



CITY OF NOVI CITY COUNCIL
JUNE 17, 2024

SUBJECT: Approval of resolution to authorize Budget Amendment #2024-6

SUBMITTING DEPARTMENT: Finance

BACKGROUND INFORMATION:

During the budget meetings with the Mayor and Council regarding the fiscal year 2024/2025 annual budget, recommendations were made to the administration on how to improve the transparency of the budget and to eliminate the confusion of the annual "rollover" budget amendment. As a reminder, the rollover amendment represented projects (most capital in nature) where a budget was created, and a contract was awarded but the work was not completed before the end of the fiscal year. As a result, the balance of the unfinished work related to these projects would need to be "re-budgeted" in the subsequent fiscal year or "rolled over" from one fiscal year to the next. Given the current and past supply chain issues, the amount of the rollover amendment has climbed in recent years to \$2-\$3 million annually from the historic levels of \$1-\$1.5 million. The recommendation proposed and presented as part of the attached amendment is to move the budget and unspent funds related to the unfinished projects identified as of June 12, 2024 from the General and Parks and Recreation Fund into a new fund (Public Improvement Fund) until the goods and/or services are received in the subsequent year. This new approach would eliminate the need for any rollover amendments and show in the General and Parks and Recreation Fund as if they had been expended by June 30, 2024.

The proposed budget amendment resolution and budget amendment detail are attached. **The proposed amendment has no net impact on any fund's fund balance** as the amount unspent will be reduced in the capital expenditure line items in each department and will be replaced with a transfer out expenditure to the new fund.

RECOMMENDED ACTION: Approval of resolution to authorize Budget Amendment #2024-6