

January 6, 2017

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  
Michael Walters Young, Budget & Analytics Manager

RE: Consideration of Ordinance 2017-01, 3<sup>rd</sup> Quarter 2017 Budget Amendments

**Purpose**

The purpose of this item is to amend the Fiscal Year 2017 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, 2016.

**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 June 30.

In order to stay ahead of this responsibility, staff is proposing four budget amendments.

The amendments are as follows:

1. Within the General Fund, there are two amendments:
  - a. Increase within the General Fund of \$30,650 for the replacement of a police cruiser damaged in an accident. The replacement cost is \$30,650, and will be offset by insurance reimbursements.
  - b. Transfer of \$136,360 from General Expenses to three departments - Communications, Finance and Human Resources - to offset the cost of four (4) retiree payouts at December 31. Overall, the City had twelve (12) employees eligible to receive payouts at the time of their retirement; these three departments are the only ones which require additional resources to accommodate those expenditures. All other departments - Police, Sanitation, Water, Building & neighborhood Services and Planning & Sustainability - have sufficient budget capacity to absorb the added unplanned expenditures due to staffing vacancies.
2. Increase of \$73,000 to the Hotel/Motel Tax Fund for the purpose of two expenditures related to Downtown Franklin:
  - a. \$50,000 for the purchase of new refuse containers for Downtown Franklin
  - b. \$23,000 for contracted weekend sanitation collection service.

- This will be offset by a matching increase of Hotel/Motel Tax revenues in the amount of \$73,000. Through five months, the fund is over performing anticipated revenues by approximately \$140,000. The increase budgeted revenues is prudent and warranted.
3. Increase of \$44,000 in the Capital Projects Fund for the final costs associated with the City's contribution toward the construction of street lighting and a multi-use trail along Knoll Top Lane, which is directly adjacent to Columbia State Community College. The BOMA, as a part of a prior budget amendment in FY 2016, approved \$380,000 for these contributions to the overall construction of Knoll Top Lane. The final anticipated cost, as provided by the contractor, will be \$423,583.64. The increase of \$44,000 will be made up by future recommendations of staff later in 2017 when a final proposal to eliminate the deficit within the Capital Projects Fund is presented.
  4. Increase of \$421,851 in the Water & Wastewater Funds for the purpose of financing authorized capital equipment purchases via cash instead of through leasing. Originally, \$2.1 million of equipment and vehicles purchases approved in the FY 2017 budget were planned to be leased across a series of funds. Given current fund balances within the Water & Wastewater Funds, staff believes it is more prudent to retain lease capacity for future capital expenditures in other funds and purchase larger items (namely a Sanitary Sewer Vacuum Truck and CCTV Equipment) from fund balance. The increase of \$421,851 is the differential between already budgeted lease payments and how much the items will actually cost to buy via cash. This action will decrease fund balance by \$421,851.

This is the fourth budget amendment during this Fiscal Year to the budget. We envision at least one more during the course of the Fiscal Year.

#### **Financial Impact**

The amendments, as proposed, would result in:

1. General Fund: No Change.
2. Hotel Motel Tax Fund: No Change.
3. Capital Projects Fund: Decrease of Fund Balance of \$44,000.
4. Water & Wastewater Fund: Decrease of Fund Balance of \$421,851.

#### **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.