



**CITY OF NOVI CITY COUNCIL
JANUARY 22, 2024**

SUBJECT: Approval of resolution to authorize Budget Amendment #2024-3

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 second 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

This budget amendment reflects a \$318,500 decrease to the General Fund fund balance and keeps the fund within Council set limits. The fund balance will have a projected balance of \$9,638,640 with revenues increasing by \$312,550 and expenditures increasing by \$631,080. The following are highlights of some of the significant items included in the proposed budget amendment:

Revenues:

- State Sources– Increase in the amount of \$59,150 to reflect anticipated additional revenues to be received related to election reimbursements, police training grants, and personal property tax reimbursements.
- Federal Sources – Increase in the amount of \$46,200 for the City's contract to perform accounts payable services for HIDTA.

- Licenses, Permits, and Charges for Services – Increase related to public safety overtime related to the 14 Mile project with GLWA.
- Interest Income – The City continued to see actual interest earnings at very high levels over the past quarter due to prior increases in Federal interest rates. The interest rate increases by the Fed have leveled off during the last quarter, which has also resulted in the recovery of some of the unrealized losses incurred over the past year. Based on the current interest rate environment, finance anticipates additional favorable results over the remaining two quarters of the fiscal year.

Appropriations:

- Personnel Services – The proposed increases in personnel services are due to changes in employment contracts for the City Manager, Assistant City Manager and City Clerk. In addition, unexpected police retirements as well as overtime at the 14 Mile GLWA project were unbudgeted. During fire negotiations, the defined contribution percentage of payroll increased over and above what was budgeted.
- Two projects listed in the proposed budget were deemed emergencies and not budgeted in the current year: fire station #2 and #3 generators for \$163,500 and \$155,000 for repairs to a fire truck. The current generators were discovered to not have enough power to service the entire buildings and replacements were needed to ensure emergencies services were available during power outages. In addition, with the delays in the delivery of the new trucks, fire opted to pay the \$155,000 and have the fire truck repaired rather than not have it available for service. Fund balance will be decreased due to these projects.
- Capital Outlay – Proposed decrease in the transfer to the Capital Improvement Fund is to fund new capital improvement projects proposed during the fiscal 2024-2025 budget process. These projects were identified as urgent projects and moved forward to the fiscal year 2023-2024. The projects include aerial imagery subscription, wide area mower, woodchipper, SRT night goggles, public, field retroreflector sign shop, an enclosed ATV trailer, and woodland and wetland map updates.

PARKS, RECREATION, AND CULTURAL SERVICES FUND

The budget amendment proposes a decrease to the fund balance of \$85,975 while maintaining the fund balance limit set by City Council. Similar to the General Fund, two projects were proposed for the fiscal year 2024-2025 budget year but were deemed a priority and moved forward to fiscal year 2023-2024. These projects include fiber and cameras at the building on site at Bosco Fields as well as a building generator at Bosco. The Parks and Recreation Fund increased their fund balance by \$491,210 for the year-ending June 30, 2023, to approximately \$1,694,000 and will be using a small part of that increase to support the proposed two capital expenditures.

Corridor Improvement Authority

Property tax revenue has increased slightly, from original tax reports. The total increase to both revenue and fund balance is \$66,960.

RECOMMENDED ACTION: Approval of resolution to authorize Budget Amendment
#2024-3

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2024-3 is authorized:

	INCREASE (DECREASE)
GENERAL FUND	
REVENUES	
State Sources	\$ 59,150
Federal Sources	46,200
Licenses, Permits, and Charges for Services	46,900
Fines and Forfeitures	(20,000)
Interest Income	200,000
Donations	(19,700)
TOTAL REVENUES	\$ 312,550
 APPROPRIATIONS	
City Manager	
Personnel Services	60,000
Finance Department	
Personnel Services	(20,000)
City Clerk	
Personnel Services	32,000
Integrated Solutions - Technology	
Other Services and Charges	11,500
Assessing Department	
Personnel Services	(55,250)
Integrated Solutions - Facility Management	
Capital Outlay	345,500
Human Resources	
Other Services and Charges	42,000
Police Department	
Personnel Services	189,175
Other Services and Charges	7,000
Capital Outlay	76,550
Fire Department	
Personnel Services	230,900
Other Services and Charges	155,000
Department of Public Works - Field Operations	
Other Services and Charges	9,300
Department of Public Works - Fleet Asset	

	INCREASE (DECREASE)
Capital Outlay	12,225
Community Development - Planning	
Personnel Services	33,000
Capital Outlay	21,850
Community Relations - Admin	
Other Services and Charges	(19,700)
Transfers to Other Funds	
Transfers Out	(500,000)
TOTAL APPROPRIATIONS	<u>\$ 631,050</u>
Net Increase (Decrease) to Fund Balance	<u><u>\$ (318,500)</u></u>

Ending Fund Balance	\$9,638,640
Fund Balance as a % of total annual expenditures	21%

**INCREASE
(DECREASE)**

MUNICIPAL STREET FUND

REVENUES

State Sources	15,000
Interest Income	15,000
TOTAL REVENUES	\$ 30,000

APPROPRIATIONS

Capital Outlay	30,000
TOTAL APPROPRIATIONS	\$ 30,000

Net Increase (Decrease) to Fund Balance	\$ -
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Ending Fund Balance	\$3,215,165
Fund Balance as a % of total annual expenditures	39%

PARKS, RECREATION, & CULTURAL SERVICES FUND

REVENUES

Property Tax Revenue	-
State Sources	4,000
Program Revenue	10,975
Donations	1,650
Interest Income	5,000
TOTAL REVENUES	\$ 21,625

APPROPRIATIONS

752 Capital Outlay	106,625
TOTAL APPROPRIATIONS	\$ 106,625

Net Increase (Decrease) to Fund Balance	\$ (85,000)
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Ending Fund Balance	\$750,140
Fund Balance as a % of total annual expenditures	16%

**INCREASE
(DECREASE)**

DRAIN FUND

REVENUES

State Sources	6,300
Interest Income	10,624
Transfers in	<u>(16,300)</u>
TOTAL REVENUES	<u>\$ 624</u>

Net Increase (Decrease) to Fund Balance **\$ 624**

CORRIDOR IMPROVEMENT AUTHORITY FUND

REVENUES

Property Tax Revenue	<u>66,960</u>
TOTAL REVENUES	<u>\$ 66,960</u>

Net Increase (Decrease) to Fund Balance **\$ 66,960**

FORFEITURE FUND

REVENUES

Federal Grants	37,345
Fines and Forfeitures	<u>(37,345)</u>
TOTAL REVENUES	<u>\$ -</u>

Net Increase (Decrease) to Fund Balance **\$ -**

CAPITAL IMPROVEMENT PROGRAM (CIP) FUND

REVENUES

Transfers In	<u>(500,000)</u>
TOTAL REVENUES	<u>\$ (500,000)</u>

Net Increase (Decrease) to Fund Balance **\$ (500,000)**

	INCREASE (DECREASE)
PEG CABLE CAPITAL FUND	
REVENUES	
Interest Income	9,500
TOTAL REVENUES	\$ 9,500
APPROPRIATIONS	
Capital Outlay	9,500
TOTAL APPROPRIATIONS	\$ 9,500
Net Increase (Decrease) to Fund Balance	\$ -

DRAIN PERPETUAL MAINTENANCE FUND	
REVENUES	
Transfers in	(16,300)
TOTAL REVENUES	\$ (16,300)
Net Increase (Decrease) to Fund Balance	\$ (16,300)

ICE ARENA FUND	
REVENUES	
Program Revenue	20,000
Interest Income	2,000
TOTAL REVENUES	\$ 22,000
APPROPRIATIONS	
Other Services and Charges	22,000
TOTAL APPROPRIATIONS	\$ 22,000
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 January 22, 2024

Cortney Hanson
City Clerk

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund 101			
Revenues			
101-000.00-540.350	State and other grants	State Sources	\$ 15,150
101-000.00-543.200	Police Training	State Sources	24,000
101-000.00-573.000	State Grants - Local Comm Stab	State Sources	20,000
101-000.00-528.725	HIDTA Federal AP Services	Federal Sources	46,200
101-000.00-632.060	Police contracted services	Licenses, Permits, & Charges for Services	46,900
101-000.00-655.000	Court fees and fines	Fines and Forfeitures	(20,000)
101-000.00-665.700	Interest on Trust and Agency Funds	Interest income	200,000
101-000.00-675.295	Winterfest - Donations	Donations	(19,700)
			\$ 312,550
Expenditures			
101-172.00-704.000	Permanent Salaries	Personnel Services	\$ 60,000
101-191.00-704.000	Permanent Salaries	Personnel Services	(20,000)
101-215.00-704.000	Permanent Salaries	Personnel Services	12,000
101-215.00-716.000	Insurance	Personnel Services	20,000
101-228.00-943.002	Aerial Imagery Subscription	Other Services and charges	11,500
101-257.00-716.000	Insurance	Personnel Services	(15,000)
101-257.00-718.200	Pension - Defined Contribution	Personnel Services	(40,250)
101-265.00-976.150	Fire Station #2, 3 Generators	Capital Outlay	163,500
101-265.10-982.037	Wide Area Mower	Capital Outlay	105,000
101-265.10-982.031	Wood Chipper	Capital Outlay	77,000
101-270.00-882.337	Recruitment - Police	Other Services and charges	27,000
101-270.00-882.337	Recruitment - Fire	Other Services and charges	15,000
101-301.00-704.250	Final Payout	Personnel Services	132,275
101-301.00-706.000	Overtime (GLWA)	Personnel Services	46,900
101-301.00-706.352	Overtime - TIA Grant	Personnel Services	10,000
101-301.00-957.007	Education and Training Grant	Other Services and charges	7,000
101-301.00-982.087	SRT Night Goggles	Capital Outlay	76,550
101-336.00-705.350	Auxiliary firefighters	Personnel Services	65,900
101-336.00-718.200	Pension - defined contribution	Personnel Services	165,000
101-336.00-935.000	Vehicle Maintenance	Other Services and charges	155,000
101-441.20-982.085	Field Retroreflector Sign Shop	Other Services and charges	9,300
101-441.30-982.086	Enclosed ATV Trailer	Capital Outlay	12,225
101-701.00-705.000	Temporary salaries	Personnel Services	33,000
101-701.00-805.200	Woodland & Wetland Map Updates	Capital Outlay	21,850
101-725.00-880.650	Winter Fest	Other Services and charges	(19,700)
101-996.00-995.401	Transfer to Capital Improvement Fund	Transfer Out	(500,000)
			\$ 631,050
Net Increase (decrease) to fund balance			\$ (318,500)

Ending Fund Balance	\$9,638,640
Fund Balance as a % of total annual expenditures	21%

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Municipal Street Fund 204			
Revenues			
204-000.00-573.000	State Grants - Local Comm Stab	State Sources	\$ 15,000
204-000.00-665.000	Interest in investments	Interest Income	15,000
			\$ 30,000
Expenditures			
204-446.00-974.475	085-81 Seg80B81 A&81B-10Mi(SS;Mdwbk-Hagg)	Capital Outlay	\$ 30,000
			\$ 30,000
Net Increase (decrease) to fund balance			\$ -
Ending Fund Balance		\$3,215,165	
Fund Balance as a % of total annual expenditures		39%	
Parks, Recreation, and Cultural Services Fund 208			
Revenues			
208-000.00-573.000	State Grants- Local Comm Stab	State Sources	\$ 4,000
208-000.00-653.642	Dance Programs	Program Revenue	10,975
208-000.00-674.249	Commemorative program donations	Donations	1,650
208-000.00-665.000	Interest in investments	Interest Income	5,000
			\$ 21,625
Expenditures			
208-752.00-977.041	Fiber, Cameras, Building at Bosco	Capital Outlay	42,325
208-752.00-977.042	Building Generator and Gentrck at Bosco	Capital Outlay	64,300
			\$ 106,625
Net Increase (decrease) to fund balance			\$ (85,000)
Ending Fund Balance		\$750,140	
Fund Balance as a % of total annual expenditures		16%	
Drain Fund 211			
Revenues			
211-000.00-573.000	State Grants - Local Comm Stabilization	State Sources	\$ 6,300
211-000.00-665.000	Interest Income	Interest Income	10,624
211-000.00-699.152	Transfer From Drain Perpetual Care Fund	Transfers In	(16,300)
			\$ 624
Net Increase (decrease) to fund balance			\$ 624
Corridor Improvement Authority (CIA) Fund 246			
Revenues			
246-000.00-402.000	Property Tax Revenue - Current	Property Tax Revenues	\$ 66,960
			\$ 66,960
Net Increase (decrease) to fund balance			\$ 66,960
Forfeiture Fund 262			
Revenues			
262-000.00-505.330	FBI Task Force Revenue	Federal Grants	\$ 37,345
262-000.00-655.500	DEA Federal Forfeiture Funds	Fines and Forfeitures	(37,345)
			\$ -
Net Increase (decrease) to fund balance			\$ -

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Capital Improvement Program 401			
Revenues			
401-000.00-699.101	Transfer from General Fund	Transfers In	\$ (500,000)
			<u>\$ (500,000)</u>
		Net Increase (decrease) to fund balance	\$ (500,000)
PEG Cable - Capital Fund 463			
Revenues			
463-000.00-665.000	Interest in investments	Interest Income	\$ 6,000
463-000.00-669.500	Unrealized gain (loss) on investments	Interest Income	3,500
			<u>\$ 9,500</u>
Expenditures			
463-725.10-976.193	Studio VI Renovations	Capital Outlay	\$ 7,900
463-425.10-986.047	COR025 Server Replace -Video Strge/Stud6	Capital Outlay	1,600
			<u>\$ 9,500</u>
		Net Increase (decrease) to fund balance	\$ -
Drain Perpetual Maintenance Fund 152			
Expenditures			
150-000.00-995.211	Transfer to Drain Fund	Transfers Out	\$ (16,300)
			<u>\$ (16,300)</u>
		Net Increase (decrease) to fund balance	\$ 16,300
Ice Arena Fund 570			
Revenues			
570-000.00-653.805	Learn to Skate	Program revenue	\$ 20,000
570-000.00-665.000	Interest in Investments	Interest Income	2,000
			<u>\$ 22,000</u>
Expenditures			
570-000.00-930.130	Zamboni Maintenance	Other Charges and Services	\$ 10,000
570-000.00-934.000	Building Maintenance	Other Charges and Services	12,000
			<u>\$ 22,000</u>
		Net Increase (decrease) to fund balance	\$ -