



City of Franklin, Tennessee
FY 2021 Budget

FY 2021 Revenue Model

Preliminary Revenue Assessment

FY 2015-2019 Actual Revenues

FY 2020 Budget

FY 2021 Forecast



City of Franklin, Tennessee - FY 2021 Budget

Revenue Model

Outline

- Overview & Assumptions**
- All Funds Summary**
- General Fund Summary**
- Select Category / Fund Breakouts**
 - General Fund (GF): Local Sales Tax**
 - GF: State Shared Taxes**
 - GF: Property Tax**
 - Street Aid Fund**
 - Sanitation Fund**
 - Road Impact Fund**
 - Other Development-Related Funds**
 - Hotel/Motel Tax Fund**
 - Debt Service**
 - Water & Sewer Fund**
- Next Steps**



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Revenue Model

Overview & Assumptions

- **14 funds for which budgets are annually approved.**
- **Low, medium & high values presented.**
- **Preliminary Revenue Assessment is based on projections from Tennessee State Funding Board, historical performance & economic trends.**
- **January model is always *conservative* – future forecasts will be refined.**



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Revenue Model

Overview & Assumptions

- **Tennessee's economy closely matches the nation's economy, which is continuing the greatest period of economic expansion in history.**
- **Franklin's, Tennessee's, and the nation's unemployment rates continue to stay low.**
- **2020 presents unique financial and political opportunities and challenges.**

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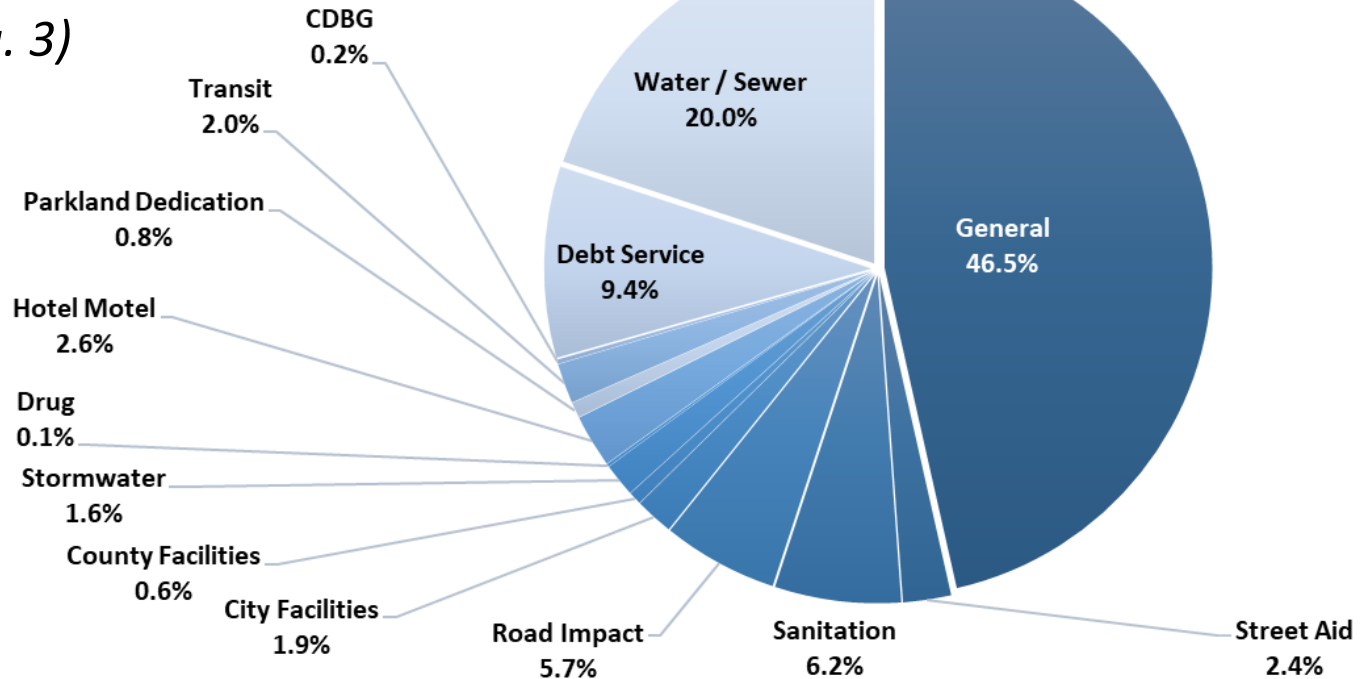
All Funds: (pg. 3)

FY 2021:
\$162.9 M

FY 2020:
\$164.2 M

Decrease:
(\$1,292,379)
or -0.8%

Largest Fund: General Fund (46.5%)
Smallest Funds: Drug Fund (0.1%)



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General Fund: (pg. 4)

FY 2021:

\$75.7 M

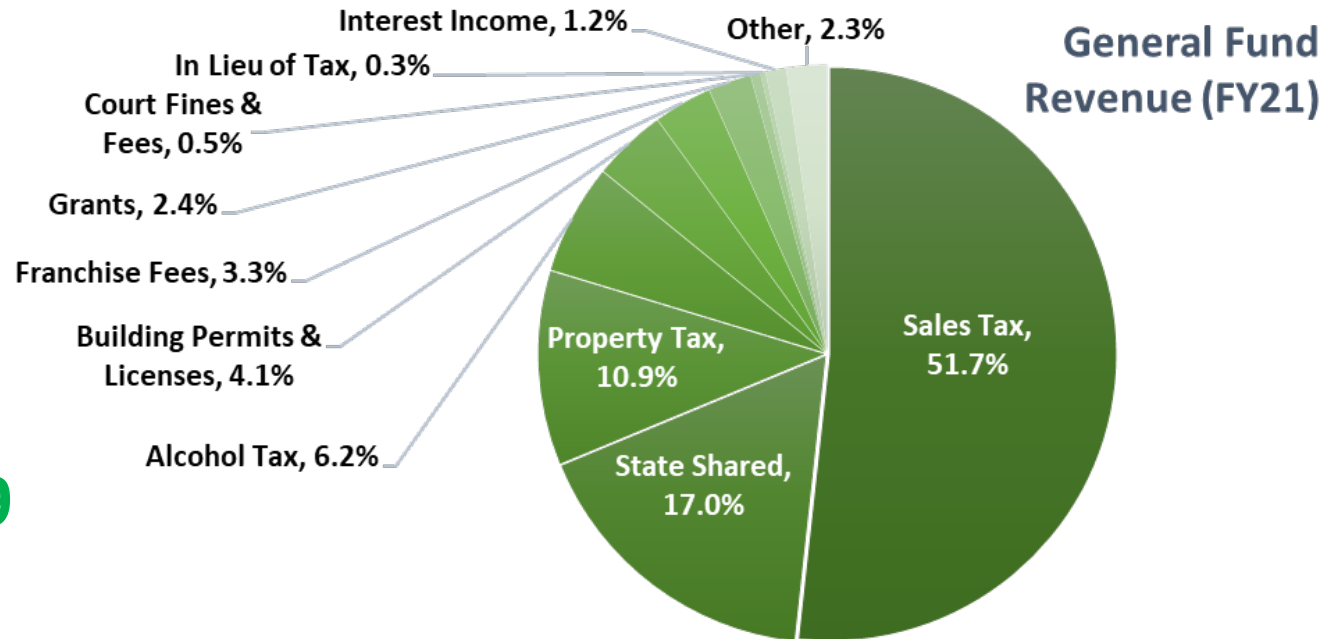
FY 2020:

\$73.8 M

Increase:

\$1,930,759

or 2.6%

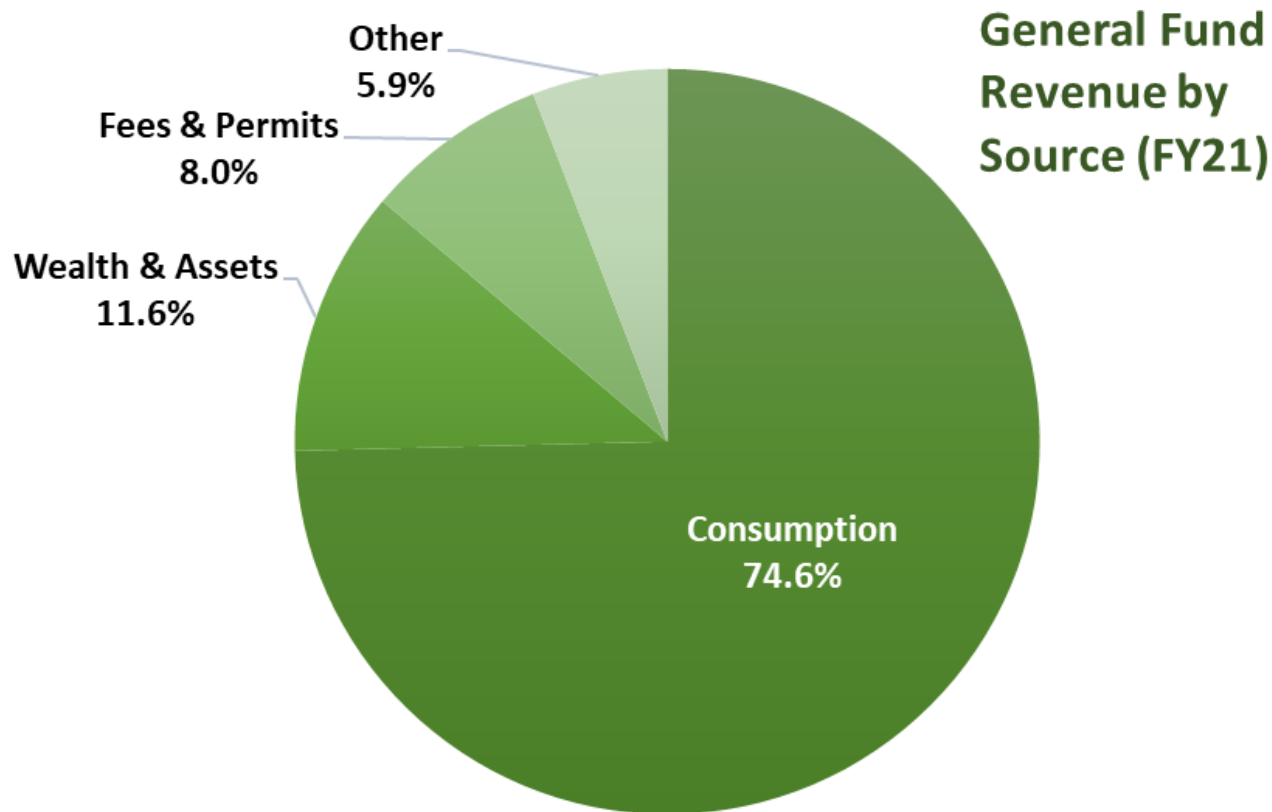


This forecast has, as always, limited FY 2020 actual collections and very little fund balance assumed. This will change later in the budget process.

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General Fund: Revenue by Source (pg. 5)





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General Fund: Local Sales Tax (pg. 6)

FY 2021: \$39.1 M FY 2020 Budget: \$37.1M

FY 2020 Estimated: \$37.2 M*

Increase: \$2,049,233 (5.5%)

Forecast: Increase is based on two components:

- Historic 3.5% rate of growth assumed, similar to state forecast.**
- Additional ½ of Local Sales Tax currently allocated to Williamson County beginning in April 2021. Staff has assumed for planning purposes ½ for operations and ½ for capital investments.**

YTD 2020 Collections – on target for budget estimate.

****based on only 4 months of actual collections.***



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Closer Focus: Local Sales Tax

- **On average, there is a year-over-year 3.4% increase in sales tax over the past 25 years.**
- **FY19 compared to FY18 showed a growth of 5.9% year-over-year.**
- **The average growth rate for FY09 through FY19 was 4.2%.**
- **The State predicts a 3% to 4% increase in sales tax.**
- **The City of Franklin's local sales tax tends to mirror the State's sales tax revenue increase.**
- **Additional monthly add to revenues for portion of local sales tax currently going to Williamson County is \$250,000/mo.**



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General Fund: State Shared (pg. 7)

FY 2021: \$12.9 M FY 2020: \$12.6 M

Increase: \$192,874 or 1.52%

- Hall Income tax will decrease again.
- Hall Income Tax ceases to exist after FY 2021.

Tax Name	% Increase
Sales Tax (State)	3.5%
Beer Tax (State)	1%
State Excise Tax - BANK	4%
Business Tax Record Fee	2%
Business License (Local Share)	5%
Business Tax (State)	5%

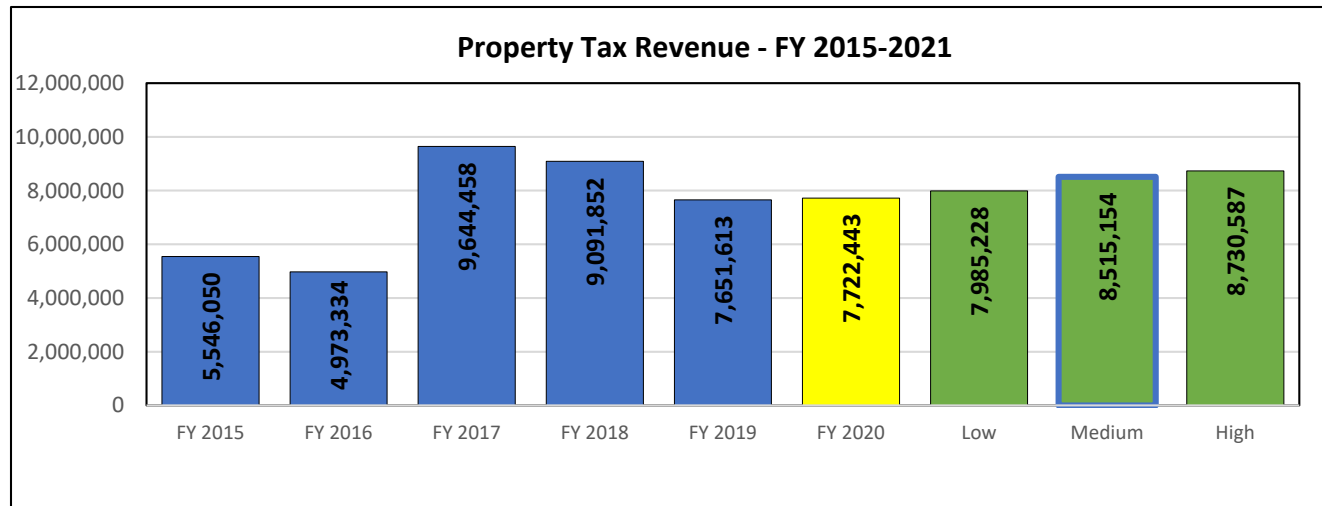
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General Fund: Property Tax (pg. 8)

FY 2021: \$8.28 M FY 2020: \$7.72 M

Increase: \$554,248 or 7.18%

While no increase in the rate is assumed, a 3% growth in the overall tax levy (similar to prior years) is expected.



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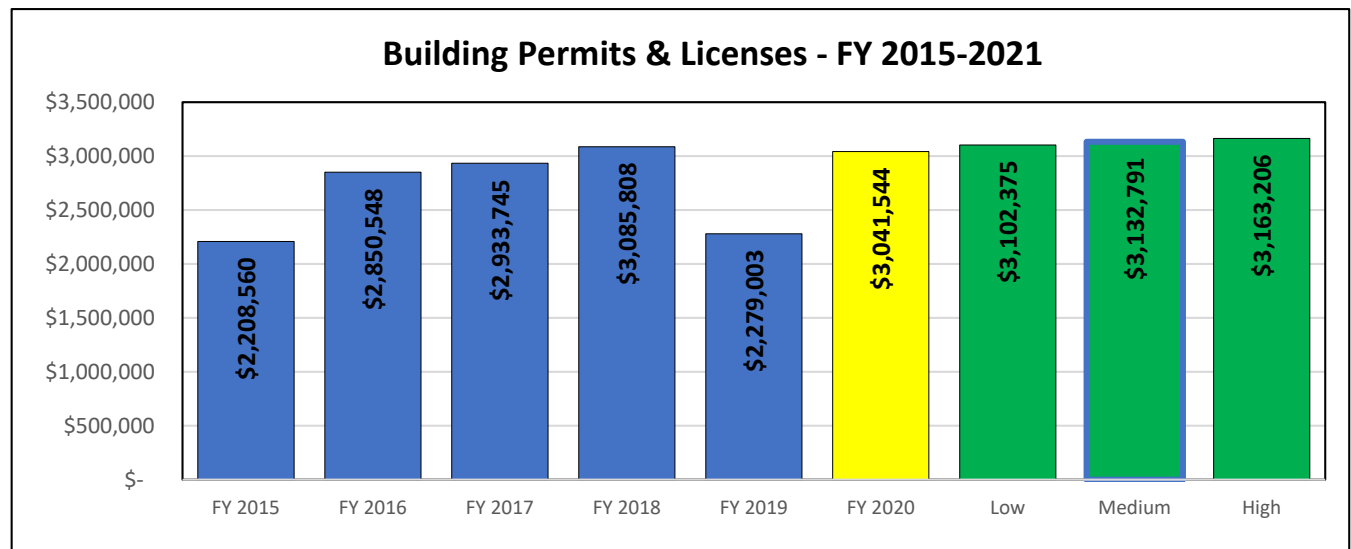
General Fund: Building Permits & Licenses (pg. 10)

FY 2021: **\$3.13 M** FY 2020: **\$3.04 M**

Increase: **\$91,247** or **3%**

Forecast: Growth in permits & licenses is 3.0% above FY 2020 budget.

May be
adjusted
downward
if new
building
activity
slows.



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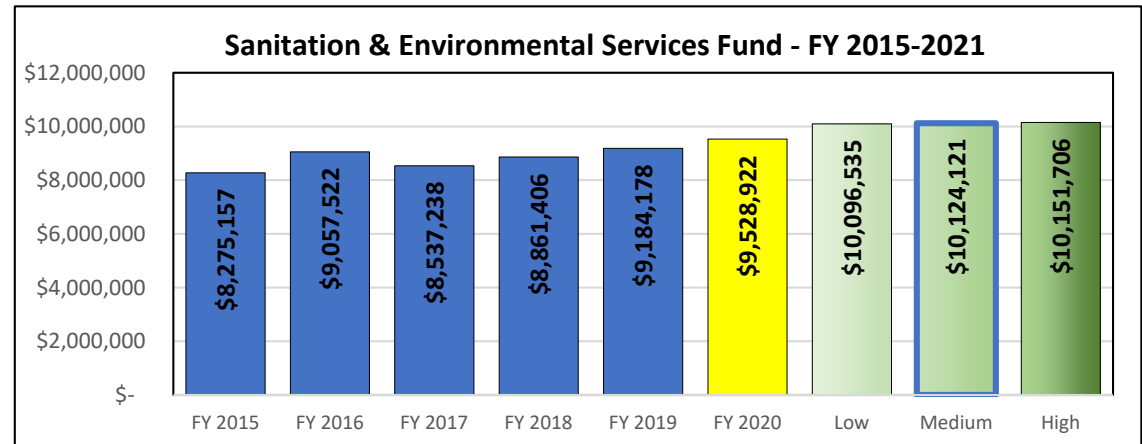
Sanitation Fund (pg. 19)

FY 2021: \$10.09 M

FY 2020: \$10.35 M

**Decrease: (\$205,165)
or -2%**

**Forecast: 2%
decrease overall over
FY 2020 budget due to decrease in sale of surplus assets. Assumes
NO subsidy from General Fund. Will be reexamined through
budget process.**



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Development Related Funds

- Funds include: Road Impact (pg. 20), City Facilities (pg. 21), County Facilities (pg. 22) and In Lieu of Parkland (pg. 26)
- All funds will either have no change or decrease in the next fiscal year between 0% and 22%. However, these are heavily dependent upon timing of new development. These forecasts could increase or decrease.

Tax Fund Name	% Change
Road Impact	(7%)
City Facilities	0%
County Facilities	(19.8%)
In Lieu of Parkland	(21.6%)

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Hotel/Motel Tax Fund (pg. 25)

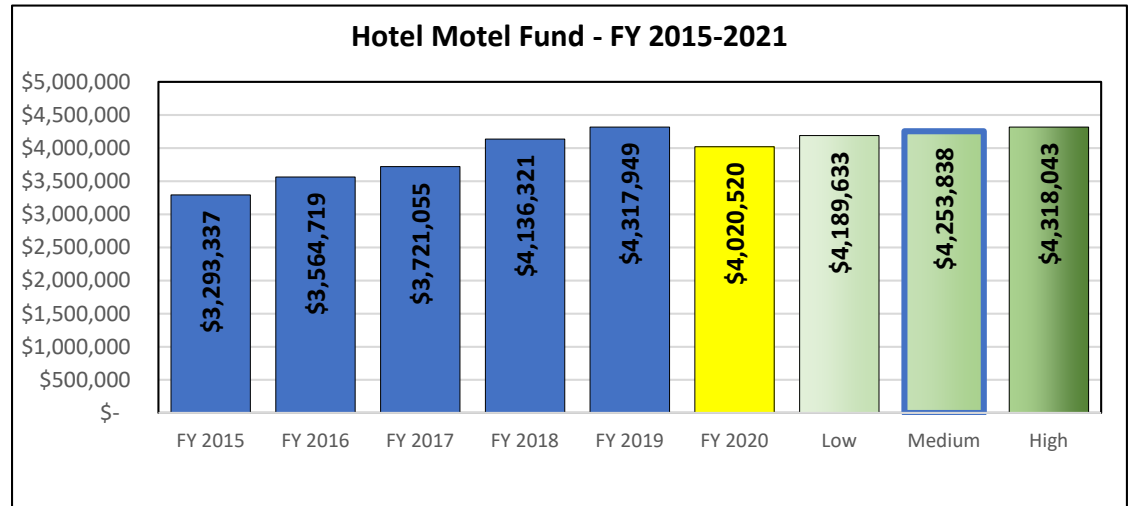
FY 2021: \$4.25 M

FY 2020: \$4.02 M

**Increase: \$233,318
or 5.8%**

**Forecast: Rev/PAR,
Occupancy Rates
and the Average
Daily Rate continue**

**to be strong. FY 2018 higher than normal as a result of special
audit. Although the FY 2020 budget is lower than FY 2019, we are
forecasting a 5.8% increase over FY 2020 due to the average
percent change from FY 2015 to FY 2019.**





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Water/Sewer Fund* (pg. 30)

FY 2021: \$32.53 M FY 2020: \$34.73 M

Decrease (budget over budget): **(\$1,028,928) or (3.2%)**
(but a 1.6% increase over FY 2019 actuals)

Forecast: Rates are approved to increase by 2.9% for Water and 3.5% for Sewer for CY 2019 and again in CY 2020. These increases are consistent with the current five-year rate plan. Declines when compared to budget are the results of one time transfers for capital projects not repeating.

** (operations only)*



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Next Steps

- **Departmental Budget Reviews will start in February and run through April.**
- **Revised revenue projections will accompany budget recommendations in May as well as a revised five-year forecast.**