



CITY of NOVI CITY COUNCIL

Agenda Item 8
November 27, 2017

SUBJECT: Approval of resolution to authorize Budget Amendment #2018-1

SUBMITTING DEPARTMENT: Finance

CITY MANAGER APPROVAL: *[Signature]*

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.

The first quarter budget amendment (2018-1) is attached and it is also summarized below. Fund balance summaries have been included for the funds with minimum fund balance requirements that are being amended this quarter. The summaries reflect amendments approved by Council through October 23, 2017.

GENERAL FUND

<u>GENERAL FUND</u>			
Estimated Beginning Fund Balance, July 1, 2017			\$ 12,905,841
	Amened Revenue Budget as of 10/23/2017	33,234,730	
2018-1	1st Quarter Budget Amendment	148,141	
	Amened Revenue Budget as of 11/13/2017		33,382,871
	Amened Revenue Budget as of 10/23/2017	34,893,448	
2018-1	1st Quarter Budget Amendment	148,141	
	Amened Revenue Budget as of 11/13/2017		35,041,589
Revenues over (under) Expenditures			\$ (1,658,718)
Estimated Fund Balance for the end of FY 2017-18			\$ 11,247,123
Estimated Ending Fund Balance, June 30, 2018, as a % of budgeted expenditures :			32.1%

The proposed General Fund budget amendment request has a net zero effect on fund balance for the first quarter ending September 30, 2017. Revenues and expenditures are being increased by \$148,141. The amendment keeps fund balance within Council set limits of 22-25% minimum. The majority of the proposed amendment represents transfers of existing expenditure budgets between departments within the General Fund and has no net effect on fund balance. The following highlights some of the significant items included in the proposed amendment for this fund:

Revenues:

- Decrease the property tax revenue – tax tribunal budget by \$31,000 to reflect a substantial reduction in the year-end accrual made during fiscal year ended June 30, 2017.
- Increase in state revenue sharing revenue by \$182,408 to reflect the State of Michigan’s updated projections of the City’s share of sales tax collections.

Appropriations:

- Increase expenditure budget for conferences and workshops by \$12,000 for the new economic development director in the newly created Economic Development department.
- Increase the professional services – Civil Engineer Services expenditure budget in the amount of \$10,925 within the Department of Public Services (DPS) to reflect anticipated expenditures for outside engineering services due to the high volume of customer requests.
- Increase the Department of Public Services winter maintenance-civic center, police and fire expenditure budgets in the amount of \$103,980 to cover the new contractor costs to plow these parking lots. The increased amount may not be needed depending on the number of occasions the contractors is actually called out to perform work. Contracting the snow plowing of these various lots frees up City DPS workers to plow local roads during significant snow events.
- Increase the building, trade, & plan review services expenditure budget in the amount of \$38,400 within the Community Development – Building Department for anticipated services to be provided by a contractor to help offset a personnel vacancy due to a medical leave.

MAJOR STREET FUND

<u>MAJOR STREET FUND</u>			
Estimated Beginning Fund Balance, July 1, 2017			\$ 626,757
2018-1	Amended Revenue Budget as of 10/23/2017	4,907,286	
	1st Quarter Budget Amendment	<u>(136,000)</u>	
	Amended Revenue Budget as of 11/13/2017		4,771,286
2018-1	Amended Revenue Budget as of 10/23/2017	4,906,500	
	1st Quarter Budget Amendment	<u>-</u>	
	Amended Revenue Budget as of 11/13/2017		<u>4,906,500</u>
Revenues over (under) Expenditures			<u><u>(135,214)</u></u>
Estimated Fund Balance for the end of FY 2017-18			<u><u>\$ 491,543</u></u>
Estimated Ending Fund Balance, June 30, 2018, as a % of budgeted expenditures :			10.0%

The proposed Major Street Fund budget amendment reduces fund balance by \$136,000 and keeps the fund within Council set limit of 10% minimum. This amendment is needed to recognize \$70,000 of revenue from outside contributions from other governments for City of Novi road projects and is offset by a reduction in the Act 51 revenue from the State in the same amount. In addition the amendment reduces the required transfer from the Municipal Streets fund by \$136,000 as it's not needed to cover existing projects.

LOCAL STREET FUND

<u>LOCAL STREET FUND</u>			
Estimated Beginning Fund Balance, July 1, 2017		\$	642,464
2018-1	Amended Revenue Budget as of 10/23/2017	5,409,811	
	1st Quarter Budget Amendment	<u>(500,137)</u>	
	Amended Revenue Budget as of 11/13/2017		4,909,674
2018-1	Amended Revenue Budget as of 10/23/2017	5,501,925	
	1st Quarter Budget Amendment	<u>(500,137)</u>	
	Amended Revenue Budget as of 11/13/2017		<u>5,001,788</u>
Revenues over (under) Expenditures			<u>(92,114)</u>
Estimated Fund Balance for the end of FY 2017-18		\$	<u>550,350</u>
Estimated Ending Fund Balance, June 30, 2018, as a % of budgeted expenditures :			11.0%

The proposed Local Street Fund budget amendment has no impact on fund balance and keeps the fund within Council set limit of 10% minimum. The amendment eliminates \$600,000 of projects in the fund and transfers it to the Municipal Street Fund to fund a new sidewalk segment project. The amendment increases the expenditure budgets for two existing construction projects by \$99,863 to cover cost overages. The overages will be funded by an additional transfer from the Municipal Road Fund.

PEG Cable Fund

The proposed PEG Cable Fund budget amendment request decreases fund balance by \$10,000. This amendment is needed to reflect the purchase of a new server.

Library and Library Contribution Fund

The proposed amendment was approved by the Library Board and forwarded to the City for adoption. The amendment increases the personnel expenditure budget by \$11,500 and moves a capital project totaling \$70,000 from the Library to the Library Contribution Fund.

Capital Improvement Program (CIP) Fund

The proposed CIP Fund budget amendment has no impact on fund balance. This amendment is needed to adjust construction project costs down to projected final balance of \$24,232 and decrease property tax revenue by a similar amount. The amendment also establishes a budget for the purchase of the Trans-X property of \$325,000.

MUNICIPAL STREET FUND

<u>MUNICIPAL STREET FUND</u>		
Estimated Beginning Fund Balance, July 1, 2017		\$ 3,040,439
2018-1	Amended Revenue Budget as of 10/23/2017	5,563,294
	1st Quarter Budget Amendment	<u>68,552</u>
	Amended Revenue Budget as of 11/13/2017	5,631,846
2018-1	Amended Revenue Budget as of 10/23/2017	7,729,203
	1st Quarter Budget Amendment	<u>97,223</u>
	Amended Revenue Budget as of 11/13/2017	<u>7,826,426</u>
Revenues over (under) Expenditures		<u>(2,194,580)</u>
Estimated Unassigned Fund Balance for the end of FY 2017-18		\$ 148,359
Estimated Assigned Fund Balance for the end of FY 2016-17		<u>697,500</u>
Estimated Fund Balance for the end of FY 2017-18		<u><u>\$ 845,859</u></u>
Estimated Ending Fund Balance, June 30, 2018, as a % of budgeted expenditures :		10.8%

The proposed Municipal Street Fund budget amendment decreases fund balance in the amount of \$28,671 and keeps the fund within Council set limit of 10% minimum. The amendment moves budget balances from the Local Street Fund for a new sidewalk project and increases the transfer out to cover cost increases for existing projects (see Local Streets above).

RECOMMENDED ACTION:

Approval of resolution to authorize Budget Amendment #2018-1

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2018-1 is authorized:

	INCREASE (DECREASE)
GENERAL FUND	
REVENUES	
Property Tax Revenue	(31,000)
State Sources	182,408
Interest Income	(11,032)
Other Revenue	7,765
TOTAL REVENUES	\$ 148,141
APPROPRIATIONS	
City Council	
Other Services and Charges	14,000
City Manager	
Other Services and Charges	-
Finance Department	
Other Services and Charges	6,000
City Clerk	
Other Services and Charges	7,500
Facility Management	
Other Services and Charges	5,000
Facility Management - Parks Maintenance	
Personnel Services	12,500
Capital Outlay	(79,000)
Human Resources	
Other Services and Charges	(2,000)
Economic Development	
Other Services and Charges	12,000
Fire Department	
Other Services and Charges	(5,000)
Community Development - Building	
Other Services and Charges	44,400
Department of Public Services - Engineering	
Other Services and Charges	12,690
Capital Outlay	(77,929)
Department of Public Services - Field Operations	
Capital Outlay	85,000
Maintenance	103,980
Transfers to Other Funds	
Transfers Out	9,000
TOTAL APPROPRIATIONS	\$ 148,141
Net Increase (Decrease) to Fund Balance	\$ -

**INCREASE
(DECREASE)**

MAJOR STREET FUND

REVENUES	
State Sources	(70,000)
Other Revenue	70,000
Transfers In	(136,000)
TOTAL REVENUES	<u><u>\$ (136,000)</u></u>
Net Increase (Decrease) to Fund Balance	<u><u>\$ (136,000)</u></u>

LOCAL STREET FUND

REVENUES	
Transfers In	(500,137)
TOTAL REVENUES	<u><u>\$ (500,137)</u></u>
APPROPRIATIONS	
Capital Outlay	(500,137)
TOTAL APPROPRIATIONS	<u><u>\$ (500,137)</u></u>
Net Increase (Decrease) to Fund Balance	<u><u>\$ -</u></u>

MUNICIPAL STREET FUND

REVENUES	
Other Revenue	68,552
TOTAL REVENUES	<u><u>\$ 68,552</u></u>
APPROPRIATIONS	
Capital Outlay	733,360
Transfers Out	(636,137)
TOTAL APPROPRIATIONS	<u><u>\$ 97,223</u></u>
Net Increase (Decrease) to Fund Balance	<u><u>\$ (28,671)</u></u>

TREE FUND

REVENUES	
Other Revenue	2,010
TOTAL REVENUES	<u><u>\$ 2,010</u></u>
APPROPRIATIONS	
Other Services and Charges	2,010
TOTAL APPROPRIATIONS	<u><u>\$ 2,010</u></u>
Net Increase (Decrease) to Fund Balance	<u><u>\$ -</u></u>

**INCREASE
(DECREASE)**

RUBBISH COLLECTION FUND

REVENUES	
Licenses, Permits, & Charges for Services	-
Transfers In	9,000
TOTAL REVENUES	\$ 9,000
APPROPRIATIONS	
Other Services and Charges	9,000
TOTAL APPROPRIATIONS	\$ 9,000
 Net Increase (Decrease) to Fund Balance	 \$ -

PEG CABLE FUND

APPROPRIATIONS	
Capital Outlay	10,000
TOTAL APPROPRIATIONS	\$ 10,000
 Net Increase (Decrease) to Fund Balance	 \$ (10,000)

LIBRARY FUND

APPROPRIATIONS	
Personnel Services	11,500
Capital Outlay	(70,000)
TOTAL APPROPRIATIONS	\$ (58,500)
 Net Increase (Decrease) to Fund Balance	 \$ 58,500

LIBRARY CONTRIBUTION FUND

APPROPRIATIONS	
Capital Outlay	70,000
TOTAL APPROPRIATIONS	\$ 70,000
 Net Increase (Decrease) to Fund Balance	 \$ (70,000)

CAPITAL IMPROVEMENT (CIP) FUND

REVENUES	
Property Tax Revenue	(19,000)
Other Financing Sources	319,768
TOTAL REVENUES	\$ 300,768
APPROPRIATIONS	
Capital Outlay	300,768
TOTAL APPROPRIATIONS	\$ 300,768
 Net Increase (Decrease) to Fund Balance	 \$ -

**INCREASE
(DECREASE)**

RETIREE HEALTHCARE BENEFITS FUND	
REVENUES	
Interest income	5,500
TOTAL REVENUES	\$ 5,500
APPROPRIATIONS	
Other Services and Charges	5,500
TOTAL APPROPRIATIONS	\$ 5,500
Net Increase (Decrease) to Fund Balance	\$ -

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 November 27, 2017

Cortney Hanson
City Clerk

Budget Amendment# 2018-1 - November 27, 2017

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund			
Revenues			
101-000.00-403.002	Property Tax Revenue - Tax Tribunal Accrual	Property Tax Revenue	(31,000)
101-000.00-574.000	State Revenue Sharing	State Sources	182,408
101-000.00-664.700	Interest on Trust & Agency Funds	Interest Income	(11,032)
101-000.00-665.000	Miscellaneous Income	Other Revenue	1,765
101-000.00-673.000	Sale of Fixed Asset	Other Revenue	6,000
			\$ 148,141
Expenditures			
101-101.00-851.000	Telephone	Other Services and Charges	4,000
101-101.00-963.005	Miscellaneous - special projects & events	Other Services and Charges	10,000
101-172.00-816.014	Corridor Improvement Authority	Other Services and Charges	10,000
101-172.00-956.200	City-wide Training & workshops	Other Services and Charges	(10,000)
101-201.00-956.000	Conferences and workshops	Other Services and Charges	5,000
101-201.00-956.000	Conferences and workshops	Other Services and Charges	1,000
101-215.00-850.000	Internal Technology	Other Services and Charges	7,500
101-265.00-934.302	Building Maintenance - CEMS Building	Other Services and Charges	5,000
101-265.10-706.000	Overtime	Personnel Services	6,000
101-265.10-706.005	Overtime - DPS maintenance	Personnel Services	6,500
101-265.10-983.004	Pickup Truck w/ Plow (replace #607)	Capital Outlay	(39,500)
101-265.10-983.005	Pickup Truck w/ Plow (replace #644)	Capital Outlay	(39,500)
101-270.00-956.200	City-wide Training & workshops	Other Services and Charges	(2,000)
101-296.00-956.000	Conferences and workshops	Other Services and Charges	12,000
101-337.00-934.100	CEMS Fire Station expenditures	Other Services and Charges	(5,000)
101-371.00-816.007	Building, Trade, & Plan Review Services	Other Services and Charges	11,000
101-371.00-816.019	Stand-In Building Inspector	Other Services and Charges	27,400
101-371.00-956.000	Conferences and workshops	Other Services and Charges	5,000
101-371.00-956.000	Conferences and workshops	Other Services and Charges	1,000
101-442.10-805.000	Engineering Consulting	Other Services and Charges	1,765
101-442.10-816.012	Professional Services - Civil Engineer Services	Other Services and Charges	10,925
101-442.10-981.009	LOT018 Fire Parking Lot Improve (FS #2)	Capital Outlay	(77,929)
101-442.20-868.265	Winter Maintenance / Civic Center	Maintenance	29,000
101-442.20-868.301	Winter Maintenance / Police	Maintenance	51,900
101-442.20-868.337	Winter Maintenance / Fire	Maintenance	23,080
101-442.20-982.019	Two Ton Asphalt Hot Box (replace #600)	Capital Outlay	6,000
101-442.20-983.004	Pickup Truck w/ Plow (replace #607)	Capital Outlay	39,500
101-442.20-983.005	Pickup Truck w/ Plow (replace #644)	Capital Outlay	39,500
101-940.00-965.226	Transfer to Rubbish Collection Fund	Transfers Out	9,000
			\$ 148,141
Major Street Fund			
Revenues			
202-000.00-546.000	Gas and Weight Tax	State Sources	(70,000)
202-000.00-581.002	Contributions from local units - Beck Rd (8-9 Mile))	Other Revenue	70,000
202-000.00-676.204	Transfer from Municipal Street Fund	Other Revenue	(136,000)
			\$ (136,000)
Local Street Fund			
Revenues			
203-000.00-676.204	Transfer from Municipal Street Fund	Transfers in	(500,137)
			\$ (500,137)
Expenditures			
203-203.00-865.178	112-01 Sixth Gate Reconstruction	Capital Outlay	97,834
203-203.00-864.180	102-01 NRP 2017 - Design (FY 2017-18)	Capital Outlay	2,029
203-203.00-864.181	102-01 NRP 2017 - Concrete 1 (FY2017-18)	Capital Outlay	(300,000)
203-203.00-864.182	102-01 NRP 2017 - Concrete 2 (FY 2017-18)	Capital Outlay	(300,000)
			\$ (500,137)

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Municipal Street Fund			
Revenues			
204-000.00-581.000	Contributions from local units	Other Revenue	68,552
			<u>\$ 68,552</u>
Expenditures			
204-000.00-965.202	Transfer to Major Street Fund	Transfers Out	(136,000)
204-000.00-965.203	Transfer to Local Street Fund	Transfers Out	(500,137)
204-204.00-974.467	125-105 Segment 105 - 8 Mile (Garfield to Napier)	Capital Outlay	683,360
204-204.00-862.260	ROW - NW Quadrant Ring Road	Capital Outlay	50,000
			<u>\$ 97,223</u>
Tree Fund			
Revenues			
209-000.00-665.261	Tree Fund Maintenance Revenue	Other Revenue	2,010
			<u>\$ 2,010</u>
Expenditures			
209-000.00-963.005	Miscellaneous - special projects & events	Other Services and charges	2,010
			<u>\$ 2,010</u>
Rubbish Collection Fund			
Revenues			
226-000.00-676.101	Transfer from General Fund	Transfers In	9,000
			<u>\$ 9,000</u>
Expenditures			
226-226.00-808.200	Contractual Services - Rubbish Other	Other Services and Charges	9,000
			<u>\$ 9,000</u>
PEG Cable Fund			
Expenditures			
263-295.00-986.018	NAS Storage Unit	Capital Outlay	10,000
			<u>\$ 10,000</u>
Library Fund			
Expenditures			
268-000.00-704.000	Permanent Salaries	Personnel Services	5,500
268-000.00-705.000	Temporary Salaries	Personnel Services	5,000
268-000.00-715.000	Social Security	Personnel Services	1,000
268-000.00-976.000	Building Improvements	Capital Outlay	(70,000)
			<u>\$ (58,500)</u>
Library Contribution Fund			
Expenditures			
269-000.00-976.045	LED Lighting Conversion Project	Capital Outlay	70,000
			<u>\$ 70,000</u>
Capital Improvement Program (CIP) Fund			
Revenues			
400-000.00-401.000	Proceeds From Long-Term Debt	Other Financing Sources	319,768
400-000.00-403.002	Property Tax Revenue - Tax Tribunal Accrual	Property Tax Revenue	(19,000)
			<u>\$ 300,768</u>
Expenditures			
400-901.00-981.008	Pavilion shore Parking Lot Addition	Capital Outlay	(29,388)
400-901.00-971.001	Property Purchase - Trans-X Drive	Capital Outlay	325,000
400-901.00-971.007	Anglin Property Purchase	Capital Outlay	5,156
			<u>\$ 300,768</u>
Retiree Healthcare Benefits Fund			
Revenues			
710-000.00-664.500	Unrealized Gain (Loss) on Investments	Interest Income	5,500
			<u>\$ 5,500</u>
Expenditures			
710-000.00-816.000	Professional Services	Other Services and Charges	5,500
			<u>\$ 5,500</u>