

NORTHFIELD TOWNSHIP

8350 Main St.

734-449-2880

To: Board of Directors

Date: May 24, 2016

From: Controller

RE: Fiscal 2016-2017 Budgets

Attached you will find the following budgets:

- General Fund
- Building Department
- Building Authority Debt Fund
- PSB Debt Fund
- Waste Water Treatment Plant (WWTP)
- Seven Mile Sewer Fund
- N.T. Sewer Fund

Shown below is a summary of the funds purpose and any significant changes between the Fiscal 2016 – 2017 and 2015-2016 budgets.

GENERAL FUND (#101)

The purpose of the General Fund is to capture revenue dollars from Property Taxes, State Revenue Sharing, Cable Franchise Fees, Administration Fees from Taxes, Planning & Zoning Fees and Other Misc. revenue sources and apply those dollars to the operation of the township offices. Township departments supported by the General Fund are as follows: Township Board, Supervisor, Township Manager, Elections, Clerk, Board of Review, Treasurer, Assessing, Hall & Grounds, Legal & Professional, Planning & Zoning, Streetlights, Road Work, Senior Citizen Center, Capital Outlay and Debt Service.

Overall the General Fund is showing Revenues at \$1,289,384, a decrease of \$207,635 or 13.9% and Expenditures at \$1,285,801, a decrease of \$281,899 or 18% for a net increase to fund balance of \$3,583 and an increase of \$74,264 or 105.1% when compared to the amended 2015 - 2016 budget.

REVENUES

Decreases:

- Fiber Footage Fees are projected to decrease \$1,500 or 16.7% primarily due to decreases we have experienced over the past two years.
- Grant Income is projected to decrease \$250,000 or 100% due to not having a firm plan in place when budgets were prepared.
- Rental Income – Barker Rd. is projected to decrease \$1,800 or 15.3% due to a reduction in the monthly rent.
- CC Programs is projected to decrease \$2,000 or 40% due to less activity than anticipated when the 2015-16 budgets were prepared.

Increases:

- Cablevision Franchise Fees are projected to increase \$5,000 or 5.7% which will bring this budget closer to what has been received in recent years.
- State Revenue Sharing is projected to increase \$15,000 or 2.3% primarily due to better forecasts received from the state of Michigan.
- Elections Reimbursement/Other Income is projected to increase \$6,500 or 100% due to the March, 2016 election which is reimbursable.
- CC Trips is projected to increase \$4,000 or 80% primarily due greater activity in 2015-16 than originally anticipated.
- Reimbursement/Other Income for the Community Center is projected to increase \$7,500 or 100% due to funding received from the county for the Meals on Wheels Program. These funds cover the cost of an assistant, supplies and licenses needed to run the program.

EXPENDITURES

Township Manager:

Decreases:

- Contractual Services is projected to decrease \$2,500 or 33.3% due to less monies needed for website development and codification of ordinances.

Increases:

- Salaries for Twp. Mgr. are projected to increase \$2,310 or 3% due to a 3% increase added to this year's budget.
- Clerical/Dep/Super/Election is projected to increase \$1,248 or 4.4% due to a 4.4% wage increase added to this year's budget.
- Controller is projected to increase \$1,687 or 3% due to a 3% wage increase added to the budget.
- Allocate to Departments is projected to increase \$8,419 or 20.5% primarily due a larger amount of the Township Managers wages and benefits getting allocated to the Building Department.

Elections:

Decreases:

- Wages are projected to decrease \$1,800 or 12% due to over-budgeting this line item when the 2015-16 budgets were prepared.

Increases:

- All other expenditure lines are increasing due to a higher number of expected elections in 2016-17 when compared to 205-16.

Clerk:

Decreases:

- None

Increases:

- Deputy salaries are projected to increase \$5,680 or 16.5% due to a large increase projected for this position.
- Social Security and Pension are also increasing anywhere from 12.1% to 16.5% due to the wage increase mentioned above.

Treasurer:

Decreases:

- Hospitalization is projected to decrease \$2,945 or 66.3% due to the Deputy Treasurer opting out of health insurance.
- Allocate to Departments is projected to decrease \$3,883 or 19% due to removing the Deputy Treasurer from being allocated to Planning and the Building Dept.
- Miscellaneous is projected to decrease \$1,225 or 55.1% primarily due to a \$1,125 check scanner purchased last fiscal year that is not expected to recur this fiscal year.

Increases:

- Deputy Treasurer is projected to increase \$1,940 or 4.5% due to a 3% wage increase added to the budget. (**Please Note:** Last year when raises went into effect we used unspent appropriations to cover the increase in the line item. This is why you are seeing an increase of 4.5% as opposed to 3%).
- Front Desk Clerical is projected to increase \$2,670 or 13.8% due to a 13.3% wage increase.
- Postage is projected to increase \$1,000 or 33.3% due to higher than anticipated charges in 2015-16.

Assessing:

Decreases:

- None

Increases:

- Assistant Assessor Wages are projected to increase \$2,600 or 6.8% due to a 3.9% increase added to the budget. (**Please Note:** Last year when raises went into effect we used unspent appropriations to cover the increase in the line item. This is why you are seeing an increase of 6.8% as opposed to 3%).
- Hospitalization is projected to increase \$2,240 or 10% due to a 10% increase added to this line item.
- Contractual Services is projected to increase \$3,780 or 6.2% primarily due to a 5% increase projected for the Outsourced Assessing Manager.
- Allocate to Departments is projected to increase \$36,828 or 100% due to a change that allocates the Assistant Assessor to Zoning and Building. This is new for 2016-17.

Hall & Grounds:

Decreases:

- PSB Maint. & Ops Allocation is projected to decrease \$3,985 or 8.1% due to less operating expenses in the PSB Fund.
- Communication is projected to decrease \$5,280 or 46.8% primarily due to switching companies and getting a better rate.
- Insurance and Bonds is projected to decrease \$5,658 or 18.4% due to better rates obtained with the last contract.
- Allocate to Departments is projected to increase \$4,012 or 100% due to a change that now allocates a small percentage of H&G costs to the Building Department Fund.

Increases:

- Grounds/Cleaning/Janitorial Services is projected to increase \$3,250 or 65% primarily due to the higher than anticipated cost of Snow Plowing and Salting in 2015-16.

Planning/Zoning:

Decreases:

- Legal is projected to decrease \$5,000 or 100% due to not spending anything over the past three years.
- Code Enforcement is projected to decrease \$6,600 or 38.8% due to the elimination of Pittsfield Twp. who will no longer be doing code enforcement.
- Contractual Services is projected to decrease \$8,416 or 100% due to not needing another property survey.

Increases:

- Planner Fees are projected to increase \$9,250 or 30.1% due to increased usage by the planning department.
- Zoning Administration is projected to increase \$15,000 or 100% due to this being a new budgeted line item.
- Allocate to Departments is projected to increase \$22,505 or 341.2% primarily due to adding the Asst. Assessor to the allocation. 50% of the Asst. Assessors time is spent in Planning and Building.

Roadwork:

Decreases:

- Grant Expense is projected to decrease \$250,000 or 100% due to not having a firm plan in place when budgets were prepared.

Increases:

- Roadwork is projected to increase \$4,000 or 15.4% in anticipation of higher Brine Applications.
- Road Improvements are projected to increase \$10,000 or 9.4% in an effort to put more money towards road repairs.

Senior Center:

Decreases:

- Insurance and Bonds is projected to decrease \$980 or 49% due to better rates obtained with the last contract.

Increases:

- Salaries for the CC Director are projected to increase \$5,110 or 13.4% primarily due to a 3% wage increase added to the budget. (**Please Note:** Last year when raises went into effect we used unspent appropriations to cover the increase in the line item. This is why you are seeing an increase of 13.4% as opposed to 3%).
- Salaries for the Assistant are projected to increase \$4,830 or 100%. Funding for this position comes from the county Meals on Wheels program.
- Hospitalization is projected to increase \$865 or 10% due to a 10% increase added to this line item.
- Supplies are projected to increase \$800 or 40%. \$500 is being requested by the director and \$300 is for a Food Service License funded by the county Meals on Wheels program.
- CC Trips is projected to increase \$4,000 or 88.9%. This is the result of separating trips and programs and trying to understand what to budget in each based on this past year's activity. We are projected to make \$500.
- CC Programs is projected to increase \$2,000 or 14.8%. This is the result of separating trips and programs and trying to understand what to budget in each based on this past year's activity. This line item captures the cost of programs where residents pay a fee and where the event is free and the cost is absorbed by the township.
- Senior Nutrition is projected to increase \$2,000 or 100%. Funding for this comes from the county Meals on Wheels program.
- Community Expense is projected to increase \$1,200 or 100%. This is a new line item that uses community donations to help pay for things residents can't afford.

Recreation:

Decreases:

- None

Increases:

- Recreation is projected to increase \$10,000 or 100% due to adding monies into a new department.

Capital Outlay:

Decreases:

- Computer is projected to decrease \$7,500 or 65.2% due to having paid off the BS&A .Net conversion cost over the past three years.
- Construction (Board Room Remodel) is projected to decrease \$60,000 or 100% due to not having another construction project slated for 2016-17.

Increases:

- None

Debt Service:

Decreases:

- The PSB Share of the Bond Payment is projected to decrease \$3,127 or 3.6%. This fiscal year the decrease is the result of a lower principal payment (\$255,000 vs. \$260,000) and less interest (\$45,942.50 vs. \$52,052.50) when compared to the 2015-16 budget. **Please Note:** Based on how the loan was structured this line item will be an increase in next year's budget due to an increase in the principal payment (\$280,000 vs. \$255,000).

Increases:

- None

BUILDING DEPARTMENT FUND (#287)

The building department is a self-sustaining fund that receives revenue dollars in the form of fees charged for various permits required to perform any building related activities within the township. Money is expended to cover inspections of permitted work and some minor operating expenses.

Overall the Building Department Fund is showing Revenues at \$93,060, an increase of \$34,320 or 58.4% and Expenditures at \$125,521, an increase of \$68,377 or 119.7% for a net decrease to fund balance of \$32,461 and a decrease of \$34,057 when compared to the amended 2015 - 2016 budget.

Please Note: The Building Department has been restructured for the 2016-17 fiscal year. We dissected the revenues and expenditures and made a few changes to account names to better identify the line item. We now have several expenditure line items that that can be tracked against revenues to insure proper billings. The remaining line items show township revenues used to cover department overhead costs.

REVENUES:

Decreases:

- None

Increases:

- Building Plan Review Fees is projected to increase \$3,960 or 132% and is the direct result of activity in 2015-16.
- Permit and Application Fees (Formerly Building Permit Fees) are projected to increase \$8,630 or 29.5% due to increased activity in 2015-16. This line item used to capture all building fees, some inspection fees and some application fees. It is now set up to capture all Building Permit Fees (\$4/1000 sf) and all application fees. These fees are strictly for the township and do not have any direct charges against them except overhead costs.
- Inspector Fees (Formerly Trade Permit Fees) are projected to increase \$20,730 or 82.9% due to increased activity in 2015-16. This line item now captures all inspection fees and there are two expenditure accounts for charges from sub-contractors (Electrical, Plumbing and Mechanical) and Pittsfield township (Building).

EXPENDITURES

Personnel:

Decreases:

- None

Increases:

- Allocate to Departments is projected to increase \$17,763 or 95.8% primarily due to adding 15% of the Assistant Assessors costs to this budget along with increasing the Township Managers time from 5% of total costs to 12.5% of total costs.

Government Shared Services:

Decreases:

- Building Inspections (Formerly Inspector Expenses) is projected to decrease \$7,837 or 31.6% primarily due to other inspections (Plumbing and Mechanical) getting moved to another line item.

Increases:

- Plan Review is projected to increase \$5,800 or 100%. This is a new line item and tracks the cost of plan review charged by Pittsfield Township.
- Miscellaneous is projected to increase \$3,000 or 100%. This is also a new line item and tracks miscellaneous charges from Pittsfield Township. (ie. time in the office, on-site meetings and misc. correspondence).

Operating Costs:

Decreases:

- None

Increases:

- Electric, Plumb & Mech Inspections is projected to increase \$16,494 or 219.9% due to shifting Plumbing and Mechanical inspections from Inspection Expenses above.
- Contractual Services is projected to increase \$30,000 or 100%. This is a new line item set up to capture expenses related to digitizing all building plans currently stored in file cabinets.
- Allocate to Departments is projected to increase \$3,012 or 301.2% due to increasing the percentage of H & G costs to be allocated to the Building Department from the General Fund.

BUILDING AUTHORITY DEBT FUND (#369)

The sole purpose of the Building Authority Debt Fund is to capture the \$2.93 million principal and interest bond payments. The revenue side of this fund comes from the General, Fire and Police funds who split the bond payments equally or 1/3 each.

REVENUES:

Decreases:

- Funds Transfer for 2.93 Bond Pmt. is projected to decrease \$9,379 or 3.6% due to a reduction in principal and interest for this fiscal year.

Increases:

- None.

EXPENDITURES

Debt Service::

Decreases:

- 2.93 M Bond Bldg. Auth. Is projected to decrease \$4,221 or 1.9% due to a reduction in principal.
- Interest 2.93 M Bond is projected to decrease \$5,158 or 11.7% due to a reduction in interest.

Increases:

- None.

PSB DEBT FUND (#370)

The purpose of this fund is twofold: 1) To capture the \$2.415 million principal and interest bond payment, which is covered by its own township millage and 2) To capture expenditures related to the PSB building. Total costs over and above the principal and interest payments are again split equally between General, Fire and Police.

REVENUES:

Decreases:

- Current Property Taxes are projected to decrease \$10,520 or 3.8% primarily due to the re-financing of the \$3.8 Million bond. The re-financing effort saved the township interest expense, thus reducing the Millage rate needed to be levied to collect enough to make payment.
- Contribution Other Funds is projected to decrease \$11,957 or 8.1% due to less expense needed to operate the PSB building.

Increases:

- None

EXPENDITURES

Operating Costs:

Decreases:

- Contractual Services is projected to decrease \$1,525 or 13% primarily due to a reduction in the HVAC Maintenance Contract.
- Utilities are projected to decrease \$12,000 or 15% primarily due to the switch to LED lighting.

Increases:

- None

Debt Service:

Decreases:

- 2.415 M PSB Bond is projected to decrease \$5,000 or 2.1% based on the payment schedule from PNC.
- Interest on the \$2.415 million bond is projected to decrease \$5,520 or 13.6% based on the payment schedule from PNC.

Increases:

- None

WASTE WATER TREATMENT PLANT (WWTP)(#571)

The purpose of this fund and the smaller SAD district funds is to account for all daily activities related to our sewer systems throughout the township. It captures Usage Fees charged to residents, which is the bulk of their revenues (99%+) and various expenditures including labor and related benefits, legal and professional fees, operational expenses including repairs, bond interest payments and capital purchases.

Overall the WWTP Fund is showing Revenues at \$1,368,355, a decrease of \$89,209 or 6.1% and Expenditures at \$1,286,810, a decrease of \$121,611 or 8.6% for a net increase to fund balance of \$81,545, an increase of \$32,402 when compared to the amended 2015 - 2016 budget.

REVENUES:

Decreases:

- Usage Fees are projected to decrease \$87,500 or 6% due to an over-calculation of last year's usage based on unbilled REU's. The increase has not yet materialized and is the main reason for scaling back the 2016-17 usage projection.
- Reimbursement/Other Income is projected to decrease \$2,200 or 55% due to a reimbursement from a resident for a damaged sewer line that is not expected to occur in the next fiscal year.

Increases:

- Interest Income is projected to increase \$500 or 50% due to a more accurate calculation of Interest Income to be received in 2015-16.

EXPENDITURES

Personnel:

Decreases:

- None

Increases:

- Salaries for all other employees are projected to increase \$4,403 or 2.3% due to various wage increases built into the budget.
- Hospitalization is projected to increase \$8,300 or 8.3% primarily due to a 10% increase added to this year's budget.

Legal and Professional:

Decreases:

- Engineer costs are projected to decrease \$10,000 or 25% due to less work needed for Asset Management Planning.

Increases:

- None

Operating Costs:

Decreases:

- Utilities are projected to decrease \$15,000 or 13% due to over-budgeting last fiscal year.
- Depreciation Expense is projected to decrease \$4,866 primarily due to older items coming off the depreciation schedule because they are fully depreciated.

Increases:

- None

O&M – Bond & Interest:

Decreases:

- Interest expense on the \$4.965 M bond (61%) is projected to decrease \$14,389 or 58.1% and is directly related to less principal to calculate interest on. This fiscal year is the final year making payments on this bond.

Increases:

- None

Capital Outlay:

Decreases:

- Equipment is projected to decrease \$70,000 or 43.8% primarily due to less equipment needs budgeted this fiscal year.
- Computer is projected to decrease \$20,000 or 100%. A GIS computer system was purchased in the 2014-15 budget year and happened after budgets were approved. Nothing will be purchased in 2015-16 and the \$20,000 will remain unspent.

Increases:

- None

DISTRICT #5 SEVEN MILE SEWER FUND (#815)

This is an active 20-year Special Assessment District (SAD) for the Seven Mile Sewer Project completed back in 2003-2004. The primary purpose of this fund is to collect SAD Interest charged to residents, record the bond interest payment and depreciation on related equipment.

REVENUES:

Decreases:

- SAD Interest Income is down \$1,135 due to lower principal amounts still owed by residents.

Increases:

- None

EXPENDITURES

Decreases:

- Debt Service – Interest is down \$952 due to lower interest payments on debt.

Increases:

- None

NORTH TERRITORIAL SEWER DISTRICT FUND (#890)

This is an active 20-year Special Assessment District (SAD) for the North Territorial Sewer Project completed back in 1998-1999. The primary purpose of this fund is to collect SAD Interest charged to residents, record the bond interest payment and depreciation on related equipment.

REVENUES:

Decreases:

- SAD Interest Income is down \$11,095 or 28.5% due to lower principal amounts still owed by residents.

Increases:

- None

EXPENDITURES

Debt Service:

Decreases:

- Interest expense on the 4.965 M bond (39%) is projected to decrease \$9,200 or 58.1% and is directly related to less principal to calculate interest on.

Increases:

- None

This completes the budget presentation for the May 24, 2016 board meeting.

Thank You,

Rick Yaeger
Controller
Northfield Township