

ORDINANCE NO. 2014 –19

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, 2013 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 2013-2014 shall be amended and does allocate and appropriate additional funding as follows:

GENERAL FUND
REVENUE

EXPENDITURES

Administrative Reallocations		\$	-0-
Transfer to Street Aid	not to exceed	\$	250,000
Transfer to Sanitation	not to exceed	\$	500,000
Transfer to Road Impact	not to exceed	\$	1,430,191
Transfer to Drug Fund	not to exceed	\$	150,000
Transfer to Transit	not to exceed	\$	250,000
Transfer to CDBG	not to exceed	\$	25,000

Net Increase (Decrease) to Total General Fund Balance			(\$2,605,191)

STREET AID FUND
REVENUE

Transfer from General	not to exceed	\$	250,000
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EXPENDITURES

Net Increase (Decrease) to Total Street Aid Fund Balance			----- \$250,000
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SANITATION FUND
REVENUE

Transfer from General	not to exceed	\$	500,000
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EXPENDITURES

Net Increase (Decrease) to Total Sanitation Fund Balance			----- \$500,000
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ROAD IMPACT FUND
REVENUE

Transfer from General	not to exceed	\$	1,430,191
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EXPENDITURES

Net Increase (Decrease) to Total Road Impact Fund Balance			----- \$1,430,191
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DRUG FUND
REVENUE

Transfer from General not to exceed \$150,000

EXPENDITURES

Net Increase (Decrease) to Total Drug Fund Balance -----
\$150,000

TRANSIT FUND
REVENUE

Transfer from General not to exceed \$250,000
Grant Revenue (Pass-Through) \$136,051

EXPENDITURES

Grant Programs (Pass-Through) \$136,051

Net Increase (Decrease) to Transit Fund Balance \$250,000

CDBG FUND
REVENUE

Transfer from General not to exceed \$25,000

EXPENDITURES

Net Increase (Decrease) to CDBG Fund Balance -----
\$25,000

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, 2014, 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: _____



HISTORIC
FRANKLIN
TENNESSEE

ITEM #7
FINANCE
06-12-14

MEMORANDUM

June 5, 2014

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

RE: Cash Basis Budget Amendments

Purpose

The purpose of this item is to amend the Fiscal Year 2014 Budget to assure compliance with State budgeting guidance regarding:

1. Deficit Fund Balances (fund's net accumulated revenues and expenditures),
2. Deficit Cash Balances (for funds with year-end receivables not collected by June 30), and
3. Ensuring authorizations in place to balance each fund's budget on a cash basis on June 30, 2014.

Background

In accordance with generally accepted modified accrual accounting and budgeting, the City has submitted budget amendments to the Budget & Finance Committee upon the closing of each quarter (when receivables and payables have been determined).

The State Comptroller has provided guidance (included in its most current annual budget memo and letters to individual cities such as Memphis) that budget amendments are to be on the cash basis and must occur prior to fiscal year end (June 30) to ensure no fund has a deficit fund balance or deficit cash balance at June 30. If not in compliance with this requirement, approval of future bond issues by the State may be affected.

As the amendments are occurring prior to fiscal year end, the amendments include estimates under a "worst case scenario" to ensure no fund balance deficit or cash balance deficit exists at June 30. The amendments do not include the Facilities Tax, Stormwater, and Hotel/Motel Tax funds as they appear to have sufficient fund balances and cash balances for fiscal year end.

The amendments are as follows:

1. **Administrative re-allocations between General Fund departments.** Departmental reallocations do not change the total General Fund budget. For example, funds were budgeted in General Expenses to pay for mid-year raises and the merit pay program. The re-allocation allows those funds to be allocated from General Expenses to the appropriate departments.
2. **Authorization for Transfers from General Fund, if needed, to ensure Road Impact Fee Fund is not in a fund balance or cash balance deficit at June 30, 2014.** The Road Impact Fee fund began the year with an \$854,829 fund balance deficit and has incurred several road impact fee offset payments totaling \$575,362. Although stronger collections in 2014 are anticipated to cover a portion of the deficit, a transfer from General Fund appears likely to be needed to bring the fund to break-even for its fund balance and cash balance at June 30, 2014.
3. **Authorization for Transfers from General Fund, if needed, to ensure funds with year-end receivables are not in a fund balance or cash deficit at June 30, 2014.** Several funds receive revenue after fiscal



year end which may leave the fund in a temporary fund balance and/or cash deficit at June 30. Transfer amounts are requested for:

- a. Street Aid (due to state shared taxes received in July and August),
- b. Sanitation (due to customer service and tipping fees received in July),
- c. Drug Fund (due to drug fines received in July),
- d. Transit (due to grant revenues received in July and August), and
- e. CDBG (due to grant revenues received in July and August).

4. **Additional \$136,051 appropriation in Transit Fund for pass-through grant expenditures (funded by 100% offsetting grant revenue).** The City of Franklin was a pass-through entity for payment to Franklin Transit Authority/TMA Group for its purchase of regional transportation van replacements. Although the City had no role and provided no funds for the transactions, 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 revenue is in accordance with accounting rules and our auditor’s recommendation.

Financial Impact

The amendments, as proposed, would result in:

- 1. No change in budgeted expenditures in the General Fund for administrative re-allocations.
- 2. Reduction of General Fund balances up to \$1,430,191 for elimination of potential fund balance and cash balance deficits in the Road Impact Fee Fund at June 30, 2014. This amount comprises the \$854,829 fund deficit at June 30, 2013 and \$575,362 for the offset agreement.
- 3. Reduction of General Fund balances up to \$1,175,000 for elimination of potential fund balance and cash balance deficits at June 30, 2014 for the following recipient funds:

<u>Fund</u>	<u>Not to Exceed</u>	<u>Basis for Amount</u>
a. Street Aid	\$250,000	\$207,526 cash deficit at June 30, 2013
b. Sanitation	\$500,000	\$480,119 cash deficit at June 30, 2013
c. Drug Fund	\$150,000	\$133,309 cash deficit at June 30, 2013
d. Transit	\$250,000	Estimate of June 30 grant receivable
e. CDBG	\$25,000	Estimate of June 30 grant receivable

- 4. An increase in budgeted expenditures in the Transit Fund of \$120,000 (offset 100% by grant revenue). The City acts 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

Staff recommends approval of the amendments.