

**..Title**

Resolution to Amend Ann Arbor City Budget for Fiscal Year 2019 (8 Votes Required)

**..Memorandum**

Attached for your review and approval, please find a resolution to amend the Ann Arbor City Budget for Fiscal Year 2019.

The Michigan Public Act 2 of 1968, as amended, provides that the City shall not incur expenditures in excess of the amounts appropriated. In order to comply with PA 2, the City monitors expenditures against the adopted budget on a monthly basis and appropriates budget amendments be adopted by Council as needed.

Management of the City has monitored the revenue and expenditure activity against the adopted budget for the various funds throughout the year. In addition, management has attempted to periodically forecast the remainder of the fiscal year's revenue and expenditures.

In monitoring the various funds, management has forecasted certain variances versus budget that require budget amendments to remain in compliance with PA 2 as indicated above. These variances and the reasons for the variances are listed on the attachment.

The total requested General Fund budget amendment is \$1,220,800. A portion of this amount is covered by \$280,000 from assigned fund balance for severances and a portion of approximately \$550,000 from projected revenues higher than planned. The budget amendment for all other funds totals \$170,000. A detail of the requested appropriations is attached.

Passage of this Resolution and approval of the fiscal year 2019 budget amendments as prepared is recommended.

**..Staff**

Prepared by: Karen Lancaster, Finance Director  
Reviewed by: Tom Crawford, CFO  
Approved by: Howard Lazarus, City Administrator

**..Body**

Whereas, On May 21, 2018, City Council adopted the annual operating budget for FY 2019 for the City of Ann Arbor;

Whereas, The Michigan Public Act 2 of 1968, as amended, provides that the City shall not incur expenditures in excess of the amounts appropriated;

Whereas, The City's management have monitored revenues and expenditures and have forecasted revenues and expenditures against the adopted budget;

Whereas, The forecasted expenditures are in excess of the City's adopted budget for some units in the General Fund, and certain other funds in total as listed below;

RESOLVED, That Council amend the General Fund revenue budget by \$5,350,000 to account for the proceeds from the sale of bonds for the property at 350 S. Fifth Ave;

RESOLVED, That Council amend the General Fund expenditure budget by \$1,220,800 as follows, with the source of funding for the severances of \$280,000 from assigned fund balance, proceeds from a Sustainability grant (\$21,000) and the remaining \$919,800 from use of fund balance:

**GENERAL FUND EXPENDITURES**

HUMAN RESOURCES	107,000
CITY ADMINISTRATOR	40,000
SUSTAINABILITY & INNOVATIONS	50,000
MAYOR	7,300
CITY ATTORNEY	98,000
CITY CLERK	49,500
PARKS & RECREATION	80,000
POLICE	217,000
FIRE	262,000
NON-DEPARTMENTAL	310,000
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b><u>\$1,220,800</u></b>

RESOLVED, That Council amend the following other funds' revenue and expenditure budgets for FY 2019, with the source of funding as indicated:

REVENUES

<u>Fund</u>	<u>Fund Name</u>	<u>Amount</u>
0023	COURT FACILITIES FUND-Transfer from the General Fund	30,000
0024	OPEN SPACE & PARK ACQUISITION-use of fund balance	40,000
0053	POLICE & FIRE RELIEF FUND-use of fund balance	100,000

EXPENDITURES

<u>Fund</u>	<u>Fund Name</u>	<u>Amount</u>
0024	OPEN SPACE & PARK ACQUISITION-From fund balance in fund 0024	40,000
0053	POLICE & FIRE RELIEF FUND-From fund balance in fund 0053	100,000

ATTACHMENT

**City of Ann Arbor  
Proposed Fiscal Year 2019 Budgeted Amendments**

**General Fund Expenditures**

<u>Service Area/Unit</u>	<u>Reasons</u>	<u>Impact</u>
City Administrator: Human Resources	Overage on temporary employee costs, unplanned non-retirement severance, salary adjustments, payroll taxes associated with salary adjustments and severances, hybrid pension plan contributions for new employees and additional computer	107,000
City Administrator	Outside legal council	40,000
City Clerk	Election costs and additional computer	49,500
Sustainability & Innovations	Wages for sustainability manager (which are partially offset by a grant of \$21,000), membership dues, and staff training	50,000
City Attorney:	Succession planning/over-hire (extension of over-hire period salary, and related retention/retirement payments); succession planning (staff salary adjustments and related payroll taxes); additional computers for over-hire staff, outside counsel	98,000
Mayor:	Executive Assistant wages and medical costs, window shades and carpet for second floor of City Hall	7,300
Community Services Parks & Recreation	Anticipated over-runs for water utilities	80,000
Finance: Non-departmental:	Higher than normal severance expenditures (coming from assigned fund balance) and increased transfer to Court Facilities to avoid fund deficit	310,000

Safety Services:  
Police

Overtime due to additional U of M  
football game, soccer game and  
vacancy backfill, Chief hiring process,  
unplanned non-retirement severances,  
training, new hire uniforms and hybrid  
vehicle upgrade

217,000

Fire

Retroactive pay for contract settlement  
and vehicle repairs

262,000

**Total**

**\$1,220,800**

**Non-General Funds**

<u>Fund</u>	<u>Reasons</u>	<u>Impact</u>
Court Facilities Fund-Revenues	Underrun of revenue-this will avoid a fund balance deficit (transferring funds from the General Fund)	\$ 30,000
Open Space & Park Acquisition	Contracted services	40,000
Police & Fire Relief Fund	Distribution to surviving spouse or children of deceased Police or Fire officers who passed away while active members of either the Police or Fire Department	100,000
<b>Total Non-General Funds</b>		<hr/> <b>\$ 170,000</b> <hr/>