



Legislation Text

File #: 12-0800, **Version:** 1

Resolution to Amend Ann Arbor City Budget for Fiscal Year 2012 (8 Votes Required)
Attached for your review and approval, please find a resolution to amend the Ann Arbor City Budget for Fiscal Year 2012.

The Michigan Public Act 621 of 1978, as amended, provides that the City shall not incur expenditures in excess of the amounts appropriated. In order to comply with PA 621, the City's auditors have suggested the City monitor expenditures against the adopted budget on a periodic basis and appropriate budget amendments be adopted by Council as needed.

In monitoring the various funds, management has forecasted certain variances versus budget that require budget amendments to remain in compliance with PA 621. These variances and the reasons for the variances are listed on the attachment. This amendment is necessary because Council adopts the General Fund budget by Service Area so favorable variances in one Service Area may not offset unfavorable variances in another from a budgeting perspective.

The FY2012 General Fund expenditure budget is \$79,642,485. The requested General Fund amendment is \$1,351,461, which will result in an amended budget of \$80,993,946. Despite this increase in budgeted expenditures, staff forecasts that the General fund will end the year with a net use of fund balance of less than ½ million dollars in FY 2012 due to other positive offsetting items.

For all funds outside of the General Fund, the requested budget amendment totals \$2,836,100, which is primarily driven by refinancing a bond at a lower interest rate. The detail of the requested appropriations is attached.

Prepared by: Kenneth J. Bogan, Senior Finance Specialist

Reviewed by: Tom Crawford, CFO

Approved by: Steven D. Powers, City Administrator

Whereas, On May 21, 2011, City Council adopted the annual operating budget for FY 2012 for the City of Ann Arbor;

Whereas, The Michigan Public Act 621 of 1978, as amended, provides that the City shall not incur expenditures in excess of the amounts appropriated;

Whereas, The City's auditors, Abraham & Gaffney, P.C., have suggested the City monitor expenditures against the adopted budget on a periodic basis and appropriate budget amendments be adopted by Council as needed;

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;

Whereas, The recommended appropriation will require a combination of an increased revenue budget, and the use of General Fund Balance; and

Whereas, The FY 2012 Budget Resolution authorized the City Administrator to transfer funds between services units within the designated service areas;

RESOLVED, That Council amend the General Fund revenue and expenditure budgets for the FY 2012 as indicated below, and that the remaining source of funding for the additional expenditures be use of prior years fund balance;

GENERAL FUND REVENUES

CITY ADMINISTRATOR	
Clerk Services	\$ 165,000
SAFETY SERVICES	
Fire	105,000
TOTAL GENERAL FUND REVENUES	\$ 270,000

GENERAL FUND EXPENDITURES

CITY ADMINISTRATOR	
City Administrator	\$ 30,000
Clerk Services	165,000
Human Resources	60,000
NON-DEPARTMENTAL	621,461
SAFETY SERVICES	
Fire	105,000
Police	250,000
PUBLIC SERVICES	
Field Services	120,000
TOTAL GENERAL FUND EXPENDITURE	\$ 1,351,461

RESOLVED, That the following other funds' revenue and expenditure budgets for FY 2012 be amended as follows, and that the remaining source of funding for these expenditures be use of prior years fund balance:

REVENUES

<u>Fund</u>	<u>Fund Name</u>	<u>Amount</u>
0035	GENERAL DEBT SERVICE	\$2,758,100

EXPENDITURES

<u>Fund</u>	<u>Fund Name</u>	<u>Amount</u>
0035	GENERAL DEBT SERVICE	\$2,787,700
0024	PARKS ACQUISITION MILL	48,400

Submitted by: Financial and Administrative Services
Date: June 18, 2012

ATTACHMENT

**City of Ann Arbor
Proposed Fiscal Year 2012 Budgeted Amendments**

General Fund Revenues

<u>Service Area/Unit</u>	<u>Reasons</u>	<u>Impact</u>
City Administrator:		
City Clerk Services	Reimbursement for two elections	\$ 165,000
Safety Services:		
Fire Services	Fire inspections	105,000
Total		<u>\$ 270,000</u>

General Fund Expenditures

<u>Service Area/Unit</u>	<u>Reasons</u>	<u>Impact</u>
City Administrator:		
City Administrator	City Administrator moving expenses not budgeted	\$ 30,000
City Clerk Services	Two unbudgeted elections	165,000
Human Resources	AFSCME President position was not eliminated on 12/31/2011, as planned in adopted budget	60,000
Non-departmental	Transfer to cover Court Facilities Fund shortfall	45,000
	Golf Fund subsidy higher than budgeted	131,761
	Tax refunds higher than budgeted	444,700

Safety Services:

Fire Services	Equipment repairs and purchases	105,000
Police Services	Severances greater than budgeted	250,000

Public Services:

Field Services	Higher than anticipated electricity costs for street lighting	120,000
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Total		<u>\$ 1,351,461</u>
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Non-General Funds Revenues

<u>Fund</u>	<u>Reasons</u>	<u>Impact</u>
General Debt Service Fund	Refund 2003 MTF bonds - proceeds, transfer in, and bond issuance costs	\$ 2,758,100
Total Non-General Funds		<u>\$ 2,758,100</u>

Non-General Funds Expenditures

<u>Fund</u>	<u>Reasons</u>	<u>Impact</u>
General Debt Service Fund	Payment to bond escrow agent to refund 2003 MTF bonds, and bond issuance costs	\$ 2,758,100
	Tax refunds higher than budgeted	29,600
Parks Acquisition Millage	Tax refunds higher than budgeted	48,400
Total Non-General Funds		<u>\$ 2,836,100</u>