



Legislation Text

File #: 11-0679, **Version:** 1

Resolution to Amend Ann Arbor City Budget for Fiscal Year 2011 **(8 Votes Required)**

Attached for your review and approval, please find a resolution to amend the Ann Arbor City Budget for Fiscal Year 2011.

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, 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.

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 621 as indicated above. These variances and the reasons for the variances are listed on the attachment.

The Government Accounting Standards Board adopted Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changes the definition of what funds qualify as special revenue funds effective July 1, 2010. The Economic Development Fund was adopted in the FY 2011 budget as a special revenue fund and no longer fits the definition of a special revenue fund and therefore, must be blended with the General Fund.

The result of this blending is the Economic Development Fund's fund balance of \$967,161.00 must be moved into the General Fund; and the expenditures previously budgeted within the Economic Development Fund, now become expenditures of the General Fund.

The total requested General Fund budget amendment is \$1,127,590.00; of which \$750,000.00 is attributable to the transfer of the Economic Development Fund's budget into the General Fund. The total budget amendment for all other funds is \$660,000.00. A detail of the requested appropriations is attached.

Passage of this Resolution and approval of the fiscal year 2011 budget amendments as prepared is recommended.

Prepared by: Kenneth J. Bogan, Senior Finance Specialist

Reviewed and Approved by: Tom Crawford, Interim City Administrator

Whereas, On May 17, 2010, City Council adopted the annual operating budget for FY 2011 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;

Whereas, The FY 2011 Budget Resolution authorized the City Administrator to transfer funds between services units within the designated service areas;

Whereas, The Government Accounting Standards Board adopted Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changes the definition of what funds qualify as special revenue funds effective July 1, 2010;

Whereas, The Economic Development fund was adopted in the FY 2011 budget as a special revenue fund and no longer fits the definition of a special revenue fund and therefore, must be blended with the General Fund; and

Whereas, The fund balance of the Economic Development Fund at June 30, 2010 was \$967,161.00;

RESOLVED, That the Economic Development Fund revenue and expenditure budgets be decreased by \$750,000.00 and the fund be closed to the General Fund as of July 1, 2010;

RESOLVED, That the General Fund Non-departmental expenditure budget be increased by \$750,000.00 funded by a one-time use of fund balance from the General Fund (previously transferred from the Economic Development Fund);

RESOLVED, That all revenues and expenditures incurred during FY 2011 in the Economic Development move to the General Fund budget as established above;

RESOLVED, That Council amend the General Fund revenue and expenditure budgets for the FY 2011 as indicated below, and that the remaining source of funding for the additional expenditures be use of prior years fund balance; and

REVENUES

CITY ADMINISTRATOR

Clerk Services	\$53,000.00
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EXPENDITURES

CITY ADMINISTRATOR	
Clerk Services	\$53,000.00
NON-DEPARTMENTAL	750,000.00
SAFETY SERVICES	
Fire	54,000.00
FIFTEENTH DISTRICT COURT	235,590.00
PUBLIC SERVICES	
Water Treatment	35,000.00
TOTAL GENERAL FUND EXPENDITURES	\$1,127,590.00

RESOLVED, That the following other funds' expenditure budgets for FY 2011 be amended as follows, and that the remaining source of funding for these expenditures be use of prior years fund balance:

EXPENDITURES

<u>Fund</u>	<u>Fund Name</u>	<u>Amount</u>
0021	MAJOR STREET FUND	\$230,000.00
0022	LOCAL STREET FUND	270,000.00
0049	PROJECT MANAGEMENT FUND	125,000.00
0048	AIRPORT FUND	35,000.00

RESOLVED, That \$20,000.00 and \$30,000.00 appropriated from the local and major street funds reserves respectively for pavement marking remain available without regard to fiscal year.

ATTACHMENT

**City of Ann Arbor
Proposed Fiscal Year 2011 Budgeted Amendments**

General Fund Revenues

<u>Service Area/Unit</u>	<u>Reasons</u>	<u>Impact</u>
City Administrator:		
City Clerk Services	Reimbursement for May election	\$53,000.00
Total		\$53,000.00

General Fund Expenditures

<u>Service Area/Unit</u>	<u>Reasons</u>	<u>Impact</u>
City Administrator:		
City Clerk Services	Unbudgeted May election	\$53,000.00

Non-departmental	Transfer of Economic Development Fund	750,000.00
Safety Services:		
Fire Services	ICMA Fire Study	54,000.00
Fifteenth District Court	Higher than anticipated moving costs	77,800.00
	IT charges moved from Court Facilities Fund, due to inadequate revenues in that fund	68,000.00
	Litigation settlement and cost reserve	89,790.00
Public Services:		
Water Utilities- Hydropower	Higher maintenance costs for Superior Dam	35,000.00
Total		\$1,127,590.00

Non-General Funds Expenditures

<u>Service Area/Unit</u>	<u>Reasons</u>	<u>Impact</u>
Public Services:		
Major Street Fund	Higher costs due to severe winter and Mudslide	\$200,000.00
	Pavement Marking	30,000.00
Local Street Fund	Higher cost due to severe winter	250,000.00
	Pavement Marking	20,000.00
Project MGMT Fund	Severances due to unanticipated employee Retirements	125,000.00
Airport Fund	Severances due to unanticipated employee Retirements	35,000.00
Total Non-General Funds		\$660,000.00

Sponsored by: Budget Committee
June 20, 2011