



MEMORANDUM

August 20, 2013

TO: Members of the Board of Mayor and Aldermen
Members of Budget and Finance Committee

FROM: Eric Stuckey, City Administrator
Russ Truell, ACA/CFO
Mike Lowe, Comptroller

SUBJECT: Budget Amendments based on Fiscal Year 2013 Fourth Quarter Activity

Purpose

The purpose of this item is to amend the Fiscal Year 2013 Budget to account for activities or conditions arising since passage of the original budget.

Background

Rather than bringing a myriad of budget amendments at numerous Board meetings, staff recommended that we bring possible budget amendment to the Budget & Finance Committee on a quarterly basis. Budget amendments for July through September were presented at the November 2012 meeting; with October through December, there were no amendments to present; January through March were presented in May 2013; and April through June will be proposed here in August 2013.

The amendments are as follows:

1. **Per State Comptroller letter, reclassification of interfund services provided by the General Fund (by revenue management, administration, capital investment projects, project & facilities management, human resources, law, communications, finance, purchasing, and engineering) to other funds from revenue to reduction of departmental expenditures.** The State's guidance is that these interfund services are reductions (or reimbursements) of expenditures to the General Fund instead of revenue.

This amendment:

- a. Reduces budgeted Administrative Services Revenue from \$2,297,740 to zero.
 - b. Reduces budgeted departmental expenditures by \$2,297,740. For Revenue Management, this reduction is approximately 87% of its budget. For the other departments, it is approximately 20% of their budgets.
2. **Administrative re-allocations between General Fund departments.** After the departmental reallocations, the total General Fund budget remains unchanged.
 3. **Additional \$165,000 appropriation in Street Aid fund funded by additional transfer from General.** This is due to a tracking error that occurred during the fiscal year. The Street department tracks paving expenditures throughout the year. It was believed the tracking of the paving budget had been used down to \$130 remaining. A single error omitting an invoice resulted in the overage.



4. **Additional \$120,000 appropriation in Transit fund for pass-through expenditures and offsetting revenue.** The City of Franklin was a pass-through entity for payment to Franklin Transit Authority/TMA Group for its purchase of five (5) regional transportation van replacements. Although the City had no role and provided no funds, the U.S. Federal Transit Authority required the use of the Franklin Transit Authority/City of Franklin name on the grant. (The federal government sent the grant funds to the City and the City forwarded the funds in full to the Franklin Transit Authority/TMA Group). Budgeting both the grant expenditure and offsetting grant revenue is in accordance with accounting rules and auditor's recommendation.
5. **Additional \$59,874 appropriation in Transit fund for operational funding funded by additional grant revenues.** Additional expenditures were incurred due to the two (2) factors listed below that affect the overall funding:
 - a. Salaries, taxes, and fringe benefits related to man hours and transit operations costs an additional \$66,516 over what was budgeted due to an unanticipated 30% increased demand for TODD (Transit on Demand) services.
 - b. The increased cost of fuel that could not be foreseen resulted in an additional \$22,182 over what was budgeted for the year.

Financial Impact

The amendments, as proposed, would result in:

1. An increase in budgeted expenditures in the General Fund of \$165,000. (Please note: The General Fund is tracking at an anticipated surplus at fiscal year-end even with the inclusion of the additional transfer).
2. An increase in budgeted expenditures in the Street Aid Fund of \$165,000 (offset by the transfer from General shown above).
3. An increase in budgeted expenditures in the Transit Fund of \$120,000 (offset 100% by grant revenue). The City acted only as a pass-through entity.

Options

1. Approve amendment(s) as proposed and forward to BOMA.
2. Make changes to the amendment(s) where desired and forward to BOMA.

Recommendation

Approval of the amendments is recommended.

ORDINANCE NO. 2013 – 45

WHEREAS, the City Charter, Article VIII, provides for adoption of an annual budget for departments of the City of Franklin, and

WHEREAS, an annual budget process appropriating funds to the various departments and divisions of the City government for the fiscal year beginning July 1, 2012 has been completed in accordance with state law and local ordinances,

NOW, THEREFORE BE IT ORDAINED, by the Board of Mayor and Aldermen of the City of Franklin, Tennessee:

SECTION I: That the annual budget for the City of Franklin for the Fiscal Year 2012-2013 shall be amended and does allocate and appropriate additional funding as follows:

To Close Fiscal Year 2013

GENERAL FUND

REVENUE

Administrative Services provided to Water/Sewer	Decrease	(\$1,953,079)
Administrative Services provided to Stormwater	Decrease	(\$160,842)
Administrative Services provided to Solid Waste	Decrease	(\$183,819)
Local Sales Tax (to fund Transfer to Street Aid)	Increase	\$165,000

EXPENDITURES

Revenue Management (Admin Services)	Decrease	(\$1,187,618)
Administration (Admin Services)	Decrease	(\$117,906)
Capital Investment Planning (Admin Services)	Decrease	(\$42,671)
Project and Facilities Management (Admin Services)	Decrease	(\$163,675)
Human Resources (Admin Services)	Decrease	(\$250,296)
Law (Admin Services)	Decrease	(\$79,070)
Communications (Admin Services)	Decrease	(\$74,386)
Finance (Admin Services)	Decrease	(\$165,400)
Purchasing (Admin Services)	Decrease	(\$44,197)
Engineering (Admin Services)	Decrease	(172,521)
Administrative Reallocations between departments	No Effect	-\$0-
Transfer to Street Aid	Increase	\$165,000

Net Increase (Decrease) to Total General Fund Balance **-\$0-**

STREET AID FUND

REVENUE

Transfer from General	Increase	\$165,000
-----------------------	----------	-----------

EXPENDITURES

Paving	Increase	\$165,000
--------	----------	-----------

Net Increase (Decrease) to Total Street Aid Fund Balance **-\$0-**

ROAD IMPACT FUND

REVENUE

EXPENDITURES

Transfer to Debt Service	Decrease	\$50,000
--------------------------	----------	----------

Net Increase (Decrease) to Total Road Impact Fund Balance **\$50,000**

DEBT SERVICE FUND

REVENUE

Transfer from Road Impact Fund Decrease (\$50,000)

EXPENDITURES

Bond Issue Costs (\$22.5 million refunding) Increase \$47,000

Net Increase (Decrease) to Total Debt Service Fund Balance **(\$97,000)**

HOTEL/MOTEL TAX FUND

REVENUE

Harlinsdale Park (Hayes Home Grant) Increase \$60,000

Eastern Flank Park (Eastern Flank Access Road Grant) Increase \$500,000

EXPENDITURES

Harlinsdale Park Increase \$788,000

Eastern Flank Park Increase \$754,000

Net Increase (Decrease) to Total Hotel/Motel Fund Balance **(\$982,000)**

TRANSIT FUND

REVENUE

U.S. Federal Transit Authority Grant Revenue (pass-through) Increase \$120,000

Additional Grant Revenue Increase \$59,874

EXPENDITURES

Payment to Franklin Transit Authority/TMA Group (pass-through) Increase \$120,000

Operating Expenditure (additional personnel + fuel) Increase \$59,874

Net Increase (Decrease) to Transit Fund Balance **\$-0-**

SECTION II: That each department of the City shall limit its expenditures to the amount appropriated; that any changes or amendments to the appropriations set forth in the budget shall be made in accordance with the City Code, Article VIII.

SECTION III: That this Ordinance shall take effect on June 30, 2013, from and after the passage on Second and Final Reading; the health, safety and welfare of the citizens of the City of Franklin requiring it.

ATTEST:

CITY OF FRANKLIN, TENNESSEE

By: _____

ERIC S. STUCKEY
City Administrator

By: _____

DR. KEN MOORE
Mayor

PASSED FIRST READING: _____

PUBLIC HEARING: _____

PASSED SECOND READING: _____