



**CITY OF NOVI CITY COUNCIL
JUNE 17, 2024**

SUBJECT: Approval of resolution to authorize Budget Amendment #2024-5

SUBMITTING DEPARTMENT: Finance

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 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 primary purpose of the fourth quarter amendment is to ensure that the City remains compliant with the State Budget Act (in required budgetary funds no department's expenditures can be over budget by even \$1) along with adjusting the final amended budget to match exactly the estimated June 30, 2024 balances as they were in the approved budget document. The fourth quarter budget amendment resolution and budget amendment detail are attached. The following is a summary of the significant items proposed within this amendment:

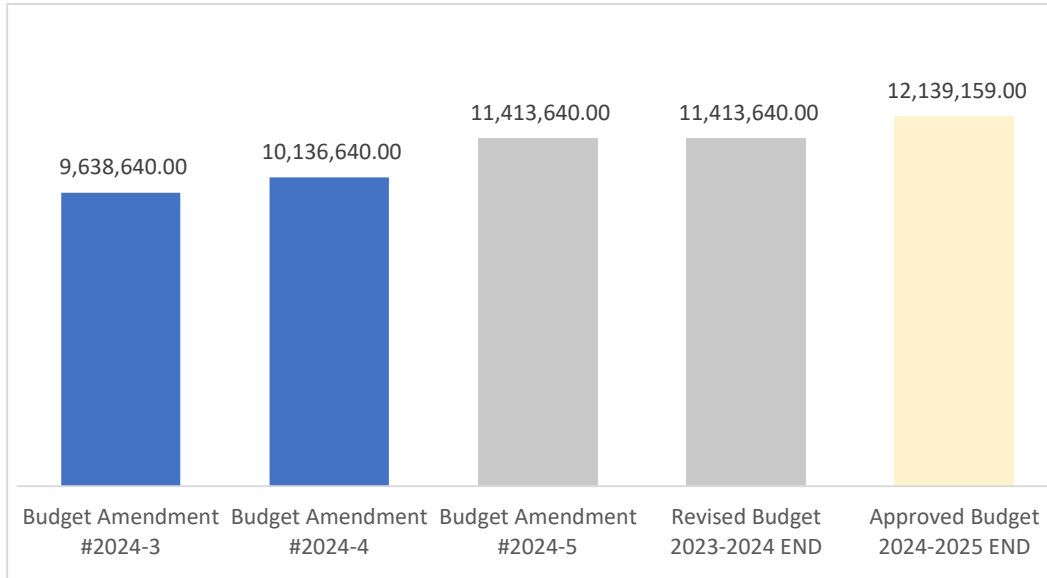
GENERAL FUND

The following is a summary of the impact on fund balance for the proposed fourth quarter budget amendment:

Beginning fund balance 6/30/23	\$14,445,394
Amended budget through 6/17/24	(\$4,308,754) – of which \$3,014,988 are rollovers and appear in amendment #2024-6

Impact of proposed 4th quarter amendment \$ 1,277,000
 Projected ending fund balance 6/30/24 \$11,413,640 (25%)

**General Fund
 Fund Balance (Recent) History**



The proposed budget amendment reflects an increase to the General Fund fund balance of \$1,277,000 with revenues increasing by \$600,000 (in realized interest) and expenditures decreasing by \$677,000 and **results in the final amended budget matching exactly the estimated amount in the approved 2024/2025 budget.**

The majority of the proposed amendment involves estimating the amount each department will ultimately end up under budget after final reconciliation of the entire year takes place over the next few months. The account called "Unspent Operating Budget Expenditures" represents finance's best estimate of unspent budgets based on the current expenditures to date and projected expenditure through June 30 2024. The following are highlights of some other items included in the proposed budget amendment:

Revenues:

- Interest Income – With only a couple weeks left in the fiscal year, the amendment increases interest income to the actual realized earnings through May 2024. The amount of this amendment is not used to offset any expenditures and falls directly to fund balance.

Appropriations:

- \$754,000 of the proposed \$677,000 expenditure reduction amendment represents the estimated amount that will be unspent (approximately 1-2% of almost every department) in the current amended budget.

- City Manager (172) – Only six months of grant writing contractual services and less entranceway grants issued than budgeted.
- Clerk (215) – No additional elections through June 30, expenditure reduced to actual election worker costs to date.
- Assessing (257) – Decrease due to vacancy savings in assessor and deputy positions.
- Human Resources (270) – Increase for continued recruitment services for all departments of the City.
- Police (301) – Increase due to significant unplanned vehicle maintenance costs (also see similar overages in fire and DPW)
- Fire (336) – The department continues to incur vehicle maintenance costs significantly over and above the original budget due to an aging fleet of fire trucks and requires a fourth amendment increase. A requirement to change out some operating supplies resulted in the proposed overage.
- Community Development (371) – One of the vehicles required significant unplanned repairs requiring an amendment.
- Public Works (441's) – Increase due to significant unplanned vehicle maintenance costs
- Community Relations (725) – Increase due to event costs and web page maintenance greater than anticipated.
- Transfers to Parks & Recreation (966) – The budgeted transfer was for capital which is no longer required given the favorable operating results of the fund.

LOCAL STREET FUND

Interest income was adjusted to reflect actual realized interest through May 2024 and to agree to the exact amount of the projected ending fund balance in the approved 2024/2025 budget.

PARKS, RECREATION, AND CULTURAL SERVICES FUND

Revenues and expenditures were increased per department's request to recognize the increased activity of this program through the end of the fiscal year and keep the projected fund balance exactly as estimated in the approved 2024/2025 approved budget.

LIBRARY and LIBRARY CONTRIBUTION FUND

The library board has proposed the attached adjustments which are forwarded to the City to pass as presented.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

The revenue and expenditures were amended to cover the increased grant activity through the end of the fiscal year. The CDBG fund is reimbursement based and revenues usually equal expenditures, but the amendment has excess revenues due to prior years revenue not recognized until the current fiscal year.

PEG CABLE CAPITAL FUND

Interest income was adjusted to reflect actual realized interest through May 2024. The proposed increase in expenditures is due to the unbudgeted change in scope from the original studio renovation project.

RECOMMENDED ACTION: Approval of resolution to authorize Budget Amendment #2024-5.

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2024-5 is authorized:

	INCREASE (DECREASE)
GENERAL FUND	
REVENUES	
Interest Income	600,000
TOTAL REVENUES	\$ 600,000
APPROPRIATIONS	
City Council	
Other Services and Charges	(6,000)
City Manager	
Other Services and Charges	(31,000)
Finance Department	
Other Services and Charges	(10,000)
City Clerk	
Other Services and Charges	(28,000)
Treasury Department	
Other Services and Charges	(5,000)
Assessing Department	
Personnel Services	(35,000)
Other Services and Charges	(5,000)
Integrated Solutions - FM: Parks Maintenance	
Other Services and Charges	(20,000)
City Attorney, Insurance, & Claims Department	
Other Services and Charges	(40,000)
Human Resources	
Other Services and Charges	30,000
Police Department	
Other Services and Charges	(333,000)
Fire Department	
Supplies	15,000
Other Services and Charges	(8,000)
Community Development - Building	
Other Services and Charges	22,000
Department of Public Works - Field Operations	
Other Services and Charges	(200,000)
Department of Public Works - Fleet Asset	
Other Services and Charges	20,000
Community Relations - Admin	
Other Services and Charges	24,000
Community Relations - Studio 6	
Other Services and Charges	(10,000)
Novi Youth Assistance	
Other Services and Charges	(6,000)
Transfers to Other Funds	
Transfers Out	(51,000)
TOTAL APPROPRIATIONS	\$ (677,000)
Net Increase (Decrease) to Fund Balance	\$ 1,277,000
Ending Fund Balance \$11,413,640	
Fund Balance as a % of total annual expenditures 25%	

**INCREASE
(DECREASE)**

LOCAL STREET FUND

REVENUES	
Interest Income	10,000
TOTAL REVENUES	<u>\$ 10,000</u>
Net Increase (Decrease) to Fund Balance	<u>\$ 10,000</u>

Ending Fund Balance	\$755,169
Fund Balance as a % of total annual expenditures	10%

PARKS, RECREATION, & CULTURAL SERVICES FUND
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REVENUES	
Program Revenue	29,000
TOTAL REVENUES	<u>\$ 29,000</u>
APPROPRIATIONS	
Program Expenditures	29,000
TOTAL APPROPRIATIONS	<u>\$ 29,000</u>
Net Increase (Decrease) to Fund Balance	<u>\$ -</u>

Ending Fund Balance	\$750,139
Fund Balance as a % of total annual expenditures	15%

LIBRARY FUND

REVENUES	
State sources	17,337
Interest Income	155,480
Other Revenue	10,400
Donations	(1,000)
TOTAL REVENUES	<u>\$ 182,217</u>
APPROPRIATIONS	
Personnel Services	(5,000)
Supplies	1,127
Other Services and Charges	(5,229)
TOTAL APPROPRIATIONS	<u>\$ (9,102)</u>
Net Increase (Decrease) to Fund Balance	<u>\$ 191,319</u>

LIBRARY CONTRIBUTION FUND

REVENUES	
Interest Income	49,132
Donations	9,038
TOTAL REVENUES	<u>\$ 58,170</u>
APPROPRIATIONS	
Supplies	34,500
Capital Outlay	(3,700)
TOTAL APPROPRIATIONS	<u>\$ 30,800</u>
Net Increase (Decrease) to Fund Balance	<u>\$ 27,370</u>

**INCREASE
(DECREASE)**

COMMUNITY DEVELOPMENT BLOCK GRANT FUND	
REVENUES	
Federal Grants	25,578
TOTAL REVENUES	\$ 25,578
APPROPRIATIONS	
Other Services and Charges	10,000
TOTAL APPROPRIATIONS	\$ 10,000
Net Increase (Decrease) to Fund Balance	\$ 15,578

PEG CABLE CAPITAL FUND	
REVENUES	
Interest Income	15,000
TOTAL REVENUES	\$ 15,000
APPROPRIATIONS	
Capital Outlay	70,000
TOTAL APPROPRIATIONS	\$ 70,000
Net Increase (Decrease) to Fund Balance	\$ (55,000)

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 June 17, 2024

Cortney Hanson
City Clerk

Budget Amendment# 2024-5 - June 17, 2024

GL #	Project/Item Description	Budget Category	Amount
General Fund 101			
Revenues			
101-000.00-665.000	Interest in investments	Interest income	\$ 600,000
			<u>\$ 600,000</u>
Expenditures			
101-101.00-829.999	Unspent Operating Budget Expenditures	Other services and charges	\$ (6,000)
101-172.00-816.043	Federal Grant Writing - Beck Rd	Other services and charges	(6,000)
101-172.00-816.000	Entryway Signage Grant Program	Other services and charges	(10,000)
101-172.00-829.999	Unspent Operating Budget Expenditures	Other services and charges	(15,000)
101-191.00-829.999	Unspent Operating Budget Expenditures	Other services and charges	(10,000)
101-215.00-705.315	Election Workers	Other Services and charges	(18,000)
101-215.00-829.999	Unspent Operating Budget Expenditures	Other services and charges	(10,000)
101-253.00-829.999	Unspent Operating Budget Expenditures	Other services and charges	(5,000)
101-257.00-704.000	Permanent salaries	Personnel Services	(20,000)
101-257.00-716.000	Insurance	Personnel Services	(15,000)
101-257.00-829.999	Unspent Operating Budget Expenditures	Other services and charges	(5,000)
101-265.10-829.999	Unspent Operating Budget Expenditures	Other services and charges	(20,000)
101-266.00-820.001	Insurance Deductibles/Uninsured Claims	Other services and charges	(40,000)
101-270.00-882.101	Recruitment	Other services and charges	30,000
101-301.00-829.999	Unspent Operating Budget Expenditures	Other services and charges	(373,000)
101-301.00.935.000	Vehicle Maintenance	Other services and charges	40,000
101-336.00-804.002	Medical Service - New Recruit	Other services and charges	12,000
101-336.00-934.000	Building Maintenance	Other services and charges	10,000
101-336.00-829.999	Unspent Operating Budget Expenditures	Other services and charges	(100,000)
101-336.00.935.000	Vehicle Maintenance	Other services and charges	70,000
101-336.00-740.000	Operating Supplies	Supplies	15,000
101-371.00.935.000	Vehicle Maintenance	Other services and charges	22,000
101-441.20-829.999	Unspent Operating Budget Expenditures	Other services and charges	(200,000)
101-441.30.935.000	Vehicle Maintenance	Other services and charges	20,000
101-725.00-888.800	Web Page Maintenance	Other services and charges	15,000
101-725.00-881.350	State of the City	Other services and charges	9,000
101-725.10-829.999	Unspent Operating Budget Expenditures	Other services and charges	(10,000)
101-773.00-829.999	Unspent Operating Budget Expenditures	Other services and charges	(6,000)
101-966.00-995.208	Transfer to Parks & Recreation	Transfers to Other Funds	(51,000)
			<u>\$ (677,000)</u>
	Net Increase (decrease) to fund balance		1,277,000

Ending Fund Balance	\$11,413,640
Fund Balance as a % of total annual expenditures	25%

Local Street Fund 203			
Revenues			
203-000.00-665.000	Interest in investments	Interest income	\$ 10,000
			<u>\$ 10,000</u>
	Net Increase (decrease) to fund balance	\$	10,000

Ending Fund Balance	\$755,169
Fund Balance as a % of total annual expenditures	10%

Parks, Recreation, and Cultural Services Fund 208			
Revenues			
208-000.00-653.010	Youth Soccer League	Program revenue	\$ 29,000
			<u>\$ 29,000</u>
Expenditures			
208-756.00-960.010	Youth Soccer League	Program expenditures	\$ 29,000
			<u>\$ 29,000</u>
	Net Increase (decrease) to fund balance	\$	-

Ending Fund Balance	\$750,139
Fund Balance as a % of total annual expenditures	15%

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Library Fund 271			
Revenues			
271-000.00-567.000	State aid	State Sources	\$ 17,337
271-000.00-665.000	Interest in investments	Interest Income	79,447
271-000.00-669.500	Unrealized gain (loss) on investments	Interest Income	76,033
271-000.00-674.289	Adult programs	Donations	4,400
271-000.00-674.400	Gifts and donations	Donations	(5,400)
271-000.00-675.100	Copier	Other Revenue	2,200
271-000.00-675.300	Meeting room	Other Revenue	7,800
271-000.00-675.404	Novi Township Assessment	Other Revenue	400
			\$ 182,217
Expenditures			
271-000.00-716.999	Insurance - Employee Reimbursement	Personnel Services	\$ (5,000)
271-000.00-726.400	Supplies - Cash over/short	Supplies	127
271-000.00-742.000	Library Books	Supplies	(2,600)
271-000.00-743.000	Library periodicals	Supplies	1,000
271-000.00-745.300	Electronic resources (CD rom materials)	Supplies	2,600
271-000.00-803.000	Independent Audit	Other services and charges	(28.63)
271-000.00-806.000	Legal fees	Other services and charges	4,000
271-000.00-820.001	Insurance deductibles/Uninsured claims	Other services and charges	(10,000)
271-000.00-862.000	Mileage	Other services and charges	800
			\$ (9,102)
	Net Increase (decrease) to fund balance		\$ 191,319

Library Contribution Fund 272			
Revenues			
272-000.00-665.000	Interest on Investments	Interest Income	\$ 13,536
272-000.00-669.500	Unrealized gain (loss) on investments	Interest Income	35,596
272-000.00-674.036	Diversity, Equity, & Inclusion	Donations	(500)
272-000.00-674.046	Makerspace Renovation Revenue	Donations	1,038
272-000.00-674.229	Raising a Reader in Novi Sponsors	Donations	100
272-000.00-674.230	Collections/Materials Revenue	Donations	4,600
272-000.00-674.231	Buildings/Ground/Furniture Revenue	Donations	100
272-000.00-674.232	Programming Revenue	Donations	700
272-000.00-674.235	Marketing Sponsorships	Donations	3,000
			\$ 58,170
Expenditures			
272-000.00-742.230	Collections/Materials Expense	Supplies	\$ 2,500
272-000.00-742.231	Buildings/Ground/Furniture	Supplies	35,800
272-000.00-742.232	Programming Expense	Supplies	1,200
272-000.00-742.233	Technology Library Expenditures	Supplies	(5,000)
272-000.00-976.046	Makerspace (iCube)	Capital Outlay	(3,700)
			\$ 30,800
	Net Increase (decrease) to fund balance		\$ 27,370

Community Development Block Grant (CDBG) 274			
Revenues			
274-000.00-522.100	HCD Programs reimbursement	Federal grants	\$ 25,578
			\$ 25,578
Expenditures			
274-694.00-837.000	HCD	Other charges and services	\$ 10,000
			\$ 10,000
	Net Increase (decrease) to fund balance		\$ 15,578

PEG Cable - Capital Fund 463			
Revenues			
463-000.00-665.000	Interest in investments	Interest income	\$ 15,000
			\$ 15,000
Expenditures			
463-725.00-976.193	Studio VI Renovations	Capital outlay	\$ 70,000
			\$ 70,000
	Net Increase (decrease) to fund balance		\$ (55,000)