CITY OF NOVI CITY COUNCIL
OCTOBER 23, 2023

SUBJECT: Consideration of approval of resolution to authorize Budget Amendment #2024-2

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.

GENERAL FUND 101

The budget amendment proposes a decrease to the fund balance in the amount of $250,000 and keeps the fund within Council set limits. The ending fund balance estimate is $10,248,140 based on recognizing net expenditure increases in the amount of $250,000. Significant proposed adjustments are discussed below:

Expenditures

- **Personnel Services** increase in the amount of $297,000
    - Approximately $47,000 expenditure budget increase 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. Citywide the budget total did not change for the pension contributions but allocations between

departments and funds changed based on current and projected retiree population.
    - Increase of $250,000 to reflect the additional costs of the full-time fire contract which was settled July 2023.

- **Other Services and Charges** increase in the amount of $20,000
    - An increase in other services and charges is requested to cover the costs of the Older Adult Services Needs Committee.

- **Capital Outlay** increase in the amount of $30,000
    - The increase in capital outlay is to replace the 20+ year old lockers at fire station #1 and fire station #3 and the locker room carpet at fire station #1.

LIBRARY FUND 271 AND LIBRARY CONTRIBUTION FUND 272

The proposed budget amendment decreases the Library Fund fund balance by $222,778 and decreases the Library Contribution Fund fund balance by $68,500. The Library Board approved fiscal year-end projection adjustments at their board meeting held September 25, 2023. This amendment is needed to bring the City's budget in alignment with the Board's projections.

PARKS, RECREATION, AND CULTURAL SERVICES FUND 208

The proposed budget amendment has a net zero effect on fund balances. It recognizes 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. Citywide the budget total did not change for the pension contributions but allocations between departments and funds changed based on current and projected retiree population.

GUN RANGE FACILITY FUND 409

The proposed budget amendment has a net zero effect on fund balance. It recognizes additional interest income as well as two additional projects at the gun range.

WATER AND SEWER FUND 592

The proposed budget amendment has a net zero effect on fund balances. It recognizes 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. Citywide the budget total did not change for the pension contributions but allocations between departments and funds changed based on current and projected retiree population.

RECOMMENDED ACTION: Approval of resolution to authorize Budget Amendment #2024-2