

May 8, 2015

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

SUBJECT: 4th Quarter 2015 Budget Amendments

Purpose

The purpose of this item is to amend the Fiscal Year 2015 Budget for compliance with State budgeting guidance regarding:

1. Deficit Fund Balances (fund's net accumulated revenues and expenditures),
2. Deficit Cash Balances (for funds with year-end receivables not collected by June 30), and
3. Ensuring authorizations in place to balance each fund's budget on a cash basis on June 30, 2015.

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. If not in compliance with this requirement, approval of future bond issues by the State may be affected.

As the amendments are occurring prior to fiscal year end, the amendments include estimates under a "worst case scenario" to ensure no fund balance deficit or cash balance deficit exists at June 30. The amendments do not include the Street Aid, Facilities Tax, Stormwater, Drug, Hotel/Motel Tax, In Lieu of Parkland, and Debt Service funds as they appear to have sufficient fund balances and cash balances for fiscal year end.

The amendments are as follows:

1. Administrative re-allocations between General Fund departments. Departmental reallocations do not change the total General Fund budget. For example, funds were budgeted in General Expenses to pay for the merit pay program. The re-allocation allows those funds to be allocated from General Expenses to the appropriate departments.
2. Authorization for Transfer from General Fund, if needed, to ensure Road Impact Fee Fund is not in a fund balance or cash balance deficit at June 30, 2015. As collections will continue through June 30, a shortfall of revenue is possible although not anticipated as collections typically increase during the spring months.
3. Authorization for Transfer from General Fund, if needed, to ensure Sanitation Fund is not in a fund balance or cash balance deficit at June 30, 2015. The approved budget anticipated \$1.9 million for disposal fees. Estimates for disposal fees through year-end are \$2.4 million.
4. Authorization for Transfer from General Fund, if needed, to ensure Transit Fund is not in a fund balance or cash balance deficit at June 30, 2015. Transit financials through March are showing its direct and indirect expenditures of approximately \$70,000 over current budget.
5. Additional \$444,924 appropriation in Transit Fund for pass-through grant expenditures (funded by 100% offsetting grant revenue). The City of Franklin was a pass-through entity for payment to Franklin Transit

Authority/TMA Group for its purchase of regional transportation van replacements. Although the City had no role and provided no funds, the U.S. Federal Transit Authority required the use of the Franklin Transit Authority/City of Franklin name on the grant. (The federal government sent the grant funds to the City and the City forwarded the funds in full to the Franklin Transit Authority/TMA Group). Budgeting both the grant expenditure and offsetting revenue is in accordance with accounting rules and our auditor's recommendation.

6. Authorization to add \$194,162 to budgeted expenditures in the Housing Reserve Fund (commonly referred to as the CDBG fund) for affordable housing assistance for the redevelopment of the Franklin Housing Authority's Reddick apartments. The funding for the assistance is in the In Lieu of Affordable Housing account within the fund. The majority (\$183,072) will be used all at once for utility permits and the remaining \$11,090 will be used for the purchase of taps and service for the units/ buildings.
7. Authorization to add \$30,000 to budgeted expenditures in the Housing Reserve Fund (commonly referred to as the CDBG fund) for affordable housing assistance for the Hard Bargain Association's planned unit development on Mount Hope Street. The funding for the assistance is in the In Lieu of Affordable Housing account within the fund. This amount will provide assistance for development fees, specifically infrastructure costs associated with sanitary sewer and water development fees. This expenditure, although approved by BOMA, was not previously budgeted.
8. To add an Item # 8 for authorization to add \$85,000 for payment to Williamson County Joint Network Authority for City's share of the cost of an agreement with TUSA Engineering to perform contract management services for the countywide radio project. The payment will allow the Authority to proceed with the project manager contract. Funding for this payment will be from the reallocation of funds (\$42,500 from Police and \$42,500 from Fire) already within the General Fund budget.

Financial Impact

The amendments, as proposed, would result in:

1. No change in budgeted expenditures in the General Fund for administrative re-allocations.
2. Reduction of General Fund balances up to \$125,000 for elimination of potential fund balance and cash balance deficits in the Road Impact Fee Fund at June 30, 2015.
3. Reduction of General Fund balances up to \$500,000 for elimination of potential fund balance and cash balance deficits in the Sanitation Fund at June 30, 2015.
4. Reduction of General Fund balances up to \$70,000 for elimination of potential fund balance and cash balance deficits in the Transit Fund at June 30, 2015.
5. An increase in budgeted expenditures in the Transit Fund of \$444,924 that is offset 100% by grant revenue. The City acts only as a pass-through entity.
6. An increase of budgeted expenditures in the Housing Reserve Fund of \$194,162 that is funded by In Lieu of Affordable Housing collections already in the fund.
7. An increase of budgeted expenditures in the Housing Reserve Fund of \$30,000 that is funded by In Lieu of Affordable Housing collections already in the fund.



HISTORIC
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MEMORANDUM

8. No change in budgeted expenditures in the General Fund for reallocation of funds from Police and Fire for payment to the Williamson County Joint Network Authority.

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.