



HISTORIC
FRANKLIN
TENNESSEE

MEMORANDUM

January 4, 2010

TO: Board of Mayor and Aldermen
FROM: City Administrator Eric S. Stuckey
Assistant City Administrator Russ Truell
SUBJECT: Charter Change for Budgets

Purpose

The purpose of this agenda item is to consider changing the Charter to allow flexibility in administering and amending the annual budget, and consider two year budgets.

Background

The Charter specifies that funds cannot be moved between departments without amending the budget ordinance. When the Charter provisions were made (1979 or earlier) there were fewer departments and much less complexity to the budget documents.

We currently have fourteen departments, some with multiple divisions, and it is common for a need to arise for shifting funds between departments. We also have hundreds of line items that break down in detail where money is spent, and those sometimes require movement of budget funds.

Because of the unusual financial circumstances in which we find ourselves, the concept of a vacancy rate was added to this year's budget. That will require close oversight and inevitably the movement of certain budget amounts between departments or divisions.

Options

Consider changing the Charter provision in Article VIII, Section 10, or continue as is.

Recommendation

Staff recommends changing the Charter to state that transfers between departments shall be determined by Ordinance.

**General Fund
Authorized Appropriations (Current)
Fiscal Year 2010**

Departments Overbudget (currently requires budget amendment of 3 readings if overbudget)

Department	2010 Estd Actual	2010 Current Budget	Amount Overbudget	Percent Overbudget
Fire	12,196,976	12,188,511	8,465	0.1%
Recorder's Office	1,086,267	1,084,171	2,096	0.2%
Transfer to Transit	507,697	503,838	3,859	0.8%
Elected Officials	193,640	190,687	2,953	1.5%
Appropriations	429,903	421,342	8,561	2.0%
Purchasing	153,708	148,405	5,303	3.6%
Finance	921,024	877,699	43,325	4.9%
Communications	296,430	277,836	18,594	6.7%
Streets - Fleet	718,568	644,492	74,076	11.5%
Transfer to Street Aid	967,473	664,525	302,948	45.6%
Transfer to Solid Waste	2,243,941	1,482,017	761,924	51.4%
Transfer to CDBG	19,131	0	19,131	---
TOTAL	19,734,758	18,483,523	1,251,235	6.8%

Departments Underbudget (or Equal) (no requirement to amend if underbudget)

Department	2010 Estd Actual	2010 Current Budget	Amount Underbudget	Percent Underbudget
General Expense	904,521	2,289,527	-1,385,006	-60.5%
Traffic Operations Center	805,030	1,273,112	-468,082	-36.8%
Law	304,365	419,803	-115,438	-27.5%
Administration	484,222	628,924	-144,702	-23.0%
Streets - Traffic	950,566	1,227,781	-277,215	-22.6%
Project & Facilities Management	646,943	815,467	-168,524	-20.7%
Engineering	561,716	644,026	-82,310	-12.8%
Court	268,354	294,931	-26,577	-9.0%
Police	13,580,648	14,878,303	-1,297,655	-8.7%
Planning & Sustainability	1,400,782	1,508,985	-108,203	-7.2%
Parks	2,379,242	2,532,638	-153,396	-6.1%
Economic Development	41,476	43,411	-1,935	-4.5%
Human Resources	834,361	871,237	-36,876	-4.2%
Streets-Maintenance	3,539,158	3,694,595	-155,437	-4.2%
MIT	1,865,697	1,936,923	-71,226	-3.7%
Capital Investment Planning	233,474	240,755	-7,281	-3.0%
Building & Neighborhood Services	1,857,004	1,907,447	-50,443	-2.6%
Transfer to Water	45,000	45,000	0	0.0%
TOTAL	30,702,559	35,252,865	-4,550,306	-12.9%

General Fund Total	50,437,317	53,736,388	-3,299,071	-6.1%
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Note: Above includes expenditures posted through August 11, 2010.

ORDINANCE NO. 2010 - 61

TO BE ENTITLED: "AN ORDINANCE OF THE CITY OF FRANKLIN FOR AMENDING OR TRANSFERRING FUNDS WITHIN A BUDGET FOR THE FISCAL YEAR 2010-2011 AND SUBSEQUENT YEARS; PROVIDING AN EFFECTIVE DATE"

WHEREAS, the City Charter, Article VIII, provides for adoption of an annual budget for all departments of the City of Franklin, and

WHEREAS, an annual budget process appropriating funds to the various departments and divisions of the City government for the fiscal year beginning July 1, 2010 has been completed in accordance with state law and local ordinances,

WHEREAS, the State has approved amending the City's Charter by passage of Private Chapter xxx removing language related to the process of amending the City budget at the legal level of budget appropriations, and

WHEREAS, the legal level of budget appropriations has been the department level, and

WHEREAS, the increased amount of detail in the budget and the evolution of large departmental responsibilities into departments or divisions of smaller size and more complexity,

WHEREAS, the increased level of detail in the budget makes occurrences of budget overages much more frequent and much more likely, and

WHEREAS, the current economic conditions has forced tighter allocation ranges and a greater degree of flexibility on the part of City management.

NOW, THEREFORE, BE IT ORDAINED, by the Board of Mayor and Aldermen of the City of Franklin, Tennessee:

SECTION I: That the annual budget for the City of Franklin beginning for the fiscal year 2010-2011 and subsequent years shall be amended or transferred by amending Article VIII, Sections 7 and 10:

Section 7. - Amendment after Adoption.

If during the fiscal year the city administrator certifies that there are available for appropriation revenues in excess of those estimated in the budget for a fund, the board by ordinance of two (2) readings (the second being a public hearing) if \$10,000 or more or by resolution if under \$10,000 may make supplemental appropriations for the year up the amount of such excess. These amendments are required for budget requests that raise the total appropriations in a fund above that approved by prior ordinance.

Section 10. - Transfer of Appropriations within a fund.

At any time during the fiscal year the mayor or city administrator may transfer part or all of any unencumbered appropriation balance among or within departments or divisions ~~programs~~ within a fund.

These transfers may include:

1. Personnel positions (and funding of the positions) or other personnel costs between departments or divisions
2. Operating items including fuels and utilities between departments or divisions
3. Capital items between departments or divisions
4. Transfer of funds between personnel, operations, and capital within a department or division

These transfers do not include:

1. Personnel positions or other personnel costs between funds
2. Operating items between funds
3. Capital items between funds
4. Transfers from one fund to another
5. Debt service from one fund to another

SECTION II: That this Ordinance shall take effect on July 1, 2010, from and after its passage on Third and Final Reading; the health, safety and welfare of the citizens of the City of Franklin requiring it.

ATTEST: _____ CITY OF FRANKLIN, TENNESSEE

By: _____
ERIC S. STUCKEY
City Administrator

By: _____
JOHN C. SCHROER
Mayor

PASSED FIRST READING _____
PUBLIC HEARING: _____
PASSED SECOND READING _____
PASSED THIRD READING: _____