



**CITY OF NOVI CITY COUNCIL**  
**OCTOBER 23, 2023**

**SUBJECT:** Consideration of approval of resolution to authorize Budget Amendment #2024-2

**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 first quarter budget amendment resolution and budget amendment detail are attached.

**GENERAL FUND 101**

The budget amendment proposes a decrease to the fund balance in the amount of \$250,000 and keeps the fund within Council set limits. The ending fund balance estimate is \$10,248,140 based on recognizing net expenditure increases in the amount of \$250,000. Significant proposed adjustments are discussed below:

**Expenditures**

- **Personnel Services** increase in the amount of \$297,000
  - Approximately \$47,000 expenditure budget increase related to 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.

- Increase of \$250,000 to reflect the additional costs of the full-time fire contract which was settled July 2023.
- **Other Services and Charges** increase in the amount of \$20,000
  - An increase in other services and charges is requested to cover the costs of the Older Adult Services Needs Committee.
- **Capital Outlay** increase in the amount of \$30,000
  - The increase in capital outlay is to replace the 20+ year old lockers at fire station #1 and fire station #3 and the locker room carpet at fire station #1.

#### **LIBRARY FUND 271 AND LIBRARY CONTRIBUTION FUND 272**

The proposed budget amendment decreases the Library Fund fund balance by \$222,778 and decreases the Library Contribution Fund fund balance by \$68,500. The Library Board approved fiscal year-end projection adjustments at their board meeting held September 25, 2023. This amendment is needed to bring the City's budget in alignment with the Board's projections.

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

The proposed budget amendment has a net zero effect on fund balances. 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.

#### **GUN RANGE FACILITY FUND 409**

The proposed budget amendment has a net zero effect on fund balance. It recognizes additional interest income as well as two additional projects at the gun range.

#### **WATER AND SEWER FUND 592**

The proposed budget amendment has a net zero effect on fund balances. 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.

**RECOMMENDED ACTION:** Approval of resolution to authorize Budget Amendment #2024-2

**RESOLUTION**

NOW, THEREFORE BE IT RESOLVED that the following  
Budget Amendment# 2024-2 is authorized:

|  | <b>INCREASE<br/>(DECREASE)</b> |
|--|--------------------------------|
| <b>GENERAL FUND</b>                                      |                                |
| <b>REVENUES</b>  |                                |
| State Sources  | \$ 24,000                      |
| <b>TOTAL REVENUES</b>                                    | <b>\$ 24,000</b>               |
| <b>APPROPRIATIONS</b>                                    |                                |
| <b>City Manager</b>                                      |                                |
| Personnel Services                                       | 5,091                          |
| Other Services and Charges                               | (1,000)                        |
| <b>Finance Department</b>                                |                                |
| Personnel Services                                       | (13,350)                       |
| <b>City Clerk</b>  |                                |
| Personnel Services                                       | 8,596                          |
| <b>Integrated Solutions - Technology</b>                 |                                |
| Personnel Services                                       | 4,331                          |
| <b>Treasury Department</b>                               |                                |
| Personnel Services                                       | (3,112)                        |
| <b>Assessing Department</b>                              |                                |
| Personnel Services                                       | (34,885)                       |
| <b>Integrated Solutions - Facility Management</b>        |                                |
| Personnel Services                                       | (1,875)                        |
| Other Services and Charges                               | 14,000                         |
| <b>City Attorney, Insurance, &amp; Claims Department</b> |                                |
| Other Services and Charges                               | (80,000)                       |
| <b>Human Resources</b>                                   |                                |
| Personnel Services                                       | (1,155)                        |
| <b>Police Department</b>                                 |                                |
| Personnel Services                                       | 38,677                         |
| Other Services and Charges                               | 9,000                          |
| <b>Fire Department</b>                                   |                                |
| Personnel Services                                       | 291,604                        |
| Capital Outlay   | 30,000                         |
| <b>Community Development - Building</b>                  |                                |
| Personnel Services                                       | (21,354)                       |
| <b>Department of Public Works - Administration</b>       |                                |

|  | <b>INCREASE<br/>(DECREASE)</b> |
|--|--------------------------------|
| Personnel Services                                   | 877                            |
| <b>Department of Public Works - Engineering</b>      |                                |
| Personnel Services                                   | 3,186                          |
| <b>Department of Public Works - Field Operations</b> |                                |
| Personnel Services                                   | 4,111                          |
| <b>Department of Public Works - Fleet Asset</b>      |                                |
| Other Services and Charges                           | (3,029)                        |
| <b>Community Development - Planning</b>              |                                |
| Personnel Services                                   | 1,356                          |
| <b>Community Relations - Admin</b>                   |                                |
| Personnel Services                                   | 2,931                          |
| Other Services and Charges                           | 20,000                         |
| <b>TOTAL APPROPRIATIONS</b>                          | <b><u>\$ 274,000</u></b>       |
| <b>Net Increase (Decrease) to Fund Balance</b>       | <b><u>\$ (250,000)</u></b>     |

|   |                     |
|---|---------------------|
| <b>Ending Fund Balance</b>                              | <b>\$10,248,140</b> |
| <b>Fund Balance as a % of total annual expenditures</b> | <b>23%</b>          |

| <b>PARKS, RECREATION, &amp; CULTURAL SERVICES FUND</b> |                         |
|--|-------------------------|
| <b>REVENUES</b>  |                         |
| <b>TOTAL REVENUES</b>                                  | <b><u>\$ 11,696</u></b> |
| <b>APPROPRIATIONS</b>                                  |                         |
| 752 Personnel Services                                 | 10,003                  |
| 756 Personnel Services                                 | 637                     |
| 757 Personnel Services                                 | 1,056                   |
| <b>TOTAL APPROPRIATIONS</b>                            | <b><u>\$ 11,696</u></b> |
| <b>Net Increase (Decrease) to Fund Balance</b>         | <b><u>\$ -</u></b>      |

|   |                  |
|---|------------------|
| <b>Ending Fund Balance</b>                              | <b>\$835,140</b> |
| <b>Fund Balance as a % of total annual expenditures</b> | <b>18%</b>       |

**INCREASE  
(DECREASE)**

|                     |
|---------------------|
| <b>LIBRARY FUND</b> |
|---------------------|

**REVENUES**

|                       |                          |
|-----------------------|--------------------------|
| Fines and forfeitures | (5,930)                  |
| <b>TOTAL REVENUES</b> | <b><u>\$ (5,930)</u></b> |

**APPROPRIATIONS**

|                             |                          |
|-----------------------------|--------------------------|
| Personnel Services          | 209,848                  |
| Supplies                    | 7,000                    |
| <b>TOTAL APPROPRIATIONS</b> | <b><u>\$ 216,848</u></b> |

|  |                                   |
|--|-----------------------------------|
| <b>Net Increase (Decrease) to Fund Balance</b> | <b><u><u>\$ (222,778)</u></u></b> |
|--|-----------------------------------|

|                                  |
|----------------------------------|
| <b>LIBRARY CONTRIBUTION FUND</b> |
|----------------------------------|

**REVENUES**

|                       |                        |
|-----------------------|------------------------|
| Donations             | 4,000                  |
| Interest Income       | -                      |
| <b>TOTAL REVENUES</b> | <b><u>\$ 4,000</u></b> |

**APPROPRIATIONS**

|                             |                         |
|-----------------------------|-------------------------|
| Supplies                    | 26,500                  |
| Capital Outlay              | 46,000                  |
| <b>TOTAL APPROPRIATIONS</b> | <b><u>\$ 72,500</u></b> |

|  |                                  |
|--|----------------------------------|
| <b>Net Increase (Decrease) to Fund Balance</b> | <b><u><u>\$ (68,500)</u></u></b> |
|--|----------------------------------|

|                                |
|--------------------------------|
| <b>GUN RANGE FACILITY FUND</b> |
|--------------------------------|

**REVENUES**

|                       |                        |
|-----------------------|------------------------|
| Interest Income       | 6,000                  |
| <b>TOTAL REVENUES</b> | <b><u>\$ 6,000</u></b> |

**APPROPRIATIONS**

|                             |                        |
|-----------------------------|------------------------|
| Capital Outlay              | 6,000                  |
| <b>TOTAL APPROPRIATIONS</b> | <b><u>\$ 6,000</u></b> |

|  |                           |
|--|---------------------------|
| <b>Net Increase (Decrease) to Fund Balance</b> | <b><u><u>\$ -</u></u></b> |
|--|---------------------------|

|  | <b>INCREASE<br/>(DECREASE)</b> |
|--|--------------------------------|
| <b>WATER &amp; SEWER FUND</b>                  |                                |
| <b>REVENUES</b>                                |                                |
| Other Revenue                                  | (41,506)                       |
| <b>TOTAL REVENUES</b>                          | <u>\$ (41,506)</u>             |
| <b>APPROPRIATIONS</b>                          |                                |
| Personnel Services                             | (41,506)                       |
| <b>TOTAL APPROPRIATIONS</b>                    | <u>\$ (41,506)</u>             |
| <b>Net Increase (Decrease) to Fund Balance</b> | <u><u>\$ -</u></u>             |

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 23, 2023

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Cortney Hanson  
City Clerk

| <u>GL #</u>                                    | <u>Project/Item Description</u>   | <u>Budget Category</u>     | <u>Amount</u>       |
|--|-----------------------------------|----------------------------|---------------------|
| <b>General Fund 101</b>                        |                                   |                            |                     |
| <b>Revenues</b>                                |                                   |                            |                     |
| 101-000.00-543.200                             | Police Training Grant             | State Sources              | \$ 24,000           |
|  |                                   |                            | <u>\$ 24,000</u>    |
| <b>Expenditures</b>                            |                                   |                            |                     |
| 101-172.00-718.010                             | Citywide Training                 | Other Services and charges | \$ (1,000)          |
| 101-191.00-719.000                             | Unemployment Insurance            | Personnel Salaries         | (15,000)            |
| 101-265.00-934.000                             | Building Maintenance              | Other Services and charges | 14,000              |
| 101-301.00-957.007                             | Education and Training            | Other Services and charges | 9,000               |
| 101-266.00-806.000                             | Legal Fees                        | Other Services and charges | (80,000)            |
| 101-336.00-976.000                             | Building Improvements             | Capital Outlay             | 30,000              |
| 101-725.00-816.089                             | OAS Needs Committee               | Other Services and charges | 20,000              |
| 101-336.00-718.000                             | Permanent Salaries                | Personnel Salaries         | 250,000             |
| 101-172.00-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | 5,091               |
| 101-191.00-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | 1,650               |
| 101-215.00-718.000                             | Pension - DB Normal Cost          | Personnel Salaries         | 720                 |
| 101-215.00-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | 7,876               |
| 101-228.00-718.000                             | Pension - DB Normal Cost          | Personnel Salaries         | 3,057               |
| 101-228.00-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | 1,274               |
| 101-253.00-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | (3,112)             |
| 101-257.00-718.000                             | Pension - DB Normal Cost          | Personnel Salaries         | 1,440               |
| 101-257.00-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | (36,325)            |
| 101-265.00-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | (1,875)             |
| 101-270.00-718.000                             | Pension - DB Normal Cost          | Personnel Salaries         | 1,019               |
| 101-270.00-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | (2,174)             |
| 101-301.00-718.000                             | Pension - DB Normal Cost          | Personnel Salaries         | 371,103             |
| 101-301.00-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | (332,426)           |
| 101-336.00-718.000                             | Pension - DB Normal Cost          | Personnel Salaries         | 13,539              |
| 101-336.00-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | 28,065              |
| 101-371.00-718.000                             | Pension - DB Normal Cost          | Personnel Salaries         | 3,600               |
| 101-371.00-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | (24,954)            |
| 101-441.00-718.000                             | Pension - DB Normal Cost          | Personnel Salaries         | 540                 |
| 101-441.00-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | 337                 |
| 101-441.10-718.000                             | Pension - DB Normal Cost          | Personnel Salaries         | 1,274               |
| 101-441.10-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | 1,912               |
| 101-441.20-718.000                             | Pension - DB Normal Cost          | Personnel Salaries         | 9,658               |
| 101-441.20-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | (5,547)             |
| 101-441.30-718.000                             | Pension - DB Normal Cost          | Personnel Salaries         | 719                 |
| 101-441.30-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | (3,748)             |
| 101-701.00-718.000                             | Pension - DB Normal Cost          | Personnel Salaries         | 1,019               |
| 101-701.00-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | 337                 |
| 101-725.00-718.000                             | Pension - DB Normal Cost          | Personnel Salaries         | 1,019               |
| 101-725.00-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Salaries         | 1,912               |
|  |                                   |                            | <u>\$ 274,000</u>   |
| <b>Net Increase (decrease) to fund balance</b> |                                   |                            | <b>\$ (250,000)</b> |

|   |                     |
|---|---------------------|
| <b>Ending Fund Balance</b>                              | <b>\$10,248,140</b> |
| <b>Fund Balance as a % of total annual expenditures</b> | <b>23%</b>          |

| <b>Parks, Recreation, and Cultural Services Fund 208</b> |                                   |                        |                  |
|--|-----------------------------------|------------------------|------------------|
| <u>GL #</u>  | <u>Project/Item Description</u>   | <u>Budget Category</u> | <u>Amount</u>    |
| <b>Revenues</b>  |                                   |                        |                  |
| 208-000.00-665.000                                       | Interest Income                   | Interest Income        | \$ 11,696        |
|  |                                   |                        | <u>\$ 11,696</u> |
| <b>Expenditures</b>                                      |                                   |                        |                  |
| 208-752.00-718.000                                       | Pension - DB Normal Cost          | Personnel Salaries     | \$ (2,244)       |
| 208-757.00-718.000                                       | Pension - DB Normal Cost          | Personnel Salaries     | 719              |
| 208-752.00-718.010                                       | Pension - DB Unfunded Accrued Lia | Personnel Salaries     | 12,247           |
| 208-756.00-718.010                                       | Pension - DB Unfunded Accrued Lia | Personnel Salaries     | 637              |
| 208-757.00-718.010                                       | Pension - DB Unfunded Accrued Lia | Personnel Salaries     | 337              |
|  |                                   |                        | <u>\$ 11,696</u> |

**Net Increase (decrease) to fund balance \$ -**

|   |                  |
|---|------------------|
| <b>Ending Fund Balance</b>                              | <b>\$835,140</b> |
| <b>Fund Balance as a % of total annual expenditures</b> | <b>18%</b>       |

| <u>GL #</u>                                    | <u>Project/Item Description</u>   | <u>Budget Category</u> | <u>Amount</u>       |
|--|-----------------------------------|------------------------|---------------------|
| <b>Library Fund 271</b>                        |                                   |                        |                     |
| <b>Revenues</b>                                |                                   |                        |                     |
| 271-000.00-658.000                             | State penal fines                 | Fines and Forfeitures  | \$ (5,930)          |
|  |                                   |                        | <u>\$ (5,930)</u>   |
| <b>Expenditures</b>                            |                                   |                        |                     |
| 271-000.00-704.000                             | Permanent salaries                | Personnel Services     | \$ 253,000          |
| 271-000.00-705.000                             | Temporary Salaries                | Personnel Services     | (90,200)            |
| 271-000.00-715.000                             | Social security                   | Personnel Services     | 12,000              |
| 271-000.00-716.000                             | Insurance                         | Personnel Services     | 29,900              |
| 271-000.00-718.200                             | Pension - defined contribution    | Personnel Services     | 5,148               |
| 271-000.00-734.000                             | Computer software/licensing       | Supplies               | 7,000               |
|  |                                   |                        | <u>\$ 216,848</u>   |
| <b>Net Increase (decrease) to fund balance</b> |                                   |                        | <b>\$ (222,778)</b> |
| <b>Library Contribution Fund 272</b>           |                                   |                        |                     |
| <b>Revenues</b>                                |                                   |                        |                     |
| 272-000.00-674.046                             | Makerspace Renovation Revenue     | Donations              | \$ 4,000            |
|  |                                   |                        | <u>\$ 4,000</u>     |
| <b>Expenditures</b>                            |                                   |                        |                     |
| 272-000.00-942.046                             | Makerspace (iCube)                | Supplies               | \$ 5,000            |
| 272-000.00-742.231                             | Programming Expense               | Supplies               | 19,500              |
| 272-000.00-742.233                             | Technology Library Expenditures   | Supplies               | 2,000               |
| 272-000.00-976.046                             | Makerspace Renovation             | Capital Outlay         | (3,000)             |
| 272-000.00-976.141                             | Main Entrance Design              | Capital Outlay         | (75,000)            |
| 272-000.00-976.xxx                             | Server & Camera Upgrade           | Capital Outlay         | 109,000             |
| 272-000.00-976.143                             | Wi-Fi Upgrade                     | Capital Outlay         | 15,000              |
|  |                                   |                        | <u>\$ 72,500</u>    |
| <b>Net Increase (decrease) to fund balance</b> |                                   |                        | <b>\$ (68,500)</b>  |
| <b>Gun Range Facility Fund 409</b>             |                                   |                        |                     |
| <b>Revenues</b>                                |                                   |                        |                     |
| 409-000.00-665.000                             | Interest in investments           | Interest Income        | \$ 6,000            |
|  |                                   |                        | <u>\$ 6,000</u>     |
| <b>Expenditures</b>                            |                                   |                        |                     |
| 409-303.00-976.092                             | Awning Project                    | Capital Outlay         | \$ 2,000            |
| 409-303.00-976.091                             | Gun Range LED Project             | Capital Outlay         | 4,000               |
|  |                                   |                        | <u>\$ 6,000</u>     |
| <b>Net Increase (decrease) to fund balance</b> |                                   |                        | <b>\$ -</b>         |
| <b>Water and Sewer Fund 592</b>                |                                   |                        |                     |
| <b>Revenues</b>                                |                                   |                        |                     |
| 592-000.00-445.592                             | Interest and penalties            | Other revenue          | \$ (41,506)         |
|  |                                   |                        | <u>\$ (41,506)</u>  |
| <b>Expenditures</b>                            |                                   |                        |                     |
| 592-536.00-718.000                             | Pension - DB Normal Cost          | Personnel Services     | \$ 4,544            |
| 592-536.00-718.010                             | Pension - DB Unfunded Accrued Lia | Personnel Services     | (46,050)            |
|  |                                   |                        | <u>\$ (41,506)</u>  |
| <b>Net Increase (decrease) to fund balance</b> |                                   |                        | <b>\$ -</b>         |