



# MEMORANDUM

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June 8, 2018

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  
Michael Walters Young, Budget & Strategic Innovation Manager

RE: Consideration of Amendment of Ordinance 2018-09, 4<sup>th</sup> Quarter 2018 Budget  
Amendments to ensure compliance for State Accounting requirements for the Transit Fund

## **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, 2018.

## **Background**

When Ordinance 2018-09 was first proposed and presented to the Budget & Finance Committee on May 10<sup>th</sup>, 2018, staff attempted to cover all potential needs for budget adjustments and transfers. One area which was not included in the amendment but committee members were advised may require further adjustment was for the Transit Fund.

Due to a series of unforeseen circumstances this year, the submission of several large grant reimbursements was delayed until early May and as a result, the funds have not yet been disbursed by the federal government back to the Franklin Transit Authority. These funds are guaranteed to come in – but it is a question of timing. They may come in before the end of the fiscal year; then again, they may not.

Since the City must operate the Transit Fund in accordance with rules promulgated by the State Comptroller stating that no fund has a deficit fund balance or deficit cash balance at June 30, staff is recommending that Ordinance 2018-09 be amended to include a not to exceed transfer amount of \$1,000,000 from the General Fund to the Transit Fund to cover operational needs.

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

Again, this is not an issue of the Transit operations needing more money – it is an issue of timing of grant reimbursements which both the Franklin Transit Authority and the City of Franklin's Transit Fund budgeted for in FY 2018. Steps have been taken within the Franklin Transit Authority to mitigate this for FY 2019. Any grant funds received within the 60-day accrual period after June 30<sup>th</sup> will be credited to the Transit Fund, and the General Fund transfer will be reduced or unnecessary.

The rest of the amendment remains unchanged. All other funds are projected to meet state requirements for minimum fund and cash balances at fiscal year-end.

### **Financial Impact**

The amendments, as proposed, would result in:

1. General Fund: No Change (though fund balance would be ultimately reduced by up to \$1,000,000)
2. Transit Fund: No Change (though fund balance would be ultimately increased by up to \$1,000,000)

### **Options**

1. Approve amendment and place new Ordinance 2018-09 for consideration in advance of your Public Hearing on the night of June 12<sup>th</sup>.
2. Make changes to the amendment(s) where desired.

### **Recommendation**

Procedurally, Law advises that an amendment to the current Ordinance 2018-09 be made prior to the public hearing so that the proposed ordinance can be discussed at the hearing. Staff would recommend the Ordinance replaced in its entirety (Clean "Proposed Amended Ordinance 2018-09" attached, along with a Redline version), then the new version considered for approval.

Also attached is correspondence from the Franklin Transit Authority with the grant submission to the Federal Transit Administration on May 3<sup>rd</sup>, 2018.