



**SUBJECT:** Approval of resolution to authorize Budget Amendment #2022-3

**SUBMITTING DEPARTMENT:** Finance

**BACKGROUND INFORMATION:**

The City's annual budget is adopted by the third Monday in May each year and is effective July 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 second quarter budget amendment resolution and budget amendment detail are attached.

**GENERAL FUND**

The budget amendment proposes a use of fund balance in the amount of \$435,646 and keeps the fund within Council set limits. The ending fund balance estimate is \$12,142,123 based on increasing revenues \$13,550 and increasing expenditures by \$449,196. The proposed amendment nets to zero for all items except for the following four items:

- **Feasibility Study – Fire Stations** in the amount of \$134,000
  - This study was originally budgeted in fiscal year 2020/2021 but postponed due to the COVID-19 pandemic. The funds should have been included in the annual rollover budget amendment as well but was excluded. Funds are recommended for consulting services to develop long-term plans for fire stations 1 and 3.
- **Elevator Mechanicals – Police Department** in the amount of \$173,800
  - This project was originally budgeted for fiscal year 2022/2023 but is requested to be pulled forward due to the poor condition of the elevator.
- **Wages – Stipend (Police Department)** in the amount of \$100,100
  - The command unit negotiated a bonus in their new labor contract which is an eligible use of ARPA federal grant funds. The ARPA funds were included in fiscal year 2021 and are part of the General Fund fund balance at June 30, 2021.
- **Insurance – Hybrid Life & Disability (Police Department)** in the amount of \$27,746
  - The City purchased a new insurance policy to cover benefits provided to public safety members in the hybrid retirement system. This benefit was previously self-insured.

### **LOCAL STREET FUND / MUNICIPAL STREET FUND**

The budget amendment proposes a net zero change to both fund balances and keeps both funds within Council set limits. The Cranbrooke Drive (9 Mile to Village Wood) project in the Local Street Fund is substantially complete so the expenditure budget savings in the amount of \$151,100 is being transferred to the Municipal Street Fund to provide the remaining funds needed for the Nick Lidstrom intersection upgrade portion of the Novi Road (9 Mile to 10 Mile) RCOC project.

### **FORFEITURE FUND**

The budget amendment proposes a net zero effect to fund balance by recognizing revenues received for an auctioned vehicle in the amount of \$5,300 offset by decreasing miscellaneous revenues for the same amount.

### **WATER & SEWER FUND**

The budget amendment proposes a net zero effect to fund balance by increasing revenues and expenses by \$249,590 each. The Increase to legal and sewage disposal costs have been offset by favorable revenue variances.

### **RETIREE HEALTH CARE BENEFITS FUND**

The budget amendment proposes a net zero effect to fund balance by recognizing litigation revenues in the amount of \$1,600 and decreasing returns on investment revenue by \$1,600.

**RECOMMENDED ACTION:** Approval of resolution to authorize Budget Amendment #2022-3

## RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following  
Budget Amendment# 2022-3 is authorized:

	<b>INCREASE (DECREASE)</b>
<b>GENERAL FUND</b>	
<b>REVENUES</b>	
Donations	8,550
Other Revenue	5,000
<b>TOTAL REVENUES</b>	<b>\$ 13,550</b>
 <b>APPROPRIATIONS</b>	
<b>City Manager</b>	
Personnel Services	(5,606)
<b>Finance Department</b>	
Personnel Services	(31,173)
<b>City Clerk</b>	
Supplies	6,000
Other Services and Charges	8,000
<b>Treasury Department</b>	
Personnel Services	8,000
Other Services and Charges	20,000
<b>Integrated Solutions - Facility Management</b>	
Personnel Services	15,000
Other Services and Charges	134,000
Capital Outlay	173,800
<b>Integrated Solutions - FM: Parks Maintenance</b>	
Other Services and Charges	3,300
<b>Human Resources</b>	
Personnel Services	(23,616)
Other Services and Charges	(25,000)
<b>Community Relations</b>	
Personnel Services	(15,645)
Other Services and Charges	25,250
<b>Economic Development</b>	
Other Services and Charges	(10,000)
<b>Police Department</b>	
Personnel Services	127,846
Capital Outlay	4,240

	<b>INCREASE (DECREASE)</b>
<b>Fire Department</b>	
Other Services and Charges	22,800
Capital Outlay	12,000
<b>Community Development - Building</b>	
Personnel Services	(50,000)
<b>Community Development - Planning</b>	
Personnel Services	50,000
<b>TOTAL APPROPRIATIONS</b>	<u><u>\$ 449,196</u></u>
<b>Net Increase (Decrease) to Fund Balance</b>	<u><u>\$ (435,646)</u></u>

<b>Ending Fund Balance</b>	<b>\$12,142,123</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>31%</b>

<b>LOCAL STREET FUND</b>
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<b>REVENUES</b>	
Transfers In	(151,100)
<b>TOTAL REVENUES</b>	<u><u>\$ (151,100)</u></u>
<b>APPROPRIATIONS</b>	
Capital Outlay	(151,100)
<b>TOTAL APPROPRIATIONS</b>	<u><u>\$ (151,100)</u></u>
<b>Net Increase (Decrease) to Fund Balance</b>	<u><u>\$ -</u></u>

<b>Ending Fund Balance</b>	<b>\$1,008,252</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	151,100
Transfers Out	(151,100)
<b>TOTAL APPROPRIATIONS</b>	<u><u>\$ -</u></u>
<b>Net Increase (Decrease) to Fund Balance</b>	<u><u>\$ -</u></u>

<b>Ending Fund Balance</b>	<b>\$898,572</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>10%</b>

	<b>INCREASE (DECREASE)</b>
<b>FORFEITURE FUND</b>	
<b>REVENUES</b>	
Fines and Forfeitures	(5,300)
Other Revenue	5,300
<b>TOTAL REVENUES</b>	<b>\$ -</b>

<b>WATER &amp; SEWER FUND</b>	
<b>REVENUES</b>	
Operating Revenue	249,590
Other Revenue	13,900
Capital Contributions	(13,900)
<b>TOTAL REVENUES</b>	<b>\$ 249,590</b>
 <b>APPROPRIATIONS</b>	
Other Services and Charges	249,590
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 249,590</b>
 <b>Net Increase (Decrease) to Fund Balance</b>	 <b>\$ -</b>

<b>RETIREE HEALTH CARE BENEFITS FUND</b>	
<b>REVENUES</b>	
Interest Income	(1,600)
Other Revenue	1,600
<b>TOTAL REVENUES</b>	<b>\$ -</b>
 <b>Net Increase (Decrease) to Fund Balance</b>	 <b>\$ -</b>

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 7, 2022

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Cortney Hanson  
City Clerk

Budget Amendment# 2022-3 - February 7, 2022

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
<b>General Fund</b>			
<b>Revenues</b>			
101-000.00-639.200	Fire Department Hosted Training	Other Revenue	\$ 5,000
101-000.00-666.295	Winter Fest - Donations/Sponsorships	Donations	8,550
			\$ 13,550
<b>Expenditures</b>			
101-172.00-718.450	Retiree Health Savings DC	Personnel Services	\$ (5,606)
101-201.00-705.000	Temporary Salaries	Personnel Services	(31,173)
101-215.00-729.000	Election Supplies	Other Services and charges	8,000
101-215.00-740.023	Rolodex Trays (2) - City Clerk	Supplies	6,000
101-253.00-704.000	Permanent salaries	Personnel Services	8,000
101-253.00-740.300	Supplies - Tax Bill Processing	Other Services and charges	20,000
101-265.00-704.000	Permanent salaries	Personnel Services	15,000
101-265.00-816.052	Feasibility Study - Fire Stations	Other Services and Charges	134,000
101-265.00-976.135	Elevator Mechanicals-Police	Capital Outlay	173,800
101-265.10-851.500	Internet Services	Other Services and charges	3,300
101-270.00-718.200	Pension - Defined Contribution	Personnel Services	(15,070)
101-270.00-718.450	Retiree Health Savings DC	Personnel Services	(8,546)
101-270.00-816.049	Compensation Benchmark Survey ADMIN ONLY	Other Services and charges	(25,000)
101-295.00-718.200	Pension - Defined Contribution	Personnel Services	(15,645)
101-295.00-880.650	Winter Fest	Other Services and charges	25,250
101-296.00-880.200	Citizen Survey/Business Survey	Other Services and charges	(10,000)
101-301.00-704.200	Wages - Stipend	Personnel Services	100,100
101-301.00-716.010	Insurance - Hybrid Life & Disability (New)	Personnel Services	27,746
101-301.00-986.048	Server Replace - Storage(Police)	Capital Outlay	4,240
101-337.00-851.000	Telephone	Other Services and charges	16,000
101-337.00-957.250	Hosted Training	Other Services and charges	6,800
101-337.00-982.075	Paging Talk Groups (10)-Fire	Capital Outlay	12,000
101-371.00-704.000	Permanent Salaries	Personnel Services	(50,000)
101-807.00-704.000	Permanent salaries	Personnel Services	50,000
			\$ 449,196

**Net Increase (decrease) to fund balance \$ (435,646)**

<b>Ending Fund Balance</b>	<b>\$12,142,123</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>31%</b>

<b>Local Street Fund</b>			
<b>Revenues</b>			
203-000.00-676.204	Transfer in from Municipal Street Fund	Transfers in	\$ (151,100)
			\$ (151,100)
<b>Expenditures</b>			
203-203.00-865.186	ENG066 Cranbrooke Dr (9 Mi-Village Wood)	Capital Outlay	\$ (151,100)
			\$ (151,100)

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

<b>Ending Fund Balance</b>	<b>\$1,008,252</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>10%</b>

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
<b>Municipal Street Fund</b>			
<b>Expenditures</b>			
204-000.00-965.203	Transfer to Local Street Fund	Transfers Out	\$ (151,100)
204-204.00-865.221	ENG057 Novi Rd (9 Mile - 10 Mile) RCOC	Capital Outlay	151,100
			\$ -
<b>Net Increase (decrease) to fund balance</b>			<b>\$ -</b>
<b>Ending Fund Balance</b>		<b>\$898,572</b>	
<b>Fund Balance as a % of total annual expenditures</b>		<b>10%</b>	

<b>Forfeiture Fund</b>			
<b>Revenues</b>			
266-000.00-655.500	DEA Federal Forfeiture Revenue	Fines and Forfeitures	\$ (5,300)
266-000.00-665.501	Miscellaneous-federal forfeitures	Other Revenue	5,300
			\$ -
<b>Net Increase (decrease) to fund balance</b>			<b>\$ -</b>

<b>Water and Sewer Fund</b>			
<b>Revenues</b>			
592-000.00-410.000	Sewer Service Charges	Operating Revenue	\$ 117,590
592-000.00-411.000	Water Sales	Operating Revenue	132,000
592-000.00-665.000	Miscellaneous Income	Other Revenue	13,900
592-000.00-666.003	Water Tap Connection fees	Capital Contributions	(13,900)
			\$ 249,590
<b>Expenditures</b>			
592-592.00-806.200	Legal fees - Lawsuit	Other Services & charges	132,000
592-592.00-830.000	Sewage treatment costs	Other Services & charges	117,590
			\$ 249,590
<b>Net Increase (decrease) to fund balance</b>			<b>\$ -</b>

<b>Retiree Health Care Benefits Fund</b>			
<b>Revenues</b>			
710-000.00-664.000	Interest on Investments	Interest Income	\$ (1,600)
710-000.00-665.000	Miscellaneous Income	Other Revenue	1,600
			\$ -
<b>Net Increase (decrease) to fund balance</b>			<b>\$ -</b>