



CITY OF NOVI CITY COUNCIL
FEBRUARY 8, 2021

SUBJECT: Approval of resolution to authorize Budget Amendment #2021-4.

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 budget amendment resolution and budget amendment detail are attached.

The COVID-19 pandemic has had a significant impact on the City of Novi and the State of Michigan beginning in March 2020 and continues to date. Over the past eleven months, the City has aggressively worked with numerous federal, state, and local agencies to obtain grants to offset the unbudgeted costs related to the pandemic along with the significant loss of revenue. The city has received Federal funding from FEMA, Oakland County's CARES Act funding, and the State of Michigan CARES Act funding as well as several other local organizations. While most of the lost revenue and unbudgeted costs were incurred during the fiscal year that ended June 30, 2020, only \$144,905 of grant revenue was received and included in the June 30, 2020 audited numbers. During the current fiscal year, the budgets have been amended in the various funds to reflect \$947,391 of grant proceeds related to specific unbudgeted costs incurred since July 1, 2020 (hazard pay, PTO payouts, etc.). The attached budget amendment reflects \$1,850,283 of additional grant revenue the City has received year to date or expects to receive this fiscal year. The amendment also reduces the building department revenue by \$465,000 to reflect the impact of the slower than anticipated new development citywide through the first six months due to the COVID-19 pandemic. The finance team has also been working with the State over the past couple of months and hopes to receive an additional \$354,802 in

grant funds in the next couple of weeks. If successful with obtaining the additional State grant, the funds will be included in the next quarter budget amendment.

RECOMMENDED ACTION: Approval of resolution to authorize Budget Amendment #2021-4.

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2021-4 is authorized:

	INCREASE (DECREASE)
GENERAL FUND	
REVENUES	
Licenses, Permits, and Charges for Services	\$ (465,000)
Federal Grants	1,730,000
TOTAL REVENUES	<u>\$ 1,265,000</u>
 Net Increase (Decrease) to Fund Balance	 <u>\$ 1,265,000</u>
 Ending Fund Balance \$10,727,983	
Fund Balance as a % of total annual expenditures 29%	
PARKS, RECREATION, & CULTURAL SERVICES FUND	
REVENUES	
Federal Grants	53,691
TOTAL REVENUES	<u>\$ 53,691</u>
 Net Increase (Decrease) to Fund Balance	 <u>\$ 53,691</u>
 Ending Fund Balance \$385,755	
Fund Balance as a % of total annual expenditures 13%	
TREE FUND	
REVENUES	
Federal Grants	2,208
TOTAL REVENUES	<u>\$ 2,208</u>
 Net Increase (Decrease) to Fund Balance	 <u>\$ 2,208</u>
ICE ARENA FUND	
REVENUES	
Federal Grants	7,341
TOTAL REVENUES	<u>\$ 7,341</u>
 Net Increase (Decrease) to Fund Balance	 <u>\$ 7,341</u>
WATER & SEWER FUND	
REVENUES	
Federal Grants	57,043
TOTAL REVENUES	<u>\$ 57,043</u>
 Net Increase (Decrease) to Fund Balance	 <u>\$ 57,043</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 February 8, 2021

Cortney Hanson
City Clerk

Budget Amendment# 2021-4 - February 8, 2021

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund			
Revenues			
101-000.00-470.000	Engineering review fees	Licenses, permits & charges for services	\$ (100,000)
101-000.00-475.000	Plan and landscape review fees	Licenses, permits & charges for services	(65,000)
101-000.00-478.000	Building permits	Licenses, permits & charges for services	(300,000)
101-000.00-508.301	Federal Grants - FEMA	Federal grants	25,300
101-000.00-508.301	Federal Grants - FEMA	Federal grants	126,703
101-000.00-508.452	Federal Grants - COVID-19	Federal grants	246,814
101-000.00-528.000	Federal Grants - Other - State CARES	Federal grants	1,333,276
101-000.00-632.310	Federal Grants - Federal Forfeiture OT Reimb	Federal grants	(2,093)
			\$ 1,265,000
		Net Increase (decrease) to fund balance	\$ 1,265,000
Ending Fund Balance		\$10,727,983	
Fund Balance as a % of total annual expenditures		29%	
Parks, Recreation, and Cultural Services Fund			
Revenues			
208-000.00-508.452	Federal Grants - COVID-19	Federal grants	53,691
			\$ 53,691
		Net Increase (decrease) to fund balance	\$ 53,691
Ending Fund Balance		\$385,755	
Fund Balance as a % of total annual expenditures		13%	
Tree Fund			
Revenues			
209-000.00-508.452	Federal Grants - COVID-19	Federal grants	2,208
			\$ 2,208
		Net Increase (decrease) to fund balance	\$ 2,208
Ice Arena Fund			
Revenues			
590-000.00-508.452	Federal Grants - COVID-19	Federal grants	7,341
			\$ 7,341
		Net Increase (decrease) to fund balance	\$ 7,341
Water and Sewer Fund			
Revenues			
592-000.00-508.452	Federal Grants - COVID-19	Federal grants	57,043
			\$ 57,043
		Net Increase (decrease) to fund balance	\$ 57,043