



## CITY of NOVI CITY COUNCIL

**Agenda Item 6  
January 28, 2019**

**SUBJECT:** Approval of resolution to authorize Budget Amendment #2019-2

**SUBMITTING DEPARTMENT:** Finance

**CITY MANAGER APPROVAL:** 

**BACKGROUND INFORMATION:**

The City's annual budget is adopted by the third Monday in May each year and is effective July 1<sup>st</sup> 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 in order 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 second quarter budget amendment resolution and budget amendment detail are attached.

**GENERAL FUND**

The proposed General Fund budget amendment request has a net zero effect to ending fund balance for the second quarter ending December 31, 2018. Revenues are being decreased \$14,000 and expenditures are being decreased \$14,000. The amendment keeps fund balance within Council set limits with an ending fund balance of \$10,437,075 and a fund balance to total annual expenditures ratio of 29%. The following highlights some of the significant items included in the proposed amendment for this fund:

**Revenues:**

- Decrease of \$211,000 in the Licenses Permits, and Charges for Services budget to reflect a decrease of \$201,000 in wet, wood, and landscape inspections and reviews. Due to a slowdown in overall development of wooded areas within the City, no inspections or reviews were performed during the first six months of the fiscal year and the revenue has been adjusted down to reflect anticipated revenues for the balance of the year.
- Increase in interest revenue of \$241,100 to reflect better than anticipated earnings and unrealized gains to date as well as projected activity for the next six months. This favorable earnings variance will be realized in all funds of the City.
- Miscellaneous revenue was decreased by \$39,000 to reflect the current year collections are less than prior year and current budget.

Appropriations:

- Reallocation of funds in personnel services expenditure budgets throughout the General Fund departments for savings due to vacancies, changes in health care coverage and adjustments to reflect year to date activity.
- Economic development department was decreased by \$56,061 due to savings from a vacant position.
- Fringe benefits in the fire department were increased by \$62,606 due employee payouts and less vacancy savings through the first six months of the fiscal year.
- Reallocation of \$15,061 to increase the budget for a Wildlife Habitat Study from original adopted budget. This increase was offset by a decrease of \$25,000 for the renewable energy study which estimated cost to complete the study came in less than anticipated.

**MAJOR STREET FUND**

The proposed Major Street Fund budget amendment increases fund balance \$62,166 and keeps the fund within Council set limits. The amendment increases the Gas and Weight Tax revenue by \$175,986 due to Public Act 207 of 2018 (signed into law on June 21, 2018) providing an additional \$300 million from the State's General Fund for transportation projects statewide with Novi's share being approximately \$655,000 (between Major and Local Streets) and interest revenue by \$25,000. The expenditure budgets were increased overall by \$138,820 to cover additional costs for Crescent Boulevard/Ring Road and the Right of Way for Beck Road widening.

**LOCAL STREET FUND**

The proposed Local Street Fund budget amendment increases fund balance by \$82,000 and keeps the fund within Council set limits. The amendment increases the Gas and Weight Tax revenue by approximately \$80,144 due to Public Act 207 of 2018 (signed into law on June 21, 2018) providing an additional \$300 million from the State's General Fund for transportation projects statewide with Novi's share being approximately \$655,000 (between Major and Local Streets).

**MUNICIPAL STREET FUND**

The proposed Municipal Street Fund budget amendment decreases fund balance by \$403,000 and keeps the fund within Council set limits. The amendment increases revenues by \$112,245 related to an insurance reimbursement received and year to date interest earned. The amendment increases funds for 12 Mile and Novi Road intersection improvements as well as engineering for the boardwalk extension and replacement program.

**PARKS, RECREATION, & CULTURAL SERVICES FUND**

The proposed Parks, Recreation, & Cultural Services Fund budget amendment has zero net effect on fund balance and keeps the fund within Council set limits. The amendment increases revenues and expenditures by \$8,530 to reflect actual year to date activity.

**Tree Fund**

The proposed Tree Fund budget amendment request increases fund balance by \$167,000 to reflect actual revenue received during the quarter. The revenue received in the fund can vary from year to year contingent upon developments within the City.

### **Drain Fund**

The proposed Drain Fund budget amendment request increases fund balance by \$126,980. The amendment decreases revenue by \$19,397 due to a reduction of the Transfer in from the Drain Perpetual Maintenance Fund of \$21,976. The amendment also decreases expenditures in the amount of \$146,377 in the engineering for the CPR program.

### **Drain Perpetual Maintenance Fund**

The proposed Drain Perpetual Maintenance Fund budget amendment request increases fund balance by \$92,000 due to the Drain Fund needing less funding (see above) and an increase in year to date interest earned on investments.

### **PEG Fund**

The proposed PEG Fund has a net zero effect on fund balance due to an increase in actual interest earned on investments and an increase to personnel services.

### **Forfeiture Fund**

The proposed Forfeiture Fund increases fund balance by \$94,369. The amendment increases revenue by \$107,919 due to actual forfeitures and interest received being higher than anticipated. Expenditures are expected to increase by \$13,550 for additional vehicle install costs.

### **Library Contribution Fund**

The proposed Library Contribution Fund decreases fund balance by \$12,500. The amendment increases revenue by \$6,500 due to actual revenues received being higher than anticipated. Expenditures are expected to increase by \$19,000 for additional supplies and LED Lighting Conversion Project.

### **Capital Improvement Program (CIP) Fund**

The proposed budget amendment has a net decrease to fund balance of \$207,296. The parks department had applied for and hoped to receive \$242,296 of grant funds to help offset the costs of Lakeshore Park Shoreline and Pavilion Shore Shoreline stabilization projects. Unfortunately, the City was notified it would not be receiving these funds. The loss of grant revenue is offset partially by an increase of \$35,000 of interest on investments.

### **Gun Range Facility Fund**

The proposed Gun Range Facility Fund budget amendment has a net zero effect to fund balance. The amendment reduced CPL revenue while increasing interest revenue.

### **RECOMMENDED ACTION:**

Approval of resolution to authorize Budget Amendment #2019-2

**RESOLUTION**

NOW, THEREFORE BE IT RESOLVED that the following  
Budget Amendment# 2019-2 is authorized:

	<b>INCREASE (DECREASE)</b>
<b>GENERAL FUND</b>	
<b>REVENUES</b>	
Licenses, Permits, and Charges for Services	\$ (211,000)
Interest Income	241,100
Federal Grants	(6,700)
Donations	1,600
Other Revenue	(39,000)
<b>TOTAL REVENUES</b>	<b>\$ (14,000)</b>
<b>APPROPRIATIONS</b>	
<b>City Manager</b>	
Personnel Services	(3,500)
Other Services and Charges	(30,000)
<b>Finance Department</b>	
Personnel Services	(11,825)
<b>Assessing Department</b>	
Personnel Services	(5,900)
<b>City Clerk</b>	
Personnel Services	7,800
Other Services and Charges	5,700
<b>Integrated Solutions - Facility Management</b>	
Other Services and Charges	18,919

	INCREASE (DECREASE)
<b>Economic Development</b>	
Personnel Services	(41,061)
Other Services and Charges	(15,000)
<b>Fire Department</b>	
Personnel Services	62,606
Other Services and Charges	1,600
<b>Community Development - Building</b>	
Personnel Services	10,600
Other Services and Charges	15,061
<b>Community Development - Planning</b>	
Personnel Services	2,000
<b>Department of Public Works - Engineering</b>	
Personnel Services	(15,000)
<b>Department of Public Works - Field Operations</b>	
Personnel Services	(16,000)
<b>TOTAL APPROPRIATIONS</b>	<u>\$ (14,000)</u>
<b>Net Increase (Decrease) to Fund Balance</b>	<u><u>\$ -</u></u>

<b>Ending Fund Balance</b>	<b>\$10,437,075</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>29%</b>

MAJOR STREET FUND	
<b>REVENUES</b>	
State Sources	175,986
Interest Income	25,000
<b>TOTAL REVENUES</b>	<u><u>\$ 200,986</u></u>
<b>APPROPRIATIONS</b>	
Capital Outlay	138,820
<b>TOTAL APPROPRIATIONS</b>	<u><u>\$ 138,820</u></u>
<b>Net Increase (Decrease) to Fund Balance</b>	<u><u>\$ 62,166</u></u>

<b>Ending Fund Balance</b>	<b>\$612,654</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>10%</b>

INCREASE  
(DECREASE)

<b>LOCAL STREET FUND</b>	
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**REVENUES**

State Sources	80,144
Interest Income	1,856
<b>TOTAL REVENUES</b>	<b>\$ 82,000</b>

Net Increase (Decrease) to Fund Balance \$ 82,000

Ending Fund Balance	\$714,297
Fund Balance as a % of total annual expenditures	11%

<b>MUNICIPAL STREET FUND</b>	
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**REVENUES**

Interest Income	50,688
Other Revenue	61,557
<b>TOTAL REVENUES</b>	<b>\$ 112,245</b>

**APPROPRIATIONS**

Capital Outlay	515,245
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 515,245</b>

Net Increase (Decrease) to Fund Balance \$ (403,000)

Ending Fund Balance	\$4,054,789
Fund Balance as a % of total annual expenditures	76%

INCREASE  
(DECREASE)

<b>PARKS, RECREATION, &amp; CULTURAL SERVICES FUND</b>
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**REVENUES**

Program Revenue		8,530
<b>TOTAL REVENUES</b>	<b>\$</b>	<b>8,530</b>

**APPROPRIATIONS**

693 Program Expenditures		8,530
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>8,530</b>

Net Increase (Decrease) to Fund Balance		<u><u>\$ -</u></u>
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Ending Fund Balance	\$605,779
Fund Balance as a % of total annual expenditures	17%

<b>TREE FUND</b>
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**REVENUES**

Other Revenue		146,400
Interest on Investments		20,600
<b>TOTAL REVENUES</b>	<b>\$</b>	<b>167,000</b>

Net Increase (Decrease) to Fund Balance		<u><u>\$ 167,000</u></u>
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<b>DRAIN FUND</b>
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**REVENUES**

Interest Income		2,579
Transfers In		(21,976)
<b>TOTAL REVENUES</b>	<b>\$</b>	<b>(19,397)</b>

**APPROPRIATIONS**

Capital Outlay		(146,377)
<b>TOTAL APPROPRIATIONS</b>	<b>\$</b>	<b>(146,377)</b>

Net Increase (Decrease) to Fund Balance		<u><u>\$ 126,980</u></u>
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INCREASE  
(DECREASE)

DRAIN PERPETUAL MAINTENANCE FUND	
<b>REVENUES</b>	
Interest Income	70,024
<b>TOTAL REVENUES</b>	<u><u>\$ 70,024</u></u>
<b>APPROPRIATIONS</b>	
Transfers Out	(21,976)
<b>TOTAL APPROPRIATIONS</b>	<u><u>\$ (21,976)</u></u>
<b>Net Increase (Decrease) to Fund Balance</b>	<u><u>\$ 92,000</u></u>

PEG CABLE FUND	
<b>REVENUES</b>	
Interest Income	7,550
<b>TOTAL REVENUES</b>	<u><u>\$ 7,550</u></u>
<b>APPROPRIATIONS</b>	
Personnel Services	7,550
<b>TOTAL APPROPRIATIONS</b>	<u><u>\$ 7,550</u></u>
<b>Net Increase (Decrease) to Fund Balance</b>	<u><u>\$ -</u></u>

FORFEITURE FUND	
<b>REVENUES</b>	
Fines and Forfeitures	20,050
Interest Income	4,869
Other Revenue	83,000
<b>TOTAL REVENUES</b>	<u><u>\$ 107,919</u></u>
<b>APPROPRIATIONS</b>	
Capital Outlay	13,550
<b>TOTAL APPROPRIATIONS</b>	<u><u>\$ 13,550</u></u>
<b>Net Increase (Decrease) to Fund Balance</b>	<u><u>\$ 94,369</u></u>



INCREASE  
(DECREASE)

LIBRARY CONTRIBUTION FUND	
<b>REVENUES</b>	
Donations	6,500
<b>TOTAL REVENUES</b>	<u>\$ 6,500</u>
<b>APPROPRIATIONS</b>	
Supplies	4,000
Capital Outlay	15,000
<b>TOTAL APPROPRIATIONS</b>	<u>\$ 19,000</u>
<b>Net Increase (Decrease) to Fund Balance</b>	<u><u>\$ (12,500)</u></u>

2008 LIBRARY CONSTRUCTION DEBT FUND	
<b>REVENUES</b>	
Property Tax Revenue	1,000
<b>TOTAL REVENUES</b>	<u>\$ 1,000</u>
<b>APPROPRIATIONS</b>	
Debt Service	1,000
<b>TOTAL APPROPRIATIONS</b>	<u>\$ 1,000</u>
<b>Net Increase (Decrease) to Fund Balance</b>	<u><u>\$ -</u></u>

CAPITAL IMPROVEMENT (CIP) FUND	
<b>REVENUES</b>	
State Grants	(242,296)
Interest Income	35,000
<b>TOTAL REVENUES</b>	<u>\$ (207,296)</u>
<b>Net Increase (Decrease) to Fund Balance</b>	<u><u>\$ (207,296)</u></u>

GUN RANGE FACILITY FUND	
<b>REVENUES</b>	
Interest Income	5,000
Licenses, Permits, & Charges For Services	(5,000)
<b>TOTAL REVENUES</b>	<u>\$ -</u>
<b>Net Increase (Decrease) to Fund Balance</b>	<u><u>\$ -</u></u>

INCREASE  
(DECREASE)

I hereby certify that the foregoing is a true and complete copy of a  
resolution adopted by the City Council of the City of Novi  
at a regular meeting held on January 28, 2019

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Cortney Hanson  
City Clerk

Budget Amendment# 2019-2 - January 28, 2019

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
<b>General Fund</b>			
<b>Revenues</b>			
101-000.00-475.500	Wet, Wood, Landscape insp/review	Licenses, permits and charges for services	\$ (201,000)
101-000.00-632.250	Police Department - Hosted Training Revenue	Licenses, permits and charges for services	(10,000)
101-000.00-664.000	Interest on Investments	Interest Income	241,100
101-000.00-508.500	TIA Grant	Federal grants	(6,700)
101-000.00-665.337	Restricted Fire Donations	Donations	1,600
101-000.00-665.000	Miscellaneous revenue	Other Revenue	(39,000)
			\$ (14,000)
<b>Expenditures</b>			
101.172.00-705.000	Temporary salaries	Personnel Services	\$ (3,500)
101-172.00-816.027	Renewable Energy Study	Other Services and Charges	(25,000)
101-172.00-956.200	City-wide Training and Workshops	Other Services and Charges	(5,000)
101-201.00-705.000	Temporary salaries	Personnel Services	(10,000)
101-201.00-704.250	Final payout	Personnel Services	(1,825)
101-209.00-704.250	Final Payout	Personnel Services	(5,900)
101-215.00-716.000	Insurance	Personnel Services	7,800
101-215.00-942.100	Records storage	Other Services and Charges	5,700
101-265.00-934.302	Building Maintenance - FS #5	Other Services and Charges	8,919
101-265.00-943.000	Equipment rental lease	Other Services and Charges	10,000
101-296.00-704.000	Permanent Salaries	Personnel Services	(10,061)
101-296.00-704.000	Permanent Salaries	Personnel Services	(24,000)
101-296.00-716.000	Insurance	Personnel Services	(5,000)
101-296.00-718.200	Pension - defined contribution	Personnel Services	(2,000)
101-296.00-956.000	Conferences and workshops	Other Services and Charges	(15,000)
101-337.00-740.337	Restricted/donated funds - supplies	Supplies	1,600
101-337.00-715.000	Social security	Personnel Services	62,606
101-371.00-816.029	Wildlife Habitat Study	Other Services and Charges	15,061
101-371.00-716.000	Insurance	Personnel Services	6,600
101-371.00-716.200	HSA - employer contribution	Personnel Services	4,000
101-442.10-704.000	Permanent salaries	Personnel Services	(15,000)
101-442.20-704.000	Permanent salaries	Personnel Services	(16,000)
101-807.00-716.200	HSA - employer contribution	Personnel Services	2,000
			\$ (14,000)
<b>Net Increase (decrease) to fund balance</b>			<b>\$ -</b>

<b>Ending Fund Balance</b>	<b>\$10,437,075</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>29%</b>

<b>Major Street Fund</b>			
<b>Revenues</b>			
202-000.00-546.000	State Grants - Gas and Weight Tax	State Sources	\$ 175,986
202-000.00-664.000	Interest on investments	Interest Income	25,000
			\$ 200,986
<b>Expenditures</b>			
202-202.00-865.260	082-03 Crescent Blvd; Ring Road	Capital Outlay	\$ 118,820
202-202.00-862.050	ROW - Beck Road widening	Capital Outlay	20,000
			\$ 138,820
<b>Net Increase (decrease) to fund balance</b>			<b>\$ 62,166</b>

<b>Ending Fund Balance</b>	<b>\$612,654</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>10%</b>

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
<b>Local Street Fund</b>			
<b>Revenues</b>			
203-000.00-546.000	State Grants - Gas and Weight Tax	State Sources	\$ 80,144
203-000.00-664.000	Interest on investments	Interest Income	1,856
			\$ 82,000
<b>Net Increase (decrease) to fund balance</b>			<b>\$ 82,000</b>

<b>Ending Fund Balance</b>	<b>\$714,297</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>11%</b>

<b>Municipal Street Fund</b>			
<b>Revenues</b>			
204-000.00-633.100	Insurance Reimbursement	Other Revenue	\$ 61,557
204-000.00-664.000	Interest on Investments	Interest Income	50,688
			\$ 112,245
<b>Expenditures</b>			
204-204.00-865.032	12Mile/Novi Road Intersection Improvements	Capital Outlay	\$ 453,688
204-204.00-974.476	ENG027 Boardwalk Ext/Replace Prog	Capital Outlay	61,557
			\$ 515,245
<b>Net Increase (decrease) to fund balance</b>			<b>\$ (403,000)</b>

<b>Ending Fund Balance</b>	<b>\$4,054,789</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>76%</b>

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
<b>Parks, Recreation, and Cultural Services Fund</b>			
<b>Revenues</b>			
208-000.00-653.629	Cultural Arts Camps	Program Revenue	\$ 2,730
208-000.00-653.642	Sale of Fixed Assets	Program Revenue	5,800
			<u>\$ 8,530</u>
<b>Expenditures</b>			
208-693.00-960.629	Cultural Arts Camps	Program Expenditures	\$ 2,730
208-693.00-960.642	Dance Programs	Program Expenditures	5,800
			<u>\$ 8,530</u>
		<b>Net Increase (decrease) to fund balance</b>	<b>\$ -</b>

<b>Ending Fund Balance</b>	<b>\$605,779</b>
<b>Fund Balance as a % of total annual expenditures</b>	<b>17%</b>

<b>Tree Fund</b>			
<b>Revenues</b>			
209-000.00-664.000	Interest on Investments	Interest Income	\$ 20,600
209-000.00-665.260	Tree Fund Revenue	Other Revenue	146,400
			<u>\$ 167,000</u>
		<b>Net Increase (decrease) to fund balance</b>	<b>\$ 167,000</b>

<b>Drain Fund</b>			
<b>Revenues</b>			
210-000.00-664.000	Interest on Investments	Interest Income	\$ 2,579
210-000.00-676.211	Transfer from Drain Perpetual Maintenance Fund	Transfers In	(21,976)
			<u>\$ (19,397)</u>
<b>Expenditures</b>			
210-211.00-985.004	ENG002 2019 CPR Prog FY1920	Capital Outlay	\$ (146,377)
			<u>\$ (146,377)</u>
		<b>Net Increase (decrease) to fund balance</b>	<b>\$ 126,980</b>

<b>Drain Perpetual Maintenance Fund</b>			
<b>Revenues</b>			
211-000.00-664.000	Interest on Investments	Interest Income	\$ 70,024
			<u>\$ 70,024</u>
<b>Expenditures</b>			
211-000.00-965.210	Transfer to Drain Fund	Transfers Out	\$ (21,976)
			<u>\$ (21,976)</u>
		<b>Net Increase (decrease) to fund balance</b>	<b>\$ 92,000</b>

<b>PEG Cable Fund</b>			
<b>Revenues</b>			
263-000.00-664.000	Interest on Investments	Interest Income	\$ 7,550
			<u>\$ 7,550</u>
<b>Expenditures</b>			
263-295.00-704.000	Permanent salaries	Personnel Services	\$ 7,550
			<u>\$ 7,550</u>
		<b>Net Increase (decrease) to fund balance</b>	<b>\$ -</b>

Budget Amendment# 2019-2 - January 28, 2019

<u>GL #</u>	<u>Project/Item Description</u>	<u>Budget Category</u>	<u>Amount</u>
<b>Forfeiture Fund</b>			
<b>Revenues</b>			
266-000.00-655.700	Forfeiture funds - Local	Fines and forfeitures	\$ 6,500
266-000.00-655.500	DEA Federal Forfeiture Funds	Fines and forfeitures	\$ 13,550
266-000.00-664.000	Interest on Investments	Interest Income	\$ 4,869
266-000.00-665.501	Miscellaneous-federal forfeitures	Other Revenue	\$ 83,000
			<u>\$ 107,919</u>
<b>Expenditures</b>			
266-266.00-983.100	Vehicle - new install	Capital Outlay	\$ 13,550
			<u>\$ 13,550</u>
	<b>Net Increase (decrease) to fund balance</b>		<b>\$ 94,369</b>
<b>Library Contribution Fund</b>			
<b>Revenues</b>			
269-000.00-665.046	Makerspace Renovation Revenue	Donations	\$ 2,000
269-000.00-665.229	Raising a Reader in Novi Sponsors	Donations	\$ 4,500
			<u>\$ 6,500</u>
<b>Expenditures</b>			
269-000.00-742.229	Raising a Reader Expense	Supplies	\$ 4,000
269-000.00-976.045	LED Lighting Conversion Project	Capital Outlay	\$ 15,000
			<u>\$ 19,000</u>
	<b>Net Increase (decrease) to fund balance</b>		<b>\$ (12,500)</b>
<b>2008 Library Construction Debt Fund</b>			
<b>Revenues</b>			
317-000.00-403.001	Property Tax Revenue - County Chargebacks	Property Tax Revenue	\$ 1,000
			<u>\$ 1,000</u>
<b>Expenditures</b>			
317-000.00-995.000	Interest Expense	Debt Service	\$ 1,000
			<u>\$ 1,000</u>
	<b>Net Increase (decrease) to fund balance</b>		<b>\$ -</b>
<b>Capital Improvement Program (CIP) Fund</b>			
<b>Revenues</b>			
400-000.00-523.006	Lakeshore Park Shoreline	State Grants	\$ (96,255)
400-000.00-523.007	Pavilion Shore Shoreline	State Grants	(146,041)
400-000.00-664.000	Interest on investments	Interest Income	35,000
			<u>\$ (207,296)</u>
	<b>Net Increase (decrease) to fund balance</b>		<b>\$ (207,296)</b>
<b>Gun Range Facility Fund</b>			
<b>Revenues</b>			
402-000.00-632.225	CPL Revenue	Licenses, permits and charges for services	\$ (5,000)
402-000.00-664.000	Interest on investments	Interest Income	5,000
			<u>\$ -</u>
	<b>Net Increase (decrease) to fund balance</b>		<b>\$ -</b>