

# CITY OF FRANKLIN, TENNESSEE



## FY 2017

# Proposed Budget

Excellence Innovation Teamwork Integrity Action-Oriented



*City of Franklin, Tennessee*  
**FY 2017 Operating Budget**

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TENNESSEE

*Proposed*

# City of Franklin, Tennessee

**Annual Operating &  
Capital Equipment Budget  
July 1, 2016 - June 30, 2017**



# City of Franklin, Tennessee

The City of Franklin was founded October 26, 1799 and was named after Benjamin Franklin, a close friend of Dr. Hugh Williamson, a member of the Continental Congress for whom Williamson County was named.

The City, the county seat of Williamson County, is located 15 miles south of Nashville. Williamson County is located in a rich agricultural area, and, before the Civil War, was the wealthiest county in Tennessee, a status it still holds. Laid out on a portion of a 640-acre tract owned by Major Anthony Sharpe, a Revolutionary War Veteran, Franklin originally consisted of 109 acres that contained 200 lots. The original town plan was designed by Abram Maury, a surveyor and planter who came from Virginia in 1797.

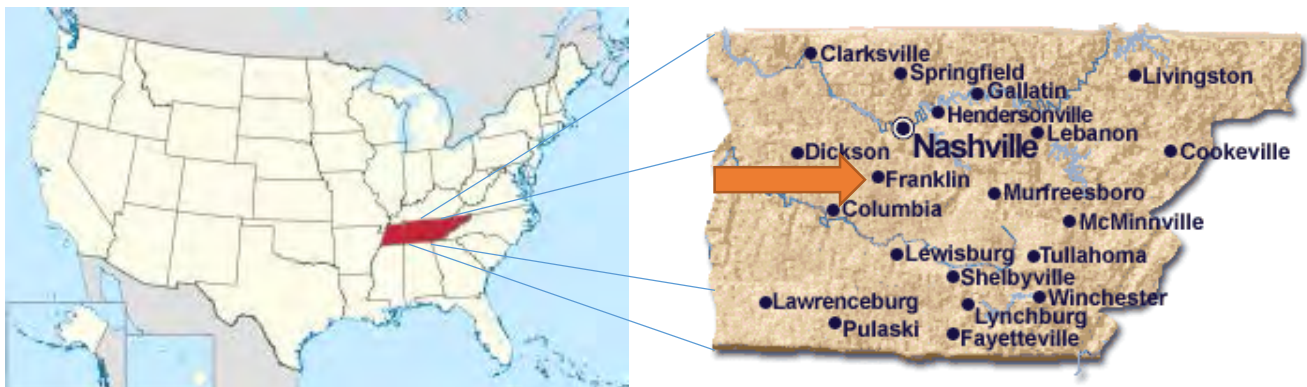
Franklin was the site of one of the bloodiest battles of the Civil War on November 30, 1864, when 20,000 Confederate soldiers made a series of charges over two miles of open ground. More than 8,000 northern and southern soldiers fell in little more than five hours.



The City of Franklin covers approximately an area of 41 square miles, and serves a population of 66,335 according to the City's 2014 special census. The City of Franklin is the ninth largest and one of the fastest growing municipalities in the State of Tennessee.

Today, Franklin has a robust and diversified economy. The City is known as a retail and banking center, with a large commercial area on its east side which includes retail outlets, a regional mall, and several corporate headquarters, including Big Idea Productions, CKE Enterprises (Carl's Jr/Hardees), Clarcor, Community Health Systems, Ford Motor Credit, Healthways, Jackson National Life, Mars Petcare, Nissan North America and Verizon Wireless. The area is also home to a regional conference center and several major hotel chains, including Aloft, Drury Plaza Hotel, Embassy Suites, Hilton, Homewood Suites, Hyatt Place, and Marriott.

Main Street in downtown Franklin has been carefully preserved and contains many buildings from the 19<sup>th</sup> century. Additions to the Downtown area include a Judicial Center and two parking facilities which greatly increases the amount of parking available to visitors and employees. The City has won numerous awards and honors including the National Main Street Award from the National Trust of Historic Preservation; "Number One Small Town in Tennessee;" and being designated a Preserve America Community by former First Lady Laura Bush. Also, the City received other community recognitions including: the National Trust for Historic Preservation identifying Franklin as one of "America's Distinctive Destinations," the readers of *Southern Living* magazine placed Franklin in the top ten "Best Small Towns" list, *Business Week* named Franklin the top city in Tennessee and among the top 50 nationally in terms of places to start a small business.





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## **Board of Mayor & Aldermen**

**Dr. Ken Moore, Mayor**

**Clyde Barnhill**

**Brandy Blanton**

**Pearl Bransford**

**Beverly Burger**

**Margaret Martin**

**Dana McLendon**

**Ann Petersen**

**Michael Skinner**

---

### **Eric Stuckey, City Administrator**

**Russell Truell, Assistant City Administrator of Finance and Administration**

**Vernon Gerth, Assistant City Administrator of Community Development**

Fred Banner, Information Technology Director

Paul Holzen, Engineering Director/City Engineer

Lanaï Benne, Asst. City Recorder

Mike Lowe, Comptroller

Shauna Billingsley, City Attorney

Bob Martin, Interim Planning & Sustainability Director

Chris Bridgewater, Bldg & Neighborhood Services Director

Milissa Reiersen, Communications Manager

Becky Caldwell, Sanitation & Environmental Services Director

Lawrence Sullivan, Asst. City Recorder/City Court Clerk

Lisa Clayton, Parks Director

Michael Walters Young, Budget & Analytics Manager

Deborah Faulkner, Police Chief

Brian Wilcox, Purchasing Manager

Rocky Garzarek, Fire Chief

Brad Wilson, Project and Facilities Manager

Shirley Harmon-Gower, Human Resources Director

Joe York, Streets Director

Mark Hilty, Water Management Director



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*The Government Finance Officers Association of the United States and Canada (GFOA) has presented an award of Distinguished Presentation to the City of Franklin, Tennessee its annual budget for the fiscal year beginning July 1, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.*

*This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.*



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May 6, 2016

Mayor Moore, Aldermen, and citizens of Franklin,

Franklin continues to be a highly desirable community for families and businesses to call home. Along with acclaim on numerous city ratings focusing on high quality of life, Franklin boasts unprecedented job and population growth. In fact, Federal government numbers show that Williamson County was the top county in America for job growth in 2014-15. Most of this job growth occurred in Franklin and matches recent U.S. Census reports that identify Franklin as one of the fastest growing cities in the country with a population of more than 50,000. Since 2013 (a 39-month period), the City of Franklin has experienced a total investment in permitted development of nearly \$1.7 billion. Our city is honored to be a community that so many are choosing as a place to invest, build a business, raise a family, spend a vacation, and, most of all, a place they proudly call “home.”

This extraordinary growth and investment in our community is certainly positive, but it does place significant challenges before us. Franklin’s city government, with the leadership of the Board of Mayor and Aldermen, is working diligently to meet these challenges. Over the past several years, important long-term planning efforts have been undertaken, including a comprehensive transportation plan linked to land use, a land use plan update, a parks master plan, a long-term capital investment plan, and key implementation steps for the adopted integrated water resource plan. These planning efforts point to the critical need of our community to continue to invest in important infrastructure and a high level of community services. The common concerns heard from citizens (formally through surveys and in day-to-day conversation) center on the need to address traffic and congestion issues. The recently adopted Parks Master Plan highlights needs for additional parks amenities. Unmet, these needs threaten to negatively impact Franklin’s high quality of life.

The Fiscal Year 2017 (FY17) budget offers an important opportunity for the City of Franklin to meaningfully address the need for investment in key infrastructure and high-quality services in order to maintain our community’s excellent quality of life. Every five years, the County Property Assessor performs a reappraisal of all property throughout Williamson County. Through this process, updated valuations are provided for each property and, as a result, property tax rates are adjusted. This process presents the City with an opportunity to reevaluate its property tax rate and structure. The City’s proposed property tax rate is \$0.42 per \$100 of assessed valuation, an increase of 3.3% from the current rate of \$0.4065 per \$100 of assessed valuation. The recommended budget includes both the City’s existing property tax structure (\$0.32 per \$100 of assessed valuation) and a recommended additional component (\$0.10 per \$100 of assessed valuation) targeted at funding investment in infrastructure and supporting City operations. First, the existing property tax funding consists of:

- **\$0.29 per \$100 of assessed valuation** – This component is the City’s existing base property tax rate for operations and debt service, providing only the amount of tax dollars received for those purposes in the prior year.
- **\$0.03 per \$100 of assessed valuation** – Added in 2014, this tier of property tax is pledged 50% to infrastructure/capital investment projects and 50% to increased neighborhood street resurfacing.

The proposed FY17 budget recommends additional dedicated property tax funding consisting of:

- **\$0.07 per \$100 of assessed valuation** – This component would be dedicated to infrastructure investments and transportation needs, including roadway improvements/expansions, parks, and City facility needs. One penny of this component would be specifically dedicated to funding for transit, connectivity through multi-use trails and sidewalks, and other alternatives to roadway transportation.
- **\$0.03 per \$100 of assessed valuation** – This component would be dedicated to supporting City operations and service delivery. This allocation of property tax capacity would be the first additional property tax rate support provided to City operations since 1987.

The proposed restructuring of the City’s property tax will provide much-needed capacity to support both infrastructure investment – with a focus on transportation needs – and critical public services. Under this proposal, the capacity to support infrastructure needs will increase from a projected \$30 million to \$80 million over the 10-year capital investment planning horizon. The need for this additional capacity has been highlighted in our recent capital investment planning process that has identified more than \$240 million in infrastructure needs over the next 10 years (non-utility investments). Providing additional capacity through the property tax structure described above is one part of a broader strategy to address growth-related challenges impacting the community. The City will continue to work to meet infrastructure needs through other sources as well, including the aggressive pursuit of state and federal funding, partnerships with other entities (public, private, and nonprofit) in Middle Tennessee, taxes resulting from tourism, and updated development fee structures ensure that private development is contributing significantly to infrastructure costs.

The City’s challenge is to welcome this incredible investment and interest in our community, along with the many opportunities it brings, while maintaining the qualities and character that make Franklin a special place to live. To that end, through the leadership of the Board of Mayor and Aldermen (BOMA), the commitment of our talented staff team, and an engaged citizenry, Franklin is focusing on the future. The City’s adopted strategic plan, **FranklinForward**, focuses on four key strategic themes:

- A Safe, Clean, and Livable City
- An Effective and Fiscally Sound City Government Providing High-Quality Service
- Quality Life Experiences
- Sustainable Growth and Economic Prosperity

A series of goals have been established to guide and assess our progress as a community. Specific, measureable objectives have been identified that help our staff team measure performance and gauge success. Together, the strategic plan, goals, and objectives bring added focus to our work and to the direction provided in the budget process. (The measures tied to the strategic plan are highlighted throughout this budget document.)

## Budget Overview

The proposed general fund budget is \$64,147,849, which represents an increase of 4.1% compared to the current \$61.6 million budget for 2015-16. This budget increase is primarily due to cost increases in the services we purchase, personnel expenses, and the funding of expanded services in the areas of public safety, streets (including city fleet), and parks, all of which are significantly impacted by growth.

The 2016-17 proposed budget for all funds is \$134,999,925, which represents an increase of 5.8% compared to 2015-16. The primary reasons for this \$7,429,990 increase across funds are increases in the General, Sanitation, Transit, Community Development Block Grant (CDBG), Stormwater, Street Aid, Road Impact, Debt Service, and Water/Sewer funds. There are decreases within other funds, including Drug, Facilities Tax, and Hotel/Motel.

## Highlights of the Proposed 2016-17 Budget

- The budget is balanced, with current revenues equaling expenditures.
- The budget is in compliance with the Board of Mayor and Aldermen's debt and fund reserve policies, significantly exceeding the reserve requirements.
- Overall, the proposed budget has a net reduction of 11 positions across all funds. This is largely due to the consolidation of the City's emergency communication function with Williamson County. A targeted group of new positions are added in the budget. These positions are in areas such as Parks, Police, Fire, Engineering, and Stormwater, all of which have been impacted by growth.
- Within the Water Management department, the City will be establishing a team to manage utility location services through the State of Tennessee's "One Call" system. Per state law, cities and utilities are required to participate in this system by January 1, 2017.
- The annual pay adjustments for City team members will involve two tiers this year: 1) All employees will receive a \$500 base pay increase to offset medical insurance cost escalations in recent years and 2) a 4% general pay increase will be provided to employees. There will be a cap placed on total base pay increase of \$3,000 between these two elements. The pay adjustment will be effective July 1, 2016. In addition, the recommended budget includes \$125,000 for funding of the merit supplements for a fifth consecutive year.
- The recommended budget proposes the reclassification of the vacant Capital Investment Project Executive/City Engineer position to an Assistant City Administrator for Public Works effective January 1, 2017. Along with this reclassified position, a reorganization of departmental reporting structure will be brought to the Board for consideration during the fall of 2016.
- Funding for a special census is included in the recommended budget. This effort will enable the City to document its population growth and receive a more appropriate portion of state-shared revenue.
- The City property tax rate is recommended at \$0.42 per \$100 of assessed valuation, with specific dedication of funding to infrastructure and operations (described above). The City of Franklin maintains one of the lowest municipal property tax rates in the State of Tennessee.
- The proposed 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.

## **Budget Process**

The City of Franklin strives to have a budget process that is open and transparent to the community. The City’s budget process also must facilitate good decision making by concentrating on community needs and focusing on Franklin’s future. To further these goals, our City team continues to enhance the budget process each year. A fundamental part of all budgeting is to make revenue and expense projections. Detailed revenue projections are incorporated into the process, including analysis of revenue history and trends along with a forecast of low, medium, and high growth scenarios. Our goal is to be conservative, but as realistic as possible, in projecting funding capacity. The City’s detailed revenue analysis can be found within each fund included in this budget document.

In addition to projecting financial capacity, the City must assess current service levels and the associated cost of operations. Throughout the budget process, each department is asked to develop and justify a “base budget.” The base budget is defined as the cost to operate at current service levels in the upcoming year. By comparing the revenue forecast with the base budget expenditure projection, the amount of available capacity is determined. Departments identify new initiatives and ideas that allow the City to better meet community needs through the submission of “Program Enhancement Requests.” Each request includes detailed descriptions of the enhancement and an estimate of financial impact (revenue generated, costs avoided, one-time and ongoing expenses). All this information has been presented by each department to the Budget and Finance Committee, shared with the full Board of Mayor and Aldermen, and reviewed by the City Administrator and our budget team. Through the FY17 budget process, 143 program enhancements—totaling \$12.35 million—were submitted. While all of these initiatives had merit, the recommended budget includes enhancement items that best match community needs and continue the momentum of the City in a number of important service areas, such as public safety, infrastructure, and parks. A full listing of all program enhancements and the funding provided is available in Appendix H of this budget document. Below are highlights of these initiatives by Strategic Plan theme:



### **A Safe, Clean, and Livable City**

- The addition of a Crime Analyst position within the Police Department.
- Installation of an additional outdoor tornado warning siren (\$30,000).
- Technical rescue equipment for the Fire Department (\$75,000).
- Enhanced body armor for police officers (\$39,000).
- Enhanced video security, including cameras in City parking garages and other City facilities (\$90,600).
- Purchase of 110 body cameras (funded by reserves) for police officers and support services/staffing (carryover from FY16, \$342,550).



### **Effective and Fiscally Sound City Government Providing High-quality Services**

- Additional and replacement vehicles in Sanitation, Parks, Police, Streets, Information Technologies, Stormwater, and Building and Neighborhood Services.
- Creation of a utility location crew to meet “One Call” service requests.
- High mast interstate lighting (LED) retrofit (\$175,560).

- Franklin TV High Definition upgrades (\$125,672).
- Enhance Information System disaster recovery and data security initiatives.
- Special Census funding (\$100,000).
- Architectural service for City Hall building plan (carryover from FY16, \$250,000).



### Quality Life Experiences

- Study of shared facility use and improvements between the Franklin Special School District and the Franklin Parks Department.
- Parks programming staffing enhancements.
- Eastern Flank Battlefield Park/Fleming Center lighting (\$20,000).



### Sustainable Growth and Economic Prosperity

- Downtown parking study and traffic circulation study (\$250,000).
- Fourth Avenue parking garage vehicle counting/control system (\$70,000).
- Continued funding of the 91X regional bus service (\$13,600) and targeted expansion of Franklin Transit services (\$322,895).
- Along with the Metropolitan Planning Organization and the Regional Transit Authority, funding of the I-65 corridor study connecting Nashville and Franklin (\$12,500).

## General Fund Overview and Issues

**Revenues.** In total, general fund revenues for 2016-17 are projected at \$64.1 million, up 6.1% from the 2015-16 estimated actual of \$60.4 million and up 4.1% from the 2015-16 budget of \$61.6 million. The following is a brief summary of revenue by category.

Sales Tax. The City’s largest single revenue source continues to be sales tax. Local sales tax collections are projected to account for 51.7% of total general fund revenue. The proposed 2016-17 budget projects local sales tax at \$33.2 million, an increase of 7.2% compared to the 2015-16 budget of \$30.96 million. The 2016-17 projection represents a growth of 5%, or \$1.58 million, compared to the estimate of \$31.6 million for the current year. The State of Tennessee Funding Board identified a range of 4.0% to 5.3% for statewide growth in 2016-17. Personal income is expected to rise by 4.8% in fiscal year 2016.

Intergovernmental Revenue. The second-largest category of revenue, intergovernmental revenue (also referred to as state shared revenue), accounts for 17.4% of total general fund revenue and is projected to be \$11.15 million, a slight decrease of 0.2%, or \$23,763, compared to the 2015-16 budget of 11.17 million.

Property Tax. The third-largest revenue source for the City’s general fund is property tax, which accounts for 9.2% of general fund resources. The amount of property tax revenue going to general fund operations for 2016-17 is \$5.9 million, compared to \$5.3 million in 2015-16. The general fund portion of property tax revenue is the result of the total property tax of \$15.8 million minus \$1.3 million due to the City’s Industrial



Development Board, plus an additional \$7.5 million for the debt service fund. As described previously, the recommended budget proposes to set the City’s property tax rate at \$0.42 per \$100 of assessed value. While this rate is a slight increase from the current property tax rate of \$.4065 per \$100 of assessed valuation, it will generate additional revenue to support both infrastructure investments and general fund operations due to the increase in property valuation resulting from the five-year reappraisal.

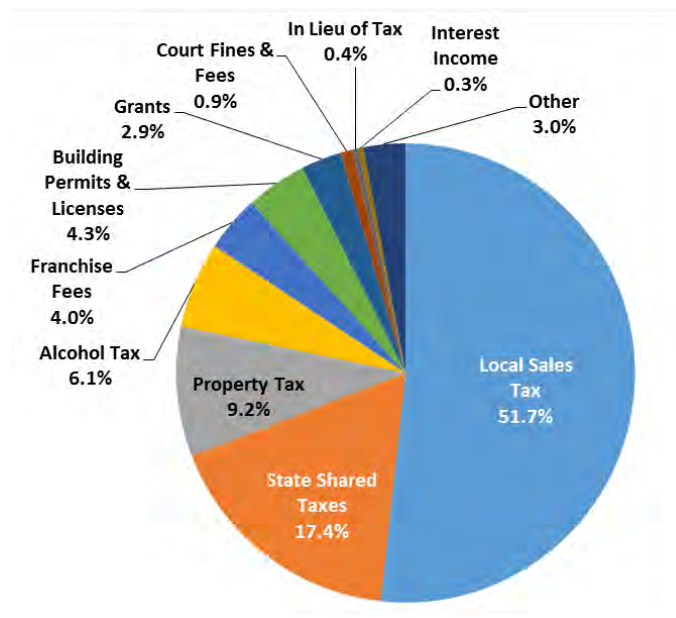
Alcohol Taxes. Local governments in Tennessee receive wholesale beer/liquor taxes from distributors and privilege taxes from local businesses that serve liquor by the drink. For the 2016-17 budget year, these various alcohol taxes are projected to generate \$3.9 million, accounting for 6.1% of general fund revenue. In 2013, the state modified the wholesale beer tax basis, moving from a sales (price multiplied by volume) basis to a volume-only basis. This change resulted in a drop in revenue in this category compared to the previous calculations. Nonetheless, collections in this category are projected to be \$155,000 above the original projected revenue in the current year, a growth rate of 4.1%.

Building Permits and Licenses. As construction activity has rebounded significantly in recent years, the City of Franklin has seen building permit and license fees reach the \$2.5 million per year level, an increase of \$1 million per year compared to 2013 levels. Based on projected construction activity, \$2.7 million in permit and licensing fees from various permits, licenses, and inspections is anticipated. These fees allow the City to capture the costs associated with providing construction-related services and accounts for 4.3% of the general fund revenue.

Franchise Fees. The collection of franchise fees from cable and gas utility providers accounts for 4% of general fund revenue. For 2016-17, \$2.54 million is projected in franchise fees. This is a modest increase (1%) over the \$2.5 million expected during the current budget year.

Other Revenues. Other revenue categories of note include grants, municipal court fines/fees, and interest income. Grant funding for the Traffic Operations Center project originally anticipated for expenditure in 2015-16 will shift into the 2016-17 budget. All other revenues in these categories are projected to be relatively stable compared to prior years.

**General Fund Revenue by Category – FY17**

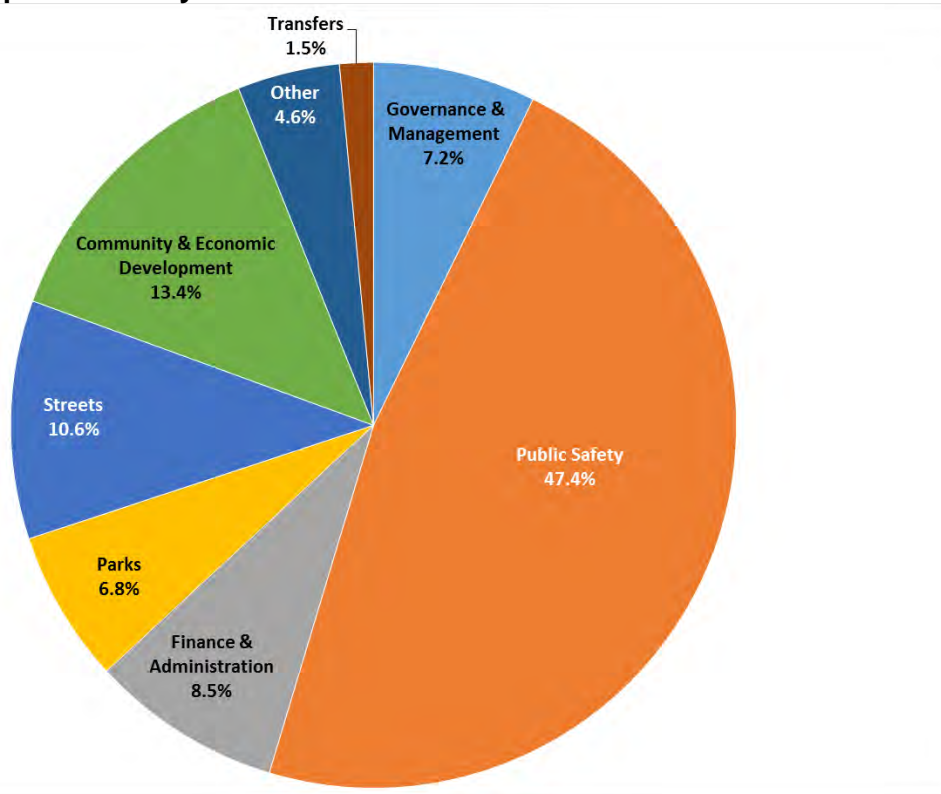


Long-term Revenue Diversification. Over the past several years, the need for greater diversification within the City’s revenue structure has been highlighted. Currently, sales tax accounts for more than half of general fund revenue. By its nature, sales tax revenue can fluctuate significantly due to changing economic conditions and retail development patterns (including the continued proliferation of online shopping). The City’s ability to fund basic services could be adversely impacted by sudden changes in the economy. BOMA’s adoption of a strong reserve policy helps provide some protection against these potentially damaging fluctuations. Further diversification of our revenue sources can strengthen our position and protect the City from service impacts. As the Board looks at long-term financial planning, this issue should be considered.

**Expenditures.** As described above, the total available resources within the general fund is \$64.1 million. Through the budget process, the expenditures necessary to maintain service levels are defined in the base budget. The base budget for 2016-17 is projected to be \$61.7 million. This provides an available capacity of \$2.4 million to fund service enhancements.

The following chart displays a summary of expenditure activities within the proposed budget by service area. Consistent with previous years, public safety functions account for nearly half (47.4%) of the total proposed general fund budget.

**General Fund Expenditures by Service Area – FY17**



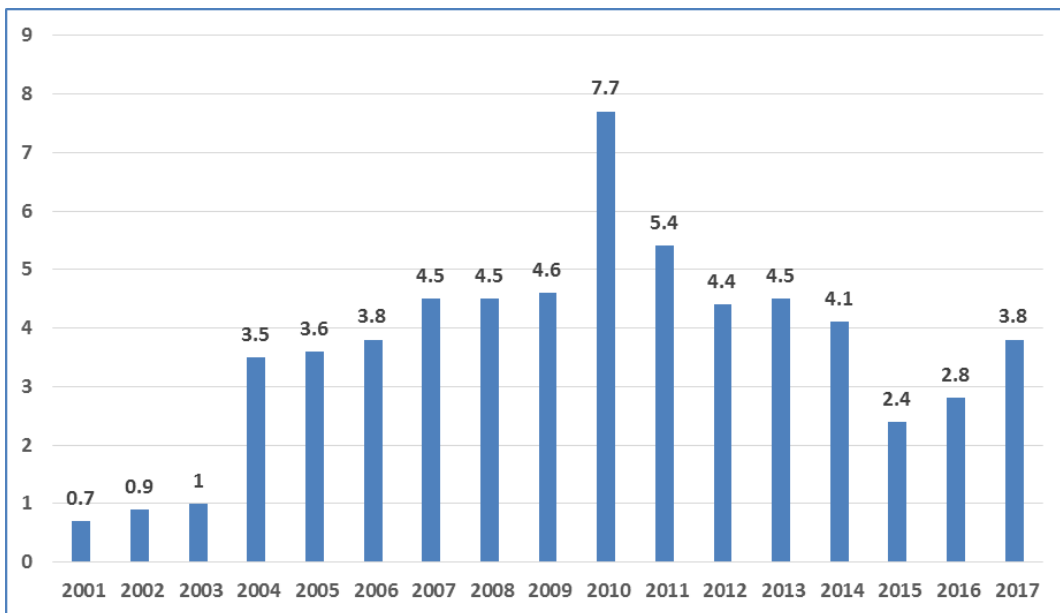
Employee Earnings and Benefits. The cost of wages and benefits for employees accounts for 70.3% of the City’s general fund budget. Overall, employment-related costs are projected at \$45.1 million, 6.3% higher than the current budget of \$42.5 million.

Pension Expense. Over the past several years, the Board of Mayor and Aldermen has acted decisively to address the condition of our City’s pension program. Collectively, these improvements to the City’s pension program and strong market performance resulted in significant reductions in the amount of pension contribution required to meet

the actuarial contribution amount in FY15 and FY16. The City’s actuary has determined an estimated pension contribution for 2016-17 of \$3.8 million, a \$1 million increase (36%) compared to the current budget. Overall, pension expenses are at approximately 12% of total payroll. New pension rules from the Government Accounting Standards Board, as well as statements about bond ratings from Moody’s Investment Services, will require us to continually review our pension funding strategy. In addition, the Employee Pension Committee and the Board of Mayor and Aldermen will likely consider multiyear smoothing or a percent of payroll budget assumption to better stabilize the City’s budgeting assumptions regarding its pension contribution. As these options are considered, the City will be advised by its actuary to ensure appropriate contributions are being made to sustain the pension fund.

The chart below depicts the employee pension expenditure level since 2001. It includes the 2009-10 additional one-time contribution of \$2 million from reserves to assist in managing these growth costs and lessen the impact on operating budgets going forward.

**Pension Contributions by Fiscal Year - (Amounts in millions)**



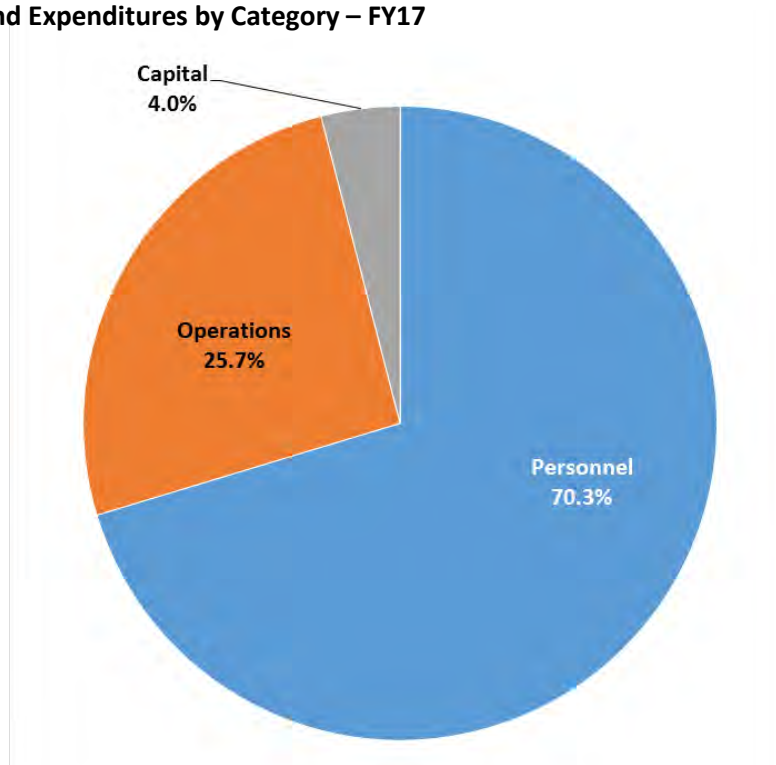
Position Vacancies. In an effort to control staffing costs, the City has continued to closely monitor vacant positions. Again this year, the recommended budget includes a turnover factor of 3.5% that is applied to budgeted wages and salaries. This method anticipates that there will be some employee turnover during the year that will result in budgetary savings. By conservatively estimating this amount, we are able to apply budget dollars to other non-personnel components of the budget. The City’s actual vacancy experience over the past seven years has been approximately 6%. While conservative compared to recent experience, the 3.5% turnover factor employed in the budget should continue to be monitored closely.

Salary Adjustment. The annual pay adjustments for City team members will involve two tiers this year: 1) All employees will receive a \$500 base pay increase to offset medical insurance cost escalations in recent years and 2) a 4% general pay increase will be provided to employees. There will be a cap placed on total compensation increase of

\$3,000 between these two elements. The pay adjustment will be effective July 1, 2016. Also, the proposed budget includes \$125,000 to fund the City's merit pay program for a fifth year. This merit pay will consist of one-time pay supplements based on each team member's performance on their major work objectives.

Employee Benefits. In recent years, the City has adopted a specific approach to sharing health insurance costs with employees. Using this policy, the City pays 85% of the premium for single coverage and 80% of the premium for employee family coverage for active employees. Through this approach, we as an organization communicate to our team the importance of controlling healthcare expenses as we share in managing this cost together. Overall, a growth rate of 9% is projected for the City's health insurance costs.

#### General Fund Expenditures by Category – FY17



Operations. The operations expenditure category is a broadly defined category that encompasses non-personnel and non-capital activities. It includes utilities, supplies, contractual services, repairs and maintenance, and vehicle fuel. In total, operational expenses account for 25.7% of general fund expenditures. The proposed budget amount of \$16.5 million for operations is a decrease of 1.8% from the 2015-16 budget, primarily due to continued cost containment measures, including use of lease/purchase financing in lieu of outright capital purchases for items such as vehicles and dispatch/emergency communications equipment, the elimination of one-time expenses, and lower gasoline prices.

Transfers to Other Funds. There are no operating subsidies to the Street Aid and Sanitation and Environmental Services funds in 2016-17. The transfer to the Transit fund is \$963,956, an increase from the current funding level of \$543,569. This increase in funding for transit will increase the frequency of service provided in the Cool Springs area. Again this year, the Sanitation and Environmental Services fund has no budgeted subsidy. The subsidy to this fund has moved from a \$4.47 million general fund subsidy in FY2008 to being budgeted as a self-sufficient fund (no subsidy).

Capital Expenditures. Capital expenditures are defined as the purchase of equipment, vehicles, machinery, and computer hardware/software that has a multiyear useful life and a cost in excess of \$25,000. This category does not include the Capital Investment Program (CIP), which is the plan for implementation of large-scale public infrastructure and building projects. For the proposed 2016-17 general fund budget, capital expenditures are projected at \$2.57 million. To maintain this level of capital equipment expenditures, the City organization is extending the useful life of many of our vehicles and equipment. This will likely require more investment in maintenance associated with equipment as well as careful assessment in terms of the cost-benefit for replacement. Specifically, the City continues to experience escalating costs within the fleet management function, which is reflective of an aging fleet in greater need of maintenance. Additionally, the use of bank lease-purchase arrangements is being leveraged to replace certain vehicles and equipment that have a high benefit-to-cost replacement ratio, thereby taking advantage of low interest rates.

Outside Agency Funding. The City funds various government, human service, nonprofit, and community service organizations through its budget each year. In total, the 2016-17 budget funds these organizations at \$498,913, an increase of \$45,569. This increase is driven by changes in two ongoing expenses: 1) a contractual increase for animal control services provided by Williamson County and 2) an increase of \$13,608 for the City's portion of the Regional Transit Authority's (RTA) commuter bus service between Franklin and Nashville (downtown and Vanderbilt University areas). There are also two one-time expenditures proposed in this category: 1) contribution of \$15,000 to the architectural/preservation study of the Masonic Hall in downtown Franklin (a match to funding from Williamson County and the State of Tennessee) and 2) contribution of \$12,500 to the transportation/transit study of the Interstate 65 south corridor connecting Nashville and Franklin. Other appropriations are at the same level as 2015-16. City funding for the Williamson County Chamber of Commerce (\$25,000) continues along with funding of the business retention program conducted by the Chamber's Economic Development Office (\$20,000).

Cash Reserves and Bond Rating. Two key measures of a city's financial health are its reserves and its bond rating. The City has adopted a reserve policy that identifies a 33% general fund reserve as an important benchmark. The City of Franklin is projected to end the current fiscal year with a general fund reserve of \$37.9 million (61.5% of annual expenditures). (Note: this number will likely be reduced as part of year-end close amendments.) In 2014, the Board identified a policy to permit the use of reserves above 45% for use in "pay-as-you-go" funding of capital investment projects. Given this policy and the current projections for general fund cash reserves, at minimum \$6.5 million from reserves could be available for funding capital projects.

Clearly, the City is maintaining significant reserves to comply with BOMA policy and to protect against future economic downturns. The BOMA-adopted debt and fund reserve policy provides a needed framework for maintaining the City's Triple-A bond rating by both Moody's Investors Services and Standard & Poor's. Bond ratings generally reflect both the overall financial strength of the governmental entity and the health of the local economy. Franklin's rating from two bond-rating agencies is the highest possible and places it in a select group of cities across the United States.



## **Other Operating Funds**

**Street Aid and Transportation Fund.** The City receives the local share of the state gasoline tax to fund the maintenance of streets. The proposed 2016-17 budget for this fund is \$2.62 million, an increase of 9.6% compared to the current year budget. Included in this budget is approximately \$689,756 from the City's property tax revenue to fund additional neighborhood street resurfacing. Also, included in the budget is approximately \$175,000 for sidewalk repair and construction.

**Sanitation and Environmental Services Fund.** The proposed 2015-16 budget for the City's Sanitation and Environmental Services Fund is \$9.3 million, an increase of 7.5% compared to the original 2015-16 budget. The increased budget is a reflection of significant volume increases in both residential and commercial services. The proposed budget holds the current residential customer rate at the current rate of \$16.50 per month (which was last increased in 2014), while the commercial rates are proposed to increase. Projections for 2015-16 expenditures now indicate that a transfer from the general fund will be needed in order to have sufficient reserves by the end of the year. Despite this transfer (estimated to be \$500,000-\$600,000), significant progress has been made within the fund. In FY2008, the City had a general fund subsidy to Sanitation and Environmental Services operations of \$4.47 million.

One important factor in reducing this subsidy is increased diversion of waste from the landfill. Entering its fifth year of operation, the Blue Bag residential curbside recycling program has contributed to this, with an average of 57% of Franklin households participating and approximately 16-17% of waste by weight being recycled. Despite this strong performance, the City will continue to evaluate the effectiveness of the Blue Bag program and seek to increase the overall amount of diversion. Also, the Disposal Division budget reflects landfill and hauling services provided through a long-term, interlocal agreement with Bi-County Solid Waste. In late 2014, the City entered into a 10-year agreement with Marshall County to handle/process the City's recyclables.

**Road Impact Fund.** In recent years, the road impact fund has seen collections increase significantly due to new development. Revenue in this fund for 2015-16 is projected at more than \$7 million. A similar amount (\$6.8 million) is projected for 2016-17. The proposed budget anticipates \$2.73 million in expenditures in the form of a transfer to the debt service fund. This transfer pays the principal and interest on arterial road projects that the City has undertaken to account for trip generation by new businesses and residential development. This debt service amount is almost equivalent to the debt service requirement included in the 2015-16 budget.

**Facilities Tax Fund.** The facilities tax fund provides for the collection of privilege tax for new development to help pay for new public facilities/equipment attributable to growth. The recommended budget includes \$4.3 million for new Sanitation, Parks, and Fire expenditures for FY 2017. The largest expenditure in the Facilities Tax Fund will be the ongoing construction of the new fire station in the Westhaven neighborhood (Fire Station 8), serving the western portion of Franklin. Planning for the construction of another fire station in the City's southeast section (Fire Station 7) is also underway, and construction is incorporated in the City's 2014-18 Capital Investment Funding Plan. The facilities tax rates have not been updated since 2007, and a review of the City's future capital needs is overdue.

**Stormwater Fund.** Residents and businesses pay fees to support the City's efforts to handle stormwater drainage. The rates for these services remain unchanged in the proposed budget. The proposed budget is \$5.2 million for fiscal year 2016-17, an increase of \$65,000 from the 2015-16 budget. The proposed budget includes funding for capital projects, equipment, and staffing. The funding of one new inspector position is included in the recommended budget. This position will assist in responding to the increase in development activity. The Board has also adopted a Capital Investment Plan prioritizing large stormwater projects funded by the stormwater utility. Stormwater rates have not been reviewed in more than ten years.

**Drug Fund.** The drug fund is used to collect drug-related fines and confiscations received through the City's enforcement efforts. These funds are used to support drug investigations. The proposed budget includes expenditures of \$72,500.

**Hotel/Motel Tax Fund.** The City of Franklin levies a 4% local lodging tax on the gross receipts of hotels. Through the hotel/motel fund, the City has historically paid debt service on the Conference Center (this debt is now retired), the purchase of land for park expansions (Harlinsdale, Eastern Flank, and Carter Hill), capital improvements to parks, and certain streetscape elements of road improvements that beautify the city and encourage tourism. The City also dedicates one-fourth of the 4% tax to support the Williamson County Convention and Visitors Bureau. As the economy has improved in recent years, revenue growth in the hotel/motel fund has been strong. The proposed 2016-17 budget provides for \$2.5 million in expenditures, which is a decrease of 10% compared to the 2015-16 budget. The recommended appropriation is below the projected resources in the fund. Capacity within the Hotel/Motel Tax Fund will be available to fund priority initiatives identified in the Capital Investment Program.

**Transit Fund.** The City maintains a special revenue fund to account for the operation of the Franklin transit system. The system is funded primarily by a general fund transfer, State and Federal grants, and rider fares. The transfer to the Transit fund is \$963,956, an increase from the current funding level of \$543,569. This increase in funding for transit will increase the frequency of service provided in the Cool Springs area. In total, the transit budget is recommended at \$2.2 million.

**Community Development Block Grant Fund.** The City segregates funds received through the federally-funded Community Development Block Grant (CDBG) program. CDBG funds are specifically targeted to benefit low- and moderate-income families and neighborhoods. For 2016-17, funding is expected to reach \$280,560, an increase of 2.1% compared to the 2015-16 budget. CDBG funding is subject to federal appropriation and potential budget cuts. If federal budget cuts occur, appropriate reductions will need to be made to the City's CDBG program.

**Debt Service Fund.** In 2009-10 the City created a separate debt service fund. The fund is used to account for resources set aside to fund debt service and the actual principal and interest payments made. The proposed 2016-17 budget for the debt service fund is \$13.2 million. The debt service obligations of the general fund are handled by designation of property tax directly to the debt service fund. The proposed 2016-17 budget includes \$7.5 million of property tax for payment of general obligation debt service. In 2014, sequestration actions by the Federal government resulted in an \$80,000 reduction in interest rebates (roughly 8% of total) from the U.S. Treasury on Build America Bonds that were issued in 2009 and 2010. Other than property tax and federal rebates, the fund receives transfers from various operating and special revenue funds to cover debt obligations related to those funds.

**Water Management Fund.** The City of Franklin operates a water treatment, water reclamation (wastewater treatment), and reclaimed water utility system. The operations of the water management utilities are entirely funded through rate payer revenue. In prior years, the water management utilities had adopted a biennial (two-year) budget through a separate process. Beginning with the 2016-17 budget year, the adoption of the water management budget will be integrated with the other City operating budgets. The 2016-17 water management budget is the second year of the approved biennial budget. The proposed budget consists of \$10.3 million for water, \$13.5 million for water reclamation (wastewater), and \$254,075 for reclaimed water. Along with the adoption of the budget, it is recommended that the Board adopt water and wastewater utility rates for 2017 and 2018. The rate adjustments of 3.5% per year for water and 5.5% per year for wastewater reflect the findings of the recently completed cost-of-service study for the utilities. Through this independent study, the City projects the costs necessary to operate the utilities and allocates costs into the rate structure. Since 2009, the City has adopted a five-year rate plan based on projected costs of operation.

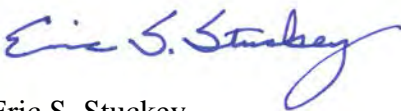
### **Summary**

The City of Franklin is experiencing dynamic population and economic growth. Our reserves are at strong levels, our debt obligations are manageable, and our tax rate is among the lowest in the state and country. The City leadership team has taken decisive action over the past several years to control costs and live within our means while finding new, innovative ways to deliver exceptional services to the community. Continued strong financial management, implementation of technology, adoption of best practices, and strategic investment will position the City of Franklin to succeed and thrive in the years to come.

Many throughout the City organization contributed countless hours toward the completion of the recommended budget. Their commitment to public service and to the betterment of the City of Franklin is inspiring. Specifically, I would like to extend my appreciation to Assistant City Administrators Russ Truell and Vernon Gerth, Budget and Analytics Manager Michael Walters Young, Human Resources Director Shirley Harmon-Gower, Financial Analyst Lori Pope, Comptroller Mike Lowe, our leadership team (department directors and other key staff), and the Administration and Finance department staff, whose support and leadership have been instrumental to the budget process.

Finally, I offer my gratitude to the Board of Mayor and Aldermen for their leadership, stewardship, and support. Through your leadership and the efforts of our great team, the City of Franklin will chart a course for a promising future.

Respectfully submitted,



Eric S. Stuckey  
City Administrator

**ORDINANCE NO. 2016 – 012**

**TO BE ENTITLED: “AN ORDINANCE TO AMEND THE BUDGET OF THE CITY OF FRANKLIN FOR FISCAL YEAR 2016-2017”**

WHEREAS, the City Charter, Article VIII, provides for adoption of an annual budget for 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, 2016, has been completed in accordance with state law and local ordinances; and

**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 for the Fiscal Year 2016-2017 shall be, and is hereby established as set forth in the document attached hereto and entitled:

“City of Franklin, Tennessee  
Annual Operating & Capital Equipment Budget  
July 1, 2016 – June 30, 2017”

**SECTION II:** That each department of the City shall limit its expenditures to the amount appropriated; that any changes or amendments to the appropriations set forth in the budget shall be made in accordance with the City Code, Article VIII.

**SECTION III:** That revisions to the organizational charts, which are approved as part of the budget, may be amended by Resolution so long as the amendment has no negative financial implications to the City or Department.

**SECTION IV:** That this Ordinance shall take effect on July 1, 2016, from and after the 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: \_\_\_\_\_  
**DR. KEN MOORE**  
Mayor

PASSED FIRST READING: \_\_\_\_\_  
PUBLIC HEARING: \_\_\_\_\_  
PASSED SECOND READING: \_\_\_\_\_  
PASSED THIRD READING: \_\_\_\_\_

# Property Tax Ordinance

ORDINANCE NO. 2016-013

TO BE ENTITLED: "AN ORDINANCE OF THE CITY OF FRANKLIN, TENNESSEE ESTABLISHING THE MUNICIPAL PROPERTY TAX LEVY FOR THE FISCAL YEAR 2016-2017; PROVIDING AN EFFECTIVE DATE"

**WHEREAS, the City Charter, Article II and Article IX, provides for the assessment, levy and collection of City taxes,**

**NOW, THEREFORE,**

**SECTION I: BE IT ORDAINED by the Board of Mayor and Aldermen of the City of Franklin, Tennessee, that the owners of all property, real, personal and mixed, within the corporate limits of the City of Franklin (except such property as shall be exempt by the laws of the State of Tennessee) shall for the fiscal year 2016-2017 pay a tax of 42.00 Cents (\$.4200) to and for the use of the City of Franklin on each One Hundred Dollars (\$100.00) of assessed valuation of such property, and pay a proportional amount of tax for each amount of assessed valuation under One Hundred Dollars (\$100.00) all of said taxes to be collected by the proper officers of the City of Franklin for use in funding in whole or in part the budget as adopted by this ordinance.**

**SECTION II: BE IT ORDAINED by the Board of Mayor and Aldermen of the City of Franklin, Tennessee, that the tax rate stated in Section 1 shall be divided excluding proceeds from the tax increment financing district as follows:**

<b>General Fund</b>	<b>16.09 cents (\$.1609) or percentage approximate to 38% based on the estimated tax rate.</b>
<b>Debt Service Fund</b>	<b>16.32 cents (\$.1632) or percentage approximate to 39% based on the estimated tax rate.</b>
<b>Street Aid Fund</b>	<b>1.50 cents (\$.0150) for street maintenance.</b>
<b>Capital Projects Fund</b>	<b>1.50 cents (\$.0150) for capital projects approved by the Board.</b>
<b>General Fund –</b>	<b>6.59 cents (\$.0659) for capital projects approved by the Board.</b>
<b>Capital Funding Account</b>	

**SECTION III: BE IT FINALLY ORDAINED by the Board of Mayor and Aldermen of the City of Franklin, Tennessee, that this ordinance shall take effect from and after its passage on Third and Final Reading, the health, safety and welfare of the citizens of Franklin requiring it.**

**ATTEST:**

**CITY OF FRANKLIN, TENNESSEE**

**BY: \_\_\_\_\_**

**BY: \_\_\_\_\_**

**ERIC S. STUCKEY  
City Administrator**

**DR. KEN MOORE  
Mayor**

**PASSED FIRST READING**

\_\_\_\_\_

**PUBLIC HEARING:**

\_\_\_\_\_

**PASSED SECOND READING**

\_\_\_\_\_

**PASSED THIRD READING:**

\_\_\_\_\_



**RESOLUTION NO. 2016-21**

**A RESOLUTION OF THE BOARD OF MAYOR AND ALDERMEN FOR THE CITY OF FRANKLIN AMENDING THE ESTIMATE OF REVENUES AND EXPENDITURES FOR THE WATER AND SANITARY SEWER UTILITY FUND FOR FISCAL YEAR 2014-2015; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City of Franklin owns and operates a water and sanitary sewer utility system under authorization of the Municipal Charter, and

**WHEREAS**, this Utility Fund is an enterprise fund of the City in accordance with generally accepted accounting principles, and

**WHEREAS**, the City of Franklin adopted Resolution 2015-37 estimate of revenues and expenditures for such fund for Fiscal Years 2016 and 2017, and

**WHEREAS**, it is necessary for the City of Franklin to amend the estimate of revenues and expenditures for Fiscal Year 2017 for such fund, and

**WHEREAS**, it is now deemed in the public interest to provide for authorization of the amendment to the estimate of revenues and expenditures for such fund.

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE THAT:**

**SECTION 1:** That the amendment to the Statement of Estimated Revenues and Expenditures for the Water and Sewer Utility Fund, for Fiscal Year 2016-2017, as set forth more fully in the document entitled "City of Franklin, Tennessee, Annual Operating & Capital Equipment Budget, July 1, 2016 – June 30, 2017" which is attached hereto as if set forth herein and is approved and adopted.

**SECTION 2:** That this Resolution shall be effective upon adoption.

**ADOPTED THIS \_\_\_\_ DAY OF \_\_\_\_\_ 2016.**

**ATTEST:**

**CITY OF FRANKLIN, TENNESSEE**

By: \_\_\_\_\_  
**Eric S. Stuckey**  
**City Administrator/Recorder**

By: \_\_\_\_\_  
**Dr. Ken Moore**  
**Mayor**

**Approved as to Form:**

By: \_\_\_\_\_  
**Shauna R. Billingsley**  
**City Attorney**



HISTORIC  
FRANKLIN  
TENNESSEE

# *City of Franklin, Tennessee*

## **FY 2017 Operating Budget**

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# **BUDGET SUMMARY**

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Under this section is:

- **City of Franklin Information & Organization**
- **Budget Planning**
- **All Funds Summary**
- **General Fund Summary**
- **Personnel Changes**
- **Debt Information**



*City of Franklin, Tennessee*  
**FY 2017 Operating Budget**

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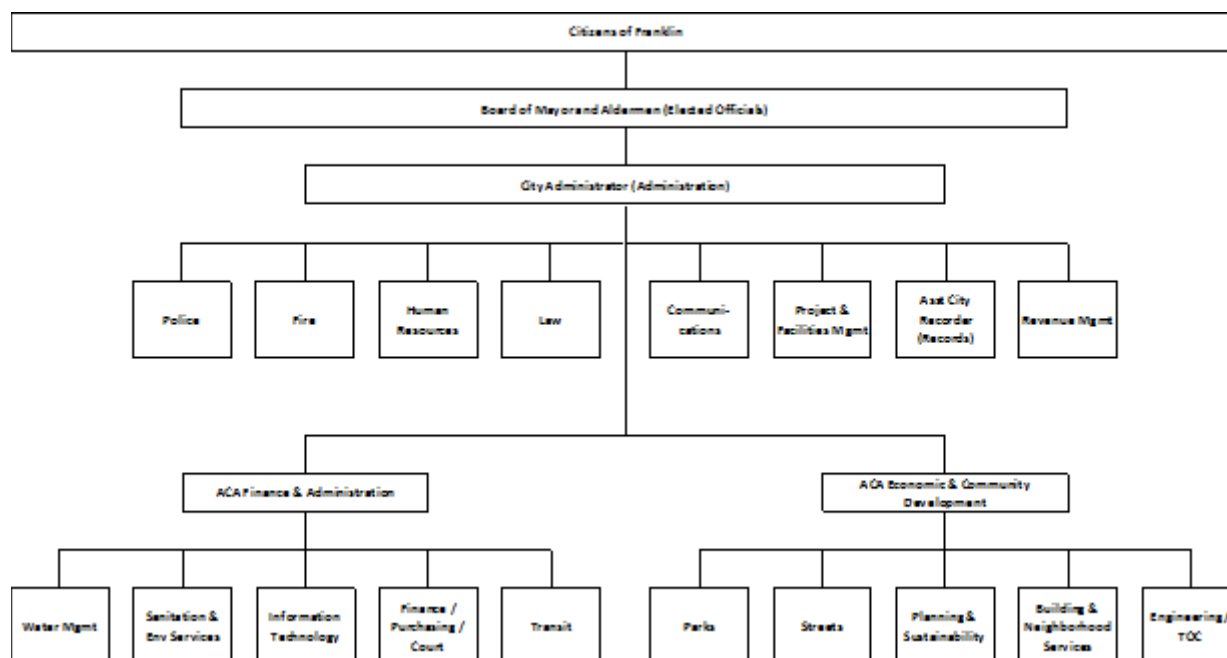
# City of Franklin, Tennessee

## FY 2017 Operating Budget

### City of Franklin Information & Organization

**Our Vision:** *Franklin will continually strive to be a community of choice for individuals, families, and businesses to grow and prosper through an excellent quality of life supported by exceptional, responsive, and cost effective City Services.*

### Organizational Chart



### Structure of City Government

Responsible to its citizens, the mission of the City government is to foster community cooperation, innovation, and opportunity by providing quality services to Franklin residents and businesses in an efficient, effective, and economical manner.

The City government is organized under three (3) primary operating units. Each operating unit is presented in this budget with its various departments, divisions, and funds.

1. Governance & Management / Public Safety
  - a. Elected Officials (General Fund)
  - b. Administration Department (General Fund)
  - c. Human Resources (General Fund)
  - d. Law (General Fund)
  - e. Communications (General Fund)



## *City of Franklin, Tennessee* **FY 2017 Operating Budget**

### City of Franklin Information & Organization

- f. Project & Facilities Management (General Fund)
  - g. Revenue Management (General Fund)
  - h. Police (General Fund)
  - i. Fire (General Fund)
2. Finance & Administration
- a. Finance (General Fund)
  - b. Information Technology (General Fund)
  - c. Purchasing (General Fund)
  - d. Court (General Fund)
  - e. Sanitation & Environmental Services (Sanitation & Environmental Services Fund)
  - f. Transit (Transit System Fund)
  - g. Water Management (Water/Wastewater/Reclaimed Fund)
3. Economic & Community Development
- a. Building & Neighborhood Services (General Fund)
  - b. Planning & Sustainability (General Fund)
  - c. Streets (General, Stormwater, and Street Aid Funds)
  - d. Engineering / Traffic Operations Center (General Fund)
  - e. Parks (General Fund)
  - f. CDBG (CDBG Fund)
  - g. Economic Development (General Fund)

### Profile of the City

The City of Franklin, incorporated in 1799, is located in Middle Tennessee. The local economy is a well-balanced blend of healthcare, financial, agricultural, wholesale, retail, manufacturing, and service industries. No single industry is critical to the region's economy. The City of Franklin covers an area of approximately 41 square miles, and serves a population of 66,370 according to the 2014 Special Census. The City of Franklin is one of the fastest growing municipalities in the State of Tennessee, with the population increasing almost 70 percent between 2000 and 2010.

The City of Franklin is empowered to levy both real and personal properties located within its boundaries. Also, it is empowered by State statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing board.



## City of Franklin, Tennessee FY 2017 Operating Budget

### City of Franklin Information & Organization

The City of Franklin has operated under a Mayor/Board of Aldermen form of government under state charter since 1903. Policy-making and legislative authority are vested in a governing board consisting of the Mayor and eight (8) other members (Aldermen). The Board is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Administrator. The City Administrator is responsible for carrying out the policies and ordinances of the governing board, for preparing an annual budget, for overseeing the day-to-day operations of the government, and for hiring the heads of the various departments. The Board is elected on a non-partisan basis. Board members serve four-year staggered terms, with four Aldermen elected at large and the remaining four elected by ward two years later. The Aldermen elected by wards must live within the ward in which they represent. The Mayor also serves a term of four years.



The City of Franklin provides a full range of services, including police and fire protection and emergency services; the construction and maintenance of highways, streets, and other infrastructures; sanitation pickup and disposal; operation of a city court; implementation of storm water regulations and remedies; operations of an inner-city trolley system, and the operation of a city-wide park system. The City of Franklin also has its own water, sewer, and reclaimed water system.

The annual budget serves as the foundation for the City of Franklin's financial planning and control. All departments of the City of Franklin are required to submit requests for budget appropriations to the City Administrator in the first quarter of the calendar year. The Administrator, in concert with the Chief Financial Officer, uses these requests as a starting point for developing a proposed budget. After numerous meetings with department heads, the Administrator presents the budget to the Board of Mayor and Aldermen for approval.

Three meetings of the full board and a public hearing are necessary for approving the budget. The appropriated budget is prepared by fund, function, and department. At any time during the year, the Mayor may make transfers of appropriations within a department. A transfer of appropriations between departments however requires three more readings by the Board and a public hearing.



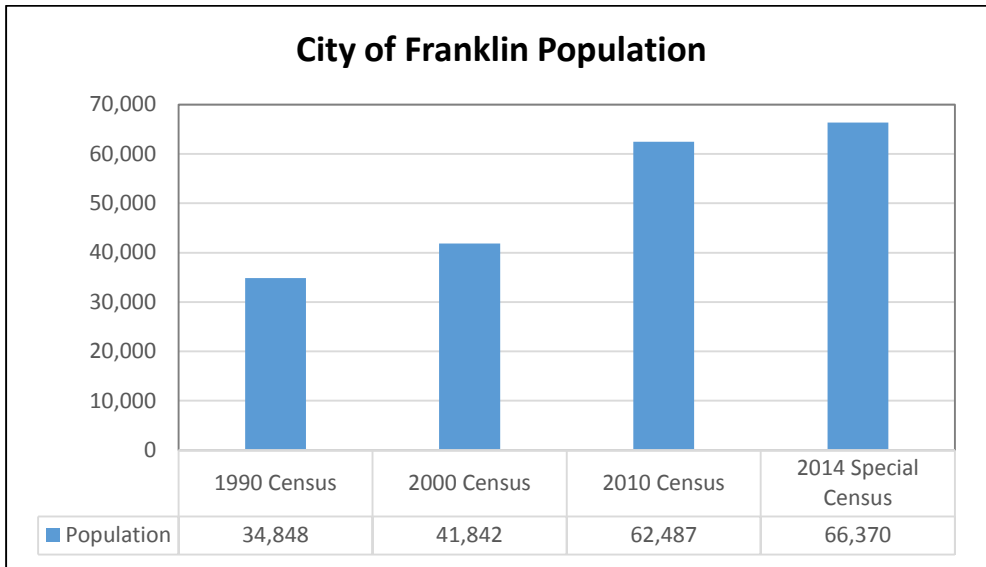
**City of Franklin, Tennessee**  
**FY 2017 Operating Budget**

**City of Franklin Information & Organization**

**Demographics**

Additional Demographic information can be found in the Appendices.

<u>Income</u>	<u>Franklin</u>	<u>Williamson County</u>
Median Household Income	\$79,124	\$88,759
Average Household Income	\$98,340	\$116,204
Per Capita Income	\$38,672	\$43,316



**Education Attainment for Adults Age 25 Years and Older**

	Franklin		Williamson County	
	Number	Percent	Number	Percent
<High School	2,157	5%	6,550	5%
High School	17,688	41%	51,082	42%
Bachelor's Degree	15,531	36%	42,767	35%
Graduate Degree	7,765	18%	21,808	18%
<b>Total</b>	<b>43,141</b>		<b>122,207</b>	

*Data provided by United States Census Bureau, Williamson County Economic Development .*





# City of Franklin, Tennessee

## FY 2017 Operating Budget

### City of Franklin Information & Organization

### Awards & Recognitions

**#1 Best Town in Tennessee – 2015**  
**Niche Rankings**

**BEST SOUTHERN TOWN**  
*GARDEN AND GUN MAGAZINE*

**Best Cities for Home Ownership (#11)**  
*NERDWALLET*

**Cities on the Rise**  
*NerdWallet*

**Best Places to Live**  
*Money Magazine 2012*

**Top 100 Places to Live**  
*Relocate America*

**America's Favorite Towns (#8)**  
*Travel and Leisure Magazine*

**Control Authority Pretreatment Excellence Award – Water Reclamation Facility**  
*Kentucky/Tennessee American Water Works Association and Water Environment Federation*

**BEST PLACE IN TENNESSEE (#11)**  
*MOVOTO REAL ESTATE*

**Best Towns for Families**  
**(#3)**  
**Family Circle Magazine**

**Most Business Friendly**  
**Cities in TN (#2)**  
*The Beacon Center*

**BEST TOWNS IN TENNESSEE FOR YOUNG**  
**FAMILIES (#4)**  
*NERDWALLET*

**MOST BEAUTIFUL TOWN TOP 5 FINALIST**  
*RAND MCNALLY/USA TODAY POLL*

**#10 Best Town to Retire in USA**  
*USA Today/Bankrate 2015*

**Municipal Field of the Year – Parks Department**  
*Tennessee Turf Grass Association*

**Top 50 Cities to start a**  
**business**  
**BusinessWeek**

**#1 in Land Trust Preservation in Tennessee**  
*LAND TRUST FOR TENNESSEE*

**Top 5 Most Romantic Main**  
**Streets**  
*National Trust for Historic Preservation*

**National Savvy Award – Communications**  
**Division**  
*National City/County Communicators & Marketers Association (3CMA)*



*City of Franklin, Tennessee*  
**FY 2017 Operating Budget**

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## City of Franklin, Tennessee FY 2017 Operating Budget

### Budget Planning

#### Budget Preparation & Philosophy

In January, City staff outlines budget goals and a schedule for the upcoming fiscal year. During February, March and April, budget interviews were conducted by the Budget and Finance Committee with departments. Normally budget goals are discussed with the Board's Budget and Finance Committee and department staff.

After reviewing the current fiscal year 2015-16 budget, requests for the new fiscal year budgets were submitted by the various departments to the City Administrator and Assistant City Administrators. Departments were asked to present two budgets. The first, a base or 'level-service' budget demonstrated how much it will cost the City to provide the same level of service in FY 2017 that it does in the current fiscal year. The second, identified program enhancements – any new or additional staff, major expenses or small capital equipment, or new programs. For each enhancement, departments filled out a one-page form which documented the basic information of program enhancements – both in a numeric and narrative format – in priority order. The goal of this method of budgeting was to easily demonstrate a) the ongoing costs of operations and b) additional needs of departments. Program enhancements were added to the budgets and are included within the departmental budgets included herein. All program enhancements requested are provided in the Appendices.

Budget officers recognize the need to maintain a strong financial position overall, consistent objectives with budget goals, a balance of revenue to expenditures, and long-term cost implications. We recognize that adoption of an annual budget establishes a short term (i.e., one year) fiscal plan. Short term fiscal decisions can have long term fiscal impacts. Each year in the Capital Investment Program (CIP) we seek to discuss and evaluate long term fiscal trends and then utilize that for short term spending and service level decisions during the annual budget process, recognizing the demands anticipated with continued growth projections. Decisions on new programs or services require the same consideration.

The City of Franklin is committed to efficient operations and ethical standards in all services provided to our citizens and visitors. In conjunction with the beginning of the budget preparation process, Department Directors are encouraged to again emphasize our continuing commitment to operational excellence. While much of the focus and debate within the community centers on growth and development issues, the operations of City government have remained focused on continuous improvement.

The City has been able to maintain an outstanding level and quality of services delivered to the residents and businesses of this City. For the past few years, several departments have participated in a benchmarking project with other Tennessee cities. Results from those studies show that Franklin residents receive an above average level of service. In order to evaluate and monitor our services, departments also include performance measures tied to the City's Strategic Plan – **FranklinForward**. More can be found on **FranklinForward** in the Appendices and online at <https://performance.franklintn.gov>



## *City of Franklin, Tennessee* **FY 2017 Operating Budget**

### **Budget Planning**

Departments within the City participate in peer group studies and continue to review and adopt “best practices” that are recommended by the International City Managers Association, the Government Finance Officers Association, American Public Works Association, American Planning Association, and other national and international organizations.

City of Franklin departments and staff have received annual awards and recognition. For example, here are only a few of the extremely positive recognitions to the City of Franklin in the past year:

- Aaa (Triple A) Bond Rating by both Moody’s Investors Services and Standard & Poor’s
- GFOA Award for Excellence and Financial Reporting (25th year)
- GFOA Distinguished Budget Presentation Award (8th year)
- Tennessee 3-Star Award for Community Economic Preparedness (12th year)
- Tree City USA (12th year)
- Fire ISO Rating of 1
- Police Department Accreditation

As we do each year, we respectfully request of the Board of Mayor and Aldermen that, as you read the facts, figures, and percentages set forth on these pages, you look beyond the statistics and examine the numerous programs and services provided daily to the residents of this community. Many facets of the community’s daily life are impacted by municipal government. Whether it is maintaining the roads or drainage system, responding to an emergency, enforcing building and zoning codes, or providing a park for children to play in, the City of Franklin is directly involved in the quality of life for local citizens.

The annual budget reflects the quality of life, development policies and service level priorities of the Board and the citizens of Franklin. The relationship between the budget review and approval process and the high quality level of services available within this community are cited above.

### **Budgetary Planning Processes**

The City of Franklin prides itself on responsible and innovative planning processes for all of its services – whether it be financial, land use or service delivery decisions. The table on the following page summarizes those plans which have a direct and an indirect impact upon the Fiscal Year 2017 Operating and Capital Budget.



# City of Franklin, Tennessee

## FY 2017 Operating Budget

### Budget Planning

Budgetary Planning Processes			
PLANNING PROCESS	PLANNING PROCESS FOCUS	DESCRIPTION OF PROCESS	IMPACT ON OPERATING BUDGETS
Strategic Planning	Long range planning focus of 5-10 years. Financial and non-financial objectives for budget year.	Departmental plans are developed with assistance from Administration and Finance. Goals and objectives are included in the operating budget. The City's budget system includes at least 5 additional years beyond the current budget year.	Allows for departmental goals to be aligned with Board and central administration goals and objectives. Also, allows for the operating budget to be proposed initially to include potentially new services developed from this planning process.
Revenue Forecasting	Short to mid-term planning from 1 to 5 years.	As mentioned above, the City's budget system allows up to 5 additional year beyond the current budget.	Helps to shape goals and objectives from the planning process above toward implementation. The City developed a residential recycling program from the planning process during fiscal year 2011.
Capital Improvements Plan	Short to mid-term planning from 1 to 5 years.	With input from the City's Capital Investment Committee, these plans are developed with a focus on priority projects.	Top priority projects are emphasized as the operating budgets are developed and proposed. Projects may be proposed as presented or scaled back depending on operating resources.
Vehicle/Equipment Replacment	Short to long-term planning from 3 to 10 years.	Acquisition of capital equipment is planned based on life cycle.	With the ability to enter up to 5 additional years in the budget program, an acquisition in this operating budget may be planned for replacement potentially 3 to 5 years in the future. Also, transfer or disposal of capital are considered in developing the budget.
Computer/Hardware Replacement	Short to long-term planning from 3 to 10 years.	Whereas servers may last beyond a 5 year window, computer hardware and non-major software may become obsolete in a much shorter timeframe. Major software is anticipated to last (with period upgrades) potentially 10 years before replacement.	With the ability to enter up to 5 additional years in the budget program, an acquisition in this operating budget may be planned for replacement potentially 3 to 5 years in the future. Also, transfer or disposal of computer capital are considered in developing the budget.
Street Condition Assessment	Long term planning from 12 to 20 years.	Street maintenance costs have been developed to maintain streets at desired condition.	Street maintenance is a major item within the operating budget. Due to budgetary constraints of anticipated gasoline tax revenue, the 2015 budget includes a lesser amount than indicated in the condition assessment.



# City of Franklin, Tennessee



## FY 2017 Operating Budget

### Budget Planning

#### Budget Goals

Setting targeted goals is vital to accomplishment of any plan. For a financial plan to succeed, targeted goals are vital in guiding policymakers and civil servants in ensuring city services are provided in the most effective manner possible. The FY 2017 Budget goals are provided herein showing both the type of goal but where (and if) the proposed goal ties into FranklinForward, the City of Franklin's Strategic Plan.

#### Financial Goals

	<ul style="list-style-type: none"> <li>Maintain and enhance the positive fiscal position of the City by adherence to financial management principles for public funds.</li> </ul>
	<ul style="list-style-type: none"> <li>Continue to pursue options for revenue diversification among property taxes, sales taxes, fees, interest earnings, other income, and state shared revenues with expenditure growth reviewed annually in terms of population increases and desired public service levels.</li> </ul>
	<ul style="list-style-type: none"> <li>Produce a structurally balanced budget with ongoing revenues meeting ongoing expenses.</li> </ul>
	<ul style="list-style-type: none"> <li>Pursue additional revenue sources when and where appropriate.</li> </ul>
	<ul style="list-style-type: none"> <li>Maintain reserve funds in compliance with the Board of Mayor and Aldermen's adopted policy.</li> </ul>
	<ul style="list-style-type: none"> <li>Maintain compliance with the City's adopted debt policy and capital funding program.</li> </ul>
	<ul style="list-style-type: none"> <li>Leverage local funds through the pursuit of grant opportunities.</li> </ul>

#### Non-Financial Goals

	<ul style="list-style-type: none"> <li>Maintain and enhance services to citizens. Avoid employee layoffs and other actions that would negatively impact the delivery of City services.</li> </ul>
	<ul style="list-style-type: none"> <li>Focus on the delivery of projects approved through the Board's Capital Investment Funding Plan and approved components of the Integrated Water Resource Plan.</li> </ul>
	<ul style="list-style-type: none"> <li>Focus on continued maintenance and improvement to the water and wastewater infrastructure by advancing rate-funded capital projects.</li> </ul>

















# City of Franklin, Tennessee

## FY 2017 Operating Budget

### Budget Planning

	<ul style="list-style-type: none"> <li>Develop, adopt, and implement programs and policies, which create and sustain a positive economic environment within the City of Franklin.</li> </ul>
	<ul style="list-style-type: none"> <li>Cooperate with other agencies to generate significant economic development opportunities within Franklin and Williamson County.</li> </ul>
	<ul style="list-style-type: none"> <li>Continue an emphasis on maintenance of facilities and equipment with replacement of the City's fixed assets as necessary, which include equipment, infrastructure, and facilities.</li> </ul>
	<ul style="list-style-type: none"> <li>Continue emphasis on employee safety and safety education.</li> </ul>
	<ul style="list-style-type: none"> <li>Continue and further enhance our commitment to employee training and professional development, and thereby providing a positive work environment for teamwork, individual and department initiatives, productivity, and individual development.</li> </ul>
	<ul style="list-style-type: none"> <li>Maintain and continue to enhance the compensation and benefit plan for employees within our financial capabilities; to retain qualified and motivated employees in a highly competitive market.</li> </ul>
	<ul style="list-style-type: none"> <li>Enhance community services through the promotion of and with provision for the expansion of City/County, City/Non-Profit, and public/private cooperation in areas deemed feasible.</li> </ul>
	<ul style="list-style-type: none"> <li>Continue commitment to the vitality of the downtown area, historical areas, and neighborhoods throughout the city.</li> </ul>
	<ul style="list-style-type: none"> <li>Encourage Community improvement projects to maintain and improve the visual improvements of the City's existing residential neighborhoods and business area.</li> </ul>

### Specific Fiscal Year 2017 Initiatives

	<ul style="list-style-type: none"> <li>To continue the emphasis that will maintain and enhance existing level of services to the citizens of Franklin to focus upon core values of excellence, innovation, teamwork, integrity and an action-orientation.</li> </ul>
	<ul style="list-style-type: none"> <li>Support and connect the City's operational efforts to long-term planning initiatives that have been completed in recent years and/or is currently underway. These key planning efforts include the Board-adopted strategic plan <i>FranklinForward</i>, the Integrated Water Resource Plan (IWRP), the Comprehensive Transportation Plan, the Park's Master Plan, the Greenway/Open Space Plan, and the neighborhood street resurfacing program.</li> </ul>
	<ul style="list-style-type: none"> <li>Review and update the City's Pay Plan based on market data ensuring that the City is a highly competitive employer. Include funding for pay plan updates, cost-of-living adjustments and merit pay.</li> </ul>



# City of Franklin, Tennessee

## FY 2017 Operating Budget

### Budget Planning

	<ul style="list-style-type: none"> <li>• Continue efforts to recruit qualified employees including efforts to diversify the workforce.</li> </ul>
	<ul style="list-style-type: none"> <li>• Continue to work on a long-term assessment of City Hall facilities and operational needs due to growth, service requirements, and technology.</li> </ul>
	<ul style="list-style-type: none"> <li>• Develop an updated multi-year Capital Investment Plan.</li> </ul>
	<ul style="list-style-type: none"> <li>• To continue to identify opportunities to expand and enhance the City's communication with the public through various strategies and mediums.</li> </ul>
	<ul style="list-style-type: none"> <li>• To promote/market the City as a preferred economic development location in cooperation with the State of Tennessee, Williamson County and other partners.</li> </ul>
	<ul style="list-style-type: none"> <li>• To continue the City's participation in the benchmarking program through UT-MTAS and other organizations, such as ICMA or GFOA. Continue the city-wide performance measurement program connecting measures to the Board's strategic plan, <i>FranklinForward</i>. Provide ongoing reporting through the budget, the City's website, and regular reports to BOMA.</li> </ul>
	<ul style="list-style-type: none"> <li>• Support the sustainability efforts identified by staff and the City's Sustainability Commission.</li> </ul>
	<ul style="list-style-type: none"> <li>• Continue work toward long-term funding strategies for transportation needs in Franklin, Williamson County and throughout Middle Tennessee.</li> </ul>



# City of Franklin, Tennessee

## FY 2017 Operating Budget

### Budget Planning

#### Basis of Budgeting & Accounting

The City of Franklin budgets and accounts on a basis consistent with U.S. Generally Accepted Accounting Principles (GAAP) for the General Fund, the Debt Service Fund and the Special Revenue Funds. The Board of Mayor and Aldermen (BOMA) approves and appropriates the budgets for these funds annually. The BOMA may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption.

#### Budget Calendar

The following calendar demonstrates key dates used to develop, review, present and finally adopt the FY 2017 budget.

<b>Department Budget Information Meetings</b>	<b>To begin January 2016</b>
<b>Department Requests Due</b>	<b>January 31, 2016</b>
<b>Initial Meetings with Finance</b>	<b>3 weeks before budget presentation</b>
<b>Initial Meetings with City Administrator</b>	<b>2 weeks before budget presentation</b>
<b>Proposed Department Budgets Distributed to Committee and Board for Budget Presentations</b>	<b>1 week before budget presentation</b>
<b>Budget Presentations to Finance Committee</b>	<b>Each Finance Committee meeting in January, February, March, and April</b>
<b>Proposed Budget Distributed to Board of Mayor and Aldermen</b>	<b>Friday, May 6, 2016</b>
<b>Budget Hearings (as needed)</b>	<b>Thursday, May 12, 2016</b>
<b>Budget Notice</b>	<b>No later than 10 days before 2<sup>nd</sup> Reading</b>
<b>First Reading of Budget &amp; Tax Rate Ordinances (Solid Waste + Water Rates Ordinances, if necessary)</b>	<b>Tuesday, May 24, 2016</b>
<b>Second Reading (Public Hearing)</b>	<b>Tuesday, June 14, 2016</b>
<b>Third &amp; Final Reading</b>	<b>Tuesday, June 28, 2016</b>
<b>New Fiscal Year</b>	<b>Tuesday, July 1, 2016</b>



## City of Franklin, Tennessee FY 2017 Operating Budget

### Budget Planning

#### Economic Outlook

The U.S. economy continues to recover from the impact of the Great Recession. Early estimates indicate that U.S. gross domestic product (GDP) grew 2.4 percent in 2015 compared to 2.4 percent in 2014 and 1.5 percent in 2013. Despite a slow start, with GDP growing by only 0.6 percent in the first quarter, 2015 was the sixth year of recovery since the end of the 2007-2009 recession. The continued U.S. recovery is the exception in a global economy where many countries are experiencing economic slowdown or recession. The U.S. economy is predicted to sustain its stable growth through 2016 and 2017 and continue to be a global leader in growth.

The most important milestone of 2015 was that it marked the first year that nonfarm payroll jobs finally reached their pre-recession level. During the year, significantly more jobs were created and the unemployment rate continued its downward path. Nationally, total nonfarm payrolls increased by 2.9 million for a total of 141.9 million jobs. Unemployment dropped to 5.0 percent by the fourth quarter of the year, the lowest since the first quarter of 2008, and continued to fall through March, 2016.

These positive labor market indicators, along with falling food and gas prices, led to increases in inflation-adjusted disposable income and consumption growth of 3.1 percent, the highest growth rate since 2006. Overall prices rose by only 0.2 percent as headline inflation was subdued. Consumer confidence rebounded to pre-recession levels. Nonresidential and residential investment also showed substantial gains, increasing by 3.4 and 8.6 percent, respectively. This is a good sign for a housing sector that has lagged expectations.

In less positive news, the federal government deficit was \$438 billion; small when compared to the deficits run during the Recession, but the fourth year in a row that total federal debt was larger than U.S. GDP. The trade deficit widened in 2015, as export growth stagnated due to the global slowdown. An appreciating U.S. dollar, which makes imports cheaper and exports more expensive, elevated the domestic consumption of imported goods and negatively impacted GDP and domestic manufacturing. The low labor force participation rate and weak earnings growth remain causes of concern. Softness in the manufacturing sector continues as production lingers well below normal capacity levels.

Nevertheless, the Federal Reserve was confident enough in the U.S. recovery to raise interest rates in December 2015. The Fed Funds rate rose from zero percent to 0.25 percent. Several rate increases are predicted for 2016, but the Fed has elected thus far to delay action until summer. Mortgage, commercial loan, and various other interest rates are also expected to rise by the end of 2016, potentially providing headwinds to economic activity. Despite the upward pressure on interest rates, overall borrowing rates remain low by historical standards and both residential and nonresidential investment are predicted to grow. Recovering energy prices are expected to



## City of Franklin, Tennessee FY 2017 Operating Budget

### Budget Planning

contribute to a slight rise in inflation in 2016. The headline Consumer Price Index (CPI) is expected to reach 1.2% and the CPI index excluding food and energy is expected to be 1.7%.

Overall the U.S. economy has shown considerable resilience. The recovery has not been derailed by exogenous forces from China and Europe, where interest rates have gone negative to offset their slowing economies. There are, however, reasons to be cautious about economic forces. The collapse of oil prices since the beginning of 2015 has sharply curtailed growth in energy-producing states like Texas, Oklahoma, Alaska and North Dakota. Although prices have recovered from the lows in early 2016, the disequilibrium between supply and demand and the large residual inventories could create ripples throughout the U S economy. The modest recovery of the housing sector, low investment in the durable goods sector, distress in energy markets, and the shrinking labor participation rate are concerning factors for a slow growth environment.

GDP is expected to grow in 2016 and 2017 by 2.7 percent, and the unemployment rate is predicted to fall to 4.9 percent. The year is expected to have solid gains each quarter, with GDP increases of 3% or more in each quarter. Strong domestic demand from job growth and increases in personal income will continue to be the major driver of these GDP increases. Expectations are that 2017 and 2018 will both register solid economic growth of 2.9 and 2.6 percent respectively.

In Tennessee, the economy sustained solid growth in 2015, and the expectations are that this growth will continue in 2016. Inflation-adjusted GDP grew by 2.4 percent for the year, matching the national GDP growth, and nonfarm employment increased by 1.9 percent, representing an addition of 54,600 new jobs. Job growth in Tennessee was slightly slower than national job gains of 2.1 percent for 2015. The state unemployment rate fell from 6.6 percent in 2014 to 5.9 percent by the end of 2015, but remains above the national rate. Nominal personal income in Tennessee grew by 4.7 percent in 2015, outpacing the national growth rate of 4.5 percent. Nominal sales subject to sales tax continued to grow rapidly, increasing by 6.2 percent in 2015. This followed a 4.9 percent gain in 2014 and 3.0 percent gain in 2013.

Tennessee is projected to see slightly slower growth in 2016 and 2017. Inflation-adjusted GDP will rise by 2.3 percent in 2016 and 2.2 percent in 2017. The state unemployment rate will fall to 5.5 percent in 2016 and 5.4 percent in 2017. This would be the first time since 2007 that Tennessee's unemployment rate remained below 6 percent for the full year. However, the unemployment rate will remain above its national counterpart in 2017 and is projected to continue to exceed the national rate through 2025. Both the state and national unemployment rates will trend downwards over the next ten years.

In Tennessee, nonfarm employment is projected to have average increases of 1.1 percent between 2015 and 2025, with 1.7% and 1.3% growth in 2016 and 2017. By comparison, national employment will expand by a slightly slower 1.0 percent compound annual growth rate. The manufacturing sector will see a slight contraction in employment over the next ten years,



## City of Franklin, Tennessee FY 2017 Operating Budget

### Budget Planning

while all other sectors are projected to grow. Employment growth will be strongest in the professional and business services sector, followed by education and health services and natural resources, mining, and construction. Within the manufacturing sector, durable goods employment is projected to grow by 0.4 percent between 2015 and 2025 while nondurable goods employment will fall by 1.0 percent. Leisure and hospitality, professional and business services, and natural resources, mining, and construction are the areas that will experience the largest job gains in both 2016 and 2017.

Despite recent job creation and the state's declining unemployment rate, Tennessee labor force participation rate continues to fall. In 2005, Tennessee's labor force participation rate was 62.0 percent and only slightly below the national participation rate of 64.5 percent. By 2015, the state's labor force participation rate fell to 57.7 percent and is projected to fall even further to 55.1 percent by 2025. This is a particularly concerning trend.

Nominal taxable sales are projected to rise by 4.7 percent this year and 3.5 percent in 2017. Over the next decade, taxable sales are expected to grow by 3.8 percent annually. This is much stronger than the 2.5% compound annual growth rate of the last ten years. On a fiscal year basis, nominal taxable sales will increase by 6.5 percent in 2016 and 3.3 percent in 2017.

Population growth for the state is estimated to be 1.0 percent annually over the next ten years, slightly faster than the 0.8 percent growth for the U.S. However, economic growth in Tennessee has lagged behind national growth, due in part to educational and health issues. Data show that Tennesseans are below the national average in both areas. The percentage of Tennesseans with a high school degree was 85.6 percent, compared to 86.6 percent for the nation. More importantly, the percentage of Tennesseans with a bachelor's degree or higher was only 24.8 percent compared to a national average of 29.6 percent. Only three of the 95 counties in Tennessee (Williamson, Davidson, and Knox) exceed the national average.

State initiatives such as the Tennessee Promise, which offers two years of tuition-free community college or technical college to all Tennessee high school graduates, and the Drive to 55, with its goal of increasing the percentage of Tennesseans with a college degree or certificate to 55 percent of the Tennessee population by 2025, aim to increase the educational status of the state. Educational gains, combined with improving health statistics in the workforce, could support stronger income growth and narrowing the gap between Tennessee incomes and the national average.

Per capita income is expected to grow annually by 3.5 percent, but lag behind national per capita income growth of 4.0 percent. As a result, state per capita income will drop to 82.5 percent of the national average by 2025. Per capita personal income is estimated to increase by 3.7 percent this year and 3.6 percent in 2017. By 2017, per capita income in Tennessee will equal \$44,695. At





# City of Franklin, Tennessee

## FY 2017 Operating Budget

### Budget Planning

\$42,215 per person, Tennessee currently ranks fourth among the twelve southeastern states, and is below the southeast average of \$42,544 and well below the national average of \$48,051.

Williamson County continues to have the highest per capita personal income at \$71,761 and is one of only four Tennessee counties with per capita income above the national average. Williamson County maintains a 95% high school graduation rate and 54% of the adult population has a bachelor's degree and was fourth-highest among large U. S. counties in job growth, according to the Bureau of Labor Statistics county-level employment and wage report. This results in large part from the continued increase in employment and job creation from corporate expansions and company formation. A recent study projected that 25,340 jobs will be created by 2024, with the three largest growth areas in the categories of administrative support and office, sales-related, and business and financial operations. Health care, automotive and financial and retail sectors play a prominent role throughout the region.

INDICATOR	MAR 2015	FEB 2016	MAR 2016	% MONTH OVER MONTH	% YEAR OVER YEAR
Labor Force-Williamson Co	102,960	107,730	108,700	0.9%	5.6%
Employment-Williamson Co	98,970	104,220	105,620	1.3%	6.7%
Unemployment-Williamson Co	3,990	4,410	3,080	-30.2%	-22.8%
Unemployment %-Williamson Co	3.8%	3.1%	3.0%	-0.1%	-0.1%
Unemployment Rate-Franklin	3.7%	3.1%	2.9%	-0.2%	-0.8%

*Source: Bureau of Labor Statistics, TN Dept. of Employment Security, and US Census Bureau*

The housing market in middle Tennessee is extremely active. The Greater Nashville Association of Realtors reports that home sales in March 2016 were 12.9% higher than in March of last year, and building permits were 37.3% above last year. In addition to home sales, median prices for single family residential properties and condominiums were up by 10.2% and 5.9% respectively.

Indicator	Last Year	This year	Difference
Home closings	2,857	3,141	9.9%
Inventory available	12,775	11,951	-14.2%
Median price residential	222,400	245,000	10.2%
Median condominium	171,811	181,894	5.9%
Building permits	1,527	2,096	37.3%
Average hourly earnings	\$20.97	\$21.35	1.8%
State sales tax YTD (millions)	5,030	5,420	7.8%

*Source: Greater Nashville Association of Realtors, MTSU-BERC, TN Dept. of Revenue*



## City of Franklin, Tennessee FY 2017 Operating Budget

### Budget Planning

In Franklin, building permits issued for residential housing are performing well on a year-over-year basis. Records show permits were issued for a total of 1251<sup>1</sup> dwelling units in 2015; of that total, 556<sup>1</sup> were single family residential units. Additional capacity in the pipeline for construction has accelerated to a total of 9280<sup>2</sup> dwelling units. Much of the current growth results from apartments and condominiums, which appear to be preferred in the current market environment. However, increased interest in single family homes is surfacing. New residential developments approved in 2015 included 865<sup>3</sup> dwelling units.

Supporting the positive outlook for Franklin are the announcements by several development firms of large commercial, retail and office developments in Franklin. Almost \$2 billion in mixed use projects are currently in development and should be completed in the next five to ten years. The vacancy rate on Class A office space in the Cool Springs area is 0.9%, and projects currently underway will provide as much as one million square feet of additional space.

*Sources: UT Center for Business Research; MTSU Business & Economic Research Center; Tennessee State Funding Board; St Louis Federal Reserve; Tennessee Department of Revenue; U S Bureau of Labor Statistics; Williamson County Economic Trends Report; Tennessee Department of Employment Security*

#### **Notes:**

<sup>1</sup> "New Residential Building Permits" – Table H – 2015 Development Report – Franklin Planning and Sustainability Department – number of Building Permits issued from January 1, 2015 – December 31, 2015.

<sup>2</sup> "Future Housing Stock (Approved Not Yet Constructed)" – Table G – 2015 Development Report – Franklin Planning and Sustainability Department.

<sup>3</sup> "2015 Residential Developments Approvals" – Table C – 2015 Development Report – Franklin Planning and Sustainability Department – Development Plan, Final Plat, and Preliminary Plat approvals from January 1, 2015 – December 31, 2015.



# City of Franklin, Tennessee

## FY 2017 Operating Budget

### Fund Summary

#### Budgeted Funds

The City of Franklin, Tennessee, like most governmental entities, organizes its finances into funds. A fund is a fiscal and accounting entity with a self balancing set of accounts. It is also the legal level of budgetary control for the City, and the City adheres to the requirements of state law in its annual budgeting by adopting an annual appropriated budget for its general and special revenue funds

In Tennessee, it is a requirement that the budget approved by the Board of Mayor and Aldermen be balanced. This means planned expenditures equal anticipated revenues. Fund revenues and expenditures are budgeted using modified accrual accounting concepts where expenditures are recognized when incurred and payment is due, and revenues are recognized when they are measurable and available (generally collected within 60 days). This is the same basis as used in the City's audited financial statements.

In addition to the General Fund (the City's primary operating fund), the City has various separate special revenue funds and a capital projects fund that are restricted as to how the revenues can be used. These special funds are detailed below. It should be emphasized that these funds, except for the Water & Wastewater, the Sanitation & Environmental Services and the Stormwater funds, do not include any personnel costs.

Street Aid Fund - Special Revenue fund for the accounting of the portion of State gasoline tax that is shared with cities, based on population. State law requires that these funds be used for the maintenance of streets and sidewalks.

Sanitation and Environmental Services Fund – Special Revenue fund for the accounting of fees collected in the disposal and collection of residential and commercial garbage.

Stormwater Fund – Special Revenue fund for the accounting of fees collected for the purpose of preventive maintenance of drainage areas, as well as remediation of circumstances that cause flooding and pollution.

Road Impact Fee Fund – Special Revenue fund for the accounting of expenditures in accordance with City Ordinance 88-13 on the proceeds of road impact fees from new development.

Facilities Tax Fund – Special Revenue fund for the accounting of fees collected for the expenditures specified in City Ordinance 88-12, which assesses a privilege tax on the business of development.

Drug Fund – Special Revenue fund for the accounting of drug fines collected for the purpose of furthering drug investigations.

Hotel/Motel Tax Fund – Special Revenue fund for the accounting of hotel/motel taxes collected for the purpose of retiring the City debt on the City /County Conference Center and for purchase, development and servicing of debt for park property intended to promote tourism. (Examples include Harlinsdale Farm and Eastern Flank Battlefield)



# *City of Franklin, Tennessee*

## **FY 2017 Operating Budget**

### **Fund Summary**

In Lieu of Parkland Fund – Special Revenue fund created in FY 2015 for the purpose of satisfying requirements of Section 5.5.4 of the City of Franklin Zoning Ordinance in which funds collected from developments can be used for the acquisition or development of public parks, greenways/blueways, open space sites, and related facilities.

Transit System Fund – Special Revenue fund for the accounting of activities of the City’s mass transit system.

Community Development Block Grant (CDBG) Fund – Special Revenue fund for the accounting of federal CDBG grant monies and their expenditures.

Debt Service Fund – Used to account for resources set aside to fund debt service and the actual principal and interest payments made.

Water and Wastewater Fund – Proprietary Fund for the accounting of user charges and fees and expenses of the operations of the City’s Water, Wastewater, and Reclaimed Water system. This fund also is included in the City’s audited financial statements. A summary budget is provided herein, and forecasts provided in the Appendices Section.

The City has only one (1) additional fund that is not included in this budget document:

Capital Projects Fund – Capital Project fund for the accounting of bond proceeds and expenditures in conjunction with long range capital projects. Although not required to be included in this budget, this fund is included in the City’s audited financial statements.

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The following pages provide a summary presentation of all funds budgeted and appropriated by the City of Franklin, Tennessee.

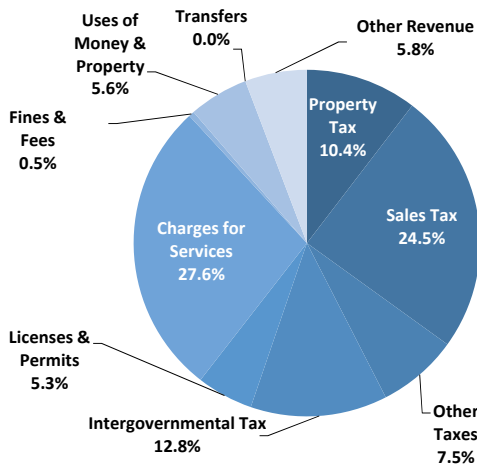


**Fund Summary: Budget Summary - All Funds**

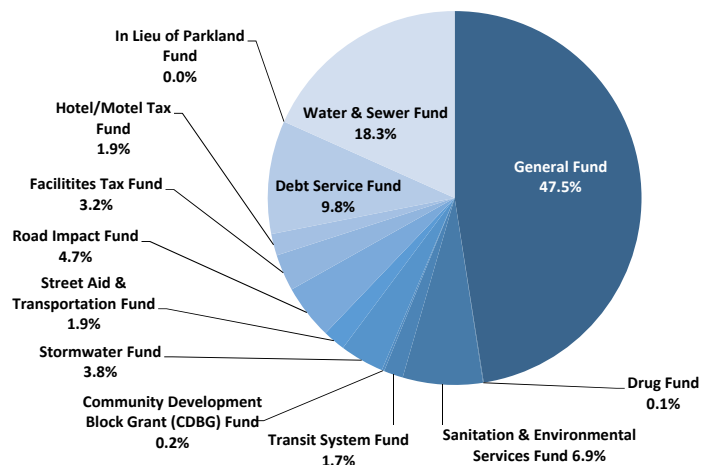
The following page presents a comprehensive picture of all 13 budgeted funds for the City of Franklin, Tennessee.

	<u>Actual 2014</u>	<u>Actual 2015</u>	<u>Budget 2016</u>	<u>Estimated 2016</u>	<u>Budget 2017</u>	<u>Difference '16 vs. '17</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>							
Property Tax	\$ 11,623,681	\$ 12,427,040	\$ 13,218,466	\$ 13,173,323	\$ 14,067,318	\$ 848,852	6.4%
Sales Tax	\$ 27,254,742	\$ 28,943,994	\$ 30,955,553	\$ 31,603,598	\$ 33,183,778	\$ 2,228,225	7.2%
Other Taxes	\$ 10,350,050	\$ 9,716,417	\$ 9,470,928	\$ 11,122,008	\$ 10,195,415	\$ 724,487	7.6%
Intergovernmental Tax	\$ 15,219,770	\$ 17,186,096	\$ 18,351,090	\$ 17,343,656	\$ 17,263,640	\$ (1,087,450)	-5.9%
Licenses & Permits	\$ 11,425,454	\$ 10,551,413	\$ 12,891,900	\$ 14,429,770	\$ 7,128,576	\$ (5,763,324)	-44.7%
Charges for Services	\$ 28,918,204	\$ 32,211,808	\$ 35,346,954	\$ 37,445,297	\$ 37,341,727	\$ 1,994,773	5.6%
Fines & Fees	\$ 850,240	\$ 1,028,585	\$ 982,428	\$ 829,589	\$ 702,050	\$ (280,378)	-28.5%
Uses of Money & Property	\$ 745,995	\$ 256,481	\$ 703,462	\$ 1,436,735	\$ 7,521,523	\$ 6,818,061	969.2%
Transfers	\$ 2,877,021	\$ 8,323,312	\$ -	\$ -	\$ -	\$ -	0.0%
Other Revenue	\$ 7,806,215	\$ 7,700,252	\$ 6,296,135	\$ 6,310,537	\$ 7,827,384	\$ 1,531,249	24.3%
<b>Total - All Funds Revenues</b>	<b>\$ 117,071,372</b>	<b>\$ 128,345,399</b>	<b>\$ 128,216,916</b>	<b>\$ 133,694,515</b>	<b>\$ 135,231,412</b>	<b>\$ 7,014,496</b>	<b>5.5%</b>
<b>Expenses</b>							
General Fund	\$ 53,094,170	\$ 54,734,271	\$ 61,616,194	\$ 57,952,643	\$ 64,147,849	\$ 2,531,655	4.1%
Drug Fund	\$ 128,166	\$ 84,623	\$ 127,000	\$ 76,913	\$ 72,500	\$ (54,500)	-42.9%
Sanitation & Environmental Services Fund	\$ 7,060,294	\$ 8,061,990	\$ 9,136,118	\$ 9,077,000	\$ 9,339,934	\$ 203,816	2.2%
Transit System Fund	\$ 1,608,652	\$ 2,298,495	\$ 1,808,310	\$ 1,868,602	\$ 2,246,755	\$ 438,445	24.2%
Community Development Block Grant (CDBG)	\$ 198,748	\$ 451,705	\$ 274,706	\$ 266,850	\$ 286,975	\$ 12,269	4.5%
Stormwater Fund	\$ 2,444,999	\$ 3,401,177	\$ 5,104,307	\$ 2,714,668	\$ 5,170,662	\$ 66,355	1.3%
Street Aid & Transportation Fund	\$ 2,198,896	\$ 2,404,452	\$ 2,400,000	\$ 2,400,000	\$ 2,629,600	\$ 229,600	9.6%
Road Impact Fund	\$ 3,227,856	\$ 2,960,579	\$ 3,214,491	\$ 3,214,491	\$ 6,375,140	\$ 3,160,649	98.3%
Facilities Tax Fund	\$ 749,658	\$ 2,018,259	\$ 4,983,897	\$ 4,088,315	\$ 4,274,789	\$ (709,108)	-14.2%
Hotel/Motel Tax Fund	\$ 2,395,594	\$ 2,514,790	\$ 2,778,360	\$ 2,732,175	\$ 2,529,432	\$ (248,928)	-9.0%
Debt Service Fund	\$ 10,996,578	\$ 12,244,986	\$ 12,924,146	\$ 12,924,146	\$ 13,220,298	\$ 296,152	2.3%
In Lieu of Parkland Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Water & Sewer Fund	\$ 19,911,910	\$ 20,922,557	\$ 23,202,405	\$ 22,415,889	\$ 24,705,991	\$ 1,503,585	6.5%
<b>Total - All Funds</b>	<b>\$ 104,015,521</b>	<b>\$ 112,097,884</b>	<b>\$ 127,569,934</b>	<b>\$ 119,731,692</b>	<b>\$ 134,999,925</b>	<b>\$ 7,429,990</b>	<b>5.82%</b>
Personnel	\$ 45,698,038	\$ 46,778,025	\$ 52,028,091	\$ 50,262,141	\$ 55,601,838	\$ 3,573,747	6.87%
Operations	\$ 51,458,023	\$ 57,165,407	\$ 59,395,714	\$ 58,743,832	\$ 63,670,072	\$ 4,274,358	7.20%
Capital	\$ 6,859,460	\$ 8,154,452	\$ 16,146,129	\$ 10,725,718	\$ 15,728,014	\$ (418,115)	-2.59%
<b>Total - All Funds Expenses</b>	<b>\$ 104,015,521</b>	<b>\$ 112,097,884</b>	<b>\$ 127,569,934</b>	<b>\$ 119,731,692</b>	<b>\$ 134,999,925</b>	<b>\$ 7,429,990</b>	<b>5.82%</b>
<b>Surplus / (Deficit) All Funds</b>	<b>\$ 13,055,851</b>	<b>\$ 16,247,515</b>	<b>\$ 646,982</b>	<b>\$ 13,962,823</b>	<b>\$ 231,487</b>		

**FY 2017 Revenues**



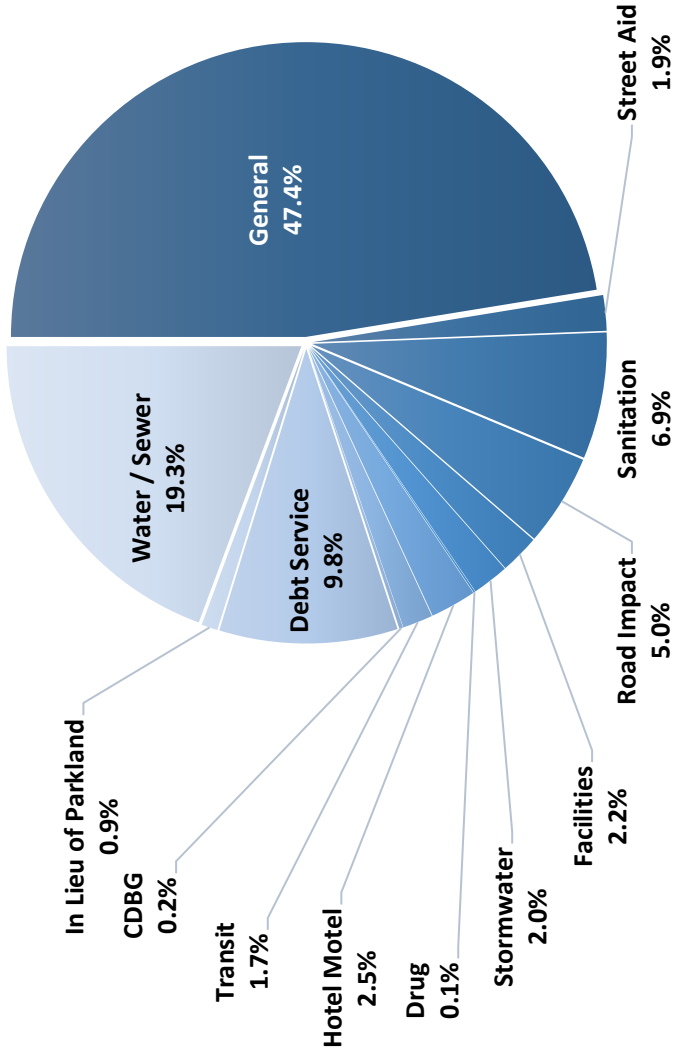
**FY 2017 Expenses**





**Summary (All Funds)**

The City of Franklin funds its operations through a variety of taxes, fees for service, fines and grants. This page shows the total amount of revenues - regardless of fund - proposed to support operations for the City of Franklin in Fiscal Year 2017.



Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 (B)	FY 2016 (E)	Low	Medium	High	FY 2017
General	\$ 52,540,345	\$ 51,815,038	\$ 52,677,369	\$ 56,918,504	\$ 57,489,269	\$ 61,616,194	\$ 60,415,403	\$ 61,701,324	\$ 64,147,849	\$ 66,483,564	47.4%
Street Aid	\$ 2,240,750	\$ 1,748,318	\$ 2,309,493	\$ 2,494,155	\$ 2,396,417	\$ 2,422,209	\$ 2,445,874	\$ 2,629,803	\$ 2,629,803	\$ 2,629,803	1.9%
Sanitation	\$ 8,477,916	\$ 8,681,651	\$ 7,648,732	\$ 7,462,938	\$ 8,275,157	\$ 8,922,260	\$ 9,072,405	\$ 9,372,227	\$ 9,372,227	\$ 9,372,227	6.9%
Road Impact	\$ 2,466,846	\$ 1,391,645	\$ 3,276,075	\$ 4,082,685	\$ 3,358,555	\$ 5,945,683	\$ 7,059,790	\$ 6,811,334	\$ 6,811,334	\$ 6,811,334	5.0%
Facilities	\$ 2,750,684	\$ 1,853,812	\$ 2,624,601	\$ 3,855,445	\$ 2,482,412	\$ 2,120,407	\$ 4,186,338	\$ 2,620,000	\$ 2,910,000	\$ 3,200,000	2.2%
Stormwater	\$ 2,236,856	\$ 2,193,201	\$ 2,383,896	\$ 2,340,963	\$ 2,673,347	\$ 2,482,500	\$ 2,637,634	\$ 2,624,993	\$ 2,714,224	\$ 2,803,455	2.0%
Drug	\$ 140,976	\$ 178,401	\$ 86,358	\$ 171,821	\$ 214,483	\$ 173,161	\$ 271,507	\$ 124,010	\$ 124,010	\$ 124,010	0.1%
Hotel Motel	\$ 1,927,091	\$ 2,289,730	\$ 2,470,748	\$ 3,242,135	\$ 3,293,338	\$ 3,283,214	\$ 3,215,235	\$ 3,376,782	\$ 3,410,850	\$ 3,444,919	2.5%
Transit	\$ 1,123,840	\$ 1,293,974	\$ 1,437,191	\$ 2,009,347	\$ 2,087,408	\$ 1,808,310	\$ 1,825,067	\$ 2,246,755	\$ 2,246,755	\$ 2,246,755	1.7%
CDBG	\$ 444,751	\$ 145,570	\$ 192,586	\$ 198,920	\$ 448,200	\$ 274,806	\$ 274,895	\$ 280,560	\$ 280,560	\$ 280,560	0.2%
Debt Service	\$ 27,390,084	\$ 9,926,272	\$ 33,212,371	\$ 11,106,967	\$ 12,050,577	\$ 12,929,046	\$ 12,925,046	\$ 13,225,298	\$ 13,225,298	\$ 13,225,298	9.8%
In Lieu of Parkland	\$ -	\$ -	\$ -	\$ -	\$ 2,494,076	\$ 1,530,323	\$ 1,878,360	\$ 1,207,525	\$ 1,207,525	\$ 1,207,525	0.9%
Water / Sewer	\$ 20,872,606	\$ 23,876,451	\$ 25,471,938	\$ 23,187,492	\$ 31,082,159	\$ 24,708,803	\$ 27,486,959	\$ 26,150,977	\$ 26,150,977	\$ 26,150,977	19.3%
<b>All Revenues</b>	<b>\$ 122,612,745</b>	<b>\$ 105,394,062</b>	<b>\$ 133,791,358</b>	<b>\$ 117,071,372</b>	<b>\$ 128,345,398</b>	<b>\$ 128,216,916</b>	<b>\$ 133,694,515</b>	<b>\$ 132,371,588</b>	<b>\$ 135,231,412</b>	<b>\$ 137,980,426</b>	<b>100.0%</b>





City of Franklin, Tennessee  
 FY 2017 Operating Budget

Fund Summary: Other Funds - Departmental Summary

	<u>Actual 2014</u>	<u>Actual 2015</u>	<u>Budget 2016</u>	<u>Estimated 2016</u>	<u>Budget 2017</u>	<u>Difference '16 vs. '17</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>Public Safety</b>							
<b>Drug Fund</b>							
Opening Balance	\$ 121,781	\$ 165,436	\$ 295,296	\$ 295,296	\$ 489,890	\$ 194,594	65.9%
Revenues	\$ 171,821	\$ 214,483	\$ 173,161	\$ 271,507	\$ 124,010	\$ (49,151)	-28.4%
Expenses							
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Operations	\$ 128,166	\$ 84,623	\$ 127,000	\$ 76,913	\$ 72,500	\$ (54,500)	-42.9%
Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Ending Balance</b>	<b>\$ 165,436</b>	<b>\$ 295,296</b>	<b>\$ 341,457</b>	<b>\$ 489,890</b>	<b>\$ 541,400</b>	<b>\$ 199,943</b>	<b>58.6%</b>
<b>Finance &amp; Administration</b>							
<b>Sanitation &amp; Environmental Services Fund</b>							
Opening Balance		\$ 405,119	\$ 618,286	\$ 618,286	\$ 613,691	\$ (4,595)	-0.7%
Revenues	\$ 7,462,938	\$ 8,275,157	\$ 8,922,260	\$ 9,072,405	\$ 9,372,227	\$ 449,967	5.0%
Expenses							
Personnel	\$ 3,026,093	\$ 2,768,627	\$ 2,912,851	\$ 2,774,475	\$ 3,004,482	\$ 91,631	3.1%
Operations	\$ 3,943,088	\$ 5,293,363	\$ 6,223,267	\$ 6,302,525	\$ 6,335,451	\$ 112,184	1.8%
Capital	\$ 91,113	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Ending Balance</b>	<b>\$ 405,119</b>	<b>\$ 618,286</b>	<b>\$ 404,428</b>	<b>\$ 613,691</b>	<b>\$ 645,984</b>	<b>\$ 241,556</b>	<b>59.7%</b>
<b>Transit System Fund</b>							
Opening Balance	\$ -	\$ 400,695	\$ 189,608	\$ 189,608	\$ 146,073	\$ (43,535)	-23.0%
Revenues	\$ 2,009,347	\$ 2,087,408	\$ 1,808,310	\$ 1,825,067	\$ 2,246,755	\$ 438,445	24.2%
Expenses							
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Operations	\$ 1,553,237	\$ 2,243,080	\$ 1,583,310	\$ 1,643,602	\$ 1,941,755	\$ 358,445	22.6%
Capital	\$ 55,415	\$ 55,415	\$ 225,000	\$ 225,000	\$ 305,000	\$ 80,000	35.6%
<b>Ending Balance</b>	<b>\$ 400,695</b>	<b>\$ 189,608</b>	<b>\$ 189,608</b>	<b>\$ 146,073</b>	<b>\$ 146,073</b>	<b>\$ (43,535)</b>	<b>-23.0%</b>
<b>Community &amp; Economic Development</b>							
<b>Community Development Block Grant (CDBG) Fund</b>							
Opening Balance	\$ 23,545	\$ 23,717	\$ 20,212	\$ 20,212	\$ 28,257	\$ 8,045	39.8%
Revenues	\$ 198,920	\$ 448,200	\$ 274,806	\$ 274,895	\$ 280,560	\$ 5,754	2.1%
Expenses							
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Surplus / (Deficit) All Funds	\$ 198,748	\$ 451,705	\$ 274,706	\$ 266,850	\$ 286,975	\$ 12,269	4.5%
Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Ending Balance</b>	<b>\$ 23,717</b>	<b>\$ 20,212</b>	<b>\$ 20,312</b>	<b>\$ 28,257</b>	<b>\$ 21,842</b>	<b>\$ 1,530</b>	<b>7.5%</b>
<b>Stormwater Fund</b>							
Opening Balance	\$ 5,615,101	\$ 5,511,065	\$ 4,783,235	\$ 4,783,235	\$ 4,706,201	\$ (77,034)	-1.6%
Revenues	\$ 2,340,963	\$ 2,673,347	\$ 2,482,500	\$ 2,637,634	\$ 2,714,224	\$ 231,724	9.3%
Expenses							
Personnel	\$ 948,789	\$ 1,047,100	\$ 1,178,030	\$ 1,216,586	\$ 1,312,840	\$ 134,810	11.4%
Operations	\$ 969,342	\$ 1,510,490	\$ 1,080,277	\$ 928,224	\$ 1,185,465	\$ 105,188	9.7%
Capital	\$ 526,868	\$ 843,587	\$ 2,846,000	\$ 569,858	\$ 2,672,357	\$ (173,643)	-6.1%
<b>Ending Balance</b>	<b>\$ 5,511,065</b>	<b>\$ 4,783,235</b>	<b>\$ 2,161,428</b>	<b>\$ 4,706,201</b>	<b>\$ 2,249,763</b>	<b>\$ 88,335</b>	<b>4.1%</b>
<b>Street Aid &amp; Transportation Fund</b>							
Opening Balance	\$ -	\$ 295,259	\$ 287,224	\$ 287,224	\$ 333,098	\$ 45,874	16.0%
Revenues	\$ 2,494,155	\$ 2,396,417	\$ 2,422,209	\$ 2,445,874	\$ 2,629,803	\$ 207,594	8.6%
Expenses							
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Operations	\$ 2,198,896	\$ 2,404,452	\$ 2,400,000	\$ 2,400,000	\$ 2,629,600	\$ 229,600	9.6%
Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Ending Balance</b>	<b>\$ 295,259</b>	<b>\$ 287,224</b>	<b>\$ 309,433</b>	<b>\$ 333,098</b>	<b>\$ 333,301</b>	<b>\$ 23,868</b>	<b>7.7%</b>



City of Franklin, Tennessee  
FY 2017 Operating Budget

Fund Summary: Other Funds - Departmental Summary

	Actual 2014	Actual 2015	Budget 2016	Estimated 2016	Budget 2017	Difference '16 vs. '17	
	A	B	C	D	E	F (E-C)	G (E/C)
<b>Road Impact Fund</b>							
Opening Balance	\$ (854,829)	\$ -	\$ 397,976	\$ 397,976	\$ 4,243,275	\$ 3,845,299	966.2%
Revenues	\$ 4,082,685	\$ 3,358,555	\$ 5,945,683	\$ 7,059,790	\$ 6,811,334	\$ 865,651	14.6%
Expenses							
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Operations	\$ 3,227,856	\$ 2,960,579	\$ 3,214,491	\$ 3,214,491	\$ 6,375,140	\$ 3,160,649	98.3%
Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Ending Balance</b>	<b>\$ -</b>	<b>\$ 397,976</b>	<b>\$ 3,129,168</b>	<b>\$ 4,243,275</b>	<b>\$ 4,679,469</b>	<b>\$ 1,550,301</b>	<b>49.5%</b>
<b>Special Funds</b>							
<b>Facilities Tax Fund</b>							
Opening Balance	\$ 3,147,824	\$ 6,253,611	\$ 6,717,764	\$ 6,717,764	\$ 6,815,787	\$ 98,023	1.5%
Revenues	\$ 3,855,445	\$ 2,482,412	\$ 2,120,407	\$ 4,186,338	\$ 2,910,000	\$ 789,593	37.2%
Expenses							
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Operations	\$ 54,802	\$ 375,564	\$ 326,626	\$ 192,950	\$ 66,833	\$ (259,793)	-79.5%
Capital	\$ 694,856	\$ 1,642,695	\$ 4,657,271	\$ 3,895,365	\$ 4,207,956	\$ (449,315)	-9.6%
<b>Ending Balance</b>	<b>\$ 6,253,611</b>	<b>\$ 6,717,764</b>	<b>\$ 3,854,274</b>	<b>\$ 6,815,787</b>	<b>\$ 5,450,998</b>	<b>\$ 1,596,724</b>	<b>41.4%</b>
<b>Hotel/Motel Tax Fund</b>							
Opening Balance	\$ 1,124,507	\$ 1,971,048	\$ 2,749,596	\$ 2,749,596	\$ 3,232,656	\$ 483,060	17.6%
Revenues	\$ 3,242,135	\$ 3,293,338	\$ 3,283,214	\$ 3,215,235	\$ 3,410,850	\$ 127,636	3.9%
Expenses							
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Operations	\$ 1,651,181	\$ 1,972,791	\$ 1,923,809	\$ 1,877,624	\$ 1,962,766	\$ 38,957	2.0%
Capital	\$ 744,413	\$ 541,999	\$ 854,551	\$ 854,551	\$ 566,666	\$ (287,885)	-33.7%
<b>Ending Balance</b>	<b>\$ 1,971,048</b>	<b>\$ 2,749,596</b>	<b>\$ 3,254,452</b>	<b>\$ 3,232,656</b>	<b>\$ 4,114,074</b>	<b>\$ 859,623</b>	<b>26.4%</b>
<b>Debt Service Fund</b>							
Opening Balance	\$ 84,729	\$ 195,118	\$ 709	\$ 709	\$ 1,609	\$ 900	127.0%
Revenues	\$ 11,106,967	\$ 12,050,577	\$ 12,929,046	\$ 12,925,046	\$ 13,225,298	\$ 296,252	2.3%
Expenses							
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Operations	\$ 10,996,578	\$ 12,244,986	\$ 12,924,146	\$ 12,924,146	\$ 13,220,298	\$ 296,152	2.3%
Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Ending Balance</b>	<b>\$ 195,118</b>	<b>\$ 709</b>	<b>\$ 5,609</b>	<b>\$ 1,609</b>	<b>\$ 6,609</b>	<b>\$ 1,000</b>	<b>17.8%</b>
<b>In Lieu of Parkland Fund</b>							
Opening Balance	\$ -	\$ -	\$ 2,494,076	\$ 2,494,076	\$ 4,372,436	\$ 1,878,360	75.3%
Revenues	\$ -	\$ 2,494,076	\$ 1,530,323	\$ 1,878,360	\$ 1,207,525	\$ (322,798)	-21.1%
Expenses							
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Ending Balance</b>	<b>\$ -</b>	<b>\$ 2,494,076</b>	<b>\$ 4,024,399</b>	<b>\$ 4,372,436</b>	<b>\$ 5,579,961</b>	<b>\$ 1,555,562</b>	<b>38.7%</b>
<b>Water &amp; Sewer Fund</b>							
Opening Balance	\$ 15,043,450	\$ 18,318,852	\$ 28,478,454	\$ 28,478,454	\$ 33,549,525	\$ 5,071,071	17.8%
Revenues	\$ 23,187,312	\$ 31,082,159	\$ 24,708,803	\$ 27,486,959	\$ 26,150,977	\$ 1,442,174	5.8%
Expenses							
Personnel	\$ 4,765,815	\$ 4,944,757	\$ 5,485,616	\$ 4,859,279	\$ 6,173,894	\$ 688,277	12.5%
Operations	\$ 11,847,191	\$ 11,334,843	\$ 12,545,682	\$ 12,901,581	\$ 13,131,062	\$ 585,380	4.7%
Capital	\$ 3,298,904	\$ 4,642,956	\$ 5,171,107	\$ 4,655,028	\$ 5,401,035	\$ 229,928	4.4%
<b>Ending Balance</b>	<b>\$ 18,318,852</b>	<b>\$ 28,478,454</b>	<b>\$ 29,984,852</b>	<b>\$ 33,549,525</b>	<b>\$ 34,994,511</b>	<b>\$ 5,009,659</b>	<b>16.7%</b>



City of Franklin, Tennessee  
FY 2017 Operating Budget

Fund Summary

The schedule below shows changes in fund balance for all 13 funds actively budgeted for by the City of Franklin from FY 2015 through FY 2017.

	Governmental Funds														Enterprise		All Funds	
	General	Street Aid & Trans.	Sanitation & Env. Serv.	Road Impact	Facilities Tax	Storm Water	Drug	Hotel/ Motel	Transit	CDBG	Debt Service	In Lieu of Parkland	Water & Sewer	Total				
<b>2015 Actual (Audited)</b>																		
Beginning Fund Balance	\$ 32,714,452	\$ 295,259	\$ 405,119	\$ -	\$ 6,253,611	\$ 5,511,065	\$ 1,971,048	\$ 400,695	\$ 23,717	\$ 195,118	\$ -	\$ 18,318,852	\$ 66,254,372					
+ Revenues	\$ 57,489,269	\$ 2,396,417	\$ 8,275,157	\$ 3,358,555	\$ 2,482,412	\$ 2,673,347	\$ 214,483	\$ 3,293,338	\$ 2,087,408	\$ 448,200	\$ 2,494,076	\$ 31,082,159	\$ 128,345,398					
- Expenses	\$ (54,734,271)	\$ (2,404,452)	\$ (8,061,990)	\$ (2,960,579)	\$ (2,018,259)	\$ (3,403,177)	\$ (84,623)	\$ (2,514,790)	\$ (2,298,495)	\$ (451,705)	\$ -	\$ (20,922,557)	\$ (112,097,884)					
Ending Fund Balance	\$ 35,469,450	\$ 287,224	\$ 618,286	\$ 397,976	\$ 6,717,764	\$ 4,783,235	\$ 2,749,596	\$ 189,608	\$ 20,212	\$ 709	\$ 2,494,076	\$ 28,478,454	\$ 82,501,886					
<b>2016 Estimated (Unaudited)</b>																		
Beginning Fund Balance	\$ 35,469,450	\$ 287,224	\$ 618,286	\$ 397,976	\$ 6,717,764	\$ 4,783,235	\$ 2,749,596	\$ 189,608	\$ 20,212	\$ 709	\$ 2,494,076	\$ 28,478,454	\$ 82,501,886					
+ Revenues	\$ 5,221,061	\$ 526,008	\$ -	\$ -	\$ 4,176,783	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
- Expenses	\$ 31,603,598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Ending Fund Balance	\$ 39,688,913	\$ 813,232	\$ 618,286	\$ 397,976	\$ 10,894,547	\$ 4,783,235	\$ 2,749,596	\$ 189,608	\$ 20,212	\$ 709	\$ 2,494,076	\$ 28,478,454	\$ 113,980,370					
<b>2017 Budget</b>																		
Beginning Fund Balance	\$ 37,932,210	\$ 333,098	\$ 613,691	\$ 4,243,275	\$ 6,815,787	\$ 4,706,201	\$ 3,232,656	\$ 146,073	\$ 28,257	\$ 1,609	\$ 4,372,436	\$ 33,549,525	\$ 96,464,709					
+ Revenues	\$ 33,183,778	\$ 689,756	\$ -	\$ -	\$ 2,900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
- Expenses	\$ (4,194,778)	\$ (689,756)	\$ -	\$ -	\$ (2,900,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Ending Fund Balance	\$ 37,932,210	\$ 333,098	\$ 613,691	\$ 4,243,275	\$ 6,815,787	\$ 4,706,201	\$ 3,232,656	\$ 146,073	\$ 28,257	\$ 1,609	\$ 4,372,436	\$ 33,549,525	\$ 96,464,709					
<b>2017 Budget</b>																		
Beginning Fund Balance	\$ 37,932,210	\$ 333,098	\$ 613,691	\$ 4,243,275	\$ 6,815,787	\$ 4,706,201	\$ 3,232,656	\$ 146,073	\$ 28,257	\$ 1,609	\$ 4,372,436	\$ 33,549,525	\$ 96,464,709					
+ Revenues	\$ 5,873,793	\$ 689,756	\$ -	\$ -	\$ 2,900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
- Expenses	\$ (3,888,565)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Ending Fund Balance	\$ 40,027,438	\$ 1,022,854	\$ 613,691	\$ 4,243,275	\$ 9,715,787	\$ 4,706,201	\$ 3,232,656	\$ 146,073	\$ 28,257	\$ 1,609	\$ 4,372,436	\$ 33,549,525	\$ 100,000,000					
<b>Surplus / (Deficit) All Funds</b>	\$ 0.0%	\$ 203	\$ 5.3%	\$ 10.3%	\$ (1,364,789)	\$ (2,456,438)	\$ 881,418	\$ 27.3%	\$ (6,415)	\$ 310.8%	\$ 1,207,525	\$ 4.3%	\$ 231,487					
<b>*Change (%) 2016 vs. 2017</b>																		

\*Note: Changes in fund balances reflect 2017 budget to 2016 estimated; changes shown on the "Other Funds Dept. Summary" on the previous pages reflect 2016 budget vs. 2017 budget.



## *City of Franklin, Tennessee* **FY 2017 Operating Budget**

### **Fund Summary**

#### **Fund Balance Levels and Reserves**

The City of Franklin takes pride in its financial strength, and a large part of that strength results from an unusually high fund balance. Fund balance represents the accumulation of funds which remain unspent after all budgeted expenditures have been made. The City has been able to maintain a fund balance level that is almost double the average reserves of a triple-A (Aaa) rated city, according to both Moody's Investor Services and Standard & Pools.

Unreserved fund balances (those reserved funds that are not set aside for a specific purpose) equal to or greater than 50% of annual revenues had been maintained for almost two decades. Beginning in fiscal year 2006, the City recognized that unreserved fund balance overstated the security of City's position. Until that time, there were no reserves for claims from the City's self-insured health insurance program for employees and retirees. Nor were there reserves for potential costs derived from property, casualty, or liability claims.

Beginning in January of 2009, the City engaged Public Financial Management (PFM), an independent financial advisory firm, to assist in developing financial policies that would lead to a long range financial plan. The first of those policies, a fund balance reserve policy, was adopted by the Board of Mayor & Aldermen in May. This is the first building block in determining the ability of the City to maintain fiscal stability while undertaking capital projects in a sound and logical method. The policy in its entirety is included in this document as Appendix D.

The fund balance policy outlines the variety of reserves that a sustainable city should consider, including reserves for insurance, retiree health benefits, working capital, emergencies and natural disasters. The policy establishes a Financial Stabilization account comprised of seven components: reserves for contingencies, emergencies, cash flow stabilization, debt service, and insurance, retiree health benefits, and, most recently, capital reserves. The City's goal is to maintain this account at a level equal to thirty-three percent (33%) of budgeted General Fund expenditures. For 2016-17, this reserve would be \$21,168,790, based on budgeted expenditures of \$61,147,849.

While the City fund balances greatly exceed this level, the importance of establishing and ratifying guidelines cannot be overestimated. The formal policy puts in place a baseline for reserves that should hold firm through future years. As the General Fund budget grows in size, an ever larger amount of reserves are required to maintain the same percentage as in prior years. Growth in the size of the City budget will require that reserves be augmented as the City continues its natural expansion.



**City of Franklin, Tennessee**  
**FY 2017 Operating Budget**

**Fund Summary**

**Fund Balance Levels and Reserves**

The chart below shows the reserve breakdown for the General Fund for the original FY 2016 budget, the amended FY 2016 budget and the proposed FY 2017 budget.

**Reserve Breakdown - General Fund Fund Balance**

Fund Name	Required Percentage	Target %	Budget FY16\$	Revised FY16\$	Budget FY17\$
<b>Reserve Fund</b> (mandated by law)	0%		\$ -	\$ -	\$ -
<b>Designated Fund</b> (ordained by BOMA)	0%		\$ -	\$ -	\$ -
<b>Undesignated/Unreserved fund</b>	0%		\$ -	\$ -	\$ -
Financial Stabilization Account	33%		\$ 19,762,494	\$ 20,333,344	\$ 21,168,790
Contingency Subaccount		5%	\$ 2,994,317	\$ 3,080,810	\$ 3,207,392
Emergency Subaccount		5%	\$ 2,994,317	\$ 3,080,810	\$ 3,207,392
Cash Flow Stabilization Subaccount		14%	\$ 8,384,088	\$ 8,626,267	\$ 8,980,699
Debt Service Subaccount		3%	\$ 1,796,590	\$ 1,848,486	\$ 1,924,435
Insurance Reserve Subaccount		4%	\$ 2,395,454	\$ 2,464,648	\$ 2,565,914
OPEB* Subaccount		2%	\$ 1,197,727	\$ 1,232,324	\$ 1,282,957
Supplemental Reserve Account variance between 33% & 45% =	12%		\$ 7,186,361	\$ 7,393,943	\$ 7,697,742
Capital Funding Account	>45%		\$ 8,347,536	\$ 10,204,923	\$ 9,065,678

General Fund Budget Amount = \$ 59,886,344 \$ 61,616,194 \$ 64,147,849  
Fund Balance Amount = \$ 35,296,391 \$ 37,932,210 \$ 37,932,210

*Note: Capital Funding Account balance and Fund Balance Amounts for Revised FY 2016 and Budget FY 2017 numbers subject to change via year-end close and final FY 2016 budget amendments.*



*City of Franklin, Tennessee*  
**FY 2017 Operating Budget**

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# City of Franklin, Tennessee

## FY 2017 Operating Budget

### General Fund Summary

#### Introduction

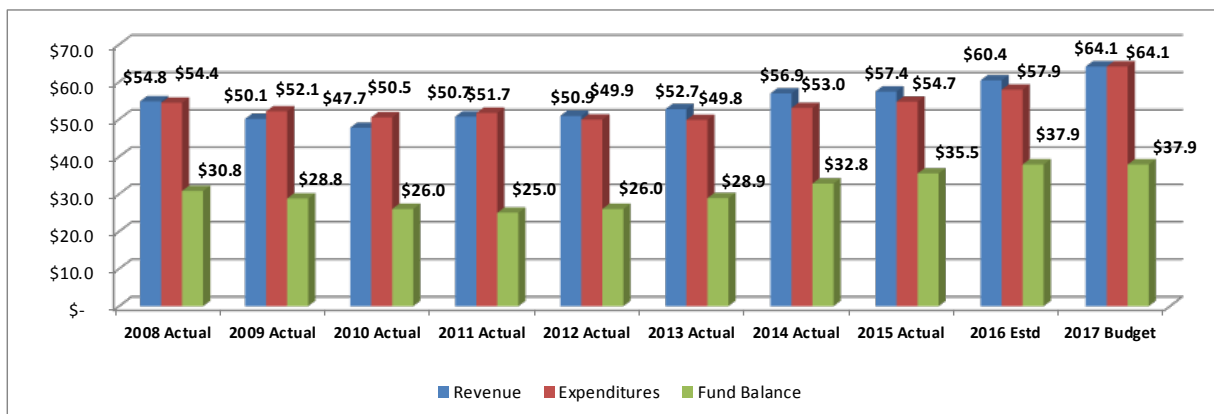
The general fund of the City used to account for all financial resources except those required to be accounted for in another fund. Most department operations of the City are funded by the general fund including police and fire, administration, engineering and streets, and parks. Although not the only fund (as demonstrated in the preceding pages), it is the largest and most important.

As proposed, fund balance equal to approximately 59.1% of annual expenditures is maintained at fiscal year-end 2016-17. This is in compliance with the Board's adopted reserve policy, which establishes a minimum benchmark of 33%.

#### General Fund Performance - FY 2013-2017

	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Estimated 2016	Budget 2017
Beginning Fund Balance	26,011,331	28,890,118	32,714,451	35,469,449	35,469,449	37,932,209
+ Total General Fund Revenue	52,677,369	56,918,504	57,489,269	61,616,194	60,415,403	64,147,849
- Total General Fund Expenditures	49,798,582	53,094,171	54,734,271	61,616,194	57,952,643	64,147,849
<b>Ending Fund Balance</b>	<b>28,890,118</b>	<b>32,714,451</b>	<b>35,469,449</b>	<b>35,469,449</b>	<b>37,932,209</b>	<b>37,932,209</b>
*** Percent of Total Annual Revenues	54.8%	57.5%	61.7%	57.6%	62.8%	59.1%
*** Percent of Total Annual Expenditures	58.0%	61.6%	64.8%	57.6%	65.5%	59.1%

#### General Fund Performance – Ten Year Trend



	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Estd	2017 Budget
Revenue	\$ 54.8	\$ 50.1	\$ 47.7	\$ 50.7	\$ 50.9	\$ 52.7	\$ 56.9	\$ 57.4	\$ 60.4	\$ 64.1
Expenditures	\$ 54.4	\$ 52.1	\$ 50.5	\$ 51.7	\$ 49.9	\$ 49.8	\$ 53.0	\$ 54.7	\$ 57.9	\$ 64.1
Fund Balance	\$ 30.8	\$ 28.8	\$ 26.0	\$ 25.0	\$ 26.0	\$ 28.9	\$ 32.8	\$ 35.5	\$ 37.9	\$ 37.9

Note: Amounts above are in millions of dollars.





# *City of Franklin, Tennessee*

## **FY 2017 Operating Budget**

### **General Fund Summary**

#### **Introduction**

The 2016-2017 general fund budget has total estimated revenue available of \$64,147,849. In comparison to 2016-17 budgeted, estimated annual revenues for fiscal year 2015-16 are up 4.1%, and up 11.6% overall compared to the actual revenue for the fiscal year 2014-15. The local option sales tax continues to be the single largest source of revenue for the City, at 51.7% of the general fund total. For FY 2017, we project a growth rate above budgeted FY 2016 of 7.2% for this revenue.

The local share of state taxes represents allocations of state sales and other taxes on a per capita basis, except for the state income tax on dividends and interest, which is shared on a point of collection basis. These state shared taxes represent 17.4% of estimated general fund revenues – a decrease of nearly 2% from last year as a result of the decision to eliminate the Hall Income Tax over the next six fiscal years.

Property tax the next largest source of revenue representing 9.2% of the general fund total, continues to grow at a healthy rate. A proposal to capture some of the increased value in properties will be before the Board of Mayor and Alderman as part of this budget.

With the balance of revenues from all other sources, the City needs to continue to focus on opportunities and options for further diversification of our sources and types of revenue within the general fund. The dependence on one revenue source, the local sales tax, at a level of greater than 40% is a concern. Given the fact that sales tax is highly sensitive to fluctuations in the economy, it could impact the City's ability to maintain stability during tough economic times. The City is fortunate that it has ample reserves and has now put in place a strong reserve policy. The City's revenue structure is an issue for consideration by the Board as it plans beyond the immediate budget year.

#### **Expenditures**

Total estimated general fund expenditures are \$61,147,849. Total expenditures for fiscal year 2016-17 are up approximately 4.1% compared to the 2016 budget and up 17% compared to 2016's actual. Within the approved budget, 70.3% is dedicated to employee wages and benefits, 25.7% to operational costs, 4.0% to capital equipment.

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The following pages provide a summary of planned expenditures for the fund, detailed modeling of the eleven major revenue categories which support the general fund, and targeted analyses of important trends, tax history, and financial performance.



# City of Franklin, Tennessee

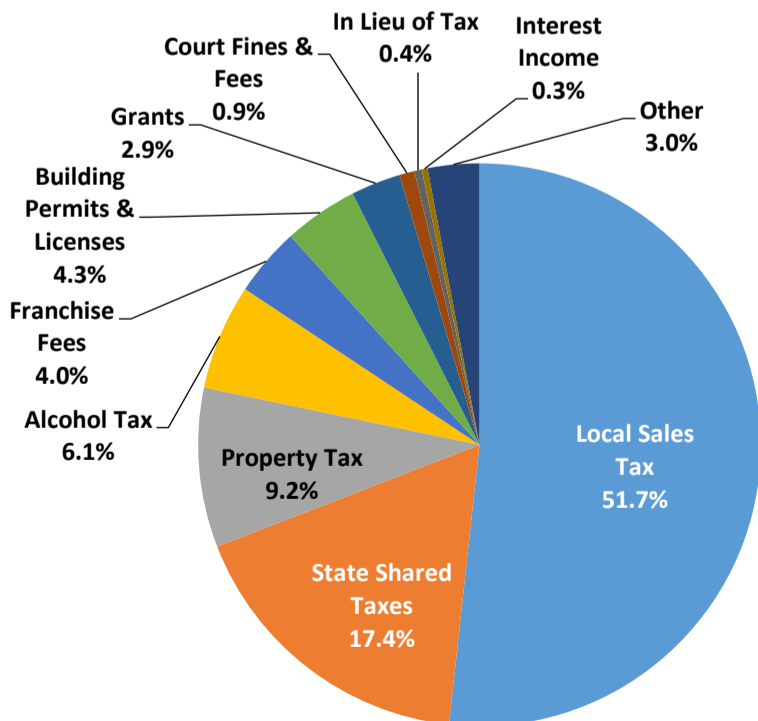
## FY 2017 Operating Budget

### General Fund - Departmental Summary

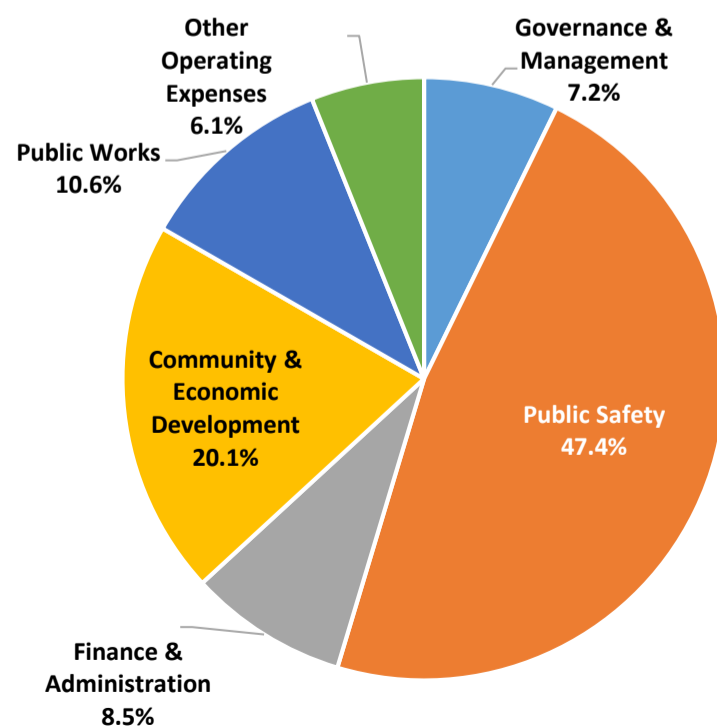
	Actual 2014 <u>A</u>	Actual 2015 <u>B</u>	Budget 2016 <u>C</u>	Estimated 2016 <u>D</u>	Budget 2017 <u>E</u>	Difference '16 vs. '17 <u>F (E-C)</u>	<u>G (E/C)</u>
<b>Revenues</b>							
Local Sales Tax	\$ 27,254,742	\$ 28,943,994	\$ 30,956,093	\$ 31,603,598	\$ 33,183,778	\$ 2,227,685	7.2%
State Shared Taxes	\$ 10,677,057	\$ 12,796,277	\$ 11,172,496	\$ 11,106,242	\$ 11,148,733	\$ (23,763)	-0.2%
Property Tax	\$ 6,266,420	\$ 5,546,050	\$ 5,263,794	\$ 5,221,061	\$ 5,873,793	\$ 609,999	11.6%
Alcohol Tax	\$ 3,373,143	\$ 3,630,037	\$ 3,716,559	\$ 3,733,990	\$ 3,888,565	\$ 172,006	4.6%
Franchise Fees	\$ 2,449,724	\$ 2,462,903	\$ 2,511,230	\$ 2,504,860	\$ 2,536,790	\$ 25,560	1.0%
Building Permits & Licenses	\$ 2,088,774	\$ 2,208,560	\$ 2,315,577	\$ 2,623,851	\$ 2,741,289	\$ 425,712	18.4%
Grants	\$ 520,921	\$ 289,382	\$ 3,371,336	\$ 2,071,336	\$ 1,828,300	\$ (1,543,036)	-45.8%
Court Fines & Fees	\$ 657,229	\$ 586,479	\$ 720,572	\$ 399,468	\$ 560,935	\$ (159,637)	-22.2%
In Lieu of Tax	\$ 325,018	\$ 326,887	\$ 306,131	\$ 318,687	\$ 271,369	\$ (34,762)	-11.4%
Interest Income	\$ 189,013	\$ 145,098	\$ 197,802	\$ 212,637	\$ 217,582	\$ 19,780	10.0%
Other	\$ 3,116,463	\$ 553,601	\$ 1,084,605	\$ 619,673	\$ 1,896,716	\$ 812,111	74.9%
<b>Total - General Fund Revenues</b>	<b>\$ 56,918,504</b>	<b>\$ 57,489,269</b>	<b>\$ 61,616,194</b>	<b>\$ 60,415,403</b>	<b>\$ 64,147,849</b>	<b>\$ 2,531,655</b>	<b>4.1%</b>
<b>Expenses</b>							
Governance & Management	\$ 3,714,650	\$ 4,092,514	\$ 4,610,629	\$ 4,356,517	\$ 4,649,889	\$ 39,260	0.9%
Public Safety	\$ 27,097,691	\$ 27,515,333	\$ 29,761,494	\$ 29,343,597	\$ 30,402,315	\$ 640,821	2.2%
Finance & Administration	\$ 5,585,864	\$ 5,237,569	\$ 5,369,554	\$ 5,331,451	\$ 5,462,056	\$ 92,502	1.7%
Community & Economic Development	\$ 8,044,512	\$ 8,544,233	\$ 12,450,362	\$ 9,662,277	\$ 12,922,759	\$ 472,397	3.8%
Public Works	\$ 5,572,648	\$ 5,585,969	\$ 6,264,544	\$ 6,281,471	\$ 6,818,717	\$ 554,173	8.8%
Other Operating Expenses	\$ 3,078,805	\$ 3,758,653	\$ 3,159,610	\$ 2,977,329	\$ 3,892,114	\$ 732,504	23.2%
<b>Total - General Fund Expenses</b>	<b>\$ 53,094,170</b>	<b>\$ 54,734,271</b>	<b>\$ 61,616,194</b>	<b>\$ 57,952,643</b>	<b>\$ 64,147,849</b>	<b>\$ 2,531,655</b>	<b>4.1%</b>
<b>General Fund Expenditures (by major category)</b>							
Personnel	\$ 36,957,341	\$ 38,017,541	\$ 42,451,594	\$ 41,411,801	\$ 45,110,622	\$ 2,659,028	6.3%
Operations	\$ 14,688,938	\$ 16,288,930	\$ 16,772,400	\$ 16,014,926	\$ 16,462,227	\$ (310,173)	-1.8%
Capital	\$ 1,447,891	\$ 427,800	\$ 2,392,200	\$ 525,916	\$ 2,575,000	\$ 182,800	7.6%
<b>Total - General Fund Expenses</b>	<b>\$ 53,094,170</b>	<b>\$ 54,734,271</b>	<b>\$ 61,616,194</b>	<b>\$ 57,952,643</b>	<b>\$ 64,147,849</b>	<b>\$ 2,531,655</b>	<b>4.1%</b>
<b>Surplus / (Deficit)</b>	<b>\$ 3,824,334</b>	<b>\$ 2,754,998</b>	<b>\$ -</b>	<b>\$ 2,462,761</b>	<b>\$ -</b>	<b>\$ -</b>	

\*Note: Interfund Transfers for FY 2015 Estimated include \$2,280,119 received in FY 2014 and transferred to create the In Lieu of Parkland Fund.

**FY 2017 General Fund - Major Revenues**



**FY 2017 General Fund - Major Programs**

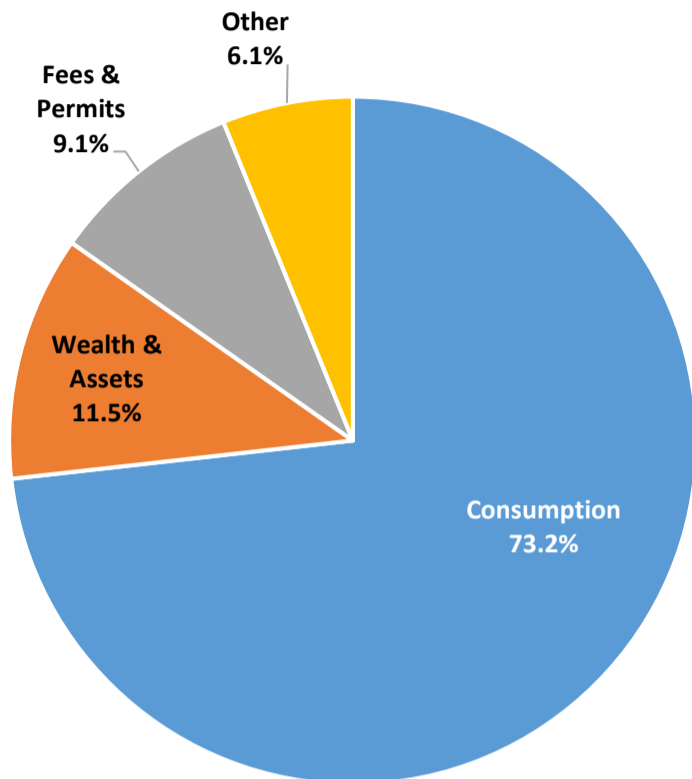




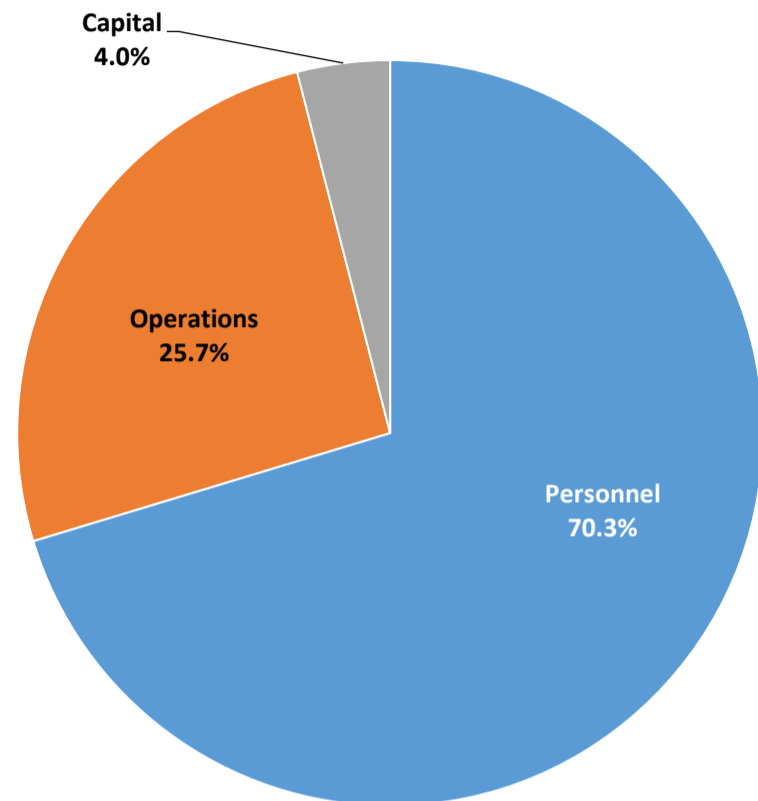
# City of Franklin, Tennessee FY 2017 Operating Budget

## General Fund - Departmental Summary

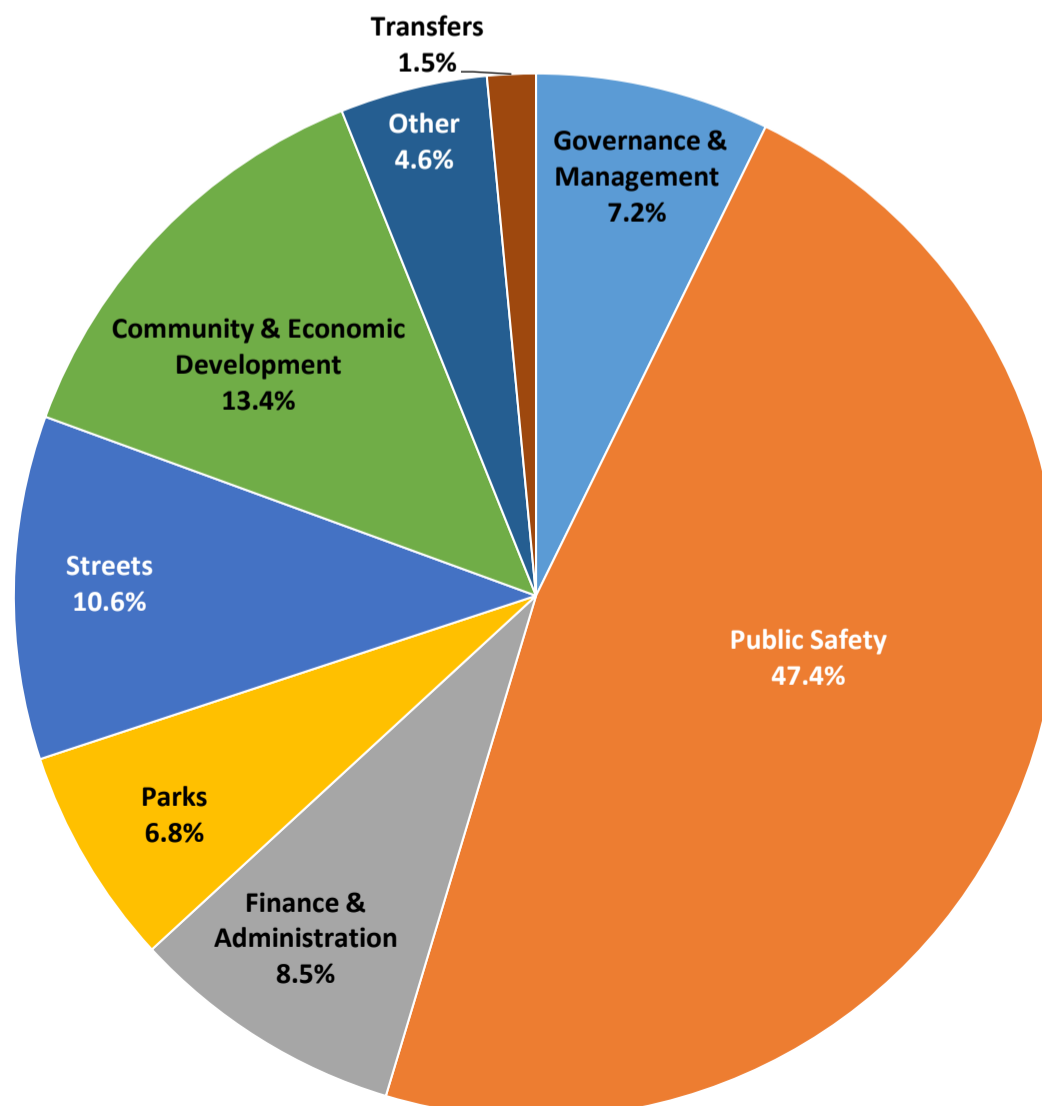
**FY 2017 G/F Revenues by Source (pg. 34)**



**FY 2017 G/F Expenses by Category (pg. 47)**



**FY 2017 General Fund Expenses - By Function (pg. 47)**





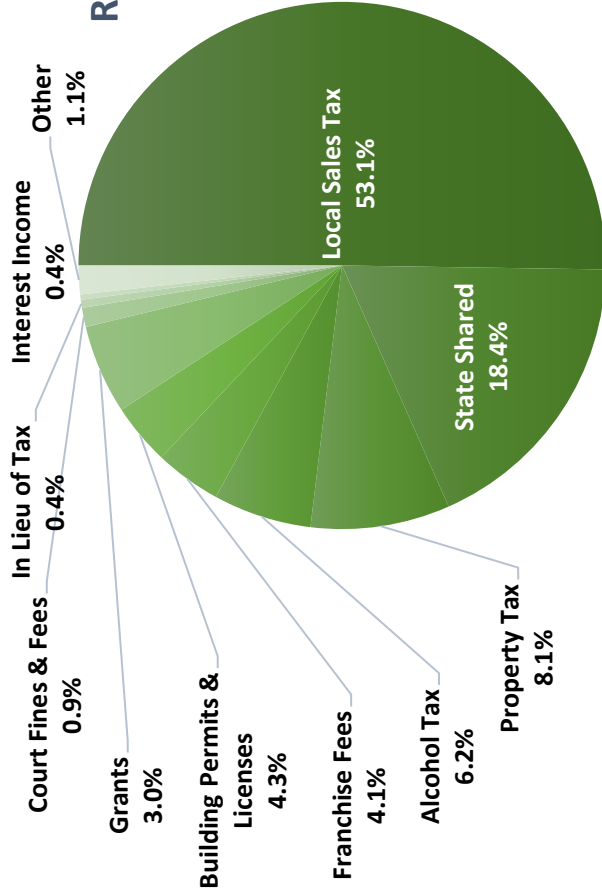
**Summary (General Fund)**

**Percent of All Revenues**

**47.4%**

The General Fund for the City of Franklin is the largest and most important of the City's 12 funds used for financing City services. Although it comprises over 40 individual revenue sources, this analysis focuses on the Top 10 revenue sources, which comprise nearly 99% of the total as of 2017.

On the following pages, please find a preview of each of these Top 10 revenue sources, with discussion and detail of each an preliminary, low middle and high estimates for FY 2017. It is important to remember that this is the best estimate we have available. Even though we are one-half through the fiscal year, actual receipts have only been received through four to five months in many major revenue categories. It is impossible to precisely predict how much revenue will actually be available in the ensuing fiscal year.



**Top Ten Revenue Categories**

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Local Sales Tax	\$ 22,720,666	\$ 24,197,413	\$ 25,995,733	\$ 27,254,742	\$ 28,943,994
State Shared	\$ 8,451,880	\$ 8,841,675	\$ 9,906,104	\$ 10,677,057	\$ 12,796,277
Property Tax	\$ 6,438,848	\$ 6,426,577	\$ 6,457,052	\$ 6,266,420	\$ 5,546,050
Alcohol Tax	\$ 2,865,433	\$ 3,084,136	\$ 3,323,302	\$ 3,373,143	\$ 3,630,037
Franchise Fees	\$ 2,030,529	\$ 1,900,254	\$ 2,174,803	\$ 2,449,724	\$ 2,462,903
Building Permits & Licenses	\$ 1,318,725	\$ 1,620,166	\$ 1,592,736	\$ 2,088,774	\$ 2,208,560
Grants	\$ 1,710,579	\$ 755,372	\$ 1,353,926	\$ 520,921	\$ 289,382
Court Fines & Fees	\$ 798,415	\$ 887,349	\$ 738,785	\$ 657,229	\$ 586,479
In Lieu of Tax	\$ 341,652	\$ 355,632	\$ 339,808	\$ 325,018	\$ 326,887
Interest Income	\$ 415,422	\$ 144,574	\$ 166,679	\$ 189,013	\$ 145,098
<b>Top Ten Revenue Sources</b>	<b>\$ 47,092,149</b>	<b>\$ 48,213,148</b>	<b>\$ 52,048,928</b>	<b>\$ 53,802,041</b>	<b>\$ 56,935,668</b>
Other	\$ 5,448,196	\$ 3,601,890	\$ 628,441	\$ 3,116,463	\$ 553,601

	Budget	Estimated
	<b>FY 2016 (B)</b>	<b>FY 2016 (E)</b>
	\$ 30,956,053	\$ 31,603,598
	\$ 11,172,496	\$ 11,106,242
	\$ 5,263,794	\$ 5,221,061
	\$ 3,716,599	\$ 3,733,990
	\$ 2,511,230	\$ 2,504,860
	\$ 2,315,577	\$ 2,623,851
	\$ 3,371,336	\$ 2,071,336
	\$ 720,572	\$ 399,468
	\$ 306,131	\$ 318,687
	\$ 197,802	\$ 212,637
<b>Top Ten Revenue Sources</b>	<b>\$ 60,531,589</b>	<b>\$ 59,795,731</b>
Other	\$ 1,084,605	\$ 619,673

	Low	Medium	High
	\$ 32,393,688	\$ 33,183,778	\$ 33,341,796
	\$ 10,810,119	\$ 11,148,733	\$ 11,579,499
	\$ 4,735,695	\$ 5,873,793	\$ 7,473,920
	\$ 3,820,750	\$ 3,888,565	\$ 3,923,460
	\$ 2,512,161	\$ 2,536,790	\$ 2,561,419
	\$ 2,692,100	\$ 2,741,289	\$ 2,790,478
	\$ 1,828,300	\$ 1,828,300	\$ 1,828,300
	\$ 536,058	\$ 560,935	\$ 585,811
	\$ 271,366	\$ 271,369	\$ 271,372
	\$ 212,637	\$ 217,582	\$ 222,527
<b>Top Ten Revenue Sources</b>	<b>\$ 59,812,875</b>	<b>\$ 62,251,134</b>	<b>\$ 64,578,582</b>
Other	\$ 1,888,449	\$ 1,896,716	\$ 1,904,982

	Budget	Estimated
<b>Total General Fund Revenues</b>	<b>\$ 61,616,194</b>	<b>\$ 60,415,403</b>

	Low	Medium	High
<b>Total General Fund Revenues</b>	<b>\$ 61,701,324</b>	<b>\$ 64,147,849</b>	<b>\$ 66,483,564</b>

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Change Year-over-Year</b>	<b>12.5%</b>	<b>-1.4%</b>	<b>1.7%</b>	<b>8.1%</b>	<b>1.0%</b>

	Low	Medium	High
<b>Change Year-over-Year</b>	<b>0.1%</b>	<b>4.1%</b>	<b>7.9%</b>



**Summary (General Fund)**

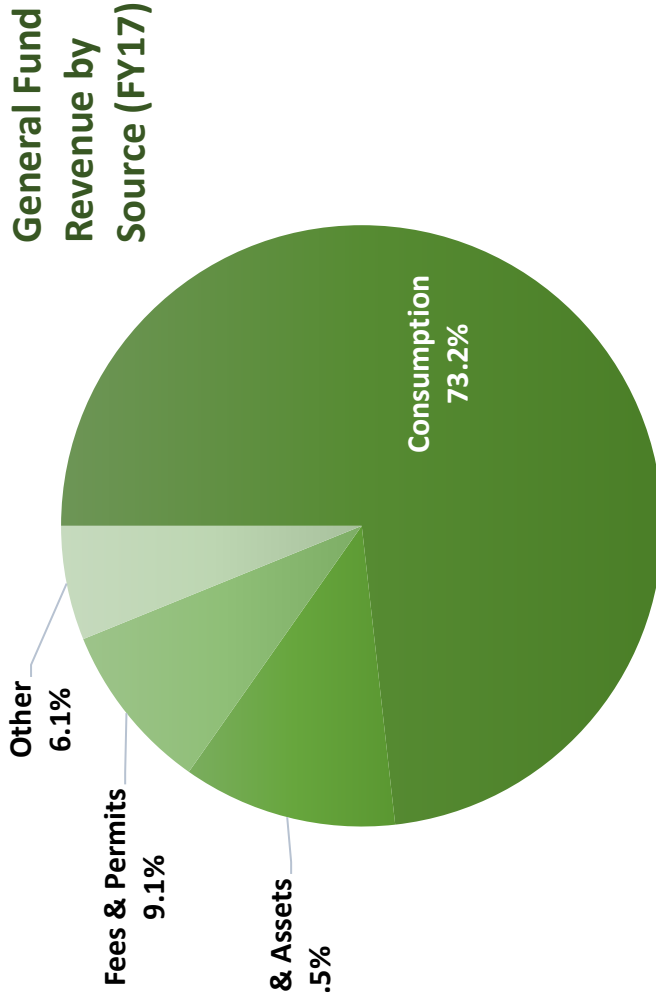
**Percent of All Revenues**

**47.4%**

The City of Franklin relies upon a variety of different sources to fund general operations, but essentially there are only four sources of revenue: taxes on consumption, taxes derived from wealth & assets, permitting & fees for services, and "Other."

The largest category - by far - are revenues derived from the consumption of goods and services. This source - taxes on retail sales and alcohol consumption - comprises nearly three of every four dollars the City receives for the General Fund. All other sources - wealth & assets (property & income taxes), fees & permits (proceeds from permits, fees & licenses recovered for City services provided), and other (in lieu of taxes, earned interest income, grants and miscellaneous revenue) - make up only one out of every four dollars received. This heavy reliance on consumption taxes will increase with the gradual repeal of the Hall Income Tax, beginning in FY2017 and ending in FY2022.

Heavy dependency on consumption taxes places the City in a vulnerable position during downturns in the business cycle and economic retrenchments, such as the financial events of the 2007-2009 period. City revenue dropped by over 15% within twelve months, requiring extreme measures to continue critical services to the citizenry.



**Top Ten Revenue Categories**

	Actual				Budget		FY 2017 Forecast			
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 (B)	FY 2016 (E)	Low	Medium	High
<b>Consumption</b>	<b>\$ 32,809,743</b>	<b>\$ 35,330,051</b>	<b>\$ 37,895,674</b>	<b>\$ 39,308,908</b>	<b>\$ 42,289,111</b>	<b>\$ 44,245,147</b>	<b>\$ 44,943,830</b>	<b>\$ 46,024,557</b>	<b>\$ 46,971,077</b>	<b>\$ 47,344,754</b>
Local Sales Tax	\$ 22,720,666	\$ 24,197,413	\$ 25,995,733	\$ 27,254,742	\$ 28,943,994	\$ 30,956,053	\$ 31,603,598	\$ 32,393,688	\$ 33,183,778	\$ 33,341,796
State Shared	\$ 7,223,644	\$ 8,048,502	\$ 8,576,639	\$ 8,681,023	\$ 9,715,080	\$ 9,572,496	\$ 9,606,242	\$ 9,810,119	\$ 9,898,733	\$ 10,079,499
Alcohol Tax	\$ 2,865,433	\$ 3,084,136	\$ 3,323,302	\$ 3,373,143	\$ 3,630,037	\$ 3,716,599	\$ 3,733,990	\$ 3,820,750	\$ 3,888,565	\$ 3,923,460
<b>Wealth &amp; Assets</b>	<b>\$ 8,008,736</b>	<b>\$ 7,575,382</b>	<b>\$ 8,126,325</b>	<b>\$ 8,587,472</b>	<b>\$ 8,954,134</b>	<b>\$ 7,169,925</b>	<b>\$ 7,039,748</b>	<b>\$ 6,007,061</b>	<b>\$ 7,395,162</b>	<b>\$ 9,245,292</b>
Property Tax	\$ 6,438,848	\$ 6,426,577	\$ 6,457,052	\$ 6,266,420	\$ 5,546,050	\$ 5,263,794	\$ 5,221,061	\$ 4,735,695	\$ 5,873,793	\$ 7,473,920
Hall Income Tax	\$ 1,228,236	\$ 793,173	\$ 1,329,465	\$ 1,996,034	\$ 3,081,197	\$ 1,600,000	\$ 1,500,000	\$ 1,000,000	\$ 1,250,000	\$ 1,500,000
In Lieu of Tax	\$ 341,652	\$ 355,632	\$ 339,808	\$ 325,018	\$ 326,887	\$ 306,131	\$ 318,687	\$ 271,366	\$ 271,369	\$ 271,372
<b>Fees &amp; Permits</b>	<b>\$ 4,147,669</b>	<b>\$ 4,407,769</b>	<b>\$ 4,506,324</b>	<b>\$ 5,195,727</b>	<b>\$ 5,257,943</b>	<b>\$ 5,547,378</b>	<b>\$ 5,528,179</b>	<b>\$ 5,740,319</b>	<b>\$ 5,839,014</b>	<b>\$ 5,937,709</b>
Franchise Fees	\$ 2,030,529	\$ 1,900,254	\$ 2,174,803	\$ 2,449,724	\$ 2,462,903	\$ 2,511,230	\$ 2,504,860	\$ 2,512,161	\$ 2,536,790	\$ 2,561,419
Building Permits & Licenses	\$ 1,318,725	\$ 1,620,166	\$ 1,592,736	\$ 2,088,774	\$ 2,208,560	\$ 2,315,577	\$ 2,623,851	\$ 2,692,100	\$ 2,741,289	\$ 2,790,478
Court Fines & Fees	\$ 798,415	\$ 887,349	\$ 738,785	\$ 657,229	\$ 586,479	\$ 720,572	\$ 399,468	\$ 536,058	\$ 560,935	\$ 585,811
<b>Other</b>	<b>\$ 7,574,197</b>	<b>\$ 4,501,836</b>	<b>\$ 2,149,046</b>	<b>\$ 3,826,397</b>	<b>\$ 988,081</b>	<b>\$ 4,653,743</b>	<b>\$ 2,903,646</b>	<b>\$ 3,929,387</b>	<b>\$ 3,942,598</b>	<b>\$ 3,955,809</b>
Grants	\$ 1,710,579	\$ 755,372	\$ 1,353,926	\$ 520,921	\$ 289,382	\$ 3,371,336	\$ 2,071,336	\$ 1,828,300	\$ 1,828,300	\$ 1,828,300
Interest Income	\$ 415,422	\$ 144,574	\$ 166,679	\$ 189,013	\$ 145,098	\$ 197,802	\$ 212,637	\$ 212,637	\$ 217,582	\$ 222,527
Other	\$ 5,448,196	\$ 3,601,890	\$ 628,441	\$ 3,116,463	\$ 553,601	\$ 1,084,605	\$ 619,673	\$ 1,888,449	\$ 1,896,716	\$ 1,904,982
<b>Total General Fund Revenues</b>	<b>\$ 52,540,345</b>	<b>\$ 51,815,038</b>	<b>\$ 52,677,369</b>	<b>\$ 56,918,504</b>	<b>\$ 57,489,269</b>	<b>\$ 61,616,194</b>	<b>\$ 60,415,403</b>	<b>\$ 61,701,324</b>	<b>\$ 64,147,849</b>	<b>\$ 66,483,564</b>





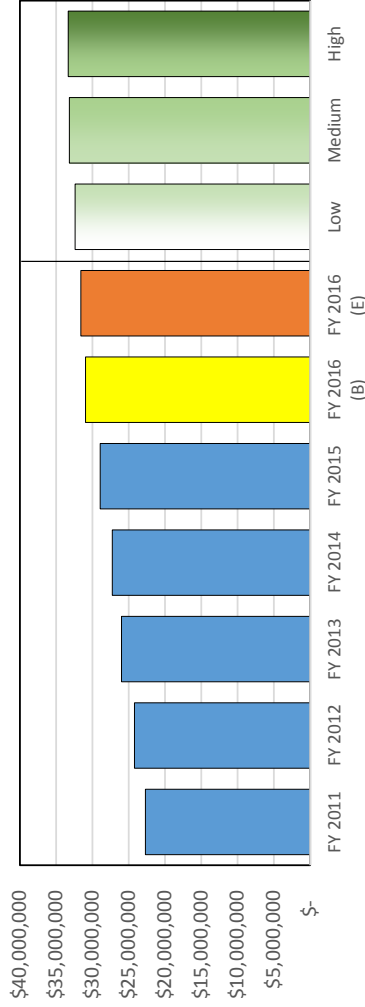
# City of Franklin

Revenue Model

<b>Fund:</b>	<b>General Fund</b>	<b>Category:</b>	<b>Local Sales Tax</b>	<b>Percent of Total General Fund Revenues</b>	<b>51.7%</b>
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Local Sales Tax is the City's primary revenue source. Roughly half of our General Fund revenue comes from this source. In addition to the State-imposed 7% sales tax, the City has a 2.25% local sales tax, which is below the 2.75% allowed by State law. Local sales tax revenue is shared equally with education, which is provided by Williamson County Schools and the Franklin Special School District. Significant erosion in collections occurred, starting in 2008 and continuing through the first half of 2010, due to the national economic situation, increased gas prices and increased competition from alternative shopping options in the region. However, a rebound started midway through FY 2010 and collections have exceeded the previous year's level for four consecutive years. This steady, continuous improvement is expected to continue in FY2016 & 2017.

Annual Sales Tax Revenue - FY 2011-2017



	Actual				Budget	Estimated	Forecasts (FY 2017)			Averages	
	FY 2011	FY 2012	FY 2013	FY 2014			FY 2015	FY 2016 (B)	FY 2016 (E)		Low
<b>July</b>	1,769,523	1,925,395	2,003,719	2,113,374	2,580,396	2,477,648	2,539,589	2,613,919	2,601,530	2,613,919	
<b>August</b>	1,774,021	1,843,928	2,101,518	2,115,836	2,376,444	2,420,112	2,480,615	2,553,218	2,541,118	2,553,218	<b>3-yr Average</b>
<b>September</b>	1,888,809	1,946,970	2,065,402	2,178,174	2,457,682	2,571,551	2,635,840	2,712,986	2,700,129	2,712,986	<b>4.3%</b>
<b>October</b>	1,767,404	1,881,099	2,026,866	2,117,978	2,408,472	2,485,463	2,547,600	2,622,163	2,609,736	2,622,163	<b>5-Yr Average</b>
<b>November</b>	1,892,149	1,998,723	2,176,371	2,419,578	2,483,939	2,579,785	2,644,280	2,721,673	2,708,774	2,721,673	<b>\$ 25,822,510</b>
<b>December</b>	2,670,491	2,902,675	3,012,759	3,097,595	3,462,945	3,752,983	3,846,808	3,959,397	3,940,632	3,959,397	<b>4.0%</b>
<b>January</b>	1,552,324	1,722,901	1,948,752	1,926,687	2,151,840	2,151,378	2,205,162	2,269,704	2,258,947	2,269,704	<b>10-Yr Average</b>
<b>February</b>	1,628,745	1,729,002	1,856,748	1,973,541	1,967,151	1,986,823	2,036,493	2,096,098	2,086,164	2,096,098	<b>\$ 24,031,132</b>
<b>March</b>	1,979,080	2,191,405	2,265,006	2,421,918	2,916,661	2,945,828	3,019,473	3,107,848	3,093,119	3,107,848	<b>2.9%</b>
<b>April</b>	1,866,180	1,897,741	2,168,372	2,201,566	2,525,803	2,551,061	2,614,838	2,691,370	2,678,614	2,691,370	<b>20-Yr Average</b>
<b>May</b>	1,884,275	1,989,477	2,109,923	2,323,975	2,647,902	2,674,381	2,741,241	2,821,472	2,808,100	2,821,472	<b>\$ 18,739,546</b>
<b>June</b>	2,047,664	2,168,095	2,260,297	2,364,520	2,976,817	3,006,586	3,081,750	3,171,948	3,156,915	3,171,948	<b>3.3%</b>
<b>Totals</b>	<b>\$ 22,720,666</b>	<b>\$ 24,197,413</b>	<b>\$ 25,995,733</b>	<b>\$ 27,254,742</b>	<b>\$ 30,956,053</b>	<b>\$ 31,603,598</b>	<b>\$ 32,393,688</b>	<b>\$ 33,183,778</b>	<b>\$ 33,183,778</b>	<b>\$ 33,341,796</b>	

Source: City of Franklin, Comprehensive Annual Financial Reports - 1990-2015 & Estimates from Finance & Revenue Management Departments.

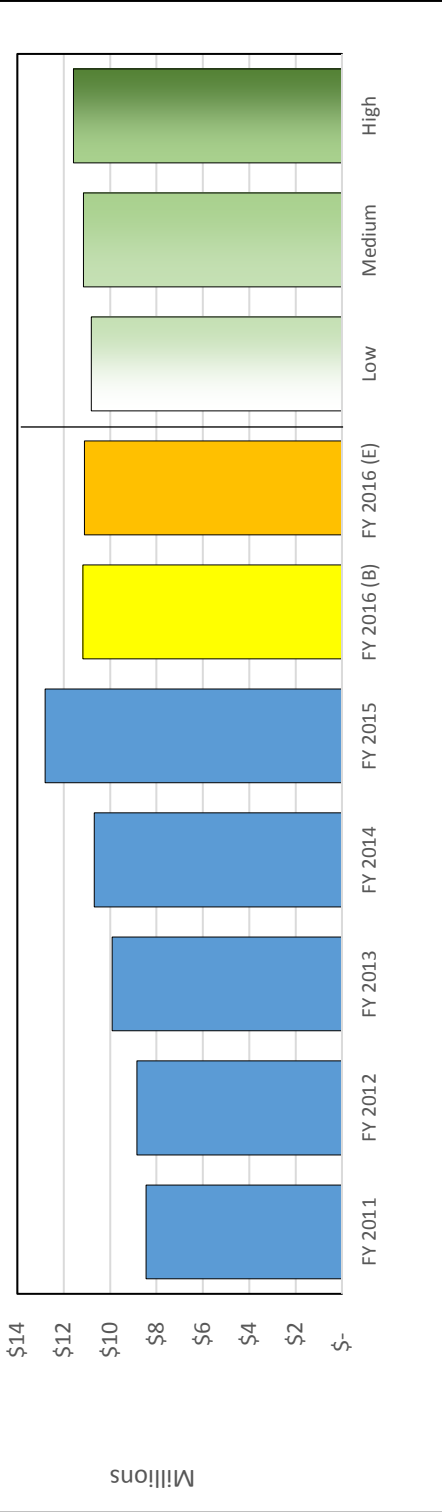


**City of Franklin**  
Revenue Model

<b>Fund:</b> General Fund	<b>Category:</b> State Shared	<b>Percent of Total General Fund Revenues</b> 17.4%
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State Shared taxes: We receive significant revenue from the State in the form of shared taxes with distribution based primarily on population. The major sources are from the Sales Tax, Business Tax, Hall Income Tax (dividends / interest), TVA in Lieu Of, Beer Tax, Mixed Drink Taxes and the Bank Excise Tax. These are sent to us monthly or quarterly around the 20th except for the Income tax (annual) and the excise Tax which are semi-annual remittances.

**State Shared Tax Revenue - FY 2011-2017**



	Actual					Budget	Estimated	Forecasts (FY 2017)			Averages	
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015			FY 2016 (B)	FY 2016 (E)	Low		Medium
Sales Tax (State)	3,767,317	4,242,695	4,324,811	4,496,081	5,033,141	5,152,886	5,330,967	5,464,241	5,498,130	5,624,170	3-yr Average	\$ 11,126,479
Beer Tax (State)	29,329	30,674	30,894	29,568	31,743	31,211	34,566	34,566	34,912	35,258	5-Yr Average	\$ 10,134,599
State Excise Tax - BANK	13,498	15,260	38,427	94,685	115,165	97,052	98,023	99,983	100,964	101,944		0.1%
In Lieu of Tax (TVA)	632,821	722,090	712,731	691,474	769,381	759,378	766,972	774,642	782,311	789,981		
Business License (Local Share)	261,720	283,442	318,552	320,747	13,456	326,780	326,780	326,780	326,780	326,780		
Transient/Peddler Bus. License					2,448	300	300	300	300	300		2.0%
Business Tax (State)	2,518,958	2,754,341	3,151,224	3,048,468	3,410,424	3,204,888	3,048,634	3,109,607	3,155,336	3,201,066	10-Yr Average	\$ 7,726,909
Income Tax (State)	1,228,236	793,173	1,329,465	1,996,034	3,081,197	1,600,000	1,500,000	1,000,000	1,250,000	1,500,000	20-Yr Average	\$ 5,245,962
Business Tax Record Fee - State					339,322	-	-	-	-	-		4.5%
<b>Totals</b>	<b>\$ 8,451,880</b>	<b>\$ 8,841,675</b>	<b>\$ 9,906,104</b>	<b>\$ 10,677,057</b>	<b>\$ 12,796,277</b>	<b>\$ 11,172,496</b>	<b>\$ 11,106,242</b>	<b>\$ 10,810,119</b>	<b>\$ 11,148,733</b>	<b>\$ 11,579,499</b>		<b>5.6%</b>

Source: City of Franklin, Comprehensive Annual Financial Reports - 1990-2015 & Estimates from Finance & Revenue Management Departments.



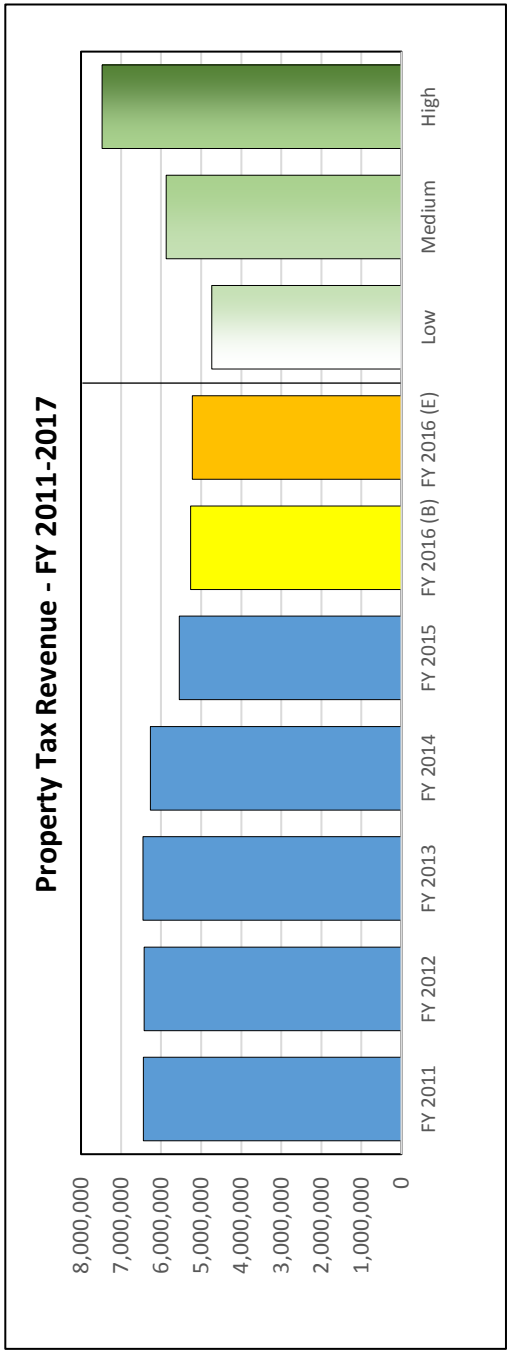


# City of Franklin

Revenue Model

**Fund:** General Fund      **Category:** Property Tax      **Percent of Total General Fund Revenues** 9.2%

**Property Tax:** Citizens of Franklin pay property tax to two entities - the City of Franklin and Williamson County. Bills are issued on October 1st and are due by February 28th without penalty/interest. Historically, about 80% of property taxes are collected in December and February. The County is now collecting property tax for the City.



	Actual					Budget			Estimated			Forecasts (FY 2017)			Averages	
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 (B)	FY 2016 (E)	Low	Medium	High	3-yr Average	5-Yr Average				
Property Taxes	11,785,700	11,718,525	11,902,186	12,342,702	13,742,347	14,730,684	14,489,490	14,383,151	15,805,661	17,228,170	\$ 6,089,841					
Less: Due to IDB	(655,355)	(740,899)	(786,760)	(944,274)	(1,041,403)	(1,300,000)	(1,300,000)	(1,300,000)	(1,325,000)	(1,300,000)						
Less: Debt Service Fund	(4,952,567)	(4,830,155)	(4,779,633)	(5,357,261)	(6,350,472)	(7,426,254)	(7,232,613)	(7,477,356)	(7,477,356)	(7,477,356)						
Less: Unavailable Revenue (uncollected at year-end)	(216,551)	(154,909)	(148,036)	(143,000)	(153,193)	(153,000)	(153,000)	(150,000)	(150,000)	(150,000)						
Less: Capital Projects Set-Aside	-	-	-	-	(508,038)	(528,418)	(526,008)	(535,050)	(689,756)	(588,447)						
Less: Street Aid Set-Aside	-	-	-	-	(508,038)	(528,418)	(526,008)	(535,050)	(689,756)	(588,447)						
Pickups (primarily RR and Public)	370,138	339,166	218,645	285,573	-	224,400	224,400	150,000	250,000	150,000						
Plus: Prior Year Collections	107,483	94,849	50,650	82,680	364,847	244,800	244,800	200,000	150,000	200,000						
<b>Totals</b>	6,438,848	6,426,577	6,457,052	6,266,420	5,546,050	5,263,794	5,221,061	4,735,695	5,873,793	7,473,920						

Source: City of Franklin, Comprehensive Annual Financial Reports - 1990-2015 & Estimates from Finance & Revenue Management Departments.

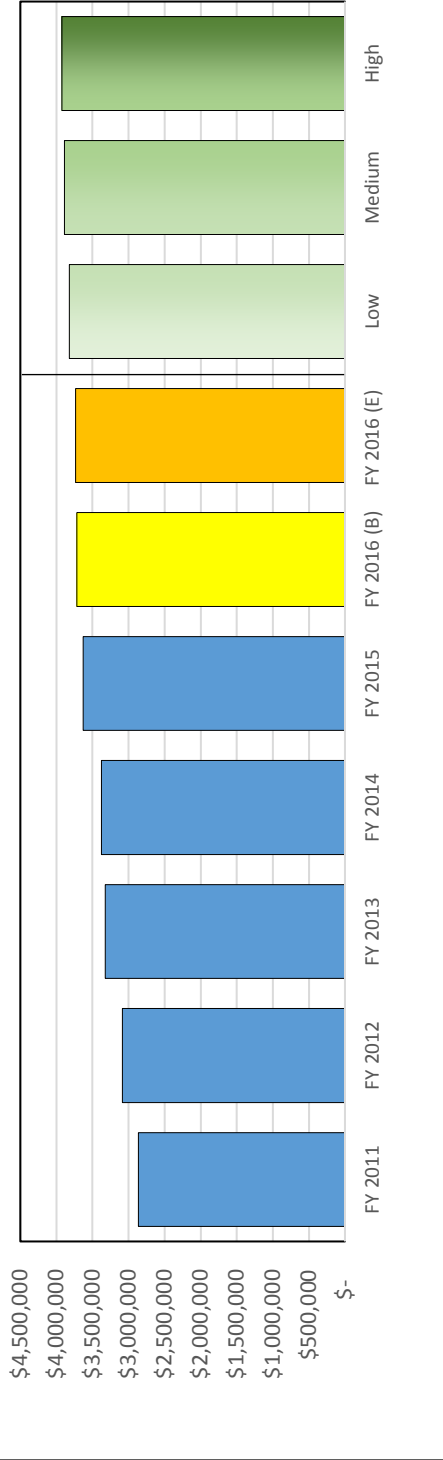


**Fund: General Fund**      **Category: Alcohol Tax**      **Percent of Total General Fund Revenues 6.1%**

Alcohol taxes (local): We receive wholesale beer/liquor revenue from distributors (these are not located locally) and privilege taxes from local businesses each month. This revenue comes in about the 20th of each month and is fairly consistent across the Fiscal year, with a slight falloff during the winter months.

The leveling forecast in Wholesale Beer Tax is due to a decision made by the state in 2013 to tax sales on volume sold and not total sales (volume x price). This has started to reduce collections, as is evident in the FY 2014 actual column.

**Alcohol Tax Revenue - FY 2011-2017**



	Actual			Budget		Estimated	Forecasts (FY 2017)			Averages
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 (B)	FY 2016 (E)	Low	Medium	High
Beer Tax - Wholesale	1,421,683	1,503,877	1,585,289	1,507,185	1,544,139	1,629,340	1,646,038	1,662,498	1,695,419	1,695,419
Beer Privilege Tax (Renewal)	19,918	21,195	21,517	20,742	21,660	22,304	22,421	22,645	22,869	23,093
Liquor Tax - Wholesale	854,254	915,105	1,015,623	1,095,467	1,190,758	1,241,502	1,234,625	1,265,490	1,284,010	1,302,529
Liquor Privilege Tax	72,005	75,205	91,920	87,065	90,800	95,945	93,418	95,754	97,155	98,556
Mixed Drink Tax	497,573	568,754	608,953	662,684	782,681	727,508	737,488	774,363	789,113	803,862
<b>Totals</b>	<b>\$ 2,865,433</b>	<b>\$ 3,084,136</b>	<b>\$ 3,323,302</b>	<b>\$ 3,373,143</b>	<b>\$ 3,630,037</b>	<b>\$ 3,716,599</b>	<b>\$ 3,733,990</b>	<b>\$ 3,820,750</b>	<b>\$ 3,888,565</b>	<b>\$ 3,923,460</b>
<b>Averages</b>										
<b>3-yr Average</b>										
	<b>\$ 3,442,161</b>									
<b>2.7%</b>										
<b>5-Yr Average</b>										
	<b>\$ 3,255,210</b>									
<b>2.8%</b>										
<b>10-Yr Average</b>										
	<b>\$ 2,890,334</b>									
<b>2.9%</b>										
<b>20-Yr Average</b>										
	<b>\$ 2,205,653</b>									
<b>3.4%</b>										

Source: City of Franklin, Comprehensive Annual Financial Reports - 1990-2015 & Estimates from Finance & Revenue Management Departments.

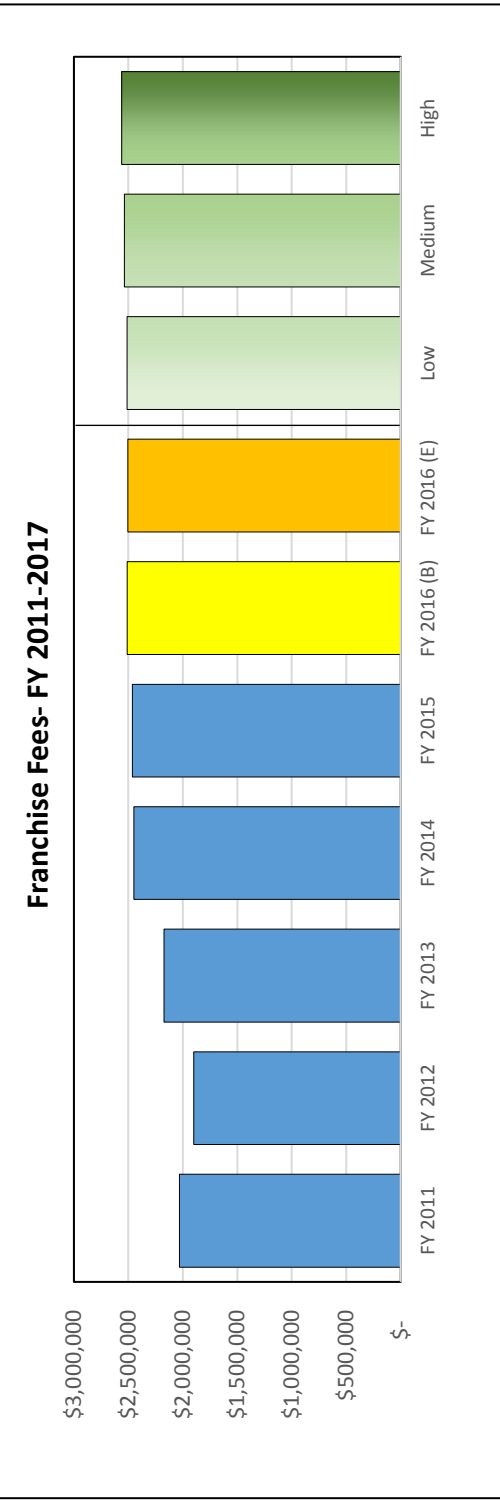


# City of Franklin

Revenue Model

<b>Fund:</b> General Fund	<b>Category:</b> Franchise Fees	<b>Percent of Total General Fund Revenues</b> 4.0%
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Franchise Fees: Collected by the City from cable and gas utility providers, franchise fees are payments received by the City from utility companies for the privilege of using City right of way to provide service within the City limits. These payments are received annually from Comcast Cable, Piedmont Energy and Atmos Energy. The City receives payments from AT&T on a quarterly basis. Payments are determined through terms set in the franchise agreements.



	Actual			Budget			Estimated			Forecasts (FY 2017)			Averages	
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 (B)	FY 2016 (E)	Low	Medium	High	3-yr Average	5-Yr Average	10-Yr Average	20-Yr Average
ATMOS	1,084,874	897,371	1,148,193	1,351,330	1,331,989	1,344,390	1,344,390	1,358,629	1,371,949	1,385,269	\$ 2,362,477	\$ 2,203,643	\$ 1,932,637	\$ 1,259,343
Comcast	797,921	820,050	827,377	875,035	886,358	932,791	926,422	904,085	912,948	921,812	2.1%	2.8%	3.0%	5.0%
Piedmont	65,570	63,980	54,058	60,098	24,103	64,063	64,063	24,585	24,826	25,067				
AT&T	82,164	118,853	145,175	163,261	220,453	169,986	169,986	224,862	227,067	229,271				
<b>Totals</b>	<b>\$ 2,030,529</b>	<b>\$ 1,900,254</b>	<b>\$ 2,174,803</b>	<b>\$ 2,449,724</b>	<b>\$ 2,462,903</b>	<b>\$ 2,511,230</b>	<b>\$ 2,504,860</b>	<b>\$ 2,512,161</b>	<b>\$ 2,536,790</b>	<b>\$ 2,561,419</b>				

Source: City of Franklin, Comprehensive Annual Financial Reports - 1990-2015 & Estimates from Finance & Revenue Management Departments.



**Fund:** General Fund

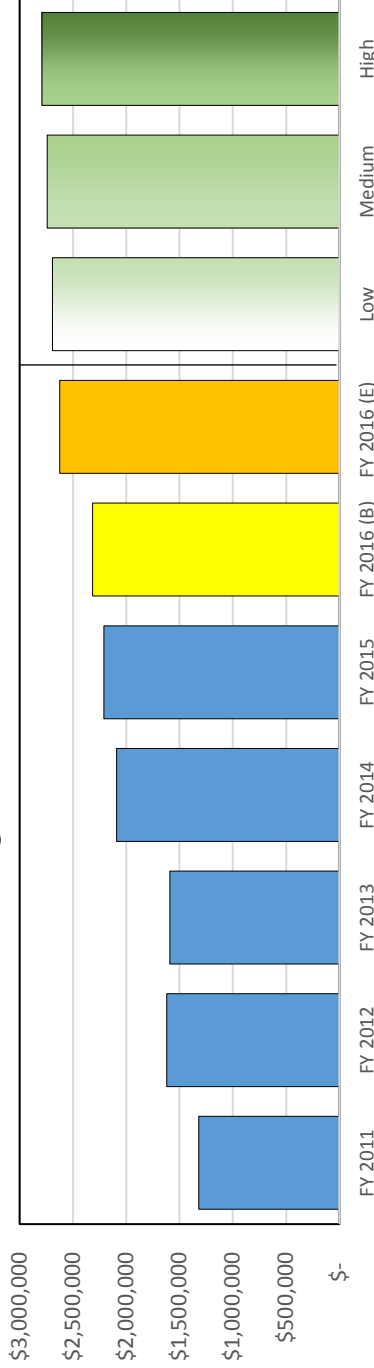
**Category:** Building Permits & Licenses

**Percent of Total General Fund Revenues**

**4.3%**

**Building Permits & Licenses:** These fees are paid to the City to offset and pay for the staffing costs borne by the City to extend services due to construction growth. There has been growth in both residential and commercial sides of development. This revenue has been difficult to predict by month because permits are often obtained and fees paid in advance of construction. The fees in this group include building permits, electrical inspections, mechanical permits, plumbing permits, plans review fees, sign permits, reinspection fees, mechanical licenses, grading permits, plumbing license, consultant fees, cafe fees, and tree cutting permits.

**Building Permits & Licenses - FY 2011-2017**



	Actual			Budget	Estimated	Forecasts (FY 2017)			Averages			
	FY 2011	FY 2012	FY 2013			FY 2014	FY 2015	FY 2016 (B)		FY 2016 (E)	Low	Medium
Mechanical License	5,200	4,000	3,850	3,500	3,877	3,731	5,213	5,343	5,422	5,500	3-yr Average	\$ 1,963,357
Mechanical Permits	105,506	151,167	103,374	183,383	138,384	195,437	146,797	150,467	152,669	154,871	5-Yr Average	\$ 1,765,792
Building Permits	820,111	855,409	1,046,947	1,343,978	1,426,188	1,373,951	1,631,376	1,672,160	1,696,631	1,721,101	10-Yr Average	\$ 1,818,199
Technology Fee					44,129	30,000	177,900	50,000	62,500	75,000	20-Yr Average	\$ 1,377,962
Plumbing License	4,169	3,382	3,802	3,224	3,025	3,178	3,445	3,531	3,583	3,635		
Plumbing Permits	102,788	130,541	128,139	145,525	94,177	156,436	123,575	126,665	128,518	130,372		
Electrical Inspections	186,224	371,001	233,078	281,106	237,101	322,486	312,033	319,833	324,514	329,194		
Planning Fees (Plans Review)	66,869	80,349	45,049	17,732	43,335	51,250	42,136	43,189	43,821	44,453		
Consultant Fees	11,054	716	1,147	1,000	2,100	1,230	2,062	2,114	2,144	2,175		
Reinspection Fees	3,920	9,600	10,328	16,872	13,400	12,300	12,810	13,130	13,322	13,514		
Sign Permits	9,459	10,456	11,002	9,895	10,946	10,250	9,532	9,770	9,913	10,056		
Cafe Fees	-	420	920	8,590	-	1,025	1,025	1,051	1,066	1,081		
Tree Cutting Permits	25	25	-	-	-	103	103	105	107	108		
Grading Permits	3,400	3,100	5,100	3,000	-	4,203	4,203	4,308	4,371	4,434		
Roadway Inspections	-	-	-	70,969	191,898	150,000	151,642	155,433	157,708	159,983		
Traffic Impact Study Fees	-	-	-	-	-	-	-	-	-	-		
<b>Totals</b>	<b>\$ 1,318,725</b>	<b>\$ 1,620,166</b>	<b>\$ 1,592,736</b>	<b>\$ 2,088,774</b>	<b>\$ 2,208,560</b>	<b>\$ 2,315,577</b>	<b>\$ 2,623,851</b>	<b>\$ 2,692,100</b>	<b>\$ 2,741,289</b>	<b>\$ 2,790,478</b>		

Source: City of Franklin, Comprehensive Annual Financial Reports - 1991-2015 & Estimates from Finance & Revenue Management Departments.

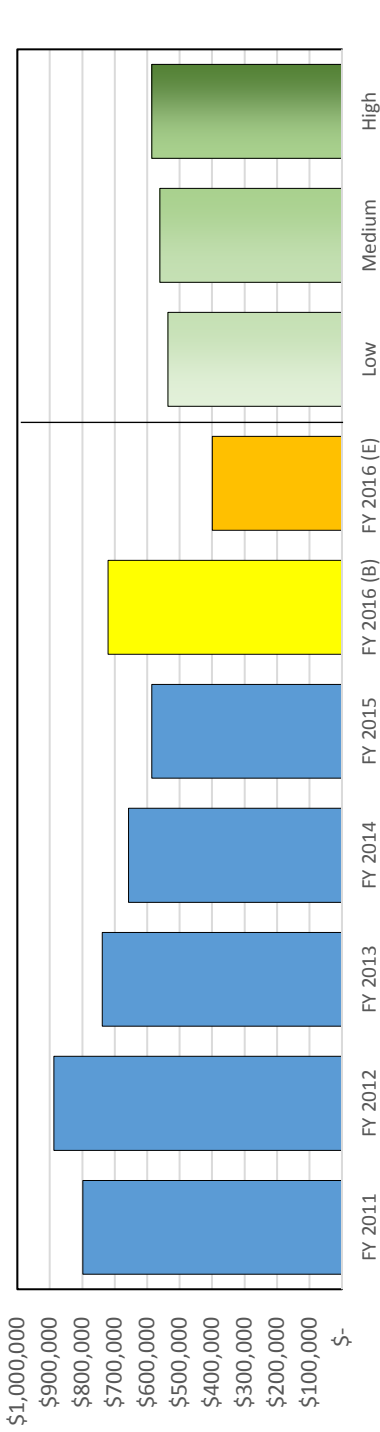


**City of Franklin**  
Revenue Model

<b>Fund:</b> General Fund	<b>Category:</b> Court Fines & Fees	<b>Percent of Total General Fund Revenues</b> 0.9%
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**Court Fines & Fees:** The City Court collects fees/fines for traffic violations and property maintenance violations. A major initiative was taken in 2013 to submit outstanding debts to a collection agency. The primary reason for a revenue decrease in 2013 and 2014 is a change in accounting to net amounts due the State against revenue, rather than show those amounts under expenditures in Revenue Management. (with that change, Revenue Management's expenditures were lower as well.) Revenues are anticipated to be lower again in FY 2016 than budgeted, so FY 2017 estimates are based in line with FY 2015 actuals.

**Court Fines & Fees Revenue - FY 2011-2017**



	Actual					Budget			Estimated			Forecasts (FY 2017)			Averages		
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 (B)	FY 2016 (E)	Low	Medium	High	3-yr Average	5-Yr Average	10-Yr Average	20-Yr Average			
Court Costs	-	-	53,371	1,160	190	1,025	-	-	-	-	-	-	-	-			
Fines/Fees - Mun Court	714,013	808,105	375,719	297,088	153,472	335,109	149,723	158,809	160,376	161,943	\$ 660,831	\$ 733,651	\$ 842,642	\$ 695,203			
Court-Local Litigation Tax	-	-	9,728	11,027	8,096	10,250	4,500	4,857	4,905	4,952	3.0%						
Court-Bad Check	-	-	920	525	181	1,025	-	-	-	-							
Court Collection Fee	-	-	-	-	963	-	-	500	500	500							
Delinquent Court Fees & Fines	-	-	35,282	35,261	24,816	26,271	13,190	15,461	15,613	15,765	-0.4%						
Court-Driving School	-	-	33,248	108,442	71,345	99,210	67,065	62,488	63,104	63,719							
Court-Admin Fee	-	-	2,803	2,739	1,844	2,050	2,585	1,244	1,256	1,269							
Fines - Gen Sessions	67,107	63,746	79,344	71,762	128,355	79,438	89,177	91,776	92,681	93,585							
Officer Costs - General Sessions/Circuit Court	-	-	-	-	104,411	-	-	87,933	88,800	89,666							
Parking Fines - Mun Court	17,295	13,813	17,744	12,070	10,427	15,375	10,197	9,916	10,013	10,111							
Fines - Traffic Offenses	-	-	126,898	113,242	78,843	88,257	60,570	59,881	60,471	61,061							
Failure To Appear - Fine	-	-	3,725	3,913	3,536	2,563	2,260	2,294	2,317	2,339							
Technology Fee	-	-	-	-	-	60,000	-	40,900	60,900	80,900							
Confiscated Goods (Federal)	-	-	-	-	-	-	201	-	-	-							
Confiscated Goods (State)	-	1,685	3	-	-	-	-	-	-	-							
<b>Totals</b>	<b>\$ 798,415</b>	<b>\$ 887,349</b>	<b>\$ 738,785</b>	<b>\$ 657,229</b>	<b>\$ 586,479</b>	<b>\$ 720,572</b>	<b>\$ 399,468</b>	<b>\$ 536,058</b>	<b>\$ 560,935</b>	<b>\$ 585,811</b>							

Source: City of Franklin, Comprehensive Annual Financial Reports - 1990-2015 & Estimates from Finance & Revenue Management Departments.

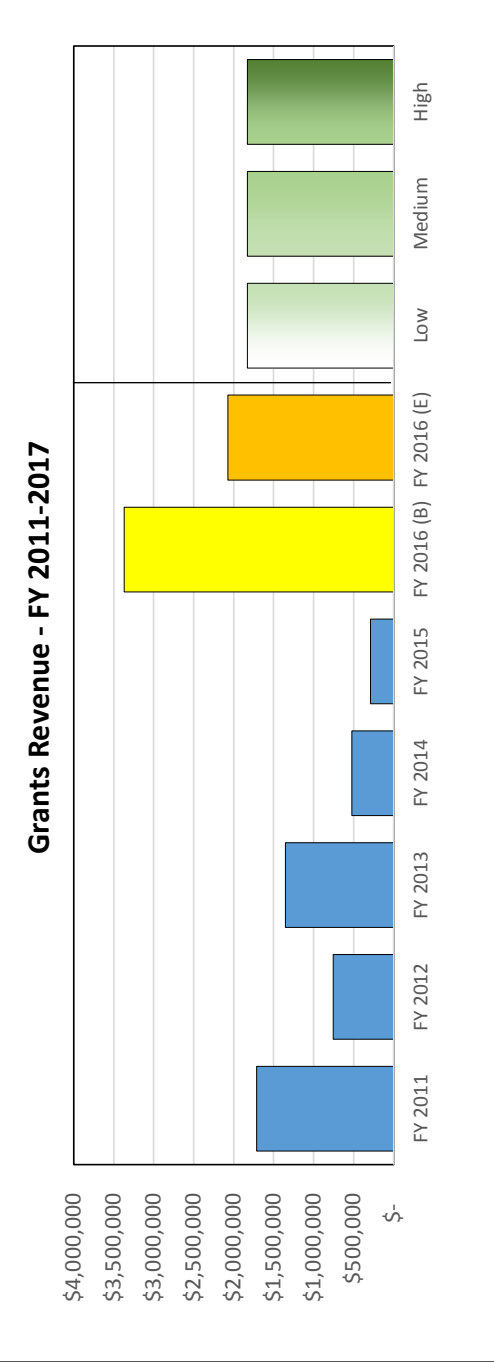




**Fund:** General **Category:** Grants **Percent of Total General Fund Revenues** 2.9%

Grants (Federal/State): In 2014, these grants consisted of the Traffic Operations Center (\$2,000,000), parks grants (\$341,717) and funds outstanding from FEMA/TEMA for the May 2010 Flood (\$100,000). In 2015, these grants consisted of money for the TOC (\$1,000,000), various Parks Grants (\$223,103) and several other grants.

Please note: Although the City has received other grants such as the Hazard Mitigation Program, only those budgeted in prior years are included within the preliminary estimates.



	Actual			Budget	Estimated	Forecasts (FY 2017)			Averages					
	FY 2011	FY 2012	FY 2013			FY 2014	FY 2015	FY 2016 (B)		FY 2016 (E)	Low	Medium	High	
FEMA Grant	353,073	-	-	-	-	-	-	-	-	-	-	-	3-yr Average	\$ 721,410
May 2010 Flood	-	-	-	63,622	-	-	-	-	-	-	-	-	5-Yr Average	\$ 926,036
Emergency Shelter Grant	34,756	39,864	24,612	34,423	54,635	45,436	-	35,000	35,000	35,000	35,000	10,000	10-Yr Average	\$ 715,797
Police Equipment Grant #7	-	-	10,131	-	-	-	-	-	-	-	-	-	20-Yr Average	\$ 629,347
Federal Grant - Ballistic Vests	4,400	5,549	11,235	8,094	3,300	10,000	3,300	3,300	3,300	3,300	3,300	3,300		
Highway Safety Grant	2,208	27,459	50,019	38,147	35,340	10,000	7,898	10,000	10,000	10,000	10,000	10,000		
Fight Impaired Driving Grant	-	-	-	-	-	-	-	-	-	-	-	-		
Federal Grant - TOC	145,754	100,933	222,307	190,800	79,382	1,680,000	434,245	1,680,000	1,680,000	1,680,000	1,680,000	1,680,000		
Preservation Plan Grant	20,000	-	-	-	-	-	-	-	-	-	-	-		
Preservation Plan Grant (Federal)	-	-	175,596	-	-	1,402,790	1,402,790	-	-	-	-	-		
Parks Grants	-	453	50,085	22,708	9,896	223,110	223,103	100,000	100,000	100,000	100,000	100,000		
Loop Eastern Flank	-	1,500	-	-	-	-	-	-	-	-	-	-		
Miscellaneous Grants	52,424	286	2,850	44	-	-	-	-	-	-	-	-		
TN Dept of Agriculture	2,855	-	-	-	-	-	-	-	-	-	-	-		
Federal ARRA #1 - Dept of Justice	33,723	-	12,607	-	-	-	-	-	-	-	-	-		
Federal ARRA #2 - Dept of Energy	560,116	11,522	-	-	-	-	-	-	-	-	-	-		
Federal ARRA - TOC	499,656	566,185	-	-	-	-	-	-	-	-	-	-		
HGMP-1909-0049	-	-	794,484	156,020	-	-	-	-	-	-	-	-		
HGMP-1909-0061	-	-	-	7,063	106,829	-	-	-	-	-	-	-		
In-Kind Contributions	1,614	1,621	-	-	-	-	-	-	-	-	-	-		
<b>Totals</b>	<b>\$ 1,710,579</b>	<b>\$ 755,372</b>	<b>\$ 1,353,926</b>	<b>\$ 520,921</b>	<b>\$ 289,382</b>	<b>\$ 3,371,336</b>	<b>\$ 2,071,336</b>	<b>\$ 1,828,300</b>	<b>\$ 1,828,300</b>	<b>\$ 1,828,300</b>	<b>\$ 1,828,300</b>	<b>\$ 1,828,300</b>		

Source: City of Franklin, Comprehensive Annual Financial Reports - 1990-2015 & Estimates from Finance & Revenue Management Departments.



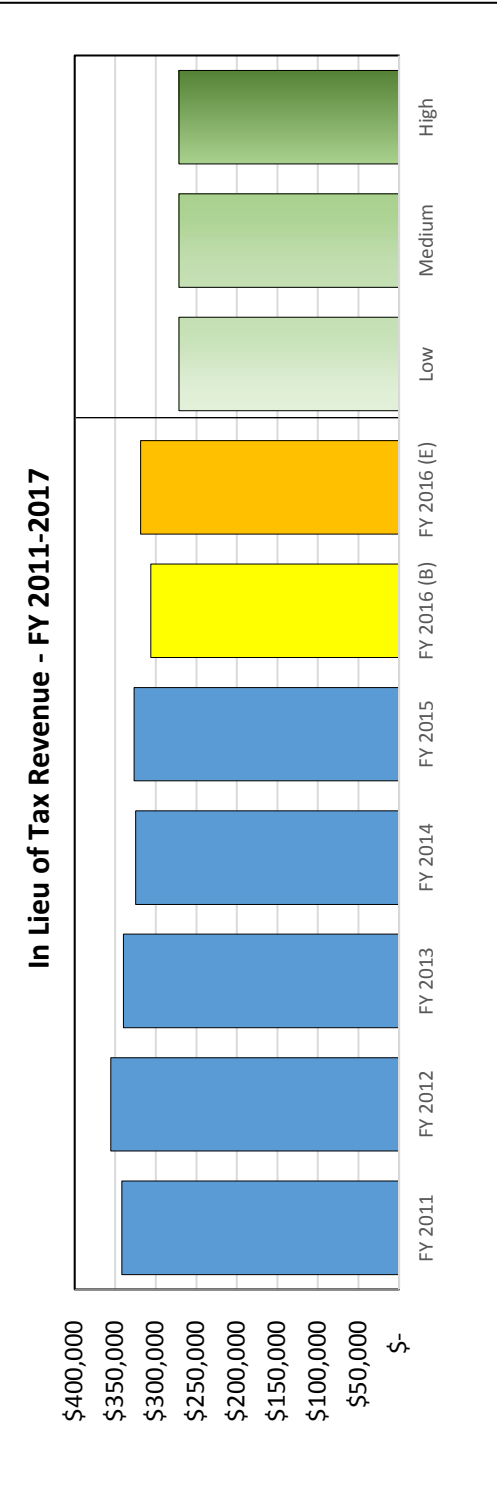
**City of Franklin**  
Revenue Model

**Fund:** General Fund

**Category:** In Lieu of Tax

**Percent of Total General Fund Revenues** 0.4%

In Lieu Of Tax: Payments in lieu of tax are made primarily by various local entities, such as Franklin Housing authority, Nissan, Healthways, Verizon, CHS and Hackson National Life, that have leases through a local government Industrial Board. The local payments are made annually. Two payments have ended - Verizon (last year FY 2014) and Healthways (last year FY 2016)



	Actual			Budget	Estimated	Forecasts (FY 2017)			Averages
	FY 2011	FY 2012	FY 2013			FY 2014	FY 2015	Low	
Franklin Housing Authority	37,360	30,567	17,846	14,090	14,090	14,090	14,090	14,090	3-yr Average
Nissan (TIF District)	186,510	167,329	165,581	166,572	182,114	182,116	182,117	182,118	\$ 330,571
Nissan Personal Property	16,382	13,380	12,025	-	0	-	-	-	-2.5%
Healthways (pilot ends 2016)	49,572	43,835	43,835	43,835	47,327	-	-	-	5-Yr Average
Verizon (pilot ends 2014)	31,540	30,912	30,912	30,912	0	-	-	-	\$ 337,799
Community Health Systems (CHS)	20,288	26,487	26,487	26,487	28,598	28,600	28,601	28,602	10-Yr Average
Jackson National Life	-	43,122	43,122	43,122	46,558	46,560	46,561	46,562	\$ 250,289
<b>Totals</b>	<b>\$ 341,652</b>	<b>\$ 355,632</b>	<b>\$ 339,808</b>	<b>\$ 325,018</b>	<b>\$ 318,687</b>	<b>\$ 271,366</b>	<b>\$ 271,369</b>	<b>\$ 271,372</b>	<b>2.2%</b>
									<b>20-Yr Average</b>
									<b>\$ 273,848</b>
									<b>0.6%</b>

Source: City of Franklin, Comprehensive Annual Financial Reports - 1990-2015 & Estimates from Finance & Revenue Management Departments.







**City of Franklin**

Revenue Model

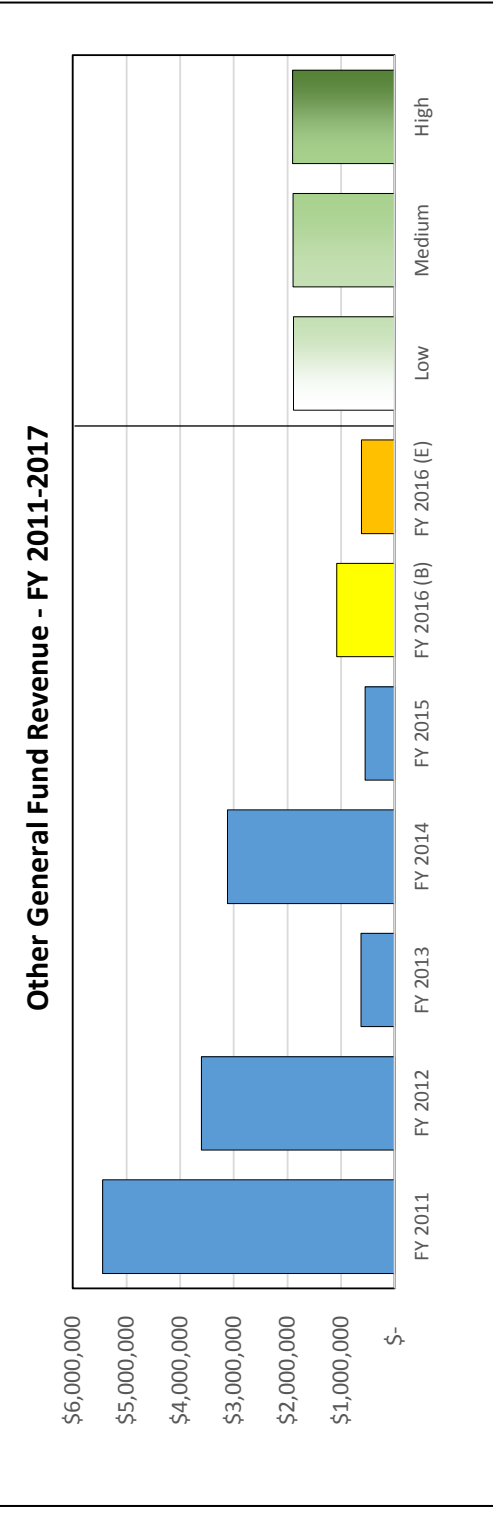
**Fund:** General Fund

**Category:** Other

**Percent of Total General Fund Revenues**

**3.0%**

Other: This catch-all revenue category comprises all other individual categories of General Fund Revenue. Traditionally the largest components are one-time receipts, such as contributions from developers. Other Revenue can fluctuate greatly from year to year.



	Actual					Budget	Estimated	Forecasts (FY 2017)			Averages			
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015			FY 2016 (B)	FY 2016 (E)	Low		Medium	High	
City Tax Relief	(6,735)	(6,406)	(7,720)	(6,517)	(8,050)	(7,175)	(7,175)	(7,175)	(7,175)	(7,175)	(7,175)	3-yr Average	\$ 1,432,835	-8.1%
Prop Taxes - P&I	51,707	56,405	49,501	35,819	30,529	51,250	75,772	40,000	40,000	40,000	40,000	5-Yr Average	\$ 2,669,718	-11.9%
Business Tax	8,302	9,882	11,090	9,002	-	12,546	12,722	12,913	13,104	13,294	13,294	10-Yr Average	\$ 3,234,206	-6.6%
Planning Fees (Rezoning)	2,500	8,594	5,826	39,237	43,946	10,250	10,014	10,165	10,315	10,465	10,465	20-Yr Average	\$ 2,514,068	-2.8%
Planning Fees (Site Plans)	37,860	41,600	70,161	46,138	48,061	64,452	51,668	52,443	53,218	53,993	53,993			
Planning Fees (Plat Submittal)	16,400	20,443	42,837	89,000	78,771	66,625	87,053	88,359	89,665	90,970	90,970			
Planning Fees (Misc Planning)	16,945	13,986	42,531	7,671	7,155	20,500	14,962	15,186	15,411	15,635	15,635			
Beer Permits (New Applic Fee)	14,500	12,750	13,000	13,700	13,250	12,577	15,718	15,954	16,189	16,425	16,425			
Yard Sale Permits	8,800	9,635	8,660	9,295	7,605	9,225	7,947	8,066	8,186	8,305	8,305			
Taxi Operator Fees	-	-	-	-	-	-	-	-	-	-	-			
Alarm Permits	21,874	22,800	23,835	29,130	30,320	30,750	30,403	30,859	31,315	31,771	31,771			
Miscellaneous Permits	1,700	4,405	4,100	2,300	3,600	5,125	4,635	4,705	4,774	4,844	4,844			
In Lieu of Parkland	-	-	-	2,280,119	-	-	-	-	-	-	-			
Water & Sewer Admin Fees	1,512,063	1,823,176	-	-	-	-	-	-	-	-	-			
Reimb from Other Funds	252,010	-	-	-	-	-	-	-	-	-	-			
ADMIN SERVICES PROVIDED BY GENERAL TO STORMWATER	252,010	150,144	-	-	-	-	-	-	-	-	-			
ADMIN SERVICES PROVIDED BY GENERAL TO SANITATION	-	171,593	-	-	-	-	-	-	-	-	-			
Regional Fire Training	1,000	275	3,000	3,000	-	3,075	-	-	-	-	-			
Maps Sold	1,717	1,529	2,798	1,476	2,952	1,025	1,500	1,523	1,545	1,568	1,568			
Plans Sold	3,775	4,500	2,850	700	2,628	2,050	2,500	2,538	2,575	2,613	2,613			
Records Sold	-	-	19	1,130	26	1,230	1,230	1,248	1,267	1,285	1,285			
Special Event Services Fee	35,470	4,010	450	199	1,200	513	500	-	-	-	-			
Accident Reports	1,480	1,170	-	-	633	1,538	-	508	515	523	523			
Fingerprinting Fees	2,100	1,650	2,100	2,350	1,800	2,050	2,000	-	-	-	-			
Sex Offender Registry	865	3,350	485	675	750	1,538	615	2,030	2,060	2,090	2,090			
License Seizure Fees	-	-	1,820	-	-	2,050	-	624	633	643	643			
Citizen's Police Academy	-	615	-	-	-	1,025	-	-	-	-	-			
Background Checks	-	176	-	-	-	-	-	-	-	-	-			
3rd Party Billable OT	-	-	-	-	-	-	-	-	-	-	-			
Police Extra Duty	15,432	44,585	47,810	35,478	31,547	51,250	43,838	44,495	45,153	45,811	45,811			



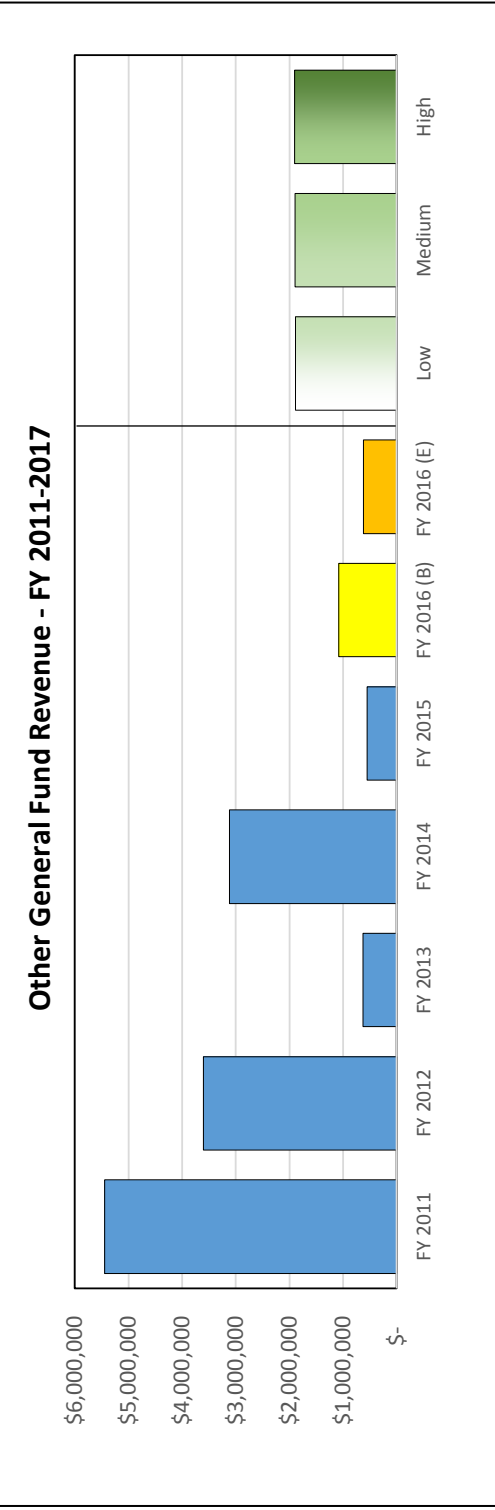
**Fund:** General Fund

**Category:** Other

**Percent of Total General Fund Revenues**

**3.0%**

Other: This catch-all revenue category comprises all other individual categories of General Fund Revenue. Traditionally the largest components are one-time receipts, such as contributions from developers. Other Revenue can fluctuate greatly from year to year.



	Actual					Budget	Estimated	Forecasts (FY 2017)			Averages
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015			FY 2016 (B)	FY 2016 (E)	Low	
Compost Voucher (Non-Refundable)	940	6,100	7,160	7,400	10,780	3,075	2,181	2,214	2,246	2,279	
Hazardous Waste Recovery	-	5	-	-	-	-	-	-	-	-	
Charge Station Fees	-	-	-	-	-	256	256	260	264	268	
Beer Board Violations	-	9,500	-	3,000	1,500	1,025	1,025	1,040	1,056	1,071	
Bldg & Street Stds Appeals Fees	250	500	500	-	-	1,025	1,025	1,040	1,056	1,071	
Bus Tax Recording Fees	3,149	2,847	3,233	1,893	1,163	3,075	4,140	4,202	4,264	4,326	
Tree Bank Fees	5,730	12,547	-	-	-	54,569	54,569	55,388	56,206	57,025	
Rebates on Purchases	29,572	37,923	55,675	60,280	61,349	66,625	66,625	67,624	68,624	69,623	
Rent - Mall & Other	2,116	1	1	1	1	1	1	1	1	1	
Park Concessions	27,769	35,297	19,895	46,731	41,329	46,443	52,021	52,802	53,582	54,362	
Sale of Surplus Assets	66,781	47,552	97,844	79,364	137,454	61,500	75,000	76,125	77,250	78,375	
Electrical Charging Stations	-	-	214	819	-	369	-	-	-	-	
Insurance Reimbursements	110,404	-	-	-	-	-	-	-	-	-	
Called Performance Bonds	-	-	-	195,000	-	-	-	-	-	-	
Miscellaneous Other Revenue	101,290	96,144	118,766	122,073	3,301	128,125	6,928	7,032	7,136	7,240	
CAPITAL ALLOCATION FROM F/B	2,848,420	952,607	-	-	-	375,050	-	1,296,282	1,296,282	1,296,282	
<b>Totals</b>	<b>\$ 5,448,196</b>	<b>\$ 3,601,890</b>	<b>\$ 628,441</b>	<b>\$ 3,116,463</b>	<b>\$ 553,601</b>	<b>\$ 1,084,605</b>	<b>\$ 619,673</b>	<b>\$ 1,888,449</b>	<b>\$ 1,896,716</b>	<b>\$ 1,904,982</b>	

Source: City of Franklin, Comprehensive Annual Financial Reports - 1990-2015 & Estimates from Finance & Revenue Management Departments.



**City of Franklin, Tennessee**  
**FY 2017 Operating Budget**

**General Fund Summary - Departmental Summary**

	<u>Actual 2014</u>	<u>Actual 2015</u>	<u>Budget 2016</u>	<u>Estd 2016</u>	<u>Budget 2017</u>	<u>Difference '16 vs. '17</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>Governance &amp; Management</b>							
<b>Elected Officials</b>							
Personnel	\$ 196,878	\$ 231,342	\$ 232,906	\$ 250,622	\$ 259,925	\$ 27,019	11.6%
Operations	\$ 100,618	\$ 43,908	\$ 105,586	\$ 112,010	\$ 63,436	\$ (42,151)	-39.9%
<b>Total - Elected Officials</b>	<b>\$ 297,496</b>	<b>\$ 275,250</b>	<b>\$ 338,492</b>	<b>\$ 362,632</b>	<b>\$ 323,361</b>	<b>\$ (15,131)</b>	<b>-4.5%</b>
<b>Administration</b>							
Personnel	\$ 477,805	\$ 483,569	\$ 517,123	\$ 516,322	\$ 596,798	\$ 79,675	15.4%
Operations	\$ (31,823)	\$ 52	\$ 31,954	\$ 36,213	\$ 33,870	\$ 1,916	6.0%
<b>Total - Administration</b>	<b>\$ 445,982</b>	<b>\$ 483,621</b>	<b>\$ 549,077</b>	<b>\$ 552,535</b>	<b>\$ 630,668</b>	<b>\$ 81,591</b>	<b>14.9%</b>
<b>Human Resources</b>							
Personnel	\$ 805,919	\$ 856,000	\$ 890,636	\$ 871,318	\$ 875,901	\$ (14,735)	-1.7%
Operations	\$ 92,029	\$ 265,520	\$ 434,116	\$ 396,230	\$ 459,838	\$ 25,722	5.9%
Capital	\$ 19,408	\$ 38,928	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Total - Human Resources</b>	<b>\$ 917,356</b>	<b>\$ 1,160,448</b>	<b>\$ 1,324,753</b>	<b>\$ 1,267,548</b>	<b>\$ 1,335,739</b>	<b>\$ 10,986</b>	<b>0.8%</b>
<b>Law</b>							
Personnel	\$ 324,491	\$ 347,789	\$ 363,617	\$ 368,983	\$ 441,910	\$ 78,293	21.5%
Operations	\$ 139,239	\$ (5,296)	\$ 60,919	\$ 61,086	\$ 51,150	\$ (9,769)	-16.0%
<b>Total - Law</b>	<b>\$ 463,730</b>	<b>\$ 342,493</b>	<b>\$ 424,536</b>	<b>\$ 430,069</b>	<b>\$ 493,060</b>	<b>\$ 68,524</b>	<b>16.1%</b>
<b>Communications</b>							
Personnel	\$ 314,354	\$ 301,490	\$ 343,886	\$ 347,776	\$ 367,866	\$ 23,980	7.0%
Operations	\$ 2,879	\$ 11,710	\$ 16,144	\$ 21,241	\$ 107,927	\$ 91,783	568.5%
<b>Total - Communications</b>	<b>\$ 317,233</b>	<b>\$ 313,200</b>	<b>\$ 360,030</b>	<b>\$ 369,017</b>	<b>\$ 475,793</b>	<b>\$ 115,763</b>	<b>32.2%</b>
<b>Capital Investment Planning</b>							
Personnel	\$ 205,105	\$ 215,259	\$ 252,532	\$ 252,976	\$ -	\$ (252,532)	-100.0%
Operations	\$ (21,511)	\$ (38,292)	\$ (18,849)	\$ (40,208)	\$ -	\$ 18,849	-100.0%
<b>Total - Capital Investment Planning</b>	<b>\$ 183,594</b>	<b>\$ 176,967</b>	<b>\$ 233,683</b>	<b>\$ 212,768</b>	<b>\$ -</b>	<b>\$ (233,683)</b>	<b>-100.0%</b>
<b>Project and Facilities Management</b>							
Personnel	\$ 376,397	\$ 387,122	\$ 431,916	\$ 414,687	\$ 388,449	\$ (43,467)	-10.1%
Operations	\$ 353,573	\$ 706,476	\$ 664,037	\$ 431,836	\$ 529,685	\$ (134,352)	-20.2%
Capital	\$ -	\$ 36,559	\$ 46,350	\$ 36,559	\$ 250,000	\$ 203,650	439.4%
<b>Total - Project and Facilities Management</b>	<b>\$ 729,970</b>	<b>\$ 1,130,157</b>	<b>\$ 1,142,303</b>	<b>\$ 883,082</b>	<b>\$ 1,168,134</b>	<b>\$ 25,831</b>	<b>2.3%</b>
<b>Revenue Management</b>							
Personnel	\$ 991,072	\$ 860,216	\$ 858,137	\$ 914,159	\$ 883,042	\$ 24,905	2.9%
Operations	\$ (631,783)	\$ (649,838)	\$ (620,382)	\$ (635,294)	\$ (659,907)	\$ (39,525)	6.4%
<b>Total - Revenue Management</b>	<b>\$ 359,289</b>	<b>\$ 210,378</b>	<b>\$ 237,755</b>	<b>\$ 278,865</b>	<b>\$ 223,135</b>	<b>\$ (14,620)</b>	<b>-6.1%</b>
<b>Governance &amp; Management Summary</b>							
Personnel	\$ 3,692,021	\$ 3,682,787	\$ 3,890,753	\$ 3,936,844	\$ 3,813,891	\$ (76,862)	-2.0%
Operations	\$ 3,221	\$ 334,240	\$ 673,525	\$ 383,114	\$ 585,999	\$ (87,526)	-13.0%
Capital	\$ 19,408	\$ 75,487	\$ 46,350	\$ 36,559	\$ 250,000	\$ 203,650	439.4%
<b>Total Governance &amp; Management</b>	<b>\$ 3,714,650</b>	<b>\$ 4,092,514</b>	<b>\$ 4,610,629</b>	<b>\$ 4,356,517</b>	<b>\$ 4,649,889</b>	<b>\$ 39,260</b>	<b>0.9%</b>



**City of Franklin, Tennessee**  
**FY 2017 Operating Budget**

**General Fund Summary - Departmental Summary**

	<u>Actual 2014</u>	<u>Actual 2015</u>	<u>Budget 2016</u>	<u>Estd 2016</u>	<u>Budget 2017</u>	<u>Difference '16 vs. '17</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>Public Safety</b>							
<b>Police</b>							
Personnel	\$ 10,635,742	\$ 10,937,678	\$ 11,560,736	\$ 11,408,604	\$ 11,799,092	\$ 238,356	2.1%
Operations	\$ 3,214,039	\$ 2,722,915	\$ 2,972,238	\$ 2,796,179	\$ 3,194,475	\$ 222,237	7.5%
Capital	\$ -	\$ 87,500	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Total - Police</b>	<b>\$ 13,849,781</b>	<b>\$ 13,748,093</b>	<b>\$ 14,532,974</b>	<b>\$ 14,204,783</b>	<b>\$ 14,993,567</b>	<b>\$ 460,593</b>	<b>3.2%</b>
<b>Fire</b>							
Personnel	\$ 11,644,069	\$ 11,959,130	\$ 12,763,917	\$ 12,797,935	\$ 12,947,081	\$ 183,164	1.4%
Operations	\$ 1,603,841	\$ 1,808,110	\$ 2,464,603	\$ 2,340,879	\$ 2,461,667	\$ (2,936)	-0.1%
Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Total - Fire</b>	<b>\$ 13,247,910</b>	<b>\$ 13,767,240</b>	<b>\$ 15,228,520</b>	<b>\$ 15,138,814</b>	<b>\$ 15,408,748</b>	<b>\$ 180,228</b>	<b>1.2%</b>
<b>Public Safety</b>							
Personnel	\$ 22,279,811	\$ 22,896,808	\$ 24,324,653	\$ 24,206,539	\$ 24,746,173	\$ 421,520	1.7%
Operations	\$ 4,817,880	\$ 4,531,025	\$ 5,436,841	\$ 5,137,058	\$ 5,656,142	\$ 219,301	4.0%
Capital	\$ -	\$ 87,500	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Total Public Safety</b>	<b>\$ 27,097,691</b>	<b>\$ 27,515,333</b>	<b>\$ 29,761,494</b>	<b>\$ 29,343,597</b>	<b>\$ 30,402,315</b>	<b>\$ 640,821</b>	<b>2.2%</b>
<b>Finance &amp; Administration</b>							
<b>Finance</b>							
Personnel	\$ 772,560	\$ 830,939	\$ 876,549	\$ 891,484	\$ 871,205	\$ (5,344)	-0.6%
Operations	\$ (56,018)	\$ (43,394)	\$ (70,624)	\$ (63,768)	\$ (52,568)	\$ 18,056	-25.6%
Capital	\$ -	\$ -	\$ 50,000	\$ 25,000	\$ 25,000	\$ (25,000)	-50.0%
<b>Total - Finance</b>	<b>\$ 716,542</b>	<b>\$ 787,545</b>	<b>\$ 855,925</b>	<b>\$ 852,716</b>	<b>\$ 843,637</b>	<b>\$ (12,288)</b>	<b>-1.4%</b>
<b>Information Technology</b>							
Personnel	\$ 1,314,453	\$ 1,519,409	\$ 1,627,413	1,685,595	\$ 1,714,837	\$ 87,424	5.4%
Operations	\$ 2,196,749	\$ 2,555,310	\$ 2,344,196	2,299,790	\$ 2,384,220	\$ 40,024	1.7%
Capital	\$ 959,444	\$ -	\$ 34,500	34,500	\$ -	\$ (34,500)	-100.0%
<b>Total - Information Technology</b>	<b>\$ 4,470,646</b>	<b>\$ 4,074,719</b>	<b>\$ 4,006,109</b>	<b>\$ 4,019,885</b>	<b>\$ 4,099,057</b>	<b>\$ 92,948</b>	<b>2.3%</b>
<b>Purchasing</b>							
Personnel	\$ 193,864	\$ 194,606	\$ 200,561	\$ 205,245	\$ 206,483	\$ 5,922	3.0%
Operations	\$ (31,305)	\$ (21,116)	\$ (8,536)	\$ (13,715)	\$ (3,036)	\$ 5,500	-64.4%
<b>Total - Purchasing</b>	<b>\$ 162,559</b>	<b>\$ 173,490</b>	<b>\$ 192,025</b>	<b>\$ 191,530</b>	<b>\$ 203,447</b>	<b>\$ 11,422</b>	<b>5.9%</b>
<b>Municipal Court</b>							
Personnel	\$ 213,454	\$ 176,752	\$ 194,862	\$ 186,800	\$ 195,153	\$ 291	0.1%
Operations	\$ 22,663	\$ 25,063	\$ 120,633	\$ 80,521	\$ 120,762	\$ 129	0.1%
<b>Total - Municipal Court</b>	<b>\$ 236,117</b>	<b>\$ 201,815</b>	<b>\$ 315,495</b>	<b>\$ 267,321</b>	<b>\$ 315,915</b>	<b>\$ 420</b>	<b>0.1%</b>
<b>Finance &amp; Administration Summary</b>							
Personnel	\$ 2,494,331	\$ 2,721,706	\$ 2,899,385	\$ 2,969,124	\$ 2,987,677	\$ 88,292	3.0%
Operations	\$ 2,132,089	\$ 2,515,863	\$ 2,385,669	\$ 2,302,828	\$ 2,449,378	\$ 63,709	2.7%
Capital	\$ 959,444	\$ -	\$ 84,500	\$ 59,500	\$ 25,000	\$ (59,500)	-70.4%
<b>Total Finance &amp; Administration</b>	<b>\$ 5,585,864</b>	<b>\$ 5,237,569</b>	<b>\$ 5,369,554</b>	<b>\$ 5,331,451</b>	<b>\$ 5,462,055</b>	<b>\$ 92,501</b>	<b>1.7%</b>





**City of Franklin, Tennessee**  
**FY 2017 Operating Budget**

**General Fund Summary - Departmental Summary**

	<u>Actual 2014</u>	<u>Actual 2015</u>	<u>Budget 2016</u>	<u>Estd 2016</u>	<u>Budget 2017</u>	<u>Difference '16 vs. '17</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>Community &amp; Economic Development</b>							
<b>Building and Neighborhood Services</b>							
Personnel	\$ 1,975,427	\$ 2,017,703	\$ 2,229,433	\$ 2,156,739	\$ 2,330,135	\$ 100,702	4.5%
Operations	\$ 304,090	\$ 339,107	\$ 274,266	\$ 291,611	\$ 376,700	\$ 102,434	37.3%
Capital	\$ 111,511	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Total - Building &amp; Neighborhood Services</b>	<b>\$ 2,391,028</b>	<b>\$ 2,356,810</b>	<b>\$ 2,503,699</b>	<b>\$ 2,448,350</b>	<b>\$ 2,706,835</b>	<b>\$ 203,136</b>	<b>8.1%</b>
<b>Planning and Sustainability</b>							
Personnel	\$ 1,273,278	\$ 1,265,077	\$ 1,351,685	\$ 1,298,149	\$ 1,353,161	\$ 1,476	0.1%
Operations	\$ 146,172	\$ 141,450	\$ 305,527	\$ 233,287	\$ 189,573	\$ (115,954)	-38.0%
<b>Total - Planning &amp; Sustainability</b>	<b>\$ 1,419,450</b>	<b>\$ 1,406,527</b>	<b>\$ 1,657,212</b>	<b>\$ 1,531,436</b>	<b>\$ 1,542,734</b>	<b>\$ (114,478)</b>	<b>-6.9%</b>
<b>Engineering</b>							
Personnel	\$ 735,319	\$ 775,333	\$ 923,054	\$ 855,873	\$ 1,065,802	\$ 142,748	15.5%
Operations	\$ (60,392)	\$ (15,565)	\$ 1,225	\$ (38,586)	\$ (49,967)	\$ (51,192)	-4179.0%
<b>Total Engineering &amp; TOC</b>	<b>\$ 674,927</b>	<b>\$ 759,768</b>	<b>\$ 924,279</b>	<b>\$ 817,287</b>	<b>\$ 1,015,835</b>	<b>\$ 91,556</b>	<b>9.9%</b>
<b>Traffic Operations Center (TOC)</b>							
Personnel	\$ 239,082	\$ 172,817	\$ 241,490	\$ 248,117	\$ 269,937	\$ 28,447	11.8%
Operations	\$ 156,962	\$ 311,427	\$ 622,208	\$ 525,798	\$ 668,775	\$ 46,567	7.5%
Capital	\$ 28,220	\$ 186,326	\$ 2,216,850	\$ 403,857	\$ 2,300,000	\$ 83,150	3.8%
<b>Total Engineering &amp; TOC</b>	<b>\$ 424,264</b>	<b>\$ 670,570</b>	<b>\$ 3,080,548</b>	<b>\$ 1,177,772</b>	<b>\$ 3,238,712</b>	<b>\$ 158,164</b>	<b>5.1%</b>
<b>Parks</b>							
Personnel	\$ 1,856,717	\$ 1,910,274	\$ 2,391,944	\$ 2,083,391	\$ 2,560,918	\$ 168,974	7.1%
Operations	\$ 1,133,722	\$ 1,328,986	\$ 1,796,672	\$ 1,508,033	\$ 1,787,515	\$ (9,157)	-0.5%
Capital	\$ 91,593	\$ 78,487	\$ 26,000	\$ 26,000	\$ -	\$ (26,000)	-100.0%
<b>Total - Parks</b>	<b>\$ 3,082,032</b>	<b>\$ 3,317,747</b>	<b>\$ 4,214,616</b>	<b>\$ 3,617,424</b>	<b>\$ 4,348,433</b>	<b>\$ 133,817</b>	<b>3.2%</b>
<b>Economic Development</b>							
Operations	\$ 52,811	\$ 32,811	\$ 70,008	\$ 70,008	\$ 70,211	\$ 203	0.3%
<b>Total - Economic Development</b>	<b>\$ 52,811</b>	<b>\$ 32,811</b>	<b>\$ 70,008</b>	<b>\$ 70,008</b>	<b>\$ 70,211</b>	<b>\$ 203</b>	<b>0.3%</b>
<b>Community &amp; Economic Development Summary</b>							
Personnel	\$ 6,079,823	\$ 6,141,204	\$ 7,137,606	\$ 6,642,269	\$ 7,579,953	\$ 442,347	6.2%
Operations	\$ 1,733,365	\$ 2,138,216	\$ 3,069,906	\$ 2,590,151	\$ 3,042,806	\$ (27,101)	-0.9%
Capital	\$ 231,324	\$ 264,813	\$ 2,242,850	\$ 429,857	\$ 2,300,000	\$ 57,150	2.5%
<b>Total Community &amp; Economic Developmen</b>	<b>\$ 8,044,512</b>	<b>\$ 8,544,233</b>	<b>\$ 12,450,362</b>	<b>\$ 9,662,277</b>	<b>\$ 12,922,758</b>	<b>\$ 472,396</b>	<b>3.8%</b>



**City of Franklin, Tennessee**  
**FY 2017 Operating Budget**

**General Fund Summary - Departmental Summary**

	<u>Actual 2014</u>	<u>Actual 2015</u>	<u>Budget 2016</u>	<u>Estd 2016</u>	<u>Budget 2017</u>	<u>Difference '16 vs. '17</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>Public Works</b>							
<b>Streets Department - Maintenance Division</b>							
Personnel	\$ 2,008,453	\$ 2,010,164	\$ 2,322,879	\$ 2,250,738	\$ 2,417,973	\$ 95,094	4.1%
Operations	\$ 1,351,473	\$ 1,303,352	\$ 1,611,722	\$ 1,680,320	\$ 1,708,031	\$ 96,309	6.0%
Capital	\$ -	\$ -	\$ 18,500	\$ -	\$ -	\$ (18,500)	-100.0%
<b>Total - Streets - Maintenance</b>	<b>\$ 3,359,926</b>	<b>\$ 3,313,516</b>	<b>\$ 3,953,101</b>	<b>\$ 3,931,058</b>	<b>\$ 4,126,004</b>	<b>\$ 172,903</b>	<b>4.4%</b>
<b>Streets Department - Traffic Division</b>							
Personnel	\$ 690,087	\$ 723,606	\$ 706,322	\$ 679,172	\$ 734,964	\$ 28,642	4.1%
Operations	\$ 513,404	\$ 475,335	\$ 564,459	\$ 593,197	\$ 789,260	\$ 224,801	39.8%
Capital	\$ 235,315	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Total - Streets - Traffic</b>	<b>\$ 1,438,806</b>	<b>\$ 1,198,941</b>	<b>\$ 1,270,781</b>	<b>\$ 1,272,369</b>	<b>\$ 1,524,224</b>	<b>\$ 253,443</b>	<b>19.9%</b>
<b>Streets Department - Fleet Maintenance Division</b>							
Personnel	\$ 505,907	\$ 580,366	\$ 627,519	\$ 642,115	\$ 652,116	\$ 24,597	3.9%
Operations	\$ 268,009	\$ 493,146	\$ 413,143	\$ 435,929	\$ 516,373	\$ 103,230	25.0%
Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Total - Streets - Fleet Maintenance</b>	<b>\$ 773,916</b>	<b>\$ 1,073,512</b>	<b>\$ 1,040,662</b>	<b>\$ 1,078,044</b>	<b>\$ 1,168,489</b>	<b>\$ 127,827</b>	<b>12.3%</b>
<b>Public Works</b>							
Personnel	\$ 3,204,447	\$ 3,314,136	\$ 3,656,720	\$ 3,572,025	\$ 3,805,053	\$ 148,333	4.1%
Operations	\$ 2,132,886	\$ 2,271,833	\$ 2,589,324	\$ 2,709,446	\$ 3,013,664	\$ 424,340	16.4%
Capital	\$ 235,315	\$ -	\$ 18,500	\$ -	\$ -	\$ (18,500)	-100.0%
<b>Total Public Works</b>	<b>\$ 5,572,648</b>	<b>\$ 5,585,969</b>	<b>\$ 6,264,544</b>	<b>\$ 6,281,471</b>	<b>\$ 6,818,717</b>	<b>\$ 554,173</b>	<b>8.8%</b>
<b>Other Operating Expenditures</b>							
<b>General Expenses</b>							
Personnel	\$ (793,092)	\$ (739,100)	\$ 542,475	\$ 85,000	\$ 2,177,875	\$ 1,635,400	301.5%
Operations	\$ 587,421	\$ 605,925	\$ 1,620,222	\$ 1,887,989	\$ 251,370	\$ (1,368,852)	-84.5%
Capital	\$ 2,400	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Total - General Expenses</b>	<b>\$ (203,271)</b>	<b>\$ (133,175)</b>	<b>\$ 2,162,697</b>	<b>\$ 1,972,989</b>	<b>\$ 2,429,245</b>	<b>\$ 266,548</b>	<b>12.3%</b>
<b>Appropriations</b>							
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Operations	\$ 429,848	\$ 428,599	\$ 453,344	\$ 460,771	\$ 498,913	\$ 45,569	10.1%
<b>Total Appropriations</b>	<b>\$ 429,848</b>	<b>\$ 428,599</b>	<b>\$ 453,344</b>	<b>\$ 460,771</b>	<b>\$ 498,913</b>	<b>\$ 45,569</b>	<b>10.1%</b>
<b>Interfund Transfers</b>							
Operations	\$ 2,852,228	\$ 3,463,229	\$ 543,569	\$ 543,569	\$ 963,956	\$ 420,387	77.3%
<b>Total Interfund Transfers</b>	<b>\$ 2,852,228</b>	<b>\$ 3,463,229</b>	<b>\$ 543,569</b>	<b>\$ 543,569</b>	<b>\$ 963,956</b>	<b>\$ 420,387</b>	<b>77.3%</b>
<b>Other General Fund Operating Expenditures Summary</b>							
Personnel	\$ (793,092)	\$ (739,100)	\$ 542,475	\$ 85,000	\$ 2,177,875	\$ 1,635,400	301.5%
Operations	\$ 3,869,497	\$ 4,497,753	\$ 2,617,135	\$ 2,892,329	\$ 1,714,239	\$ (902,896)	-34.5%
Capital	\$ 2,400	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Total Other GF Oper. Exp.</b>	<b>\$ 3,078,805</b>	<b>\$ 3,758,653</b>	<b>\$ 3,159,610</b>	<b>\$ 2,977,329</b>	<b>\$ 3,892,114</b>	<b>\$ 732,504</b>	<b>23.2%</b>
<b>General Fund Expenditures (by major category)</b>							
Personnel	\$ 36,957,341	\$ 38,017,541	\$ 42,451,594	\$ 41,411,801	\$ 45,110,622	\$ 2,659,028	6.3%
Operations	\$ 14,688,938	\$ 16,288,930	\$ 16,772,400	\$ 16,014,926	\$ 16,462,227	\$ (310,173)	-1.8%
Capital	\$ 1,447,891	\$ 427,800	\$ 2,392,200	\$ 525,916	\$ 2,575,000	\$ 182,800	7.6%
<b>Total - General Fund Departments</b>	<b>\$ 53,094,170</b>	<b>\$ 54,734,271</b>	<b>\$ 61,616,194</b>	<b>\$ 57,952,643</b>	<b>\$ 64,147,849</b>	<b>\$ 2,531,655</b>	<b>4.1%</b>





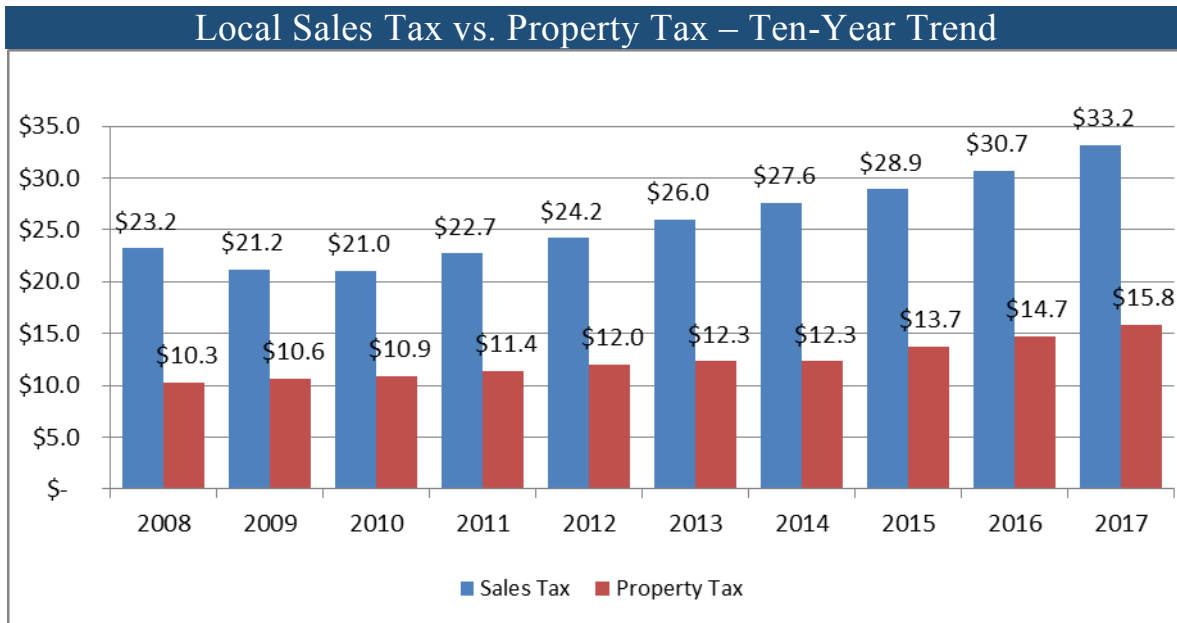
# City of Franklin, Tennessee

## FY 2017 Operating Budget

### General Fund Summary

### Local Sales Tax / Property Tax Trends (by fiscal year)

This chart illustrates the recent history of the City’s most significant revenue sources in the General Fund, the local sales tax and its property tax. (Note: For property tax in 2017, the \$15.8 million is split \$5.87 million in the General Fund, \$7.48 million in the Debt Service Fund, \$1.3 million due to the Industrial Development Board, \$690,000 to the Street Aid Fund, and \$690,000 to the Capital Projects Fund).



**Local Sales Tax** is the most significant revenue source for the City. The local sales tax rate is 2.25%. The City receives half of the tax amount if the sale occurs inside the City (with the County receiving the other half). Local sales tax applies only to the first \$1,600 of a single article purchase of tangible personal property.

**Property Tax** is one of primary sources of revenue for the City. This revenue comes from Residential/Farm properties and Commercial/Industrial properties. Reassessments occur every five years, with the latest one being reflect on this upcoming fiscal years’ tax bills.



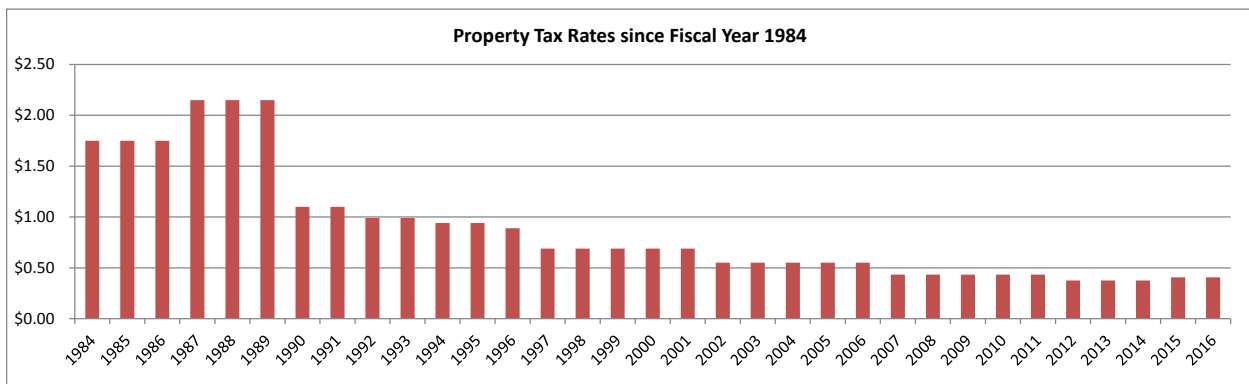
# City of Franklin, Tennessee

## FY 2017 Operating Budget

### General Fund Summary

### Property Tax Rate Summary

As required every five (5) years, Williamson County completed a reappraisal of property tax values two years ago. The certified tax rate law requires local governments to reexamine property tax rates after a reappraisal to make sure higher taxable values do not automatically result in a tax increase. The law requires local governments to conduct public hearings before adopting a property tax rate that generates more taxes overall in a reappraisal year than were billed the year before at the previous year's lower values.



As of FY 2016, the certified tax rate is 40.65 cents per \$100 of assessed value. (The lowest rate for Tennessee municipalities with a population of 25,000 or greater). Prior to 2015, the previous property tax increase was 28 years ago (1987).

Fiscal Year	Rate	Increase / (Decrease)	Fiscal Year	Rate	Increase / (Decrease)
1984	\$1.7500	---	2001	\$0.6900	\$0.0000
1985	\$1.7500	\$0.0000	2002	\$0.5500	(\$0.1400)
1986	\$1.7500	\$0.0000	2003	\$0.5500	\$0.0000
1987	\$2.1500	\$0.4000	2004	\$0.5500	\$0.0000
1988	\$2.1500	\$0.0000	2005	\$0.5500	\$0.0000
1989	\$2.1500	\$0.0000	2006	\$0.5500	\$0.0000
1990	\$1.1000	(\$1.0500)	2007	\$0.4340	(\$0.1160)
1991	\$1.1000	\$0.0000	2008	\$0.4340	\$0.0000
1992	\$0.9900	(\$0.1100)	2009	\$0.4340	\$0.0000
1993	\$0.9900	\$0.0000	2010	\$0.4340	\$0.0000
1994	\$0.9400	(\$0.0500)	2011	\$0.4340	\$0.0000
1995	\$0.9400	\$0.0000	2012	\$0.3765	(\$0.0575)
1996	\$0.8900	(\$0.0500)	2013	\$0.3765	\$0.0000
1997	\$0.6900	(\$0.2000)	2014	\$0.3765	\$0.0000
1998	\$0.6900	\$0.0000	2015	\$0.4065	\$0.0300
1999	\$0.6900	\$0.0000	2016	\$0.4065	\$0.0000
2000	\$0.6900	\$0.0000			



## *City of Franklin, Tennessee* FY 2017 Operating Budget

### General Fund Operating Budget Projections - FY 2017-2019

Decisions made today have impacts which last for many years. The expenditure of public resources is one of the most influential and important decisions which a community is faced with. Additional employees provide services for a growing community like Franklin, but they also generate pension and benefit liabilities for years if not decades to come. It is important that citizens and policy makers alike understand and have an idea what the future budgets of Franklin will look like given the proposal contained within the FY 2017 Proposed Operating Budget. Shown below are operating budget projections for the General Fund for FY 2017-2019.

Projections are rife with difficulty; assumptions about rates of expenditure increase, commodity increase and revenue increase (or decrease) are speculative at best. However, a general rule of thumb is the fewer years of forecast, the more reliable the projection. This is why this projection is only for 36 months, beginning July 1, 2017 and ending June 30, 2019. Staff, with reasonable assurance, can project out likely trends in revenues and expenditures.

Department heads were asked to submit forecasted departmental budgets and needs from FY 2017 thru 2019 when submitting their 2017 base budget and performance enhancement requests to the City Administrator. Funded program enhancement requests are reflected in the numbers below - for additional personnel, equipment and operations.

#### **Assumptions:**

Revenues: As shown in the notes column on the next page, overall revenue growth for the General Fund is anticipated to be around 3% annually. The decrease in FY 2018 from FY 2017 is removal of one-time revenues in support of one-time capital purchases.

Expenses: Varied, but major category assumptions include:

- 3% increase in Base Wages
- 10% increase in Medical Premiums and Pensions
- 5% increase in Utilities (WITH a return to fuel prices as they were from 2014-2015 beginning in FY 2018)
- NO new or replacement Capital. Only the retirement of existing leases and equipment

#### **Results:**

General Fund Balances should grow steadily with the retirement of ongoing leases. Surpluses in FY 2018 are forecast to be \$1.015 million and \$3.1 million in FY 2019. Given, however, that equipment WILL need to be replaced, this surplus will likely not materialize. This is not a bad thing - in fact it is an indication that the financing and spending plan in FY 2017 should be sustainable without major spikes or disruptions in future years.



**General Fund Operating Budget Projections - FY 2017-2019**

Projections for FY 2017-2019 for the General Fund are shown below. They are preliminary and subject to change.

	Budget 2016	Estd 2016	Base 2017	Forecast 2018	% diff.	Forecast 2019	% diff.	Notes
<b>Revenues</b>								
Local Sales Tax	\$ 30,956,093	\$ 31,603,598	\$ 33,183,778	\$ 34,511,129	4.0%	\$ 35,891,575	4.0%	Assumes 4% increase
State Shared Taxes	\$ 11,172,496	\$ 11,106,242	\$ 11,148,733	\$ 11,344,683	1.8%	\$ 11,548,470	1.8%	Assumes 4% increase, LESS gradual elimination of Hall Income Tax @ \$250K/yr.
Property Tax	\$ 5,263,794	\$ 5,221,061	\$ 5,873,793	\$ 5,991,269	2.0%	\$ 6,111,094	2.0%	Assumes 2% increase for normal growth
Alcohol Tax	\$ 3,716,559	\$ 3,733,990	\$ 3,888,565	\$ 4,044,108	4.0%	\$ 4,205,872	4.0%	Assumes 2% increase
Franchise Fees	\$ 2,511,230	\$ 2,504,860	\$ 2,536,790	\$ 2,536,790	0.0%	\$ 2,536,790	0.0%	Stagnant; dependent upon growth in subscribers
Building Permits & Licenses	\$ 2,315,577	\$ 2,623,851	\$ 2,741,289	\$ 2,850,940	4.0%	\$ 2,964,978	4.0%	Assumes 4% increase
Grants	\$ 3,371,336	\$ 2,071,336	\$ 1,828,300	\$ 1,000,000	-45.3%	\$ 1,050,000	5.0%	Assumes base of \$1,000,000 annually (Highly varied & expenses mostly match)
Court Fines & Fees	\$ 720,572	\$ 399,468	\$ 560,935	\$ 560,935	0.0%	\$ 560,935	0.0%	Stagnant
In Lieu of Tax	\$ 306,131	\$ 318,687	\$ 271,369	\$ 271,369	0.0%	\$ 271,369	0.0%	Stagnant; based solely on agreements with companies
Interest Income	\$ 197,802	\$ 212,637	\$ 217,582	\$ 217,582	0.0%	\$ 217,582	0.0%	Stagnant; until interest rates rise, no real growth expected here.
Other	\$ 1,084,605	\$ 619,673	\$ 1,896,716	\$ 750,000	-60.5%	\$ 750,000	0.0%	Assumes base of \$750,000 annually
<b>Total Revenue</b>	<b>\$ 61,616,195</b>	<b>\$ 60,415,403</b>	<b>\$ 64,147,849</b>	<b>\$ 64,078,805</b>	<b>-0.1%</b>	<b>\$ 66,108,665</b>	<b>3.2%</b>	
<b>Expenses</b>								
<b>Governance &amp; Management</b>	<b>\$ 4,610,629</b>	<b>\$ 4,349,517</b>	<b>\$ 4,649,689</b>	<b>\$ 4,246,596</b>	<b>-8.7%</b>	<b>\$ 4,278,952</b>	<b>0.8%</b>	
<b>Public Safety</b>	<b>\$ 29,761,494</b>	<b>\$ 29,343,597</b>	<b>\$ 30,402,315</b>	<b>\$ 31,077,014</b>	<b>2.2%</b>	<b>\$ 31,416,217</b>	<b>1.1%</b>	
<b>Finance &amp; Administration</b>	<b>\$ 5,369,554</b>	<b>\$ 5,328,451</b>	<b>\$ 5,462,055</b>	<b>\$ 5,291,622</b>	<b>-3.1%</b>	<b>\$ 5,317,949</b>	<b>0.5%</b>	
<b>Community &amp; Economic Development</b>	<b>\$ 12,450,362</b>	<b>\$ 9,662,277</b>	<b>\$ 12,922,758</b>	<b>\$ 12,004,422</b>	<b>-7.1%</b>	<b>\$ 11,604,462</b>	<b>-3.3%</b>	Reductions result of fewer capital projects
<b>Public Works</b>	<b>\$ 6,264,544</b>	<b>\$ 6,281,471</b>	<b>\$ 6,818,717</b>	<b>\$ 6,704,720</b>	<b>-1.7%</b>	<b>\$ 6,732,368</b>	<b>0.4%</b>	
<b>Other Operating Expenses</b>	<b>\$ 3,159,610</b>	<b>\$ 2,977,329</b>	<b>\$ 3,892,114</b>	<b>\$ 3,738,740</b>	<b>-3.9%</b>	<b>\$ 3,642,093</b>	<b>-2.6%</b>	Reduction a desire to reduce Transit subsidy slightly each year.
<b>Total Expenses</b>	<b>\$ 61,616,194</b>	<b>\$ 57,942,642</b>	<b>\$ 64,147,649</b>	<b>\$ 63,063,114</b>	<b>-1.7%</b>	<b>\$ 62,992,041</b>	<b>-0.1%</b>	
<b>General Fund - Expenses by major category</b>								
Personnel	\$ 42,451,594	\$ 41,411,800	\$ 45,110,622	\$ 46,989,582	4.2%	\$ 48,499,630	3.2%	
Operations	\$ 16,772,400	\$ 16,004,926	\$ 16,462,227	\$ 14,353,532	-12.8%	\$ 13,512,411	-5.9%	
Capital	\$ 2,392,200	\$ 525,916	\$ 2,575,000	\$ 1,720,000	-33.2%	\$ 980,000	-43.0%	
<b>Total</b>	<b>\$ 61,616,194</b>	<b>\$ 57,942,642</b>	<b>\$ 64,147,849</b>	<b>\$ 63,063,114</b>	<b>-1.7%</b>	<b>\$ 62,992,041</b>	<b>-0.1%</b>	
<b>Surplus / (Deficit)</b>	<b>\$ -</b>	<b>\$ 2,472,761</b>	<b>\$ -</b>	<b>\$ 1,015,691</b>		<b>\$ 3,116,624</b>		



## *City of Franklin, Tennessee* **FY 2017 Operating Budget**

### Personnel Changes

#### Pay and Classification Plan

It has been a core value of City government that people working for the City of Franklin are the City's most important asset. In providing quality services, the Board has directed a significant amount of financial resources to enhance our ability to recruit, develop and retain quality employees.

In 2013, the City of Franklin, working with Burris, Thompson and Associates, conducted a comprehensive Classification and Compensation Study. Through the study, every position throughout the organization was reviewed. Each City team member was surveyed about the key functions and essential skills required in their jobs. With this input and that of supervisors and department directors, new job descriptions were drafted for each position. Each job was then compared to market data in both public sector (including specific pay information from 23 other cities) and private sector (where applicable). Market values were established for each position with a target of ensuring that the median of each position was at least at the 70th percentile of pay compared to market data. From this information, each position was grouped into one of 15 pay grades. The Classification and Compensation Study, which included recommendations for the establishment of a new Classification and Compensation Plan, were presented to the Board of Mayor and Aldermen in June of 2013. After extensive review with the Board and employees throughout the organization, the new Classification and Compensation Plan was approved in August of 2013.

The new approved plan was implemented in two phases. Phase I, which was included in the FY14 Budget, moved all employees into the proper pay grade. Phase II, which was included in the FY15 Budget, included adjustments for certain employees within position based on tenure and experience. Additional resources for targeted reclassifications, along with merit increases have been proposed within the FY 2017 Operating Budget and found within the Other General Fund Operating Expenditures section, General Expenses budget.



**City of Franklin, Tennessee**  
**FY 2017 Operating Budget**

**Personnel Changes**

**Authorized Full-Time Positions**

Proposed for July 1, 2016, total authorized employment for the municipal government’s General, Special and Enterprise Funds is 708 full-time employees. Authorized part-time positions are shown within the individual departments that have these positions.

**Full-Time City Government Employees by Function/Program, Last Five Years**

Function / Program	2013	2014	2015	2016	2017
Administration	5	6	6	6	6
Building & Neighborhood Services	26	31	32	33	33
Capital Investment Planning	1	2	2	2	0
Communications	3	3	3	4	4
Court	2	2	2	3	3
Engineering	10	11	12	12	13
Finance	9	10	10	10	10
Fire	159	161	171	171	171
HR	7	11	11	11	11
IT	17	18	20	20	20
Law	3	4	4	4	5
Parks	28	31	31	37	39
Planning & Sustainability	14	16	16	16	16
Police	157	156	156	157	142
Project & Facilities Management	6	7	7	7	5
Purchasing	3	3	3	3	3
Revenue Management	15	14	13	13	13
Sanitation & Environmental Services	48	48	49	49	45
Stormwater	16	17	18	19	20
Streets	48	51	53	53	54
Traffic Operations Center	4	4	4	3	3
Water & Wastewater	82	84	85	86	92
<b>Total (All Funds)</b>	<b>663</b>	<b>690</b>	<b>708</b>	<b>719</b>	<b>708</b>

Notes:

*The City's Board of Mayor and Aldermen and City Judge are not included in the numbers shown*



# City of Franklin, Tennessee

## FY 2017 Operating Budget

### Personnel Changes

#### Change in Authorized Personnel Positions

The proposed budget provides for an overall reduction of (11) authorized full-time positions in the new fiscal year.

DEPARTMENT	TITLE	PAY GRADE	Add/(Delete)	
			F-T	P-T
<b>Governance &amp; Management</b>				
Administration	Upgrade CIP Executive to Asst. City Administrator	N	1	
CIP	Transfer positions to other departments	N,F	-2	
Law	Transfer ParaLegal from CIP	F	1	
Project & Facilities Management	Eliminate Custodians (1 F-T, 1 P-T)	B	-1	-0.5
<b>Public Safety</b>				
Police	Crime Analyst	TBD	1	
	Transfer Assistant Communications Supervisor to County	E	-1	
	Transfer Senior Communications Officers to County	E	-3	
	Transfer Communication Officers to County	D	-12	
Fire	Fiscal Affairs Manager	H	1	
	Firefighter	E	-1	
<b>Finance &amp; Administration</b>				
Sanitation & Environmental Services	Eliminate SES Worker (4 full-time, 2 part-time)	B	-4	-1
<b>Community &amp; Economic Development</b>				
Planning & Sustainability	Upgrade One Senior Planner to Principal Planner	H	1	
	Create new Preservation Planner Position	TBD	1	
	Eliminate Land Planner (TN Reg)	G	-1	
	Eliminate Planning Assistant	E	-1	
	Eliminate Part-Time Administrative Secretary	B		-0.5
Engineering	Staff Engineer II	H	1	
Parks	Program Specialist	D	1	
<b>Public Works</b>				
Streets	Part-time Road Inspector	F		-0.5
Stormwater - Streets	Stormwater Inspector	F	1	
Water Distribution	Equipment Operator	D	1	
Water Distribution	Utility Locate Technician	TBD	2	
Utility Administration	Utilities Engineer II	H	1	
Wastewater Collection	Utility Locate Technician	TBD	2	
<b>Total Net Change</b>			<b>-11</b>	<b>-2.5</b>

*In addition, a series of targeted positions will be examined for market adjustments throughout the Fiscal Year. These will be evaluated and brought forward to the Board of Mayor and Alderman at a later time.*





*City of Franklin, Tennessee*  
**FY 2017 Operating Budget**

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# City of Franklin, Tennessee

## FY 2017 Operating Budget

### Debt

#### Debt Capacity & Debt Service Levels

The City of Franklin’s bond rating from Moody’s Investor Services and Standard & Poor’s is Aaa and AAA, respectively, the highest rating possible. The City of Franklin is one of only three Tennessee cities with the triple A rating (Brentwood and Germantown are the other two) from both rating services.

The State of Tennessee does not mandate a debt limit for municipalities and the City has no debt limit in place at this time. In 2009, the City adopted a debt policy that provides guidelines on the amount of debt capacity the City will have based on a series of debt ratios that are regularly produced and reviewed by the rating agencies. Those ratios were debt per capita, debt burden, and debt service as a percentage of General fund expenditures. In 2016, the policy was updated to reflect statistics in the new methodologies implemented by the rating agencies. The City’s approved debt policy is included in this budget document in Appendix E.

#### Debt Service

In 2010, the City created a fund for accumulation of resources and the payment of debt service. A portion of the total property tax rate is allocated for debt service; however, the actual portion to be paid by property tax depends on the projects approved. Depending on the project’s purpose, additional debt service payments are expected to be paid by the Hotel/Motel Tax Fund, the Road Impact Fund, the Facilities Tax Fund, and the Sanitation & Environmental Services Fund. The total General & Special Funds debt service budget for FY 2017 is \$13,220,298.

Expenses (Debt Service by Fund)							
General	5,658,149	7,159,438	8,032,094	8,032,094	8,148,171	116,077	1.4%
Sanitation	570,537	584,509	606,544	606,544	623,956	17,412	2.9%
Road Impact	3,533,589	3,267,777	3,042,412	3,042,412	3,206,667	164,255	5.4%
Hotel Motel	1,234,303	1,233,262	1,243,096	1,243,096	1,241,504	(1,592)	-0.1%
<b>Total Expenditures</b>	<b>10,996,578</b>	<b>12,244,986</b>	<b>12,924,146</b>	<b>12,924,146</b>	<b>13,220,298</b>	<b>296,152</b>	<b>2.3%</b>

Further detail on this fund can be found in the Other Special Funds section of the budget.

Debt service pertaining to Water & Wastewater projects is not included within the Debt Service Fund, but rather budgeted within the Water Management Budget. A summary of existing and proposed debt service for the Governmental Funds and for the Water Management Fund is attached on the following page. Debt service for major Water and Wastewater Plant Modifications is not included in the exhibit, as exact financing detail are still being developed at this time.



# City of Franklin, Tennessee

## FY 2017 Operating Budget

### Debt

### Debt Service

GOVERNMENTAL FUNDS												
Bond Issue to be Issued in FY 2017												
BOND INFORMATION					2017 DEBT SERVICE							
Bond Issue	Description	Maturing	Original Amount	Amount Outstanding - Beg of Fiscal Year	2017 Principal	2017 Interest	Total 2017 Principal + Interest	General Fund	Sanitation Fund	Road Impact Fund	Hotel/Motel Tax Fund	Total
1	2002 TN Municipal Bond Fund	Used to construct the Century Court Public Works facilities	2017	\$5,000,000	\$439,000	\$1,185	\$440,185	\$440,185	\$440,185			\$440,185
2	2003 TN Municipal Bond Fund	Used to construct the Century Court Public Works facilities	2018	\$2,000,000	\$341,000	\$921	\$1,669,921	\$1,669,921	\$1,669,921			\$1,669,921
3	2005 TN Bond Fund	Used for WHFI communications project	2017	\$4,500,000	\$550,000	\$1,485	\$551,485	\$551,485				\$551,485
4	2005 Lawrenceburg PBA	Used to fund the purchase of the property (S2.5m) and r.o.w. for McEwen (S2m)	2021	\$4,500,000	\$330,000	\$60,411	\$390,411	\$390,411		\$175,685	\$214,726	\$390,411
5	2007 Franklin Building Authority	Used for several projects including public safety building, parks, and road projects	2037	\$20,000,000	\$0	\$798,000	\$798,000	\$454,860		\$343,140		\$798,000
6	2009A&B	Used for several projects including public safety building, parks, and road projects	2029	\$44,000,000	\$32,715,000	\$1,612,176	\$3,702,176	\$2,406,414		\$1,280,953	\$14,809	\$3,702,176
7	2010 New Bonds	To be used for Hillsboro Rd (arterial), 3rd Ave N Ext (collection), and Columbia Ave Streetscape (hotel/motel portion)	2030	\$15,725,000	\$0	\$795,729	\$795,729	\$198,932		\$318,292	\$278,505	\$795,729
8	2010 New Bonds	Used to refund 2005 TN Loans and Hartsdale bonds	2024	\$16,590,000	\$10,815,000	\$366,850	\$1,576,850	\$993,416			\$583,435	\$1,576,850
9	2012 Refunding	Used to refund 2009 TMBF bonds	2027	\$2,250,000	\$17,980,000	\$374,456	\$1,809,456	\$741,877		\$922,823	\$144,756	\$1,809,456
11	2013A Public Improvement	To finance the Public Works Facility and other street projects	2034	\$7,405,000	\$6,850,000	\$198,718	\$503,718	\$503,718				\$503,718
12	2013B Pension Obligation	Used to fund the unfunded portion of the pension obligations	2024	\$10,000,000	\$8,175,000	\$218,235	\$1,163,235	\$1,163,235				\$1,163,235
13	2015 New Bonds	Used to fund roads and public facilities	2034	\$15,000,000	\$14,515,000	\$546,290	\$1,066,290	\$1,061,215			\$5,075	\$1,066,290
14	2017 New Bonds	Used to fund Hillsboro Road/North	2037	\$15,000,000	\$15,000,000	\$225,000	\$225,000	\$60,075		\$164,925	\$0	\$225,000
<b>Government Funds Totals</b>					<b>\$7,992,000</b>	<b>\$5,199,456</b>	<b>\$13,191,456</b>	<b>\$8,135,226</b>	<b>\$609,106</b>	<b>\$3,205,818</b>	<b>\$1,241,306</b>	<b>\$13,191,456</b>
Plus Debt Fees							\$28,842	\$12,944	\$14,850	\$650	\$198	\$28,842
Debt Service Fund Costs (see Other Special Funds)							#####	\$8,148,171	\$623,956	\$3,206,668	\$1,241,504	\$13,220,298

WATER AND WASTEWATER FUND																
BOND INFORMATION					2017 DEBT SERVICE											
Bond Issue	Description	Maturing	Original Amount	Amount Outstanding	2017 Principal	2017 Interest	Total 2017 Principal + Interest	Water Operations	Water Access	Water Taps	Wastewater Operations	Wastewater Access	Reclaimed Access	Reclaimed Taps	Total	
1	2005 Refunding	Used to refund bonds issued in 2001 and large portion of 2005 issue	2025	\$2,467,000	\$18,010,000	\$2,115,000	\$974,875	\$2,989,875				\$1,195,950	\$1,793,925		\$2,989,875	
2	2011 ARRA	Used to refund 2008 issue	2026	\$19,430,000	\$15,130,000	\$1,250,000	\$344,493	\$1,594,493	\$111,615	\$207,284	\$47,835	\$15,945	\$1,116,145	\$15,945	\$1,594,493	
3	ARRA - Drinking Water	Used for rehabilitation of reservoir	2030	\$1,500,000	\$1,226,851	\$66,133	\$32,081	\$98,214	\$98,214						\$98,214	
4	ARRA Loan - Clean Water	Used for sewer and reclaimed water projects	2031	\$1,888,200	\$1,596,901	\$79,752	\$42,424	\$122,176	\$56,201			\$65,975			\$122,176	
<b>Water &amp; Wastewater Totals (detail found in separate budget)</b>					<b>\$47,488,200</b>	<b>\$35,955,752</b>	<b>\$1,293,873</b>	<b>\$4,804,758</b>	<b>\$209,829</b>	<b>\$207,284</b>	<b>\$47,835</b>	<b>\$1,269,096</b>	<b>\$2,910,070</b>	<b>\$145,700</b>	<b>\$15,945</b>	<b>\$4,804,758</b>
<b>Combined Totals</b>					<b>\$229,708,200</b>	<b>\$180,445,752</b>	<b>#####</b>	<b>\$6,493,329</b>	<b>\$8,345,055</b>	<b>\$816,390</b>	<b>\$3,253,653</b>	<b>\$2,509,402</b>	<b>\$2,910,070</b>	<b>\$145,700</b>	<b>\$15,945</b>	<b>\$17,996,214</b>