

MEMORANDUM



TO: MAYOR AND CITY COUNCIL
FROM: VICTOR CARDENAS, CITY MANAGER
CARL JOHNSON, CHIEF FINANCIAL OFFICER
SUBJECT: BUDGET SESSION 2.0/BUDGET QUESTIONS 3.0
DATE: APRIL 10, 2024

During the first budget session for fiscal year 2024/25, the administration was directed by City Council to provide recommendations for increasing the General Fund fund balance to an amount exceeding the target percentage approved by Council resolution a few years ago (22%-25%). The discussion generally contemplated that the increase would come from reducing expenditures by approximately \$2 million for fiscal 24/25 and an additional \$1 million annually for 25/26 and 26/27, increasing fund balance to the 30%+ range. The specific request was to identify various capital and/or operating reductions that could be made to meet the desired fund balance levels.

The proposed budget for FY 24/25 had revenues equal to expenditures —with the notable exception of one specific proposed use of fund balance for a new salt dome at the DPW. The recommendations that follow propose

1. funding the salt dome from other funds (i.e., no longer the General Fund), and
2. reducing operating/capital costs to achieve revenues more than expenditures of \$1 million annually for each of the next three years.

The salt dome realistically has to be built this year, but other expenditures can be put off or abandoned to meet the target percentage.

SALT DOME (\$928,810)

The reconstruction of the salt dome storage is a significant project, and staff strongly recommends proceeding as scheduled. This project has continually been “kicked down the road” going back to 2016. Planned as part of the reconstruction of the DPW facility in 2019, it was removed from the project as a cost savings but was kept in the Capital Improvement (CIP) Fund. During the discussions leading up to the approval of the FY 2023/24 budget, members of City Council on the CIP Committee recommended the salt dome project be removed from the CIP and be a planned use of General Fund fund balance. This project has been in the works for months (the dome has been emptied and readied for demo) and is ready to begin in July 2024.

It is the administration's first recommendation to use a combination of CIP, drain and possibly road funds to cover the General Fund's portion of this project. If the use of the

CIP fund is not desired, the City could use a combination of municipal road funds (which will be freed up if the Council moves forward with the \$20 million in road bonding discussed during the budget study session) and drain funds.

General Fund Operating and Capital Reductions

Approximately 76% of the City's annual budget is salaries and fringe benefits, which include the significant pension contributions driving that percentage slightly above the industry average of 70-75%. To reach the significant level of expenditure reductions requested, personnel must be included. The following are some of the key items involving capital projects, operating costs, and personnel noted in the attached plan:

Fiscal 2024/25

- Do not fill the vacant Plan Examiner position. (Annual savings of approximately **\$110,000.**)
- Eliminate Accreditation Assistant (Annual savings of **\$78,900**)
- Do not fill the vacant Economic Development Manager (formerly the Director role) position. (Annual savings of **\$138,000.**)
- The City is currently on a five-year replacement cycle in replacing fleet vehicles to reduce repair costs and maximize trade-in values. The City would skip a year in this cycle and not purchase the scheduled six (6) vehicles. (Savings of approximately **\$215,000.**)
- The City is currently on a seven-year replacement cycle in replacing fleet truck vehicles to reduce repair costs and maximize trade-in values. The City would skip a year in this cycle and not purchase the scheduled two (2) vehicles. (Savings of approximately **\$158,000.**)
- Eliminate the **\$25,000** transfer from the General Fund to the EDC for the next three years, as the EDC has no plans for the use of these funds and has a healthy fund balance to cover events.

The above-recommended savings (including moving the salt dome out of the General Fund but still building it) represent a reduction in General Fund expenditures of approximately \$1.6 million, bringing the fund balance to a projected \$12.1 million, which represents 29% of FY 24/25 expenditures. To obtain an additional \$773,000 in reductions, additional cuts could be made:

- Do not make the annual purchase of the large plow truck CIP #94 (two-year build on these vehicles). (Savings of **\$332,000.**)
- Push generator replacement at Civic Center off from FY 24/25 to FY 27/28. (Savings of **\$441,000.**)

Fiscal 2025/26 and 2026/2027

In addition to the above positions not being filled and the EDC transfer not being made, the administration proposes the following:

- Remove the proposed two (2) new positions for training officers. (Annual savings of **\$220,680.**)

- Remove the proposed two (2) new positions for fire training assistant and fire inspector. (Annual savings of **\$223,820.**)
- Annual department savings (across the board), which the council previously directed to put toward capital rather than pension, would go directly to the fund balance, totaling **\$150,000.**

The above-recommended savings represent an expenditure reduction of approximately \$956,639 and \$980,087 for FY 25/26 and FY 26/27, bringing the fund balance to a projected 31%, or \$14 million, by 6/30/27. If the plow truck and generator are not spent, fund balance would be 33% or \$15 million.

Additional Resources

All of the above actions to meet the 30%-plus fund balance discussed are reductions in expenditures (including through the use of different funds for the salt dome). It should also be noted that other resources at the City Council's disposal can be leveraged for needed projects or expenditures at any given time. The CIP Fund, specifically, is available for any capital-related projects as outlined in the specific ballot language (except for roads).¹ The projected remaining funds available in the CIP Fund on 6/30/24 is \$2.1 million, including the recent property purchases.

¹ In August 2016, voters approved (3,330 to 3,243) a 1-mill Capital Improvement millage for 10 years. The purpose of the millage was to cover a gap in the city's budget where most tax dollars went to pay day-to-day operations, leaving little left over to fund long-term capital needs. Year to date the millage has raised \$26,959,000 (FY's 2018-2024).

BUDGET QUESTIONS 3.0

1. Please provide the official Fund Balance policy and advise when it was approved?

A. Current Policy. From the City's Annual Audit document The City follows the City Council's adopted, by resolution, fund balance/reserve policy. The policy establishes a reserve to pay for expenditures, states the City will attempt to obtain additional revenue sources to ensure a balanced budget and aggressively collect revenue, establishes user charges and fees at a level to take into account the cost of providing the service, maintain a level of reserves to comply with terms and conditions of debt instruments, and review fund balance/reserves annually during the budget process. In addition, in the event the level of expenditures exceeds the estimated appropriations, the City will create a plan to replenish fund balance/reserves within three years by controlling operating expenditures, adjusting operations and/or dedicating excess or specific revenue sources. The policy establishes a minimum reserve as a percentage of budgeted expenditures of 22-25% in the General Fund, 10-20% individually and collectively amongst the three road funds, 12-22% for Parks and Recreation, and varying reserves for the remaining special revenue funds dependent on the funds yearly activity and capital needs

B. City moved from 14-18% to 18-22% in 2011

<https://cityofnovi.org/Novi/Minutes/Council/2011/110124.htm>

C. Amendment in September of 2011 to encompass other funds

<https://cityofnovi.org/Novi/Minutes/Council/2011/110912/2-AmendCitysFundBalance-ReservepolicytoincludecertainSpecialRevenueFunds.pdf>

D. Change to current 22-25%

https://cityofnovi.org/media/dfzn1rum/452017_170405.pdf

CM 17-04-050 Moved by Staudt, seconded by Wrobel; MOTION CARRIED: 5-2

To change the City Council Fund Balance Policy for the General Fund to increase the range from 18%-22% to 22%-25% effective with this budget.

Member Wrobel wondered if this passes how this would be looked at by the financial institutions. Finance Director Johnson said they have been able to increase the rating from S & P, when he talked to Moody's we got a bump up to the second highest rating. One of the items they recommended was Fund Balance and their target is 43%-45%, so any increase looks well to the rating agencies. Mayor Gatt said he learned from the best, Mr. Brooks Patterson. Mayor Gatt insisted on a 3 year budget when he became

Mayor and was told it couldn't be done. Mr. Patterson has had an AAA Bond Rating for years and his Fund Balance is about 40%. Special Meeting of the Council of the City of Novi Wednesday, April 5, 2017 Page 11 Roll call vote on CM 17-04-050 Yeas: Wrobel, Gatt, Staudt, Burke, Mutch, Nays: Casey, Markham

2. Please provide a history of the Fund Balance amount going back to 2000?

Fiscal Year	Fund Balance		Expenditures		FB%	
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
24/25	10,209,830		44,100,000		23%	
23/24	12,161,923		42,024,747		29%	
22/23	11,660,827	14,445,394	39,995,555	41,374,300	29%	35%
21/22	11,564,043	16,409,153	37,036,890	37,657,226	31%	44%
20/21	9,968,668	13,675,202	35,342,824	37,145,329	28%	37%
19/20	10,347,085	10,596,128	35,622,849	35,742,115	29%	30%
18/19	11,155,123	11,297,109	34,815,376	35,242,582	32%	32%
17/18	10,590,619	11,819,066	33,484,730	33,627,514	32%	35%
16/17	11,189,911	12,905,841	33,288,909	32,855,622	34%	39%
15/16	8,621,500	13,745,202	31,249,612	31,858,979	28%	43%
14/15	7,743,968	12,357,647	30,423,995	29,038,582	25%	43%
13/14	6,228,792	9,490,017	29,878,687	29,308,072	21%	32%
12/13	7,008,191	8,811,564	29,786,566	30,084,543	24%	29%
11/12	6,175,704	9,564,600	28,484,075	28,159,739	22%	34%
10/11	6,471,892	11,417,075	28,148,605	28,041,078	23%	41%
09/10	5,323,185	9,710,402	30,095,493	28,248,221	18%	34%
08/09	5,940,449	10,314,220	33,039,201	32,083,184	18%	32%
07/08	5,737,330	12,413,039	33,973,972	31,347,750	17%	40%
06/07	5,015,930	11,614,777	32,648,670	30,697,031	15%	38%
05/06	3,795,852	10,513,370	27,113,892	26,198,303	14%	40%
04/05	3,697,380	7,204,337	24,862,196	24,480,845	15%	29%
03/04	3,445,501	5,133,307	23,966,235	23,941,919	14%	21%
02/03	2,295,668	5,293,046	22,956,682	22,142,897	10%	24%
01/02	1,906,289	4,700,855	21,251,828	21,405,614	9%	22%
00/01	1,411,348	4,404,123	20,391,854	18,942,254	7%	23%

3. Why was the \$900k transferred in from Muni Street Fund during Amendment #1? My guess is that it was to keep minimum fund balance at \$1.2M (10%) per the policy. Which (again) begs the question, if we transferred in \$900k to plug the hole, and then we had underruns, shouldn't the motion sheet clearly call this out so that council can understand that instead of reversing a portion of the transfer, you are

recommending we fund a project not originally contemplated in the budget (or any version of amended budget) with said underruns?

In general, both the major and local street funds are kept at their fund balance minimum of 10% as we spend every dime of these funds, and additional funds are transferred from the Municipal Street Fund as needed. Because of that, any increase or decrease in revenue or expenses results in an increase or decrease in the funds transferred from the Municipal Street Fund. Amendment #1, referred to in the question, is the rollover amendment that was mentioned the other night, which had a total of \$4,521,140 of contract balances remaining as of 6/30/23; the remaining subsidy related to them from prior years from the Municipal Street Fund specifically was the \$900,000.

4. **Why was the Industrial Rehab Project increased by \$900k in Amendment #1, and now is coming back in at original budgeted amount? (Coincidentally, driving the need to transfer in \$900k).** The increase was the exact balance remaining in the budget at 6/30/23 that was a rolled over. As stated above, the \$900k transfer in was the amount of the rollovers covered by the Municipal Street Fund.
5. **It appears you are double counting the Fountain Walk project in your 2023/2024 estimated budget.** The amendment to move the savings between the lines in the Major Street Fund was originally posted in error twice and then reversed once we saw that. Unfortunately, it looks like the information you have was before the reversal. At this point, there is no net impact on the overall fund as it was again just moving amounts between the capital outlay line items.
6. **Please provide fund balance policies for General Funds in our comparable communities.**

Rochester Hills

Page 60 of the [2022 Annual Comprehensive Financial Report](#) has a section related to Fund Balance Policies, including that "At a minimum, the fund balance of General Fund and Special Revenue Funds will be **maintained at twenty percent** of operating revenues". Additionally, their 2024 [Adopted Budget Plan Book](#) (pg 44 - 45) goes into further detail on their Fund Balance/Reserve Policy that was initially adopted on June 4, 2018. I have attached both the agenda summary and the proposed Policy from the 2018 meeting.

Troy

[2023/2024 Adopted Budget](#) Page 23 indicates: "RESERVE POLICIES The City accounts for reserves in accordance with Governmental Accounting Standards Board (GASB) No. 54. City policy calls for a range of General Fund unassigned **fund balance between 20% to 30%**. A financial plan is required should the General Fund unassigned fund balance fall outside of this range". Earlier adopted budgets reference the same percentage rate as having been adopted by City Council as a General Fund Balance Policy in 2014 wherein "*The policy states the General*

Fund must maintain a minimum unassigned fund balance at a level of 20% to 30% of annual expenditures. This Fund Balance policy is used to guide City administration in future fiscal situations while providing stability and flexibility to respond to unexpected opportunities or economic adversity. Fund Balance is used to cover costs of one time, capital expenditures.”
(2015-2016 Budget pages 4-5)

Auburn Hills

Page 43 of the 2022 Annual Financial Report states “The City's fund balance policy proscribes the **minimum unrestricted fund balance as 20 percent** of operating expenditures in the General Fund. This is deemed to be the prudent amount to maintain the City's ability to meet obligations as they come due throughout the year.”

Canton

Page 12 of the 2022 Annual Comprehensive Financial Report offers that, as part of long-term Financial Planning “The Board maintains a fund balance policy which **requires a minimum of fifteen percent (15%)** of total expenditures for the four major funds: General, Roads, Fire and Police. Unassigned fund balance in the General Fund (as reported to be in compliance with GASB Statement No. 54) amounted to 17.11% of total General Fund expenditures.”

Farmington Hills

Page 32 of the Adopted FY23-24 Budget lays out Financial Policies and includes “The City will strive to establish and maintain an unassigned **fund balance of 15-25%** of the General Fund expenditures for the subsequent year to pay expenditures caused by unforeseen emergencies, cash shortfalls caused by revenue declines or delays and mitigate the need for short term borrowing.”

City of Rochester Hills
Governmental Fund Balance Reserve Policy
Recommended May 23, 2018

Governmental Fund Balance Reserve Policy Purpose:

Sound financial management policies and practices are of vital importance in maintaining and strengthening the long-term financial future of the City of Rochester Hills.

The City of Rochester Hills believes a Governmental Fund Balance Policy is essential to:

- Plan for contingencies from temporary revenue shortfalls or extreme weather events
- Maintain good credit standing with rating agencies
- Avoid unnecessary interest expenses by funding capital projects from reserves
- Generate investment income
- Ensure cash flow availability throughout the year
- Create a transparent and shared understanding of fund balance reserves between City Council, City Administration, and City stakeholders

Governmental Fund Balance Reserves are to be accumulated and maintained to provide stability and flexibility, and to respond to unexpected challenges and/or opportunities in order to help the City achieve its primary goals.

Governmental Fund Balance Reserve Policy Statement:

This policy establishes the desired funding levels under normal operating conditions that the City of Rochester Hills will strive to maintain in various governmental fund balance reserves, the specific conditions under which the reserves may be used, and how the reserves may be funded. This policy shall serve as a benchmark, or frame of reference, against which current and future decisions related to the use of governmental fund balance reserves can be made.

1. Governmental Fund Balance Reserve Levels:

Governmental Fund Balance Reserve Levels as a percentage of annual operating expenditures for the following funds shall be targeted at:

- | | |
|------------------------------|--------|
| • General Fund | 70-80% |
| • Local Street Fund * | 20-25% |
| • Fire Operating Fund | 20-25% |
| • Special Police Fund | 20-25% |
| • Pathway Maintenance Fund | 20-25% |
| • Green Space Operating Fund | 20-25% |

** = Target Range as a percentage of total expenditures, including capital outlay*

Governmental Fund Balance Reserve Levels as a percentage of annual operating expenditures for the following funds shall maintained at minimum:

- Major Road Fund 25%
- Tree Fund 25%
- Water Resources Fund 25%

Certain other governmental funds with special purposes (RARA Millage, OPC Millage, Debt Service Funds, Capital Project Funds, Permanent Funds, etc...) are not included and are exempted from this policy due to the unique nature of their individual functions.

The use of governmental fund balance reserve balances **above** the target or minimum levels as stated in (1) above will be allowed as directed by City Council. Under normal operating conditions, General Fund balance reserve levels **above** the target level as stated in (1) shall be transferred-out to the Capital Improvement Fund (CIF) to provide a funding source for future citywide capital improvements.

As part of both the annual Budget Presentation and the 4th Quarter Budget Amendment processes, the Chief Financial Officer shall prepare reports documenting the status of the governmental fund balance reserves with regard to this policy.

2. Governmental Fund Balance Reserve Usage:

The use of governmental fund balance reserves to fund on-going recurring operational activities is to be avoided under normal operating conditions. If at any time the utilization of governmental fund balance reserves is necessary to maintain or improve the quality or level of current services, an explanation of the circumstances along with a strategy to replenish the governmental fund balance reserves in the future must be presented and authorized by City Council.

Use of governmental fund balance reserves may be considered for City Council authorization if any of the following reasons exist:

- Capital Improvement projects
- Opportunity to leverage City funds as a matching funds with external funding sources including grants or donations for potential projects
- Opportunity to advance construct projects prior to the availability of external funding sources
- Opportunity to reduce future operational expenditures
- Loss of a significant budgeted item(s)
- Economic downturn
- Local disaster
- Monetary judgment against the City
- Unfunded mandates
- Temporary gap in funding

Usage of Capital Improvement Fund (CIF) fund balance reserves is limited to no more than 50% of the available fund balance reserves in the CIF in one particular year. City Council is authorized to permit the usage of over 50% of CIF fund balance reserves in one particular year pending City Administration presenting an explanation of the circumstances.

3. Governmental Fund Balance Reserve Restoration:

Should a governmental fund balance reserve level fall *below* the prescribed target or minimum levels stated in (1) above, City Administration shall present a Fund Balance Reserve Financial Recovery Plan before City Council within 90 days including a prudent financial plan to restore the governmental fund's reserve balance to the prescribed target or minimum level, stated in (1) above, within three (3) budget years of its occurrence. The restoration of governmental fund balance reserves will generally come from excess revenues over expenditures or from one-time revenue sources.

4. Governmental Fund Balance Reserve Review:

This Governmental Fund Balance Reserve Policy should be reviewed by City Administration and reaffirmed by the City Council Strategic Planning and Policy Technical Review Committee on an annual basis prior to the budget development cycle.

Fund Balance Definitions:

Fund Balance:

- The accumulated difference between (a) fund assets and deferred outflows of resources and (b) fund liabilities and deferred inflows of resources in a governmental fund.

Fund Balance Reserves:

- Includes components of fund balance which are considered available and spendable
 - The four (4) combined fund balance components of Restricted, Committed, Assigned, and Unassigned are considered as Fund Balance Reserves.

Fund Balance Components (per GASB Statement No. 54):

- **Non-Spendable:**
 - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
 - Not in spendable form includes items that are not expected to be converted to cash, for example, inventories and prepaid items.
- **Restricted:**
 - Includes amounts when constraints are placed on the use of resources by either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments
 - Imposed by law through constitutional provisions or enabling legislation
- **Committed:**
 - Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council
 - Committed amounts cannot be used for any other purpose unless the government removes or changes the specific use by taking the same type of action it employed to commit those amounts
- **Assigned:**
 - Includes amounts that are constrained by City Council *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the City Council to assign amounts that are to be used for specific purposes.
- **Unassigned:**
 - Includes residual General Fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.
 - The General Fund should be the only fund that reports an unassigned fund balance amount

City of Novi - General Fund

	2023-24	2024-25	2025-26	2026-27
Per Original Budget Document				
Total Revenues	\$ 41,548,527	\$ 43,186,528	\$ 45,220,574	\$ 46,351,837
Total Appropriations	44,855,281	44,115,338	45,220,574	46,351,837
Net Revenues (Appropriations)	(3,306,754) A	(928,810)	-	-
Beginning Fund Balance	14,445,394	11,138,640	10,209,830	10,209,830
Ending Fund Balance	11,138,640	10,209,830	10,209,830	10,209,830
Fund balance as a % of expenditures (council set goal: 22-25%)	25%	23%	23%	22%

	2023-24	2024-25	2025-26	2026-27
Proposed Budget Adjustments				
Appropriations				
Move salt dome to CIP or Muni Streets/Drain Fund	-	(928,810) B		
Remove the following vehicle purchases:				
LDV030 LDV w/ Plow 695 - DPW Field Oper	-	(78,980) E		
LDV028 Pool Vehicle 148 - City Hall	-	(34,950) E		
LDV029 Pool Vehicle 149 - DPW	-	(34,950) E		
LDV027 LDV 145 - Assessing	-	(34,950) E		
LDV038 Vehicle - IS FM (501)	-	(34,950) E		
LDV031 LDV w/Plow 647 - IS Parks Maint	-	(78,980) E		
LDV037 LDV 142 - CD Planning	-	(40,490) E		
LDV035 LDV 629 - DPW Eng	-	(34,950) E		
Not fill Plan Examiner position in community development		(110,411) C	(113,723)	(117,135)
Not fill vacant Economic Director position		(138,000) C	(142,140)	(146,404)
Remove proposed new business & accreditation coordinator		(78,908) C	(81,275)	(83,713)
Remove proposed new training officers (2) positions			(220,680) C	(227,300)
Remove proposed new fire inspector and fire assistant training officer positions			(223,820) C	(230,534)
Unspent budget amounts at year-end - all departments			(150,000) H	(150,000)
Remove OAS position	(250,000)			
Eliminate the General Fund transfer to the EDC	(25,000) D	(25,000)	(25,000)	(25,000)
Total appropriations increase (decrease)	(275,000)	(1,654,329)	(956,639)	(980,087)
Net increase (decrease) to fund balance	(275,000)	(1,654,329)	(956,639)	(980,087)

Additional possible reductions

FT017 Single-axle RDS bondy truck with underbody scraper and wing plow (replace #602, 2011)	-	(332,408) F	-	-
Delay Civic Center Generator Replacement to 27/28	-	(440,640) G	-	-
Total additional possible appropriations decrease	-	(773,048)	-	-

	2023-24	2024-25	2025-26	2026-27
Revised Proposed Budget				
Total Revenues	\$ 41,548,527	\$ 43,186,528	# \$ 45,220,574	\$ 46,351,837
Total Appropriations	44,580,281	42,461,009	44,263,935	45,371,750
Net Revenues (Appropriations)	(3,031,754)	725,519	956,639	980,087
Beginning Fund Balance	14,445,394	11,413,640	12,139,159	13,095,798
Ending Fund Balance	11,413,640	12,139,159	13,095,798	14,075,884
Fund balance as a % of expenditures (council set goal: 22-25%)	26%	29%	30%	31%
Fund balance as a % of expenditures with additional reductions	26%	31%	31%	33%

Notes

- A** The amended budget for FY 23/24 represents approximately \$3,134,500 of capital expenditures from FY 22/23 that were not purchased in FY 22/23 but rollover to be purchased in 23/24. In addition, \$250,000 for the new fire contract wages, \$251,000 for MERS transfer policy, \$40,000 for fire radio replacement and \$318,000 for fire truck repairs and emergency generators at two fire stations.
- B** Assume the General Fund's share of the salt dome will be paid by the CIP Fund or the Muni Street/Drain Funds
- C** Cost includes salary and fringe benefits
- D** Conclude to not transfer funds out to the Economic Development Fund but to maintain funds to cover the year to date costs of the Economic Development Department. The annual levy of \$50,000 a year is used to promote economic development within the City.

City of Novi - CIP

	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Per Original Budget Document				
Total Revenues	\$ 4,377,583	\$ 5,017,000	\$ 4,773,050	\$ 4,885,100
Total Appropriations	<u>13,501,158</u>	<u>207,000</u>	<u>93,050</u>	<u>5,100</u>
Net Revenues (Appropriations)	(9,123,575)	4,810,000	4,680,000	4,880,000
Beginning Fund Balance	<u>(3,695,068)</u>	<u>(12,818,643)</u>	<u>(8,008,643)</u>	<u>(3,328,643)</u>
Ending Fund Balance	(12,818,643)	(8,008,643)	(3,328,643)	1,551,357

	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Proposed Budget Adjustments				
Appropriations				
Removal of Field of Honors budget	(500,000) A			
Move salt dome to CIP or Muni Streets/Drain Funds	<u>-</u>	<u>928,810</u> B		
Total appropriations increase (decrease)	<u>(500,000)</u>	<u>928,810</u>	<u>-</u>	<u>-</u>
Net increase (decrease) to fund balance	(500,000)	928,810	-	-

	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Revised Proposed Budget				
Total Revenues	\$ 4,377,583	\$ 5,017,000	\$ 4,773,050	\$ 4,885,100
Total Appropriations	<u>13,001,158</u>	<u>1,135,810</u>	<u>93,050</u>	<u>5,100</u>
Net Revenues (Appropriations)	(8,623,575)	3,881,190	4,680,000	4,880,000
Beginning Fund Balance	<u>(3,695,068)</u>	<u>(12,318,643)</u>	<u>(8,437,453)</u>	<u>(3,757,453)</u>
Ending Fund Balance	(12,318,643)	(8,437,453)	(3,757,453)	1,122,547

A Transfer in from General Fund removed but expenditure budget remains and will be removed

B If the General Fund costs for the salt dome costs were to be paid by the CIP Fund

City of Novi - Major Streets Fund

	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Per Original Budget Document				
Total Revenues	\$ 7,003,738	\$ 9,102,289	\$ 6,459,638	\$ 8,365,989
Total Appropriations	<u>11,747,878</u>	<u>9,338,289</u>	<u>5,985,638</u>	<u>8,884,989</u>
Net Revenues (Appropriations)	(4,744,140)	(236,000)	474,000	(519,000)
Beginning Fund Balance	<u>5,919,485</u>	<u>1,175,345</u>	<u>939,345</u>	<u>1,413,345</u>
Ending Fund Balance	1,175,345	939,345	1,413,345	894,345

	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Proposed Budget Adjustments				
Appropriations				
Reduce the budget for #2 in the CIP (Beck Rd) as it will be included in bonding		(800,000)		
Move salt dome to CIP or Muni Streets/Drain Funds	-	800,000	B	
Total appropriations increase (decrease)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) to fund balance	-	-	-	-

	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Revised Proposed Budget				
Total Revenues	\$ 7,003,738	\$ 9,102,289	\$ 6,459,638	\$ 8,365,989
Total Appropriations	<u>11,747,878</u>	<u>9,338,289</u>	<u>5,985,638</u>	<u>8,884,989</u>
Net Revenues (Appropriations)	(4,744,140)	(236,000)	474,000	(519,000)
Beginning Fund Balance	<u>5,919,485</u>	<u>1,175,345</u>	<u>939,345</u>	<u>1,413,345</u>
Ending Fund Balance	1,175,345	939,345	1,413,345	894,345
Fund balance as a % of expenditures (council set goal: 22-25%)	10%	10%	24%	10%

B If \$800,000 of the General Fund costs of \$928,810 for the salt dome costs were to be paid by the Major Street Fund

City of Novi - Drain Fund

	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Per Original Budget Document				
Total Revenues	\$ 5,328,267	\$ 4,952,264	\$ 3,117,001	\$ 3,183,878
Total Appropriations	<u>5,857,446</u>	<u>4,952,264</u>	<u>3,117,001</u>	<u>3,183,878</u>
Net Revenues (Appropriations)	(529,179)	-	-	-
Beginning Fund Balance	<u>529,179</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	-	-	-	-

	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Proposed Budget Adjustments				
Transfer in from Drain Perpetual Care Fund	-	128,810		
Appropriations				
Move salt dome to CIP or Muni Streets/Drain Funds	-	128,810 B		
Total appropriations increase (decrease)	<u>-</u>	<u>128,810</u>	<u>-</u>	<u>-</u>
Net increase (decrease) to fund balance	-	-	-	-

	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Revised Proposed Budget				
Total Revenues	\$ 5,328,267	\$ 5,081,074	\$ 3,117,001	\$ 3,183,878
Total Appropriations	<u>5,857,446</u>	<u>5,081,074</u>	<u>3,117,001</u>	<u>3,183,878</u>
Net Revenues (Appropriations)	(529,179)	-	-	-
Beginning Fund Balance	<u>529,179</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	-	-	-	-

B If \$128,810 of the General Fund costs of \$928,810 for the salt dome costs were to be paid by the Drain Fund (adjust Drain Perpetual Care Transfer)

City of Novi - Drain Perpetual CareFund

	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Per Original Budget Document				
Total Revenues	\$ 81,000	\$ 135,000	\$ 435,000	\$ 395,000
Total Appropriations	<u>2,475,467</u>	<u>1,935,000</u>	<u>-</u>	<u>-</u>
Net Revenues (Appropriations)	(2,394,467)	(1,800,000)	435,000	395,000
Beginning Fund Balance	<u>6,987,251</u>	<u>4,592,784</u>	<u>2,792,784</u>	<u>3,227,784</u>
Ending Fund Balance	4,592,784	2,792,784	3,227,784	3,622,784

	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Proposed Budget Adjustments				
Appropriations				
Transfer to Drain Fund to cover salt dome costs	<u>-</u>	<u>128,810</u> B	<u>-</u>	<u>-</u>
Total appropriations increase (decrease)	<u>-</u>	<u>128,810</u>	<u>-</u>	<u>-</u>
Net increase (decrease) to fund balance	-	128,810	-	-

	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Revised Proposed Budget				
Total Revenues	\$ 81,000	\$ 135,000	\$ 435,000	\$ 395,000
Total Appropriations	<u>2,475,467</u>	<u>2,063,810</u>	<u>-</u>	<u>-</u>
Net Revenues (Appropriations)	(2,394,467)	(1,928,810)	435,000	395,000
Beginning Fund Balance	<u>6,987,251</u>	<u>4,592,784</u>	<u>2,663,974</u>	<u>3,098,974</u>
Ending Fund Balance	4,592,784	2,663,974	3,098,974	3,493,974

B If \$128,810 of the General Fund costs of \$928,810 for the salt dome costs were to be paid by the Drain Fund (adjust Drain Perpetual Care Transfer)

GL #	Project/Item Description	Budget Category	Amount
GENERAL FUND			
Expenditures			
101-172.00-816.002	Entryway Signage Grant Prgrm Residential	Other services and charges	49,435
101-215.00-816.062	SIP053 Recodification - City Clerk	Other services and charges	33,700
101-228.00-850.004	WiFi Access Point Replacements (16)	Other services and charges	8,997
101-228.00-850.999	Internal Technology - citywide (OnBase ELA subscription conversion)	Other services and charges	16,500
101-228.00-850.999	Internal Technology - citywide (Software)	Other services and charges	57,625
101-228.00-986.031	IFT005 Virtual Desktop (VDI) Server Repl	Capital Outlay	13,742
101-228.00-986.039	COR012 Domain Server Replace - Police	Capital Outlay	7,080
101-265.00-816.086	Public Safety Facility Needs Study	Other services and charges	79,000
101-265.00-816.087	Trailer Rental - Fire Station #1	Other services and charges	142,000
101-265.00-976.083	FAC016 Roof Replace - FS#4	Capital Outlay	284,882
101-265.00-976.126	FAC038 Bldg Genfr&Tech incl cnrcr- PD	Capital Outlay	178,265
101-265.00-976.135	FAC037 Elevator Mechanicals - Police	Capital Outlay	126,072
101-265.10-983.067	LDV014 LDV w/plow replace 697 DPW FO	Capital Outlay	18,810
101-265.10-983.071	LDV013 LDV w/Plow replace 641 IS PM	Capital Outlay	17,603
101-265.10-983.072	LDV015 LDV w/ Plow replace 651- DPW FO	Capital Outlay	18,810
101-265.10-983.090	SIP017 Vehicle (NEW POSITION) dept265.10	Capital Outlay	16,250
101-301.00-850.015	SIP024 Firewall Replace -Police Vehicles	Other services and charges	4,820
101-301.00-980.000	Communications equipment (911 phone system upgrade)	Capital Outlay	74,410
101-301.00-980.006	POL023 InCar Cameras & Body Cameras	Capital Outlay	801,373
101-301.00-983.000	Vehicles	Capital Outlay	300,000
101-301.00-983.100	Vehicle-new install	Capital Outlay	39,245
101-336.00-850.000	Internal Technology (5 toughbooks-Fire dept)	Other services and charges	20,862
101-336.00-982.075	COR023 Paging Talk Groups (10) - Fire	Capital Outlay	12,000
101-371.00-850.008	CDB002 CD Tech Upgr Ph2 - EPR & M Sftwre	Other services and charges	60,220
101-371.00-983.089	SIP005 Vehicle (NEW POSITION) dept371.00	Capital Outlay	39,080
101-371.00-986.030	CDB001 CD Tech Upgrades Ph1-BSA PZE	Capital Outlay	24,095
101-441.10-805.000	Engineer consulting (Traffic Study - Civic Center / Novi High School)	Other services and charges	9,300
101-441.20-975.021	ENG068 NSP 2021 (FY 2021-22)	Capital Outlay	193,000
101-441.20-982.057	COR001 Entryway Sign Replace	Capital Outlay	25,000
101-441.30-983.050	LDV011 LDV w/Plow replace 693 DPW FO	Capital Outlay	17,603
101-441.30-984.037	FLT010 RDS Body Truck (replace 619)	Capital Outlay	294,668
101-701.00-816.003	SIP025 Active Mobility Study (formerly: Nonmotorized Master Plan)	Other services and charges	44,294
101-701.00-816.033	Zoning districts/City West & Pav Shar VII	Other services and charges	3,260
101-701.00-816.051	SIP004 Master Plan-Land Use & Throughfare	Other services and charges	102,483
			\$ 3,134,485
Net Increase (decrease) to fund balance			\$ (3,134,485)
Ending Fund Balance		\$11,419,782	
Fund Balance as a % of total annual expenditures		25%	

MAJOR STREET FUND			
Revenues			
203-000.00-699.204	Transfer from Municipal Street Fund	Transfers In	900,000
			\$ 900,000
Expenditures			
202-449.20-975.214	ENG058 Wixom Rd& Lft Trn Ln (10Mi-CL)	Capital Outlay	18,138
202-449.20-975.226	162-07 Beck Rd Widen(11Mi-Prov Dr/CP Bv)	Capital Outlay	465,351
202-449.20-975.248	ENG079 Industrial Bus Parks Rd Rehab	Capital Outlay	950,576
202-449.20-975.271	ENG073 Taff Rd(Sth CL-10 Mile)&R@9MiRd	Capital Outlay	1,621,100
202-449.20-976.089	ENG067a/b GLWA 14 Mi WM Trans Red Route	Capital Outlay	1,465,975
			\$ 4,521,140
Net Increase (decrease) to fund balance			\$ (3,621,140)
Ending Fund Balance		\$1,170,346	
Fund Balance as a % of total annual expenditures		10%	