



SUBJECT: Approval of resolution to authorize Budget Amendment #2022-2

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 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.

The proposed amendment adjusts all budgets related to the annual defined benefit pension contributions (both normal and unfunded costs) to reflect the cost in the proper departments based on the current fiscal year breakdown. Overall, there is no net impact, only changes between departments and funds.

GENERAL FUND

The budget amendment proposes a net zero effect to fund balance and keeps the fund within Council set limits. The fund balance estimate remains at \$12,931,769 while both revenue expenditures increased by \$168,494. The following highlights some of the significant items included in the proposed amendment for this fund:

Revenues:

- Property Tax Revenue citywide was conservatively budgeted using a 2% increase due to the potential of tax appeals related to the COVID-19 pandemic shutdown. The tax bills that went out July 1, 2021, reflect an actual increase of 4.2%. A review of the actual and potential future tax appeals has been made and reserve has been set up with approximately \$650,000 remaining to be used to offset the lost revenue in the building department (see below).
- Licenses, Permits, & charges for services revenue continues to be impacted by COVID-19 due to the impact on labor and building supplies. The first quarter building related revenues are less than the current year budget and were less than the first quarter of fiscal 2020/21. The proposed amendment decreases several of the building department revenues by a total of \$650,000.

- License, Permits & charges for services revenue is proposed to decrease by \$50,000 due to the impact of COVID-19 on the decreased demand for contracted police services provided to local businesses during the year and especially around the holiday shopping season.
- Federal Grants revenue is proposed to increase by \$211,545 primarily a result of revenues that were budgeted during fiscal year 2020/21 but were not received during the fiscal year and could not be recorded as revenue. The City anticipates receipt of these revenues during the current fiscal year,

Appropriations:

- The Police Department utilizes the 911 system through Oakland County. The department was just recently notified that the County will be purchasing a new system and the City's share of the new 911 phone system will be approximately \$75,000. The replacement of this system was budgeted in a future year but will be required in the current fiscal year. With construction of the state-of-the-art dispatch center and all the related operating details completed, an adjustment to the annual telephone costs will be needed. Annual telephone costs are proposed to increase in the amount of \$124,000.
- Electricity increases related to the new Lakeshore Park Building and the renovated DPW building are anticipated to increase in the amount of \$42,000 annually. In addition, snow removal for Lakeshore Park's new paved parking lot will be needed in the estimated amount of \$15,800.
- The building and planning departments for the past several years have contracted to have the historical building plans which are required to be kept scanned into the City's computer systems. The balance of the document imaging contract not completed in fiscal year 2020/21 to be completed in the current fiscal year is \$16,090.
- The General Fund annually funds most of the Parks and Recreation Funds capital projects. The Ella Mae Power Park Playground capital project originally budgeted this fiscal year in the Parks, Recreation, and Cultural Services Fund was pushed up into fiscal year 2020/21 and was funded out of the American Rescue Plan Act (ARPA) Fund. The transfer out to the Parks and Recreation Fund in the amount of \$147,970 is no longer needed by the General Fund to fund this project (also see Parks and Recreation below).

MUNICIPAL STREET FUND

The budget amendment proposes a net decrease to fund balance in the amount of \$93,000 and keeps the fund within Council set limits. Property Tax Revenue is being increased \$179,504 (see General Fund) and sidewalk in-lieu of construction revenue is being increased \$16,233 to recognize activity-to-date. The SW Ring Road right-of-way property purchase in the amount of \$257,487 is being recognized, and the increase for final balancing items in the amount of \$31,250 for sidewalk segment 135-51 project on 10 Mile (north side from Dinser to Woodham) from the fiscal year 2020/21 budget.

PARKS, RECREATION, & CULTURAL SERVICES FUND

The budget amendment proposes a net increase to fund balance in the amount of \$82,000 and keeps the fund within Council set limits. The amendment decreases revenues by \$107,645 and decreases expenditures by \$189,645. Property Tax Revenue has been increased in the amount of \$40,325, the transfer in from General Fund has been reduced in the amount of \$147,970, and the related Ella Mae Power Park Playground capital project expenditure has been reduced in the amount of \$147,970 (see General Fund). Also, the Dog Park Irrigation project in the amount of \$21,060 and the Villa Barr Paver Removal /Replacement project in the amount of \$15,910 are being pushed out to future years so the budgets are no longer needed in the current fiscal year.

DRAIN FUND and DRAIN PERPETUAL MAINTENANCE FUND

The budget amendment proposes a net zero effect to the Drain Fund fund balance by increasing property tax revenues by \$115,000 (see General Fund) and reducing the transfer in from the Drain Perpetual Maintenance Fund by the same amount of \$115,000. The Drain Perpetual Maintenance Fund, therefore; reduces its transfer out by \$115,000 resulting in an increase in its fund balance.

RUBBISH COLLECTION FUND

The budget amendment proposes a net zero effect to fund balance by decreasing revenues and expenditures by \$500,000. The City recently switched trash haulers effective July 1, 2021 resulting in significantly lower fees. The savings has been passed on to residents and business owners utilizing these services.

CAPITAL IMPROVEMENT PROGRAM (CIP) FUND

The budget amendment proposes an increase to fund balance in the amount of \$3,109,000 by increasing property tax revenue in the amount of \$104,550 (see General Fund) and recognizing the revenue from the sale of property originally purchased in this fund in the amount of \$3,004,450.

WATER & SEWER FUND

The budget amendment proposes a net zero effect to fund balance by increasing revenues and expenses by \$8,384 each.

SELF INSURANCE - HEALTH CARE FUND

The budget amendment proposes a net zero effect to fund balance by increasing pharmacy rebate/refund revenue and claim expenditures \$180,000 each based on current activity-to-date.

RETIREE HEALTH CARE BENEFITS FUND

The budget amendment proposes a net zero effect to fund balance by recognizing litigation revenues in the amount of \$3,280, increased returns on investments of \$26,720 and an increase in admin fees from UBS in the amount of \$30,000.

RECOMMENDED ACTION: Approval of resolution to authorize Budget Amendment #2022-2

RESOLUTION

NOW, THEREFORE BE IT RESOLVED that the following
Budget Amendment# 2022-2 is authorized:

	INCREASE (DECREASE)
GENERAL FUND	
REVENUES	
Property Tax Revenue	650,000
Licenses, Permits, and Charges for Services	(700,000)
Federal Grants	211,545
Donations	14,500
Other Revenue	(7,551)
TOTAL REVENUES	\$ 168,494
 APPROPRIATIONS	
City Manager	
Personnel Services	13,840
Finance Department	
Personnel Services	(5,089)
Integrated Solutions - Information Technology	
Personnel Services	(440)
Assessing Department	
Personnel Services	(1,383)
City Clerk	
Personnel Services	(3,115)
Treasury Department	
Personnel Services	(1,191)
Integrated Solutions - Facility Management	
Personnel Services	(20,246)
Other Services and Charges	5,000
Integrated Solutions - FM: Parks Maintenance	
Other Services and Charges	24,000
Capital Outlay	(43,065)
Human Resources	
Personnel Services	(747)
Community Relations	
Personnel Services	(12,760)
Other Services and Charges	7,500

	INCREASE (DECREASE)				
Economic Development					
Personnel Services	12,000				
Police Department					
Personnel Services	34,736				
Supplies	10,000				
Other Services and Charges	124,000				
Capital Outlay	75,000				
Fire Department					
Personnel Services	13,593				
Supplies	7,143				
Community Development - Building					
Personnel Services	(4,508)				
Community Development - Planning					
Personnel Services	(1,203)				
Other Services and Charges	16,090				
Department of Public Works - Administration					
Personnel Services	(23,121)				
Other Services and Charges	18,000				
Department of Public Works - Engineering					
Personnel Services	(1,705)				
Capital Outlay	4,200				
Department of Public Works - Field Operations					
Personnel Services	3,007				
Other Services and Charges	15,800				
Department of Public Works - Fleet Asset					
Personnel Services	(427)				
Capital Outlay	47,555				
Novi Youth Assistance					
Personnel Services	4,000				
Transfers to Other Funds					
Transfers Out	(147,970)				
TOTAL APPROPRIATIONS	\$ 168,494				
Net Increase (Decrease) to Fund Balance	\$ -				
<table border="0" style="width: 100%;"> <tr> <td style="width: 70%;">Ending Fund Balance</td> <td style="text-align: right;">\$12,931,769</td> </tr> <tr> <td>Fund Balance as a % of total annual expenditures</td> <td style="text-align: right;">34%</td> </tr> </table>		Ending Fund Balance	\$12,931,769	Fund Balance as a % of total annual expenditures	34%
Ending Fund Balance	\$12,931,769				
Fund Balance as a % of total annual expenditures	34%				

**INCREASE
(DECREASE)**

MUNICIPAL STREET FUND

REVENUES

Property Tax Revenue	179,504
Licenses, Permits, and charges for services	16,233
TOTAL REVENUES	<u>\$ 195,737</u>

APPROPRIATIONS

Capital Outlay	288,737
TOTAL APPROPRIATIONS	<u>\$ 288,737</u>

Net Increase (Decrease) to Fund Balance	<u><u>\$ (93,000)</u></u>
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Ending Fund Balance	\$898,572
Fund Balance as a % of total annual expenditures	10%

PARKS, RECREATION, & CULTURAL SERVICES FUND

REVENUES

Property Tax Revenue	40,325
Transfers In	(147,970)
TOTAL REVENUES	<u>\$ (107,645)</u>

APPROPRIATIONS

691	Personnel Services	(2,543)
691	Other Services and Charges	(36,970)
691	Capital Outlay	(147,970)
693	Personnel Services	(701)
695	Personnel Services	(1,461)
TOTAL APPROPRIATIONS		<u>\$ (189,645)</u>

Net Increase (Decrease) to Fund Balance	<u><u>\$ 82,000</u></u>
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Ending Fund Balance	\$802,571
Fund Balance as a % of total annual expenditures	28%

	INCREASE (DECREASE)
DRAIN FUND	
REVENUES	
Property Tax Revenue	115,000
Transfers In	(115,000)
TOTAL REVENUES	\$ -
 Net Increase (Decrease) to Fund Balance	\$ -

DRAIN PERPETUAL MAINTENANCE FUND	
APPROPRIATIONS	
Transfers Out	(115,000)
TOTAL APPROPRIATIONS	\$ (115,000)
 Net Increase (Decrease) to Fund Balance	\$ 115,000

RUBBISH COLLECTION FUND	
REVENUES	
Licenses, Permits, and charges for services	(500,000)
TOTAL REVENUES	\$ (500,000)
 APPROPRIATIONS	
Other Services and charges	(500,000)
TOTAL APPROPRIATIONS	\$ (500,000)
 Net Increase (Decrease) to Fund Balance	\$ -

CAPITAL IMPROVEMENT PROGRAM (CIP) FUND	
REVENUES	
Property Tax Revenue	104,550
Sale of Fixed Assets	3,004,450
TOTAL REVENUES	\$ 3,109,000
 Net Increase (Decrease) to Fund Balance	\$ 3,109,000

**INCREASE
(DECREASE)**

WATER & SEWER FUND

REVENUES

Other Revenue	11,915
Interest Income	(3,531)
TOTAL REVENUES	<u>\$ 8,384</u>

APPROPRIATIONS

Personnel Services	8,384
TOTAL APPROPRIATIONS	<u>\$ 8,384</u>

Net Increase (Decrease) to Fund Balance	<u><u>\$ -</u></u>
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SELF INSURANCE - HEALTH CARE FUND

REVENUES

Other Revenue	180,000
TOTAL REVENUES	<u>\$ 180,000</u>

APPROPRIATIONS

Personnel Services	180,000
TOTAL APPROPRIATIONS	<u>\$ 180,000</u>

Net Increase (Decrease) to Fund Balance	<u><u>\$ -</u></u>
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	INCREASE (DECREASE)
RETIREE HEALTH CARE BENEFITS FUND	
REVENUES	
Interest Income	26,720
Other Revenue	3,280
TOTAL REVENUES	\$ 30,000
 APPROPRIATIONS	
Other Services and Charges	30,000
TOTAL APPROPRIATIONS	\$ 30,000
 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 October 25, 2021

Cortney Hanson
City Clerk

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
General Fund			
Revenues			
101-000.00-403.001	Property Tax Revenue	Property Tax Revenue	\$ 650,000
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	(50,000)
101-000.00-475.500	Wet, Wood, Landscape insp/review fees	Licenses, Permits & charges for services	(100,000)
101-000.00-478.000	Building permits	Licenses, Permits & charges for services	(300,000)
101-000.00-478.300	Plan review fees	Licenses, Permits & charges for services	(100,000)
101-000.00-508.301	Federal Grants - FEMA	Federal Grants	193,937
101-000.00-508.337	Federal Grants - Fire	Federal Grants	6,493
101-000.00-508.500	TIA Grant	Federal Grants	11,115
101-000.00-632.060	Police Contracted Services	Licenses, Permits & charges for services	(50,000)
101-000.00-653.295	Novi Youth Council	Other Revenue	(9,500)
101-000.00-665.000	Miscellaneous Income	Other Revenue	1,949
101-000.00-666.295	Winter Fest - Donations/Sponsorships	Donations	14,500
			<u>\$ 168,494</u>
Expenditures			
101-172.00-718.000	Pension-DB Normal Cost	Personnel Services	\$ (6,182)
101-172.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	20,022
101-201.00-718.000	Pension-DB Normal Cost	Personnel Services	63
101-201.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(5,152)
101-205.00-718.000	Pension-DB Normal Cost	Personnel Services	962
101-205.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(1,402)
101-209.00-718.000	Pension-DB Normal Cost	Personnel Services	125
101-209.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(1,508)
101-215.00-718.000	Pension-DB Normal Cost	Personnel Services	383
101-215.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(3,498)
101-253.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(1,191)
101-265.00-716.000	Insurance	Personnel Services	(20,000)
101-265.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(246)
101-265.00-941.105	Sidewalk Repairs-City Property	Other Services and charges	5,000
101-265.10-922.000	Electricity	Other Services and charges	24,000
101-265.10-977.013	Lakeshore Park	Capital Outlay	4,490
101-265.10-983.051	Vehicle w/plow (replace #650)	Capital Outlay	(47,555)
101-270.00-718.000	Pension-DB Normal Cost	Personnel Services	321
101-270.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(1,068)
101-295.00-716.000	Insurance	Personnel Services	(12,000)
101-295.00-718.000	Pension-DB Normal Cost	Personnel Services	642
101-295.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(1,402)
101-295.00-880.650	Winter Fest	Other Services and charges	14,500
101-295.00-882.500	Novi Youth Council	Other Services and charges	(7,000)
101-296.00-716.000	Insurance	Personnel Services	12,000
101-301.00-706.352	TIA Overtime	Personnel Services	11,115
101-301.00-718.000	Pension-DB Normal Cost	Personnel Services	(267,828)
101-301.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	291,449
101-301.00-740.012	COVID19 Expenses	Supplies	10,000
101-301.00-851.000	Telephone	Other Services and charges	124,000
101-301.00-980.000	Communications Equipment	Capital Outlay	75,000
101-337.00-718.000	Pension-DB Normal Cost	Personnel Services	(3,426)
101-337.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	17,019
101-337.00-740.508	Federal Grant Expense	Supplies	7,143
101-371.00-718.000	Pension-DB Normal Cost	Personnel Services	376
101-371.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(4,884)
101-442.00-718.000	Pension-DB Normal Cost	Personnel Services	47
101-442.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(23,168)
101-442.00-922.000	Electricity	Other Services and charges	18,000
101-442.10-718.000	Pension-DB Normal Cost	Personnel Services	399
101-442.10-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(2,104)
101-442.10-981.009	LOT018 Parking Lot Improve (FS#2)	Capital Outlay	4,200
101-442.20-718.000	Pension-DB Normal Cost	Personnel Services	(2,840)
101-442.20-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	5,847
101-442.20-868.208	Winter Maint - Parking Lots/Parks	Other Services and charges	15,800
101-442.30-718.000	Pension-DB Normal Cost	Personnel Services	63
101-442.30-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(490)
101-442.30-983.051	Vehicle w/plow (replace #650)	Capital Outlay	47,555
101-665.00-716.000	Insurance	Personnel Services	4,000
101-807.00-718.000	Pension-DB Normal Cost	Personnel Services	321
101-807.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(1,524)
101-807.00-816.034	Document Imaging/Scanning Project	Other Services and charges	16,090

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
101-940.00-965.208	Transfer to Parks, Recreation, & Cultural Services	Transfers Out	(147,970)
			<u>\$ 168,494</u>
		Net Increase (decrease) to fund balance	\$ -
Ending Fund Balance		\$12,931,769	
Fund Balance as a % of total annual expenditures		34%	

Municipal Street Fund

Revenues			
204-000.00-403.001	Property Tax Revenue	Property Tax Revenue	\$ 179,504
204-000.00-491.000	Sidewalk Contrib in lieu of construction	Licenses, Permits & charges for services	16,233
			<u>\$ 195,737</u>
Expenditures			
204-204.00-862.260	ROW - Ring Road	Capital Outlay	\$ 257,487
204-204.00-974.482	135-51 Seg51 10 Mi (NS; Dinser-Woodham)	Capital Outlay	31,250
			<u>\$ 288,737</u>
		Net Increase (decrease) to fund balance	\$ (93,000)
Ending Fund Balance		\$898,572	
Fund Balance as a % of total annual expenditures		10%	

Parks, Recreation, and Cultural Services Fund

Revenues			
208-000.00-403.001	Property Tax Revenue	Property Tax Revenue	\$ 40,325
208-000.00-676.101	Transfer from General Fund	Transfers in	(147,970)
			<u>\$ (107,645)</u>
Expenditures			
208-691.00-718.000	Pension-DB Normal Cost	Personnel services	\$ 383
208-691.00-718.010	Pension-DB unfunded Accrued Liab	Personnel services	(2,926)
208-691.00-816.047	Dog Park Irrigation	Other services and charges	(21,060)
208-691.00-816.048	Villa Barr Paver Removal & Replacement	Other services and charges	(15,910)
208-691.00-977.108	Ella Mae Power Park Playground	Capital Outlay	(147,970)
208-693.00-718.010	Pension-DB unfunded Accrued Liab	Personnel services	(701)
208-695.00-718.000	Pension-DB Normal Cost	Personnel services	63
208-695.00-718.010	Pension-DB unfunded Accrued Liab	Personnel services	(1,524)
			<u>\$ (189,645)</u>
		Net Increase (decrease) to fund balance	\$ 82,000
Ending Fund Balance		\$802,571	
Fund Balance as a % of total annual expenditures		28%	

Drain Fund

Revenues			
210-000.00-403.001	Property Tax Revenue	Property Tax Revenue	\$ 115,000
210-000.00-676.211	Transfer from Drain Perpetual Care Fund	Transfers In	(115,000)
			<u>\$ -</u>
		Net Increase (decrease) to fund balance	\$ -

Drain Perpetual Maintenance Fund

Expenditures			
211-000.00-965.210	Transfer to Drain Fund	Transfers out	\$ (115,000)
			<u>\$ (115,000)</u>
		Net Increase (decrease) to fund balance	\$ 115,000

Rubbish Collection Fund

Revenues			
226-000.00-607.000	Charges for Services - Rubbish Collection	Licenses, Permits & charges for services	\$ (500,000)
			<u>\$ (500,000)</u>
Expenditures			
226-226.00-808.100	Rubbish Monthly	Other Services and Charges	\$ (500,000)
			<u>\$ (500,000)</u>
		Net Increase (decrease) to fund balance	\$ -

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
Capital Improvement Program (CIP) Fund			
Revenues			
400-000.00-403.001	Property tax revenue	Property Tax revenue	\$ 104,550
400-000.00-673.000	Sale of Fixed Assets	Other Revenue	3,004,450
			<u>\$ 3,109,000</u>
Net Increase (decrease) to fund balance			\$ 3,109,000
Water and Sewer Fund			
Revenues			
592-000.00-664.000	Interest on Investments	Interest Income	\$ (3,531)
592-000.00-665.950	Gain on Disposal of Assets	Other Revenue	11,915
			<u>\$ 8,384</u>
Expenditures			
592-592.00-705.000	Temporary Salaries	Personnel Services	\$ 11,230
592-592.00-718.000	Pension-DB Normal Cost	Personnel Services	570
592-592.00-718.010	Pension-DB unfunded Accrued Liab	Personnel Services	(3,416)
			<u>\$ 8,384</u>
Net Increase (decrease) to fund balance			\$ -
Self Insurance - Health Care Fund			
Revenues			
677-000.00-687.001	Pharmacy rebate/refunds	Other Revenue	\$ 180,000
			<u>\$ 180,000</u>
Expenditures			
677-677.00-837.000	Health Insurance Claims	Personnel Services	\$ 180,000
			<u>\$ 180,000</u>
Net Increase (decrease) to fund balance			\$ -
Retiree Health Care Benefits Fund			
Revenues			
710-000.00-664.000	Interest on Investments	Interest Income	\$ 26,720
710-000.00-665.000	Miscellaneous Income	Other Revenue	3,280
			<u>\$ 30,000</u>
Expenditures			
710-000.00-869.009	Administration - UBS	Other Services and charges	\$ 30,000
			<u>\$ 30,000</u>
Net Increase (decrease) to fund balance			\$ -