



**CITY OF NOVI CITY COUNCIL  
OCTOBER 28, 2024**

**SUBJECT:** Approval of resolution to authorize Budget Amendment #2025-2

**SUBMITTING DEPARTMENT:** Finance

**KEY HIGHLIGHTS:**

- No net change to General Fund fund balance
- No net change to Major Street and Municipal Street Fund's fund balance
- Net decrease of \$7,407 to Parks, Recreation and Culture Fund fund balance due to the reallocation of pension costs based on the latest actuarial valuation
- Net decrease to PEG Cable – Capital Fund of \$15,000 due to additional Studio VI renovations

**BACKGROUND INFORMATION:**

The City's annual budget is adopted by the third Monday in May each year and is effective July 1<sup>st</sup> 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 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 resolution and budget amendment details are attached.

**GENERAL FUND 101**

The budget amendment proposes a net zero dollar change to fund and keeps the fund within Council set limits. The ending fund balance estimate is \$12,829,502. Significant proposed adjustments are discussed below:

## **Expenditures**

- **Personnel Services**

- Citywide the budget for total pension contributions did not change; however, the allocation between departments and funds was adjusted slightly based on the most recent census data for the pension plan. The net effect to the general fund is \$0.

- **Other Services and Charges**

- The increase in other services and charges in the police department represents additional training costs of \$25,200. These costs are offset by grant revenues of the same amount (also included in the budget amendment).
- The remaining other services and charges have a net \$0 change. The funds are being reallocated from various general fund departments for snow removal. The DPW department will track all costs of parking lot and sidewalk snow removal in the current year. The cost will be housed in the DPW department.

- **Supplies**

- The Clerks department applied for and was awarded a grant to fund new election polling booths totaling \$30,000. The grant revenue is included in the revenue budget allowing for a net \$0 change to fund balance.

### **MAJOR AND MUNICIPAL STREET FUNDS 202 & 204**

- **Capital Outlay**

- Increase in the amount of \$113,000 in the Municipal Street Fund. On September 9, 2024, City Council approved the design services for the Bosco-ITC Connector trail. Total design services, Geotech and contingency costs total approximately \$113,000. Funds are available in the Municipal Street Fund. Sidewalk and pathway projects are typically funded by the Municipal Street Fund. The cost of this project will be offset by actual interest earnings in excess of budget through the first quarter.
- Road Commission of Oakland County projects are proposed to be reallocated to the Municipal Street Fund. The roads related to these projects are owned by Oakland County. The City has concluded they should be properly expensed in the Municipal Street Fund versus the City's Major Street Fund. This amendment has no net impact on the overall street funds budget as its just moving costs between two of the funds.

### **PARKS, RECREATION, AND CULTURAL SERVICES FUND 208**

The proposed budget amendment has a decrease to fund balance of \$22,907. It recognizes the annual defined benefit pension contributions (both normal and unfunded costs) to reflect the cost in the proper departments based on the current fiscal year breakdown. Citywide the budget total did not change for the pension

contributions but allocations between departments and funds changed based on current and projected retiree population.

**PEG CABLE – CAPITAL FUND 463**

The proposed budget amendment has a decrease to fund balance of \$15,000. It recognizes additional unbudgeted Studio VI renovation costs to date.

**RECOMMENDED ACTION:** Approval of resolution to authorize Budget Amendment #2025-2.

**RESOLUTION**

NOW, THEREFORE BE IT RESOLVED that the following  
Budget Amendment# 2025-2 is authorized:

	<b>INCREASE (DECREASE)</b>
<b>GENERAL FUND</b>	
<b>REVENUES</b>	
State Sources	\$ 25,200
Other Revenue	30,000
<b>TOTAL REVENUES</b>	<b>\$ 55,200</b>
<b>APPROPRIATIONS</b>	
<b>City Manager</b>	
Personnel Services	8,288
Other Services and Charges	500
<b>Finance Department</b>	
Personnel Services	22,691
<b>City Clerk</b>	
Personnel Services	2,488
Supplies	30,000
<b>Integrated Solutions - Technology</b>	
Personnel Services	(19,347)
<b>Treasury Department</b>	
Personnel Services	8,139
<b>Assessing Department</b>	
Personnel Services	15,119
Capital Outlay	(5,295)
<b>Integrated Solutions - Facility Management</b>	
Personnel Services	2,743
Capital Outlay	(31,000)
<b>Integrated Solutions - FM: Parks Maintenance</b>	
Capital Outlay	(15,900)
<b>Human Resources</b>	
Personnel Services	32,280
<b>Police Department</b>	
Personnel Services	(70,385)
Other Services and Charges	4,200
<b>Fire Department</b>	
Personnel Services	(89,253)
<b>Community Development - Building</b>	
Personnel Services	21,921
Capital Outlay	8,320
<b>Department of Public Works - Administration</b>	
Personnel Services	6,679
Other Services and Charges	(5,200)
<b>Department of Public Works - Engineering</b>	
Personnel Services	8,230
<b>Department of Public Works - Field Operations</b>	
Personnel Services	29,848
Maintenance	73,100
<b>Department of Public Works - Fleet Asset</b>	
Personnel Services	5,486
Capital Outlay	1,857
<b>Community Development - Planning</b>	
Personnel Services	6,895
Other Services and Charges	(500)
Capital Outlay	(4,882)
<b>Community Relations - Admin</b>	
Personnel Services	8,178
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 55,200</b>
<b>Net Increase (Decrease) to Fund Balance</b>	<b>\$ (0)</b>
<b>Ending Fund Balance</b>	
<b>Fund Balance as a % of total annual expenditures</b>	<b>\$12,829,502</b>
	<b>30%</b>

INCREASE  
(DECREASE)

MAJOR STREET FUND	
<b>REVENUES</b>	
Transfer In	(1,011,095)
<b>TOTAL REVENUES</b>	<b>\$ (1,011,095)</b>
<b>APPROPRIATIONS</b>	
Capital Outlay	(1,011,095)
<b>TOTAL APPROPRIATIONS</b>	<b>\$ (1,011,095)</b>
<b>Net Increase (Decrease) to Fund Balance</b>	<b>\$ -</b>
<b>Ending Fund Balance</b>	<b>\$1,474,344</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>10%</b>

MUNICIPAL STREET FUND	
<b>REVENUES</b>	
Interest Income	113,000
<b>TOTAL REVENUES</b>	<b>\$ 113,000</b>
<b>APPROPRIATIONS</b>	
Capital Outlay	1,124,095
Transfers Out	(1,011,095)
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 113,000</b>
<b>Net Increase (Decrease) to Fund Balance</b>	<b>\$ -</b>
<b>Ending Fund Balance</b>	<b>\$1,544,882</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>13%</b>

PARKS, RECREATION, & CULTURAL SERVICES FUND	
<b>APPROPRIATIONS</b>	
752 Personnel Services	13,574
756 Personnel Services	2,653
757 Personnel Services	6,679
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 22,907</b>
<b>Net Increase (Decrease) to Fund Balance</b>	<b>\$ (22,907)</b>
<b>Ending Fund Balance</b>	<b>\$911,680</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>24%</b>

PEG CABLE CAPITAL FUND	
<b>APPROPRIATIONS</b>	
Capital Outlay	15,000
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 15,000</b>
<b>Net Increase (Decrease) to Fund Balance</b>	<b>\$ (15,000)</b>

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 October 28, 2024

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Cortney Hanson  
City Clerk

Budget Amendment# 2025-2 - July, 2024

GL #	Project/Item Description	Budget Category	Amount
<b>General Fund 101</b>			
<b>Revenues</b>			
101-000.00-543.200	Police Training Grant	State sources	\$ 25,200
101-000.00-675.215	Other grant income	Other revenue	30,000
			\$ 55,200
<b>Expenditures</b>			
101-172.00-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	\$ 8,288
101-172.00-880.500	Beautification commission	Other charges and services	500
101-191.00-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	22,691
101-215.00-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	2,488
101-215.00-729.000	Election supplies	Supplies	30,000
101-228.00-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	(19,347)
101-253.00-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	8,139
101-257.00-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	15,119
101-257.00-983.066	LDV016 LDV 140 - Assessing	Capital outlay	(5,295)
101-265.00-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	2,743
101-265.00-814.000	Contractual services	Other charges and services	(31,000)
101-265.10-814.000	Contractual services	Other charges and services	(15,900)
101-270.00-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	32,280
101-301.00-718.000	Pension - DB Unfunded Accrued Liability	Personnel Services	(70,385)
101-301.00-740.302	Indoor gun range operating costs	Other charges and services	(4,000)
101-301.00-814.000	Contractual services	Other charges and services	(17,000)
101-301.00-957.007	Education & Training	Other charges and services	15,200
101-301.00-957.008	MCOLES-CPE Grant	Other charges and services	10,000
101-336.00-718.000	Pension - DB Normal Cost	Personnel Services	(21,696)
101-336.00-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	(67,557)
101-371.00-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	21,921
101-371.00-983.070	LDV025 LDV 141 - CD Building	Capital outlay	4,160
101-371.00-983.076	LDV026 LDV 138 - CD Building	Capital outlay	4,160
101-441.00-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	6,679
101-441.00-814.000	Contractual services	Other charges and services	(5,200)
101-441.10-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	8,230
101-441.20-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	29,848
101-441.20-868.208	Winter Maint - Parking Lots/Parks	Maintenance	15,900
101-441.20-868.265	Winter Maint - Parking Lots/Civic Center	Maintenance	31,000
101-441.20-868.301	Winter Maint - Parking Lots/Police	Maintenance	21,000
101-441.20-868.442	Winter Maint - Parking Lots/DPW	Maintenance	5,200
101-441.30-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	5,486
101-441.30-984.024	FLD026 Dump Truck w/plw (replace #634)	Capital outlay	1,857
101-701.00-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	6,895
101-701.00-983.062	LDV017 LDV 143 - CD Building	Capital outlay	(4,882)
101-701.00-880.500	Beautification commission	Other charges and services	(500)
101-725.00-718.010	Pension - DB Unfunded Accrued Liability	Personnel Services	8,178
			\$ 55,200
<b>Net Increase (decrease) to fund balance</b>			<b>\$ (0)</b>

<b>Ending Fund Balance</b>	<b>\$12,829,502</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>30%</b>

<b>Major Street Fund 202</b>			
<b>Revenues</b>			
202-000.00-699.204	Transfer From Municipal Street Fund	Transfer In	\$ (1,011,095)
			\$ (1,011,095)
<b>Expenditures</b>			
202-449.20-975.034	162-01 12 Mile Rd Widening (Beck-Cabaret)	Capital outlay	\$ (995,595)
202-449.20-975.156	ENG089 Novi Rd (8 Mile - 9 Mile) RCO	Capital outlay	(15,500)
			\$ (1,011,095)
<b>Net Increase (decrease) to fund balance</b>			<b>\$ -</b>

<b>Ending Fund Balance</b>	<b>\$1,474,344</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>10%</b>

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
<b>Municipal Street Fund 204</b>			
<b>Revenues</b>			
204-000.00-665.400	Interest on investments	Interest income	\$ 113,000
			<u>\$ 113,000</u>
<b>Expenditures</b>			
204-000.00-995.202	Transfer to Major Streets Fund	Transfers Out	\$ (1,011,095)
204-446.00-975.034	162-01 12 Mile Rd Widening (Beck-Cabaret)	Capital outlay	995,595
204-446.00-975.156	ENG089 Novi Rd (8 Mile - 9 Mile) RCOG	Capital outlay	15,500
204-446.00-976.222	Bosco-ITC Connector Pathway	Capital outlay	113,000
			<u>\$ 113,000</u>
<b>Net Increase (decrease) to fund balance</b>			<b>\$ -</b>
<b>Ending Fund Balance</b>		<b>\$1,544,882</b>	
<b>Fund Balance as a % of total annual expenditures</b>		<b>13%</b>	
<b>Parks, Recreation, and Cultural Services Fund 208</b>			
<b>Expenditures</b>			
208-752.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	\$ 13,574
208-756.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	2,653
208-757.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	6,679
			<u>\$ 22,907</u>
<b>Net Increase (decrease) to fund balance</b>			<b>\$ (22,907)</b>
<b>Ending Fund Balance</b>		<b>\$927,180</b>	
<b>Fund Balance as a % of total annual expenditures</b>		<b>25%</b>	
<b>PEG Cable - Capital Fund 463</b>			
<b>Expenditures</b>			
463-725.10-976.193	Studio VI Renovations	Capital Outlay	\$ 15,000
			<u>\$ 15,000</u>
<b>Net Increase (decrease) to fund balance</b>			<b>\$ (15,000)</b>