



HISTORIC
FRANKLIN
TENNESSEE

Debt Capacity Model Update

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PFM Financial Advisors LLC
530 Oak Court Drive
Memphis, TN 38117-3722
P 901.682.8356
F 901.682.8386

Capacity Model Overview

The Capacity Model includes:

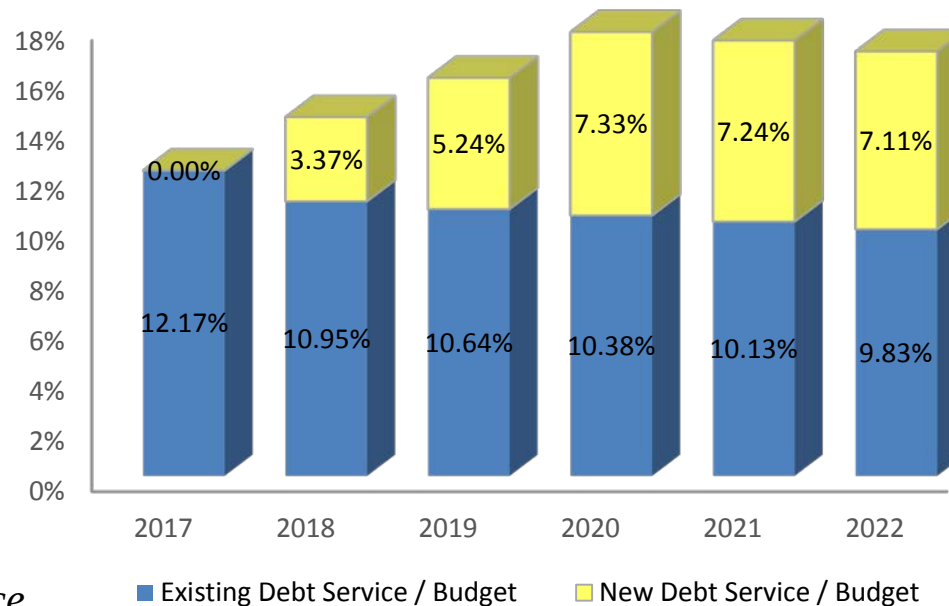
- Actual, Audited Revenues and Expenditures for FY 2015
- Estimated, Unaudited FY 2016 Revenues and Expenditures
- Budgeted FY 2017 Revenues and Expenditures
- Revenue and Expenditure Growth Rate Assumptions for FY 2018 – 2022 provided by the City
- Bonds issued in FY 2017, FY 2019 and FY 2021 to cover CIP project needs of \$82.3 million which results in bonds issued totaling \$63.8 million

CIP Summary

CIP Work Sheet									
August 2016 Analysis									
Project Description Projects		2017	2018	2019	2020	2021	2022	5 Year Total (18-22)	Project Total
1	East McEwen Drive - Phase 4	2,600,000	1,000,000	12,164,000	12,164,400	-	-	25,328,400	27,928,400
	Net Funding Needs	2,350,000	750,000	7,914,000	7,914,400	-	-	16,578,400	18,928,400
2	East/Southeast Multipurpose Park	1,200,000	4,000,000	4,000,000	4,000,000	-	-	12,000,000	13,200,000
	Net Funding Needs	-	3,800,000	3,800,000	3,800,000	-	-	11,400,000	11,400,000
3	Sidewalk Gaps	250,000	250,000	250,000	250,000	250,000	-	1,000,000	1,250,000
	Net Funding Needs	250,000	250,000	250,000	250,000	250,000	-	1,000,000	1,250,000
4	Fire Station 7	80,000	4,150,000	100,000	-	-	-	4,250,000	4,330,000
	Net Funding Needs	-	-	-	-	-	-	-	-
5	Franklin Road Improvements & Streetscape	-	2,550,000	5,895,000	5,895,000	-	-	14,340,000	14,340,000
	Net Funding Needs	-	1,900,000	4,405,450	5,155,450	-	-	11,460,900	11,460,900
6	Goose Creek Interchange Lighting	60,000	810,000	-	-	-	-	810,000	870,000
	Net Funding Needs	30,000	405,000	-	-	-	-	405,000	435,000
7	Major Street Resurfacing	-	2,400,000	-	1,700,000	-	1,300,000	5,400,000	5,400,000
	Net Funding Needs	-	2,400,000	-	1,700,000	-	1,300,000	5,400,000	5,400,000
8	Hillsboro Road	15,000,000							- 15,000,000
	Net Funding Needs	15,000,000	-	-	-	-	-	-	15,000,000
Project Subtotal		19,190,000	15,160,000	22,409,000	24,009,400	250,000	1,300,000	63,128,400	82,318,400
Net Funding Needs		17,630,000	9,505,000	16,369,450	18,819,850	250,000	1,300,000	46,244,300	63,874,300
Bonds Issued		27,135,000		35,189,300		1,550,000			63,874,300

Debt Service to Budget Metrics

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
New Debt Service	-	2,177,383	3,492,094	5,001,063	5,058,973	5,125,439
Estimated Gen Fund Budget (GF Revenues)	62,851,566	64,679,768	66,609,758	68,217,387	69,909,525	72,111,789
New Debt Service / Budget	0.00%	3.37%	5.24%	7.33%	7.24%	7.11%
Existing Debt Service	7,651,190	7,079,596	7,084,969	7,080,820	7,085,047	7,086,321
Existing Debt Service / Budget	12.17%	10.95%	10.64%	10.38%	10.13%	9.83%
New + Existing Debt Service	7,651,190	9,256,978	10,577,063	12,081,883	12,144,019	12,211,760
New + Existing Debt Service / Budget	12.17%	14.32%	15.88%	17.71%	17.37%	16.94%



Debt Assumptions:
Interest rate of 5.00%
20 year, level debt service

Debt Management Policy Ratios

The City's updated Debt Management Policy includes the following ratios:

1. Direct debt as a % of Full Value $\leq$ 1.75%
2. Direct debt of Operating Revenues of $\leq$ 3.00X
3. Total Governmental Funds Debt Service as a % of expenditures $\leq$ 25%

The City also has a reserve fund policy to maintain at least 33% of General Fund Revenues.

Policy Ratios

Affordability Matrix								
Debt Policy	Direct Debt % of Full Value		Direct Debt to Operating Revenue		Govt. Fund DS % Govt. Expenditures		General Fund Balance as a % of Operating Revenues ⁽¹⁾	Debt Service as a % of Operating Expenditures ⁽²⁾
	≤ 1.75%		≤ 3.00x		≤ 25%		≥ 30%	
FY 2017 (Series 2017 Bonds)		1.3%		2.4		14.9%	61.9%	10.8%
FY 2018		1.2%		2.2		16.2%	62.8%	12.8%
FY 2019 (Series 2019 Bonds)		1.4%		2.5		17.4%	64.5%	14.1%
FY 2020		1.3%		2.3		19.0%	66.7%	15.5%
FY 2021 (Series 2021 Bonds)		1.2%		2.1		18.9%	69.3%	15.3%
FY 2022		1.1%		2.0		18.3%	72.2%	15.1%

(1) Moody's 2013 Aaa Median = 38.5%

(2) This metric is no longer reported by Moody's.

Assumptions:

Market Value/Full Value grows at 1%

Governmental Expenditures grow at 1%

Operating Expenses include debt service to be paid out of the General Fund