

# Memo

To: Northfield Township Board of Trustees

From: Marlene Chockley, Supervisor

RE: Budget Discussion

Date: June 21, 2017

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Trustees,

This year's budget process has been a very difficult one for many reasons. Two of the people who have been most familiar with past budgets left the township for other opportunities. Fortunately, our former controller, Rick Yaeger, has graciously been answering questions for our new controller, Yvette Patrick, who has helped us make headway in adapting this budget to reflect our financial realities all the while improving the tracking of our revenues and expenditures to be more transparent and easier to understand.

However, as I considered the many administrative, customer service, and capital needs of the township, I was unable to find the revenues within our current funding sources to support some important initiatives to a level that I feel is necessary to improve the ability of the township to provide services that I believe would benefit our citizens and businesses, keep our buildings and grounds in good repair, and attract development.

I will enumerate the challenges at the meeting and we can discuss how to address them with the funds remaining and what our priorities should be.

Respectfully submitted,



Marlene Chockley

# NORTHFIELD TOWNSHIP

8350 Main St.

734-449-2880

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To: Board of Trustees

Date: June 27, 2017

From: Controller and Supervisor

RE: Fiscal 2017-2018 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
- Whitmore Lake Sewer Fund
- Fire and Medical Rescue Fund
- Police Fund
- State NARC Fund
- Federal NARD Fund
- Donations Fund
- DDA Fund

Shown below is a summary of the funds purpose and any significant changes between the Fiscal 2016 – 2017 and 2017-2018 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.

### **Items of significance for the General Fund**

#### **REVENUES:**

- **Increases:**

- Grant Income: Due to grant funds not coming in during the current fiscal year, we will be amending the 2016-17 budget to remove the grant funds for the non-motorized path and move those funds to the 2017-18 budget.
  - Estimated Revenues: Cell Tower Income is a new income stream yielding approximately \$17,136 per year with 25% going to the general fund and 75% going to the fire department.
  - Treasurer: Current Property Taxes are projected to increase by \$4,500 or 1.71% due to increases in taxable values. Therefore based on the treasurer's recommendation, we have increased the Tax Administration Fee Budget by \$10,000 and the Penalty & Interest on tax budget by \$2,000.
  - Zoning Compliance Permits are projected to increase by \$3,620 or 61.56% in the 2017-2018 fiscal year.
  - Planning Fees are projected to increase by \$4,000 over the previous year budget to reflect increased activity in the previous fiscal year.
  - Community Center: The budget for Programs has been increased to due an increase in participation.
- **Decreases:**
    - Sales of Fixed Assets: There are no anticipated sales of fixed assets from the general fund in the 2017-2018 fiscal year.
    - Community Center: The budget for trips has been decreased by \$4,000 due to reduced participation.

## **EXPENDITURES:**

### **Township Board:**

- **Decreases:**
  - There are no planned ceremonies or events for the fiscal year; therefore, the miscellaneous budget has been decreased to zero.

### **Township Manager:**

- **Increases:**
  - Hospitalization was increased to \$15,000 to reflect potential costs of family/spousal insurance for the new Township Manager.
  - Contractual Services have been adjusted for the 2017-2018 year to no longer reflect IT services. Information Technology has been moved to a separate department to better track expenses.
- **Decreases:**
  - The township manager salary budget has been decreased by \$28,000 or 33.7% to reflect the minimum starting salary advertised for the new township manager over an 11 month period. Life insurance and pension have also been proportionately reduced.
  - Controller salary is decreased by \$10,827 or 18.79% due to the new controller being hired at a lower rate.

### **Elections:**

- **Increases:**
  - Election Salaries will increase by \$8,000 to reflect the move of poll worker payments from an outside contractor expense payment to a salary payment (see above decrease of election costs to account 101-191-704).
  - Supplies were increased by \$2,000 or 66.67% to reflect activity costs in previous fiscal year.
- **Decreases:**

- Clerical/Dep/Super/Election has been decreased to zero in the 2017-2018 fiscal year and salaries for poll workers were moved to the salary line. Poll workers are no longer eligible to be paid as 1099 independent contractors, and therefore must be paid as employees.
- Printing & Publications has been decreased by \$1,400 or 53.85% to reflect three elections, instead of four.

### **Clerk:**

- **Increases:**
  - Hospitalization costs will show a \$7,150 increase due to the township clerk enrolling in the township health care plan.
- **Decreases:**
  - Recording Secretary now reflects \$195 per meeting for 24 meetings plus \$125 for meetings over three hours. Also included is the pay for video operation at \$85 per meeting for 24 meetings. 2016-2017 budget was amended to reflect back pay for previous years.

### **Information Technology**

- We have created a new department in accordance with the uniform chart of accounts, to detail information technology costs within the township. Within this department you will see the BS&A Software costs and Anti-Virus Software. Those costs remain the same.
- Under Computer Services you will find a new cost for cloud backup at \$130 per month. On-site IT support has increased to \$6,000 and Microsoft 365, Email, and the website annual renewal are included at their typical prices.

### **Board of Review:**

- **Decreases:**
  - The budget for Tribunals and Drains has decreased due to an auditor recommended change to move current year land acquisition property taxes to the capital outlay account and include them as part of the capital expenditure with the purchase of the property. Appraisals, back taxes and drain payments will still be paid from this account.

### **Treasurer:**

- **Increases:**
  - Deputy salaries are projected to increase \$5,812 or 17% due to a change in personnel and a 6% pay increase. The 2016-17 Budget was amended to reflect a partial year at the new deputy treasurer's salary. The 2017-18 budget reflects a full year at the new deputy treasurer's salary with the 6% pay increase.
  - Hospitalization expenses are projected to increase by 45.13% or \$4,105 due to the deputy treasurer's enrollment into the township healthcare plan.
  - Pension costs are projected to increase by \$2,128 due to increases in the base salary, as pensions are calculated as 10% of the base salary.
- **Decreases:**
  - Contractual services are not projected for the 2017-2018 fiscal year, as there is no current need to use temporary services for a front desk clerk. Therefore, this line item has been decreased to zero.

### **Assessing:**

- **Increases:**
  - Assistant Assessing Salaries are projected to increase by \$2,434 or 6% due to a 6% salary increase.

- **Decreases:**

- Hospitalization is projected to decrease by \$6,920 or 28% due to the assessor opting out of the township medical benefit.

### **Hall and Grounds:**

- **Increases:**

- Grounds, Cleaning and Janitorial services are projected to increase by \$4,250 or 51.52% to reflect costs for the center island flowerbeds of \$1,100, lawn maintenance costs of \$1,400 and snow removal and salting costs of \$10,000. The bulk of the increase comes from snow removal costs, which are projected to increase by \$4,000.
- PSB Maintenance and Operating Allocation Expenses are projected to increase by \$1,677 or 3.7% due to projected increases in operating costs.
- Rental equipment costs are projected to increase by \$815 or 17.8% due to an increase in the copier lease cost.

- All information technology costs have been moved to the IT department. Therefore you will see a significant decrease in communication costs and repairs & maintenance.

### **Legal & Professional:**

- **Decreases:**

- Other Professional Fees have been decreased by \$5,000 or 91% from the 2016-2017 amended budget due to additional costs not being projected for the non-motorized path.
- Engineering costs are decreased by \$41,000 or 80% to reflect standard activity without the additional costs associated with the non-motorized path.

### **Planning/Zoning:**

- **Increases:**

- Planner Fees have been increased by \$2,640 or 6.6% to reflect costs for a monthly planning team meeting to improve services to customers and businesses. No money is being budgeted for the master plan, the non-motorized plan, or a workshop.
- Zoning Administration has been decreased by \$3,000 or 20% to reflect actual usage.

- **Decreases:**

- Code Enforcement Officer Salaries are being moved to the building fund; therefore, the code enforcement line item has been decreased to zero.

### **Roadwork:**

- A new account has been added called pathways and sidewalks and this account currently is tracking the non-grant related expenses for the non-motorized path. We have currently spent \$71,402 toward this project and \$125,000 is budgeted for the next fiscal year.
- The Road Improvements account has been updated to reflect costs for drainage, limestone, county drains and the 6 Mile Road culvert.
- Grant Expenses will be adjusted to show expenditures being incurred in the 2017-18 fiscal year once the grant funds are received.

### **Community Center:**

- **Increases**

- Salaries will increase by \$2,604 or 6% in the 2017-2018 fiscal year.
- Rental Equipment will increase by \$2,400 to account for a copier lease of \$200 per month.

- **Decreases**

- Community Center Trips are set to decrease by \$4,900 or 57% due to a decline in participation.

- Community Center Programs will also decrease in the 2017-2018 fiscal year by \$5,500 or 35% due to a decline in participation.
- Repair and maintenance fees are projected to decrease to \$3,500 (22%) in 2017-2018 due to a decrease in repairs needed over the past two fiscal years.
- Postage has been decreased to \$800 or 20.8% to reflect current usage and the use of email.
- Fuel and Mileage has been reduced to \$200 or 80% to reflect the current expenditure level.

### **Recreation Board**

- Total funding of the Recreation Board has been reduced by \$5000 or 50% to reflect current usage and budget realities.

### **Land Preservation**

- Land Preservation is a new department added to track the work of the land preservation committee. Their 2017-18 budget includes \$5,000 for consulting and public education.

### **Parks:**

- **Decreases:**
  - Planner fees will be \$0.00 in the 2017-2018 fiscal year due to the completion of planning on the community park.

### **Capital Outlay:**

- **Increases**
  - All funding for capital improvements has been eliminated due to budget realities and to allow the board to set priorities for the capital spending.
  - Vehicle costs will increase by \$9,000 due to the purchase of a vehicle for township use from the Police Department.
  - Land acquisition has been reduced to zero pending board prioritization of this line item.
- **Decreases:**
  - Computer costs will decrease by \$2,000 or 50% due to a decreased need for new computers in the 2017-2018 fiscal year, as several replacements have made over the past two fiscal years.
  - Land acquisition costs were elevated in the 2016-2017 fiscal year due to the beachfront property purchase. Projected land acquisition costs will decrease by \$336,940 or 98.5% in the 2017-2018 fiscal year. Also included in land acquisition are the property taxes paid on the property.

## **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.

### **Items of significance for the Building Department**

- **Increases:**
  - Salaries and Social Security have increased due to the addition of the code enforcement salaries and payroll taxes, which were moved 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.

- No Significant Changes Projected

## **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.

- No Significant Changes Projected

## **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.

### **Items of significance for the Waste Water Treatment Plant Fund**

- **Increases:**
  - Capital Outlay equipment costs are projected to increase by \$20,000 or 22.22% due to new vehicles needing to be purchased.
- **Decreases**
  - Salaries are projected to decrease by \$2,733 total, due to the former department head retiring and new employees being hired in at lower rates.
  - Hospitalization costs are projected to decrease by \$8,845 or 8.12% due to changes in health insurance elections within the department.
  - No interest is due on the Debt Service bond, therefore this line has been decreased to zero.

## **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.

- No Significant Changes Projected

## **FIRE AND MEDICAL RESCUE FUND (#216)**

The fire fund is a dedicated millage fund that is used to provide fire and medical rescue protection throughout the township. NOTE: This budget is dependent of the passage of a 2.000 millage in August 2017 due to the expiration of the prior millage with the 2016 levy.

## Items of significance for the Fire/Medical Rescue Fund

### REVENUES:

- **Increases:**
  - Current Property Taxes are projected to increase \$48,592 or 7.66% due to an increase in the proposed millage rates.
  - Emergency Cost Recovery revenue is projected to increase by \$10,000 to reflect increased activity in recent years.
  - Sale of fixed assets is projected to increase by \$38,000 or 73% in the 2017-2018 fiscal year due to vehicles that will be sold.
  - Cell Tower Income is a new stream of income which is split between the general fund and the fire department. The fire department is projected to receive \$12,852 in the 2017-2018 fiscal year, which is 75% of the total income received for the lease of the land for the cell tower.
- **Decreases:**
  - The Transfer In revenue line will be decreased to zero due to no transfers being budgeted for the 2017-2018 fiscal year.

### EXPENDITURES:

- **Increases:**
  - Medical Testing is projected to increase \$4,500 or 128.57% due to the need for medical physicals for all medical rescue staff in the 2017-2018 fiscal year.
  - Operating Costs: Supplies are projected to increase by \$2,000 or 25% due to increased costs for medical supplies, which includes oxygen.
  - Operating Costs: Repairs and Maintenance expenses are projected to increase by \$2,000 or 40% due to an increased need for repairs at Station #2.
  - Computer Costs will increase by \$3,000 due to computer leasing costs increasing.
  - Capital Outlay vehicle costs are projected to increase by \$405,000 or 623% to reflect the purchase of a fire truck.
- **Decreases:**
  - Part time salaries will decrease by \$5,000 or 8.33% due to reflect costs closer to 2017 actuals.
  - Insurance and bonds will decrease by \$2,722 or 6.85% due to decreases in insurance costs.
  - Utilities will decrease by \$4,000 or 40% due to an excess of propane gas at Station #2.
  - Capital Outlay Equipment will decrease by \$248,000 or 95.38% due to the fire truck purchase in the 2016-2017 fiscal year inflating costs.

## POLICE FUND (#207)

The police fund is a dedicated millage fund that is used to provide police protection throughout the township.

## Items of significance for the Police Fund

### REVENUES:

- **Increases:**
  - Current Property Tax Revenues are projected to increase by \$31,824 or 2.15% due to increased property taxable values.
- **Decreases:**



- Fines and Court Fees are projected to decrease by \$8,000 or 26.67% to more closely reflect activity in recent fiscal years.
- Sale of Fixed Assets are projected to decrease by \$6,000 or 40% due to fewer vehicles being available for auction.

**EXPENDITURES:**

- **Increases:**

- The salary for the chief of police is projected to increase by \$5,037 due to a 2.5% raise.
- Other employee salaries will increase by \$30,532 or 7.5% due to the transition of one officer from part time to full time.
- Clerical/Dep/Super/Election costs will increase by \$2,145 due to a 3% salary increase for administrative employees.
- Holiday pay is projected to increase \$3,348 or 9.22% due to the increased need for police support during holiday events.
- Insurance & Bonds are projected to increase by \$5,352 or 18.54% due to higher costs as a result of increased claims and injuries in previous years.
- Repairs and Maintenance costs are projected to increase by \$3,000 or 75% due to an increased need for onsite IT support.
- Computer costs are projected to increase by \$15,000 due to a new computer lease being signed.

- **Decreases:**

- Part time Salaries are projected to decrease by \$10,000 due to a promotion of a patrol officer from part time to full time.
- Salaries Overtime are projected to decrease by \$10,000 or 20% due to the change of status of the new full time officer.
- Hospitalization costs are projected to decrease by \$43,085 or 27% due to changes in health insurance elections within the department.

**STATE NARC FUND (#265)**

The State NARC Fund is a fund used to collect drug forfeiture monies from the state level. These funds can be used to supplement some items within the Police Fund.

- No Significant Changes Projected

**FEDERAL NARC FUND (#266)**

The Federal NARC Fund is a fund used to collect drug forfeiture monies from the federal level. These funds can be used to supplement some items within the Police Fund but needs to be used within three years of receipt.

- No Significant Changes Projected

**DONATION FUND (#230)**

The donation fund tracks miscellaneous donations given to the township for various community events and tracks the spending of those donations.

- No significant changes projected.

## **DDA FUND (#248)**

The DDA Fund captures tax dollars from the General, Fire, Police and Library Funds along with capturing tax dollars from Washtenaw County and Washtenaw Community College. These funds are used to make improvements throughout the township. Due to decreased property values that have fallen below the base established when the DDA was started, they are not projected to collect any tax dollars this coming fiscal year.

- **Increases:**

- Planner Fees have been moved from streetscaping. \$25,000 has been approved by the DDA board. \$10,000 will be amended for the current year budget and \$15,000 will be budgeted for next year.

- **Decreases:**

- The Road Improvements budget will be decreased to zero due to the completion of the DDA's commitment to donate three payments of \$20,000 to the general fund for the non-motorized path.

This completes the budget presentation for the June 27, 2017 board meeting.

Thank You,

Yvette Patrick  
Controller  
Northfield Township