

ORDINANCE NO. 2010 - 61

**"AN ORDINANCE OF THE CITY OF FRANKLIN FOR AMENDING,
OR TRANSFERRING FUNDS WITHIN, A BUDGET FOR THE
FISCAL YEAR 2010-2011 AND SUBSEQUENT YEARS;
PROVIDING AN EFFECTIVE DATE"**

WHEREAS, the City Charter, Article VIII, provides for adoption of an annual budget for all 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, 2010 has been completed in accordance with state law and local ordinances,

WHEREAS, the State has approved amending the City's Charter by passage of Private Chapter 58 removing language related to the process of amending the City budget at the legal level of budget appropriations, and

WHEREAS, the legal level of budget appropriations has been the department level, and

WHEREAS, the increased amount of detail in the budget and the evolution of large departmental responsibilities into departments or divisions of smaller size and more complexity,

WHEREAS, the increased level of detail in the budget makes occurrences of budget overages much more frequent and much more likely, and

WHEREAS, the current economic conditions has forced tighter allocation ranges and a greater degree of flexibility on the part of City management.

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

SECTION 1: That the annual budget for the City of Franklin beginning with the fiscal year 2010-2011 and in subsequent years shall be amended or transferred by creation of Title 5, Chapter 9 (Budget Ordinance):

Section 1. - Amendment after Adoption.

If during the fiscal year, the City Administrator certifies that there are available for appropriation revenues in excess of those estimated in the budget for a fund, the Board by ordinance of two (2) readings (the second being a public hearing) may make supplemental appropriations for the year up to the amount of such excess. These amendments are required for budget requests that raise the total appropriations in a fund above that approved by prior ordinance.

Section 2. - Transfer of Appropriations within a fund.

At any time during the fiscal year, the City Administrator may transfer part or all of any unencumbered appropriation balance among or within departments within a fund. These transfers between departments may include:

1. Personnel positions and funding of those positions or other personnel costs
2. Operating items including fuel and utilities
3. Capital items
4. Transfer of funds between personnel, operations, and capital

Any such transfers made by Administrative action shall be less than \$25,000 per item and shall be reported at least quarterly to the Board of Mayor & Aldermen or an appropriate committee with budget oversight. Transfer items of \$25,000 or more shall be made by the Board by ordinance of two (2) readings, the second of which is a public hearing.

Section 3. - Transfer of Appropriations between funds.

Any movement of appropriations between funds shall be approved by the Board by ordinance of two (2) readings (the second being a public hearing).

SECTION II: That this Ordinance shall take effect on July 1, 2010, from and after its 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: _____
JOHN C. SCHROER
Mayor

PASSED FIRST READING
PASSED SECOND READING

November 23, 2010



MEMORANDUM

January 4, 2010

TO: Board of Mayor and Aldermen
FROM: City Administrator Eric S. Stuckey
Assistant City Administrator Russ Truell
SUBJECT: Charter Change for Budgets

Purpose

The purpose of this agenda item is to consider changing the Charter to allow flexibility in administering and amending the annual budget, and consider two year budgets.

Background

The Charter specifies that funds cannot be moved between departments without amending the budget ordinance. When the Charter provisions were made (1979 or earlier) there were fewer departments and much less complexity to the budget documents.

We currently have fourteen departments, some with multiple divisions, and it is common for a need to arise for shifting funds between departments. We also have hundreds of line items that break down in detail where money is spent, and those sometimes require movement of budget funds.

Because of the unusual financial circumstances in which we find ourselves, the concept of a vacancy rate was added to this year's budget. That will require close oversight and inevitably the movement of certain budget amounts between departments or divisions.

Options

Consider changing the Charter provision in Article VIII, Section 10, or continue as is.

Recommendation

Staff recommends changing the Charter to state that transfers between departments shall be determined by Ordinance.