



**CITY OF NOVI CITY COUNCIL
APRIL 20, 2020**

SUBJECT: Consideration of a resolution to authorize Budget Amendment #2020-3

SUBMITTING DEPARTMENT: Finance

BACKGROUND INFORMATION: The City's annual budget is adopted by the third Monday in May each year and is effective on the first day of July 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. Note: This amendment does not incorporate any COVID-19, pandemic-related adjustments. Significant budget amendments due to expenditure increases and revenue losses related to the pandemic will be prepared for Council approval beginning next month through the end of the fiscal year.

The third quarter budget amendment resolution and budget amendment detail are attached.

GENERAL FUND

The proposed General Fund budget amendment request increases fund balance for the third quarter ending March 31, 2020, by \$22,000 in order to offset the Hanka Advisor November 25, 2019, agenda item that used fund balance in the amount of \$22,000 for federal grant writing services related to Beck Road. Revenues are being increased \$110,590 and expenditures are being increased \$88,590. The amendment keeps fund balance within Council set limits with an ending fund balance of \$10,135,893 and a fund balance to total annual expenditures ratio of 27%. The following highlights some of the significant items included in the proposed amendment for this fund:

Revenues:

- Increase in interest revenue of \$106,290 to reflect better than anticipated earnings and unrealized gains to date as well as projected activity for the next three months. This favorable earnings variance will be realized in all funds of the City.
- Contributions increased by \$4,300 to reflect actual donations-to-date for traffic control signage.

Appropriations:

- The City Council proposed expenditure budget increases \$20,250 is to cover unanticipated expenditures related to the following activities: Novi Rotary Park surveying \$13,500; Oweton property appraisal (abouts north end of Lakeshore) \$2,000; 8.45 acres of Power Park appraisal (City-owned HS softball/field hockey area) \$2,750; environmental study on separate property east of Oweton \$2,000.
- The Integrated Solutions Department (Departments 205.00, 265.00, and 265.10) expenditure budget has a proposed net increase of \$9,890. The net increase includes adjusting budgets within Integrated Solutions for internet services, equipment rentals, sidewalk snow removal, temporary salaries, building maintenance, Fire Station #5 building maintenance, and parks ground maintenance.
- The City Attorney, Insurance, & Claims Department expenditure budget decrease of \$50,000 is due to lower than anticipated legal fees and insurance deductibles to date.
- The Police Department expenditure budget increase of \$72,900 is mostly related to personnel expenditures, including unanticipated comp buys outs, final payouts due to retirements, and overtime. The expenditure budget increase of \$8,400 within other services and charges is related to janitorial services and sidewalk snow removal services at the gun range.
- The Fire Department expenditure budget increase of \$50,000 is needed to cover two large repairs that have taken place during the third quarter in the amount of about \$26,500 for the 2008 Pierce Fire Truck and the 2007 Pierce Fire Truck. The remaining budget increase is needed to cover the remaining three months of anticipated repair expenditures for the fiscal year.
- The Community Development Building Department expenditure budget increase of \$45,000 for temporary salaries is needed to cover the current \$20,000 budget overage through the third quarter and to cover anticipated expenditures for the fourth quarter. This increase is being offset by \$30,000 savings within the Community Development Planning Department expenditure budget related to the Document Imaging/Scanning Project and conferences/workshops savings.

LOCAL STREET FUND

The proposed Local Street Fund budget amendment has a net zero effect on fund balance and increases revenue and expenditures by \$268,066 which keeps the fund within Council set limits. The amendment increases the transfer in from Municipal Street fund by \$268,066 which offsets the needed expenditure funds for designing Cranbrooke Drive, a pending change order for Flint Street-Phase 1 (SW Ring Road), and design for the Capital Preventative maintenance program.

MUNICIPAL STREET FUND

The proposed Municipal Street Fund budget amendment decreases fund balance by \$119,000 and keeps the fund within Council set limits. The amendment increases revenues by \$14,040 related to an increase in year-to-date interest earned. The amendment decreases the capital outlay expenditure budget by \$135,026 mostly due to projects coming in under budget and increases the transfer out to the Local Street Fund expenditure budget by \$268,066 (see Local Street Fund).

PARKS, RECREATION, & CULTURAL SERVICES FUND

The proposed Parks, Recreation, & Cultural Services Fund budget amendment has a net zero effect on fund balance and keeps the fund within Council set limits. The amendment increases revenues and expenditures by \$35,700 to bring the budget in alignment with actual activity through the third quarter related to program revenue and expenditures and anticipated activity for donations and capital outlay through the remainder of the fiscal year.

TREE FUND

The proposed Tree Fund budget amendment increases fund balance by \$100,000 to reflect actual revenue received during the quarter. The revenue received in the fund can vary from year to year contingent upon developments within the City.

FORFEITURE FUND

The proposed Forfeiture Fund budget amendment increases fund balance by \$21,011. In January and February, a combined \$119,106 in revenue was received for the FBI task force. Since no revenues have been received through the third quarter related to state forfeiture funds, the \$100,000 revenue budget is being reallocated.

LIBRARY FUND & LIBRARY CONTRIBUTION FUND

The proposed Library Fund and Library Contribution Fund budget amendments increase fund balances by \$94,706 and \$1,500; respectively. The Library Board approved fiscal year-end projections at the January 23rd Library Board meeting so this amendment is needed to bring the City's budget in alignment with the Board's projections.

WATER AND SEWER FUND

The proposed Water and Sewer Fund budget amendment has a net zero effect on fund balance and increases revenues and expenses by \$302,203. The increase in

revenues reflects better than anticipated earnings and unrealized gains to date as well as projected activity for the next three months. The increase in the expense budget of \$195,703 is needed to construct a water main as part of the Lee BeGole Drive capital project. Also, an increase is needed to reflect \$106,500 in additional maintenance projected this spring which includes anticipated fourth quarter annual maintenance, unanticipated generator inspection and maintenance, water main break pavement repairs located on Roethel and in Country Place, and franchise utility repairs.

SELF INSURANCE – HEALTHCARE FUND

The proposed Self Insurance–Healthcare Fund budget amendment has a net zero effect on fund balance and increases revenues and expenditures by \$1.5 million. This amendment is needed to set up the appropriate revenue and expenditure budgets for this newly created fund as a result of self-funding HAP health insurance as of January 1, 2020.

RECOMMENDED ACTION: Approval of a resolution to authorize Budget Amendment #2020-3.

Budget Amendment# 2020-3 - April 20, 2020

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund			
Revenues			
101-000.00-664.000	Interest on investments	Interest Income	106,290
101-000.00-666.000	Contributions	Donations	4,300
			\$ 110,590
Appropriations			
101-101.00-963.005	Miscellaneous - special projects & events	Other Services and Charges	20,250
101-172.00-816.027	Renewable Energy Study	Other Services and Charges	(5,000)
101-205.00-851.500	Internet Services	Other Services and Charges	(15,000)
101-205.00-943.000	Equipment rental/lease	Other Services and Charges	(4,000)
101-209.00-806.000	Legal Fees	Other Services and Charges	(15,000)
101-209.00-816.900	Tax tribunal appraisals	Other Services and Charges	(12,000)
101-210.00-806.000	Legal Fees	Other Services and Charges	(25,000)
101-210.00-910.001	Insurance deductibles/uninsured	Other Services and Charges	(25,000)
101-265.00-705.000	Temporary Salaries	Personnel Services	8,000
101-265.00-731.000	Custodial Supplies	Other Services and Charges	700
101-265.00-740.200	Supplies - Desk chairs and file cabinets	Supplies	3,650
101-265.00-814.000	Contractual Services	Other Services and Charges	6,000
101-265.00-861.000	Gasoline and oil	Other Services and Charges	800
101-265.00-934.000	Building Maintenance	Other Services and Charges	6,500
101-265.00-934.302	Building Maintenance - FS#5	Other Services and Charges	8,040
101-265.00-935.000	Vehicle Maintenance	Other Services and Charges	1,150
101-265.00-976.105	FAC017 Partition Upgrade(Comm Cntr)-CC	Capital Outlay	(2,200)
101-265.10-705.020	Temporary Salaries - Seasonal Laborers	Personnel Services	(9,950)
101-265.10-941.208	Grounds Maintenance/Parks	Other Services and Charges	6,200
101-296.00-716.000	Insurance	Personnel Services	(5,850)
101-301.00-704.220	Comp Buy Out	Personnel Services	50,700
101-301.00-704.250	Final Payout	Personnel Services	7,000
101-301.00-706.000	Overtime	Personnel Services	7,000
101-301.00-708.000	Holiday pay	Personnel Services	5,000
101-301.00-709.000	Wellness plan	Personnel Services	1,300
101-301.00-710.000	Longevity	Personnel Services	1,900
101-301.00-920.301	Indoor Gun Range operating costs	Other Services and Charges	8,400
101-337.00-935.000	Vehicle Maintenance	Other Services and Charges	50,000
101-371.00-705.000	Temporary Salaries	Personnel Services	45,000
101-807.00-816.034	Document Imaging/Scanning Proj	Other Services and Charges	(25,000)
101-807.00-956.000	Conferences and Workshops	Other Services and Charges	(5,000)
			\$ 88,590
Net Increase (decrease) to fund balance			\$ 22,000

Ending Fund Balance	\$10,135,893
Fund Balance as a % of total annual expenditures	27%

Budget Amendment# 2020-3 - April 20, 2020

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Local Street Fund			
Revenues			
203-000.00-676.204	Transfer in from Municipal Street Fund	Transfers In	268,066
			<u>\$ 268,066</u>
Appropriations			
203-203.00-865.186	ENG066 Cranbrooke Dr (9 Mi-VillageWood)	Capital Outlay	148,066
203-203.00-865.261	092-50 Flint St - Ph1; SW Ring Rd	Capital Outlay	60,000
203-203.00-973.020	Capital Preventative Maintenance 2020	Capital Outlay	60,000
			<u>\$ 268,066</u>
Net Increase (decrease) to fund balance			\$ -

Ending Fund Balance	\$824,811
Fund Balance as a % of total annual expenditures	10%

Municipal Street Fund			
Revenues			
204-000.00-664.000	Interest on Investments	Interest Income	14,040
			<u>\$ 14,040</u>
Appropriations			
204-000.00-965.203	Transfer out to Local Street Fund	Transfers Out	268,066
204-204.00-863.515	ENG022 Traff Signal Backplate Install	Capital Outlay	(12,854)
204-204.00-865.147	ENG007 Bridge - W.Prk, Crnbrk, Mdwbrk MDOT	Capital Outlay	(50,000)
204-204.00-865.187	ENG060 10 Mile Road Rehab & Operational Enhancements (Meadowbrook Rd to Haggerty Rd)	Capital Outlay	133,040
204-204.00-974.455	115-0002 Nonmotor Cross 96 @ Novi Rd MDOT	Capital Outlay	(205,212)
			<u>\$ 133,040</u>
Net Increase (decrease) to fund balance			\$ (119,000)

Ending Fund Balance	\$1,861,320
Fund Balance as a % of total annual expenditures	23%

Parks, Recreation, and Cultural Services Fund			
Revenues			
208-000.00-653.512	Camp Lakeshore	Program Revenue	30,000
208-000.00-653.560	Older Adults - Education	Program Revenue	500
208-000.00-653.564	Older Adults - Massage	Program Revenue	2,500
208-000.00-653.999	Misc Program revenue	Program Revenue	60,625
208-000.00-666.999	Contributions - Misc	Donations	(57,925)
			<u>\$ 35,700</u>
Appropriations			
208-691.00-977.089	PRC040 Wildlife Woods Pickle ball Courts (4)	Capital Outlay	14,000
208-693.00-960.006	Youth Basketball league	Program Expenditures	8,500
208-693.00-960.642	Dance Programs	Program Expenditures	8,600
208-693.00-960.643	Theatre Programs	Program Expenditures	4,600
			<u>\$ 35,700</u>
Net Increase (decrease) to fund balance			\$ -

Ending Fund Balance	\$552,195
Fund Balance as a % of total annual expenditures	14%

Budget Amendment# 2020-3 - April 20, 2020

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Tree Fund			
Revenues			
209-000.00-664.000	Interest on Investments	Interest Income	25,000
209-000.00-665.260	Tree Fund Revenue	Other Revenue	75,000
			\$ 100,000
		Net Increase (decrease) to fund balance	\$ 100,000
Corridor Improvement Authority (CIA) Fund			
Revenues			
246-000.00-403.000	Property Tax Revenue - Current Levy	Property Tax Revenue	12,210
			\$ 12,210
		Net Increase (decrease) to fund balance	\$ 12,210
Forfeiture Fund			
Revenues			
266-000.00-632.330	FBI task force revenue	Federal Grants	119,106
266-000.00-655.600	Forfeiture Funds - State	Fines and forfeitures	(100,000)
266-000.00-664.000	Interest on Investments	Interest Income	1,905
			\$ 21,011
		Net Increase (decrease) to fund balance	\$ 21,011

Budget Amendment# 2020-3 - April 20, 2020

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Library Fund			
Revenues			
268-000.00-403.000	Property Tax Revenue - Current Levy	Property Tax Revenue	(10,000)
268-000.00-403.002	Property Tax Revenue - Tax Tribunal Accr	Property Tax Revenue	(1,000)
268-000.00-403.003	Property Tax Revenue-Brownfld Cap 2008	Property Tax Revenue	(1)
268-000.00-420.000	Property Tax Rev - C/Y Del PPT	Property Tax Revenue	11,001
268-000.00-567.000	State aid	State Sources	4,000
268-000.00-657.000	Library book fines	Fines and Forfeitures	(4,000)
268-000.00-658.000	State penal fines	Fines and Forfeitures	9,345
268-000.00-664.000	Interest on investments	Interest Income	(792)
268-000.00-664.500	Unrealized gain (loss) on investments	Interest Income	792
268-000.00-665.289	Adult programs	Donations	1,610
268-000.00-665.290	Library fund raising revenue	Other Revenue	4,000
268-000.00-665.300	Meeting room	Other Revenue	(10,000)
268-000.00-665.650	Library Cafe	Other Revenue	30
			\$ 4,985
Appropriations			
268-000.00-704.000	Permanent salaries	Personnel Services	(29,080)
268-000.00-704.210	Vacation Payout	Personnel Services	704
268-000.00-705.000	Temporary salaries	Personnel Services	(17,000)
268-000.00-715.000	Social security	Personnel Services	(11,000)
268-000.00-716.000	Insurance	Personnel Services	(19,000)
268-000.00-716.999	Insurance - Employee Reimbursement	Personnel Services	2,700
268-000.00-718.200	Pension - defined contribution	Personnel Services	3,700
268-000.00-720.000	Workers compensation	Personnel Services	80
268-000.00-741.000	Supplies - Uniforms	Supplies	(89)
268-000.00-802.100	Bank Service Charges	Other Services and Charges	2,500
268-000.00-803.000	Independent audit	Other Services and Charges	(525)
268-000.00-804.000	Medical service	Other Services and Charges	(300)
268-000.00-806.000	Legal fees	Other Services and Charges	2,500
268-000.00-808.100	Rubbish Monthly	Other Services and Charges	50
268-000.00-818.000	TLN Central Services	Other Services and Charges	(5)
268-000.00-851.000	Telephone	Other Services and Charges	(3,400)
268-000.00-855.000	TLN Automation Services	Other Services and Charges	(12,000)
268-000.00-861.000	Gasoline and oil	Other Services and Charges	(600)
268-000.00-862.000	Mileage	Other Services and Charges	(500)
268-000.00-900.000	Printing, graphic design and publishing	Other Services and Charges	(2,500)
268-000.00-910.000	Property & liability insurance	Other Services and Charges	(956)
268-000.00-922.000	Electricity	Other Services and Charges	(7,000)
268-000.00-934.000	Building maintenance	Other Services and Charges	5,000
268-000.00-941.000	Grounds maintenance	Other Services and Charges	5,500
268-000.00-942.000	Office equipment lease	Other Services and Charges	(2,000)
268-000.00-976.000	Building improvements	Capital Outlay	(10,000)
268-000.00-983.000	Vehicles	Capital Outlay	3,500
			\$ (89,721)
		Net Increase (decrease) to fund balance	\$ 94,706

Library Contribution Fund			
Revenues			
269-000.00-665.229	Raising a Reader in Novi Sponsors	Donations	(5,500)
269-000.00-665.235	Automated Lending Library/Drop Box	Donations	5,500
			\$ -
Appropriations			
269-000.00-742.229	Raising a Reader Expense	Supplies	(1,500)
			\$ (1,500)
		Net Increase (decrease) to fund balance	\$ 1,500

Budget Amendment# 2020-3 - April 20, 2020

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
2008 Library Construction Debt Fund			
Revenues			
317-000.00-403.001	Property Tax Revenue - County Chargebacks	Property Tax Revenue	1,200
			<u>\$ 1,200</u>
Appropriations			
317-000.00-995.000	Interest Expense	Debt Service	1,200
			<u>\$ 1,200</u>
		Net Increase (decrease) to fund balance	\$ -
Water and Sewer Fund			
Revenues			
592-000.00-664.000	Interest income	Interest Income	302,203
			<u>\$ 302,203</u>
Appropriations			
592-592.00-865.183	ENG008 Lee BeGole Dr (11 Mile-Terminus)	Capital Outlay	195,703
592-592.00-937.000	Lift station maintenance	Other Services and charges	35,500
592-592.00-938.000	Water line maintenance	Other Services and charges	71,000
			<u>\$ 302,203</u>
		Net Increase (decrease) to fund balance	\$ -
Self Insurance - Health Care Fund			
Revenues			
677-000.00-613.000	Insurance - Charges for services	Licenses, Permits, & Charges for Services	1,500,000
			<u>\$ 1,500,000</u>
Appropriations			
677-677.00-837.000	Health Insurance Claims	Personnel Services	950,000
677-677.00-837.001	Pharmacy Claims	Personnel Services	270,000
677-677.00-837.007	Stop Loss Insurance	Personnel Services	200,000
677-677.00-869.001	Administration - HAP	Personnel Services	80,000
			<u>\$ 1,500,000</u>
		Net Increase (decrease) to fund balance	\$ -

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2020-3 is authorized:

	INCREASE (DECREASE)
GENERAL FUND	
REVENUES	
Interest Income	106,290
Donations	4,300
TOTAL REVENUES	\$ 110,590
APPROPRIATIONS	
City Council	
Other Services and Charges	20,250
City Manager	
Other Services and Charges	(5,000)
Integrated Solutions - Information Technology	
Other Services and Charges	(19,000)
Assessing Department	
Other Services and Charges	(27,000)
City Attorney, Insurance, & Claims Department	
Other Services and Charges	(50,000)
Integrated Solutions - Facility Management	
Personnel Services	8,000
Supplies	3,650
Other Services and Charges	23,190
Capital Outlay	(2,200)
Integrated Solutions - FM: Parks Maintenance	
Personnel Services	(9,950)
Other Services and Charges	6,200
Economic Development	
Personnel Services	(5,850)
Public Safety - Police Department	
Personnel Services	72,900
Other Services and Charges	8,400
Public Safety - Fire Department	
Other Services and Charges	50,000
Community Development - Building	
Personnel Services	45,000
Community Development - Planning	
Other Services and Charges	(30,000)
TOTAL APPROPRIATIONS	\$ 88,590
Net Increase (Decrease) to Fund Balance	\$ 22,000
Ending Fund Balance	
	\$10,135,893
Fund Balance as a % of total annual expenditures	
	27%

INCREASE
(DECREASE)

LOCAL STREET FUND

REVENUES	
Transfers In	268,066
TOTAL REVENUES	\$ 268,066
APPROPRIATIONS	
Capital Outlay	268,066
TOTAL APPROPRIATIONS	\$ 268,066
Net Increase (Decrease) to Fund Balance	\$ -

Ending Fund Balance	\$824,811
Fund Balance as a % of total annual expenditures	10%

MUNICIPAL STREET FUND

REVENUES	
Interest Income	14,040
TOTAL REVENUES	\$ 14,040
APPROPRIATIONS	
Capital Outlay	(135,026)
Transfers Out	268,066
TOTAL APPROPRIATIONS	\$ 133,040
Net Increase (Decrease) to Fund Balance	\$ (119,000)

Ending Fund Balance	\$1,861,320
Fund Balance as a % of total annual expenditures	23%

PARKS, RECREATION, & CULTURAL SERVICES FUND
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REVENUES	
Donations	(57,925)
Program Revenue	93,625
TOTAL REVENUES	\$ 35,700
APPROPRIATIONS	
691 Capital Outlay	14,000
693 Program Expenditures	21,700
TOTAL APPROPRIATIONS	\$ 35,700
Net Increase (Decrease) to Fund Balance	\$ -

Ending Fund Balance	\$552,195
Fund Balance as a % of total annual expenditures	14%

	INCREASE (DECREASE)
TREE FUND	
REVENUES	
Other Revenue	75,000
Interest on Investments	25,000
TOTAL REVENUES	\$ 100,000
Net Increase (Decrease) to Fund Balance	\$ 100,000
CORRIDOR IMPROVEMENT AUTHORITY (CIA) FUND	
REVENUES	
Property Tax Revenue	12,210
TOTAL REVENUES	\$ 12,210
Net Increase (Decrease) to Fund Balance	\$ 12,210
FORFEITURE FUND	
REVENUES	
Fines and Forfeitures	(100,000)
Interest Income	1,905
Federal Grants	119,106
TOTAL REVENUES	\$ 21,011
Net Increase (Decrease) to Fund Balance	\$ 21,011
LIBRARY FUND	
REVENUES	
Fines and Forfeitures	5,345
Donations	1,610
State Sources	4,000
Other Revenue	(5,970)
TOTAL REVENUES	\$ 4,985
APPROPRIATIONS	
Personnel Services	(68,896)
Supplies	(89)
Other Services and Charges	(14,236)
Capital Outlay	(6,500)
TOTAL APPROPRIATIONS	\$ (89,721)
Net Increase (Decrease) to Fund Balance	\$ 94,706
LIBRARY CONTRIBUTION FUND	
APPROPRIATIONS	
Supplies	(1,500)
TOTAL APPROPRIATIONS	\$ (1,500)
Net Increase (Decrease) to Fund Balance	\$ (1,500)

	INCREASE (DECREASE)
2008 LIBRARY CONSTRUCTION DEBT FUND	
REVENUES	
Property Tax Revenue	1,200
TOTAL REVENUES	\$ 1,200
APPROPRIATIONS	
Debt Service	1,200
TOTAL APPROPRIATIONS	\$ 1,200
Net Increase (Decrease) to Fund Balance	\$ -
WATER & SEWER FUND	
REVENUES	
Interest Income	302,203
TOTAL REVENUES	\$ 302,203
APPROPRIATIONS	
Other Services & Charges	106,500
Capital Outlay	195,703
TOTAL APPROPRIATIONS	\$ 302,203
Net Increase (Decrease) to Fund Balance	\$ -
SELF INSURANCE - HEALTH CARE FUND	
REVENUES	
Licenses, permits, & charges for services	1,500,000
TOTAL REVENUES	\$ 1,500,000
APPROPRIATIONS	
Personnel Services	1,500,000
TOTAL APPROPRIATIONS	\$ 1,500,000
Net Increase (Decrease) to Fund Balance	\$ -

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 April 20, 2020

Cortney Hanson
City Clerk