

..Title

Resolution to Amend Ann Arbor City Budget for Fiscal Year 2023 (8 Votes Required)

..Memorandum

Attached for your review and approval, please find a resolution to amend the Ann Arbor City Budget for Fiscal Year 2023.

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 \$1,680,000. A portion of this amount is covered by \$821,000 from assigned fund balance for severances. The budget amendment for all other funds totals \$285,950. A detail of the requested appropriations is attached.

Passage of this Resolution and approval of the fiscal year 2023 budget amendments as prepared is recommended.

..Staff

Prepared by: Kim Buselmeier, Financial Manager
Reviewed by: Marti Praschan, Financial Services Area Administrator & CFO
Approved by: Milton Dohoney Jr, City Administrator

..Body

Whereas, On May 16, 2022, City Council adopted the annual operating budget for FY 2023 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 expenditure budget by \$1,680,000 as follows, with the source of funding for severances of \$821,000 from assigned fund balance and the remaining \$859,000 from a use of fund balance:

GENERAL FUND EXPENDITURES

Engineering	400,000
Finance	32,000
Fire	67,000
Human Resources	36,000
Mayor	14,000
Information Technology	23,500
Non-Departmental	889,500
Parks & Recreation	165,000
Safety	3,000
Water Treatment Plant	50,000
TOTAL GENERAL FUND EXPENDITURES	\$ 1,680,000

RESOLVED, That Council amend the following other funds' revenue and expenditure budgets for FY 2023, with the source of funding as indicated:

REVENUES

Fund	Fund Name	Amount
0004	MAINTENANCE FACILITY FUND-Use of Fund Balance	3,450
0014	INFORMATION TECHNOLOGY FUND-Use of Fund Balance	148,500
0023	COURT FACILITIES FUND-Transfer from the General Fund	68,500
0024	OPEN SPACE & PARK ACQUISITION MILLAGE-Use of Fund Balance	20,500
0041	OPEN SPACE ENDOWMENT-Use of Fund Balance	45,000

EXPENDITURES

Fund	Fund Name	Amount
0004	MAINTENANCE FACILITY FUND-Use of Fund Balance	3,450
0014	INFORMATION TECHNOLOGY FUND-Use of Fund Balance	148,500
0024	OPEN SPACE & PARK ACQUISITION MILLAGE-Use of Fund Balance	20,500
0041	OPEN SPACE ENDOWMENT-Use of Fund Balance	45,000

ATTACHMENT

**City of Ann Arbor
Proposed Fiscal Year 2023 Budgeted Amendments**

GENERAL FUND EXPENDITURES

Service Area/Unit	Reasons	Impact
City Administrator:		
Human Resources:	Outside negotiator for union contract and pay raises	36,000
Information Technology:	Unanticipated severance	23,500
Safety:	Pay raise	3,000
Public Services:		
Engineering:	Increased streetlight electricity costs and personnel costs	400,000
Water Treatment Plant:	Hydroelectric Dam engineering consulting	50,000
Community Services:		
Parks and Recreation:	Golf cart leases, bank service fees, fleet maintenance, over	165,000
Finance:		
Accounting:	Unanticipated severance	9,000
Assessing:	AFSCME levels by contract and unanticipated severance	23,000
Fire:	Fire vehicle repairs	67,000
Non-departmental:	Higher than normal severance expenditures (coming from assigned fund balance) and increased transfer to Court Facilities to avoid fund deficit	889,500
Mayor's Office:	Salary increase and travel costs	14,000
Total		<u>\$ 1,680,000</u>

Non- General Funds

Fund	Reasons	Impact
Maintenance Facility Fund	Close out of the fund	3,450
Information Technology Fund	severance, PC replacement project & access control project	148,500
Court Facilities Fund-Revenues	Underrun of revenue-this will avoid a fund balance deficit (transferring funds from the General Fund)	68,500
Open Space & Park Acquisition Millage	Land acquisition, taxes and tax refunds	20,500
Open Space Endowment	Conservation easement monitoring	45,000
Total Non-General Funds		<u>\$ 285,950</u>