Ice Arena Drive | - | - | 66,000 | - | - | - |
| Construcion - Crowe/Ingersol (Town Center) | 4,392 | - | - | - | - | - |
| 12 Mile Rd E of Napier Grand Sakwa | 174,163 | - | - | - | - | - |
| Construction - Novi Rd GR to 10 Mile | - | 996,840 | - | - | - | - |
| Construction - Novi Rd/GR to 12 Mile Rd | 365,250 | 437,675 | - | - | - | - |
| Grand River Rehabilitation - Novi Rd to Haggerty | - | 37,500 | 515,000 | - | - | - |
| Cresnet Blvd Extension (Norhtwest Quadrant Ring Road)(Phase I) | - | - | 474,380 | - | - | - |
| Construction - Cranbrook Drive Bridge | - | 248,000 | - | - | - | - |
| Construction-MDOT Projects-Local share | 191,791 | 168,900 | - | - | - | - |
| Construction - Allocation to be determined by CIP and fu | - | - | - | - | - | - |
| | <u>\$ 1,173,121</u> | <u>\$ 2,743,430</u> | <u>\$ 1,499,430</u> | <u>\$ 61,010</u> | <u>\$ 61,690</u> | <u>\$ 62,380</u> |
| Routine Maintenance | \$ 121,725 | \$ 200,000 | \$ 225,000 | \$ 225,600 | \$ 226,200 | \$ 226,800 |
| 12 Mile Irrigation Project | 7,876 | - | - | - | - | - |
| Trailblazing sign - I96 Study | - | - | 15,000 | - | - | - |
| Bridge inspection/repair bi-annual | 1,500 | 1,500 | - | - | - | - |
| Winter Maintenance - County Roads | 135,317 | 190,000 | 190,000 | 190,500 | 191,000 | 191,500 |
| Administration | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 |
| | <u>\$ 268,118</u> | <u>\$ 393,200</u> | <u>\$ 431,700</u> | <u>\$ 417,800</u> | <u>\$ 418,900</u> | <u>\$ 420,000</u> |
| Transfer to Major Street Fund | \$ 830,000 | \$ 450,000 | \$ - | \$ - | \$ - | \$ - |
| Transfer to Local Street Fund | 110,000 | 645,000 | - | TBD | TBD | TBD |
| | <u>\$ 940,000</u> | <u>\$ 1,095,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Annual Sidewalk/Bike Trail Program | \$ 229,043 | \$ 352,520 | \$ 354,476 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| Capital Outlay | \$ - | \$ - | \$ 48,750 | \$ - | \$ - | \$ - |
| | <u>\$ 2,610,282</u> | <u>\$ 4,584,150</u> | <u>\$ 2,334,356</u> | <u>\$ 503,810</u> | <u>\$ 505,590</u> | <u>\$ 507,380</u> |
| Fund Balance Beginning | \$ 2,141,406 | \$ 2,422,983 | \$ 539,363 | \$ 562,647 | \$ 2,254,907 | \$ 3,958,667 |
| Annual Revenue | \$ 2,891,859 | \$ 2,700,530 | \$ 2,357,640 | \$ 2,196,070 | \$ 2,209,350 | \$ 2,240,640 |
| Annual Expenditures | (2,610,282) | (4,584,150) | (2,334,356) | (503,810) | (505,590) | (507,380) |
| Revenue less Expenditures | 281,577 | (1,883,620) | 23,284 | 1,692,260 | 1,703,760 | 1,733,260 |
| Ending Fund Balance | <u>\$ 2,422,983</u> | <u>\$ 539,363</u> | <u>\$ 562,647</u> | <u>\$ 2,254,907</u> | <u>\$ 3,958,667</u> | <u>\$ 5,691,927</u> |
| 15% Target fund balance for contingencies | | | | 75,572 | 75,839 | 76,107 |
| Cumulative Amount Available for construction programming | | | | <u>\$ 2,179,335</u> | <u>\$ 3,882,828</u> | <u>\$ 5,615,820</u> |

Adjusted for revised Nine Mile Pathway project

CITY OF NOVI
Fiscal Analysis 2011-15
POLICE AND FIRE FUND

REVENUE

| DESCRIPTION | Actual 2009-10 | Estimated 2010-11 | Budget 2011-12 | Projected | | Forecast 2014-15 |
|----------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | | | | 2012-13 | 2013-14 | |
| Property Taxes | \$ 4,948,811 | \$ 4,507,600 | \$ 4,134,000 | \$ 4,048,000 | \$ 4,073,000 | \$ 4,130,000 |
| Interest | 29,942 | 36,700 | 38,900 | 35,100 | 19,760 | 20,250 |
| | <u>\$ 4,978,753</u> | <u>\$ 4,544,300</u> | <u>\$ 4,172,900</u> | <u>\$ 4,083,100</u> | <u>\$ 4,092,760</u> | <u>\$ 4,150,250</u> |

POLICE AND FIRE FUND
APPROPRIATIONS

| DESCRIPTION | Actual 2009-10 | Estimated 2010-11 | Budget 2011-12 | Projected | | Forecast 2014-15 |
|---------------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | | | | 2012-13 | 2013-14 | |
| Transfer to General Fund | \$ 3,490,000 | \$ 4,940,000 | \$ 2,380,000 | \$ 5,300,000 | \$ 5,300,000 | \$ 5,300,000 |
| Fund Balance Beginning | \$ 2,332,165 | \$ 3,820,918 | \$ 3,425,218 | \$ 5,218,118 | \$ 4,001,218 | \$ 2,793,978 |
| Revenue less Expenditures | 1,488,753 | (395,700) | 1,792,900 | (1,216,900) | (1,207,240) | (1,149,750) |
| Ending Fund Balance | <u>\$ 3,820,918</u> | <u>\$ 3,425,218</u> | <u>\$ 5,218,118</u> | <u>\$ 4,001,218</u> | <u>\$ 2,793,978</u> | <u>\$ 1,644,228</u> |

PARKS, RECREATION AND CULTURAL SERVICES

REVENUE

| DESCRIPTION | Actual 2009-10 | Estimated 2010-11 | Budget 2011-12 | Projected | | Forecast 2014-15 |
|-----------------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | | | | 2012-13 | 2013-14 | |
| Property Taxes | \$ 1,336,477 | \$ 1,216,000 | \$ 1,116,000 | \$ 1,093,000 | \$ 1,100,000 | \$ 1,115,000 |
| Grants | 246,688 | 165,055 | 550,806 | 113,310 | 113,310 | 113,310 |
| Program Revenue | 936,749 | 936,334 | 977,140 | 991,800 | 1,006,700 | 1,021,800 |
| Older Adult Program Revenue | 127,683 | 140,951 | 150,059 | 152,300 | 154,600 | 156,900 |
| Interest | 2,606 | 6,300 | 5,000 | 5,180 | 5,360 | 5,550 |
| Miscellaneous Income | 7,798 | 8,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Transfer from other funds | 2,362 | 46,200 | 50,000 | 1,000 | 1,000 | 1,000 |
| | <u>\$ 2,660,363</u> | <u>\$ 2,518,840</u> | <u>\$ 2,854,005</u> | <u>\$ 2,361,590</u> | <u>\$ 2,385,970</u> | <u>\$ 2,418,560</u> |

PARKS, RECREATION AND CULTURAL SERVICES

APPROPRIATIONS

| DESCRIPTION | Actual 2009-10 | Estimated 2010-11 | Budget 2011-12 | Projected | | Forecast 2014-15 |
|---|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | | | | 2012-13 | 2013-14 | |
| Personal Services | \$ 806,258 | \$ 744,995 | \$ 893,188 | \$ 895,400 | \$ 897,600 | \$ 899,800 |
| Supplies | 39,763 | 35,266 | 50,180 | 51,700 | 53,300 | 54,900 |
| Other Services and Charges | 1,096,263 | 1,053,573 | 1,460,277 | 1,456,700 | 1,492,100 | 1,501,000 |
| Capital Outlay | 122,509 | 552,771 | 852,590 | - | - | - |
| | <u>\$ 2,064,793</u> | <u>\$ 2,386,605</u> | <u>\$ 3,256,235</u> | <u>\$ 2,403,800</u> | <u>\$ 2,443,000</u> | <u>\$ 2,455,700</u> |
| Fund Balance Beginning | \$ 537,175 | \$ 1,132,745 | \$ 1,264,980 | \$ 862,750 | \$ 820,540 | \$ 763,510 |
| Revenue less Expenditures | 595,570 | 132,235 | (402,230) | (42,210) | (57,030) | (37,140) |
| Ending Fund Balance | <u>\$ 1,132,745</u> | <u>\$ 1,264,980</u> | <u>\$ 862,750</u> | <u>\$ 820,540</u> | <u>\$ 763,510</u> | <u>\$ 726,370</u> |
| 15% Target fund balance for contingencies | | | | 360,570 | 366,450 | 368,355 |
| <i>Cumulative Amount Available for Park Development, etc.</i> | | | | <u>\$ 459,970</u> | <u>\$ 397,060</u> | <u>\$ 358,015</u> |

Fiscal Analysis 2011-15
TREE FUND
REVENUE

| DESCRIPTION | Actual 2009-10 | Estimated 2010-11 | Budget 2011-12 | Projected | | Forecast 2014-15 |
|-------------------------------|-------------------|----------------------|-------------------|------------------|------------------|---------------------|
| | | | | 2012-13 | 2013-14 | |
| Grants | \$ 20,000 | \$ 2,000 | \$ - | \$ - | \$ - | \$ - |
| Interest | 2,390 | 9,800 | 10,200 | 10,510 | 10,830 | 11,150 |
| Tree Fund Revenue | 141,725 | 41,381 | 10,000 | 50,000 | 75,000 | 125,000 |
| Tree Fund Maintenance Revenue | 400 | 12,900 | 500 | 12,900 | 500 | 12,900 |
| | <u>\$ 164,515</u> | <u>\$ 66,081</u> | <u>\$ 20,700</u> | <u>\$ 73,410</u> | <u>\$ 86,330</u> | <u>\$ 149,050</u> |

TREE FUND
APPROPRIATIONS

| DESCRIPTION | Actual 2009-10 | Estimated 2010-11 | Budget 2011-12 | Projected | | Forecast 2014-15 |
|---------------------------|---------------------|----------------------|-------------------|-------------------|-------------------|---------------------|
| | | | | 2012-13 | 2013-14 | |
| Tree Fund Maintenance | \$ - | \$ 50,000 | \$ 75,000 | \$ 76,500 | \$ 78,030 | \$ 79,591 |
| Trees | 200,962 | 225,000 | 225,000 | 225,000 | 225,000 | 225,000 |
| | <u>\$ 200,962</u> | <u>\$ 275,000</u> | <u>\$ 300,000</u> | <u>\$ 301,500</u> | <u>\$ 303,030</u> | <u>\$ 304,591</u> |
| Fund Balance Beginning | \$ 1,350,179 | \$ 1,313,732 | \$ 1,104,813 | \$ 825,513 | \$ 597,423 | \$ 380,723 |
| Revenue less Expenditures | (36,447) | (208,919) | (279,300) | (228,090) | (216,700) | (155,541) |
| Ending Fund Balance | <u>\$ 1,313,732</u> | <u>\$ 1,104,813</u> | <u>\$ 825,513</u> | <u>\$ 597,423</u> | <u>\$ 380,723</u> | <u>\$ 225,182</u> |

Fiscal Analysis 2011-15
DRAIN REVENUE FUND (excluding SAD's)

REVENUE

| DESCRIPTION | Actual | Estimated | Budget | Projected | | Forecast |
|----------------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| Property Taxes | \$ 619,415 | \$ 278,000 | \$ 765,000 | \$ 1,882,000 | \$ 2,201,000 | \$ 2,232,000 |
| Interest on Investments | 112,113 | 54,800 | 54,800 | 56,720 | 58,710 | 60,760 |
| Other | - | 11,515 | 5,000 | - | - | - |
| Grants/Contributions from Others | - | - | 202,500 | - | - | - |
| | <u>\$ 731,528</u> | <u>\$ 344,315</u> | <u>\$ 1,027,300</u> | <u>\$ 1,938,720</u> | <u>\$ 2,259,710</u> | <u>\$ 2,292,760</u> |

DRAIN REVENUE FUND (excluding SAD's)

APPROPRIATIONS

| DESCRIPTION | Actual | Estimated | Budget | Projected | | Forecast |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| Construction & Other | \$ 353,631 | \$ 706,346 | \$ 755,536 | \$ 766,869 | \$ 778,372 | \$ 790,048 |
| Storm Maintenance & Other Activities | 676,389 | 776,600 | 758,800 | 781,600 | 805,000 | 829,200 |
| Capital Outlay | - | - | 48,750 | - | - | - |
| | <u>\$ 1,030,020</u> | <u>\$ 1,482,946</u> | <u>\$ 1,563,086</u> | <u>\$ 1,548,469</u> | <u>\$ 1,583,372</u> | <u>\$ 1,619,248</u> |
| Fund Balance Beginning | \$ 5,520,547 | \$ 5,222,055 | \$ 4,083,424 | \$ 3,547,638 | \$ 3,937,889 | \$ 4,614,227 |
| Revenue less Expenditures | (298,492) | (1,138,631) | (535,786) | 390,251 | 676,338 | 673,512 |
| Ending Fund Balance - Available for future construction, dredging projects, etc. | <u>\$ 5,222,055</u> | <u>\$ 4,083,424</u> | <u>\$ 3,547,638</u> | <u>\$ 3,937,889</u> | <u>\$ 4,614,227</u> | <u>\$ 5,287,739</u> |

CITY OF NOVI
Fiscal Analysis 2011-15
LIBRARY FUND
REVENUE

| DESCRIPTION | Actual | Estimated | Budget | Projected | | Forecast |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| Property Taxes | \$ 2,674,686 | \$ 2,438,775 | \$ 2,234,000 | \$ 2,188,000 | \$ 2,201,000 | \$ 2,232,000 |
| State Sources | 26,148 | 10,385 | 20,000 | 10,000 | 10,300 | 10,610 |
| Library Book Fines | 36,417 | 42,000 | 44,100 | 46,300 | 47,690 | 49,120 |
| State Penal Fines | 70,103 | 66,908 | 63,500 | 60,400 | 62,210 | 64,080 |
| Interest | 7,069 | 12,000 | 14,000 | 14,000 | 14,420 | 14,850 |
| Miscellaneous Income | 19,850 | 9,500 | 9,000 | 7,500 | 7,730 | 7,960 |
| Copier | 2,234 | 2,000 | 2,000 | 2,000 | 2,060 | 2,120 |
| Electronic Media | 5,389 | 6,000 | 7,500 | 7,500 | 7,730 | 7,960 |
| Meeting Room | 4,450 | 6,500 | 6,500 | 6,500 | 6,700 | 6,900 |
| Gifts and Donations | 846 | 15,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Novi Township assessment | 7,693 | 6,822 | 6,350 | 6,160 | 6,160 | 6,160 |
| Library Café | - | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 |
| Transfer from Walker Fund | 130,924 | - | - | - | - | - |
| | <u>\$ 2,985,809</u> | <u>\$ 2,620,390</u> | <u>\$ 2,413,450</u> | <u>\$ 2,354,860</u> | <u>\$ 2,372,500</u> | <u>\$ 2,408,260</u> |

LIBRARY FUND
APPROPRIATIONS

| DESCRIPTION | Actual | Estimated | Budget | Projected | | Forecast |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| Personal Services | \$ 1,814,084 | \$ 1,836,238 | \$ 1,764,450 | \$ 1,795,450 | \$ 1,799,939 | \$ 1,804,438 |
| Supplies | 437,438 | 478,550 | 503,700 | 499,000 | 508,980 | 519,160 |
| Other Services & Charges | 324,778 | 371,978 | 415,337 | 417,637 | 429,120 | 440,920 |
| Capital Outlay | - | - | 12,500 | 12,500 | - | - |
| | <u>\$ 2,576,300</u> | <u>\$ 2,686,766</u> | <u>\$ 2,695,987</u> | <u>\$ 2,724,587</u> | <u>\$ 2,738,039</u> | <u>\$ 2,764,518</u> |
| Fund Balance Beginning | \$ 2,115,559 | \$ 2,525,068 | \$ 2,458,692 | \$ 2,176,155 | \$ 1,806,428 | \$ 1,440,889 |
| Revenue less Expenditures | 409,509 | (66,376) | (282,537) | (369,727) | (365,539) | (356,258) |
| Ending Fund Balance | <u>\$ 2,525,068</u> | <u>\$ 2,458,692</u> | <u>\$ 2,176,155</u> | <u>\$ 1,806,428</u> | <u>\$ 1,440,889</u> | <u>\$ 1,084,631</u> |

WALKER LIBRARY FUND*
REVENUE

| DESCRIPTION | Actual | Estimated | Budget | Projected | | Forecast |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| Interest on Investments | \$ 24,068 | \$ 15,700 | \$ 16,300 | \$ 18,700 | \$ 19,300 | \$ 19,500 |
| Walker Fund General Donations | 44,150 | 2,520 | - | - | - | - |
| Library Donations (restricted for specific purpose) | 18,771 | 15,000 | - | - | - | - |
| | <u>\$ 86,989</u> | <u>\$ 33,220</u> | <u>\$ 16,300</u> | <u>\$ 18,700</u> | <u>\$ 19,300</u> | <u>\$ 19,500</u> |

APPROPRIATIONS

| DESCRIPTION | Actual | Estimated | Budget | Projected | | Forecast |
|----------------------------|-------------------|-----------------|-------------|-------------|-------------|-------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| Supplies | \$ 2,259 | \$ 5,248 | \$ - | \$ - | \$ - | \$ - |
| Other Services & Charges | 358 | 2,161 | - | - | - | - |
| Transfers to Library Funds | 134,124 | - | - | - | - | - |
| | <u>\$ 136,741</u> | <u>\$ 7,409</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

*The Novi Library Board authorizes expenditures from this fund. These donations are restricted for library purposes.

| | | | | | | |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Fund Balance Beginning | \$ 1,453,747 | \$ 1,403,995 | \$ 1,429,806 | \$ 1,446,106 | \$ 1,464,806 | \$ 1,484,106 |
| Revenue less Expenditures | (49,752) | 25,811 | 16,300 | 18,700 | 19,300 | 19,500 |
| Ending Fund Balance | <u>\$ 1,403,995</u> | <u>\$ 1,429,806</u> | <u>\$ 1,446,106</u> | <u>\$ 1,464,806</u> | <u>\$ 1,484,106</u> | <u>\$ 1,503,606</u> |

**Fiscal Analysis 2011-2015
Major Assumptions**

Revenue

| | |
|-----------------------|--|
| Property Tax | Maximum allowable millage rates are used for all funds except the Drain Fund. Taxable value projections as of April 19, 2011 (after March 2011 Board of Review. The 2011 and future property values include approximately \$25,000,000 in net new construction. The 2010 taxable value increased approximately \$25,000,000 for net new construction. Penalties and interest are based on historical collections, not most recent years. Several large taxpayers have new ownership, and as such do not expect late payments. |
| State Revenue Sharing | The 2010 Census reports Novi's population at 55,224, which is a 16.5% increase from the 2000 Census population of 47,386. The 2010 Census data is required to be used for the Constitutional portion of State Shared Revenue distributions beginning mid-2011. The State Revenue Sharing is estimated to increase approximately \$500,000 (approximately \$65 per individual added to population, per State of Michigan) beginning in 2010-11 relative to the increase in population in the formula for the Constitutional share of distribution. |
| Interest | Varies with available cash balances and interest rate forecasts for Certificates of Deposits, Treasuries & Commercial Paper. |

Expenditures

| | |
|-----------------------------|--|
| Personal Services | Increase 0.25% each year; using 2011-12 as base. The personnel assumptions include the number of staff as presented in the Budget Overview - Personnel Summary section for the years 2011-2015. |
| Other | Most expenditures range from 1.5%-3%; certain maintenance items increased based on historical median rate (i.e. road maintenance items). |
| Capital Outlay & Technology | <p>The Capital Outlay and/or non-recurring items have been estimated at \$400,000. This is slightly below the City's average when excluding vehicles/equipment for public safety, capital paid for through grants, etc. The actual amount by year may vary, but for purposes of this presentation, assumed flat amount over future years. The City of Novi has a track record of replacing and maintaining assets, which not unlike businesses, allows the City flexibility in deferring capital purchases for a period of time during financially tight years.</p> <p>Vehicles for public safety are the only capital outlay purchases included in the projection period. Existing Federal Forfeiture funds are planned to cover these costs through 2013. No new Federal Forfeiture funds are assumed for purposes of this fiscal analysis. Certain programs like PC replacement are included in 2011-12 budget and while department allocation may change, total estimated replacement remains the same plus inflationary adjustment of 3%.</p> |

CITY OF NOVI TAXABLE VALUE, MILLAGE RATE AND PROPERTY TAX REVENUE PROJECTIONS

| Property Tax Year Fiscal Year | ACTUAL (as billed) | | | | | ESTIMATED | BUDGET | PROJECTED | | | |
|-----------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2004 FY 2004-5 | 2005 FY 2005-6 | 2006 FY 2006-7 | 2007 FY 2007-8 | 2008 FY 2008-9 | 2009 FY 2009-10 | 2010 FY 2010-11 | 2011 FY 2011-12 | 2012 FY 2012-13 | 2013 FY 2013-14 | 2014 FY 2014-15 |
| Taxable Value | \$ 2,900,548,534 | \$ 3,098,817,510 | \$ 3,364,061,500 | \$ 3,550,406,740 | \$ 3,587,186,430 | \$ 3,554,943,630 | \$ 3,204,568,420 | \$ 2,979,611,480 | \$ 2,909,260,000 | \$ 2,916,800,000 | \$ 2,941,800,000 |
| Less various allowances | | | | | | | (94,980,000) | (85,000,000) | (75,000,000) | (65,000,000) | (50,000,000) |
| Adjusted Taxable Value* | \$ 2,900,548,534 | \$ 3,098,817,510 | \$ 3,364,061,500 | \$ 3,499,406,740 | \$ 3,537,186,430 | \$ 3,554,943,630 | \$ 3,109,588,420 | \$ 2,894,611,480 | \$ 2,834,260,000 | \$ 2,851,800,000 | \$ 2,891,800,000 |
| Millage Rate | | | | | | | | | | | |
| General Fund | 4.6422 | 4.6802 | 4.8051 | 4.8287 | 4.8287 | 4.9027 | 5.0182 | 5.0182 | 5.0182 | 5.0182 | 5.0182 ** |
| Municipal Street Fund | 0.7719 | 0.7719 | 0.7719 | 0.7719 | 0.7719 | 0.7719 | 0.7719 | 0.7719 | 0.7719 | 0.7719 | 0.7719 |
| Police and Fire Fund | 1.4282 | 1.4282 | 1.4282 | 1.4282 | 1.4282 | 1.4282 | 1.4282 | 1.4282 | 1.4282 | 1.4282 | 1.4282 |
| Parks and Recreation Fund | 0.3857 | 0.3857 | 0.3857 | 0.3857 | 0.3857 | 0.3857 | 0.3857 | 0.3857 | 0.3857 | 0.3857 | 0.3857 |
| Drain Revenue Fund | 0.5105 | 0.5105 | 0.5105 | 0.5105 | 0.3590 | 0.1765 | 0.0885 | 0.2642 | 0.6639 | 0.7719 | 0.7719 |
| Library Fund | 0.7719 | 0.7719 | 0.7719 | 0.7719 | 0.7719 | 0.7719 | 0.7719 | 0.7719 | 0.7719 | 0.7719 | 0.7719 |
| Total Operating Millage | 8.5104 | 8.5484 | 8.6733 | 8.6969 | 8.5454 | 8.4369 | 8.4644 | 8.6401 | 9.0398 | 9.1478 | 9.1478 |
| 1997 Street Debt Fund | 0.3600 | - | - | - | - | - | - | - | - | - | - |
| 2000 Street Debt Fund | 0.3100 | 0.2936 | 0.2746 | 0.2687 | 0.2894 | 0.3150 | 0.2254 | - | - | - | - |
| Library Construction Debt Fund | - | - | - | - | 0.1790 | 0.1987 | 0.2008 | 0.1930 | 0.3328 | 0.3947 | 0.3832 |
| 1997 Fire Debt Fund | 0.0537 | - | - | - | - | - | - | - | - | - | - |
| 1993 Refunding Debt Fund | 0.4603 | 0.4423 | 0.4015 | 0.4218 | 0.4067 | 0.2232 | - | - | - | - | - |
| 2010 Refunding Debt Fund | - | - | - | - | - | - | 0.0629 | 0.3843 | 0.3751 | 0.3571 | 0.3558 |
| 2003 Refunding Debt Fund | 0.0848 | 0.2437 | 0.2497 | 0.2579 | 0.2485 | 0.2688 | 0.2891 | 0.3459 | 0.3538 | 0.0000 | 0.0000 |
| 2002 Street & Refunding Debt Fund | 0.7624 | 1.0136 | 0.9425 | 0.8963 | 0.8726 | 1.0445 | 1.2990 | 0.9783 | 0.4401 | 0.2628 | 0.2596 |
| Total Debt Millage | 2.0312 | 1.9932 | 1.8683 | 1.8447 | 1.9962 | 2.0502 | 2.0772 | 1.9015 | 1.5018 | 1.0146 | 0.9986 |
| Total City Millage Rate | 10.5416 | 10.5416 | 10.5416 | 10.5416 | 10.5416 | 10.4871 | 10.5416 | 10.5416 | 10.5416 | 10.1624 | 10.1464 |

| Taxes | | | | | | | | | | | | Expiration Date |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------|
| General Fund | \$ 13,464,926 | \$ 14,325,000 | \$ 15,872,000 | \$ 16,898,000 | \$ 17,080,000 | \$ 17,429,000 | \$ 15,605,000 | \$ 14,526,000 | \$ 14,223,000 | \$ 14,311,000 | \$ 14,512,000 | |
| Municipal Street Fund | 2,238,933 | 2,363,000 | 2,550,000 | 2,701,000 | 2,730,000 | 2,744,000 | 2,400,000 | 2,234,000 | 2,188,000 | 2,201,000 | 2,232,000 | |
| Police and Fire Fund | 4,142,563 | 4,371,000 | 4,717,000 | 4,998,000 | 5,052,000 | 5,077,000 | 4,441,000 | 4,134,000 | 4,048,000 | 4,073,000 | 4,130,000 | |
| Parks and Recreation Fund | 1,118,742 | 1,181,000 | 1,274,000 | 1,350,000 | 1,364,000 | 1,371,000 | 1,199,000 | 1,116,000 | 1,093,000 | 1,100,000 | 1,115,000 | |
| Drain Revenue Fund | 1,480,730 | 1,563,000 | 1,686,000 | 1,786,000 | 1,270,000 | 627,000 | 275,000 | 765,000 | 1,882,000 | 2,201,000 | 2,232,000 | |
| Library Fund | 2,238,933 | 2,363,000 | 2,550,000 | 2,701,000 | 2,730,000 | 2,744,000 | 2,400,000 | 2,234,000 | 2,188,000 | 2,201,000 | 2,232,000 | |
| 1997 Street Debt Fund | 1,044,197 | - | - | - | - | - | - | - | - | - | - | |
| 2000 Street Debt Fund | 899,170 | 898,750 | 906,888 | 940,120 | 1,023,543 | 1,119,838 | 710,500 | - | - | - | - | 2010-11 |
| Library Construction Debt Fund | - | - | - | - | 633,333 | 706,250 | 633,000 | 558,700 | 943,250 | 1,125,650 | 1,108,150 | 2027-28 |
| 1997 Fire Debt Fund | 155,759 | - | - | - | - | - | - | - | - | - | - | |
| 1993 Refunding Debt Fund | 1,335,122 | 1,353,900 | 1,326,200 | 1,475,885 | 1,438,507 | 793,425 | - | - | - | - | - | |
| 2010 Refunding Debt Fund | - | - | - | - | - | - | 197,000 | 1,112,520 | 1,063,040 | 1,018,290 | 1,028,940 | 2015-16 |
| 2003 Refunding Debt Fund | 245,967 | 746,000 | 824,800 | 902,635 | 879,156 | 955,700 | 911,200 | 1,001,250 | 1,002,810 | - | - | 2012-13 |
| 2002 Street & Refunding Debt Fund | 2,211,378 | 3,102,500 | 3,113,300 | 3,136,550 | 3,086,524 | 3,713,313 | 4,101,000 | 2,831,940 | 1,247,390 | 749,365 | 750,710 | 2017-18 |
| Total | \$ 30,576,422 | \$ 32,267,150 | \$ 34,820,188 | \$ 36,889,190 | \$ 37,287,063 | \$ 37,280,526 | \$ 32,872,700 | \$ 30,513,410 | \$ 29,878,490 | \$ 28,980,305 | \$ 29,340,800 | |
| % Change from the prior year | 8.3% | 5.5% | 7.9% | 5.9% | 1.0% | -0.9% | -9.9% | -7.0% | 3.20% | 0.60% | 0.0% | |
| % Change from the prior year (after adding \$25,000,000 in new construction each year) | | | | | | | | | -2.4% | 0.3% | 0.9% | |

*Assumes no Headlee Reduction Factor. Includes reduction of Personal Property Tax (and write-off of old A/R for PPT) & Tax Tribunals Adjustments.

** The General Fund - Headlee cap of 5.0182 mils is projected from 2010 on.

NOTE: The projected taxable values have been revised per the Assessor's post Board of Review update, April 19, 2011.

CITY OF NOVI - 2011 TAXABLE VALUES AND MILLAGE RATES
For 2011-12 Fiscal Year (2011 Tax Year)

| P.A.35 (HEADLEE) AND PROPOSAL A | REAL | PERSONAL | TOTAL |
|----------------------------------|-------------------------|-----------------------|-------------------------|
| Beginning taxable value | \$ 2,984,081,470 | \$ 220,486,950 | \$ 3,204,568,420 |
| Additions | - | - | - |
| Losses | - | - | - |
| Adjustment | (225,148,530) | 191,590 | (224,956,940) |
| Ending preliminary taxable value | <u>\$ 2,758,932,940</u> | <u>\$ 220,678,540</u> | <u>\$ 2,979,611,480</u> |

To be completed upon final verification from Oakland County received the first week in May, shown as netted under adjustment

| USEABLE TAX BASE | PRIOR YEAR (MEMO ONLY) | 2011-12 FISCAL YEAR |
|---|---------------------------|-------------------------|
| Tentative taxable value | \$ 3,204,568,420 | \$ 2,979,611,480 |
| Allowance for Write-off of A/R for PPT, Board of Review, State Tax Tribunal & County factor adjustments | | (85,000,000) |
| TAXABLE VALUE | <u>\$ 3,204,568,420</u> | <u>\$ 2,979,611,480</u> |

50% of Industrial Facilities Value (Maximum of 110% of \$12,000,000) and Brownsfield covered by estimates above

| Beginning taxable balance | P.A.35 losses | Adjusted balance | HEADLEE FORMULA Increase in inflation rate multiplier | Current Reduction Factor | Limited to 1.000 |
|---------------------------|------------------|------------------|---|-----------------------------|-----------------------------|
| \$ 3,204,568,420 | \$ - | \$ 3,204,568,420 | X 1.700% | 1.0938 | 1.0000 |
| \$ 2,979,611,480 | \$ - | \$ 2,979,611,480 | | <u>NONE</u> | (compound reduction factor) |
| Ending taxable balance | P.A.35 additions | Adjusted balance | | 1.0000 | |

CITY OF NOVI
CITY CHARTER RATES, HEADLEE MAXIMUM RATES AND 2011 TAX LEVY

| OPERATING FUNDS | CITY CHARTER | ADJUSTED CHARTER MAXIMUM HEADLEE | | 2011 LEVY | REMAINING CAPACITY |
|-------------------------------|-----------------|-------------------------------------|--------|----------------|------------------------------|
| | | 2010 | 2011 | | |
| GENERAL FUND | 6.5000 | 5.0182 | 5.0182 | 5.0182 | - |
| MUNICIPAL STREET FUND | 1.0000 | 0.7719 | 0.7719 | 0.7719 | - |
| POLICE AND FIRE FUND | 1.8000 | 1.4282 | 1.4282 | 1.4282 | - |
| PARKS AND RECREATION | 0.5000 | 0.3857 | 0.3857 | 0.3857 | - |
| DRAIN REVENUE FUND | 1.0000 | 0.7719 | 0.7719 | 0.2642 | 0.5077 |
| LIBRARY FUND | 1.0000 | 0.7719 | 0.7719 | 0.7719 | - |
| DEBT SERVICE FUNDS | | | | | Last Year of Payments |
| 2003 REFUNDING BONDS | (as needed) | N/A | | 0.3459 | 2012-13 |
| 2000 STREET DEBT FUND | (as needed) | N/A | | 0.0000 | 2010-11 |
| 2008 LIBRARY DEBT FUND | (as needed) | N/A | | 0.1930 | 2027-28 |
| 2002 REFUNDING & STREET BONDS | (as needed) | N/A | | 0.9783 | 2017-18 |
| 2010 REFUNDING BONDS | (as needed) | N/A | | 0.3843 | 2015-16 |
| | | | | <u>10.5416</u> | |

| OPERATING FUNDS | MILLAGE | | | REVENUE | REMAINING CAPACITY |
|-------------------------------|----------------|----------------|-----------------|----------------------|-----------------------|
| | 2010-11 | 2011-12 | CHANGE | | |
| GENERAL FUND | 5.0182 | 5.0182 | 0.0000 | \$ 14,526,000 | \$ 1,470,000 |
| MUNICIPAL STREET FUND | 0.7719 | 0.7719 | 0.0000 | 2,234,000 | |
| POLICE AND FIRE FUND | 1.4282 | 1.4282 | 0.0000 | 4,134,000 | |
| PARKS AND RECREATION | 0.3857 | 0.3857 | 0.0000 | 1,116,000 | |
| DRAIN REVENUE FUND | 0.0885 | 0.2642 | 0.1757 | 765,000 | |
| LIBRARY FUND | 0.7719 | 0.7719 | 0.0000 | 2,234,000 | |
| | <u>8.4644</u> | <u>8.6401</u> | <u>0.1757</u> | | |
| DEBT SERVICE FUNDS | | | | | |
| 2003 REFUNDING BONDS | 0.2891 | 0.3459 | 0.0568 | 1,001,250 | |
| 2000 STREET DEBT FUND | 0.2254 | 0.0000 | (0.2254) | - | |
| 2008 LIBRARY DEBT FUND | 0.2008 | 0.1930 | (0.0078) | 558,700 | |
| 2002 REFUNDING & STREET BONDS | 1.2990 | 0.9783 | (0.3207) | 2,831,940 | |
| 2010 REFUNDING BONDS | 0.0629 | 0.3843 | 0.3214 | 1,112,520 | |
| | <u>0.0000</u> | <u>1.9015</u> | <u>(0.1757)</u> | <u>5,504,410</u> | |
| | <u>10.5416</u> | <u>10.5416</u> | <u>0.0000</u> | <u>\$ 30,513,410</u> | |

CITY OF NOVI - CITY MANAGER RECOMMENDED BUDGET 2011-12
 POLICE AND FIRE MILLAGE
 FIRE EQUIPMENT REPLACEMENT PROGRAM

| Description of Fire Equipment Inventory | Estimated 2010-11 | Budget 2011-12 | Projected | | Forecast | | | | | |
|--|----------------------|-------------------|----------------|----------------|----------------|----------------|--------------|--------------|--------------|------|
| | | | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | |
| Sta 1 2001 Freightliner Fire Truck | | | | | | | \$ 1,152,200 | | | |
| Sta 1 2007 Pierce Engine/Rescue (2022-23 \$600,000) | | | | | | | | | | |
| Sta 1 2009 International Ambulance (\$190,000 replacement in 2019-20) | | | | | | | | | | |
| Sta 1 1996 Chevy Tanker | | | | | \$ 293,600 | | | | | |
| Sta 2 schedule 2025-26) | | | | | | | | | | |
| Sta 2 2008 Pierce Engine/Rescue (replacement schedule 2023-24 \$600,000) | | | | | | | | | | |
| Sta 2,3,4 2000 McCoy Miller Rescue Squads | | | | \$ 60,000 | | | | | | |
| Yukon XL - Emergency Response Vehicles (in lieu of rescue squads in 2010-11) | \$ 90,000 | | | | | | \$ 120,000 | | | |
| Sta 3 1995 Seagrave Pumper Tanker (\$600,000 replacement in 2020-21) | | | | | | | | | | |
| Sta 4 2005 Seagrave Class A Pumper Tanker (replacement schedule 2019-20) | | | | | | | | | | |
| | \$ 90,000 | \$ - | \$ - | \$ 60,000 | \$ 293,600 | \$ - | \$ 1,272,200 | \$ - | \$ - | \$ - |
| <i>Revenue</i> | | | | | | | | | | |
| Property Tax Revenue Projection | \$ 4,507,600 | \$ 4,134,000 | \$ 4,048,000 | \$ 4,073,000 | \$ 4,130,000 | \$ 4,253,900 | \$ 4,381,520 | \$ 4,512,966 | \$ 4,648,355 | |
| Interest Income | 36,700 | 38,900 | 35,100 | 19,760 | 20,250 | 20,760 | 21,280 | 21,810 | 22,360 | |
| | \$ 4,544,300 | \$ 4,172,900 | \$ 4,083,100 | \$ 4,092,760 | \$ 4,150,250 | \$ 4,274,660 | \$ 4,402,800 | \$ 4,534,776 | \$ 4,670,715 | |
| <i>Appropriations</i> | | | | | | | | | | |
| Public Safety Staffing | \$ 4,850,000 | \$ 2,380,000 | \$ 5,300,000 | \$ 5,240,000 | \$ 5,006,400 | \$ 5,300,000 | \$ 4,700,000 | \$ 4,400,000 | \$ 4,500,000 | |
| Vehicle Replacement program | 90,000 | - | - | 60,000 | 293,600 | - | 260,200 | 140,200 | 140,200 | |
| Transfer to General Fund | \$ 4,940,000 | \$ 2,380,000 | \$ 5,300,000 | \$ 5,300,000 | \$ 5,300,000 | \$ 5,300,000 | \$ 4,960,200 | \$ 4,540,200 | \$ 4,640,200 | |
| Net revenue over (under) expenditures | \$ (395,700) | \$ 1,792,900 | \$ (1,216,900) | \$ (1,207,240) | \$ (1,149,750) | \$ (1,025,340) | \$ (557,400) | \$ (5,424) | \$ 30,515 | |
| <i>Fund Balance - Beginning</i> | 3,820,918 | 3,425,218 | 5,218,118 | 4,001,218 | 2,793,978 | 1,644,228 | 618,888 | 61,488 | 56,064 | |
| <i>Fund Balance - Ending</i> | \$ 3,425,218 | \$ 5,218,118 | \$ 4,001,218 | \$ 2,793,978 | \$ 1,644,228 | \$ 618,888 | \$ 61,488 | \$ 56,064 | \$ 86,578 | |

NOTE: The special millage for Police & Fire was levied to provide funds necessary to increase the number of public safety staff and to provide for equipment replacement for the Fire Department for 20 years (through 2009). The City has opted to continue to fund the Fire Department equipment replacement program with this millage.

Assumptions:

Property tax revenue projections are based on estimates provided in February 2011; and 3% each year beginning in 2015-16.

The 2001 Freightliner Ladder Fire Truck currently scheduled to be replaced in 2016-17 is shown to be financed by a 10-year equipment loan. Additionally, the equipment will be evaluated annually to determine if certain maintenance may be cost-effective in extending the useful life of the vehicle. Other options include other equipment utilization or usage/cost sharing with other neighboring municipalities.