



City of Franklin, Tennessee
FY 2027 Operating Budget

FY 2027 Proposed Budget Presentation



May 14, 2026
Budget and Finance Committee



City of Franklin, Tennessee

FY 2027 Operating Budget

Outline

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



City of Franklin, Tennessee

FY 2027 Operating Budget

Overview:

- Maintain high quality services.
- Preserve capacity to respond to future needs and meet quality of life needs.
- Invest in and plan for the future.
- Be a highly competitive community.



City of Franklin, Tennessee

FY 2027 Operating Budget

Budget Overview:

- **All Funds Budget for FY27: \$273.4 million**
 - An increase of 2.7% compared to FY26

- **General Fund Budget for FY27: \$134.3 million**
 - An increase of 1.8% compared to FY26



City of Franklin, Tennessee

FY 2027 Operating Budget

Overview: Highlights

- The budget is balanced.
- The budget fully complies with the Board of Mayor and Aldermen's debt and fund reserve policies.
- Essential service levels are maintained or enhanced.
- The City of Franklin's property tax rate remains unchanged at \$0.296 per \$100 of assessed valuation. The *Invest Franklin 2.0* dedicated funding for infrastructure and transportation investment and support of City operations remains in place. The City of Franklin property tax rate remains one of the lowest property tax rates in Tennessee and among the lowest among comparable cities nationally.



City of Franklin, Tennessee

FY 2027 Operating Budget

Overview: Highlights

- The City continues to invest in its most important resource, our City team members. The FY27 budget includes a general pay increase of 2.5% plus an additional performance-based pay increase of up to an additional 2.5%. The City's compensation plan remains highly competitive, with all positions at or above the 90th percentile market target.
- Health insurance premiums for City team members will increase by 2.5% for FY27, the first premium change in four years. Out-pocket-maximums will increase for the first time since 2014.



City of Franklin, Tennessee

FY 2027 Operating Budget

Overview: Highlights

- Thanks to additional operating support through *Invest Franklin 2.0*, the FY27 budget includes funding for eight new the General Fund including three Police Officers (patrol), a Sergeant in Police (training), restoration of the Contract Specialist position in Finance, an Organizational Development Specialist (Human Resources), and the restoration of two Grounds Worker positions in Parks and Recreation. While not adding positions, the Fire Department will fully implement the District Captain structure to enhance its operational effectiveness. One full-time position has been reduced in Administration.





City of Franklin, Tennessee

FY 2027 Operating Budget

Overview: Highlights

- Based on a thorough cost of service study, Sanitation and Environmental Services fees for residential trash and recycling service will increase by \$1 per month (\$34 per month total fee) in FY27. Commercial tip fees at the City's transfer station are also increased in the FY27 budget. These rate adjustments are part of a five-year rate plan to maintain the self-sufficiency of this operation.
- Stormwater fees will also be adjusted for the first time since 2018. The rate adjustment which is projected at an additional \$20.70 on an annual basis for most residential customers will return this fund to self-sufficiency.



City of Franklin, Tennessee

FY 2027 Operating Budget

Overview: Highlights

- The budget incorporates performance measures, called “FIT 5” measures, are included for every aspect of City operations. The connection to our updated Strategic Plan, FranklinForward, is clearly linked to performance measures and objectives throughout the budget.



City of Franklin, Tennessee

FY 2027 Operating Budget

Overview: Highlights

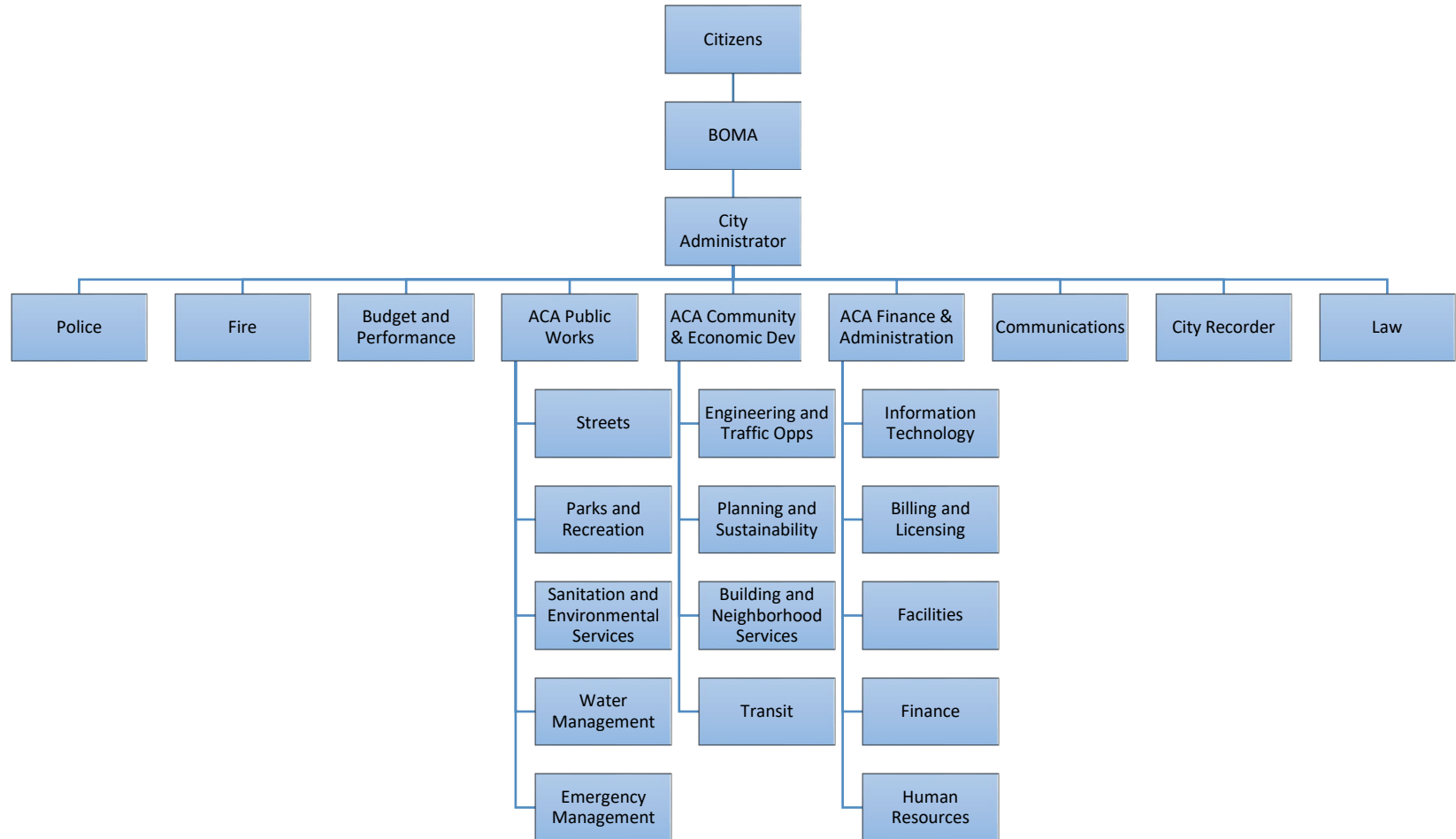
Fee Adjustments Proposed – FY 2027 Operating Budget		
General Fund	Plan Review Fees	<ul style="list-style-type: none"> - Nonresidential Review Fee: Increase from \$50 to \$250 - Fire Protection Review Fee: <u>New</u> Fee \$50 - Residential Plan Review Fee: <u>New</u> Fee \$100 (Only for SF Home > 2,000 sq. ft.) - Resubmittal Review Fees (3rd Submittal & After): After the first two cycles, 50% of the original fee would be assessed with each subsequent resubmittal.
Sanitation	Residential Transfer Station	<ul style="list-style-type: none"> - Residential Collection: Increase from \$33/mo. to \$34/mo. - Transfer Station: Increase from \$70/ton to \$75/ton
Stormwater	Fee	- Increase from \$3.83/ERU to \$5.94/ERU
Water Management	Rates	- 5% for water and 6% for wastewater



City of Franklin, Tennessee

FY 2027 Operating Budget

Organization Structure – FY27

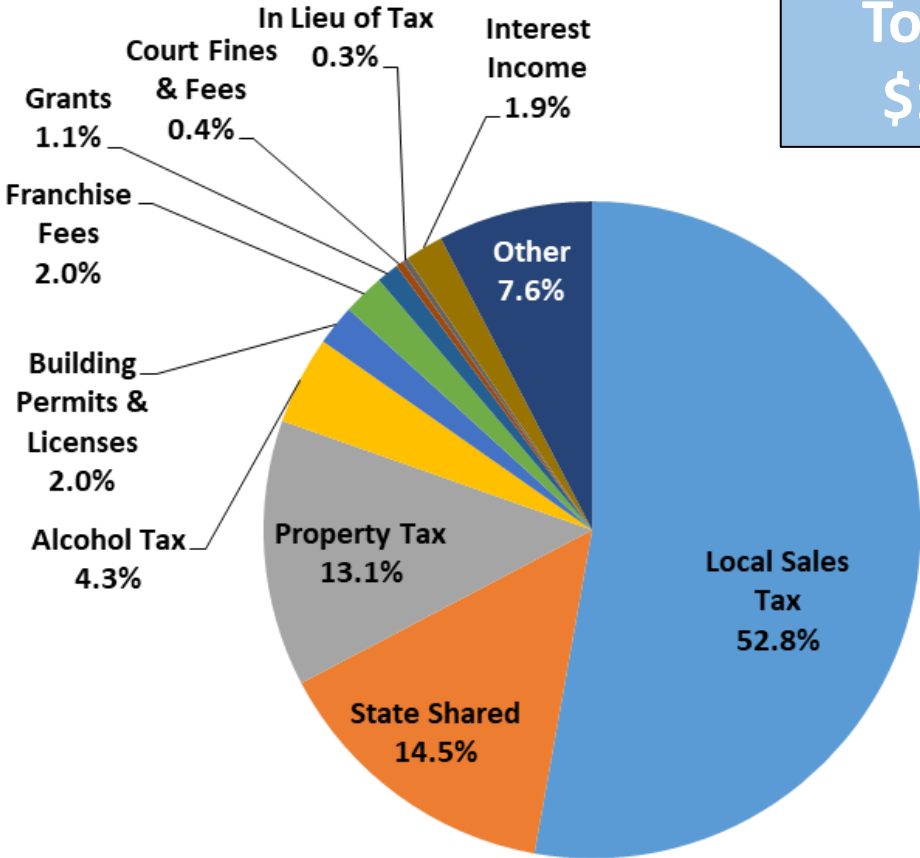




City of Franklin, Tennessee

FY 2027 Operating Budget

General Fund Overview: Revenues



**Total Revenues:
\$134.3 million**

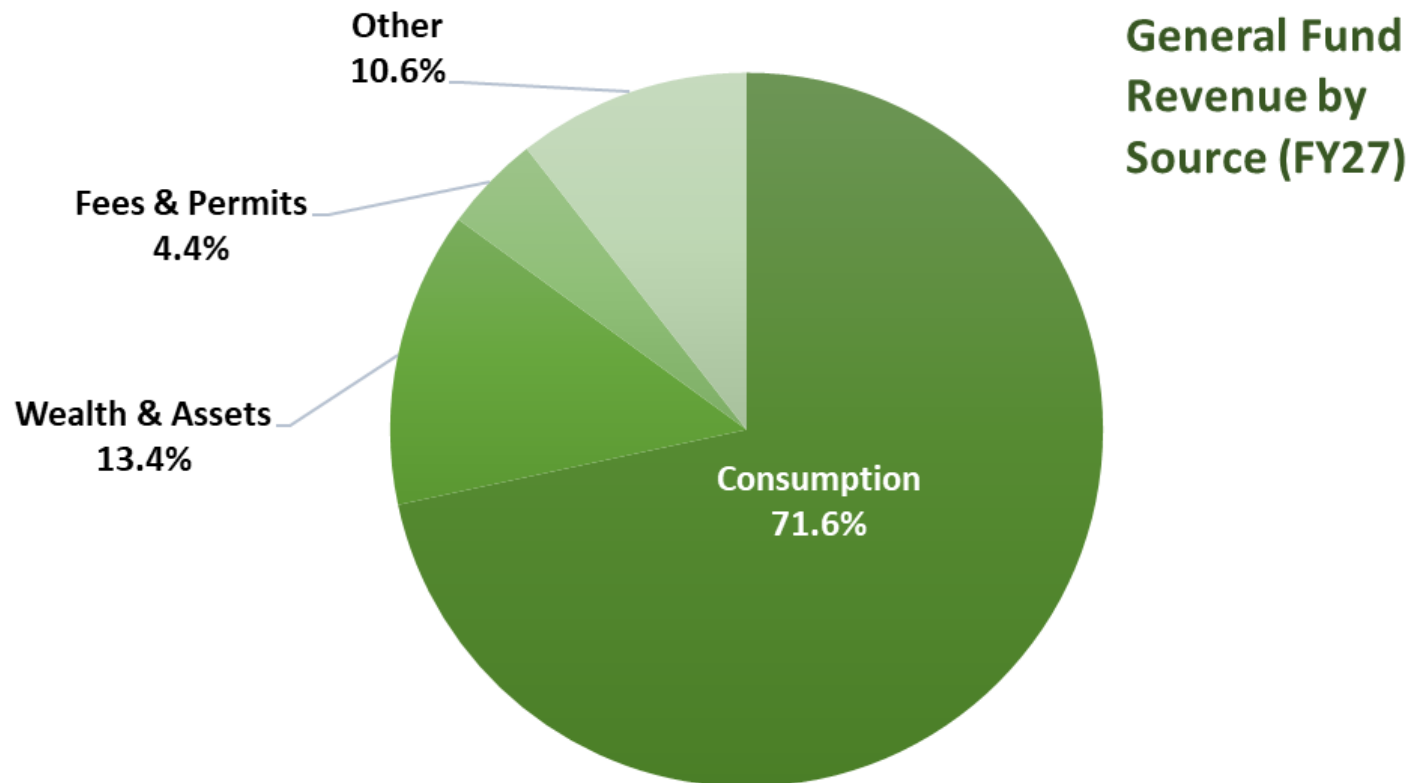


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FY 2027 Operating Budget

General Fund Overview: Revenues by Source





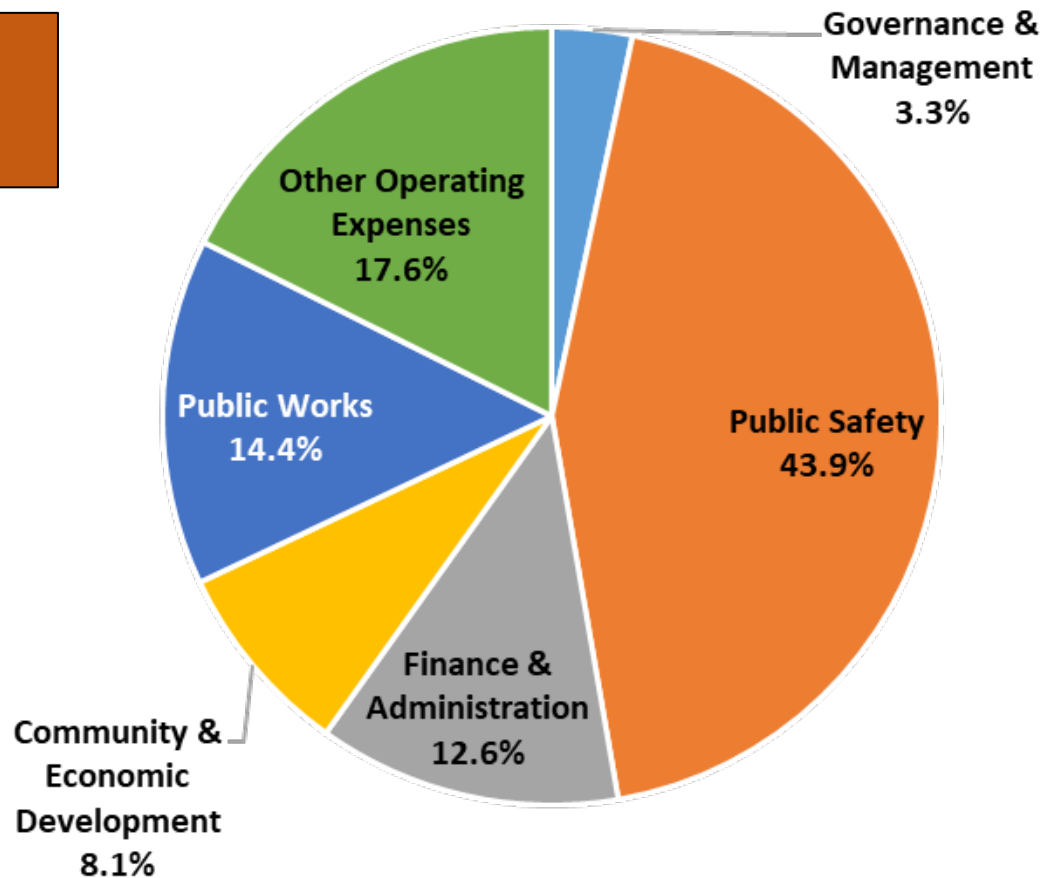
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FY 2027 Operating Budget

General Fund Overview: Expenses by Major Function/Program

**Total Expenses:
\$134.3 million**



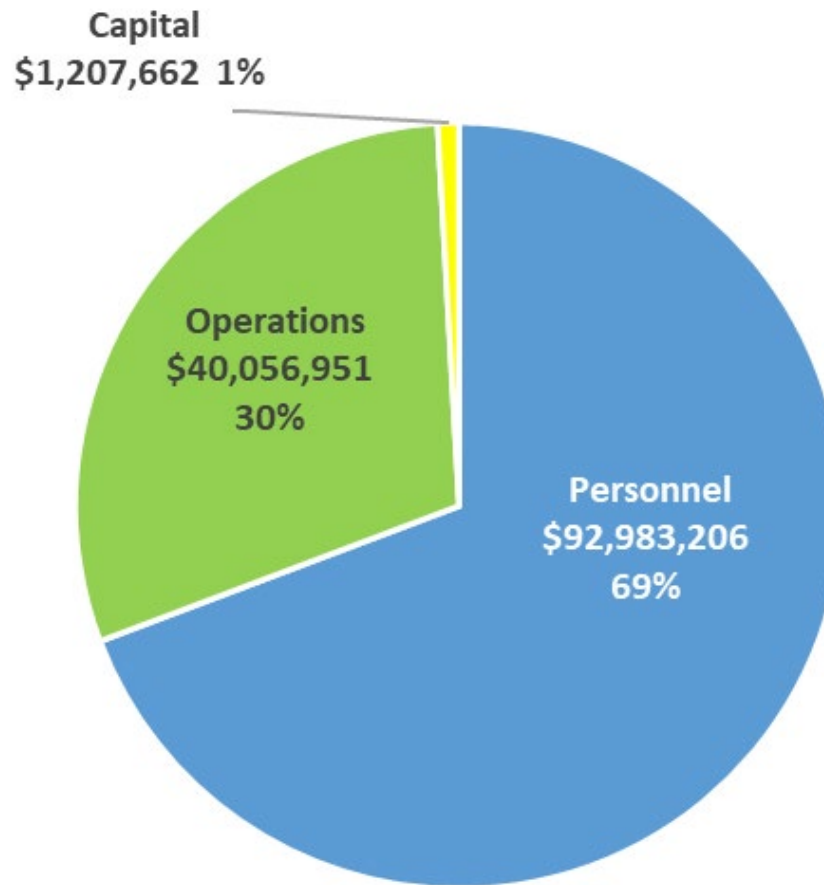


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FY 2027 Operating Budget

General Fund Overview: Expenses by Category



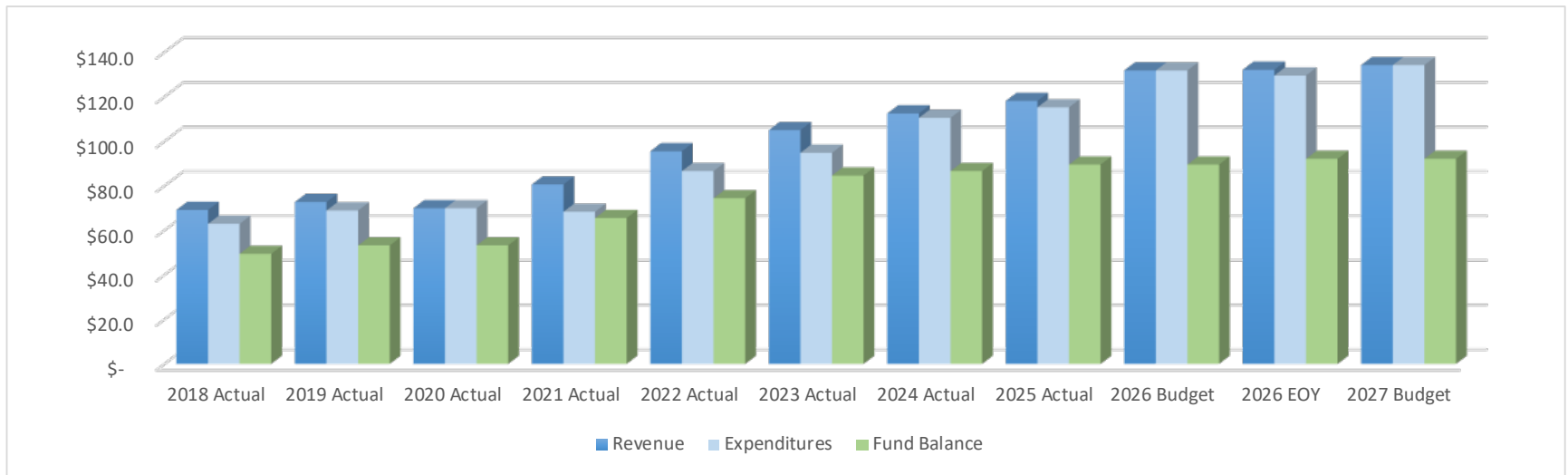


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FY 2027 Operating Budget

General Fund: Revenues: Financial Performance



	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 EOY	2027 Budget
Revenue	\$ 69.1	\$ 72.7	\$ 69.9	\$ 80.6	\$ 95.5	\$ 105.0	\$ 112.5	\$ 118.1	\$ 131.8	\$ 132.1	\$ 134.2
Expenditures	\$ 62.9	\$ 68.9	\$ 69.9	\$ 68.3	\$ 86.6	\$ 94.8	\$ 110.5	\$ 115.2	\$ 131.8	\$ 129.5	\$ 134.2
Fund Balance	\$ 49.4	\$ 53.2	\$ 53.2	\$ 65.5	\$ 74.4	\$ 84.6	\$ 86.6	\$ 89.5	\$ 89.5	\$ 92.1	\$ 92.1

Note: Amounts above are in millions of dollars.



City of Franklin, Tennessee

FY 2027 Operating Budget

Summary

- The FY27 Budget continues support of *Invest Franklin 2.0*, which was implemented in the FY26 Budget. It provided additional dedicated funding for enhancing services and crucial infrastructure investments. Thanks to *Invest Franklin 2.0* the City received TDOT partnership funding for Mack Hatcher Southeast widening to four lanes. One of only nine partnership projects funded statewide.
- There are targeted increases in staffing as the City prioritizes essential services and operational excellence.
- Reserves at year-end are well above policy level.



City of Franklin, Tennessee

FY 2027 Operating Budget

General Fund: Revenues: General Fund Revenue Comparison

	<u>Actual 2024</u>	<u>Actual 2025</u>	<u>Budget 2026</u>	<u>EOY 2026</u>	<u>Budget 2027</u>	<u>Difference '26 vs. '27</u>	
	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F (E-C)</i>	<i>G (E/C)</i>
Revenues							
Local Sales Tax	\$ 62,424,823	\$ 65,865,952	\$ 68,977,629	\$ 68,835,821	\$ 70,900,896	\$ 1,923,267	2.8%
State Shared	\$ 18,039,831	\$ 18,960,279	\$ 18,375,670	\$ 18,631,863	\$ 19,426,832	\$ 1,051,162	5.7%
Property Tax	\$ 11,732,303	\$ 12,538,875	\$ 17,107,391	\$ 17,546,824	\$ 17,592,581	\$ 485,190	2.8%
Alcohol Tax	\$ 5,676,548	\$ 5,530,491	\$ 5,603,499	\$ 5,705,016	\$ 5,827,432	\$ 223,933	4.0%
Building Permits & Licenses	\$ 2,603,942	\$ 2,838,289	\$ 2,186,580	\$ 2,277,063	\$ 2,681,140	\$ 494,560	22.6%
Franchise Fees	\$ 2,391,990	\$ 2,627,152	\$ 2,664,227	\$ 2,679,695	\$ 2,733,289	\$ 69,062	2.6%
Grants	\$ 3,276,075	\$ 3,002,958	\$ 2,077,602	\$ 2,077,602	\$ 1,457,000	\$ (620,602)	-29.9%
Court Fines & Fees	\$ 467,247	\$ 621,864	\$ 485,188	\$ 570,054	\$ 490,535	\$ 5,347	1.1%
In Lieu of Tax	\$ 369,292	\$ 380,714	\$ 386,039	\$ 382,272	\$ 389,843	\$ 3,804	1.0%
Interest Income	\$ 3,640,596	\$ 3,785,706	\$ 3,543,842	\$ 3,653,607	\$ 2,515,275	\$ (1,028,567)	-29.0%
Other	\$ 1,896,345	\$ 1,913,800	\$ 10,445,593	\$ 9,748,726	\$ 10,232,996	\$ (212,597)	-2.0%
Total - General Fund Revenues	\$ 112,518,991	\$ 118,066,082	\$ 131,853,256	\$ 132,108,542	\$ 134,247,819	\$ 2,394,563	1.8%



City of Franklin, Tennessee

FY 2027 Operating Budget

General Fund Revenues: Local Sales Tax

- Increase of 2.8% (\$1,923,267) from amended FY26.
- FY 2026 budgeted revenue was originally forecast at \$67.1 million but is now amended to be \$68.9 million.
- 52.8% of total general fund revenue.

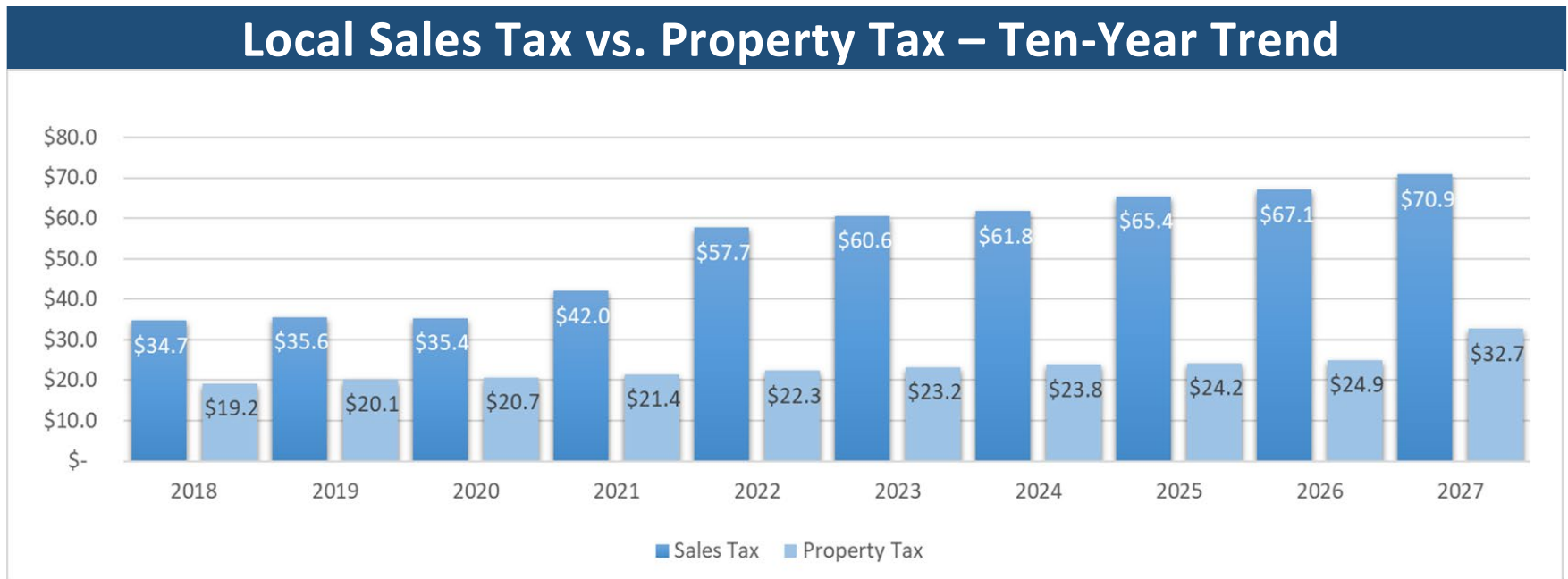


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City of Franklin, Tennessee

FY 2027 Operating Budget

General Fund Revenues: Property vs. Sales Tax





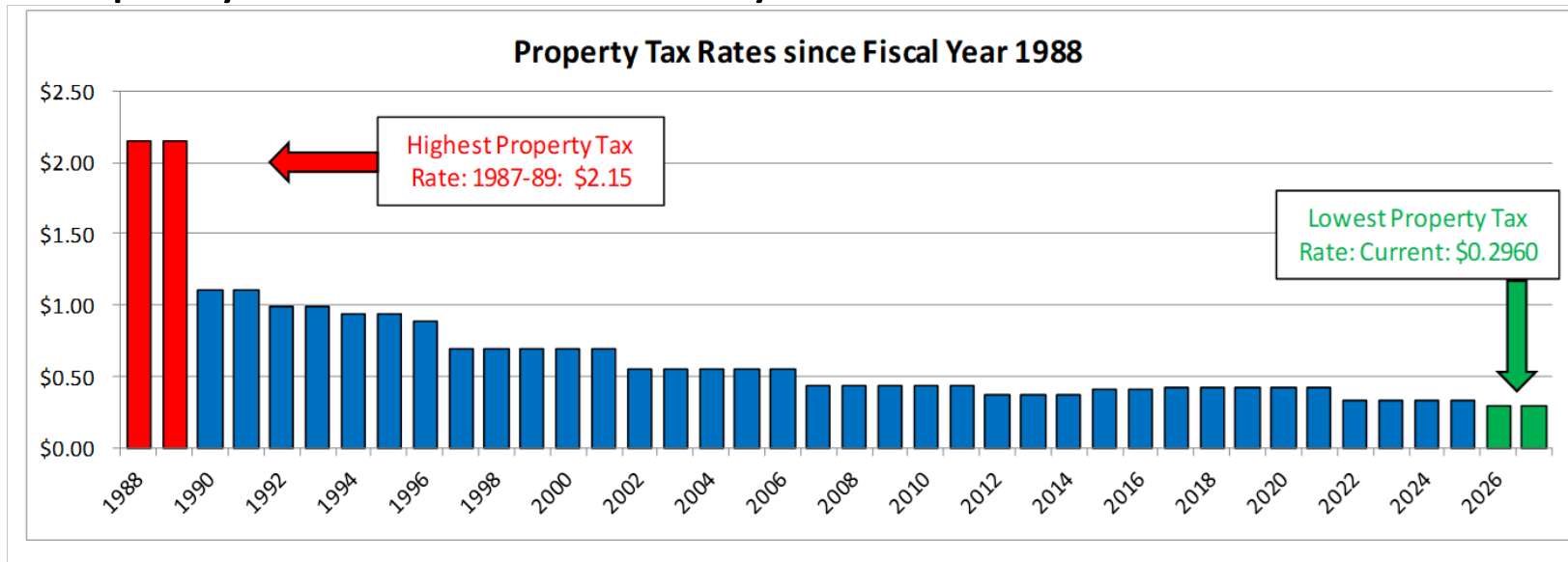
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City of Franklin, Tennessee

FY 2027 Operating Budget

General Fund Revenues:

- Property Tax: Increase in operational revenues to \$17.6M, to fund Invest Franklin 2.0 & support operations. The lowest Property Tax rate for a TN City of our size.



- Intergovernmental: Second largest General Fund revenue source (\$19.4M)



City of Franklin, Tennessee

FY 2027 Operating Budget

General Fund Revenues:

- Alcohol Tax: \$5.8M – a 4.0% increase from FY26.
- Building Permits & Licenses: \$2.68M, a 22.6% increase compared to FY26. *(includes proposed Plan Review Fee Increases)*
- Grants: Decrease (29.9%) from FY26 with one-time grants for transportation projects finished.
- Interest Income: Decrease (29.0%) from FY26 reflective of slightly lower earning environment, but still much stronger than first part of the decade.



City of Franklin, Tennessee

FY 2027 Operating Budget

General Fund: Fund Balance Summary

General Fund Performance - FY 2023-2027

	Actual 2023	Actual 2024	Actual 2025	Budget 2026	EOY 2026	Budget 2027
Beginning Fund Balance	✓ \$ 74,433,206	\$ 84,641,226	✓ \$ 86,659,905	\$ 89,483,990	\$ 89,483,990	\$ 92,116,717
+ Total GF Revenue	\$ 105,028,680	\$ 112,518,991	\$ 118,066,082	\$ 131,853,256	\$ 132,108,542	\$ 134,247,819
- Total GF Expenditures	\$ 94,820,660	\$ 110,500,312	\$ 115,241,998	\$ 131,853,256	\$ 129,475,815	\$ 134,247,819
Ending Fund Balance	✓ \$ 84,641,226	\$ 86,659,905	\$ 89,483,990	\$ 89,483,990	✓ \$ 92,116,717	\$ 92,116,717
***Percent of Total Annual Revenues	80.6%	77.0%	75.8%	67.9%	69.7%	68.6%
***Percent of Total Annual Expenditures	89.3%	78.4%	77.6%	67.9%	71.1%	68.6%

Note: Ending Fund Balance Amounts for Estimated FY 2026 and Budget FY 2027 numbers subject to change via year-end close.



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City of Franklin, Tennessee

FY 2027 Operating Budget

General Fund: General Fund Expenditures by Department

	<u>Actual 2024</u>	<u>Actual 2025</u>	<u>Budget 2026</u>	<u>EOY 2026</u>	<u>Budget 2027</u>	<u>Difference '26 vs. '27</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>
Expenses							
Governance & Management	\$ 3,955,971	\$ 4,370,966	\$ 4,755,468	\$ 4,669,798	\$ 4,470,409	\$ (285,059)	-6.0%
Public Safety	\$ 52,795,410	\$ 56,015,888	\$ 59,014,472	\$ 58,430,305	\$ 58,989,086	\$ (25,386)	0.0%
Finance & Administration	\$ 14,298,419	\$ 14,386,577	\$ 16,262,139	\$ 15,605,269	\$ 16,897,098	\$ 634,959	3.9%
Community & Economic Development	\$ 10,293,326	\$ 10,419,042	\$ 12,275,142	\$ 11,868,986	\$ 10,904,883	\$ (1,370,259)	-11.2%
Public Works	\$ 16,472,359	\$ 17,250,649	\$ 18,138,813	\$ 17,703,279	\$ 19,325,908	\$ 1,187,095	6.5%
Other Operating Expenses	\$ 12,973,528	\$ 13,013,779	\$ 21,407,221	\$ 21,198,179	\$ 23,660,434	\$ 2,253,213	10.5%
Total - General Fund Expenses	\$ 110,789,013	\$ 115,456,900	\$ 131,853,256	\$ 129,475,815	\$ 134,247,819	\$ 2,394,563	1.8%
General Fund Expenditures (by major category)							
Personnel	\$ 76,418,342	\$ 83,890,843	\$ 88,366,370	\$ 87,649,991	\$ 92,983,206	\$ 4,616,836	5.2%
Operations	\$ 33,184,826	\$ 31,038,883	\$ 37,677,170	\$ 36,307,385	\$ 40,056,951	\$ 2,379,781	6.3%
Capital	\$ 1,185,845	\$ 527,174	\$ 5,809,716	\$ 5,518,439	\$ 1,207,662	\$ (4,602,054)	-79.2%
Total - General Fund Expenses	\$ 110,789,013	\$ 115,456,900	\$ 131,853,256	\$ 129,475,815	\$ 134,247,819	\$ 2,394,563	1.8%



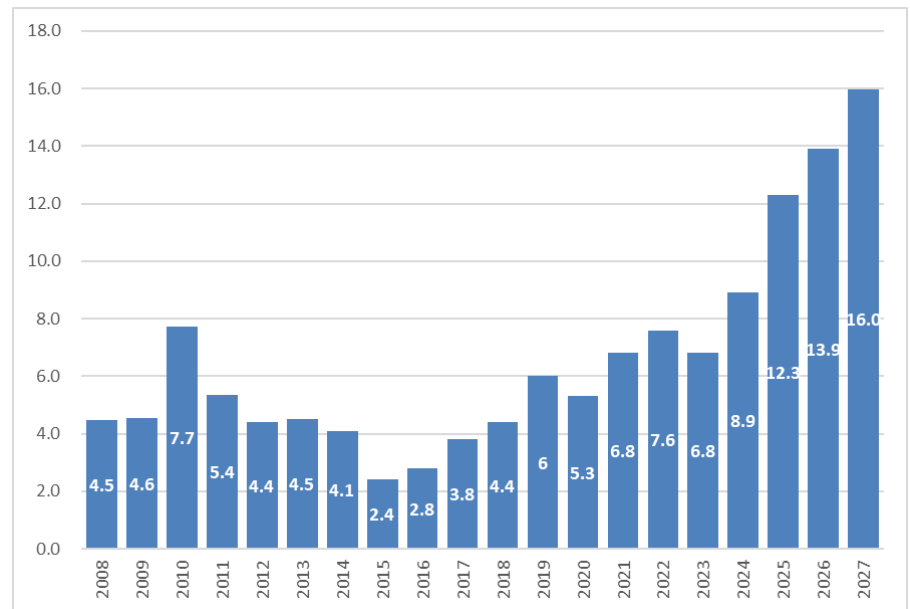
City of Franklin, Tennessee

FY 2027 Operating Budget

General Fund: Pension Plan Contributions

- Pension obligations are fully funded in FY27 Budget.
- Closed pension contribution increased \$1.0 million over FY 2026.
- TCRS contribution is 7.98% of salary.
- Pension is approximately 20.5% of total payroll.

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





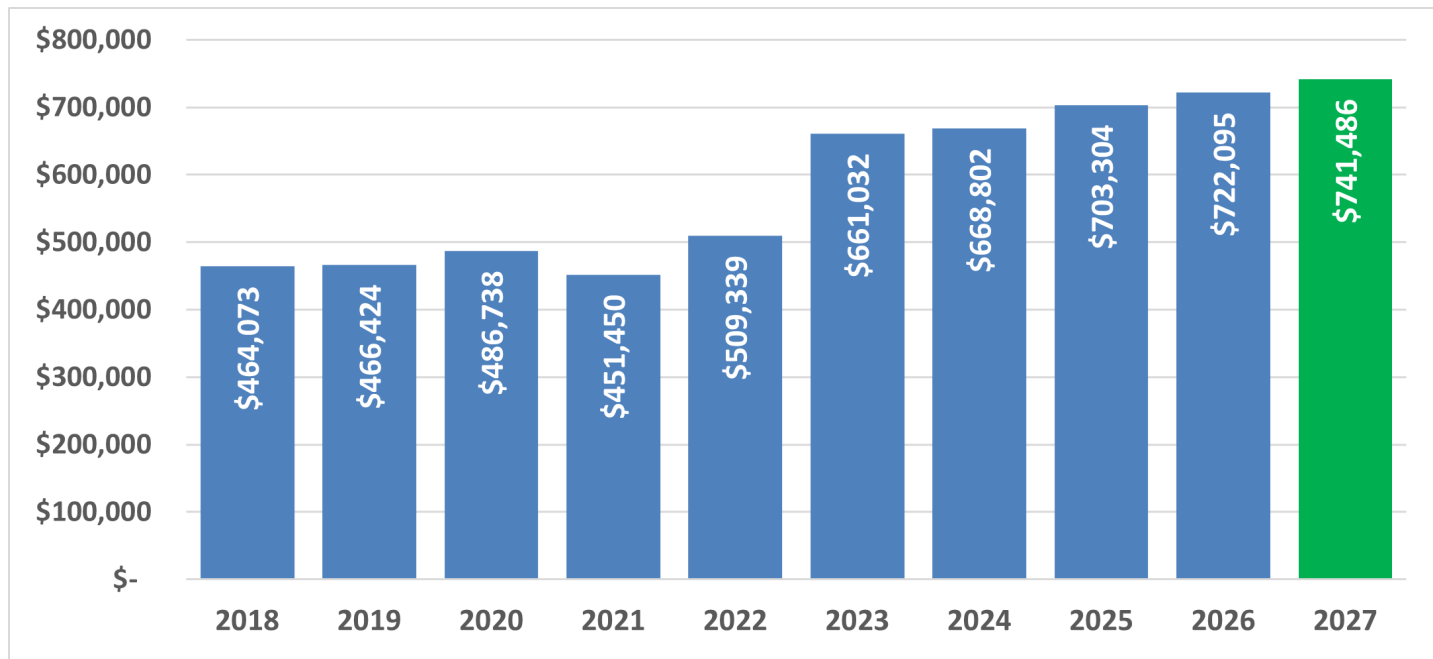
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City of Franklin, Tennessee

FY 2027 Operating Budget

General Fund: Appropriations to Outside Entities

Ten Year- History – Appropriations to Outside Agencies



- An increase of \$19,391 compared to the FY26 Budget. This increase includes 2.6% across the board increases for inflation.



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City of Franklin, Tennessee

FY 2027 Operating Budget

All Funds: Change in Budget Amounts

	<u>Actual 2024</u>	<u>Actual 2025</u>	<u>Budget 2026</u>	<u>Estd 2026</u>	<u>Budget 2027</u>	<u>Difference '26 vs. '27</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>
Expenses							
General Fund	\$ 110,789,013	\$ 115,456,900	\$ 131,853,256	\$ 129,475,815	\$ 134,247,819	\$ 2,394,563	1.8%
Drug Fund	\$ 143,993	\$ 147,499	\$ 207,417	\$ 166,426	\$ 212,500	\$ 5,083	2.5%
Technology Fund	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ 6,000	100.0%
Sanitation & Environmental Services Fund	\$ 13,882,322	\$ 11,195,089	\$ 13,388,220	\$ 13,213,008	\$ 14,423,782	\$ 1,035,562	7.7%
Transit System Fund	\$ 4,328,730	\$ 4,176,584	\$ 4,729,712	\$ 4,855,147	\$ 5,185,549	\$ 455,837	9.6%
Sidewalk Gap Fund	\$ -	\$ -	\$ -	\$ -	\$ 1,017,356	\$ 1,017,356	100.0%
Community Development Block Grant (CDBG)	\$ 854,432	\$ (46,147)	\$ 561,931	\$ 561,000	\$ 325,000	\$ (236,931)	-42.2%
Stormwater Fund	\$ 3,523,689	\$ 3,841,592	\$ 4,471,668	\$ 4,024,414	\$ 3,715,359	\$ (756,309)	-16.9%
Street Aid & Transportation Fund	\$ 6,543,034	\$ 6,124,284	\$ 5,006,488	\$ 4,965,895	\$ 5,298,693	\$ 292,205	5.8%
Road Impact Fund	\$ 6,292,732	\$ 18,138,833	\$ 12,582,971	\$ 12,467,847	\$ 13,945,007	\$ 1,362,036	10.8%
City Facilities Tax Fund	\$ 3,569,846	\$ 3,616,467	\$ 1,137,925	\$ 1,064,667	\$ 5,733,573	\$ 4,595,648	403.9%
County Facilities Tax Fund	\$ -	\$ 200,000	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	100.0%
Hotel/Motel Tax Fund	\$ 7,570,562	\$ 7,468,820	\$ 5,796,710	\$ 6,080,741	\$ 7,655,187	\$ 1,858,477	32.1%
Debt Service Fund	\$ 16,297,636	\$ 15,088,862	\$ 18,950,964	\$ 18,941,111	\$ 25,940,776	\$ 6,989,812	36.9%
Parkland Dedication Fund	\$ 3,735,748	\$ -	\$ 2,030,128	\$ 2,000,000	\$ 1,922,355	\$ (107,773)	-5.3%
Fleet Replacement Fund	\$ 3,093,224	\$ 2,397,797	\$ 4,696,646	\$ 4,277,429	\$ 2,211,450	\$ (2,485,196)	-52.9%
Water & Sewer Fund	\$ 40,957,990	\$ 45,251,093	\$ 60,920,440	\$ 58,686,705	\$ 50,627,071	\$ (10,293,369)	-16.9%
Total - All Funds	\$ 221,582,952	\$ 233,057,674	\$ 266,334,475	\$ 260,780,205	\$ 273,467,476	\$ 7,133,001	2.7%
Personnel	\$ 96,641,475	\$ 104,857,271	\$ 108,976,509	\$ 107,431,617	\$ 114,786,585	\$ 5,810,076	5.33%
Operations	\$ 116,353,224	\$ 126,012,115	\$ 127,332,034	\$ 125,400,296	\$ 148,332,586	\$ 21,000,552	16.49%
Capital	\$ 8,588,251	\$ 2,188,286	\$ 30,025,931	\$ 27,948,291	\$ 10,348,304	\$ (19,677,627)	-65.54%
Total - All Funds Expenses	\$ 221,582,951	\$ 233,057,673	\$ 266,334,475	\$ 260,780,205	\$ 273,467,476	\$ 7,133,001	2.7%



City of Franklin, Tennessee

FY 2027 Operating Budget

Other Funds of Note:

Stormwater

- Budget is \$3.7 million for FY27, a decrease of 16.9% compared to FY26.
- Budget recommends 1st fee increase since 2018 and 2nd ever since inception of the fund in 2004. Costs vary, but average small residential customer will only see annual increase just over \$20.

Sanitation

- Budget for the City's Sanitation and Environmental Services (SES) Fund is \$14.4 million, an increase of 7.7% compared to FY26.
- FY27 Budget includes an increase (1/1/27) of \$1 to the monthly customer fee from \$33 per month to \$34 per month.
- Fully supported by ratepayer revenue and commercial disposal fees generated at the City's transfer station (No General Fund tax subsidy).



City of Franklin, Tennessee

FY 2027 Operating Budget

Other Funds of Note:

Hotel/Motel

- Expenditures of \$7.6 million are included in the FY27 Budget covering existing debt service and project funding commitments.
- These expenditures include support for the Convention and Visitors Bureau (\$1.3 million), debt service for tourism related projects (\$815,000), and direct funding for tourism-related projects including funding of a downtown parking study (50% match coming from the City's General Fund), the City's portion for the funding of the conversion of two baseball fields at Jim Warren Park to synthetic turf, funding of a sports economic assessment plan related to the City's Parks and Recreation facilities, a final contribution of \$25,000 to the African American Heritage Society for the restoration of the historic Merrill-Williams home, and \$4 million towards the Liberty Park improvements capital investment project.



City of Franklin, Tennessee

FY 2027 Operating Budget

Other Funds of Note:

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

- Continue funding for debt service obligations & offset agreements
- Cash Contributions to FY 2026-2035 CIP Projects include:
 - \$5 million from Road Impact Fees transferred to the Capital Projects Fund to continue work on McEwen Phases 4 & 5.
 - \$5.7 million from City Facilities Tax transferred to the Capital Projects Fund to continue work on The Pearl and Robinson Lake.
 - \$1 million from County Facilities Tax transferred to the Capital Projects Fund to further design work on the improvement of the Mallory/Liberty/N. Royal Oaks Intersection.
 - \$1.9 million from the Parkland Dedication Fund transferred to the Capital Projects Fund to continue work on Liberty Park.



City of Franklin, Tennessee

FY 2027 Operating Budget

Other Funds of Note:

Water & Wastewater Fund

- FY27 Budget is \$50.6 million:
 - The FY27 Budget consists of 19.4 million for water, \$30.5 million for water reclamation (sanitary sewer), and \$651,187 for reclaimed water.
 - Consistent with our five-year utility rate plan, water and sewer rates will increase 5% and 6%, respectively, beginning January 1, 2027.
- Smaller annual debt service payment in FY27 - Repayment of SRF loan (\$119M) continues through 2053; overall debt service down to \$6.9M for FY26; Still narrowly within debt service coverage requirements (1.69x).
- Some costs allocated for HOBAS repairs – more determination of cost to follow in FY 2027.



City of Franklin, Tennessee

FY 2027 Operating Budget

Summary

- Our community and Franklin City government continues to be in a strong competitive position supported by a high level of city services.
- A focus on balanced growth and high quality remains.
- Continued support for funding and delivery of high-priority Capital Investment Projects with a \$458 M Capital Investment Plan, 82% of which is invested in transportation projects.
- Reserves at year-end well above policy level (68%).



City of Franklin, Tennessee
FY 2027 Operating Budget

***Questions
& Thank You!***