



CITY OF NOVI CITY COUNCIL
JANUARY 25, 2021

SUBJECT: Approval of resolution to authorize Budget Amendment #2021-3

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 in order 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 second quarter budget amendment resolution and budget amendment detail are attached.

GENERAL FUND

The proposed General Fund budget amendment request has a decrease to ending fund balance of \$228,540 for the second quarter ending December 31, 2020. The decrease is due to the pull forward of five capital projects as detailed out in the "Appropriations" section and all other amendments net to \$0. Revenues are being increased \$176,903 and expenditures are being increased \$405,443. The amendment keeps fund balance within Council set limits with an ending fund balance of \$9,462,982 and a fund balance to total annual expenditures ratio of 25%. The following highlights some of the significant items included in the proposed amendment for this fund:

Revenues:

- Increase in Federal Grants COVID-19 of \$25,000 (FEMA) to offset additional purchase of COVID-19 supplies during the current fiscal year. Increase in Federal Grants – Other State CARES funding increased \$38,709 to recognize the funds received from the Coronavirus Emergency Supplemental Funding grant. This grant was for a total of \$38,709 passed to the City from Michigan State Police.
- Increase State Shared Revenue by \$85,000. The State of Michigan projected the City to receive \$1,879,456 in state shared revenue in the months of October and December. During these months, the City actually received \$1,963,961 or a total of an additional \$84,505. The State of Michigan currently anticipates a total of \$4,974,888 of state shared revenue for FY 2021. The City's current conservative budgeted estimate is \$4,386,243 prior

to the amendment. If the City were to receive the State's estimate, that would be an additional \$588,645 of funding.

- The City also received a \$26,194 grant from the Center for Technology for the City's COVID response related to the election.

Appropriations:

- Increase of \$228,540 for the pull forward of the following capital projects discussed by City Council on December 21, 2020:
 - Police security camera replacement \$48,420
 - Radio System Equipment \$102,700
 - Rifle Replacement (Police) \$34,210
 - Mobile Field Force Equipment \$25,380
 - Radio System Equipment (Fire) \$17,430
- Increase of \$75,000 for the recently filled open city planner position. The planner position was vacated in March 2020. The department still holds an open position for a plan examiner. The amendment moves funds from other departments where positions are open to this department and does not change the overall net employee number of 261.

MAJOR STREET FUND

The proposed Major Street Fund budget amendment has a \$0 net effect on fund balance and keeps the fund within Council set limits. The amendment increases Act 51 revenues based on actual receipts coming in higher than anticipated to date (does not recognize the entire difference). The expenditure increased by \$86,665 for a traffic signal installation off Wixom Road and Catholic Central High School.

LOCAL STREET FUND

The proposed Local Street Fund budget amendment increases revenue and expenditures by \$40,000, for a net change to fund balance of \$0 and keeps the fund within Council set limits. The amendment increases the transfers in from the Municipal Street funds by \$40,000. Concrete curb repairs account for the increase in expenditures as this amount was moved from the Municipal Street Fund, which shows a corresponding decrease in expenditures.

PARKS, RECREATION, & CULTURAL SERVICES FUND

The proposed Parks, Recreation, & Cultural Services Fund budget amendment decreases fund balance by \$62,141 and keeps the fund within Council set limits. The Parks and Recreation department reviewed year to date activity and evaluated expectations for the next six months. The estimates assume the City will still be limited in participants for some group activities due to COVID-19 restrictions and a decrease in utilization as families slowly come back to participating in programs. The fund is at the minimum fund balance level and if revenues do not pick up are in danger of falling below that level. Finance will continue to work with the Parks and Recreation Department to monitor the financial activity.

TREE FUND

The proposed Tree Fund budget amendment request decreases fund balance by \$33,1700 for the Novi Road island tree planting. The planting will be over and above the normal fall and spring tree planting the City performs each year.

WATER AND SEWER FUND

The Water and Sewer Fund decreases fund balance by a total of \$449,407. The City reviewed the first six months of activity and made adjustments based on year-to-date activity. The amended budget is sufficient to cover the fund's operating costs with the current and projected water and sewer fees. The City analyzes all costs on an annual basis to determine if the current fee structure is sufficient to cover current operating costs as well as future capital needs.

RECOMMENDED ACTION: Approval of resolution to authorize Budget Amendment #2021-3.

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2021-3 is authorized:

	INCREASE (DECREASE)
GENERAL FUND	
REVENUES	
Licenses, Permits, and Charges for Services	\$ (20,000)
Federal Grants	85,709
State Sources	85,000
Other Revenue	26,194
TOTAL REVENUES	\$ 176,903
APPROPRIATIONS	
City Council	
Personnel Services	(20)
City Manager	
Personnel Services	(24,389)
Other Services and Charges	(8,550)
Finance Department	
Personnel Services	(8,011)
Integrated Solutions - Information Technology	
Other Services and Charges	10,479
Capital Outlay	48,820
Assessing Department	
Personnel Services	(687)
City Clerk	
Personnel Services	16,194
Supplies	15,000
Other Services and Charges	18,500
Treasury Department	
Personnel Services	10,000
Integrated Solutions - Facility Management	
Personnel Services	(11,693)
Integrated Solutions - FM: Parks Maintenance	
Other Services and Charges	5,100
Human Resources	
Other Services and Charges	3,500
Community Relations	
Personnel Services	(200)
Other Services and Charges	(35,000)
Economic Development	
Personnel Services	34,971
Police Department	
Personnel Services	13,000
Supplies	63,709
Capital Outlay	162,290
Fire Department	
Capital Outlay	17,430
Community Development - Planning	
Personnel Services	75,000
Department of Public Works - Engineering	
Other Services and Charges	2,534
Department of Public Works - Field Operations	
Personnel Services	(2,534)
TOTAL APPROPRIATIONS	\$ 405,443

INCREASE
(DECREASE)

Net Increase (Decrease) to Fund Balance \$ (228,540)

Ending Fund Balance	\$9,462,982
Fund Balance as a % of total annual expenditures	25%

MAJOR STREET FUND

REVENUES

State Sources	86,665
TOTAL REVENUES	<u>\$ 86,665</u>

APPROPRIATIONS

Capital Outlay	86,665
TOTAL APPROPRIATIONS	<u>\$ 86,665</u>

Net Increase (Decrease) to Fund Balance \$ -

Ending Fund Balance	\$1,108,360
Fund Balance as a % of total annual expenditures	26%

LOCAL STREET FUND

REVENUES

Transfers In	40,000
TOTAL REVENUES	<u>\$ 40,000</u>

APPROPRIATIONS

Capital Outlay	40,000
TOTAL APPROPRIATIONS	<u>\$ 40,000</u>

Net Increase (Decrease) to Fund Balance \$ -

Ending Fund Balance	\$1,086,983
Fund Balance as a % of total annual expenditures	10%

MUNICIPAL STREET FUND

APPROPRIATIONS

Capital Outlay	(40,000)
Transfers Out	40,000
TOTAL APPROPRIATIONS	<u>\$ -</u>

Net Increase (Decrease) to Fund Balance \$ -

Ending Fund Balance	\$1,055,100
Fund Balance as a % of total annual expenditures	11%

**INCREASE
(DECREASE)**

PARKS, RECREATION, & CULTURAL SERVICES FUND
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REVENUES	
Program Revenue	(290,379)
Older Adult Program Revenue	(12,525)
Donations	(47,777)
TOTAL REVENUES	\$ (350,681)

APPROPRIATIONS	
691 Supplies	(13,710)
691 Other Services and Charges	(1,190)
693 Personnel Services	(80,140)
693 Program Expenditures	(146,400)
693 Other Services and Charges	(5,450)
695 Personnel Services	(20,000)
695 Supplies	(1,700)
695 Other Services and Charges	(2,700)
695 Older Adult Program Expenditures	(17,250)
TOTAL APPROPRIATIONS	\$ (288,540)

Net Increase (Decrease) to Fund Balance	\$ (62,141)
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Ending Fund Balance	\$332,064
Fund Balance as a % of total annual expenditures	12%

TREE FUND

APPROPRIATIONS	
Other Services and Charges	33,170
TOTAL APPROPRIATIONS	\$ 33,170

Net Increase (Decrease) to Fund Balance	#REF!
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WATER & SEWER FUND

REVENUES	
Operating Revenue	1,000,000
Donations	(60,607)
Capital Contributions	200,000
Other Revenue	21,200
TOTAL REVENUES	\$ 1,160,593

APPROPRIATIONS	
Other Services & Charges	1,500,000
Capital Outlay	110,000
TOTAL APPROPRIATIONS	\$ 1,610,000

Net Increase (Decrease) to Fund Balance	\$ (449,407)
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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 January 25, 2021

Cortney Hanson
City Clerk

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund			
Revenues			
101-000.00-508.301	Federal Grants - COVID-19	Federal grants	\$ 25,000
101-000.00-508.500	TIA Grant	Federal grants	12,000
101-000.00-528.000	Federal Grants - Other - State CARES	Federal grants	38,709
101-000.00-574.000	State revenue sharing	State sources	85,000
101-000.00-632.250	Police Department - Hosted Training	Licenses, permits & charges for services	(20,000)
101-000.00-632.321	FBI - OT Reimbursement	Federal grants	10,000
101-000.00-666.000	Contributions	Donations	26,194
			\$ 176,903
Expenditures			
101-101.00-720.000	Workers Compensation	Personnel Services	(20)
101-172.00-704.210	Vacation Payout	Personnel Services	(8,000)
101-172.00-705.000	Temporary salaries	Personnel Services	(16,000)
101-172.00-720.000	Workers Compensation	Personnel Services	(389)
101-172.00-816.017	Executive Coaching	Other Services and charges	(8,550)
101-201.00-704.000	Permanent Salaries	Personnel Services	(4,450)
101-201.00-719.000	Unemployment insurance	Personnel Services	(3,000)
101-201.00-720.000	Workers Compensation	Personnel Services	(561)
101-205.00-838.000	COVID-1% Reduction	Other Services and Charges	10,479
101-205.00-986.040	Security Camera Replacements (26) and Licenses (50) - Pc	Capital Outlay	48,820
101-209.00-720.000	Workers Compensation	Personnel Services	(687)
101-215.00-705.000	Temporary Salaries	Personnel Services	5,194
101-215.00-706.000	Overtime	Personnel Services	11,000
101-215.00-722.000	Election workers	Other Services and charges	18,500
101-215.00-729.000	Election Supplies	Supplies	10,000
101-215.00-729.000	Election supplies	Supplies	5,000
101-253.00-704.000	Permanent Salaries	Personnel Services	10,000
101-265.00-705.000	Temporary salaries	Personnel Services	(10,000)
101-265.00-720.000	Workers Compensation	Personnel Services	(1,693)
101-265.10-838.000	COVID-1% Reduction	Other Services and Charges	5,100
101-270.00-957.000	Tuition Reimbursement	Other Services and charges	3,500
101-295.00-720.000	Workers Compensation	Personnel Services	(200)
101-295.00-882.000	Appreciation Evenings - Winter & Spring	Other Services and charges	(15,000)
101-295.00-881.350	State of the City	Other Services and charges	(10,000)
101-295.00-881.000	Michigan week-Leaders' Exchange	Other Services and charges	(10,000)
101-296.00-704.000	Permanent salaries	Personnel Services	35,000
101-296.00-720.000	Workers Compensation	Personnel Services	(29)
101-301.00-706.321	Overtime-FBI	Personnel Services	10,000
101-301.00-719.000	Unemployment insurance	Personnel Services	3,000
101-301.00-740.012	COVID-19 Crisis	Supplies	25,000
101-301.00-740.013	CESF Grant Exp (COVID-19)	Supplies	38,709
101-301.00-852.002	PS25 Radio System Equipment replacements (police portic	Capital Outlay	102,700
101-301.00-982.068	Rifle Replacements (34)	Capital Outlay	34,210
101-301.00-982.069	Mobile Field Force Equipment (71 units)	Capital Outlay	25,380
101-337.00-852.002	PS25 Radio System Equipment replacements (fire portion)	Capital Outlay	17,430
101-442.10-838.000	COVID-1% Reduction	Other Services and Charges	2,534
101-442.20-716.000	Insurance	Personnel Services	(2,534)
101-807.00-704.000	Permanent Salaries	Personnel Services	75,000
			\$ 405,443
Net Increase (decrease) to fund balance			\$ (228,540)

Ending Fund Balance	\$9,462,982
Fund Balance as a % of total annual expenditures	25%

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Major Street Fund			
Revenues			
202-000.00-546.000	Gas and Weight Tax	State sources	86,665
			<u>\$ 86,665</u>
Expenditures			
202-202.00-865.214	ENG058 Wixom Rd& Left Trn Ln (10Mi-CL)	Capital Outlay	86,665
			<u>\$ 86,665</u>
		Net Increase (decrease) to fund balance	\$ -
Ending Fund Balance		\$1,108,360	
Fund Balance as a % of total annual expenditures		26%	

Local Street Fund			
Revenues			
203-000.00-676.204	Transfer From Municipal Street Fund	Transfers In	40,000
			<u>\$ 40,000</u>
Expenditures			
203-203.00-866.075	Routine Maintenance - Concrete Curb Repairs	Maintenance	40,000
203-203.00-973.021	Capital Preventative Maintenance 2021	Capital Outlay	-
			<u>\$ 40,000</u>
		Net Increase (decrease) to fund balance	\$ -
Ending Fund Balance		\$1,086,983	
Fund Balance as a % of total annual expenditures		10%	

Municipal Street Fund			
Revenues			
			<u>\$ -</u>
Expenditures			
204-204.00-866.941	Routine Maintenance - Bridge Maintenance	Maintenance	(40,000)
204-000.00-965.203	Transfer to Local Street Fund	Transfer Out	40,000
			<u>\$ -</u>
		Net Increase (decrease) to fund balance	\$ -
Ending Fund Balance		\$1,055,100	
Fund Balance as a % of total annual expenditures		11%	

GL #	Project/Item Description	Budget Category	Amount
Parks, Recreation, and Cultural Services Fund			
Revenues			
208-000.00-653.001	Adult softball league	Program revenues	(21,565)
208-000.00-653.003	Youth softball/t-ball	Program revenues	(11,250)
208-000.00-653.006	Youth basketball league	Program revenues	(5,000)
208-000.00-653.009	Youth volleyball	Program revenues	(2,000)
208-000.00-653.010	Youth soccer league	Program revenues	(61,500)
208-000.00-653.029	Valentine - dads & daughters	Program revenues	(9,000)
208-000.00-653.030	Mother & son event	Program revenues	(2,150)
208-000.00-653.305	Lacrosse	Program revenues	(2,700)
208-000.00-653.308	Karate	Program revenues	(15,000)
208-000.00-653.506	Choralaires	Program revenues	(7,000)
208-000.00-653.510	Contracted & OC park camps	Program revenues	(5,170)
208-000.00-653.512	Camp Lakeshore (prior Novi Day Camp)	Program revenues	(24,400)
208-000.00-653.629	Cultural Arts Camps	Program revenues	(26,000)
208-000.00-653.640	Art exhibits	Program revenues	(2,000)
208-000.00-653.642	Dance Programs	Program revenues	(10,000)
208-000.00-653.643	Theatre Programs	Program revenues	(30,000)
208-000.00-653.645	Music Programs	Program revenues	(3,250)
208-000.00-653.912	Concession/Vending	Program revenues	(3,000)
208-000.00-653.920	Community center	Program revenues	(15,875)
208-000.00-653.921	Park rental	Program revenues	(7,500)
208-000.00-653.930	Special events	Program revenues	(3,000)
208-000.00-653.999	Miscellaneous program revenue	Program revenues	(23,019)
208-000.00-653.455	Older Adults - Veterans Activities	Older adult program revenue	(1,850)
208-000.00-653.550	Older Adults - Special Events	Older adult program revenue	(2,625)
208-000.00-653.555	Older Adults - Travel Program	Older adult program revenue	(1,800)
208-000.00-653.564	Older Adults - Massage	Older adult program revenue	(6,250)
208-000.00-666.999	Contributions - Misc	Donations	(47,777)
			-
			<u>\$ (350,681)</u>
Expenditures			
208-691.00-727.000	Office supplies	Supplies	(5,000)
208-691.00-740.205	Villa Barr Property Operating Costs	Supplies	(2,000)
208-691.00-740.210	Paul Policiccho Bench Donations	Supplies	(6,710)
208-691.00-956.000	Conferences and workshops	Other services and charges	(1,190)
208-693.00-705.000	Temporary Salaries	Personnel Services	(10,140)
208-693.00-705.208	Temp Salaries -Parks Build Attendants	Personnel Services	(70,000)
208-693.00-956.000	Conferences and workshops	Other services and charges	(5,450)
208-693.00-960.001	Adult softball league	Program expenditures	(5,625)
208-693.00-960.003	Youth softball/t-ball	Program expenditures	(4,125)
208-693.00-960.005	Adult basketball league (formerly men's)	Program expenditures	(650)
208-693.00-960.006	Youth basketball league	Program expenditures	(2,000)
208-693.00-960.009	Youth volleyball	Program expenditures	(2,425)
208-693.00-960.010	Youth soccer league	Program expenditures	(15,000)
208-693.00-960.026	National tournament expenditures	Program expenditures	(14,000)
208-693.00-960.029	Valentine-dads/daughter	Program expenditures	(5,800)
208-693.00-960.030	Mother/Son Event	Program expenditures	(1,700)
208-693.00-960.034	Teen programs	Program expenditures	(1,770)
208-693.00-960.305	Lacrosse	Program expenditures	(2,450)
208-693.00-960.308	Karate	Program expenditures	(8,750)
208-693.00-960.504	Lakeshore Beach	Program expenditures	(14,500)
208-693.00-960.506	Choralaires	Program expenditures	(7,000)
208-693.00-960.510	Contracted and OC Park Camps (rec)	Program expenditures	(3,000)
208-693.00-960.512	Camp Lakeshore (prior Novi Day Camp)	Program expenditures	(12,800)
208-693.00-960.629	CULTURAL ARTS CAMPS	Program expenditures	(5,750)
208-693.00-960.637	Theatre - Operating Supplies	Program expenditures	(3,000)
208-693.00-960.642	Dance Programs	Program expenditures	(7,850)
208-693.00-960.643	Theatre Programs	Program expenditures	(21,070)
208-693.00-960.645	Music Programs	Program expenditures	(1,485)
208-693.00-960.920	Community center	Program expenditures	(2,900)
208-693.00-960.930	Special events	Program expenditures	(2,750)
208-695.00-704.000	Permanent salaries	Personnel Services	(20,000)
208-695.00-727.000	Office supplies	Supplies	(1,700)
208-695.00-956.000	Conferences and workshops	Other services and charges	(2,700)
208-695.00-960.257	Older Adults - Sr Regional Programs Exp	Older Adult Program Expenditures	(1,500)
208-695.00-960.455	Older Adults - Veterans Activities	Older Adult Program Expenditures	(2,000)
208-695.00-960.550	Older Adults - Special Events	Older Adult Program Expenditures	(1,750)
208-695.00-960.564	Older Adults - Massage	Older Adult Program Expenditures	(2,000)
208-695.00-960.568	Older Adults - Community Newsletter	Older Adult Program Expenditures	(10,000)
			-
			<u>\$ (288,540)</u>
		Net Increase (decrease) to fund balance	\$ (62,141)

Ending Fund Balance	\$332,064
Fund Balance as a % of total annual expenditures	12%

Budget Amendment# 2021-3 - January 25, 2021

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Tree Fund			
Revenues			
			\$ -
Expenditures			
209-000.00-972.100	Trees - fall & spring planting	Other Services & Charges	33,170
			-
			\$ 33,170
		Net Increase (decrease) to fund balance	\$ (33,170)

Water and Sewer Fund			
Revenues			
592-000.00-410.000	Sewer service charges	Operating Revenue	500,000
592-000.00-411.000	Water sales	Operating Revenue	500,000
592-000.00-665.000	Miscellaneous Income	Other Revenue	21,200
592-000.00-665.275	Donations - 092-50 Flint Street Phase1	Donations	(60,607)
592-000.00-666.002	Sewer tap connection fees	Capital Contributions	200,000
			\$ 1,160,593
Expenditures			
592-592.00-976.071	WTS035 I96 SS Cross Proj & W Oak PS	Capital Outlay	110,000
592-592.00-830.000	Sewage treatment costs	Other services and charges	1,500,000
			\$ 1,610,000
		Net Increase (decrease) to fund balance	\$ (449,407)