



# CITY of NOVI CITY COUNCIL

**Agenda Item 3**  
**August 25, 2014**

**SUBJECT:** Approval of budget amendment to recognize the increase in payroll, social security and workers compensation expenditures, for the Mayor and City Council associated with the charter amendment approved by the voters on August 5, 2014. The increase in Mayor and City Council costs will be offset by actual property tax revenue received in excess of budget estimates.

**SUBMITTING DEPARTMENT:** Finance

**CITY MANAGER APPROVAL:** 

<b>EXPENDITURE REQUIRED</b>	<b>\$ 34,224</b>
<b>AMOUNT BUDGETED</b>	\$ 4,400 101-101.00-725.000 Officials Salary \$ 337 101-101.00-715.000 Social Security \$ 20 101-101.00-720.000 Workers Comp
<b>APPROPRIATION REQUIRED</b>	<b>\$ 29,467; offset by increase in property tax revenue</b>
<b>LINE ITEM NUMBER</b>	\$ 27,269 101-101.00-725.000 Officials Salary \$ 2,086 101-101.00-715.000 Social Security \$ 112 101-101.00-720.000 Workers Comp <u>(\$29,467) 101-000.00-403.000 Prop Tax Revenue</u> <b>\$0 Effect on Fund Balance</b>

**BACKGROUND INFORMATION:**

On Tuesday, August 5, 2014, Novi residents voted and approved a charter amendment to increase compensation to \$4,500 and \$6,500 annually for Council members and the Mayor; respectively. Compensation levels for City Council and the Mayor were set in 1969 when the City Charter was originally drafted, with \$15 and \$20 per meeting for Councilmembers and the Mayor; respectively. Due to the voter approval of the charter amendment, a budget amendment is required to increase personnel expenditures in the amount of \$29,467.

The increase in personnel expenditures for the Mayor and City Council (noted above) will be offset by actual property tax revenue that was unaccounted for in the original budget. The budget for property taxes is estimated during the budget process using the most accurate information available at the time; however, it is important to note that the estimate is made months before the property tax roll is finalized. The property tax billing on July 1, 2014 shows actual revenue in excess of the budget estimate so the property tax revenue budget can be increased by \$29,467 to offset the cost increase above, resulting in no net effect on fund balance.

**RECOMMENDED ACTION:** : Approval of budget amendment to recognize the increase in payroll, social security and workers compensation costs for the Mayor and City Council associated with the charter amendment approved by the voters on August 5, 2014. Amendment also includes an increase in property tax revenue to offset the entire cost increase.

	1	2	Y	N
Mayor Gatt				
Mayor Pro Tem Staudt				
Council Member Casey				
Council Member Fischer				

	1	2	Y	N
Council Member Markham				
Council Member Mutch				
Council Member Wrobel				