



**CITY OF NOVI CITY COUNCIL
OCTOBER 26, 2020**

SUBJECT: Consideration of a resolution to authorize Budget Amendment
#2021-2

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 first quarter budget amendment resolution and budget amendment detail are attached.

GENERAL FUND

The proposed General Fund budget amendment request has a net zero effect to ending fund balance for the first quarter ending September 30, 2020. Revenues are being increased \$372,709 and expenditures are being increased \$372,709. The amendment keeps fund balance within Council set limits with an ending fund balance of \$9,743,948 and a fund balance to total annual expenditures ratio of 26%. The following highlights some of the significant items included in the proposed amendment for this fund:

Revenues:

- Increase of \$372,883 in total federal grants. In July 2020, the City paid up to 40 hours of unused PTO time to requesting employees who were unable to use their accumulated time off due to the COVID-19 pandemic. The General Fund payout of \$222,292 will be reimbursed by County CARES funds. In addition, hazard pay was paid to qualifying employees in September 2020. The City estimated the hazard pay in fiscal year 2020 however the actual pay was \$75,000 higher than the original estimate. The State of Michigan

reimbursed the City for public safety hazard pay and the County CARES Act funds will be used to reimburse for the remaining eligible hazard pay. FEMA will reimburse the City for 75% of eligible public safety PPE supplies. Lastly, the State of Michigan eliminated the local government CVTRS (City, Village, and Township Revenue Sharing) August 2020 payment; however, it was replaced by CARES Act funding in an amount of \$50,591 or 150% of the City's normal CVTRS payment.

- Increase of \$9,310 for the award of the SMOKE Grant issued through the State of Michigan.
- Decrease of \$9,484 in licenses, permits, and charges for services to help align the budget with the year to date activity.

Appropriations:

- Adjustment of various personnel services expenditure budgets throughout the General Fund departments to adjust for a reallocation of the pension defined benefit plan. As membership numbers fluctuate, the City must recalculate each department's true cost. Additionally, personnel services have been increased for the actual hazard and PTO payouts.
- Reduction of \$66,930 in the clerk's department for the voting tabulators that were originally budgeted in fiscal year 2021 but were pulled forward in fiscal year 2020 due to COVID-19 and the ability of CARES grants to cover their cost.
- Increase of \$25,665 in the police other services and charges for the council action item of a new cell phone jail system.

STREET FUNDS

The proposed combined street fund budget amendment proposes a net increase to the roads ending fund balance of \$120,936 and keeps all three funds within Council set limits. The amendment decreases the transfer out to local streets in order to be in compliance with ACT 51 regulations. Act 51 states the Major Street Fund can transfer a maximum of 50% of Major Street Act 51 revenues to Local Streets. Additionally, \$400,000 of street funds is being reallocated to local street preventative maintenance. The Municipal Street Fund is proposed to increase the transfer into the Local Street Fund to assist in funding the Local Street projects.

PARKS, RECREATION, & CULTURAL SERVICES FUND

The proposed Parks, Recreation, & Cultural Services Fund budget amendment has a net \$0 effect on fund balance and keeps the fund within Council set limits. The amendment decreases revenues and expenditures \$211,215 to reflect the additional anticipated effects of COVID-19 on PRCS revenues and expenditures. The Parks and Recreation staff as well as Finance will continue to monitor the budget and bring forth amendments as they are needed.

Tree, Fund, PEG Cable Fund, and Water and Sewer Fund

The budget amendment reflects the actual payments of hazard pay and vacation payout and the anticipated CARES ACT reimbursement.

Retiree Healthcare Benefits Fund (OPEB)

The budget amendment reflects the decrease in annual actuarially determined required contribution.

RECOMMENDED ACTION: Approval of a resolution to authorize Budget Amendment #2021-2.

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2021-2 is authorized:

	INCREASE (DECREASE)
GENERAL FUND	
REVENUES	
Licenses, Permits, and Charges for Services	\$ (9,484)
Federal Grants	372,883
State Sources	9,310
TOTAL REVENUES	\$ 372,709
APPROPRIATIONS	
City Council	
Other Services and Charges	7,100
City Manager	
Personnel Services	(19,157)
Finance Department	
Personnel Services	(7,927)
Integrated Solutions - Information Technology	
Personnel Services	16,292
Assessing Department	
Personnel Services	(34,988)
City Clerk	
Personnel Services	(56,070)
Supplies	6,000
Capital Outlay	(66,930)
Treasury Department	
Personnel Services	21,528
Integrated Solutions - Facility Management	
Personnel Services	(3,304)
Supplies	10,000
Other Services and Charges	16,000
Integrated Solutions - FM: Parks Maintenance	
Personnel Services	2,923
Capital Outlay	(92,340)
Human Resources	
Personnel Services	15,377
Community Relations	
Personnel Services	(3,231)
Economic Development	
Personnel Services	20,492
Police Department	
Personnel Services	134,472
Supplies	25,000
Other Services and Charges	44,745
Fire Department	
Personnel Services	143,934
Other Services and Charges	9,310
Community Development - Building	
Personnel Services	(4,088)
Other Services and Charges	3,700
Community Development - Planning	
Personnel Services	1,864

	INCREASE (DECREASE)
Department of Public Works - Administration	
Personnel Services	31,053
Department of Public Works - Engineering	
Personnel Services	21,683
Department of Public Works - Field Operations	
Personnel Services	38,021
Department of Public Works - Fleet Asset	
Personnel Services	(1,090)
Capital Outlay	92,340
TOTAL APPROPRIATIONS	<u>\$ 372,709</u>
Net Increase (Decrease) to Fund Balance	<u>\$ -</u>

Ending Fund Balance	\$9,743,948
Fund Balance as a % of total annual expenditures	26%

MAJOR STREET FUND	
REVENUES	
Interest Income	(5,400)
TOTAL REVENUES	<u>\$ (5,400)</u>
APPROPRIATIONS	
Transfers Out	(248,400)
Capital Outlay	(400,000)
TOTAL APPROPRIATIONS	<u>\$ (648,400)</u>
Net Increase (Decrease) to Fund Balance	<u>\$ 643,000</u>

Ending Fund Balance	\$1,108,361
Fund Balance as a % of total annual expenditures	26%

LOCAL STREET FUND	
REVENUES	
Other Revenue	125,984
Transfers In	501,600
TOTAL REVENUES	<u>\$ 627,584</u>
APPROPRIATIONS	
Capital Outlay	559,648
TOTAL APPROPRIATIONS	<u>\$ 559,648</u>
Net Increase (Decrease) to Fund Balance	<u>\$ 67,936</u>

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

INCREASE
(DECREASE)

MUNICIPAL STREET FUND

REVENUES	
Interest Income	352
TOTAL REVENUES	\$ 352
 APPROPRIATIONS	
Capital Outlay	(159,648)
Transfers Out	750,000
TOTAL APPROPRIATIONS	\$ 590,352
 Net Increase (Decrease) to Fund Balance	 \$ (590,000)

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

PARKS, RECREATION, & CULTURAL SERVICES FUND
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REVENUES	
Federal Grants	12,443
Program Revenue	(188,996)
Older Adult Program Revenue	(37,937)
Donations	3,275
TOTAL REVENUES	\$ (211,215)
 APPROPRIATIONS	
691 Personnel Services	(59,790)
693 Personnel Services	2,082
693 Program Expenditures	(61,180)
695 Personnel Services	(36,349)
695 Older Adult Program Expenditures	(55,978)
TOTAL APPROPRIATIONS	\$ (211,215)
 Net Increase (Decrease) to Fund Balance	 \$ -

Ending Fund Balance	\$394,205
Fund Balance as a % of total annual expenditures	12%

**INCREASE
(DECREASE)**

TREE FUND	
REVENUES	
Federal Grants	3,514
TOTAL REVENUES	\$ 3,514
APPROPRIATIONS	
Personnel Services	3,514
TOTAL APPROPRIATIONS	\$ 3,514
Net Increase (Decrease) to Fund Balance	\$ -
PEG CABLE FUND	
REVENUES	
Federal Grants	7,517
TOTAL REVENUES	\$ 7,517
APPROPRIATIONS	
Personnel Services	7,517
TOTAL APPROPRIATIONS	\$ 7,517
Net Increase (Decrease) to Fund Balance	\$ -
WATER & SEWER FUND	
REVENUES	
Federal Grants	(14,558)
TOTAL REVENUES	\$ (14,558)
APPROPRIATIONS	
Personnel Services	(14,558)
TOTAL APPROPRIATIONS	\$ (14,558)
Net Increase (Decrease) to Fund Balance	\$ -
RETIREE HEALTH CARE BENEFITS FUND	
REVENUES	
Contributions - Employer	(238,048)
Interest Income	(1,952)
TOTAL REVENUES	\$ (240,000)
TOTAL APPROPRIATIONS	\$ -
Net Increase (Decrease) to Fund Balance	\$ (240,000)

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 26, 2020

Cortney Hanson
City Clerk

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund			
Revenues			
101-000.00-484.372	Court abatement revenue	Licenses, permits, & charges for services	\$ 3,700
101-000.00-475.500	Wet, Wood, Landscape insp/rev	Licenses, permits, & charges for services	(13,184)
101-000.00-508.452	Federal Grants - COVID-19 (Hazard Pay)	Federal Grants	75,000
101-000.00-508.452	Federal Grants - COVID-19 (PTO payout)	Federal Grants	222,292
101-000.00-508.452	Federal Grants - COVID-19 (Statutory replacement)	Federal Grants	50,591
101-000.00-508.452	Federal Grants - COVID-19 (FEMA)	Federal Grants	25,000
101-000.00-542.000	State Grants - Fire	State Grants	9,310
			\$ 372,709
Expenditures			
101-101.00-963.005	Miscellaneous - special projects	Other services and charges	7,100
101-172.00-704.210	Vacation Payout	Personnel Services	12,250
101-172.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	(31,407)
101-201.00-704.210	Vacation Payout	Personnel Services	6,240
101-201.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	(14,167)
101-205.00-704.012	COVID-19 Crisis Hazard Pay	Personnel Services	(1,000)
101-205.00-704.210	Vacation Payout	Personnel Services	13,584
101-205.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	3,708
101-209.00-704.210	Vacation Payout	Personnel Services	5,078
101-209.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	(40,066)
101-215.00-704.210	Vacation Payout	Personnel Services	3,158
101-215.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	(59,228)
101-215.00-740.012	COVID-19 Crisis	Supplies	6,000
101-215.00-982.054	Capital Outlay - Voting Tabulators	Capital Outlay	(66,930)
101-253.00-704.210	Vacation Payout	Personnel Services	1,798
101-253.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	19,730
101-265.00-704.210	Vacation Payout	Personnel Services	798
101-265.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	(4,102)
101-265.00-740.012	COVID-19 Crisis	Supplies	10,000
101-265.00-814.000	Contractual Services	Other services and charges	16,000
101-265.10-704.210	Vacation Payout	Personnel Services	2,923
101-265.10-983.052	Vehicle w/Plow (replace 114) - IS FMPPM	Capital Outlay	(46,170)
101-265.10-983.053	Vehicle w/Plow (replace 113) - IS FMPPM	Capital Outlay	(46,170)
101-270.00-704.210	Vacation Payout	Personnel Services	4,003
101-270.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	11,374
101-295.00-704.210	Vacation Payout	Personnel Services	4,861
101-295.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	(8,092)
101-296.00-704.000	Permanent salaries	Personnel Services	20,492
101-301.00-704.012	COVID-19 Crisis Hazard Pay	Personnel Services	8,000
101-301.00-704.210	Vacation Payout	Personnel Services	95,045
101-301.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	31,427
101-301.00-740.012	COVID-19 expenses	Supplies	25,000
101-301.00-814.000	Contractual Services	Other services and charges	13,000
101-301.00-850.018	Jail cell phone system	Other services and charges	25,665
101-301.00-850.019	PACE scheduling system	Other services and charges	6,080
101-337.00-704.012	COVID-19 Crisis Hazard Pay	Personnel Services	72,000
101-337.00-704.210	Vacation Payout	Personnel Services	35,489
101-337.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	36,445
101-337.00-957.250	Hosted Training - fire	Other services and charges	9,310
101-371.00-704.012	COVID-19 Crisis Hazard Pay	Personnel Services	(4,000)
101-371.00-704.210	Vacation Payout	Personnel Services	9,374
101-371.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	(9,462)
101-371.00-941.371	Court ordered abatements	Other services and charges	3,700
101-442.00-704.012	COVID-19 Crisis Hazard Pay	Personnel Services	2,000
101-442.00-704.210	Vacation Payout	Personnel Services	3,436
101-442.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	25,617
101-442.10-704.210	Vacation Payout	Personnel Services	5,909
101-442.10-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	15,774
101-442.20-704.210	Vacation Payout	Personnel Services	10,484

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<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
101-442.20-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	27,537
101-442.30-704.012	COVID-19 Crisis Hazard Pay	Personnel Services	(2,000)
101-442.30-704.210	Vacation Payout	Personnel Services	3,170
101-442.30-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	(2,260)
101-442.30-983.052	Vehicle w/Plow (replace 114) - IS FMPM	Capital Outlay	46,170
101-442.30-983.053	Vehicle w/Plow (replace 113) - IS FMPM	Capital Outlay	46,170
101-807.00-704.210	Vacation Payout	Personnel Services	4,692
101-807.00-718.010	Pension - DB Unfunded Accrued Lia	Personnel Services	(2,828)
			\$ 372,709

Net Increase (decrease) to fund balance \$ -

Ending Fund Balance	\$9,743,948
Fund Balance as a % of total annual expenditures	26%

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Major Street Fund			
Revenues			
202-000.00-664.000	Interest on Investments	Interest Income	(5,400)
			<u>\$ (5,400)</u>
Expenditures			
202-000.00-965.203	Transfer to Local Street Fund	Transfers Out	(248,400)
202-202.00-973.021	Capital Preventative Maintenance 2021	Capital Outlay	(400,000)
			<u>\$ (648,400)</u>
		Net Increase (decrease) to fund balance	\$ 643,000

Ending Fund Balance	\$1,108,361
Fund Balance as a % of total annual expenditures	26%

Local Street Fund			
Revenues			
203-000.00-581.000	Contributions from local units	Other Revenue	125,984
203-000.00-676.202	Transfer From Major Street Fund	Transfers In	(248,400)
203-000.00-676.204	Transfer From Municipal Street Fund	Transfers In	750,000
			<u>\$ 627,584</u>
Expenditures			
203-203.00-864.221	102-01 NRP 2021- Concrete (FY 2021-22)	Capital Outlay	159,648
203-203.00-973.021	Capital Preventative Maintenance 2021	Capital Outlay	400,000
			<u>\$ 559,648</u>
		Net Increase (decrease) to fund balance	\$ 67,936

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

Municipal Street Fund			
Revenues			
204-000.00-664.000	Interest on Investments	Interest Income	352
			<u>\$ 352</u>
Expenditures			
204-204.00-865.187	ENG060 10 Mile Road & Oper Enhance RCOC	Capital Outlay	(159,648)
204-000.00-965.203	Transfer to Local Street Fund	Transfer Out	750,000
			<u>\$ 590,352</u>
		Net Increase (decrease) to fund balance	\$ (590,000)

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			
208-000.00-508.452	Federal Grants - COVID-19 (Hazard Pay)	Federal Grants	(2,000)
208-000.00-508.452	Federal Grants - COVID-19 (PTO payout)	Federal Grants	14,443
208-000.00-653.006	Youth Basketball	Program Revenues	(44,000)
208-000.00-653.009	Youth Volleyball	Program Revenues	(6,000)
208-000.00-653.550	OAS Special Events	OAS Program Revenues	(5,250)
208-000.00-653.555	OAS Travel	OAS Program Revenues	(1,800)
208-000.00-653.557	OAS Transportation	OAS Program Revenues	(3,625)
208-000.00-653.567	OAS Fitness	OAS Program Revenues	(27,262)
208-000.00-653.642	Dance	Program Revenues	(12,240)
208-000.00-653.643	Theatre	Program Revenues	(28,000)
208-000.00-653.920	Community Center	Program Revenues	(31,875)
208-000.00-653.932	Light Up the Night	Program Revenues	(9,900)
208-000.00-653.999	Misc program revenue	Program Revenues	(56,981)
208-000.00-665.017	Wildlife Wood Pickleball Courts	Donations	3,275
			\$ (211,215)
Expenditures			
208-691.00-704.000	Permanent salaries	Personnel Services	(44,000)
208-691.00-715.000	Social Security	Personnel Services	(2,500)
208-691.00-716.000	Insurance	Personnel Services	(20,000)
208-691.00-740.210	Vacation Payout	Personnel Services	6,710
208-693.00-704.012	COVID-19 Crisis Hazard Pay	Personnel Services	(2,000)
208-693.00-740.210	Vacation Payout	Personnel Services	4,082
208-693.00-960.006	Youth Basketball	Program Expenditures	(10,400)
208-693.00-960.009	Youth Volleyball	Program Expenditures	(1,950)
208-693.00-960.642	Dance	Program Expenditures	(7,650)
208-693.00-960.643	Theatre	Program Expenditures	(19,380)
208-693.00-960.920	Community Center	Program Expenditures	(11,900)
208-693.00-960.932	Light Up the Night	Program Expenditures	(9,900)
208-695.00-704.000	Permanent salaries	Personnel Services	(30,000)
208-695.00-715.000	Social Security	Personnel Services	(6,000)
208-695.00-716.000	Insurance	Personnel Services	(2,000)
208-695.00-718.200	Pension - DC	Personnel Services	(2,000)
208-695.00-740.210	Vacation Payout	Personnel Services	3,651
208-695.00-960.550	OAS Special Events	OAS Program Expenditures	(3,500)
208-695.00-960.555	OAS Travel	OAS Program Expenditures	(25)
208-695.00-960.557	OAS Transportation	OAS Program Expenditures	(35,291)
208-695.00-960.563	Older Adults - Sports	OAS Program Expenditures	3,275
208-695.00-960.567	OAS Fitness	OAS Program Expenditures	(20,437)
			\$ (211,215)
Net Increase (decrease) to fund balance			\$ -
Ending Fund Balance		\$394,205	
Fund Balance as a % of total annual expenditures		12%	

Tree Fund			
Revenues			
209-000.00-508.452	Federal Grants - COVID-19 (Hazard Pay)	Federal Grants	2,000
209-000.00-508.452	Federal Grants - COVID-19 (PTO payout)	Federal Grants	1,514
			\$ 3,514
Expenditures			
209-000.00-704.012	COVID-19 Crisis Hazard Pay	Personnel Services	2,000
209-000.00-704.210	Vacation Payout	Personnel Services	1,514
			\$ 3,514
Net Increase (decrease) to fund balance			\$ -

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
PEG Cable Fund			
Revenues			
263-000.00-508.452	Federal Grants - COVID-19 (Hazard Pay)	Federal Grants	5,000
263-000.00-508.452	Federal Grants - COVID-19 (PTO payout)	Federal Grants	2,517
			\$ 7,517
Expenditures			
263-295.00-704.012	COVID-19 Crisis Hazard Pay	Personnel Services	5,000
263-295.00-704.210	Vacation Payout	Personnel Services	2,517
			\$ 7,517
Net Increase (decrease) to fund balance			\$ -
Water and Sewer Fund			
Revenues			
592-000.00-508.452	Federal Grants - COVID-19 (Hazard Pay)	Federal Grants	(21,000)
592-000.00-508.452	Federal Grants - COVID-19 (PTO payout)	Federal Grants	6,442
			\$ (14,558)
Expenditures			
592-592.00-704.012	COVID-19 Crisis Hazard Pay	Personnel Services	(21,000)
592-592.00-704.210	Vacation Payout	Personnel Services	6,442
			\$ (14,558)
Net Increase (decrease) to fund balance			\$ -
Retiree Healthcare Benefits Fund			
Revenues			
710-000.00-640.000	Employer contributions - RHC	Contributions - Employer	(238,048)
710-000.00-664.000	Interest on investments	Interest Income	(1,952)
			\$ (240,000)
Expenditures			
			-
			\$ -
Net Increase (decrease) to fund balance			\$ (240,000)