



# *City of Franklin, Tennessee*

## **FY 2025 Operating Budget**

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# FY 2025 Proposed Budget Presentation

May 9, 2024

Budget and Finance Committee





# *City of Franklin, Tennessee*

## **FY 2025 Operating Budget**

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### **Outline**

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



# *City of Franklin, Tennessee*

## FY 2025 Operating Budget

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### 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 2025 Operating Budget

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### Budget Overview:

- **All Funds Budget for FY25: \$226.9 million**
  - An decrease of 5.2% compared to FY24
  
- **General Fund Budget for FY25: \$112.2 million**
  - An decrease of 1.6% compared to FY24



# *City of Franklin, Tennessee*

## FY 2025 Operating Budget

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### 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 2025 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 2025 Operating Budget

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### Overview: Highlights

- The budget includes several new positions in the General Fund including a new internship program in Fire Department, a Flex Team Sergeant in Police, and a new Mobility Coordinator position in Engineering. An Information Technology Assistant Director position is restored in the budget. Three new Parks positions will be added in spring 2025 to support new/upgraded facilities. Several position reclassifications are implemented across the organization including in Streets, Parks, City Court, Water Management, and Building and Neighborhood Services.



# *City of Franklin, Tennessee*

## **FY 2025 Operating Budget**

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### **Overview: Highlights**

- A pay increase for City team members will be effective the first pay period of July 2024. The approved budget includes a general pay increase of 3% plus an additional performance-based pay increase of up to an additional 2.5%.
- An updated longevity pay program is implemented in FY25, providing an annual longevity payment to each team member in November.
- Health insurance premiums for City team members are projected to remain unchanged for FY25.



# *City of Franklin, Tennessee*

## FY 2025 Operating Budget

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### Overview: Highlights

- The FY25 budget includes a \$8 per month increase for residential trash and recycling collection (from \$23/month to \$31/month making this operation fully self-sufficient - with no general fund subsidy).
- Consistent with our five-year utility rate plan, Water and Sewer rates will increase 3% and 2.5% respectively beginning January 1, 2025.
- The budget incorporates performance measures and sustainability initiatives. The connection to our Strategic Plan, **FranklinForward**, is clearly linked to performance measures and objectives throughout the budget.

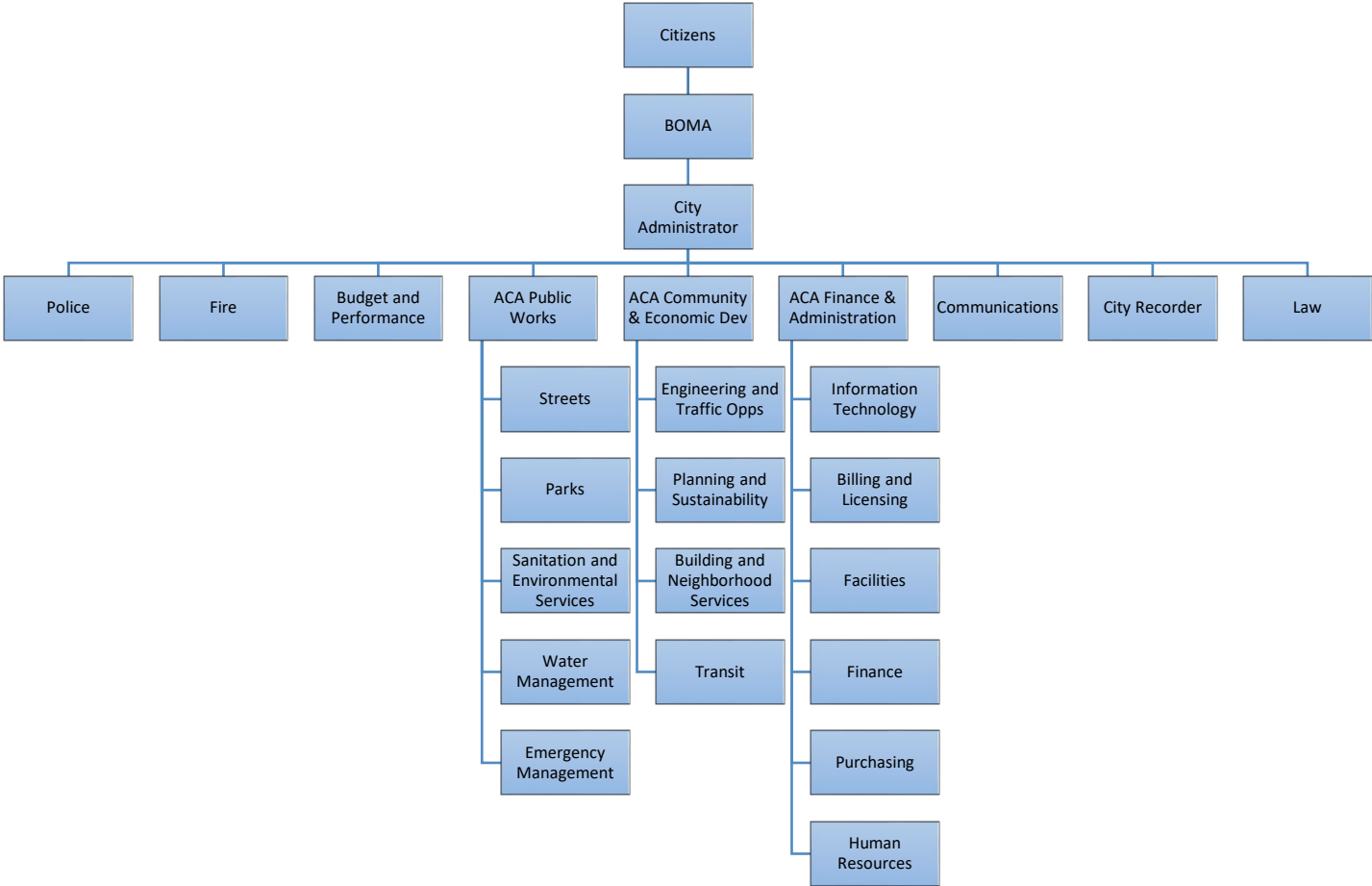




# City of Franklin, Tennessee

## FY 2025 Operating Budget

### Updated Organization Structure – FY25

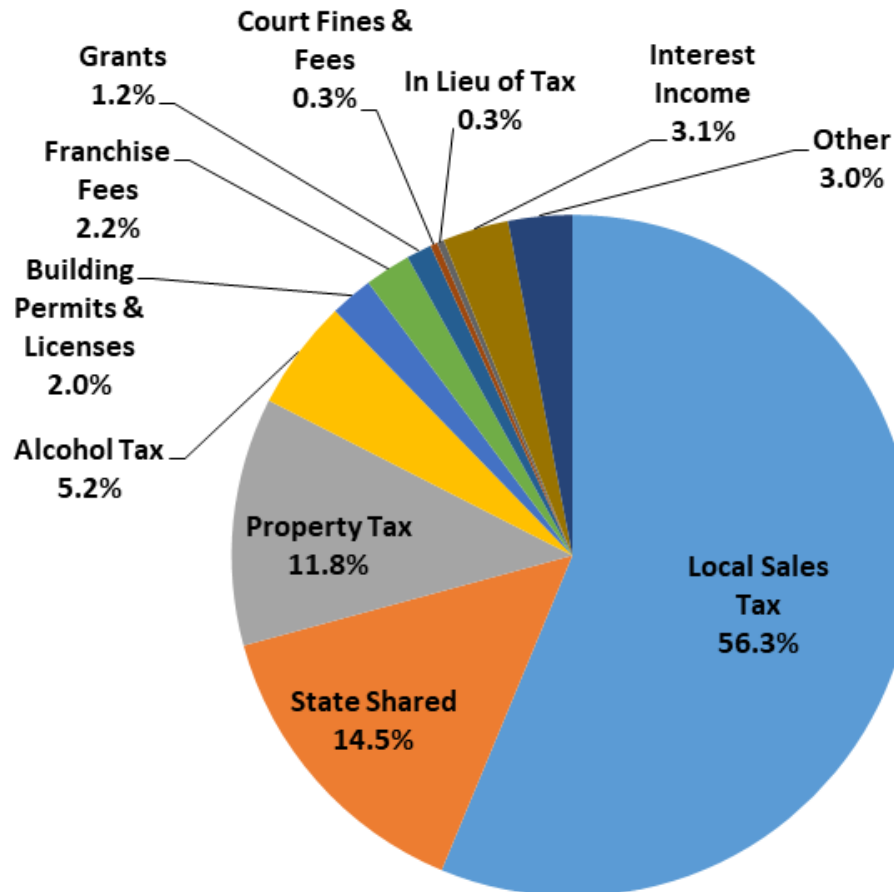




# City of Franklin, Tennessee

## FY 2025 Operating Budget

### General Fund Overview: Revenues

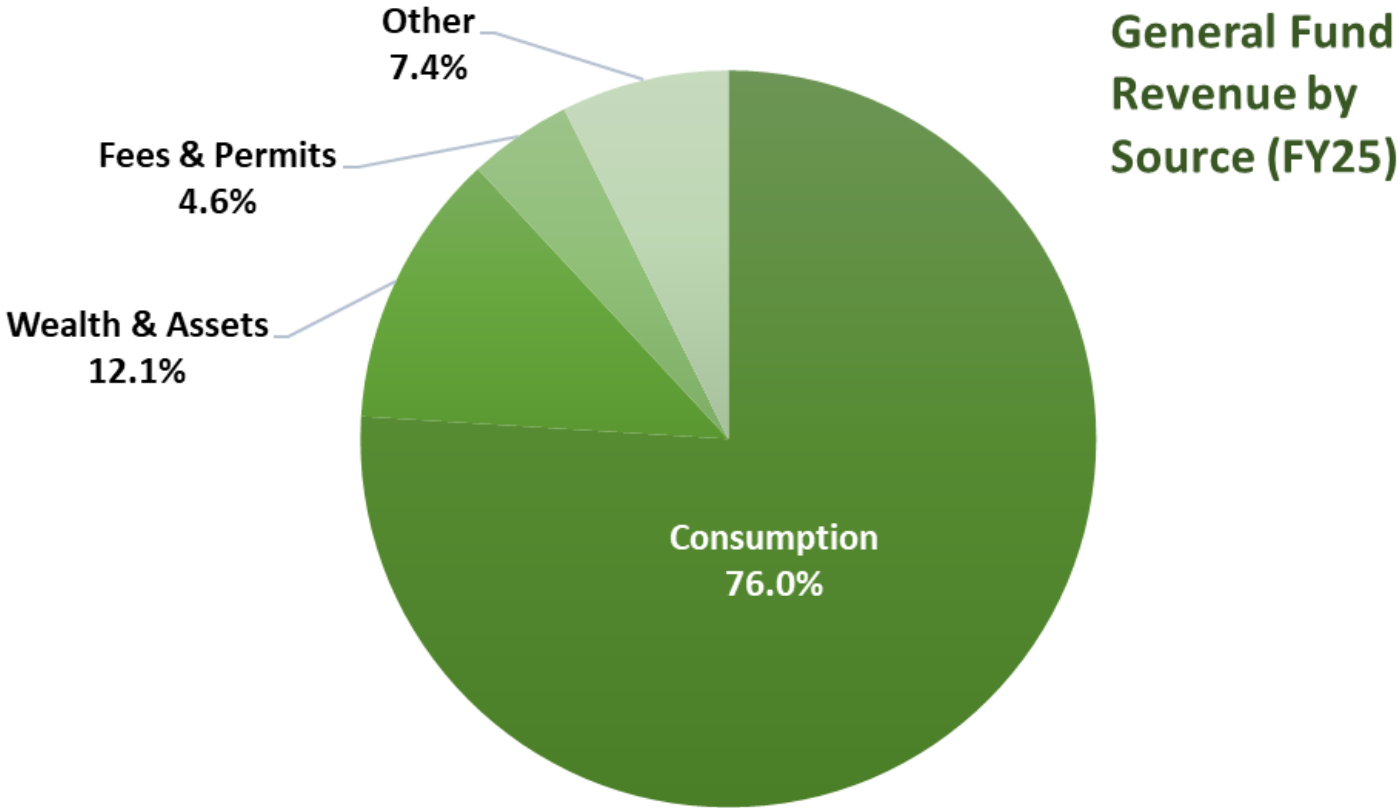




# City of Franklin, Tennessee

## FY 2025 Operating Budget

### General Fund Overview: Revenues by Source (p. 40)

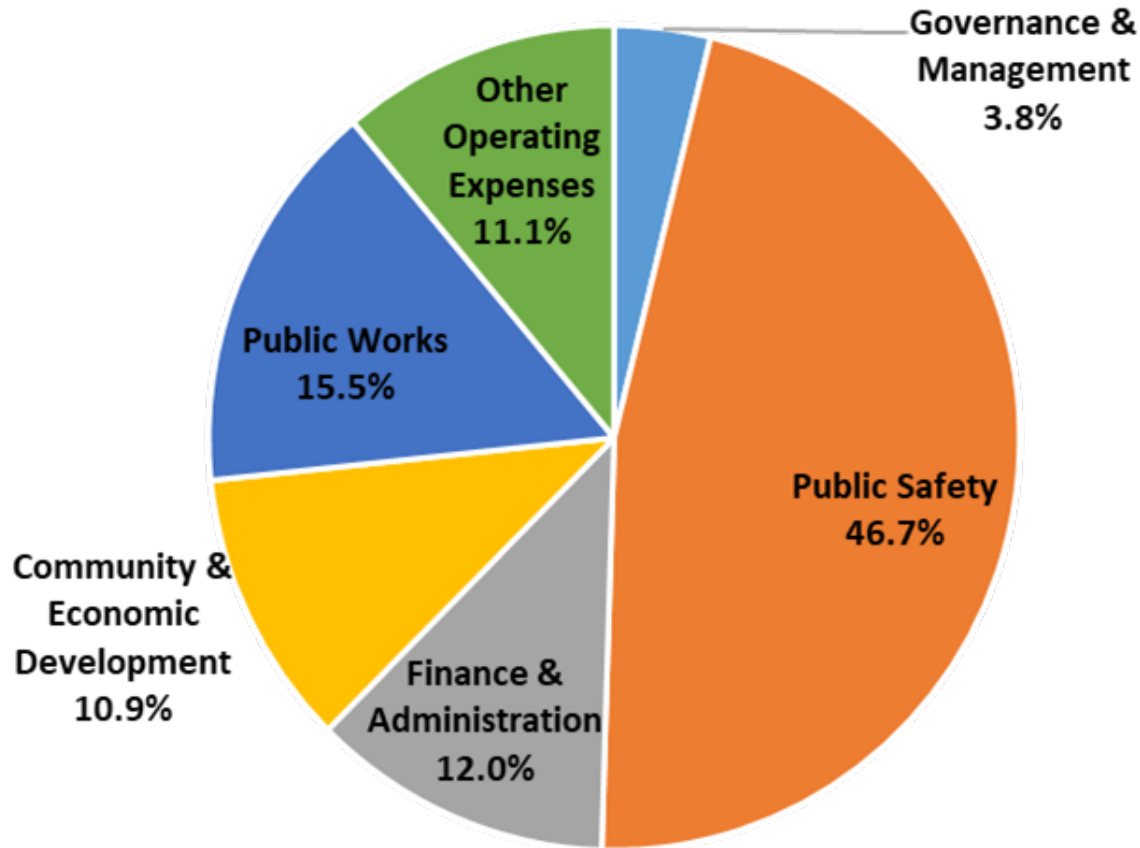




# City of Franklin, Tennessee

## FY 2025 Operating Budget

### General Fund Overview: Expenses by Major Function/Program



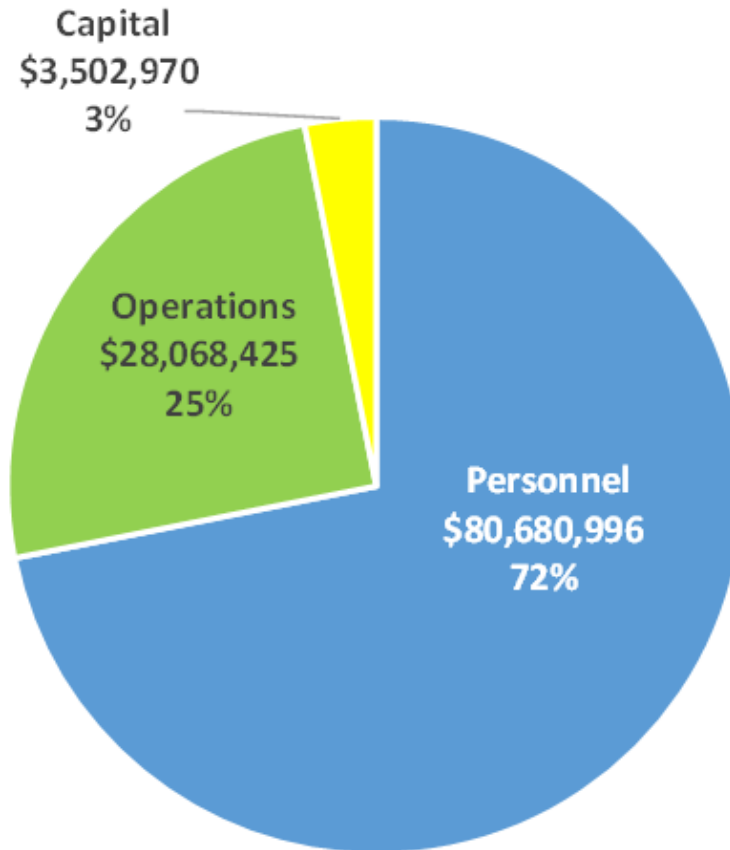


# City of Franklin, Tennessee

## FY 2025 Operating Budget

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### General Fund Overview: Expenses by Category



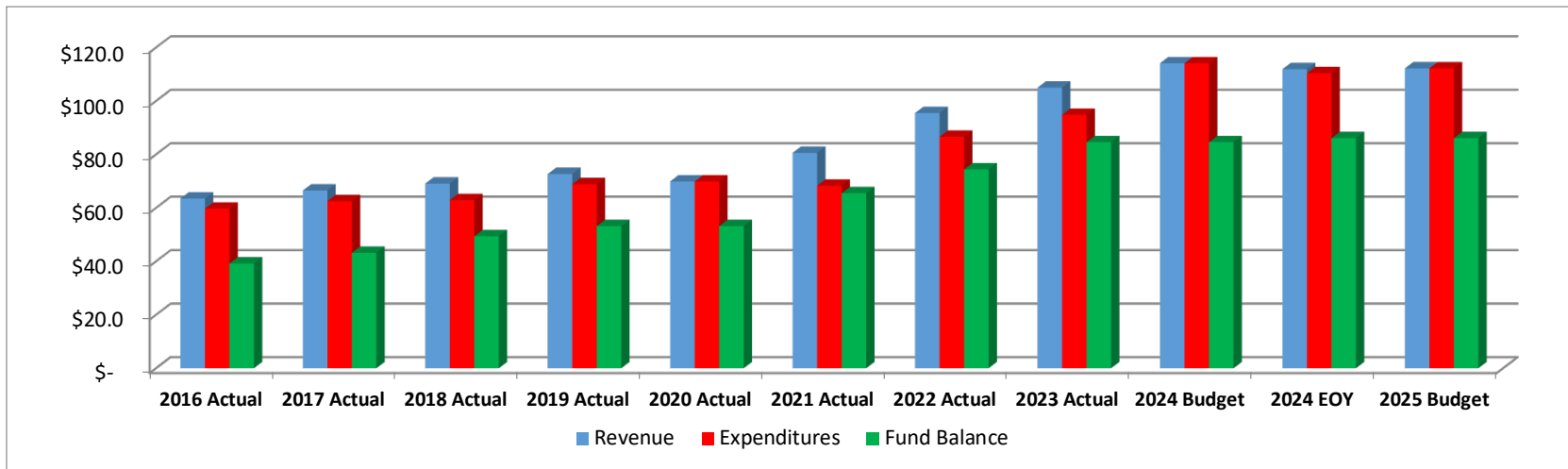


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# City of Franklin, Tennessee

## FY 2025 Operating Budget

### General Fund: Revenues: Financial Performance (p. 36)



	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Budget	2024 EOY	2025 Budget
Revenue	\$ 63.5	\$ 66.5	\$ 69.1	\$ 72.7	\$ 69.9	\$ 80.6	\$ 95.5	\$ 105.0	\$ 114.1	\$ 111.9	\$ 112.2
Expenditures	\$ 59.7	\$ 62.5	\$ 62.9	\$ 68.9	\$ 69.9	\$ 68.3	\$ 86.6	\$ 94.8	\$ 114.1	\$ 110.4	\$ 112.2
Fund Balance	\$ 39.2	\$ 43.2	\$ 49.4	\$ 53.2	\$ 53.2	\$ 65.5	\$ 74.4	\$ 84.6	\$ 84.6	\$ 86.1	\$ 86.1

Note: Amounts above are in millions of dollars.



# *City of Franklin, Tennessee*

## **FY 2025 Operating Budget**

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### **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. The FY25 Budget has particular emphasis on enhancing our competitive position related to public safety compensation.
- Reserves at year-end are well above policy level.



# City of Franklin, Tennessee

## FY 2025 Operating Budget

### General Fund: Revenues: General Fund Revenue Comparison

	<u>Actual 2022</u>	<u>Actual 2023</u>	<u>Budget 2024</u>	<u>EOY 2024</u>	<u>Budget 2025</u>	<u>Difference '24 vs. '25</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>
<b>Revenues</b>							
Local Sales Tax	\$ 57,745,532	\$ 60,556,943	\$ 61,797,556	\$ 62,233,023	\$ 63,163,748	\$ 1,366,192	2.2%
State Shared	\$ 16,245,091	\$ 17,496,680	\$ 16,221,388	\$ 16,113,149	\$ 16,245,560	\$ 24,172	0.1%
Property Tax	\$ 8,085,664	\$ 10,805,467	\$ 12,132,485	\$ 12,132,435	\$ 13,217,427	\$ 1,084,942	8.9%
Alcohol Tax	\$ 5,844,876	\$ 5,646,949	\$ 5,535,512	\$ 5,737,747	\$ 5,869,516	\$ 334,004	6.0%
Building Permits & Licenses	\$ 2,363,110	\$ 2,223,293	\$ 2,260,609	\$ 2,563,250	\$ 2,284,323	\$ 23,713	1.0%
Franchise Fees	\$ 2,506,169	\$ 2,441,864	\$ 2,551,351	\$ 2,383,808	\$ 2,455,799	\$ (95,552)	-3.7%
Grants	\$ 2,262,151	\$ 121,123	\$ 4,110,722	\$ 2,924,410	\$ 1,342,000	\$ (2,768,722)	-67.4%
Court Fines & Fees	\$ 398,877	\$ 446,165	\$ 381,678	\$ 413,896	\$ 378,384	\$ (3,294)	-0.9%
In Lieu of Tax	\$ 282,068	\$ 376,479	\$ 369,251	\$ 383,954	\$ 376,673	\$ 7,422	2.0%
Interest Income	\$ (1,096,123)	\$ 1,167,782	\$ 3,216,604	\$ 3,402,990	\$ 3,515,397	\$ 298,793	9.3%
Other	\$ 950,569	\$ 3,745,935	\$ 5,535,611	\$ 3,638,606	\$ 3,403,565	\$ (2,132,046)	-38.5%
<b>Total - General Fund Revenues</b>	<b>\$ 95,587,985</b>	<b>\$ 105,028,680</b>	<b>\$ 114,112,767</b>	<b>\$ 111,927,268</b>	<b>\$ 112,252,391</b>	<b>\$ (1,860,376)</b>	<b>-1.6%</b>





# *City of Franklin, Tennessee*

## FY 2025 Operating Budget

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### General Fund Revenues: Local Sales Tax

- Increase of 2.2% (\$1,366,192) from amended FY24.
- FY 2024 budgeted revenue was originally forecast at \$61.8 million, but now amended to be \$62.2 million.
- 56.3% of total general fund revenue.

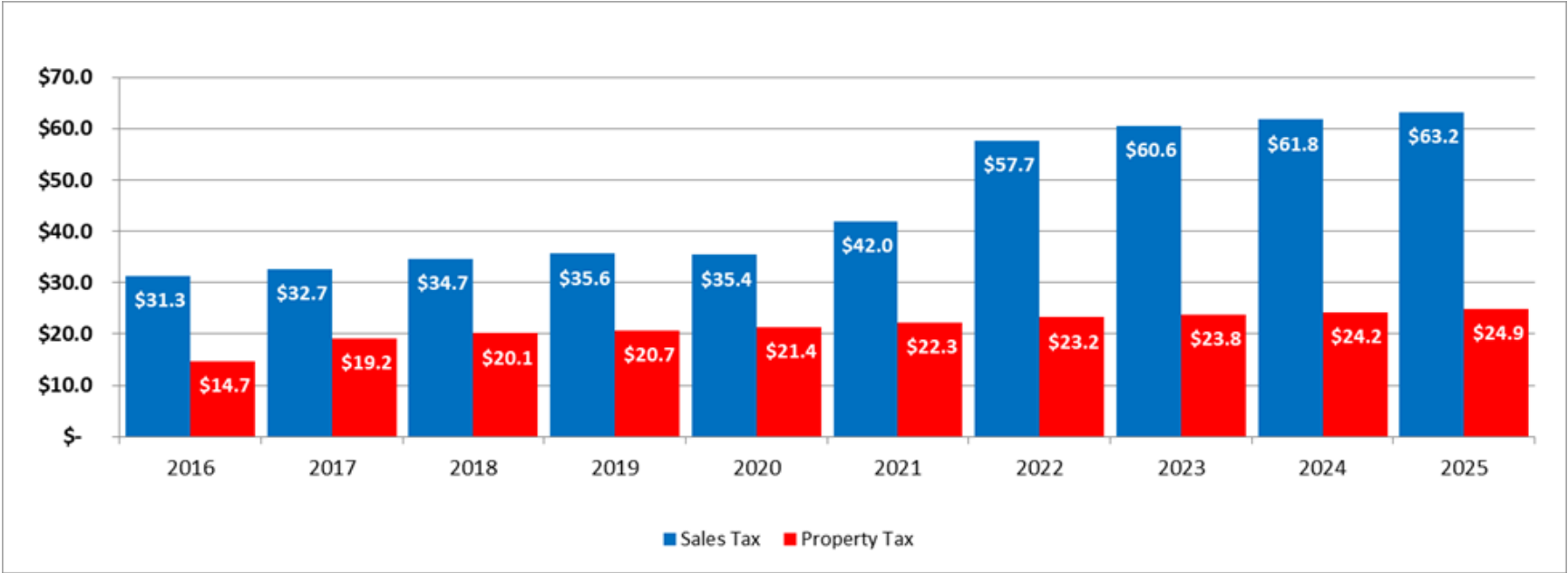


# City of Franklin, Tennessee

## FY 2025 Operating Budget

### General Fund Revenues: Property vs. Sales Tax (p. 57)

#### Local Sales Tax vs. Property Tax – Ten-Year Trend



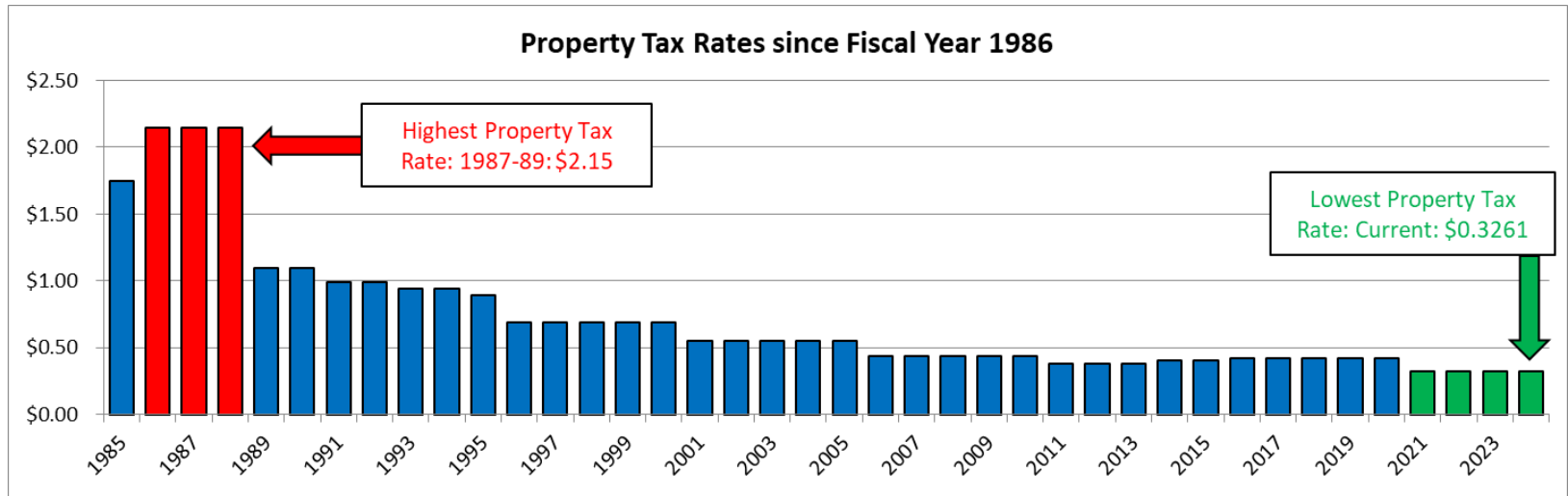


# City of Franklin, Tennessee

## FY 2025 Operating Budget

### General Fund Revenues:

- Intergovernmental: Second largest general fund revenue source (\$16.2M); essentially flat (0.1% increase projected).
- Property Tax: Increase in operational revenues to \$13.2M, an 8.6% increase from FY 2024 – result of levy growth and lower debt. The lowest Property Tax rate for a TN City of our size.





# *City of Franklin, Tennessee*

## FY 2025 Operating Budget

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### General Fund Revenues:

- Alcohol Tax: \$5.9M – a 6.0% increase from FY24.
- Building Permits & Licenses: \$2.3M, a 1% increase compared to FY24.
- Grants: Significant decrease (67.4%) from FY24 with one-time pass-through grants for Battlefield preservation not recurring, but other one-time grants for transportation projects included.
- Interest Income: Significant increase (9.3%) from FY24 reflective of higher earning environment.



# City of Franklin, Tennessee

## FY 2025 Operating Budget

### General Fund: Fund Balance Summary (pg. 36)

#### General Fund Performance - FY 2021-2025

	Actual 2021	Actual 2022	Actual 2023	Budget 2024	EOY 2024	Budget 2025
<b>Beginning Fund Balance</b>	✓ \$ 53,216,286	✓ \$ 65,481,510	✓ \$ 74,433,206	\$ 84,641,226	\$ 84,641,226	\$ 86,167,073
+ Total GF Revenue	✓ \$ 80,560,453	\$ 95,587,985	\$ 105,028,680	\$ 114,112,767	\$ 111,927,268	\$ 112,252,391
- Total GF Expenditures	✓ \$ 68,295,229	\$ 86,636,289	\$ 94,820,660	\$ 114,112,767	\$ 110,401,420	\$ 112,252,391
<b>Ending Fund Balance</b>	✓ \$ 65,481,510	✓ \$ 74,433,206	✓ \$ 84,641,226	\$ 84,641,226	\$ 86,167,073	\$ 86,167,073
***Percent of Total Annual Revenues	81.3%	77.9%	80.6%	74.2%	77.0%	76.8%
***Percent of Total Annual Expenditures	95.9%	85.9%	89.3%	74.2%	78.0%	76.8%

*Note: Ending Fund Balance Amounts for Estimated FY 2024 and Budget FY 2025 numbers subject to change via year-end close.*



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# City of Franklin, Tennessee

## FY 2025 Operating Budget

### General Fund: General Fund Expenditures by Department

	<u>Actual 2022</u>	<u>Actual 2023</u>	<u>Budget 2024</u>	<u>EOY 2024</u>	<u>Budget 2025</u>	<u>Difference '24 vs. '25</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>
<b>Expenses</b>							
Governance & Management	\$ 3,085,987	\$ 3,514,799	\$ 4,084,168	\$ 3,816,668	\$ 4,299,425	\$ 215,257	5.3%
Public Safety	\$ 41,186,972	\$ 47,364,833	\$ 53,671,848	\$ 52,186,792	\$ 52,374,889	\$ (1,296,959)	-2.4%
Finance & Administration	\$ 9,636,858	\$ 12,572,647	\$ 14,051,700	\$ 13,467,646	\$ 13,468,444	\$ (583,256)	-4.2%
Community & Economic Developm	\$ 7,482,075	\$ 8,124,173	\$ 10,668,091	\$ 10,270,045	\$ 12,195,913	\$ 1,527,822	14.3%
Public Works	\$ 11,718,336	\$ 14,967,615	\$ 17,226,452	\$ 16,283,469	\$ 17,417,454	\$ 191,002	1.1%
Other Operating Expenses	\$ 13,835,008	\$ 8,362,213	\$ 14,410,507	\$ 14,376,802	\$ 12,496,265	\$ (1,914,242)	-13.3%
<b>Total - General Fund Expenses</b>	<b>\$ 86,945,235</b>	<b>\$ 94,906,278</b>	<b>\$ 114,112,767</b>	<b>\$ 110,401,420</b>	<b>\$ 112,252,391</b>	<b>\$ (1,860,376)</b>	<b>-1.6%</b>
<b>General Fund Expenditures (by major category)</b>							
Personnel	\$ 59,866,503	\$ 67,614,704	\$ 77,959,294	\$ 75,953,949	\$ 80,680,996	\$ 2,721,703	3.5%
Operations	\$ 25,765,272	\$ 26,586,131	\$ 33,632,490	\$ 32,200,415	\$ 28,068,425	\$ (5,564,065)	-16.5%
Capital	\$ 1,313,460	\$ 705,444	\$ 2,520,983	\$ 2,247,057	\$ 3,502,970	\$ 981,987	39.0%
<b>Total - General Fund Expenses</b>	<b>\$ 86,945,234</b>	<b>\$ 94,906,278</b>	<b>\$ 114,112,767</b>	<b>\$ 110,401,420</b>	<b>\$ 112,252,391</b>	<b>\$ (1,860,376)</b>	<b>-1.6%</b>



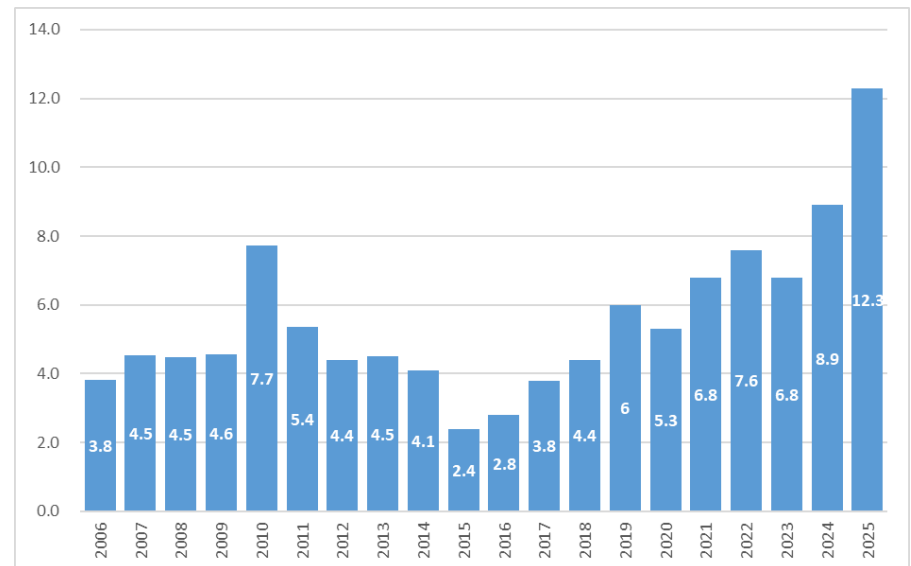
# City of Franklin, Tennessee

## FY 2025 Operating Budget

### General Fund: Pension Plan Contributions

- Pension obligations are fully funded in FY25 budget.
- Closed pension contribution increased \$3.0 million or 41.5% over FY 2024.
- TCRS contribution is 7.62% of salary.
- Pension is approximately 17.1% of total payroll.

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



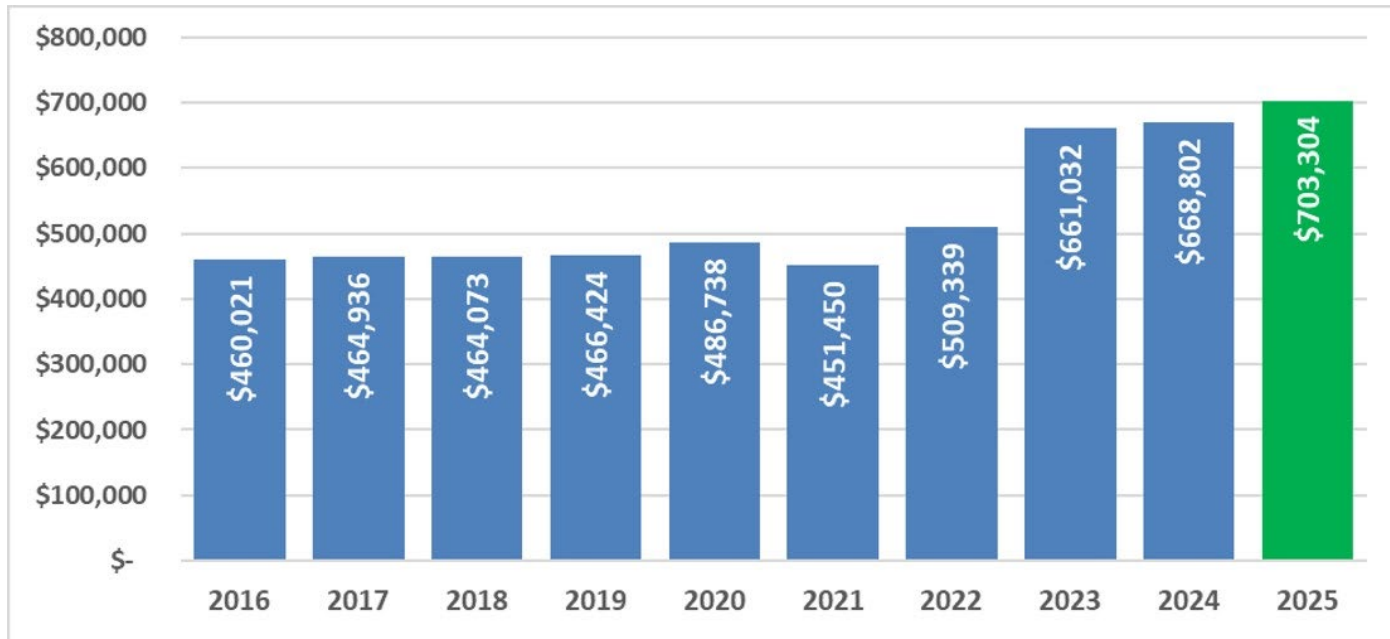


# City of Franklin, Tennessee

## FY 2025 Operating Budget

### General Fund: Appropriations to Outside Entities (pg. 268)

Ten Year- History – Appropriations to Outside Agencies



- An increase of \$34,502 compared to the FY24 budget. This increase includes 3% across the board increases for inflation.





# *City of Franklin, Tennessee*

## FY 2025 Operating Budget

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### Other Funds: Summary

- Drug Fund (*pp. 107-110*)
- Community Development Block Grant (CDBG) Fund (*pp. 183-186*)
- Transit Fund (*pp. 187-190*)
- Fleet Replacement Fund (*pp. 209-210*)
- Stormwater Fund (*pp. 211-218*)
- Street Aid & Transportation Fund – Gas Tax (*pp. 219-222*)
- Road Impact Fund (*pp. 223-226*)
- Sanitation & Environmental Services Fund (*pp. 233-242*)
- Water & Sewer Fund (*pp. 243-258*)
- City Facilities Tax Fund (*pp. 275-278*)
- County Facilities Tax Fund (*pp. 279-282*)
- Hotel/Motel Tax Fund (*pp. 283-288*)
- Debt Service Fund (*pp. 289-298*)
- Parkland Dedication Fund (*pp. 299-302*)



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# City of Franklin, Tennessee

## FY 2025 Operating Budget

### All Funds: Change in Budget Amounts

	<u>Actual 2022</u>	<u>Actual 2023</u>	<u>Budget 2024</u>	<u>Estd 2024</u>	<u>Budget 2025</u>	<u>Difference '24 vs. '25</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>
<b>Expenses</b>							
General Fund	\$ 86,945,235	\$ 94,906,278	\$ 114,112,767	\$ 110,401,420	\$ 112,252,391	\$ (1,860,376)	-1.6%
Drug Fund	\$ 234,283	\$ 150,078	\$ 169,504	\$ 169,504	\$ 206,415	\$ 36,911	21.8%
Sanitation & Environmental Services Fun	\$ 11,633,066	\$ 10,471,841	\$ 15,558,892	\$ 14,556,226	\$ 13,680,920	\$ (1,877,972)	-12.1%
Transit System Fund	\$ 2,781,702	\$ 3,443,348	\$ 4,436,067	\$ 4,433,600	\$ 4,350,253	\$ (85,814)	-1.9%
Community Development Block Grant (C	\$ 307,304	\$ 468,782	\$ 900,000	\$ 863,732	\$ 368,352	\$ (531,648)	-59.1%
Stormwater Fund	\$ 2,737,654	\$ 2,930,561	\$ 4,002,949	\$ 3,918,852	\$ 4,485,880	\$ 482,931	12.1%
Street Aid & Transportation Fund	\$ 3,261,157	\$ 5,022,229	\$ 6,601,742	\$ 5,390,000	\$ 6,220,212	\$ (381,530)	-5.8%
Road Impact Fund	\$ 3,285,816	\$ 12,200,418	\$ 7,961,455	\$ 7,493,933	\$ 7,139,603	\$ (821,852)	-10.3%
City Facilities Tax Fund	\$ 403,300	\$ 62,611	\$ 3,764,683	\$ 3,764,683	\$ 405,673	\$ (3,359,010)	-89.2%
County Facilities Tax Fund	\$ 1,000,000	\$ 600,000	\$ -	\$ -	\$ 200,000	\$ 200,000	0.0%
Hotel/Motel Tax Fund	\$ 3,624,973	\$ 4,912,113	\$ 10,792,126	\$ 10,457,550	\$ 4,017,746	\$ (6,774,380)	-62.8%
Debt Service Fund	\$ 15,737,448	\$ 15,709,381	\$ 16,308,626	\$ 16,308,627	\$ 15,698,603	\$ (610,023)	-3.7%
Parkland Dedication Fund	\$ 375,000	\$ 4,500,000	\$ 3,757,800	\$ 3,757,800	\$ -	\$ (3,757,800)	-100.0%
Capital Vehicle Fund	\$ -	\$ 1,198,772	\$ 3,703,489	\$ 2,430,706	\$ 2,807,000	\$ (896,489)	-24.2%
Water & Sewer Fund	\$ 31,620,002	\$ 38,939,951	\$ 47,199,468	\$ 42,682,567	\$ 55,071,190	\$ 7,871,722	16.7%
<b>Total - All Funds</b>	<b>\$ 163,946,940</b>	<b>\$ 195,516,363</b>	<b>\$ 239,269,567</b>	<b>\$ 226,629,201</b>	<b>\$ 226,904,237</b>	<b>\$ (12,365,330)</b>	<b>-5.2%</b>
Personnel	\$ 73,197,184	\$ 82,508,736	\$ 95,632,279	\$ 93,570,134	\$ 99,613,921	\$ 3,981,643	4.16%
Operations	\$ 87,353,844	\$ 105,737,553	\$ 117,633,775	\$ 114,110,035	\$ 102,906,467	\$ (14,727,308)	-12.52%
Capital	\$ 3,395,911	\$ 7,270,074	\$ 26,003,512	\$ 18,949,031	\$ 24,383,848	\$ (1,619,664)	-6.23%
<b>Total - All Funds Expenses</b>	<b>\$ 163,946,939</b>	<b>\$ 195,516,363</b>	<b>\$ 239,269,567</b>	<b>\$ 226,629,201</b>	<b>\$ 226,904,237</b>	<b>\$ (12,365,330)</b>	<b>-5.2%</b>



# *City of Franklin, Tennessee*

## **FY 2025 Operating Budget**

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### **Other Funds of Note:**

#### **Stormwater**

- FY25 budget is \$4.49 million. No fee adjustment this year, likely to be considered in FY26.

#### **Sanitation**

- \$8.00/month increase in residential collection fee from \$23.00/month to \$31.00/month.
- No General Fund subsidy budgeted. (\$1.75M added in FY 24)
- Replacement of pieces of equipment.
- FY25 budget is \$13.7 million, a decrease of 12.1% compared to FY24.
- Landfill and recycling processing capacity secured for the next 10 years.



# *City of Franklin, Tennessee*

## **FY 2025 Operating Budget**

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### **Other Funds of Note:**

#### **Hotel/Motel**

- Expenditures of \$4.0 million are included in the FY25 budget covering existing debt service and project funding commitments.
- Funding for the Federal Line Marker project (second of a two year project), ½ of costs of Jim Warren LED Lighting update, ½ of Preservation Plan update and contribution to renovation of the Merrill-Williams Home.

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

- Continue funding for debt service obligations and several pieces of equipment (City Facilities). More will be committed once CIP re-prioritization completed.



# *City of Franklin, Tennessee*

## **FY 2025 Operating Budget**

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### **Other Funds of Note:**

#### **Water & Wastewater Fund**

- FY25 Budget is \$55.1 million:
  - \$15.8 million for water, \$38.8 million for water reclamation (sanitary sewer), and \$370,124 Reclaimed
- Consistent with our five-year utility rate plan, Water and Sewer rates will increase 3% and 2.5% respectively beginning January 1, 2025.
- Largest annual debt service payment began in FY24 - Repayment of SRF loan (\$119M) began in full this fiscal year; Overall Debt Service up to \$10.1M for FY25; Still narrowly within Debt Service Coverage requirements
- Sizeable amount of Rate funded capital and ARPA funded (TDEC) projects.



# *City of Franklin, Tennessee*

## FY 2025 Operating Budget

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### 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 (76.8%).