

**ORDINANCE NO. 2024-16**

**AN ORDINANCE TO AMEND THE BUDGET OF THE CITY OF FRANKLIN FOR FISCAL YEAR 2023-2024**

**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, 2023 has been completed in accordance with state law and local ordinances; and

**WHEREAS**, the Board of Mayor and Aldermen find it is in the best interests of the citizens of the City of Franklin to modify the annual budget from time to time.

**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 2023-2024 shall be amended and does allocate and appropriate additional funding as follows:

<u><b>GENERAL FUND</b></u>	[Amendments 1, 2 & 3]	
<u><b>REVENUE</b></u>		
Property Tax Revenue	Increase	\$ 500,000
Local Sales Tax	Increase	\$ 2,250,000
Sports Wagering Privilege Tax	Decrease	\$ (120,000)
Traffic Operations Center Grant	Decrease	\$ (400,000)
License Plate Reader Grant	Increase	\$ 233,172
American Rescue Plan Act Grant	Increase	\$ 1,000,000
Investment Interest	Increase	\$ 3,100,000
Use of Fund Balance	Increase	\$ 1,773,170
<u><b>EXPENDITURES</b></u>		
Elected Officials Personnel	Increase	\$ 30,000
Elected Officials Expenses	Increase	\$ 10,000
Court Personnel	Increase	\$ 8,772
Administration Personnel	Increase	\$ 62,800
Administration Expenses	Increase	\$ 67,448
Revenue Management Personnel	Increase	\$ 49,204
Revenue Management Expenses	Increase	\$ 397,324
Facilities Personnel	Increase	\$ 122,546
Facilities Expenses	Increase	\$ 455,650
Communications Personnel	Increase	\$ 19,868
Communications Expenses	Increase	\$ 91,220
Purchasing Personnel	Increase	\$ 15,275
Purchasing Expenses	Increase	\$ 2,531
Information Technology Personnel	Increase	\$ 113,734
Information Technology Expenses	Increase	\$ 343,277
Emergency Management Personnel	Increase	\$ 8,211
Law Personnel	Increase	\$ 29,130
Law Expenses	Increase	\$ 116,297
Finance Personnel	Increase	\$ 47,059
Finance Expenses	Increase	\$ 79,350
Engineering Expenses	Increase	\$ 238,903
Traffic Operations Center Personnel	Increase	\$ 18,529
Traffic Operations Center Expenses	Decrease	\$ (741,500)
Human Resources Personnel	Increase	\$ 163,151
Human Resources Expenses	Increase	\$ (37,151)

Building & Neighborhood Services Personnel	Increase	\$ 62,914
Police - Admin Personnel	Increase	\$ 257,964
Police - Admin Capital	Increase	\$ 9,793
Police - CID Personnel	Increase	\$ 177,544
Police - Patrol Personnel	Increase	\$ 979,430
Fire Personnel	Increase	\$ 2,346,996
Fire Capital	Increase	\$ 25,000
Streets - Maintenance Personnel	Increase	\$ 142,536
Streets - Maintenance Capital	Increase	\$ 389,940
Streets - Traffic Personnel	Increase	\$ 41,454
Streets - Fleet Personnel	Increase	\$ 37,924
Parks Personnel	Increase	\$ 153,219
General Expenses Personnel	Decrease	\$ (650,000)
General Expenses Expenses	Increase	\$ 1,150,000
Transfers To Other Funds	Increase	\$ 1,500,000
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<b>Net Increase (Decrease) to Total General Fund Balance</b>		<b>\$ -</b>

**SANITATION & ENVIRONMENTAL SERVICES FUND**  
**REVENUE**

[Amendment 1]

Transfer from General Fund	Increase	\$1,000,000
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**EXPENDITURES**

SES Administration Personnel	Increase	\$ 33,268
SES Administration Expenses	Decrease	\$ (195,187)
SES Collection Personnel	Increase	\$ 74,632
SES Collection Expenses	Increase	\$ (4,915)
SES Disposal Personnel	Increase	\$ 13,114
SES Disposal Expenses	Increase	\$ (19,508)
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**Net Increase (Decrease) to Sanitation & Environmental Services Fund Balance** **\$1,098,596**

**STORMWATER FUND**  
**REVENUE**

[Amendments 1, 3]

**EXPENDITURES**

Stormwater - Streets Personnel	Increase	\$ 42,529
Stormwater - Streets Expenses	Decrease	\$ (104,592)
Stormwater - Engineering Personnel	Increase	\$ 24,653
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**Net Increase (Decrease) to Stormwater Fund Balance** **\$ 37,410**

**DRUG FUND**  
**REVENUE**

[Amendments 1, 3]

**EXPENDITURES**

Drug Fund Expenses	Increase	\$ 17,500
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**Net Increase (Decrease) to Drug Fund Fund Balance** **\$ (17,500)**

<b><u>HOTEL/MOTEL FUND</u></b>	[Amendments 2,3]	
<b><u>REVENUE</u></b>		
<b><u>EXPENDITURES</u></b>		
Transfer to Debt Service	Increase	\$ 10,000
Creekside Land Purchase	Increase	\$ 2,805,738
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<b>Net Increase (Decrease) to Hotel/Motel Tax Fund Balance</b>		<b>\$ (2,815,738)</b>

<b><u>TRANSIT FUND</u></b>	[Amendments 2,3]	
<b><u>REVENUE</u></b>		
<b><u>EXPENDITURES</u></b>		
Transit Fund Personnel	Increase	\$ 45,000
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<b>Net Increase (Decrease) to Transit Fund Balance</b>		<b>\$ (45,000)</b>

<b><u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</u></b>	[Amendments 2,3]	
<b><u>REVENUE</u></b>		
Annual Federal Award	Increase	\$ 375,000
<b><u>EXPENDITURES</u></b>		
Contractual Services	Increase	\$ 375,000
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<b>Net Increase (Decrease) to CDBG Fund Balance</b>		<b>\$ -</b>

<b><u>DEBT SERVICE FUND</u></b>	[Amendments 2,3]	
<b><u>REVENUE</u></b>		
Transfer from General Fund	Decrease	\$ (500,000)
<b><u>EXPENDITURES</u></b>		
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<b>Net Increase (Decrease) to Debt Service Fund Balance</b>		<b>\$ (500,000)</b>

<b><u>FLEET REPLACEMENT FUND</u></b>	[Amendments 2,3]	
<b><u>REVENUE</u></b>		
Transfer from General Fund	Increase	\$ 500,000
<b><u>EXPENDITURES</u></b>		
Emergency Management Vehicle	Increase	\$ 500,000
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<b>Net Increase (Decrease) to Fleet Replacement Fund Balance</b>		<b>\$ -</b>

**WATER & WASTEWATER FUND**  
**REVENUE**

[Amendment 1]

**EXPENDITURES**

Utility Billing Personnel	Increase	\$ 6,292
Water Distribution Personnel	Decrease	\$ 45,812
Water Plant Personnel	Increase	\$ 37,851
Water General Expenses	Decrease	\$ (466,519)
Utility Administration Personnel	Increase	\$ 60,023
Wastewater Collector Personnel	Increase	\$ 60,732
Wastewater Plant Personnel	Increase	\$ 61,589
Wastewater General Expenses	Decrease	\$ (494,829)

**Net Increase (Decrease) to Total Water & Sewer Fund Balance** \$ **680,049**

**SECTION II:** That the organizational charts and staffing tables for each department of the City which have modified positions are hereby amended and attached as Exhibit A herein.


**SECTION III:** 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 IV:** That this Ordinance shall take effect on after the passage of the Third and Final Reading; the health, safety and welfare of the citizens of the City of Franklin requiring it.

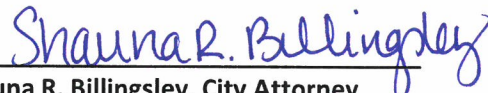
ATTEST:

CITY OF FRANKLIN, TENNESSEE

By:   
Angie Skarp  
City Recorder

By:   
DR. KEN MOORE  
Mayor

Approved as to form:

By:   
Shauna R. Billingsley, City Attorney

PASSED FIRST READING:

5/28/24, 7-0

PUBLIC HEARING:

6/11/24

PASSED SECOND READING:

6/11/24, 8-0

PASSED THIRD READING:

6/25/24, 8-0





# MEMORANDUM

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May 3, 2024

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator  
Kristine Brock, Assistant City Administrator/Chief Financial Officer  
Michael Walters Young, Budget & Strategic Innovation Manager

RE: Consideration of Ordinance 2024-16, 4<sup>th</sup> Quarter 2024 Budget Amendments

## Purpose

The purpose of this item is to amend the Fiscal Year 2024 Budget for compliance with State budgeting guidance regarding:

1. Ensuring authorizations in place to balance each fund's budget on a cash basis on June 30, 2024.

## Background

The State Comptroller has provided guidance 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 year end.

In order to stay ahead of this responsibility, staff is proposing three budget amendments. They are split across various funds, but include:

- 1) Year-end Revenue Modifications
- 2) Addition of 27<sup>th</sup> Payroll
- 3) Year-end Expense Modifications
- 4) Administrative Service Fund (Indirect) Modifications
- 5) Cash Balance Requirements

By Fund the impacts of these amendments are:

### A. General Fund:

- i. Revenues: Increase of \$8,336,342. This increase is attributable the following items:
  1. Property Tax Revenue: \$500,000. This increase is a result of lowering the property tax contribution to the Debt Service Fund. There is sufficient balance within the Debt Service Fund there is not a need for the original transfer.
  2. Local Sales Tax: \$2,250,000. The FY 2024 Local Sales Tax assumption was inherently conservative, and ended being \$1,000,000 lower than the final actual FY 2023 collection. This amount captures tax receipts through 8 months received and projected ending balances in FY 2024.



3. Sports Wagering Privilege Tax: (\$120,000). This new revenue stream from the State of Tennessee is being moved directly into the Street Aid & Transportation Fund as the receipts can only be spent on transportation and paving.
  4. Traffic Operations Center Grant: (\$400,000). This grant is reduced in FY 2024 due to the fact the intersection improvements will not be completed by the end of FY 2024, but is appropriated again in FY 2025. There is a reduction in the expenses.
  5. License Plate Reader Grant: \$233,172. The City has received a grant for License Plate Readers from the State of Tennessee. An expense increase is shown in the Police Department.
  6. American Rescue Plan Act (ARPA) Grant: \$1,000,000. This amount of grant funds is for the Franklin Housing Authority and goes to defray costs of the Cherokee development.
  7. Investment Interest: \$3,100,000. One of the positive outcomes of a sustained high interest environment is the ability of the City to earn money off of investments and pooled cash. These rates are guaranteed for FY 2024 and 2025.
  8. Use of Fund Balance: \$1,773,170. This is the amount necessary cover additional one-time repair needs and cash balance needs.
- ii. Expenses: Increase of \$8,336,642. That increase is attributable to each of the five amendments as follows:
2. 27<sup>th</sup> Payroll: \$2,373,260. Once every 7-10 years, the alignment of a bi-weekly pay structure and 365 ¼ days per year add up so that there are 27 bi-weekly pays instead of the standard budgeted 26 bi-weekly pays. FY 2024 is that year.
  3. Year-end Expense Modifications: There are many year-end clean-ups in the General Fund.
    - Personnel: \$1,780,000. There are several categories of personnel expenses which net to an increase of \$1,780,000. Increases of \$2,430,000 include: \$30,000 in Elected Officials (higher medical costs), \$100,000 in Facilities (retirement payouts and vacancy adjustment), \$15,000 in Communications (vacancy adjustment), \$105,000 in Human resources (vacancy adjustment), \$680,000 in Police (overtime costs/new police wages approved at the end of April 2024), \$1,500,000 in Fire (vacancy adjustments/overfills) and \$250,000 in General Expenses (to fund needs of the Closed Pension Plan). Offsetting these increases is a reduction in the remaining balance of General Expenses wage and medical costs by (\$900,000).
    - Operations: \$2,185,000. Increases (and decreases) in operations costs include: \$10,000 in Elected Officials (higher than budgeted costs for the 2023 Municipal Election), \$400,000 in Facilities (higher repair and maintenance costs of City facilities, namely City Hall), \$125,000 in Information Technology (costs incurred as a result of the cyber attack in 2023), \$1,150,000 in General Expenses (\$1,000,000 for the Franklin





Housing Authority Cherokee redevelopment funded by ARPA dollars and \$150,000 in additional general expenses), and \$500,000 in Transfers to Other Funds (transfer of Emergency Management Vehicle budgeted in Police to Fleet Replacement Fund).

- Capital: (\$316,767). Increases (and decreases) in Capital include: Decrease of (741,500) in Traffic Operations Center (TOC) (\$106,000 increase for emergency repairs to Baker's Bridge and (\$847,500) decreases in intersection improvement projects funded through grants), \$9,793 in Police (Decrease of \$500,000 for the movement of costs related to the Emergency Management Vehicle moved to Fleet Replacement and \$509,793 increase for the costs of installing license Plate Readers - partially offset via grant), \$25,000 in Fire (increase for additional costs of a replacement Air Compressor for Fire Station #2), and \$389,940 in streets (increase for the purchase of two dump trucks).
  - 4. Administrative Service Fund (Indirect) Modifications: Increase of \$1,314,849. Staff has been actively working over the course of the last 8-10 months to refine the indirect cost allocation model used to charge operational funds outside of the General Fund (Stormwater, Sanitation and Water Management) to be more accurate for the time each General Fund Department spends serving them. As a result of this study, staff has found it necessary to increase the cost to the General Fund and reduce the charges against the operational funds accordingly. This will take effect now in FY 2024 and continue onwards into FY 2025 and be re-examined every one to two years moving forward.
  - 5. Cash Balance Requirements: Increase of \$1,000,000. The Sanitation and Environmental Services Fund needs additional funding to meet year-end State Cash and Fund balance requirements. This is a normal transfer at this time of year, but one that hopefully will be less needed with proposed rate increases in future budget years.
- B. Street Aid & Transportation Fund:
- 1. Year-end Revenue Modifications Increase of \$120,000. This is the transfer of Sports Wagering monies budgeted in the General Fund.
- C. Sanitation & Environmental Services Fund:
- 1. Year-end Revenue Modifications: Increase of \$1,000,000. This is the transfer of \$1,000,000 from the General Fund to accommodate for sufficient cash and fund balance in the SES Fund.
  - 2. Addition of 27th Payroll: Increase of \$121,014. Once every 7-10 years, the alignment of a bi-weekly pay structure and 365 ¼ days per year add up so that there are 27 bi-weekly pays instead of the standard budgeted 26 bi-weekly pays. FY 2024 is that year.
  - 3. Year-end Expense Modifications: Decrease of \$24,423. Debt Service payments necessary in FY 2024 are actually lower than originally budgeted.

4. Administrative Service Fund (Indirect) Modifications: Decrease of \$195,187. Staff has been actively working over the course of the last 8-10 months to refine the indirect cost allocation model used to charge operational funds outside of the General Fund (Stormwater, Sanitation and Water Management) to be more accurate for the time each General Fund Department spends serving them. As a result of this study, staff has found it necessary to increase the cost to the General Fund and reduce the charges against the operational funds accordingly. This will take effect now in FY 2024 and continue onwards into FY 2025 and be re-examined every one to two years moving forward.
- D. Stormwater Fund:
2. Addition of 27th Payroll: Increase of \$67,182. Once every 7-10 years, the alignment of a bi-weekly pay structure and 365  $\frac{1}{4}$  days per year add up so that there are 27 bi-weekly pays instead of the standard budgeted 26 bi-weekly pays. FY 2024 is that year.
  3. Year-end Expense Modifications: Increase of \$100,000. The increase is necessary for the purchase of two replacement fleet vehicles.
  4. Administrative Service Fund (Indirect) Modifications: Decrease of \$204,592. Staff has been actively working over the course of the last 8-10 months to refine the indirect cost allocation model used to charge operational funds outside of the General Fund (Stormwater, Sanitation and Water Management) to be more accurate for the time each General Fund Department spends serving them. As a result of this study, staff has found it necessary to increase the cost to the General Fund and reduce the charges against the operational funds accordingly. This will take effect now in FY 2024 and continue onwards into FY 2025 and be re-examined every one to two years moving forward.
- E. Drug Fund:
3. Year-end Expense Modifications: Increase of \$17,500. Additional costs for outside training and K-9 operations.
- F. Hotel Motel Fund:
3. Year-end Expense Modifications: Increase of \$2,815,738. This is in two parts: a) Increase of \$10,000 in Debt Service. Debt Service payments necessary in FY 2024 are actually lower than originally budgeted. b). Creekside Land Preservation: Increase of \$2,805,738. At the direction of the Board of Mayor and Aldermen at the BOMA Work Session of August 22<sup>nd</sup>, this amount is intended as the final payment for the acquisition of 76 acres of parkland adjacent to Harlinsdale Park and the southeast corner of Mack Hatcher and Franklin Road.
- G. Transit Fund:
3. Year-end Expense Modifications: Increase of \$45,000. Transfer of costs related to Transit Inspector previously budgeted in Police.
- H. Community Development Block Grant (CDBG) Fund:
1. Year-end Revenue Modifications: Increase of \$375,000. (Draw from annual federal fund allocation).



3. Year-end Expense Modifications: Increase of \$375,000. (Increase for contracts executed to reimburse Franklin Housing Authority for projects).
- I. Debt Service Fund:
    1. Year-end Revenue Modifications: Decrease of \$500,000. Decrease a result of lower General Fund (Property Tax) transfer into the fund. (Fund balance remains at acceptable level.)
  - J. Fleet Replacement Fund:
    1. Year-end Revenue Modifications: Increase of \$500,000. (Transfer from General Fund)
    3. Year-end Expense Modifications: Increase of \$500,000. (Transfer from Police Budget to Fleet Replacement for purchase of the Emergency Management Vehicle).
  - K. Water Management Fund:
    2. Addition of 27th Payroll: Increase of \$272,299. Once every 7-10 years, the alignment of a bi-weekly pay structure and 365  $\frac{1}{4}$  days per year add up so that there are 27 bi-weekly pays instead of the standard budgeted 26 bi-weekly pays. FY 2024 is that year.
    4. Administrative Service Fund (Indirect) Modifications: Decrease of \$961,348. Staff has been actively working over the course of the last 8-10 months to refine the indirect cost allocation model used to charge operational funds outside of the General Fund (Stormwater, Sanitation and Water Management) to be more accurate for the time each General Fund Department spends serving them. As a result of this study, staff has found it necessary to increase the cost to the General Fund and reduce the charges against the operational funds accordingly. This will take effect now in FY 2024 and continue onwards into FY 2025 and be re-examined every one to two years moving forward.

This is the final budget amendment during this Fiscal Year to the budget.

**Financial Impact**

The amendments, as proposed, would result in:

1. General Fund: No Change.
2. Street Aid & Transportation Fund: Increase of Fund Balance of \$120,000.
3. Sanitation & Environmental Services Fund: Increase of Fund Balance of \$1,098,596.
4. Stormwater Fund: Increase of Fund Balance of \$37,410.
5. Drug Fund: Decrease of Fund Balance of \$17,500.
6. Hotel/Motel Fund: Decrease of Fund Balance of \$2,815,738.



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## MEMORANDUM

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7. Transit Fund: Decrease of Fund Balance of \$45,000.
8. CDBG Fund: No Change.
9. Debt Service Fund: Decrease of Fund Balance of \$500,000.
10. Fleet Replacement Fund: No Change.
11. Water Management Funds: Increase of Fund Balance of \$689,049.

### **Options**

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

### **Recommendation**

Staff recommends approval of the amendments.