



*City of Franklin, Tennessee*  
**FY 2025 Operating Budget Request**

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# Debt Service Fund



# *City of Franklin, Tennessee*

## **FY 2025 Budget Request - Debt Service Fund**

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### **Outline**

- **Purpose of Fund**
- **Summary of Outstanding Debt**
- **Performance Measures**
- **Debt Service Schedule – All G.O. Bonds**
- **Existing Debt Service for FY 2025**



# *City of Franklin, Tennessee*

## **FY 2025 Budget Request - Debt Service Fund**

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### **Purpose of Fund**

**Interest and principal payments, due annually for the City's General Obligation Bonds (general government projects), are appropriated and expensed within the Debt Service Fund. While a portion of property tax is allocated directly to this fund, transfers are also made from the Sanitation & Environmental Services, Road Impact, and Hotel/Motel Tax funds to pay their respective shares of debt service in accordance with policies and intentions directed by the Board of Mayor & Aldermen.**

**Water & Wastewater Debt is budgeted separately under the Water Management Department budget.**



## *City of Franklin, Tennessee*

### **FY 2025 Budget Request - Debt Service Fund**

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## **Summary of Outstanding Debt (*as of 6/30/2023*)**

- **General Obligation (G.O.) Principal outstanding of \$111,020,000 with final maturity in 2039**
- **Water & Sewer (Revenue) Principal and Bonds outstanding (including SRF Loans) of \$141,285,320 with final maturity in 2053**

*Source: City of Franklin. Annual Comprehensive Financial Report. June 30, 2023. Page 75.*



# City of Franklin, Tennessee

## FY 2025 Budget Request - Debt Service Fund

### Performance Measures – General Obligation

- Current G.O. Bond Rating(s): AAA (Standard & Poors), Aaa (Moody’s)
- Debt Affordability Ratios (through FY 2024)

<b>1) Direct Debt as a % of Full Value less than or equal to 1.75 %</b>	
Full Value of Franklin: (FY 2023)	
\$23,669,423,873	
1.75% of Full Value:	
\$ 414,214,918	
Current Bonded Debt (all funds)	
\$ 254,761,923	
As % of Full Value	1.08%
<b>Measure: Favorable</b>	

<b>2) Direct Debt of Operating Revenues of less than or equal to 3x</b>	
FY 2023 Operating Revenues (All Funds):	
\$ 210,697,185	
3x FY 2023 Operating Revenues	
\$ 632,091,555	
Current Bonded Debt (all funds)	
\$ 254,761,923	
Direct Debt as x of Operating Revenues	1.2
<b>Measure: Favorable</b>	

<b>3) Total Governmental Funds Debt Service as a % of expenditures less than or equal to 25%</b>	
Total Governmental Funds Debt Service:	
\$ 16,308,628	
Total Governmental Funds Expenditures (All Funds Expenditures LESS Water & Wastewater Funds)	
\$ 143,397,009	
Gov. Funds Debt Service as % of Gov. Funds Expenditures	11.4%
<b>Measure: Favorable</b>	

*Debt Affordability Ratios set by City of Franklin’s Debt Management Policy, Sec. V, page 3.*



# City of Franklin, Tennessee

## FY 2025 Budget Request - Debt Service Fund

### Performance Measures – Revenue (Water & Sewer)

- **Current Revenue Bond Rating: Aa2 (Moody's)**
- **Debt Capacity Information – Pledged Revenue Coverage ( $\geq 1.25$ )**

(A) Fiscal Year	(B) Net Revenue Available	(C) Total Debt Service	(D) Coverage (B/C)
2023	\$15,920,844	\$10,004,013	1.59
2022	\$11,937,223	\$8,132,881	1.47
2021	\$12,745,346	\$5,879,071	2.17
2020	\$20,651,621	\$5,653,726	3.65
2019	\$20,832,438	\$5,775,251	3.61

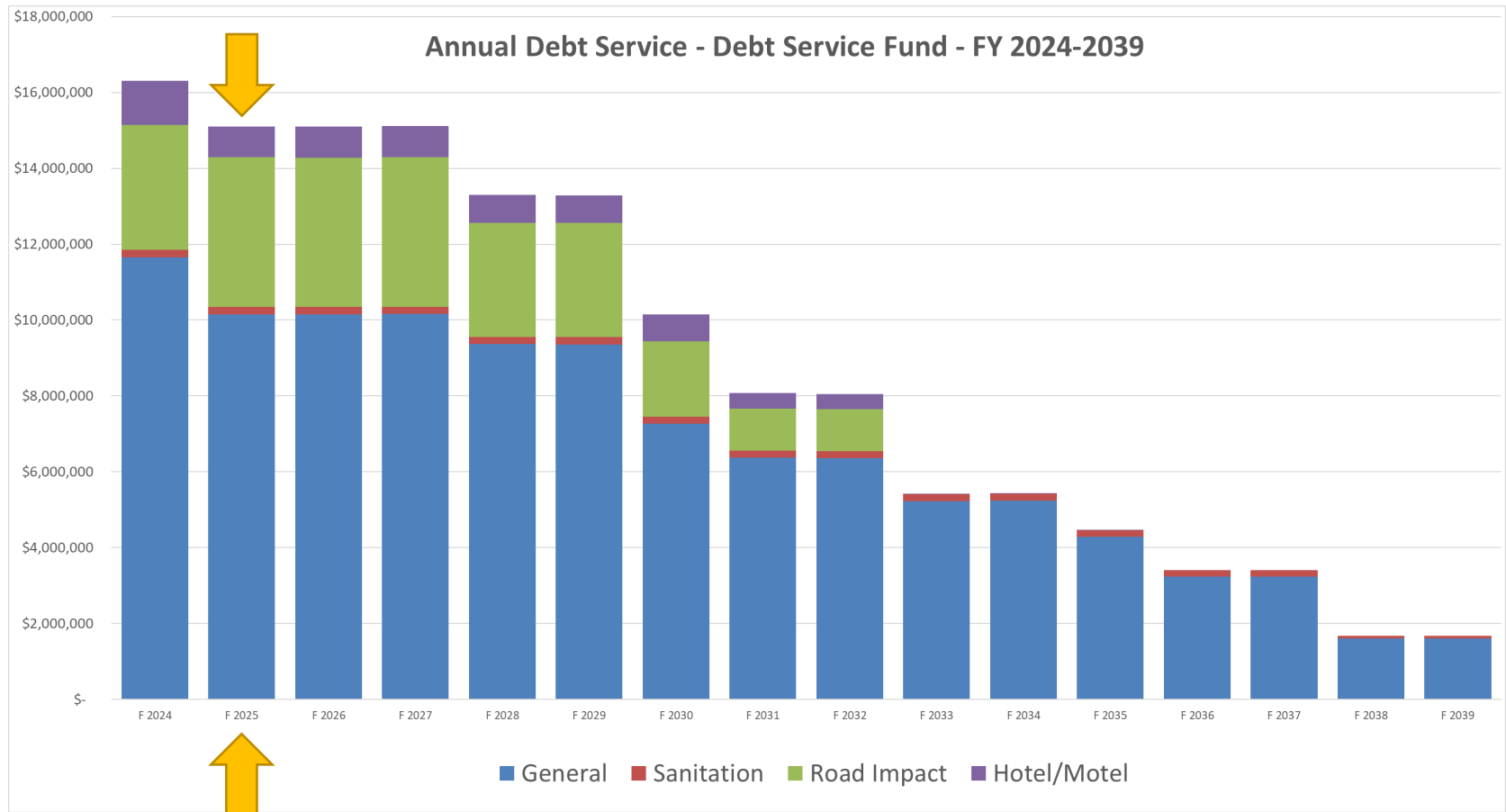
Source: City of Franklin. Annual Comprehensive Financial Report. June 30, 2023. Page 136.



# City of Franklin, Tennessee

## FY 2025 Budget Request - Debt Service Fund

### Debt Service Schedule





# City of Franklin, Tennessee

## FY 2025 Budget Request - Debt Service Fund

### Budget Request:

The City had planned to issue additional debt to support the City's Capital Investment Program earlier in FY 2024. Due to a variety of factors, however, the timing of the issuance will likely result in the formal issuance in FY 2025.

As a result, the budget shown is not reflective of any issuance or servicing costs. The budget will be amended once the issuance is made and debt payments are known.

