



**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 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 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:

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

INCREASE
(DECREASE)

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

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

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

| PEG CABLE CAPITAL FUND | |
|--|--------------------|
| APPROPRIATIONS | |
| Capital Outlay | 15,000 |
| TOTAL APPROPRIATIONS | \$ 15,000 |
| Net Increase (Decrease) to Fund Balance | \$ (15,000) |

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 October 28, 2024

Cortney Hanson
City Clerk

Budget Amendment# 2025-2 - July, 2024

| GL # | Project/Item Description | Budget Category | Amount |
|--|--|----------------------------|---------------|
| General Fund 101 | | | |
| Revenues | | | |
| 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 |
| Expenditures | | | |
| 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 |
| Net Increase (decrease) to fund balance | | | \$ (0) |

| | |
|---|---------------------|
| Ending Fund Balance | \$12,829,502 |
| Fund Balance as a % of total annual expenditures | 30% |

| Major Street Fund 202 | | | |
|--|---|----------------|----------------|
| Revenues | | | |
| 202-000.00-699.204 | Transfer From Municipal Street Fund | Transfer In | \$ (1,011,095) |
| | | | \$ (1,011,095) |
| Expenditures | | | |
| 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) |
| Net Increase (decrease) to fund balance | | | \$ - |

| | |
|---|--------------------|
| Ending Fund Balance | \$1,474,344 |
| Fund Balance as a % of total annual expenditures | 10% |

| <u>GL #</u> | <u>Project/Item Description</u> | <u>Budget Category</u> | <u>Amount</u> |
|--|---|------------------------|-------------------|
| Municipal Street Fund 204 | | | |
| Revenues | | | |
| 204-000.00-665.400 | Interest on investments | Interest income | \$ 113,000 |
| | | | <u>\$ 113,000</u> |
| Expenditures | | | |
| 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> |
| Net Increase (decrease) to fund balance | | | \$ - |

| | |
|---|--------------------|
| Ending Fund Balance | \$1,544,882 |
| Fund Balance as a % of total annual expenditures | 13% |

| | | | |
|--|-----------------------------------|--------------------|-------------------|
| Parks, Recreation, and Cultural Services Fund 208 | | | |
| Expenditures | | | |
| 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> |
| Net Increase (decrease) to fund balance | | | \$ (7,407) |

| | |
|---|------------------|
| Ending Fund Balance | \$927,180 |
| Fund Balance as a % of total annual expenditures | 25% |

| | | | |
|--|-----------------------|----------------|--------------------|
| PEG Cable - Capital Fund 463 | | | |
| Expenditures | | | |
| 463-725.10-976.193 | Studio VI Renovations | Capital Outlay | \$ 15,000 |
| | | | <u>\$ 15,000</u> |
| Net Increase (decrease) to fund balance | | | \$ (15,000) |