

August 4, 2017

TO: Members of the Board of Mayor and Aldermen  
Members of Budget and Finance Committee

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

RE: Consideration of Ordinance 2017-43, 1<sup>st</sup> Quarter 2018 Budget Amendments

**Purpose**

The purpose of this item is to amend the Fiscal Year 2018 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, 2017.

**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 five budget amendments.

The amendments are as follows:

1. General Fund: This amendment has two components:
  - a. Reduction of \$47,845 in Payment-In-Lieu-of-Tax (PILOT) and corresponding increase of \$47,845 in Property Tax due to the ending of the PILOT for Jackson National Life and Healthways. That revenue will now be received in property taxes.
  - b. Allocation of wage increases to departments from General Expenses totaling \$1,323,646. The City's wage increases are budgeted in General Expenses and it is the City's practice that once allocations based on merit have been determined the amount of increase is distributed via amendment to each individual department. Employees received these increases effective July 1.
2. Sanitation & Environmental Services Fund: This amendment simply accounts for the allocation of wage increases budgeted in Sanitation - Administration to the other two divisions - Collection and Distribution. The total amount of the transfers between the three divisions is \$61,361, but the net change is zero.
3. City Facilities Tax Fund: Increase of \$650,000 for two purposes:
  - a. Increase of \$600,000 for completing the purchase of three vehicles for the Fire Department. \$600,000 was already appropriated in FY 2018 for the purchase of a Technical Rescue Vehicle, a Hazmat Response Vehicle and Rescue 3. These vehicles take

- more than one fiscal year to order and build, and the balance of the cost for these three vehicles was budgeted in FY 2017. This action ensures enough funds to complete the purchase in FY 2018.
- b. Increase of \$50,000 for ongoing evaluation and assessment work of the new Southeast Complex. The area known as the Southeast Complex will be a combined public facility, but much of the planned \$13,200,000, Phase I CIP approved project will be dedicated towards creating a signature park and recreation facility in southeast Franklin. This \$50,000 will go towards continuing assessments of the property. This amendment will increase the total authorized budget for this project in FY 2018 to \$550,000 (\$50,000 from the Facilities Tax and \$500,000 from the Parkland Dedication Fund).
4. County Facilities Tax Fund: Increase of \$400,000 for two purposes:
    - a. \$100,000 for improvements and redesign work of the Long Lane/Goose Creek interchange to improve safety and traffic flow. This is a main entrance to the County Fairgrounds off Interstate 65.
    - b. \$300,000 for extension of City Wastewater service along Henpeck Lane for a future Williamson County School south of Franklin.
  5. Hotel Motel Tax Fund: Increase of \$150,000 for installation of garage counting systems at the 2<sup>nd</sup> and 4<sup>th</sup> Avenue Parking Garages. \$75,000 was already appropriated in FY 2017 for this purpose but was not completed last fiscal year. This amendment re-appropriated these funds for the 4<sup>th</sup> Avenue Garage and adds a similar amount for the 2<sup>nd</sup> Avenue Garage.
  6. Debt Service Fund: Reduction of \$90,255 in the revenues and expenses to account for the actual FY 2018 debt service for the Sanitation Fund portion of the 2017 G.O. Bond improvements. The net change is zero.
  7. Water & Wastewater Funds: This amendment has two components:
    - a. Allocation of wage increases to departments from General Expenses in both Water and Wastewater \$63,464 and \$117,628, respectively. The City's wage increases are budgeted in General Expenses and it is the City's practice that once allocations based on merit have been determined the amount of increase is distributed via amendment to each individual department. Employees received these increases effective July 1.
    - b. Reduction of \$260,242 from the Water General Division to account for distribution of debt service for the 2017 Water Plant Improvement bonds between Water Operations (70%), Water Access (15%) and Water Taps (15%).

This is the first budget amendment during this Fiscal Year to the budget. We envision several more during the course of the Fiscal Year.

### **Financial Impact**

The amendments, as proposed, would result in:

1. General Fund: No Change.
2. Sanitation & Environmental Services Fund: No Change.
3. City Facilities Tax Fund: Decrease of Fund Balance of \$650,000. Deficit will not be made up – it is the intent to apply fund balance for this amendment.



4. County Facilities Tax Fund: Decrease of Fund Balance of \$400,000. Deficit will not be made up - it is the intent to apply fund balance for this amendment.
5. Hotel/Motel Tax Fund: Decrease of Fund Balance of \$150,000. Deficit may be made up through future revenues adjustments.
6. Debt Service Fund: No Change.
7. Water & Wastewater Funds: Increase of Fund Balance of \$260,242.

**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.