



**SUBJECT:** Consideration of approval of resolution to authorize Budget Amendment #2023-2

**SUBMITTING DEPARTMENT:** Finance

**BACKGROUND INFORMATION:**

The City's annual budget is adopted by the third Monday in May each year and is effective July 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 detail are attached. The following is a summary of the significant items proposed within this amendment:

**GENERAL FUND**

This budget amendment reflects a net zero effect to General Fund balance and keeps the fund within Council set limits. Therefore, the fund balance will remain at the projected balance of \$13,949,884 with revenues and expenditures each increasing \$271,100. The following are highlights of some of the significant items included in the proposed budget amendment:

Revenues:

- Increase to the State-shared revenue budget in the amount of \$270,000 to reflect anticipated additional revenues to be received over and above the adopted budget based on the current estimate for the State of Michigan Department of Treasury.

Appropriations:

- Approximately \$70,000 increase in building and grounds maintenance expenditure budgets within the Integrated Solutions Department to cover increased costs related to sprinkler systems, Bosco Property, and replacement of the failed a/c unit compressor located at the Civic Center.
- Approximately \$69,600 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.

- Approximately \$30,000 expenditure budget increase in the Clerk and Studio 6 Departments related to mid-year changes in employee insurances from personnel changes.
- Approximately \$62,000 expenditure budget increase in various departments to cover final payouts to employees who retired or left the employment of the city during the first quarter.
- Approximately \$38,000 expenditure budget increase for heat, electricity, and telephone in various departments to reflect activity-to-date and to cover anticipated increases based on prior year activity.

#### **LOCAL AND MUNICIPAL STREET FUNDS**

The budget amendment proposes a net increase to the Local Street and Municipal Street fund balances in the amount of \$1,389,013 and keeps both funds within Council set limits. The recommendation recognizes revenue within the Local Street Fund in the amount of \$389,013 for cost share agreements related to the 12 Mile Road Reconstruction project (Medina to City Limits) and Flint Street aka Southwest Ring Road project. It also recognizes project savings in the amount of \$1.0 million from the 10 Mile sidewalk project within the Municipal Street Fund.

#### **SELF INSURANCE - HEALTH CARE FUND**

The budget amendment proposes a net zero effect to fund balance by increasing insurance revenue and claim expenditures \$250,000 each based on current activity-to-date.

**RECOMMENDED ACTION:** Approval of resolution to authorize Budget Amendment #2023-2

**RESOLUTION**

NOW, THEREFORE BE IT RESOLVED that the following  
Budget Amendment# 2023-2 is authorized:

	<b>INCREASE (DECREASE)</b>
<b>GENERAL FUND</b>	
<b>REVENUES</b>	
State Sources	270,000
Donations	1,100
<b>TOTAL REVENUES</b>	<b><u>\$ 271,100</u></b>
<b>APPROPRIATIONS</b>	
<b>Finance Department</b>	
Personnel Services	9,880
<b>Assessing Department</b>	
Personnel Services	(5,212)
<b>City Clerk</b>	
Personnel Services	31,310
<b>Integrated Solutions - Facility Management</b>	
Personnel Services	3,500
Other Services and Charges	58,000
<b>Integrated Solutions - FM: Parks Maintenance</b>	
Other Services and Charges	31,000
<b>Human Resources</b>	
Personnel Services	1,268
<b>Community Relations</b>	
Personnel Services	15,429
<b>Community Relations - Studio 6</b>	
Personnel Services	10,000
<b>Police Department</b>	
Personnel Services	74,288
<b>Fire Department</b>	
Personnel Services	14,887
Other Services and Charges	20,000
<b>Community Development - Building</b>	
Personnel Services	2,212
<b>Community Development - Planning</b>	
Personnel Services	246

	INCREASE (DECREASE)
<b>Department of Public Works - Engineering</b>	
Personnel Services	309
<b>Department of Public Works - Field Operations</b>	
Personnel Services	3,983
<b>TOTAL APPROPRIATIONS</b>	<u>\$ 271,100</u>

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

<b>Ending Fund Balance</b>	<b>\$13,949,884</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>33%</b>

<b>LOCAL STREET FUND</b>
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<b>REVENUES</b>	
Other Revenue	389,013
Transfers In	(345,000)
<b>TOTAL REVENUES</b>	<u>\$ 44,013</u>

**Net Increase (Decrease) to Fund Balance** \$ 44,013

<b>Ending Fund Balance</b>	<b>\$870,005</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>10%</b>

<b>MUNICIPAL STREET FUND</b>
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<b>APPROPRIATIONS</b>	
Capital Outlay	(1,000,000)
Transfers Out	(345,000)
<b>TOTAL APPROPRIATIONS</b>	<u>\$ (1,345,000)</u>

**Net Increase (Decrease) to Fund Balance** \$ 1,345,000

<b>Ending Fund Balance</b>	<b>\$2,720,056</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>30%</b>

**INCREASE  
(DECREASE)**

<b>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</b>
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**REVENUES**

Federal Grants	39,000
<b>TOTAL REVENUES</b>	<u><b>\$ 39,000</b></u>

**APPROPRIATIONS**

Other Services and Charges	39,000
<b>TOTAL APPROPRIATIONS</b>	<u><b>\$ 39,000</b></u>

<b>Net Increase (Decrease) to Fund Balance</b>	<u><u><b>\$ -</b></u></u>
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<b>FORFEITURE FUND</b>
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**REVENUES**

Fines and Forfeitures	(14,220)
Other Revenue	14,220
<b>TOTAL REVENUES</b>	<u><b>\$ -</b></u>

<b>Net Increase (Decrease) to Fund Balance</b>	<u><u><b>\$ -</b></u></u>
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<b>SELF INSURANCE - HEALTH CARE FUND</b>
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**REVENUES**

Licenses, permits, and charges for services	250,000
<b>TOTAL REVENUES</b>	<u><b>\$ 250,000</b></u>

**APPROPRIATIONS**

Personnel Services	250,000
<b>TOTAL APPROPRIATIONS</b>	<u><b>\$ 250,000</b></u>

<b>Net Increase (Decrease) to Fund Balance</b>	<u><u><b>\$ -</b></u></u>
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	<b>INCREASE (DECREASE)</b>
<b>RETIREE HEALTH CARE BENEFITS FUND</b>	
<b>REVENUES</b>	
Contributions - Employer	(10,000)
<b>TOTAL REVENUES</b>	<u><b>\$ (10,000)</b></u>
<b>APPROPRIATIONS</b>	
Other Services and Charges	(10,000)
<b>TOTAL APPROPRIATIONS</b>	<u><b>\$ (10,000)</b></u>
<b>Net Increase (Decrease) to Fund Balance</b>	<u><u><b>\$ -</b></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 24, 2022

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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</b>			
<b>Revenues</b>			
101-000.00-574.000	State Revenue Sharing	State Sources	\$ 270,000
101-000.00-666.295	Winter Fest - Donations/Sponsorships	Donations	1,100
			\$ 271,100
<b>Expenditures</b>			
101-201.00-718.000	Pension-DB Normal Cost	Personnel Services	\$ 3,802
101-201.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	6,078
101-205.00-718.000	Pension-DB Normal Cost	Personnel Services	740
101-205.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(740)
101-209.00-718.000	Pension-DB Normal Cost	Personnel Services	(856)
101-209.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(4,356)
101-215.00-704.250	Final Payout	Personnel Services	3,330
101-215.00-716.000	Insurance	Personnel Services	20,000
101-215.00-718.000	Pension-DB Normal Cost	Personnel Services	(6,549)
101-215.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	14,529
101-265.00-704.250	Final Payout	Personnel Services	3,500
101-265.00-921.000	Heat	Other services and charges	10,000
101-265.00-922.000	Electricity	Other services and charges	8,000
101-265.00-934.000	Building Maintenance	Other services and charges	40,000
101-265.10-941.208	Grounds Maintenance / parks	Other services and charges	31,000
101-270.00-704.250	Final Payout	Personnel Services	1,022
101-270.00-718.000	Pension-DB Normal Cost	Personnel Services	246
101-295.00-718.000	Pension-DB Normal Cost	Personnel Services	(5,875)
101-295.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	21,304
101-295.10-704.000	Insurance	Personnel Services	10,000
101-301.00-704.250	Final Payout	Personnel Services	49,400
101-301.00-718.000	Pension-DB Normal Cost	Personnel Services	24,888
101-337.00-704.250	Final Payout	Personnel Services	5,000
101-337.00-718.000	Pension-DB Normal Cost	Personnel Services	9,887
101-337.00-851.000	Telephone	Other services and charges	20,000
101-371.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	2,212
101-442.10-718.000	Pension-DB Normal Cost	Personnel Services	309
101-442.20-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	3,983
101-807.00-718.000	Pension-DB Normal Cost	Personnel Services	246
			\$ 271,100

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

<b>Ending Fund Balance</b>	<b>\$13,949,884</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>33%</b>

<b>Local Street Fund</b>			
<b>Revenues</b>			
203-000.00-581.000	Contribution from local units	Other revenue	\$ 389,013
203-000.00-676.204	Transfer from Municipal Street Fund	Transfers in	(345,000)
			\$ 44,013

**Net Increase (decrease) to fund balance \$ 44,013**

<b>Ending Fund Balance</b>	<b>\$870,005</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>10%</b>

<b>Municipal Street Fund</b>			
<b>Expenditures</b>			
204-000.00-965.203	Transfers to Local Street Fund	Transfers out	\$ (345,000)
204-204.00-974.475	085-81 Segment 80B, 81A, & 81B - 10 Mile (SS; Mdwbrk-Hagg)	Capital Outlay	(1,000,000)
			\$ (1,345,000)

**Net Increase (decrease) to fund balance \$ 1,345,000**

<b>Ending Fund Balance</b>	<b>\$2,720,056</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>30%</b>

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
<b>Community Development Block Grant (CDBG) Fund</b>			
<b>Revenues</b>			
264-000.00-502.100	HCD Programs reimbursement	Federal grants	\$ 39,000
			\$ 39,000
<b>Expenditures</b>			
264-264.00-891.000	HCD	Other services and charges	\$ 39,000
			\$ 39,000
		<b>Net Increase (decrease) to fund balance</b>	<b>\$ -</b>

<b>Forfeiture Fund</b>			
<b>Revenues</b>			
266-000.00-655.500	DEA federal forfeiture funds	Fines and Forfeitures	\$ (14,220)
266-000.00-665.501	Miscellaneous - federal forfeiture funds	Other Revenue	14,220
			\$ -
		<b>Net Increase (decrease) to fund balance</b>	<b>\$ -</b>

<b>Self Insurance - Health Care Fund</b>			
<b>Revenues</b>			
677-000.00-613.000	Insurance - Charges for Services	Licenses, Permits, Charges for Services	\$ 250,000
			\$ 250,000
<b>Expenditures</b>			
677-677.00-837.000	Health Insurance Claims	Personnel Services	\$ 250,000
			\$ 250,000
		<b>Net Increase (decrease) to fund balance</b>	<b>\$ -</b>

<b>Retiree Health Care Benefits Fund</b>			
<b>Revenues</b>			
710-000.00-640.000	Employer contributions RHC	Contributions - Employer	\$ (10,000)
			\$ (10,000)
<b>Expenditures</b>			
710-000.00-869.009	Administration - UBS	Other Services and Charges	\$ (10,000)
			\$ (10,000)
		<b>Net Increase (decrease) to fund balance</b>	<b>\$ -</b>