



CITY of NOVI CITY COUNCIL

Agenda Item 5
April 23, 2018

SUBJECT: Approval of resolution to authorize Budget Amendment #2018-3

SUBMITTING DEPARTMENT: Finance

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION:

The City's annual budget is adopted by the third Monday in May each year and is effective July 1st each year. The budget is adopted at a function level (vs. line item). In accordance with the State Budget Act, budget amendments are completed throughout the fiscal year in order to reflect the most current information available related to revenue and expenditure budgets. Budget amendments that have a positive or negative impact on fund balance or change the function total are prepared for Council approval. Amendments between line-items within the same budget function (that do not have any impact on fund balance) are managed at the administration level. The amendments are based on actual and projected activity-to-date.

Previous quarterly budget amendments included fund balance summaries (for the funds with minimum fund balance requirements) within the budget narrative. To streamline the quarterly budget amendment process and those in the future, "ending fund balance" and "fund balance as a percentage of total annual expenditures" are shown (for those funds with a minimum fund balance requirement) in the support documentation instead of within the narrative.

The third quarter budget amendment is attached and summarized below.

GENERAL FUND

The proposed General Fund budget amendment has no net impact on fund balance for the third quarter ending March 31, 2018. Revenues are being increased **\$48,830** and expenditures are being increased **\$48,830**. General Fund fund balance is proposed to remain unchanged at **\$11,205,123** or **32%** of annual expenditures. The amendment keeps fund balance within Council set limits. The following highlights some of the significant items included in the proposed amendment for this fund:

Revenues

- Federal forfeitures – reimbursement revenue has been moved from the revenue classification of licenses, permits and charges for services to the federal grant revenue category in the amount of \$30,000. The change is a net zero effect on revenue and allows the City's budget categories to align with the City auditor's classification.
- State shared revenue is anticipated to increase \$53,000 based on the State of Michigan's most recent estimate.

Expenditures

- Decrease in expenditure budgets are anticipated in the amounts of \$40,000 in unemployment insurance, \$28,700 in property and liability insurance, and \$40,000 in insurance deductibles due to actual costs coming in below original estimated budget
- Decrease in the land acquisition expenditure budget is anticipated in the amount of \$45,000. At this time, there are no additional plans to purchase land.
- Decrease in the election worker expenditure budget is anticipated in the amount of \$30,000. Savings is a result of the City not holding a May election as originally budgeted.
- Increase in the Public safety – Police overtime expenditure budget in the amount of \$40,000 and increase in the Public safety – dispatch overtime expenditure budget in the amount of \$10,000 are anticipated. This amendment is needed in order to bring the budget in line with anticipated activity through the end of the fiscal year. There has been an increased presence at community events this fiscal year including the Michigan State Fair and Stars & Stripes. The department will continue to monitor overtime.
- Increase in the Assessing Department Personnel Services expenditure budget category of \$18,700 is anticipated related to the cross-over training of the newly hired Deputy Assessor and the final payout of the retired Deputy Assessor.
- Increase in the Fire Department building maintenance expenditure budget is anticipated in the amount of \$20,000 for improvements at Fire Station No. 5 (the former CEMS building).
- Increase in the DPS-Engineering Division expenditure budget related to Street light installations in the amount of \$30,000. This budget is needed in order to cover the costs related to the City's portion of lighting requests from developers or associations in front of neighborhood entrances. The Resolution for Amended Street Light Policy adopted September 24, 2012 states the City will provide one single, standard overhead street light in the public right-of-way at major road entrances of residential developments to enhance public safety.
- Increase in the DPS-Field Operations Division expenditure budget related to winter maintenance in the amount of \$26,000 and overtime in the amount of \$10,000. The City parking lots for the Civic Center, Public Safety Building, and Fire Stations were contracted out this fiscal year so the budget needs to be brought into alignment with actual activity to date which was more than anticipated due to the number of snow events this season. Also, due to the number of snow events, overtime related to winter maintenance of major and local roadways was more than anticipated.
- Increase in the DPS-Fleet Asset Division expenditure budget in the amount of \$25,000 related to higher than anticipated fuel prices.
- Increase in the transfers out expenditure budget in the amount of \$10,000 to the Rubbish Collection Fund to cover extended yard waste period.

MAJOR STREET FUND

The proposed Major Street Fund budget amendment increases fund balance by \$292,700. Major Street fund balance is proposed to increase to \$810,743 or 16% of annual expenditures. The amendment keeps the fund within Council set limits. The \$282,700 increase in state grants is related to Public Act 82 of 2018 which appropriates \$175 million in state General funds to local units for the purpose of construction or preservation of city streets.

LOCAL STREET FUND

The proposed Local Street Fund budget amendment increases fund balance by \$99,320 to a total fund balance of \$649,670 or 14% of annual expenditures. The amendment keeps the fund within Council set limits. The \$99,320 increase in state grants is related to Public Act 82 of 2018 which appropriates \$175 million in state General funds to local units for the purpose of construction or preservation of city streets.

MUNICIPAL STREET FUND

The proposed Municipal Street Fund budget amendment has a net increase to fund balance of \$116,000. Overall fund balance increases to \$900,903 or 11% of annual expenditures and keeps the fund within Council set limits. The \$110,000 increase to miscellaneous income is from the closure of old escrow deposits.

PARKS, RECREATION, & CULTURAL SERVICES FUND

The proposed Parks, Recreation, & Cultural Services Fund budget amendment has a net zero effect on fund balance and keeps the fund within Council set limits. The estimated ending fund balance is \$597,372 or 18% of annual expenditures. The amendment increases revenues by \$152,100 and increases expenditures by \$152,100. The following highlights the reasons for the proposed amendment for this fund:

- Increase total donations in the amount of \$90,000 with \$70,000 of donations from the Novi Parks Foundation to assist with improvements to Villa Barr and a \$20,000 grant from Providence to assist with older adult transportation services.
 - Increase in Villa Barr building upgrades in the amount of \$70,000 with the expenses being offset by the grant from the Novi Parks Foundation as stated above.
- Increase program revenue budgets and program expenditure budgets in the amount of \$62,100 in order to bring the Dance, Theatre, OC Park Camps, Art Camps, Youth Basketball League and Older Adult - Social programs in line with actual and anticipated activity.

Rubbish Collection Fund

The proposed Rubbish Collection Fund budget amendment has a net zero effect on fund balance. The number of residents serviced increased from the original budget which increases the City's revenue as well as expenditures. The General Fund contribution in the amount of \$10,000 is needed in order to offset the cost of the additional weeks of yard waste collection.

PEG Cable Fund

The proposed PEG Cable Fund budget amendment has a net zero effect on fund balance. Tuition reimbursement and internal technology are additional unanticipated expenses which are proposed to be offset by additional cable franchise fees anticipated during the current fiscal year.

Community Development Block Grant (CDBG) Fund

The proposed CDBG Fund budget amendment has a net zero effect on fund balance. The increase to federal grant revenue and other services and charges expenditures allows the total budget to match the total CDBG Federal Award the City received during the current fiscal year of \$147,033.

Federal Forfeiture Fund

The proposed Federal Forfeiture Fund budget amendment increases fund balance \$203,030. The amendment increases revenue budgets \$193,000 to reflect actual revenues received to date related to miscellaneous revenue, DEA federal forfeiture revenues, and state-related forfeiture revenues. The expenditure budget is proposed to decrease by \$10,030 to reflect savings from projects that are complete. Estimated ending fund balance is \$410,538.

2008 Library Contribution Debt Fund

The proposed 2008 Library Contribution Debt Fund amendment has no effect on fund balance. The original budget did not include bank fees of \$750. An anticipated decrease of \$750 in chargebacks from the County will offset the fee.

Water & Sewer Fund

The proposed Water & Sewer fund amendment has a net increase to fund balance of \$1,425,000. The increase is a net effect due to an increase in sewer tap fees of \$425,000 and a decrease in water and sewer third party charges of \$1,000,000.

RECOMMENDED ACTION:

Approval of resolution to authorize Budget Amendment #2018-3

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2018-3 is authorized:

	INCREASE (DECREASE)
GENERAL FUND	
REVENUES	
Other Revenue	(4,000)
Federal Grants	32,000
State Sources	53,000
Licenses, Permits, and Charges for Svc	(32,170)
TOTAL REVENUES	\$ 48,830
 APPROPRIATIONS	
City Council	
Other Services and Charges	2,500
Finance Department	
Personnel Services	(40,000)
Information Technology Department	
Other Services and Charges	10,000
Assessing Department	
Personnel Services	18,700
Other Services and Charges	4,000
City Attorney, Insurance, & Claims Department	
Other Services and Charges	(68,700)
Capital Outlay	(45,000)
City Clerk	
Other Services and Charges	(30,000)
Facility Management	
Other Services and Charges	43,000
Capital Outlay	12,000
Facility Management - Parks Maintenance	
Personnel Services	(33,000)
Economic Development	
Other Services and Charges	3,500
Police Department	
Personnel Services	67,210
Fire Department	
Personnel Services	(15,700)
Community Development - Planning	
Personnel Services	6,820
Department of Public Services - Engineering	
Other Services and Charges	30,000
Department of Public Services - Field Operations	
Personnel Services	22,500
Maintenance	26,000

	INCREASE (DECREASE)
Department of Public Services - Fleet Asset	
Other Services and Charges	25,000
Transfers to Other Funds	
Transfers Out	10,000
TOTAL APPROPRIATIONS	<u>\$ 48,830</u>
MAJOR STREET FUND	
REVENUES	
State Sources	282,700
TOTAL REVENUES	<u>\$ 282,700</u>
APPROPRIATIONS	
Maintenance	(10,000)
TOTAL APPROPRIATIONS	<u>\$ (10,000)</u>
LOCAL STREET FUND	
REVENUES	
State Sources	99,320
TOTAL REVENUES	<u>\$ 99,320</u>
MUNICIPAL STREET FUND	
REVENUES	
Other Revenue	111,000
TOTAL REVENUES	<u>\$ 111,000</u>
APPROPRIATIONS	
Maintenance	(5,000)
TOTAL APPROPRIATIONS	<u>\$ (5,000)</u>
PARKS, RECREATION, & CULTURAL SERVICES FUND	
REVENUES	
Donations	90,000
Program Revenue	61,500
Older Adult Program Revenue	600
TOTAL REVENUES	<u>\$ 152,100</u>
APPROPRIATIONS	
691 Personnel Services	7,600
691 Capital Outlay	70,000
693 Program Expenditures	61,500
693 Other Services and Charges	10,500
695 Personnel Services	1,900
695 Program Expenditures	600
TOTAL APPROPRIATIONS	<u>\$ 152,100</u>

**INCREASE
(DECREASE)**

Rubbish Collection Fund

REVENUES

Licenses, Permits, & Charges for Services	255,600
Transfers In	10,000
TOTAL REVENUES	<u>\$ 265,600</u>

APPROPRIATIONS

Other Services and Charges	265,600
TOTAL APPROPRIATIONS	<u>\$ 265,600</u>

PEG CABLE FUND

REVENUES

Licenses, Permits, & Charges for Services	12,000
TOTAL REVENUES	<u>\$ 12,000</u>

APPROPRIATIONS

Other Services and Charges	12,000
TOTAL APPROPRIATIONS	<u>\$ 12,000</u>

FORFEITURE FUND

REVENUES

Fines and Forfeitures	187,000
Other Revenue	6,000
TOTAL REVENUES	<u>\$ 193,000</u>

APPROPRIATIONS

Capital Outlay	(10,030)
TOTAL APPROPRIATIONS	<u>\$ (10,030)</u>

Community Development Block Grant Fund

REVENUES

Federal Grants	48,560
TOTAL REVENUES	<u>\$ 48,560</u>

APPROPRIATIONS

Other Services and Charges	48,560
TOTAL APPROPRIATIONS	<u>\$ 48,560</u>

INCREASE
(DECREASE)

2008 LIBRARY CONSTRUCTION DEBT FUND
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REVENUES

Property Tax Revenue	750
TOTAL REVENUES	<u>\$ 750</u>

APPROPRIATIONS

Debt Service	750
TOTAL APPROPRIATIONS	<u>\$ 750</u>

WATER & SEWER FUND

REVENUES

Capital Contributions	425,000
TOTAL REVENUES	<u>\$ 425,000</u>

APPROPRIATIONS

Other Services & Charges	(1,000,000)
TOTAL APPROPRIATIONS	<u>\$ (1,000,000)</u>

I hereby certify that the foregoing is a true and complete copy of a
resolution adopted by the City Council of the City of Novi
at a regular meeting held on April 23, 2018

Cortney Hanson
City Clerk

Budget Amendment# 2018-3 - April 23, 2018

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund			
Revenues			
101-000.00-508.450	Federal grants	Federal grants	\$ 2,000
101-000.00-574.000	State revenue sharing	State sources	53,000
101-000.00-632.310	Federal forfeitures - reimbursement	Federal grants	30,000
101-000.00-632.310	Federal forfeitures - reimbursement	Licenses, permits and charges for services	(30,000)
101-000.00-475.500	Wet, wood, landscape insp/review fees	Licenses, permits and charges for services	(2,170)
101-000.00-665.350	State of the City revenue	Other revenue	(4,000)
			\$ 48,830
Expenditures			
101-101.00-963.005	Misc - special projects & events	Other Services and Charges	\$ 2,500
101-201.00-719.000	Unemployment insurance	Personnel Services	(40,000)
101-205.00-943.000	Equipment rental/lease	Other Services and Charges	10,000
101-209.00-704.000	Permanent salaries	Personnel Services	12,600
101-209.00-704.250	Final payout	Personnel Services	2,900
101-209.00-718.200	Pension - defined contribution	Personnel Services	3,200
101-209.00-807.000	Personal property auditor	Other Services and Charges	4,000
101-210.00-910.000	Property & Liability Insurance	Other Services and Charges	(28,700)
101-210.00-910.001	Insurance deductibles	Other Services and Charges	(40,000)
101-210.00-971.000	Land acquisition	Capital Outlay	(45,000)
101-215.00-722.000	Election Workers	Other Services and Charges	(30,000)
101-265.00-934.000	Building Maintenance	Other Services and Charges	23,000
101-265.00-934.302	Building Maintenance - CEMS	Other Services and Charges	20,000
101-265.00-976.034	Main Disconnect Switch-Civic Center	Capital Outlay	12,000
101-265.10-705.020	Temp salaries - seasonal labor	Personnel Services	(33,000)
101-296.00-957.000	Tuition and other reimbursements	Other services and charges	3,500
101-301.00-706.000	Overtime	Personnel Services	40,000
101-301.00-706.304	Overtime - Dispatch	Personnel Services	10,000
101-301.00-708.000	Holiday pay	Personnel Services	15,000
101-301.00-709.000	Wellness plan	Personnel Services	2,210
101-337.00-718.450	Retiree health savings DC	Personnel Services	4,300
101-337.00-721.000	Part-time Firefighters schedules	Personnel Services	(20,000)
101-442.10-924.051	Street Light Installation - Developer Initiated	Other Services and Charges	30,000
101-442.20-706.000	Overtime	Personnel Services	10,000
101-442.20-718.000	Pension - defined contribution	Personnel Services	12,500
101-442.20-868.265	Winter Maintenance - Parking Lots/Civic Center	Maintenance	6,000
101-442.20-868.301	Winter Maintenance - Parking Lots/Police	Maintenance	10,000
101-442.20-868.337	Winter Maintenance - Parking Lots/Fire	Maintenance	10,000
101-442.30-861.000	Gasoline and oil	Other Services and Charges	25,000
101-807.00-704.250	Final payout	Personnel Services	3,920
101-807.00-716.000	Insurance	Personnel Services	2,900
101-940.00-965.226	Transfer to Rubbish Collection Fund	Transfer to other funds	10,000
			\$ 48,830

Net Increase (decrease) to fund balance \$ -

Ending Fund Balance	\$11,205,123
Fund Balance as a % of total annual expenditures	32%

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Major Street Fund			
Revenues			
202-000.00-569.000	State Grants - Other	State Sources	\$ 282,700
			<u>\$ 282,700</u>
Expenditures			
202-202.07-868.000	Winter Maintenance Supplies	Maintenance	\$ (10,000)
			<u>\$ (10,000)</u>
		Net Increase (decrease) to fund balance	\$ 292,700

Ending Fund Balance	\$810,743
Fund Balance as a % of total annual expenditures	16%

Local Street Fund			
Revenues			
203-000.00-569.000	State Grants - Other	State Sources	\$ 99,320
			<u>\$ 99,320</u>
		Net Increase (decrease) to fund balance	\$ 99,320

Ending Fund Balance	\$649,670
Fund Balance as a % of total annual expenditures	14%

Municipal Street Fund			
Revenues			
204-000.00-665.000	Miscellaneous income	Other Revenue	\$ 111,000
			<u>\$ 111,000</u>
Expenditures			
204-204.00-868.500	Winter Maintenance Supplies	Maintenance	\$ (5,000)
			<u>\$ (5,000)</u>
		Net Increase (decrease) to fund balance	\$ 116,000

Ending Fund Balance	\$900,903
Fund Balance as a % of total annual expenditures	11%

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Parks, Recreation, and Cultural Services Fund			
Revenues			
208-000.00-653.006	Youth Basketball League (Rev)	Program Revenues	\$ 15,000
208-000.00-653.510	Contracted & OC Park Camps (Rev)	Program Revenues	4,600
208-000.00-653.629	Cultural Arts Camps (Rev)	Program Revenues	20,000
208-000.00-653.642	Dance Programs (Rev)	Program Revenues	9,900
208-000.00-653.643	Theatre Programs (Rev)	Program Revenues	12,000
208-000.00-653.566	Older Adult - Social	Older Adult Program Revenue	600
208-000.00-665.205	Villa Barr Donations	Donations	70,000
208-000.00-665.695	Older adult program donations	Donations	20,000
			\$ 152,100
Expenditures			
208-691.00-704.000	Permanent salaries	Personnel Services	\$ 7,600
208-691.00-977.024	Villa Barr Building Upgrades	Capital Outlay	70,000
208-693.00-922.000	Electricity	Other services and charges	7,000
208-693.00-957.000	Tuition & other reimbursements	Other services and charges	3,500
208-693.00-960.006	Youth Basketball League (Exp)	Program Expenditures	15,000
208-693.00-960.510	Contracted & OC Park Camps (Exp)	Program Expenditures	4,600
208-693.00-960.629	Cultural Arts Camps (Exp)	Program Expenditures	20,000
208-693.00-960.642	Dance Programs (Exp)	Program Expenditures	9,900
208-693.00-960.643	Theatre Programs (Exp)	Program Expenditures	12,000
208-695.00-719.000	Unemployment	Personnel Services	1,900
208-695.00-960.566	Older Adult - Social	Older Adult Program Expenditures	600
			\$ 152,100
Net Increase (decrease) to fund balance			\$ -
Ending Fund Balance		\$597,372	
Fund Balance as a % of total annual expenditures		18%	

Rubbish Collection Fund			
Revenues			
226-000.00-607.000	Charges for service - Rubbish	Licenses, permits and charges for services	\$ 255,600
226-000.00-676.101	Transfer from General Fund	Transfers in	10,000
			\$ 265,600
Expenditures			
226-226.00-808.100	Rubbish Monthly	Other services and charges	\$ 255,600
226-226.00-808.200	Rubbish Other	Other services and charges	10,000
			\$ 265,600
Net Increase (decrease) to fund balance			\$ -

PEG Cable Fund			
Revenues			
263-000.00-604.100	Cable franchise fees	Licenses, permits and charges for services	\$ 12,000
			\$ 12,000
Expenditures			
263-295.00-850.000	Internal Technology	Other Services and charges	\$ 5,000
263-295.00-957.000	Tuition & other reimbursements	Other Services and charges	7,000
			\$ 12,000
Net Increase (decrease) to fund balance			\$ -

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Forfeiture Fund			
Revenues			
266-000.00-655.500	DEA federal forfeiture funds	Fines and forfeitures	\$ 140,000
266-000.00-655.600	Forfeiture funds - State	Fines and forfeitures	47,000
266-000.00-665.501	Miscellaneous - federal forfeiture	Other revenue	6,000
			<u>\$ 193,000</u>
Expenditures			
266-266.00-976.000	Building Improvements - Fed Forfeitures	Capital Outlay	\$ (680)
266-266.00-983.000	Vehicles - Federal Forfeitures	Capital Outlay	(6,380)
266-266.00-983.245	Vehicles - State Forfeitures	Capital Outlay	(2,970)
			<u>\$ (10,030)</u>
		Net Increase (decrease) to fund balance	\$ 203,030
Community Development Block Grant Fund			
Revenues			
264-000.00-502.100	HCD Programs reimbursement	Federal grants	\$ 48,560
			<u>\$ 48,560</u>
Expenditures			
264-264.00-891.000	HCD	Other services and charges	\$ 48,560
			<u>\$ 48,560</u>
		Net Increase (decrease) to fund balance	\$ -
2008 Library Construction Debt Fund			
Revenues			
317-000.00-403.002	Property Tax Rev - Tax Tribunal	Property Tax Revenue	\$ 750
			<u>\$ 750</u>
Expenditures			
317-000.00-995.000	Interest expense	Debt service	\$ 750
			<u>\$ 750</u>
		Net Increase (decrease) to fund balance	\$ -
Water and Sewer Fund			
Revenues			
592-000.00-666.002	Sewer tap connection fees	Capital Contributions	\$ 425,000
			<u>\$ 425,000</u>
Expenditures			
592-592.00-830.000	Sewage treatment costs	Other Services and charges	\$ (750,000)
592-592.00-831.000	Water purchases	Other Services and charges	(250,000)
			<u>\$ (1,000,000)</u>
		Net Increase (decrease) to fund balance	\$ 1,425,000