

September 7, 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 2018-48, 1st Quarter 2019 Budget Amendments

Purpose

The purpose of this item is to amend the Fiscal Year 2019 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, 2019.

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. Pavement Sealing: Increase expenses in the State Street Aid Fund by \$92,411 for the "re-appropriation" of pavement sealing from FY 2018. Now that the books are closed, we are able to state with certainty that money is available within the State Street Aid Fund to "re-appropriate" in FY 2019 from the prior year. These funds were generated as a result of not fully expending the amount budgeted for pavement sealing. This successful program is budgeted again in FY 2019, and the Streets Department is seeking this carry over of funds to do even more.
2. Hillsboro Road Phase II: Increase Transfers to the Multi-Purpose Capital Projects Fund by \$50,000 from the Stormwater Fund and \$195,000 from the Hotel/Motel Fund. This amendment is a clean-up of an item which should have been part of the last budget amendment of FY 2018. The planned funding of the Hillsboro Road Phase II project included two distinct transfers of \$50,000 from Stormwater (for a total contribution of \$100,000) and of \$195,000 from Hotel/Motel (for a total contribution \$390,000). Though these transfers were part of the final FY 2017 budget amendment, this was not the case in FY 2018. This transfer will correct that oversight and further serve to reduce the deficit in the Multi-Purpose Capital Projects Fund.
3. Officer Safety Gear: Increase expenses in the Drug Fund by \$80,000 for the purpose of purchasing 75 sets of officer safety gear for the Franklin Police Department. The additional

safety gear will ensure officer safety in the event of patrolling various public events and responding to emergencies.

4. Accounting Correction: Increase Grant Programs allocation in the Community Development Block Grant Fund by \$60,786. This is a request to correct an accounting entry made in FY 2016 necessary to ensure the fund had sufficient cash balance at year end. This has inflated year-end fund balance for several years now in the CDBG Fund, and with this correction will return it to historic levels of between \$25,000-\$30,000.

This is the second budget amendment during this Fiscal Year to the budget. We envision more during the Fiscal Year.

Financial Impact

The amendments, as proposed, would result in:

1. State Street Aid Fund: Decrease of Fund Balance of \$92,411.
2. Stormwater Fund: Decrease of Fund Balance of \$50,000.
3. Drug Fund: Decrease of Fund Balance of \$80,000.
4. Hotel/Motel Tax Fund: Decrease of Fund Balance of \$195,000.
5. CDBG Fund: Decrease of Fund Balance of \$60,786.
6. Multi-Purpose Capital Projects Fund: Increase of Fund Balance of \$245,000.

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.