CITY OF NOVI CITY COUNCIL
OCTOBER 21, 2025

SUBJECT: Approval of resolution to authorize Budget Amendment #2026-2

SUBMITTING DEPARTMENT: Finance

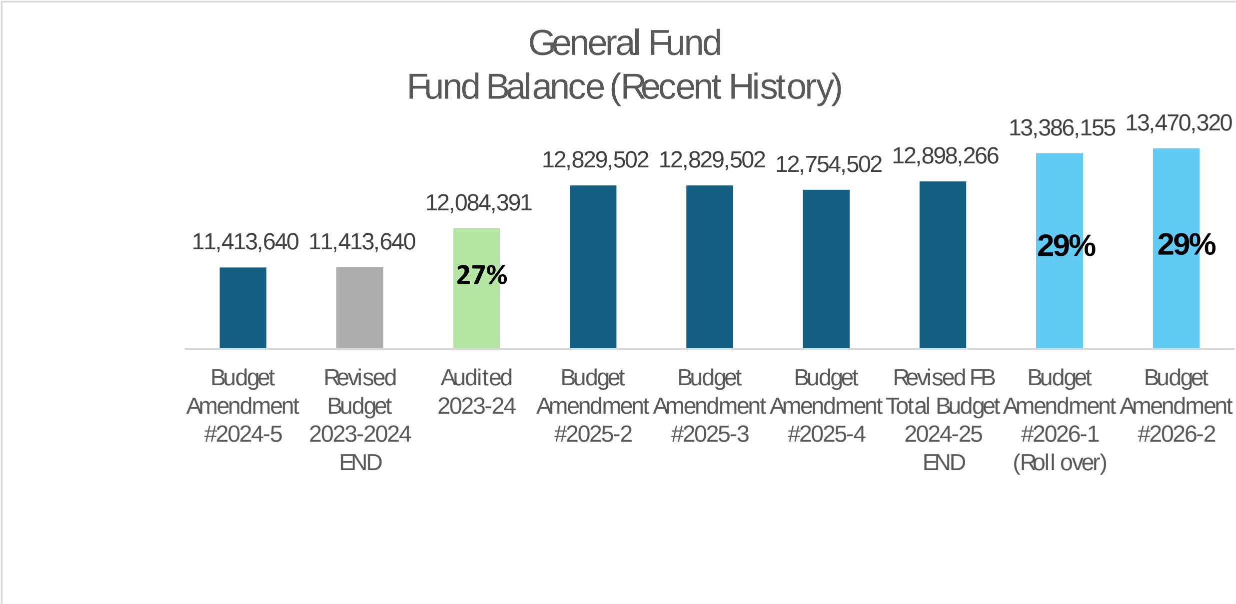
KEY HIGHLIGHTS:

- $131,475 use of General Fund fund balance – mainly related to the Novi 2050 Plan
- No net change to Major Street and Local Street Fund's fund balance. Transfer from Municipal Street Fund to both Major and Local to cover rollover expenditures
- Remaining funds have capital rollover expenditures for projects budgeted in fiscal year 2025 yet they were not completed, and the funds are needed to complete the project in FY 2026.

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.

Many of the changes proposed in the General Fund are related to increased costs in vehicle maintenance and outfitting of police squad cars. Additionally, in years past the City financed the acquisition of police vehicles through funds received from Drug Forfeitures. These funds from the federal government have failed to materialize, despite years of being shown in reports.



The first quarter budget amendment resolution and budget amendment details are attached.

RECOMMENDED ACTION: Approval of resolution to authorize Budget Amendment #2026-2.

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2026-2 is authorized:

		INCREASE (DECREASE)
GENERAL FUND		
REVENUES		
State Sources	$	23,155
Federal Sources		25,000
Donations		6,000
TOTAL REVENUES	**$**	**54,155**
APPROPRIATIONS		
City Council		
Other Services and Charges		121,975
City Clerk		
Personnel Services		7,000
Assessing Department		
Personnel Services		5,800
Police Department		
Other Services and Charges		66,700
Capital Outlay		648,950
Fire Department		
Other Services and Charges		164,205
Capital Outlay		(161,960)
Department of Public Works - Field Operations		
Capital Outlay		(168,500)
Department of Public Works - Fleet Asset		
Other Services and Charges		175,000
Capital Outlay		(673,540)
TOTAL APPROPRIATIONS	**$**	**185,630**
Net Increase (Decrease) to Fund Balance	**$**	**(131,475)**

Ending Fund Balance	**$13,470,320**
Fund Balance as a % of total annual expenditures	**29%**

MAJOR STREET FUND		
REVENUES		
Federal Grants	$	327,341

	INCREASE (DECREASE)
TOTAL REVENUES	**$ 327,341**
APPROPRIATIONS	
Capital Outlay	327,341
TOTAL APPROPRIATIONS	**$ 327,341**
Net Increase (Decrease) to Fund Balance	**$ -**

Ending Fund Balance	**$1,420,231**
Fund Balance as a % of total annual expenditures	**10%**

LOCAL STREET FUND

REVENUES	
State Sources	$ 87,626
TOTAL REVENUES	**$ 87,626**
APPROPRIATIONS	
Capital Outlay	87,626
TOTAL APPROPRIATIONS	**$ 87,626**
Net Increase (Decrease) to Fund Balance	**$ -**

Ending Fund Balance	**$1,022,698**
Fund Balance as a % of total annual expenditures	**10%**

MUNICIPAL STREET FUND

APPROPRIATIONS	
Capital Outlay	$ 125,000
Transfers Out	414,967
TOTAL APPROPRIATIONS	**$ 539,967**
Net Increase (Decrease) to Fund Balance	**$ (539,967)**

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

PARKS, RECREATION, & CULTURAL SERVICES FUND

REVENUES	
Property Tax Revenue	$ 10,000
TOTAL REVENUES	**$ 10,000**
APPROPRIATIONS	

		INCREASE (DECREASE)
756 Personnel Services	$	10,000
TOTAL APPROPRIATIONS	**$**	**10,000**
Net Increase (Decrease) to Fund Balance	**$**	**-**

Ending Fund Balance	**$932,155**
Fund Balance as a % of total annual expenditures	**21%**

DRAIN FUND

APPROPRIATIONS		
Capital Outlay	$	606,457
TOTAL APPROPRIATIONS	**$**	**606,457**
Net Increase (Decrease) to Fund Balance	**$**	**(606,457)**

FORFEITURE FUND

APPROPRIATIONS		
Capital Outlay	$	(447,290)
TOTAL APPROPRIATIONS	**$**	**(447,290)**
Net Increase (Decrease) to Fund Balance	**$**	**447,290**

LIBRARY FUND

REVENUES		
State sources	$	4,000
Fines and forfeitures		13,968
Transfers in		241,377
TOTAL REVENUES	**$**	**259,345**
APPROPRIATIONS		
Personnel Services	$	(58,420)
Supplies		2,500
Other Services and Charges		(21,900)
TOTAL APPROPRIATIONS	**$**	**(77,820)**
Net Increase (Decrease) to Fund Balance	**$**	**337,165**

LIBRARY CONTRIBUTION FUND

APPROPRIATIONS		
Capital Outlay	$	95,000
Transfers out		241,377

	INCREASE (DECREASE)
TOTAL APPROPRIATIONS	**$ 336,377**
Net Increase (Decrease) to Fund Balance	**$ (336,377)**

CAPITAL IMPROVEMENT PROGRAM (CIP) FUND	
REVENUES	
Other Revenue	$ 68,000
TOTAL REVENUES	**$ 68,000**
APPROPRIATIONS	
Capital Outlay	$ 75,000
TOTAL APPROPRIATIONS	**$ 75,000**
Net Increase (Decrease) to Fund Balance	**$ (7,000)**

PUBLIC IMPROVEMENT FUND	
APPROPRIATIONS	
Capital Outlay	$ 648,826
TOTAL APPROPRIATIONS	**$ 648,826**
Net Increase (Decrease) to Fund Balance	**$ (648,826)**

ICE ARENA FUND	
APPROPRIATIONS	
Capital Outlay	$ 236,412
TOTAL APPROPRIATIONS	**$ 236,412**
Net Increase (Decrease) to Fund Balance	**$ (236,412)**

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 21, 2025.

Cortney Hanson
City Clerk

Budget Amendment# 2026-2 - October 21, 2025

GL #	Project/Item Description	Budget Category	Amount	
General Fund 101				
Revenues				
101-000.00-543.200	Police training grant	State sources	$ 18,100	A
101-000.00-540.350	State and other grants	State sources	5,055	AA
101-000.00-528.725	HIDTA Federal AP services	Federal grants	25,000	AB
101-000.00-674.295	Winter Fest - Donations/Sponsorship	Donations	6,000	AC
			$ 54,155	
Expenditures				
101-101.00-963.005	Misc - special projects - 2050 Plan	Other services and charges	121,975	B
101-215.00-704.000	City Clerk Salary and Benefits	Personnel services	7,000	C
101-257.00-704.000	City Assessor Salary and Benefits	Personnel services	5,800	C
101-301.00-934.000	Building maintenance	Other services and charges	48,600	E
101-301.00-957.007	Education and training - grant	Other services and charges	6,000	A
101-301.00-957.008	MCOLES-CPE Grant	Other services and charges	12,100	A
11-301.00-983.000	Vehicles	Capital outlay	447,290	F
101-301.00-983.100	Vehicle install	Capital outlay	201,660	F
101-336.00-935.000	Vehicle maintenance	Other services and charges	164,205	G
101-441.20-976.090	FLD043 Material Storage - DPW	Capital outlay	(110,500)	H
101-441.20-976.125	FLD045 Salt Dome Replace w/Pit &Conveyor	Capital outlay	(58,000)	I
101-441.30-935.000	Vehicle maintenance	Other services and charges	175,000	G
101-336.00-983.000	Vehicles	Capital outlay	(161,960)	H
101-441.30-983.000	Vehicles	Capital outlay	(355,048)	H
101-441.30-984.041	FLT018 Truck w scrap and plow	Capital outlay	(318,492)	H
			$ 185,630	
		Net Increase (decrease) to fund balance	**$ (131,475)**	

Ending Fund Balance	**$13,470,320**
Fund Balance as a % of total annual expenditures	**29%**

- **A** Grant revenues offset expenditures
- **AA** Election supplies grant reimbursement
- **AB** Additional contract revenue for providing accounts payable services for HIDTA
- **AC** City received Winterfest sponsorship which was unbudgeted
- **B** Per City council approval on October 6, 2025
- **C** City Clerk and Assessor contract per City Council
- **D** Not used
- **E** Police Station chiller replacement for $48,000. Department expects additional building maintenance costs as we await the new buildings
- **F** Vehicles were originally budgeted in the Drug Forfeiture Funds. Unfortunately, the revenue is slow to come in and the City does not expect revenue from forfeitures to cover the costs of vehicles in the current year. It is unknown when additional funds will be available.
- **G** The City has experienced an increase in vehicle maintenance expenditures due to economic conditions as well as the tariffs. In addition, the City is still waiting for two fire trucks to be built and the fire engine repairs are very costly on our current engine fleet.
- **H** Reduction of capital budgeted to offset the increased cost of vehicle maintenance as well as police vehicles and installation.
- **I** Project came in under budget.

Major Street Fund 202				
Revenues				
202-000.00-699.204	Transfer in from Municipal Street Fund	Transfer in	$ 327,341	
			$ 327,341	
Expenditures				
202-449.20-975.243	ENG078 9 mi/Mdwbrk-Contra (211)	Capital outlay	(395,000)	I
202-449.20-976.125	FLD 045 Salt Dome Replacement	Capital outlay	205,032	I
202-449.20-975.201	Storm Dewer/Rd Improvement - Meadowbrook	Capital outlay	100,146	I
202-449.20-975.206	ENG109 11 Mile/Taft Roundabout	Capital outlay	202,757	I
202-449.20-975.231	ENG074 Novi Rd Rehab (13-14 Mile)	Capital outlay	64,406	I
202-449.20-975.239	10 Mile & Taft Intersection	Capital outlay	150,000	I

GL #	Project/Item Description	Budget Category	Amount	
			$ 327,341	
		Net Increase (decrease) to fund balance	$ -	

Ending Fund Balance	**$1,420,231**
Fund Balance as a % of total annual expenditures	**10%**

I Additional projects rolled over from FY 2025 budget. The transfer in from the Municipal Street Fund covers the cost of the capital expenditures.

Local Street Fund 203

GL #	Project/Item Description	Budget Category	Amount	
Revenues				
203-000.00-699.204	Transfer in from Municipal Street Fund	Transfer in	87,626	I
			$ 87,626	
Expenditures				
203-449.30-975.155	ENG081 Village Wood(Crnbrk-Hggrt)&Sec25	Capital outlay	87,626	I
			$ 87,626	
		Net Increase (decrease) to fund balance	$ -	

Ending Fund Balance	**$1,022,698**
Fund Balance as a % of total annual expenditures	**10%**

I Additional projects rolled over from FY 2025 budget. The transfer in from the Municipal Street Fund covers the cost of the capital expenditures.

Municipal Street Fund 204

GL #	Project/Item Description	Budget Category	Amount	
Expenditures				
204-446.00-975.156	Eng089 Novi Rd (8 Mile - 9 Mile) RCOC	Capital outlay	$ 125,000	I
204-000.00-995.202	Transfer to Major Street Fund	Transfer out	327,341	I
204-000.00-995.203	Transfer to Local Street Fund	Transfer out	87,626	I
			$ 539,967	
		Net Increase (decrease) to fund balance	$ (539,967)	

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

I Additional projects rolled over from FY 2025 budget. The transfer in from the Municipal Street Fund covers the cost of the capital expenditures.

Parks, Recreation, and Cultural Services Fund 208

GL #	Project/Item Description	Budget Category	Amount	
Revenues				
208-000.00-402.000	Property tax revenue - current collection	Property tax revenue	$ 10,000	J
			$ 10,000	
Expenditures				
208-756.00-706.265	OT - Parks Maint Tournaments	Personnel services	$ 10,000	K
			$ 10,000	
		Net Increase (decrease) to fund balance	$ -	

Ending Fund Balance	**$932,155**
Fund Balance as a % of total annual expenditures	**21%**

J Additional estimated property tax revenue for the current year
K Budget $10,000 for parks maintenance staff to work overtime for tournaments. The expense should be budgeted he here to match the revenue collected from parks for tournaments

Drain Fund 211

GL #	Project/Item Description	Budget Category	Amount	
Expenditures				
211-445.00-976.125	Salt Dome Replacement	Capital outlay	$ 911,317	L

GL #	Project/Item Description	Budget Category	Amount	
211-445.00-976.145	Salt Dome Replace (General and Major St Portion)	Capital outlay	(404,860)	L
211-445.00-975.201	Storm Sewer/Rd Impv - Meadowbrook	Capital outlay	100,000	L
			$ 606,457	
		Net Increase (decrease) to fund balance	**$ (606,457)**	

L Rollovers from FY 2025

Forfeiture Fund 262

Expenditures				
262-000.00-983.000	Vehicles	Capital outlay	$ (447,290)	M
			$ (447,290)	
		Net Increase (decrease) to fund balance	**$ 447,290**	

M Vehicles were originally budgeted in the Drug Forfeiture Funds. Unfortunately, the revenue is slow to come in and the City does not expect revenue from forfeitures to cover the costs of vehicles in the current year. It is unknown when additional funds will be available.

Library Fund 271

Revenues				N
271-000.00-567.000	State Aid	State sources	$ 4,000	
271-000.00-658.000	State penal fines	Fines and forfeitures	13,968	
271-000.00-699.272	Transfer from Library Contribution Fund	Transfer in	241,377	
			$ 259,345	
Expenditures				
271-000.00-704.000	Permanent salaries	Personnel services	(59,000)	
271-000.00-704.100	Severance/Incentive Pay	Personnel services	(12,000)	
271-000.00-705.000	Temporary Salaries	Personnel services	(1,500)	
271-000.00-715.000	Social Security	Personnel services	(4,600)	
271-000.00-716.000	Insurance	Personnel services	36,440	
271-000.00-716.999	Insurance Employee Reimbursement	Personnel services	(5,466)	
271-000.00-718.000	Pension DB Normal Cost	Personnel services	(84)	
271-000.00-718.200	Pension - Defined Contribution	Personnel services	(12,210)	
271-000.00-740.200	Supplies - Desks chairs and file cabinets	Supplies	2,500	
271-000.00-817.000	Custodial Services	Other services and charges	(5,000)	
271-000.00-922.000	Electricity	Other services and charges	(16,900)	
			$ (77,820)	
		Net Increase (decrease) to fund balance	**$ 337,165**	

N Approved per Library Board

Library Contribution Fund 272

Expenditures				N
272-000.00-976.141	Main Entrance / Parking Lot	Capital Outlay	$ 95,000	
272-000.00-995.271	Transfer to Library Fund	Transfers out	241,377	
			$ 336,377	
		Net Increase (decrease) to fund balance	**$ (336,377)**	

N Approved per Library Board

Capital Improvement Program 401

Revenues				
401-000.00-693.000	Sale of fixed assets	Other revenue	$ 68,000	O
			$ 68,000	
Expenditures				
401-901.00-971.000	Land acquisition - property taxes on land purchase	Capital outlay	$ 75,000	P
			$ 75,000	
		Net Increase (decrease) to fund balance	**$ (7,000)**	

GL #	Project/Item Description	Budget Category	Amount	
O	Sale of a portion of land at the water tower			
P	Property tax expenditures for city owned property at Venture Blvd, Elm, 12 Mile Road.			

Pubic Improvement Fund 445

GL #	Project/Item Description	Budget Category	Amount	
Expenditures				Q
445-301.00-983.100	Vehicles new install	Capital outlay	$ 9,728	
445-301-00-983.262	Vehicles	Capital outlay	51,246	
445-441.30-984.037	FLT010 RDS Body Truck	Capital outlay	195,716	
445-441.30-984.039	FLT011 RDS Body Truck	Capital outlay	202,217	
445-441.30-983.062	LDV017 143 - CD Building Light Duty Vehicle	Capital outlay	4,882	
445-752.00-977.032	PRC045 Theatre Upgrade	Capital outlay	75,000	
445-752.00-977.109	PRC049 Resurface/reline tennis court ITC/Rotary	Capital outlay	73,150	
445-752.00-977.111	PRC028d Trails incl playground NW	Capital outlay	36,887	
			$ 648,826	
		Net Increase (decrease) to fund balance	**$ (648,826)**	

Ice Arena Fund 570

GL #	Project/Item Description	Budget Category	Amount	
Expenditures				
570-000.00-976.142	Zamboni purchase	Capital outlay	$ 109,412	Q
570-000.00-976.216	Door replacement	Capital outlay	22,000	Q
570-000.00-976.176	ICE021 Elevator Machine Room	Capital outlay	105,000	Q
			$ 236,412	
		Net Increase (decrease) to fund balance	**$ (236,412)**	

Q Rollovers from FY 2025