

**RESOLUTION 2014-64**

**A RESOLUTION OF THE BOARD OF MAYOR AND ALDERMEN TO UPDATE THE FUND BALANCE POLICY OF THE GENERAL FUND TO INCORPORATE A CAPITAL FUNDING INITIATIVE AND ADD TERMINOLOGY FROM GASB STATEMENT 54 ON FUND BALANCE REPORTING.**

**WHEREAS**, the City of Franklin, by action of the Board of Mayor and Aldermen on May 12, 2009, adopted a fund balance policy for emergency, contingency, cash flow stabilization, and various insurance reserve funds of the General Fund, and

**WHEREAS**, on August 28, 2012, the Board of Mayor and Aldermen adopted Resolution 2012-44, an addendum to the policy for use and replacement of these funds, and

**WHEREAS**, the Board of Mayor and Aldermen wishes to continue this policy and its addendum, and

**WHEREAS**, the Board of Mayor and Aldermen wishes to update the policy to incorporate a capital funding initiative, and

**WHEREAS**, the Board of Mayor and Aldermen wishes to also update the policy to add terminology from Governmental Accounting Standards Board (GASB) Statement 54 on fund balance reporting.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Mayor and Aldermen for the City of Franklin as follows:

**Section 1.** That this Fund Balance Policy update is hereby adopted to incorporate a capital funding initiative.

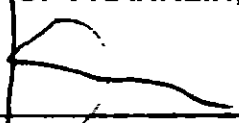
**Section 2.** That the Resolution shall be effective upon adoption.

**IT IS SO RESOLVED AND DONE** on this 23<sup>rd</sup> day of September 2014.

**ATTEST:**

By:   
Eric Stuckey  
City Administrator

**CITY OF FRANKLIN, TENNESSEE**

By:   
Ken Moore, M.D.  
Mayor

---

**DATE:** September 4, 2014

**TO:** Board of Mayor and Aldermen

**FROM:** Eric Stuckey, City Administrator  
Russell Truell, Assistant City Administrator  
Mike Lowe, Comptroller

**SUBJECT:** Consideration of Resolution 2014-64, Resolution to Update Fund Balance Policy of the General Fund

**Purpose**

The purpose of this memo is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning an update to the Fund Balance Policy for the General Fund.

**Background**

There are two (2) changes proposed to the Fund Balance Policy of the General Fund:

1. The primary change is to incorporate a capital funding initiative that was first proposed during the 2015 budget presentation and discussed at the Budget and Finance Committee in July. This initiative would provide reserves above 45% of General Fund budgeted expenditures to be available for capital projects. At the time, the amount was estimated at \$5.7 million.
2. Also, terminology is added to bring the policy in compliance with Governmental Accounting Standards Board (GASB) Statement 54 pertaining to fund balance reporting.

The proposed changes are highlighted in the updated policy attached (capital funding initiative in yellow; terminology in gray).

**Financial Impact**

No impact to fund balances in the General Fund upon adoption of the policy update. However, fund balance reserves in the General Fund would be reduced upon utilization of the funds for capital projects.

Based on the 2014 ending budgeted expenditures of \$57,126,958, 45% of this amount is \$25,707,131. Preliminary year-end results show the fund balance for the General Fund to be in excess of \$32 million. (Please note: Staff is recommending in the 2015 1<sup>st</sup> quarter amendments that collections for In Lieu of Park Land funds of \$2.2 million be transferred from the fund balance in the General Fund to its own fund which would reduce the fund balance above 45%).

**Options**

Approve or disapprove the proposed policy update.

**Recommendation**

Staff recommends approval of this update.