

January 5, 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 Ordinance 2017-53, 3<sup>rd</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, 2018.

### **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 \$29,459 in Payment-In-Lieu-of-Tax (PILOT) and corresponding increase of \$29,459 in Property Tax due to the ending of the PILOT for Community Health Services. That revenue will now be received in property taxes. Now, only two remaining PILOTS remain for the City: Franklin Housing Authority (established in 1967 and has no end date) and Nissan of North America (established in 2005 and expires once the TIF district is paid off).
  - b. Allocation of wage increases to departments from General Expenses totaling \$292,171. These wage increases are budgeted in General Expenses and are a result of the BOMA's approval of Resolution 2017-83 on November 28<sup>th</sup>, 2017, which changed to the City's Compensation Plan to both move pay ranges between 5-10% and provided additional compensation based on progression through the range for City employees. It is the City's practice that regular and pay plan adjustment allocations be distributed via amendment to each individual department. Employees received these increases effective January 1.
2. Sanitation & Environmental Services Fund: This amendment has three components:
  - a. Allocation of wage increases to departments from Administration to Collection and Disposal totaling \$13,161. These increases are a result of the BOMA's approval of

- Resolution 2017-83 on November 28th, 2017, which changed to the City's Compensation Plan to both move pay ranges between 5-10% and provided additional compensation based on progression through the range for City employees. It is the City's practice that regular and pay plan adjustment allocations be distributed via amendment to each individual department. Employees received these increases effective January 1.
- b. Increase of \$30,644 for seven-day a week refuse pickup in the Downtown Franklin area. This pays for the monthly contract for a private company to provide more regular service of refuse containers within Downtown Franklin. This was previously budgeted within Hotel/Motel but is more appropriate to be budgeted out of Fund 124, the Sanitation and Environmental Services Fund. This increase is partially funded by transferring \$7,888 in surplus wages due to vacancies in SES Administration and component c below.
  - c. Decrease of \$22,756 in Disposal Debt Service. Previously this fiscal year, the Debt Service budget was amended due to lower than expected costs in issuing the 2017 G.O. Bonds. This amendment lowers the transfer amount from Sanitation to the Debt Service Fund. The total amount of the transfers between the three divisions is \$42,848, but the net change is zero.
- 3. County Facilities Tax Fund & Multi-Purpose Capital Projects Fund: Transfer of \$635,074 from the Multipurpose Capital Projects Fund to the County Facilities Tax Fund. Committee members will recall that at the end of last fiscal year the City created a new Fund 132 for City's receipt of our share of the County Facilities Tax. Until the end of last fiscal year, receipts had been deposited within the City's Multi-Purpose Capital Projects Fund, Fund 310. Although over \$3.4 Million was transferred to Fund 132 last June, a residual balance of \$635,074 was earned in County Facilities Taxes and deposited into Fund 310. This amendment moves all remaining County Facilities Taxes accrued in Fund 310 over to the proper fund, Fund 132. This will assist in the continued clean-up of Fund 310 and give a clear idea of how much County Facilities Tax is available for future needs.
  - 4. In Lieu of Parkland Fund: Increase of \$5,402 for paying in full all costs related to the acquisition of land in the future Southeast Complex. In FY 2018, \$500,000 was set aside out of Fund 155, In Lieu of Parkland, for land acquisition. The total cost once settled was \$505,402. This amendment allows the full invoice to be paid properly out of Fund 155.
  - 5. Water & Wastewater Funds: Allocation of wage increases to departments from General Expenses in both Water and Wastewater \$2,296 and \$13,077, respectively. These wage increases are budgeted in General Expenses and are a result of the BOMA's approval of Resolution 2017-83 on November 28th, 2017, which changed to the City's Compensation Plan to both move pay ranges between 5-10% and provided additional compensation based on progression through the range for City employees. It is the City's practice that regular and pay plan adjustment allocations be distributed via amendment to each individual department. Employees received these increases effective January 1.

This is the third budget amendment during this Fiscal Year to the budget. We envision at least one more during 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. County Facilities Tax Fund: Increase of Fund Balance of \$635,074. Multi-Purpose Capital Projects Fund: Decrease of Fund Balance of \$635,074. Deficit will not be made up – it is the intent to apply fund balance for this amendment.
4. In Lieu of Parkland Fund: Decrease of Fund Balance of \$5,402. Deficit will not be made up – it is the intent to apply fund balance for this amendment.
5. Water & Wastewater Funds: No Change.

## **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.