



City of Franklin, Tennessee

FY 2024 Operating Budget

FY 2024 Proposed Budget Presentation

May 11, 2023

Budget and Finance Committee





City of Franklin, Tennessee

FY 2024 Operating Budget

Outline

- Focus**
- Budget Overview**
- General Fund**
 - Overview**
 - Revenues**
 - Expenses**
- Other Funds**
- Summary**



City of Franklin, Tennessee

FY 2024 Operating Budget

Overview:

- Maintain high quality services.
- Preserve capacity to respond to future needs and meet quality of life needs.
- Invest in and plan for the future.
- Be a highly competitive community.



City of Franklin, Tennessee

FY 2024 Operating Budget

Budget Overview:

- **All Funds Budget for FY24: \$218.1 million**
 - An increase of 0.5% compared to FY23

- **General Fund Budget for FY24: \$102.5 million**
 - An increase of 3.4% compared to FY23



City of Franklin, Tennessee

FY 2024 Operating Budget

Overview: Highlights

- The budget is balanced.
- The budget fully complies with the Board of Mayor and Aldermen's debt and fund reserve policies.
- Essential service levels are maintained or enhanced.
- There is no property tax increase in the FY 2024 Budget. The City's property tax rate will be reduced from the current rate of \$0.3261 per \$100 of assessed valuation. The City of Franklin has the lowest property tax rate of any city in Tennessee with a population over 50,000, and its rate is among the lowest of comparable cities nationally.



City of Franklin, Tennessee

FY 2024 Operating Budget

Overview: Highlights

- The budget includes three new positions in the General Fund. The new positions are three new firefighters, one per shift. Several position reclassifications are included in the areas of Communications, Streets, Police, Engineering, and Fire. There is one additional position in the City's Water Management utility, although the total number of funded positions remains the same.



City of Franklin, Tennessee

FY 2024 Operating Budget

Overview: Highlights

- A pay increase for City team members will be effective the first pay period of July 2023. The approved budget includes a general pay increase of 3% plus an additional performance-based pay increase of up to an additional 2.5%.
- Health insurance premiums for City team members are projected to remain unchanged for FY24.



City of Franklin, Tennessee

FY 2024 Operating Budget

Overview: Highlights

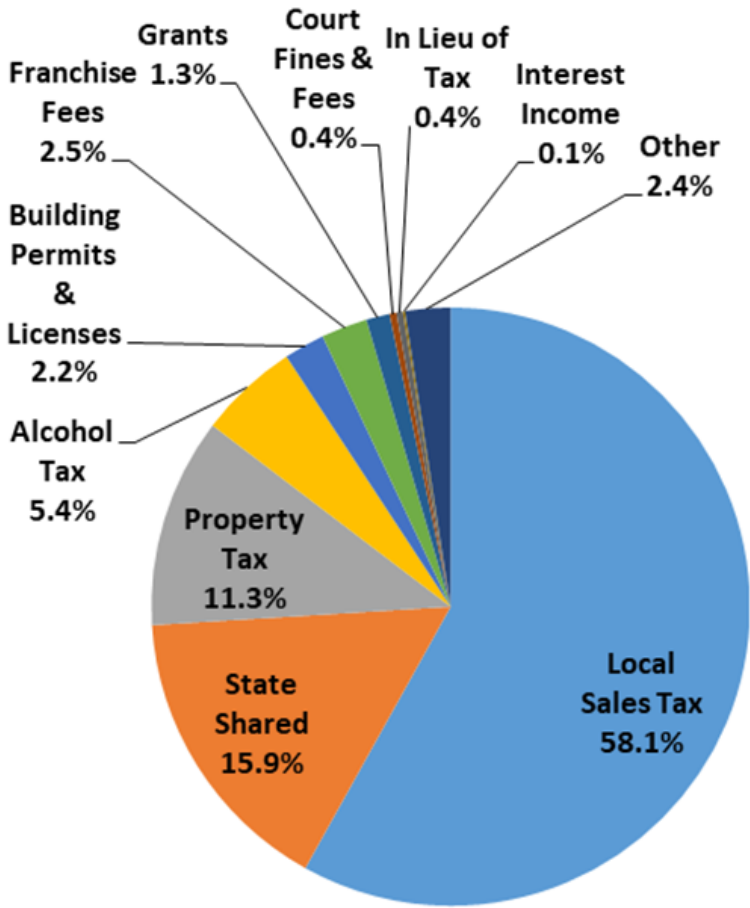
- The FY24 budget includes a \$1 per month increase for residential trash and recycling collection (from \$22/month to \$23/month). Consistent with our five-year utility rate plan, water rate increases of 3% for both calendar year 2024 and 2025 are expected. Sewer rates are expected to increase 2.5% in 2024 and 2% in 2025.
- The budget incorporates performance measures and sustainability initiatives for every department. The connection to our Strategic Plan, FranklinForward, is clearly linked to performance measures and objectives throughout the budget.



City of Franklin, Tennessee

FY 2024 Operating Budget

General Fund Overview: Revenues



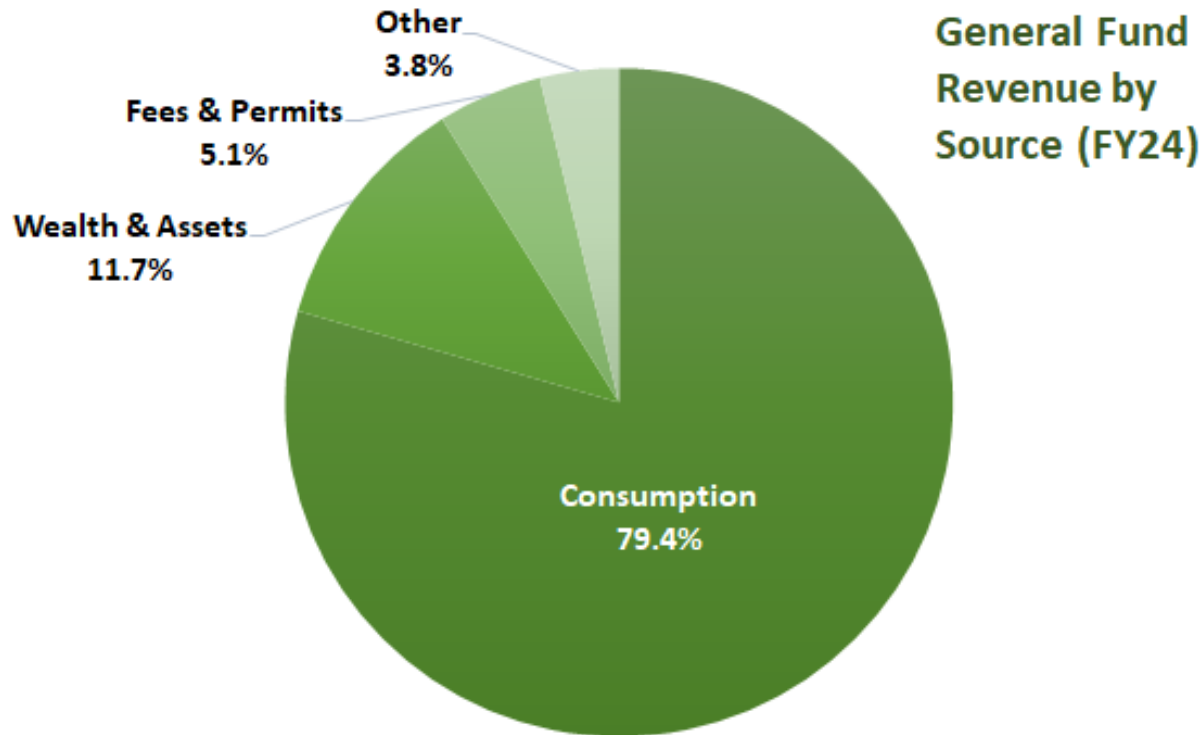


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FY 2024 Operating Budget

General Fund Overview: Revenues by Source (p. 38)



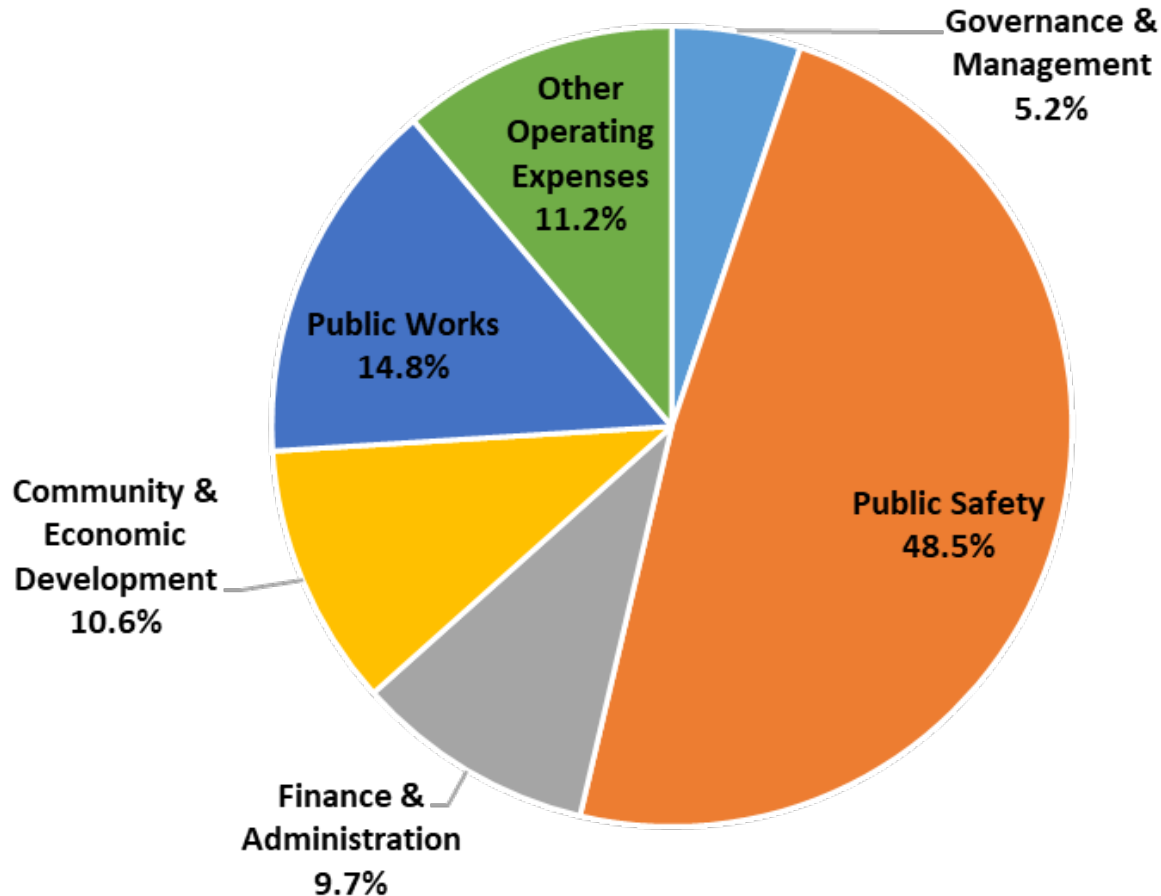


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FY 2024 Operating Budget

General Fund Overview: Expenses by Major Function/Program



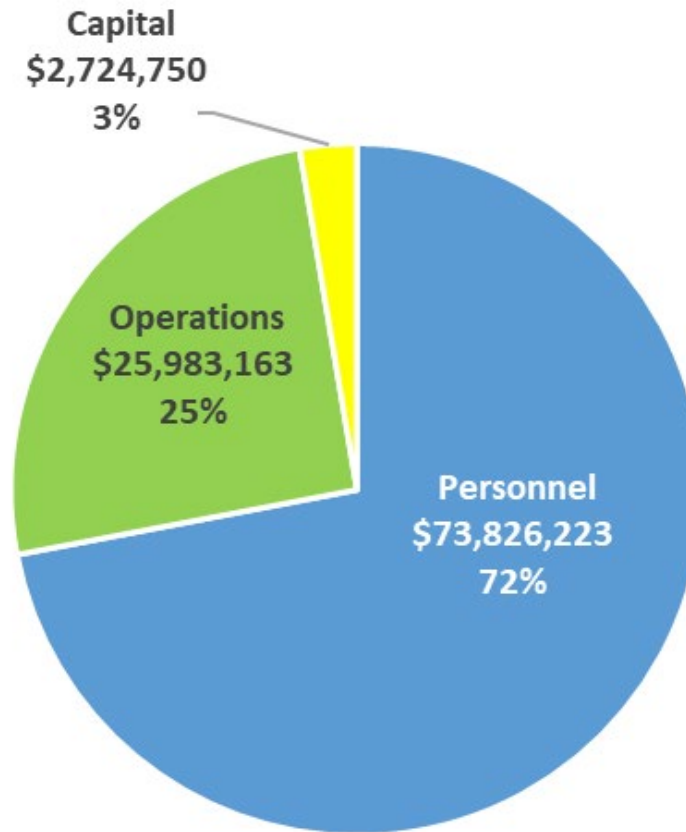


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FY 2024 Operating Budget

General Fund Overview: Expenses by Category



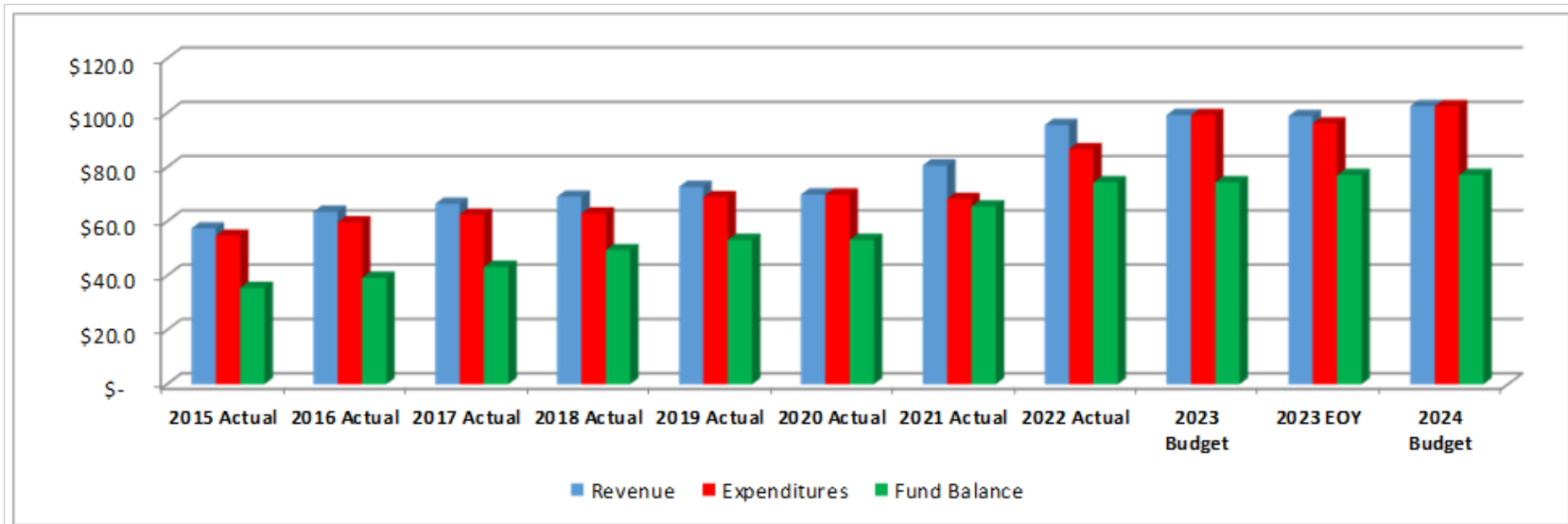


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FY 2024 Operating Budget

General Fund: Revenues: Financial Performance (p. 34)



	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budget	2023 EOY	2024 Budget
Revenue	\$ 57.4	\$ 63.5	\$ 66.5	\$ 69.1	\$ 72.7	\$ 69.9	\$ 80.6	\$ 95.5	\$ 99.2	\$ 98.8	\$ 102.5
Expenditures	\$ 54.7	\$ 59.7	\$ 62.5	\$ 62.9	\$ 68.9	\$ 69.9	\$ 68.3	\$ 86.6	\$ 99.2	\$ 96.1	\$ 102.5
Fund Balance	\$ 35.5	\$ 39.2	\$ 43.2	\$ 49.4	\$ 53.2	\$ 53.2	\$ 65.5	\$ 74.4	\$ 74.4	\$ 77.1	\$ 77.1

Note: Amounts above are in millions of dollars.



City of Franklin, Tennessee

FY 2024 Operating Budget

Summary

- The City of Franklin continues to deliver a high level of service at the lowest property tax rate in the State of Tennessee for a city with a population of 50,000 or greater.
- The City is investing in its people through highly competitive pay and benefits in a positive work environment.
- High-priority Capital Investment Projects have continued to move forward.
- Reserves at year-end are well above policy level.



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City of Franklin, Tennessee

FY 2024 Operating Budget

General Fund: Revenues: General Fund Revenue Comparison

	<u>Actual 2021</u>	<u>Actual 2022</u>	<u>Budget 2023</u>	<u>EOY 2023</u>	<u>Budget 2024</u>	<u>Difference '23 vs. '24</u>	
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F (E-C)</u>	<u>G (E/C)</u>
Local Sales Tax	\$ 41,999,727	\$ 57,745,532	\$ 58,352,000	\$ 58,385,855	\$ 59,547,555	\$ 1,195,555	2.0%
State Shared	\$ 14,505,232	\$ 16,245,091	\$ 16,021,467	\$ 16,212,497	\$ 16,341,387	\$ 319,920	2.0%
Property Tax	\$ 8,499,957	\$ 8,085,664	\$ 10,711,070	\$ 10,044,160	\$ 11,632,486	\$ 921,416	8.6%
Alcohol Tax	\$ 5,262,169	\$ 5,844,876	\$ 5,346,175	\$ 5,389,057	\$ 5,535,512	\$ 189,337	3.5%
Building Permits & Licenses	\$ 2,495,634	\$ 2,363,110	\$ 2,641,846	\$ 2,641,846	\$ 2,260,609	\$ (381,237)	-14.4%
Franchise Fees	\$ 2,497,407	\$ 2,506,169	\$ 2,526,090	\$ 2,526,090	\$ 2,551,351	\$ 25,261	1.0%
Grants	\$ 3,659,217	\$ 2,262,151	\$ 737,000	\$ 737,000	\$ 1,297,500	\$ 560,500	76.1%
Court Fines & Fees	\$ 304,139	\$ 398,877	\$ 282,072	\$ 282,072	\$ 381,677	\$ 99,605	35.3%
In Lieu of Tax	\$ 353,969	\$ 282,068	\$ 365,595	\$ 365,595	\$ 369,251	\$ 3,656	1.0%
Interest Income	\$ 93,916	\$ (1,096,123)	\$ 100,000	\$ 100,000	\$ 116,604	\$ 16,604	16.6%
Other	\$ 889,086	\$ 950,569	\$ 2,104,289	\$ 2,104,289	\$ 2,500,206	\$ 395,917	18.8%
Total - General Fund Revenues	\$ 80,560,453	\$ 95,587,985	\$ 99,187,604	\$ 98,788,461	\$ 102,534,136	\$ 3,346,532	3.4%



City of Franklin, Tennessee

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General Fund Revenues: Local Sales Tax

- Increase of 2% (\$1,199,555) from amended FY23.
- FY 2023 budgeted revenue was originally forecast at \$55.7 million, but now amended to be \$58.4 – 4.9% increase during the fiscal year.
- 58.1% of total general fund revenue.

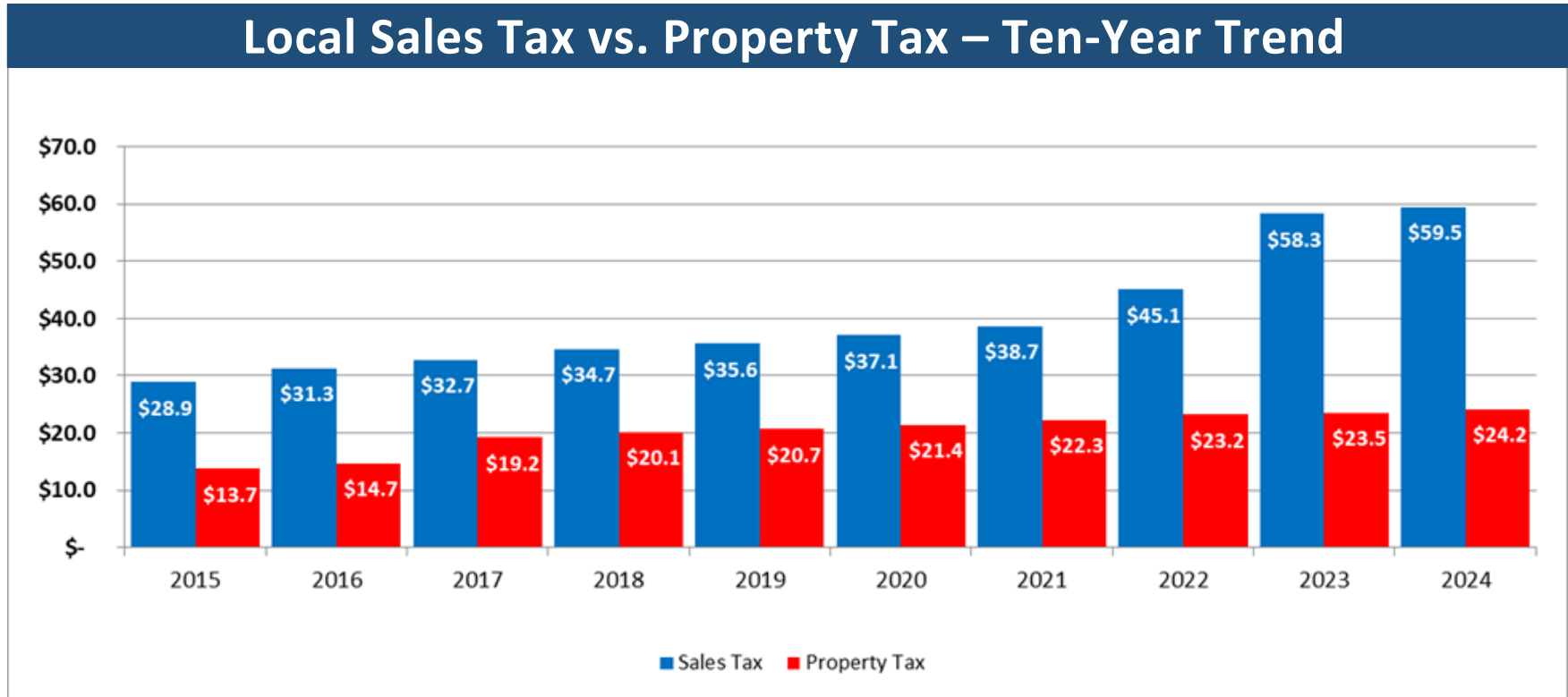


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General Fund Revenues: Property vs. Sales Tax (p. 55)



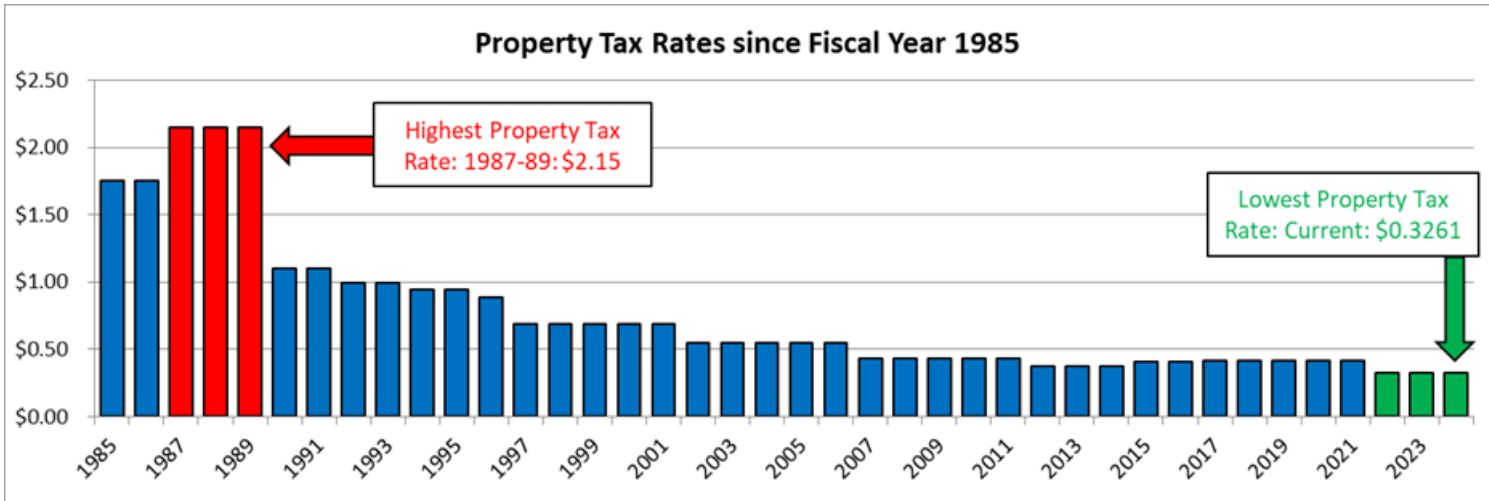


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FY 2024 Operating Budget

General Fund Revenues:

- Intergovernmental: Second largest general fund revenue source (\$16.3M); increase of 2.0% projected.
- Property Tax: Increase in operational revenues to \$11.6, an 8.6% increase from FY 2023 – result of IDB loan completely paid off.
 - One of the lowest Property Tax rates in Tennessee





City of Franklin, Tennessee

FY 2024 Operating Budget

General Fund Revenues:

- Alcohol Tax: \$5.5M – a 3.5% increase from FY23.
- Building Permits & Licenses: \$2.3M, a 14% decrease compared to FY23.
- Grants: Significant increase (76.1%) from FY23 with one-time grants for transportation projects included.
- Interest Income: Significant increase (16.6%) from FY23 reflective of higher earning environment.



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City of Franklin, Tennessee

FY 2024 Operating Budget

General Fund: Fund Balance Summary (pg. 34)

General Fund Performance - FY 2020-2024						
	Actual 2020	Actual 2021	Actual 2022	Budget 2023	EOY 2023	Budget 2024
Beginning Fund Balance	▲ \$ 53,201,974	▲ \$ 53,216,286	▲ \$ 65,481,510	\$ 74,433,206	\$ 74,433,206	\$ 77,145,857
+ Total GF Revenue	\$ 69,956,580	▲ \$ 80,560,453	\$ 95,587,985	\$ 99,178,291	\$ 98,779,148	\$102,534,136
- Total GF Expenditures	\$ 69,942,266	▲ \$ 68,295,229	\$ 86,636,289	\$ 99,178,290	\$ 96,066,496	\$102,534,136
Ending Fund Balance	\$ 53,216,286	▲ \$ 65,481,510	▲ \$ 74,433,206	\$ 74,433,206	\$ 77,145,857	\$ 77,145,857
***Percent of Total Annual Revenues	76.1%	81.3%	77.9%	75.0%	78.1%	75.2%
***Percent of Total Annual Expenditures	76.1%	95.9%	85.9%	75.0%	80.3%	75.2%

Note: Ending Fund Balance Amounts for Estimated FY 2023 and Budget FY 2024 numbers subject to change via year-end close.



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City of Franklin, Tennessee

FY 2024 Operating Budget

General Fund: General Fund Expenditures by Department

	<u>Actual 2021</u>	<u>Actual 2022</u>	<u>Budget 2023</u>	<u>EOY 2023</u>	<u>Budget 2024</u>	<u>Difference '23 vs. '24</u>	
	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F (E-C)</i>	<i>G (E/C)</i>
Expenses							
Governance & Management	\$ 3,598,339	\$ 4,469,418	\$ 5,162,428	\$ 4,844,477	\$ 5,338,148	\$ 175,720	3.4%
Public Safety	\$ 36,717,815	\$ 41,187,245	\$ 47,568,789	\$ 47,011,113	\$ 49,715,139	\$ 2,146,349	4.5%
Finance & Administration	\$ 6,552,489	\$ 7,944,481	\$ 9,436,723	\$ 9,030,823	\$ 9,955,846	\$ 519,123	5.5%
Community & Economic Development	\$ 7,493,403	\$ 7,482,075	\$ 9,673,110	\$ 8,379,102	\$ 10,887,274	\$ 1,214,164	12.6%
Public Works	\$ 10,811,388	\$ 11,718,337	\$ 15,607,919	\$ 15,093,957	\$ 15,183,492	\$ (424,427)	-2.7%
Other Operating Expenses	\$ 3,121,796	\$ 13,834,734	\$ 11,738,636	\$ 11,732,068	\$ 11,454,238	\$ (284,398)	-2.4%
Total - General Fund Expenses	\$ 68,295,229	\$ 86,636,289	\$ 99,187,604	\$ 96,091,538	\$ 102,534,136	\$ 3,346,532	3.4%
General Fund Expenditures (by major category)							
Personnel	\$ 51,719,745	\$ 59,866,502	\$ 71,337,067	\$ 69,458,176	\$ 73,826,223	\$ 2,489,156	3.5%
Operations	\$ 13,899,100	\$ 25,765,273	\$ 25,748,848	\$ 25,124,174	\$ 25,983,163	\$ 234,315	0.9%
Capital	\$ 2,676,385	\$ 1,004,515	\$ 2,101,690	\$ 1,509,190	\$ 2,724,750	\$ 623,060	29.6%
Total - General Fund Expenses	\$ 68,295,229	\$ 86,636,289	\$ 99,187,604	\$ 96,091,539	\$ 102,534,136	\$ 3,346,532	3.4%



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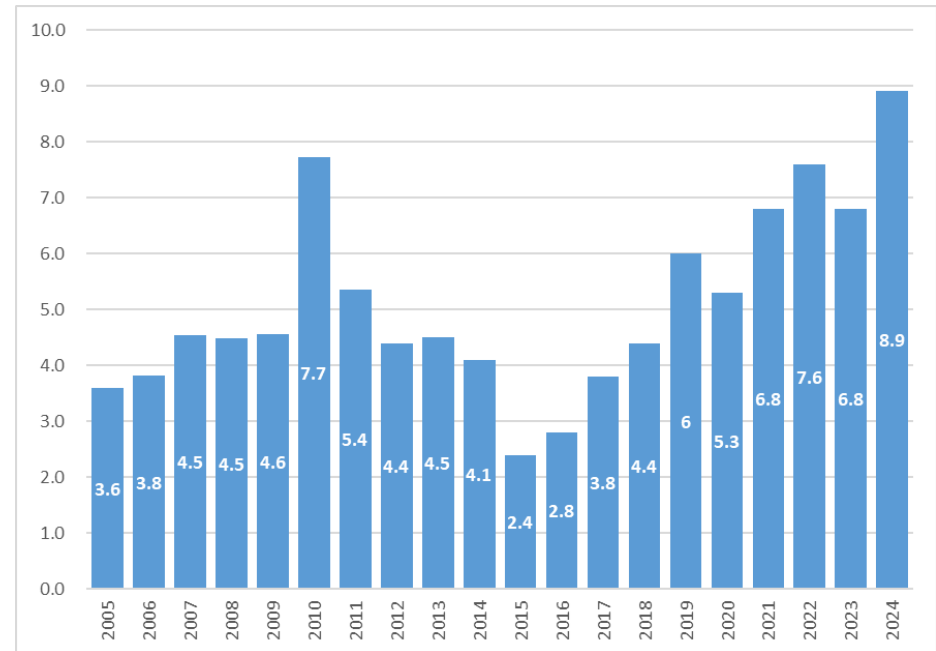
City of Franklin, Tennessee

FY 2024 Operating Budget

General Fund: Pension Plan Contributions

- Pension obligations are fully funded in FY24 budget.
- Closed pension contribution increased \$1.9 million or 35% over FY 2023.
- TCRS contribution is 7.35% of salary.
- Pension is approximately 14.3% of total payroll.

Pension Contributions over last 20 Fiscal Years - (in millions)





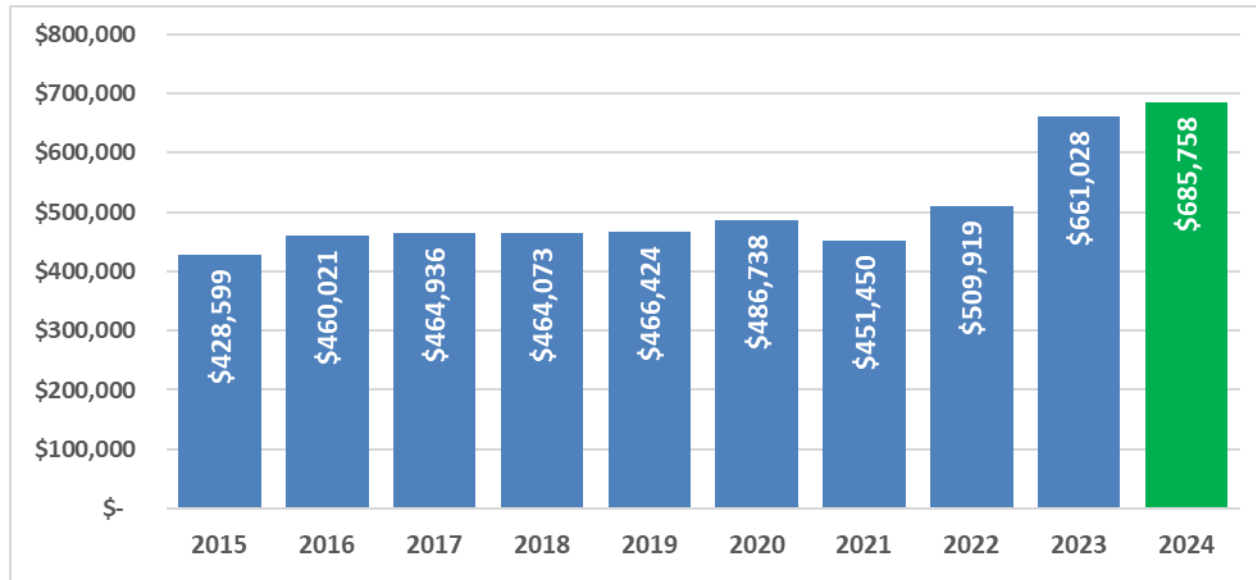
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City of Franklin, Tennessee

FY 2024 Operating Budget

General Fund: Appropriations to Outside Entities (pg. 289)

Ten Year- History – Appropriations to Outside Agencies



- An increase of \$24,730 compared to the FY23 budget. This increase includes 5% across the board increases for inflation.



City of Franklin, Tennessee

FY 2024 Operating Budget

Other Funds: Summary

- Drug Fund (*pp. 109-112*)
- Community Development Block Grant (CDBG) Fund (*pp. 187-190*)
- Transit Fund (*pp. 191-195*)
- Capital Vehicle Fund (*pp. 215-218*)
- Stormwater Fund (*pp. 219-228*)
- Street Aid & Transportation Fund – Gas Tax (*pp. 229-232*)
- Road Impact Fund (*pp. 233-236*)
- Sanitation & Environmental Services Fund (*pp. 245-256*)
- Water & Sewer Fund (*pp. 257-282*)
- City Facilities Tax Fund (*pp. 299-302*)
- County Facilities Tax Fund (*pp. 303-306*)
- Hotel/Motel Tax Fund (*pp. 307-310*)
- Debt Service Fund (*pp. 313-322*)
- Parkland Dedication Fund (*pp. 323-326*)



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City of Franklin, Tennessee

FY 2024 Operating Budget

All Funds: Change in Budget Amounts

	<u>Actual 2021</u>	<u>Actual 2022</u>	<u>Budget 2023</u>	<u>Estd 2023</u>	<u>Budget 2024</u>	<u>Difference '23 vs. '24</u>	
	<u>B</u>	<u>D</u>	<u>E</u>	<u>D</u>	<u>E</u>	<u>F (E-C)</u>	<u>G (E/C)</u>
Expenses							
General Fund	\$ 68,295,229	\$ 86,636,289	\$ 99,187,604	\$ 96,091,538	\$ 102,534,136	\$ 3,346,531	3.4%
Drug Fund	\$ 91,336	\$ 234,283	\$ 150,100	\$ 150,100	\$ 152,004	\$ 1,904	1.3%
Sanitation & Environmental Services Fun	\$ 10,212,418	\$ 10,957,449	\$ 12,981,394	\$ 11,529,642	\$ 14,667,083	\$ 1,685,689	13.0%
Transit System Fund	\$ 2,898,813	\$ 2,781,702	\$ 4,426,245	\$ 3,472,635	\$ 4,391,067	\$ (35,178)	-0.8%
Community Development Block Grant (C	\$ 330,407	\$ 307,305	\$ 697,000	\$ 697,000	\$ 375,000	\$ (322,000)	-46.2%
Stormwater Fund	\$ 2,480,619	\$ 2,737,654	\$ 3,459,745	\$ 3,082,007	\$ 3,569,532	\$ 109,787	3.2%
Street Aid & Transportation Fund	\$ 3,597,697	\$ 3,261,157	\$ 5,252,400	\$ 3,510,624	\$ 6,601,742	\$ 1,349,342	25.7%
Road Impact Fund	\$ 3,763,448	\$ 3,285,816	\$ 14,007,059	\$ 14,007,059	\$ 7,293,446	\$ (6,713,613)	-47.9%
City Facilities Tax Fund	\$ 3,030,699	\$ 403,300	\$ 4,842,975	\$ 4,679,975	\$ 3,762,962	\$ (1,080,013)	-22.3%
County Facilities Tax Fund	\$ 125,000	\$ 1,000,000	\$ 600,000	\$ 600,000	\$ -	\$ (600,000)	-100.0%
Hotel/Motel Tax Fund	\$ 4,305,322	\$ 3,624,973	\$ 5,756,875	\$ 5,721,875	\$ 3,633,018	\$ (2,123,857)	-36.9%
Debt Service Fund	\$ 15,319,808	\$ 15,737,448	\$ 15,719,469	\$ 15,719,469	\$ 16,308,628	\$ 589,158	3.7%
Parkland Dedication Fund	\$ 1,511,850	\$ 375,000	\$ 4,500,000	\$ 4,500,000	\$ 3,757,800	\$ (742,200)	-16.5%
Capital Vehicle Fund	\$ -	\$ -	\$ 2,781,708	\$ 1,917,469	\$ 3,203,489	\$ 421,781	15.2%
Water & Sewer Fund	\$ 33,262,126	\$ 31,620,002	\$ 42,659,238	\$ 38,939,951	\$ 47,888,517	\$ 5,229,279	12.3%
Total - All Funds	\$ 149,224,773	\$ 162,962,378	\$ 217,021,814	\$ 204,619,346	\$ 218,138,422	\$ 1,116,608	0.5%
Personnel	\$ 64,438,115	\$ 73,133,089	\$ 87,597,476	\$ 84,341,343	\$ 90,632,553	\$ 3,035,077	3.46%
Operations	\$ 78,124,744	\$ 87,258,003	\$ 115,565,694	\$ 112,355,344	\$ 107,612,590	\$ (7,953,104)	-6.88%
Capital	\$ 6,661,913	\$ 2,571,286	\$ 13,858,643	\$ 7,922,660	\$ 19,893,279	\$ 6,034,636	43.54%
Total - All Funds Expenses	\$ 149,224,773	\$ 162,962,378	\$ 217,021,813	\$ 204,619,347	\$ 218,138,422	\$ 1,116,609	0.5%



City of Franklin, Tennessee

FY 2024 Operating Budget

Other Funds of Note:

Stormwater

- FY24 budget is \$3.57 million. No fee adjustment.

Sanitation

- \$1.00/month increase in residential collection fee from \$22.00/month to \$23.00/month.
- No General Fund subsidy budgeted. (\$500K added in FY 23)
- Replacement of two pieces of equipment & addition of two more.
- FY24 budget is \$14.7 million, an increase of 13.0% compared to FY23.
- Cost of service study planned later in CY 23; will include recommended five-year rate plan.
- Landfill and recycling processing capacity secured for the next 10 years.



City of Franklin, Tennessee

FY 2024 Operating Budget

Other Funds of Note:

Hotel/Motel

- Expenditures of \$3.6 million are included in the FY24 budget covering existing debt service and project funding commitments.
- Funding of the Federal Line Marker project (first of a two year project).
- Additional portable vehicle barriers.

Development Funds (City Facilities, County Facilities, Parkland Dedication, Road Impact)

- Continue funding for debt service and commitments for approved CIP projects. \$8.25 million of cash to capital investment projects in FY24.



City of Franklin, Tennessee

FY 2024 Operating Budget

Other Funds of Note:

Water & Wastewater Fund

- FY24 Budget is \$47.9 million:
 - \$17.1M Water; \$30.4M Sewer; \$370,124 Reclaimed
- Rates 3% increase in Water (both Calendar Years 2024 and 2025), 2.5% (Calendar Year 2024), 2% (Calendar Year 2025) increase in Wastewater rates. Includes increase in Water & Sewer impact fees as voted on by BOMA.
- Largest annual debt service payment occurs in FY 2024 - Repayment of SRF loan (\$119M) began in full this fiscal year; Overall Debt Service up to \$10.1M for FY 2024; Still narrowly within Debt Service Coverage requirements
- Includes sizeable amount of Rate funded capital and ARPA funded (TDEC) projects.



City of Franklin, Tennessee

FY 2024 Operating Budget

American Rescue Plan Act (ARPA) Funding:

Funds Received (5/19/2021 & 6/6/2022) **\$ 9,253,841.00**

Spent:

- Premium Pay for City Employees **\$ 589,303.34**
- Public Health (*Covid-19 Leave for City Employees*) **\$ 268,743.41**
- Negative Economic Impacts (*Spivey Tract, Parking Counters, Eastern Flank*) **\$ 977,144.13**
- Water, Sewer & Broadband Infrastructure (*Lewisburg Ave.*) **\$ 347,917.76**

Total Spent to date **\$ 2,183,108.64**

Outstanding

- Services to disproportionately impacted communities: **\$ 1,000,000.00**
(Franklin Housing Authority-Utility Work - BOMA approved 8/9/2022)
- Water, sewer, and broadband infrastructure: (*Lewisburg Ave.*) **\$ 4,700,732.36**
- Negative economic impacts: Tourism and Hospitality: (*Conference Center \$1,200,000.00, Garages- Weatherproofing & Repairs – \$170,000.00*) **\$ 1,370,000.00**

Total Outstanding **\$ 7,070,732.36**



City of Franklin, Tennessee

FY 2024 Operating Budget

Summary

- Our community and Franklin City government continues to be in a strong competitive position supported by a high level of city services.
- The City continues to invest in and support our City team.
- Continued support for funding and delivery of high-priority Capital Investment Projects.
- Reserves at year-end well above policy level (75%).