



ADOPTED
BUDGET 2021-2022

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City Council

Frank M. Rabil	Mayor	At Large
Mark R. Kitchen		Ward 1
Ray Smith		Ward 2
Gregory Mclemore		Ward 3
Linwood W. Johnson, III		Ward 4
Wynndolyn Copeland		Ward 5
Robert L. Cutchins, II	Vice-Mayor	Ward 6

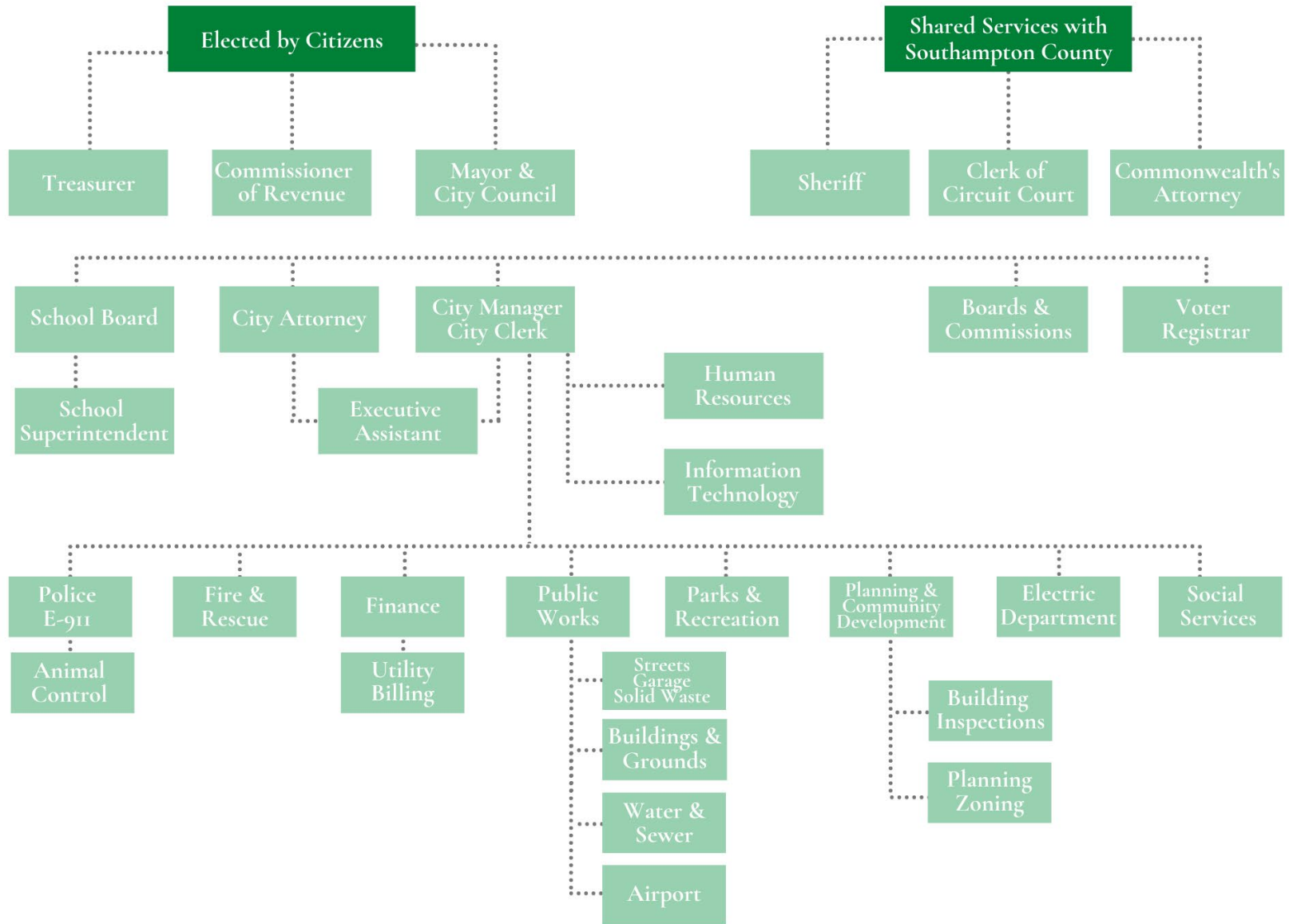
City Manager

Amanda C. Jarratt

City Departments / Agencies Executive Staff

Sands Anderson	City Attorney
Brenda B. Rickman	Commissioner of the Revenue
Dinah M. Babb	Treasurer
Tracy Spence, CPA	Director of Finance
Steve Patterson	Chief of Police
Vernie Francis	Chief of Emergency Services
Beverly Walkup	Interim Director of Community Development
Russell L. Pace	Director of Public Works
Zach Wright	Interim Director of Franklin Power & Light
Chad Edwards	Interim Director of Franklin Power & Light
Jennifer Maynard	Registrar
Sammara Green-Bailey	Director of Parks & Recreation
Sarah Rexrode	Director of Social Services
Michelle Dandridge	Human Resources Director
Tamara Sterling	Superintendent of Franklin City Schools

City of Franklin Organizational Chart



Community Profile

Franklin became an independent City in December 1961 after being a Town in Southampton County since 1876. The City is located in southeastern Virginia immediately adjacent to the Virginia Beach-Norfolk *Newport News Metropolitan Statistical Area (MSA)* and approximately nine miles from the North Carolina State line. It is surrounded by Southampton and Isle of Wight Counties. The community has historically been the center of trade and transportation for the surrounding countryside owing largely to its: location on the Blackwater River; service availability of the railroad; proximity to the Port of Virginia; and, access to two major U.S. highways (U.S. 58 and U.S. 460) which connect to Interstates 95 and 85 to the West. The Port of Hampton Roads is 45 miles east; Richmond, the state capital, is 75 miles to the northwest; Washington D.C. is 195 miles north. The land area is 8.75 square miles.



<u>Population Trends (1)</u>	<u>Franklin</u>	<u>Virginia</u>
July 2019 (Estimate)	7,967	8,535,319
April 2010 (Actual)	8,580	8,001,043

<u>Income (2)</u>	<u>Franklin</u>	<u>Virginia</u>
Median Household Income (2018)	\$40,375	\$71,564
Per Capita Income (2018)	\$25,229	\$37,763
Persons In Poverty (2018)	16.2%	10.7%

<u>Age, Gender & Race (2)</u>	<u>Franklin</u>	<u>Virginia</u>
Persons Over 65 years	19.7%	15.4%
Female Persons	54.9%	50.8%
White	38.7%	69.5%
African American	58.0%	19.9%

<u>Unemployment Rate (2)</u>	<u>Franklin</u>	<u>Virginia</u>
Unemployment Rate (Jan. 31, 2021)	9.3%	5.3%
Unemployment Rate (Jan. 31, 2020)	4.3%	2.5%

<u>Education (3)</u>	
S.P. Morton Elementary School	450 students
J.P. King Middle Skill	240 students
Franklin High School	293 students
Public School Enrollment March 31st ADM	983

<u>Education (4)</u>	
Average Expenditures Per Pupil (2018-19) Actual	14,132

<u>Franklin Utilities (5)</u>	
Customer Accounts Serviced by Power & Light	5,547
Customer Accounts Serviced by Water & Sewer	3,708
Customer Accounts Serviced by Solid Waste	2,868

Data Sources:

- (1) U.S. Census Bureau
- (2) Bureau of Labor Statistics
- (3) Franklin City Public Schools Website
- (4) Virginia Department of Education
- (5) City Records (March 2021 Reports)

Quick Reference Guide

The following reference guide will assist the reader with answering some commonly asked questions about the City of Franklin’s Fiscal Year 2021-2022 Budget:

If the question is...	See...	Page
What major policy issues are addressed in the FY 2021-2022 Budget?	Manager’s Message	5-11
What are the real estate tax rates & fees?	Manager’s Message	5-11
What are some of the departmental highlights & accomplishments?	Highlights & Accomplishments	12-22
What are the City Council Priorities?	City Council Priorities	24-32
What agencies and organizations receive funding support from the City?	City Council Priorities	24-32
What is the City’s major general fund revenue sources?	Summary of All Budgeted Funds	39
How many employees work for the City?	Table of All Authorized Positions	51
What is the City’s major general fund expenditures?	Summary of All Budgeted Funds	39
Where can I find information about the Electric Utility rates?	Electric Rate Ordinance	120
Is there a listing of the various types of debt for the City?	Schedule of Debt Service	89
How much is allocated in the budget for Schools?	School Fund Summary	96
Is there a capital improvement plan?	Capital Improvement Plan	101
Where are the Documents approving the budget?	Budget Resolution & Electric Rate Ordinance	112-119

CITY MANAGER'S MESSAGE

TO: The Honorable Members of the City Council
City of Franklin, Virginia

In accordance with statutory provisions regulating local government budgetary practices in the Commonwealth of Virginia, the **proposed** operating budget for the fiscal year beginning the first day of July 1, 2021, is hereby submitted for City Council consideration. In preparing the recommendation, management has developed a budget proposal that is balanced in terms of appropriating funds necessary to provide essential and desired service levels while minimizing the burden imposed by taxes and fees.

OVERVIEW

2020 has been year like no other. The unknown associated with the onset and enduring COVID-19 pandemic has pushed the entire nation and specifically the City of Franklin to think creatively, innovate, and work together as a team like never before. Evaluating ways to implement the priorities and needs of a community which can be challenging under normal circumstances, were even more difficult while trying to keep the citizenry and the workforce safe. Strategizing on how to fund those priorities and needs with the available resources requires strategic and long-term planning by the community. In an effort to meet the challenges the City of Franklin is currently facing, the entire management team joined together to present a balanced budget that provides essential services to our citizens. The grip that COVID-19 had on the nation, the Commonwealth, and specifically the City of Franklin made the development of priorities different than ever before. City departments held the line in terms of requests and overall submitted flat budgets. The most valuable asset the City of Franklin has are its long-term dedicated employees that creatively do more with less each year to maintain City operations. The current budget includes frozen positions and as well as the delay of critical projects. Despite all of this, City staff has pulled together for the best interest of the citizens. I remain in awe of their commitment to presenting a realistic balanced budget that meets the needs of the City of Franklin citizens and maintains City operations. The entire management team has spent hours analyzing how expenditures can be cut and services maintained. Moving forward City Council will work to identify priorities for the City of Franklin and the services that are considered essential to work toward a sustainable balanced budget.

FY 2021-2022 PROPOSED BUDGET SUMMARY

The Proposed Fiscal Year 2021 - 2022 Financial Plan for the City of Franklin is comprised of the General Fund, Debt Service Fund, Social Services Fund, Education Funds (School Operating, Cafeteria & Textbook), Economic Development Fund, Capital Project Fund and Enterprise Funds. A summary of the Proposed Financial Plan is shown in the table that follows:

Fiscal Year 2021-2022 Financial Plan

Fund	Proposed Budget
General Fund	\$26,270,037
Debt Service Fund (School & General Debt)	\$1,146,549
Education (School Operating Fund)	\$16,957,813
Education (School Cafeteria Fund)	\$1,012,343
Education (School Textbook Fund)	\$73,567
Social Services & CSA Fund	\$2,930,521
Economic Development Fund	\$286,796
Enterprise Funds	\$20,175,328
TOTAL FINANCIAL PLAN	\$68,852,954
Capital Improvement Budget (Incorporated into General & Enterprise Funds)	\$2,364,034

GENERAL FUND

The City's General Fund has experienced significant challenges over the past several fiscal years. As was shared in previous budget work sessions, the 2021-2022 budget was balanced utilizing \$195,000 from the Water & Sewer Fund \$100,000 from Solid Waste Fund, \$510,000 in savings from freezing/delaying positions, and an additional \$360,600 from the Electric Fund above the normal transfer for operations. In prior years, there were valiant and concerted efforts aimed at maintaining the current tax rate. It is acknowledged, however, absent strategic and incremental tax increases paired with growth of the tax base maintaining the levels of services that the citizens of Franklin are accustomed to will not be possible. In cooperation with Davenport and Company, management and the Franklin City Council have worked to stabilize the General Fund and increase the City's unassigned fund balance. In FY 19, the unassigned fund balance was in a position to dip below the required 15% policy minimum. Now, due to concerted effort and planning the fund balance is projected to be just over 25%.

Management is presenting a structurally balanced budget in the wake of fiscal challenges which are to a great extent, beyond the City's control. The balanced budget proposal was achieved without eliminating direct services to Franklin residents; and in effect a tax reduction equating to approximately four cents. The City of Franklin is resilient even faced with what may appear as insurmountable challenges. Management remains optimistic about Franklin's future and knows that as a team we can move the City of Franklin forward.

The Proposed General Fund budget is \$26,270,037, an increase of \$219,288 or .8% above the FY 2020-2021 amended budget. During recent years, the City has evaluated programs and services and identified ways to improve efficiency without significantly reducing service levels directly impacting residents and customers. Efficiencies have been achieved across all departments and at this point, in order to maintain essential services, an increase in the revenue stream is necessary. The increases associated with this year's budget

includes necessary capital projects and restoration of parks and recreation activities for the City of Franklin’s youth.

RECOMMENDED TAX RATES

In consideration of the challenging days ahead associated with the negative impact of COVID-19, management recommends the real property tax rate remain the same at \$1.03 per \$100.00 of real property valuation for FY 2020-2021. The net neutral tax rate would be \$1.07. The City remains among the lowest city tax rates in the region as illustrated in the table that follows. A goal of City Council is certainly to minimize the tax burden. Recommending to hold the tax rate at the \$1.03 level with a decrease in total revenues and the additional loss of the Bon Secours tax revenue was a very difficult task in this challenging budget year and represents management’s concerted effort to balance the budget in accordance with City Council’s desire to minimize the tax burden on Franklin property owners. There were a number of factors that contributed to it being very difficult to keep rates and fees as low as possible this year. The justification for the real property tax rate recommendation is detailed throughout the budget proposal that follows with the most significant factors being the desire of Council to no longer rely on funding from the various Enterprise Funds. All other tax categories are recommended to remain unchanged.

2020 Locality Comparison

Locality	Real Estate	Personal Property	Meals	Lodging
Franklin	\$1.03	\$4.50	7.00%	8.00%
Colonial Heights	\$1.20	\$3.50	6.00%	8.00%
Emporia	\$0.95	\$5.00	7.50%	11.00%
Hopewell	\$1.13	\$3.50	6.00%	8.00%
Portsmouth	\$1.30	\$5.00	7.50%	8.00%
Southampton County	\$0.85	\$5.00	4.00%	2.00%
Isle of Wight County	\$0.85	\$4.50	4.00%	5.00%

RECOMMENDED FEES FOR SERVICES

In terms of service user fees, the budget maintains the current residential fee for solid waste services at \$38.00 monthly. This rate has been cumulatively reduced since July, 2012 by \$8.36 or 18%. The new SPSA use and support agreement which took effect in January 2018, resulted in reduced SPSA tipping fees. However, in order to expand the SPSA landfill to accommodate growing trash disposal, a flyover must be constructed at the Bowers which will increase the SPSA tipping fee to \$61.00 for FY 22. The increased cost will be absorbed by the Solid Waste Fund. A strategic increase in tipping fees is planned in order to fund the required flyover expenses. The Solid Waste fund balance exceeds designated policy minimums and is projected to be 44.18%. In addition, due to international chaos and the disruption to the recycling market, the City of Franklin has absorbed a drastic increase in recycling fees.

The proposed budget includes maintaining monthly water and sewer rates at current levels. The City’s Water & Sewer Rates had not been increased since July 1, 2016. Not surprisingly, 2020 statewide comparison data verifies that the City’s water and sewer rates remain below the median for comparable

utility systems in Virginia at this time. A \$195,000 transfer is recommended from the Water and Sewer fund in addition to the transfer for services to balance the General Fund budget. Management noted again to Council this is not a sustainable practice. The Water and Sewer Fund balance now exceeds policy minimum requirements and is projected to be 30.94%.

With regards to the Electric Fund, for the fifth year in a row City retail electric rates are proposed to remain the same despite Dominion Virginia Power's stated intentions to increase wholesale electric rates for the City of Franklin. There is a projected increase in the fuel adjustment charge which is a direct pass through to the customer. In addition, the City of Franklin is required to pay Dominion Virginia Power a \$500,000 true up. We are utilizing previous years savings as to not pass on these costs to the rate payers. As the collective budget proposal attests, management has made a concerted effort to minimize the impacts on utility customers that would result in increased customer bills, but the City must ensure adequate funding is available to continue delivering these essential services. A \$360,600 transfer is recommended from the Electric Fund in addition to the transfer for services to balance the General Fund budget. Again, it was noted by management that this should be reduced in future fiscal years and is not a sustainable practice. The Electric Fund balance exceeds required policy minimum and is projected to be 25.69%.

ELECTRIC UTILITY FUND

As noted above, based upon information provided to the City by Dominion Virginia Power to date, electric utility user fees will see no increase in the retail rate for the fifth year in a row. Be advised that Dominion continues to evaluate its rate structure with final action expected in June 2021. Any significant change will impact the City's rates going forward and potentially result in future adjustments to be considered by City Council. Alternatively, any Dominion change that reduces the rate would result in additional revenue that could be designated for capital needs now that reserves have continued to meet policy minimum requirements.

Currently, we project that Dominion will increase the fuel surcharge per month on usage. It is important to remember that the City has no input on this adjustment and customers alternatively benefited from a significant reduction in the fuel surcharge in the two years prior. The moratorium on disconnections has placed some strain on the utility funds. The Federal utility assistance has been of great assistance to the City of Franklin and those citizens that have struggled with paying their bills as a result of the ongoing COVID-19 pandemic.

It is further recommended that the City continue to evaluate and develop long range operational and management strategies for all utility fund categories that will improve efficiency and policy implementation. To avoid or minimize rate increases of all types, the City must continually scrutinize its operations and develop plans for future service provision. This process includes a comprehensive periodic study of rates and charges and peer comparison analysis.

It is financial policy to regularly evaluate the City's fee structure to determine if user fees and other charges are adequately producing desired and expected revenue generation levels to maintain service. Based upon this policy evaluation, the FY 2021-2022 budget does not include any changes to the City's current fee structure as detailed in the proposed budget document.

SCHOOL OPERATING FUND

Regarding essential City financial support for the Franklin City Public Schools, the proposed budget includes current year funding of \$4,830,237. The City Council for several years held the base funding level and only approved one-time carryover funds resulting from the School Division having unexpected funds in their budget at fiscal year-end. It is also noteworthy that Franklin City Public Schools has had several hundred thousand dollars in excess in instruction each year. The use of restricted fund balance is in accordance with the adopted policy of the City of Franklin whereby approval of carry over funds will only take place upon conclusion of and adoption of the City's audit.

Management will continue to communicate to the school system that carryover funds should be restricted and utilized only for capital items and thus avoid the use of "one-time" or non-recurring funds (carryover) for recurring operating expenditures. Given the limitations and uncertainties of future City funding described earlier, school system appropriations may likely be similarly limited to any future end-of-year carryover funds which can and will vary dramatically from year to year. As is the case for FY 2020-2021, future base operating appropriations will not be automatically increased to include this one-time carryover allocation amount, but instead, at the City Council's discretion, will be determined by the amount of carryover available, if any, at June 30, 2021 for the FY 2021-2022 budget and similarly for future years. The proposed General Fund budget also includes a decrease in school related debt service by \$168,174 for FY 2021-2022. Total school funding is the equivalent of 18.4% of the General Fund operating budget. The City also provides in-kind support for the school division that is valued in excess of \$191,670 based upon the City's most recent cost allocation analysis.

With these qualifying comments, management believes the recommended level of school system funding illustrates the continued high priority that the City has for adequately funding the public schools as evidenced by the City's favorable ranking among all Virginia cities in terms of per capita spending on education.

CAPITAL IMPROVEMENTS PROGRAM

An additional but integral consideration for analysis concerning all categories of City services is further refinement and ongoing evaluation of the City's multi-year Capital Improvements Program (CIP) planning and funding strategies. Long-term capital needs remain on the horizon however staff successfully worked with Davenport & Company to fund two years of capital improvement projects. Only minimal CIP requests are recommended to be funded in the FY 2021-2022 budget.

PERSONNEL

Comments in this message thus far have not addressed City government's number one asset essential to providing quality service to citizens and customers. This reference is of course to the dedicated City employees that so skillfully serve this community throughout the year. Concerning personnel benefits, some historical review is needed on prior year actions. Included in the budget detail is additional historical salary increase information. In the FY 2020-2021 year, the City of Franklin received a 4.9% decrease in insurance premiums. This decrease was shared between the employees and the City of Franklin. In FY2021-2022, the City received a 4% decrease in premiums which again will be shared between the City and the employees. In addition, City Council took the proactive step to increase the insurance contributions by the City to equate to a minimum of 70% to decrease the burden on current employees as well as a tool to recruit new employees. Staff did receive a 2% COLA increase in November of 2020 as a result of steady revenues

despite the ongoing COVID-19 pandemic. There is no COLA increase included in the current FY 22 budget however, it will be reviewed dependent on revenues in the fall of 2021.

Personnel costs are by far the largest single expenditure category in the City's budget as it is in practically any organization or enterprise. The FY 2021-2022 budget recommended total personnel costs is \$12,268,558 which comprises 46.7% of the General Fund budget. While there are several positions frozen in the FY 22 budget in the Police Department and Public Works, positions are being restored in the Finance Department, Public Works, Parks and Recreation and the Fire Department. The City of Franklin will return to maintaining its own grounds maintenance crews which comprises the majority of the new employees. In addition, the City of Franklin is adding three new Fire and EMS positions to maintain our current level of service within the Franklin City limits.

Management will continue to evaluate the merits of considering other peer-tested efforts to control the growth of personnel costs [e.g. early retirement incentive packages for retirement eligible employees; potential additional reduction-in-force policies; contracted services opportunities in lieu of city staff provided services; adjustments to benefit providers and offerings; and, particularly health insurance policies and other post-employment benefit cost reduction measures; etc.].

BALANCING THE FY 2021-2022 PROPOSED BUDGET

To balance the proposed budget for FY 2021-2022, management has adjusted departmental expenditure requests and revenue estimates by more than \$112,922 of the total General Fund requests. The budget message and summary that follows reference some of the various challenges faced in this budget preparation exercise and improved circumstances in this cycle for goal development and prioritization which management is committed to ensuring in future budget years. Included in this proposed budget summary are the priorities established by Council following a strategic planning retreat and top priority goal setting work session, as well as the 2030 City vision statement. Due to the decreased restrictions associated with the COVID-19 pandemic, management is planning to schedule a retreat to discuss goals, priorities, and strategies to implement in coming years.

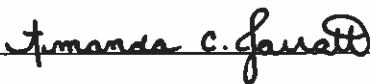
SUMMATION

Included in the budget document that follows is a listing of FY 2020-2021 Highlights and Accomplishments of the various City departments which is evidence of the City's ongoing commitment to provide outstanding service to the citizens and customers of the City of Franklin while navigating complications associated with a global pandemic. Further details about the proposed budget and insights into the City of Franklin's financial outlook are addressed in the various sections of the budget that follow. Considering economic forecasting for next year, budget estimates are again being conservatively projected to improve overall financial reliability and outcomes. It deserves emphasis that the proposed spending plan and tax rates are preliminary. Following review by the City Council, the public hearing is scheduled for April 26, 2020 and further Council consideration until adopted.

I am truly humbled by the opportunity afforded me to serve the citizens and customers of this wonderful community and being entrusted with the enormous responsibility for preparation of the recommended City budget. Preparation of this budget proposal resulted from an extraordinary team effort by all City Department Heads. Despite these challenges we have all endured over the last year, we are all confident that the City of Franklin will come out stronger and more fiscally stable. I would like to especially recognize and express my sincerest gratitude to Director of Finance Tracy Spence for her professionalism,

skill and dedication to this process. The demands on her Department with her limited staff and my limited availability due to the ongoing pandemic have made this process even more stressful for her this year. This process would not have been as seamless without her assistance and commitment to the good of the City of Franklin.

Respectfully submitted this the 1st day of April, 2021.

A handwritten signature in black ink, reading "Amanda C. Jarratt", is written over a horizontal line.

Amanda C. Jarratt, City Manager

Highlights and Accomplishments

Although local funds for many initiatives have been limited for a number of years, progress on efforts to stabilize and then grow reserve fund levels in recent years has been accomplished while completing or commencing a number of major activities and capital projects listed as follows: {Due to space limitations, this is an abbreviated summary of major items}.

Legislative & General Government Administration

- ❖ Submitted the City's Comprehensive Annual Financial Report to the Government Finance Officers' Association and received the award for a eighth consecutive time of the Certificate of Achievement in Financial Reporting; received a clean "unqualified" opinion on the June 30, 2020 Financial Report with no General Government Fund findings reported by the auditors.
- ❖ Maintained the AA credit rating from Standard & Poor's bond rating agency received in April 2014 and affirmed in November 2019. The City's bond rating with Moody's rating agency was upgraded on December 14 2017 to Aa1 and affirmed in November 2019.

Human Resources

- ❖ Streamlined the recruitment and selection process throughout the City.
- ❖ Updated City personnel policies and procedures including:
 - General Provisions
 - Equal Employment Opportunity and Affirmative Action
 - Sexual Harassment and Other Unlawful Harassment
 - Temporary Alternative Work Site/Telework Guidelines
 - Education Assistance and Skill Development Program
 - Drug-Free Workplace Policy
 - Substance Abuse and Testing
 - Travel and Meals Policy
 - Outside Employment
- ❖ Applied for and received the VRSA Risk Management Grant.
- ❖ Participated in two (2) virtual hiring events hosted by the Virginia Employment Commission.

Police Department

- ❖ Training:
 - Continued CPR/AED training/program for staff to respond to emergencies within the community.
 - Continued tourniquet training/program for officers to utilize to assist with traumatic injuries.
 - Implemented online Implicit Bias training provided through the Virginia Association of Chiefs of Police for all sworn staff.
 - Continued to evaluate and modernize the Field Training Program and Post Academy curriculum for both patrol and communications.
 - Two members of our communications staff successfully completed Public Safety Telecommunicator training through the Association of Professional Communications Operators (APCO).
 - Division of Forensic Sciences training provided to all police personnel on touch DNA evidence collection and processing.

- Researched, obtained, and sent one officer to RADAR/LIDAR instructor school to advance traffic operations within the City of Franklin.
 - Due to COVID 19, the department received multiple trainings from the Virginia Department of Labor and Industry.
 - Researched, obtained, and sent one officer to Law Fit instructor school to advance pre hire physical testing and to increase the wellness of existing staff.
 - Three members of our communications staff successfully completed Basic Telecommunicator training through the Hampton Roads Regional Criminal Justice Training Academy.
- ❖ Equipment:
- Firing range improvement project advanced by fixing the turning target systems and developing a plan to ensure the grounds are maintained.
 - Through CARES Act funding we have requested, obtained, and implemented a mobile testing/vaccination trailer which contains cones, barricades, portable lighting, and portable electronic signage.
 - Through CARES Act funding we have requested, obtained, and implemented a mobile communications center/command post which provides capability of providing mobile radio communications, receiving phone calls, 911 emergency calls, and Computer Aided Dispatch in the field for special events, emergency situations, and if closure of the dispatch is required due to COVID or other serious incidents, the communications center can continue to operate.
 - Through budget acquisition, the department purchased two new Dodge Durangos, one of which has been outfitted as a department and City of Franklin recruiting vehicle.
 - Through budget acquisition, the department purchased two LIDAR units for traffic enforcement.
 - Through budget acquisition, the department purchased five portable ballistic shields for response to critical incidents.
 - Due to COVID 19 responses, the department purchased and implemented the use of N-95 masks, face coverings, and portable sanitizing equipment.
 - Through CARES Act funding the department obtained and implemented an Isolation Transport Vehicle for use transporting arrestees to Western Tidewater Regional Jail and mental health patients across the state.
 - Through grant funding, the department remodeled the fitness center for department personnel by replacing the treadmill, lockers, and adding a new multipurpose smith machine, dumbbells, and padded mats to protect the existing flooring.
 - Through grant funding from USDA, the department obtained and has outfitted a 2021 Ford Interceptor SUV.
- ❖ Policy:
- Continued to review, approve, and implement policy through Lexipol.
 - Continued to advance the accreditation process through the Virginia Law Enforcement Professional Standards Commission by reviewing and updating policies.
 - Based on several key pieces of police reform legislation, the department's policy and procedure has been updated to address such reform measures as a duty to intervene, calculating numbers of traffic stops and non-consensual encounters as it relates to race, reasons for those stops, whether searches were conducted, and if any force was used.
 - The department has researched, reviewed, and implemented various Animal Control and Care policies and procedures.

- The department researched, reviewed, updated, and implemented various Communications Center policies and procedures to bring them in line with updated equipment and national standards.
- ❖ Technology:
 - Next Gen 911 implemented for citizen use with text to 911 capabilities.
 - Continue to utilize PoliceOne electronic program to document training for staff members as well as daily training bulletins.
 - Social media activity increased to provide interactive information to our residents through videos and story reading to younger viewers.
 - Through CARES Act money the department purchased laptops and Voice Over Internet Protocol (VOIP) phones to allow Emergency Operations Center activities to occur while maintaining social distancing.
 - Advancing efforts to reestablished radio communications onto the Hunterdale Water Tower and the temporary tower removed.
- ❖ Community Interaction:
 - The department transitioned from an in person National Night Out event to completing a virtual project which aired October 6, 2020.
 - The department assisted with seven testing site operations and four vaccination site operations in conjunction with the Virginia Department of Health, the Franklin Community Health Center, and Virginia National Guard.
 - The department participated in two Drug Enforcement Administration's National Drug Take Back days.
 - The department held its first Coffee With a Cop Event.
 - The department assisted with multiple drive thru parades for birthdays and other events to include health care appreciation week.
 - The department assisted with City of Franklin's Halloween Candy Distribution and the Easter Egg Hunt held by Parks and Recreation.
- ❖ Staffing:
 - Through department wide recruiting efforts, the department has raised its staffing levels across the board and as of 4-1-2021 there are two openings for police, two openings for communication, and none for animal control or administration. These numbers do not account for frozen positions.
 - The department participated in two City of Franklin sponsored hiring events virtually.
 - The department launched recruiting efforts via Monster, Indeed, and Zip Recruiter online employment platforms.
 - Through budget funding, a part time Animal Shelter Attendant was funded and hired to assist the Animal Control Officer

Fire and Emergency Medical Services

- ❖ Successfully implemented the first year of the Southampton County Emergency Services contract.
- ❖ Responded to the COVID-19 pandemic.
- ❖ Responded to 2,573 Fire and EMS related calls for service.
- ❖ Completed 1,033 personnel-hours of training for career and volunteer staff on a variety of both EMS and Fire related topics.
- ❖ Developed a partnership with VCU College to offer a Paramedic Program, we currently have 8 employees enrolled.

- ❖ Conducted a Fire Officer I & II program.
- ❖ Conducted a Firefighter I & II program.
- ❖ Conducted an Emergency Medical Technician (EMT) program.
- ❖ 16 New Employees completed their one year Red/Rookie Book training.
- ❖ 3 Personnel Graduated from the Hampton Roads Fire Officer's Academy.
- ❖ Currently conducting the promotional process for the ranks of Lieutenant and Captain.
- ❖ CPR certification classes for various Agencies, Departments, and Citizens.
- ❖ Sponsored Hunter Safety Education Course for the General Public.
- ❖ Sponsored Boater Safety Course for the General Public.
- ❖ Received two VDEM grants Local Emergency Management Performance Grant (LEMPG) and Local Emergency Management Performance Grant Supplemental (LEMPG-S).

Public Works

Garage

- ❖ In 2007, the Public Works department implemented a fleet management system to track all aspects of service and repairs to city vehicles. In 2019 - 2020, The City Garage completed the following number of services or repairs to fleet vehicles per department:

○ Airport	14
○ Community Development	21
○ Power and Light	47
○ Fire and Rescue	47
○ Garage	3
○ Police	157
○ Recreation	15
○ Refuse	79
○ Schools	139
○ Sewer	16
○ Wastewater Treatment	3
○ Social Services	15
○ Streets	140
○ Water	56
- ❖ The City Garage completed a total of 752 services or repairs in 2019-2020.

Streets Division

- ❖ The Street Division maintains roads, drainage systems, ditches, concrete appurtenances, and assists in setup for special events. They also assist the Sanitation Division during times of heavy leaves and yard debris pickup.
 - 10 repairs to drainage structures or pipes
 - 1,100 LF of ditches graded and or vegetation cleared
 - Cleaned numerous storm drain structures and lines
 - 41 tons of 21A stone repairing various alleys and road shoulders
 - 89 bags of cold mix used for pothole patching
 - 66 tons of hot mix asphalt placed
 - 1.5 cubic yards of concrete poured repairing sidewalks or curbing
 - Moved bleachers and goal post twice a year at Armory Field
 - Painted various curbs around the city for no parking
 - Assisted Refuse crew on 10 different occasions

- Assisted water crew on 15 different occasions
- Installed Christmas decorations and built the City float for the parade
- Replaced 7 damaged signs hit by vehicles
- ❖ Other projects completed by Contractors include:
 - Replaced 840 LF of guardrail on Pretlow St. overpass
 - Completed the pavement evaluation project
 - Crack sealed 13,125 LF on various streets

Right of Way Grounds Maintenance

- ❖ During the course of the year and on a weekly basis the division maintains all interchanges of Route 58, North High Street, Hunterdale Road, Fairview Drive, Pretlow Street, Pretlow Industrial Park, Clay Street, entrance at the river bridge, several lots owned by the city, pond area on Morton Street, pocket park in downtown, Delaware Road, area at Post office, lot at South and High Streets, Commerce Park Road, Bruce Street entrance, Bowers Road, Andrews Avenue, Dog pound, and Crescent Drive to the school. Activities include cutting, trimming and litter control.
- ❖ They also empty all trash receptacles and dog waste containers along South Street, the downtown areas, City parks and facilities.
- ❖ Clean ditches of trash and vegetation as directed as well as all major streets.
- ❖ Assist the Sanitation Division during times of heavy leaves and yard debris pickup.

Sanitation & Refuse Collection

- ❖ Street sweeping is conducted every day unless personnel needs dictate otherwise or in the event of equipment outages.
- ❖ Trash and refuse are collected on a daily basis each week.
 - Refuse Tonnage Collected: 3,292.38 Tons
 - Yard waste Tonnage Collected: 888.00 Tons
 - Recycling Tonnage Collected: 335.96 Tons
- ❖ Completed 841 work orders for picking up or delivering refuse containers.

Building Maintenance

- ❖ Our Building Maintenance Technician is responsible for the repairs and maintenance of fourteen city owned or operated buildings. These buildings include Public Works / Power and Light, Police / Courts, City Hall, ESB, Airport, M.L.K. Center, Library, Social Services, Health Department, Franklin Business Center, HVFD, Armory Field House, Homestead Property and the Train Depot.
- ❖ Notable accomplishments were:
 - Replaced the HVAC units at Police/Courts, City Hall, Franklin Business Center, Emergency Services Building and Social Services.
 - Responded to 516 alarms for HVAC problems at Police/Courts, City Hall, Franklin Business Center, Emergency Services Building and Social Services.

Custodial Services

- ❖ Our custodians are responsible for year round building cleaning and upkeep for 11 City buildings. City Hall, Public Works/Electrical Department, King Center, Armory Field House, Health Department, Airport, Police Department/Courts Facilities, Social Services, Library, Train Depot/Visitors Center, and the Franklin Business Center Facility.

- ❖ Daily routines include cleaning of floors, bathrooms, dusting, vacuuming, window cleaning and trash removal.
- ❖ Setup of City Council and School Board meetings are performed by our custodial staff.
- ❖ Waxing of appropriate floors is performed as needed to include preparation and buffing.
- ❖ Custodians also provide services during times of inclement weather to facilities that operate 24 hours a day.

Sewer/Water Utilities

Utility Division FY 17/18

❖ Water Leaks	98
❖ Meter Replacements	203
❖ Water Meters Read	42,241
❖ Utility Billing Work Orders	1,810
❖ Water and Sewer Demolition	2
❖ Water and sewer taps paid	3
❖ Sewer Pumping Station Inspections	1,560
❖ Sewer Pump Station cleaning and Grease Removal	20
❖ Miss Utility Locate Tickets	379

Water Distribution

❖ Well Inspections	784
❖ Customer Complaints	42

Water Withdrawn

❖ College Drive Well #4	40,000
❖ Hunterdale Well #5	1,050,000
❖ Pretlow Well #6	204,105,000
❖ Hunterdale Well #7	<u>127,032,000</u>
Total	332,227,000 Gallons

- | | |
|--|-------|
| ❖ Water Sampling | 2,555 |
| ❖ Chlorine Testing | 120 |
| ❖ Bacteriological | 4 |
| ❖ MPN | 2 |
| ❖ Fluoride | 1 |
| ❖ Metals | 4 |
| ❖ Nitrate/Nitrite | |
| ❖ Completed the Hunterdale water tank rehabilitation. | |
| ❖ Performed ground maintenance at 3 water distribution facilities and 15 sewer pumping stations and other various locations in the city. | |
| ❖ Mailed the water quality report to customers. | |
| ❖ Oversaw performance of the annual tank maintenance contract. | |

Sewer System Rehab

- ❖ Maintained the city wide sewer system and responded to complaints.
- ❖ Rehabbed system by Cured in Place Pipe lining: 8,829 L.F. \$311,466

Wastewater Treatment Plant

- ❖ Treated 421.82 million gallons.
- ❖ Oversaw contract chief operator services.
- ❖ Replaced the #2 center bearing assembly

Administration

- ❖ Continued the process of updating our Geographic Information System to include water, sewer and stormwater as incorrect or missing data was discovered.
- ❖ Provided oversight and management of the daily operations of the department.
- ❖ Managed all aspects of two City owned Cemeteries to include selling spaces, marking spaces for funerals, marking spaces for headstone placement, and meeting with families over concerns.
- ❖ Managed Grounds and Landscape maintenance contracts for the cemeteries, various city buildings and right of ways.

Community Development

The Community Development Department underwent major changes in scope and staff during FY21. City Council made the decision to split the jurisdictional duties for Franklin and Southampton such that Franklin staff is only responsible for properties within its jurisdictional boundaries. Several staff decided to go to Southampton, leaving the department with an entirely new staff. Currently, the department is staffed with an Interim Director and Interim Building Official, an Environmental Specialist and Administrative Assistant. A Building Inspector/Codes Enforcement position was filled in March 2021 and the department is looking to hire a permanent Director and Building Official, while assessing other position needs of the department.

The following activities are a culmination of prior and new FY21 staff efforts for the City of Franklin only:

- ❖ Awarded Planning Grant in the amount \$37,000 to begin preparation of grant application for the next CDBG Neighborhood Revitalization project. Worked with Summit Design and Engineering, program administrator to conduct neighborhood outreach with meetings, door-to-door delivery of survey instruments, and mailed 200 notices to refine the boundaries of the revitalization area. The Laurel Street neighborhood was determined to be the next focus area, which was recommended by the funding agency (DHCD) to include additional properties on Ashton Avenue and Oak Street. Application submission date April 1, 2021.
- ❖ Managed the use of approximately \$123,100 for a HOME fund project involving a substantial reconstruction. These funds are provided by HUD through the City's allocation through the Western Tidewater HOME Consortium.
- ❖ Working with the City Planning Commission to consider and/or hold public hearings to include the following:
 - Site Plan approval for WAWA;
 - Amendment to Article III.R-O One-Family Residence District Use to reduce the lot size and frontage;
 - Amendment to Article XXII. Signs to increase the height of freestanding signs on shopping center outparcels from five (5) feet to twelve (12) feet; and

- Zoning map amendments to install adopted B-3A, General Business District, in downtown area that is currently zoned B-3, General Business District, allowing a wide range of uses including almost all current B-3 uses and adding residential uses and the opportunity for mixed use properties and buildings, while removing more intensive uses such as manufactured home parks, welding and blacksmithing, to spur development and redevelopment.
- ❖ Continued work with VDOT on \$500,000 grant to study the US 58/258 interchange to facilitate safety and access improvements. Project is in design stage, work to commence in near-term once Progress Parkway is under City control. Project will include lighting and pavement improvements, and City control of Progress Parkway will permit police enforcement along roadway
- ❖ Focused intensive enforcement activity in City with regard to inoperable vehicles on private property, property maintenance issues, assessment of properties for inclusion in City demolition program.
- ❖ Continued work with VDOT on \$500,000 grant to study the US 58/258 interchange to facilitate safety and access improvements. Project is in design stage, work to commence in near-term once Progress Parkway is under City control. Project will include lighting and pavement improvements, and City control of Progress Parkway will permit police enforcement along roadway.
- ❖ Continued work with the Hampton Roads Planning District Commission (HRPDC) as part of a coastal resiliency work group, as well as continued activity with the Regional Environmental Committee. Continued work with the Hampton Roads Transportation Planning Organization (HRTPO) on a corridor study for US 58, covering an area from Suffolk to US 58's intersection with I-85.
- ❖ Continued City's participation in the Tree City program for the 36th year, which included a program with the Virginia Department of Forestry and the planting of a tree at Franklin City Hall.

Parks & Recreation

- ❖ Programs – Adults
 - Implemented weekly Corn Hole Tournaments generating new revenue for the City of Franklin.
 - Held weekly food distribution for four months during the onset of the COVID-19.
- ❖ Program – Youth - Co-Sponsored Programs
 - Implemented daily activity to go bags for children to utilize throughout the facility closure due to COVID-19.
 - Conducted Summer Jam with 40 kids in attendance during the pandemic.
 - Implemented the first ever Girls on the Run program in the City of Franklin.
- ❖ Athletics Adult Leagues
 - Postponed due to COVID-19.
- ❖ Athletics Children Leagues
 - Postponed due to CODI-19.
- ❖ Special Events
 - Drive through Santa event with 100 people in attendance.
 - Christmas light show averaging 40-60 people nightly.
- ❖ Park Improvements
 - A new ADA accessible playground was installed at the Martin Luther King Center .
 - College Drive Park was upgraded to be ADA compliant.
 - All signage at City parks was replaced.
 - All basketball goals were replaced, and courts resurfaced at College Drive, Martin Luther King Center, and Bruce Street parks.

- The pool house and Armory Park bathrooms are scheduled to be replaced.
- ❖ Farmers Market
 - A traffic flow plan was implemented, and signage and parking bumpers were installed.
 - All policies, procedures, and vendor applications were updated.
 - Implemented a plan to begin to take EBT benefits.

Electric Fund

Line Department:

- ❖ Responded to 58 Trouble Calls during regular business hours and 54 calls after hours. These ranged from no power to no trouble on the City side of meter. These included broken poles, lines torn down by trees, bad secondary connectors, bad underground cables, blown fuses due to contact by squirrels and lightning.
- ❖ Responded to 222 calls for malfunctioning street and yard lights.
- ❖ Responded to 5 traffic signal malfunctions
- ❖ Responded to 59 other miscellaneous calls for tree trimming, voltage problems, etc.
- ❖ Assisted Public Works with lighting replacements at municipal buildings

Engineering and Services Department:

- ❖ Responded to 6,599 work orders including 712 Turn Off, 997 Turn On, 1,273 Transfer Reading, 123 requests to re-read meter (all readings were correct), 1,438 Cut Offs, 1,126 Reconnects as well as many miscellaneous requests.
- ❖ Responded to 18 requests for energy audits.
- ❖ Conducted 430 Miss Utility underground locates of FP&L underground facilities.

Information Technology

- ❖ Completed Cybersecurity Training for all City of Franklin employees.
- ❖ Implemented monthly cybersecurity training for all employees to include phishing attacks and tracking metrics for improved cybersecurity.
- ❖ With a grant obtained by HRPDC cybersecurity subcommittee, started cybersecurity policy and procedure creation project with Assura.
- ❖ Completed install of wireless infrastructure in Social Services building.
- ❖ Completed install of physical access control at both EMS Station 1 downtown and Hunterdale Station 5.
- ❖ Completed install of physical access control at Public Works building.
- ❖ Completed install of Security Cameras at Social Services building.

Commissioner of the Revenue

- ❖ The Commissioner's Office received Office Accreditation for the second year through the Commissioners of the Revenue Association.
- ❖ Assisted the Department of Taxation with training the local Board of Equalization members for their hearings with citizens.

Treasurer's Office

- ❖ Maintained a Collection Rate of 99.71% for Real Estate Tax and a 98.4% for Personal Property Tax of 98.5%.
- ❖ Staff pursued payment through the Department of the Treasurer's Unclaimed Property Division resulting in the City receiving over \$64,000.00 in revenue.

Social Services

- ❖ The total amount of money spent in the locality in SFY 2020 = \$40,238,706.
- ❖ The total amount of funds spent by the locality in SFY 2020 = \$383,918.
- ❖ Adult Protective Services referrals = 51
- ❖ Child Protective Services referrals = 198
- ❖ 1,533 Households received SNAP benefits, totaling 3,024 individuals
- ❖ 97 Households received TANF benefits, totaling 230 individuals
- ❖ 2,438 Households received Medical Assistance, totaling 4,042 individuals
- ❖ Households receiving Energy Assistance:
 - Fuel = 440
 - Cooling = 349
 - Crisis = 90
- ❖ 49 Families received Child Care subsidies totaling 87 Children
- ❖ Through the locally supported Christmas Assistance Program, the Department provided over 100 children with gifts to open Christmas morning! The community provided such a positive response that we will be continuing the Angel Tree this year.

Franklin Regional Airport

- ❖ During FY 20-21, the Regional Airport handled approximately 4,000 aircraft operations. Operations were lower than previous years due to the onset of the COVID-19 pandemic.
- ❖ The facility was renamed from Franklin Municipal Airport to Franklin Regional Airport to be more reflective of the community it serves.
- ❖ As a result of the name change a new logo was implemented for the facility.
- ❖ 100% hangar occupancy was achieved for the entire year.

Economic Development Fund

- ❖ GMAX Industries purchased and opened in the former Money Mailer building in Pretlow Industrial Park. The warehouse and shipping element of the business is operational, and they are working towards the manufacturing component.
- ❖ The Hubs Vine opened their doors to their new retail and dining business at the former Farm Fresh building on Amory Drive. Hubs invested \$1.6 million in this project and created ten new jobs.
- ❖ During the pandemic, Franklin Southampton Economic Development Inc. (FSEDI) took the lead on gathering resources for small businesses and partnered with the Franklin-Southampton Chamber of Commerce and the Downtown Franklin Association to send out weekly newsletter with valuable information for small businesses.
- ❖ In April of 2020, the FSEDI Board of Directors reallocated STARTUP funds to create the Marketing and Fixed Cost Grant. Franklin-Southampton Charities and Camp Family Foundations also gave contributions for this grant program. There was a total of \$115,394.44 awarded with \$109,583.95 being awarded to City of Franklin businesses.
- ❖ In September of 2020, FSEDI received a grant totaling \$135,000 from the Obici Healthcare Foundation. A total of \$135,550.24 was awarded with \$114,550.24 being awarded to City of Franklin businesses.
- ❖ The Franklin Business Center welcomed nine new businesses into the program in 2020 and had an average occupancy of 72%.
- ❖ FSEDI applied for and received a marketing grant from Virginia Tourism Corporation in 2020 for \$3,500. The results of this grant will be seen in Spring of 2021 with two commercials being produced

and aired on Wavy TV 10 in May and June and a new billboard on Route 460 among other new initiatives.

- ❖ FSEDI continued their partnership with the Hampton Roads Small Business Development Center and many local businesses met with Jim Carroll throughout the year. These meetings were held virtually but the resources they were able to provide throughout the pandemic were invaluable.

What was provided above is a summary of the major accomplishments by each of the City Departments. As evidenced, the City continued its history of (1) seeking grant funds for public safety and community improvements, (2) utilizing resources to provide quality governmental services to Franklin Citizens, (3) expanding technology to improve operational efficiencies and control costs, (4) promoting safety and wellness throughout all City departments, (5) improving activities and programs to enhance overall quality of life.

Updated: March 2021

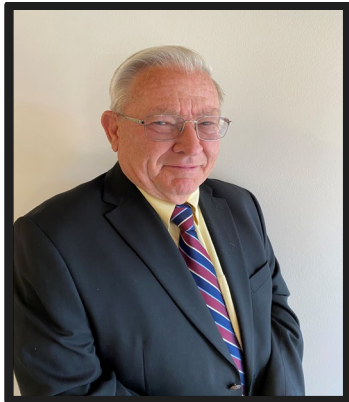
City Council



Frank M. Rabil, Mayor (At Large)



Robert "Bobby" Cutchins, Vice-Mayor, Ward 6



Ray Smith, Ward 2



Greg McLemore, Ward 3



Linwood W. Johnson, Ward 4



Wyndolyn H. Copeland, Ward 5

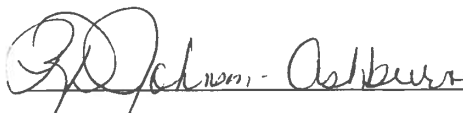


Mark R. Kitchen, Ward 1

Vision Statement

By the year 2030, the City of Franklin, Virginia will maintain our small city identity, heritage, and beauty while being a regional hub for economic opportunities, top-class education, a job-ready workforce, and balanced housing options.

Adopted by Franklin City Council this 8th day of June, 2015



Handwritten signature of R. Johnson - Ashburn

Mayor

Seven Year Goals and Objectives January 2015

During a retreat in January of 2015, Council Members were asked to identify Priorities that would be most critical to achieving the Vision and Target Areas over the next four years. Council used a process of discussion and consensus to arrive at the priorities. Staff was charged with the responsibility to develop a Strategic Plan to address the priorities including timetable and responsibility and regularly update Council on progress. Priorities have been number consecutively for reference only and do not indicate priority order.

Economic Development

-
- 1 Develop a plan with the Downtown Franklin Association (DFA) to aggressively market Franklin's Downtown
 - Examine/pursue strategies that will enable us to become more marketable
 - Use best management practices in assisting businesses that may locate here
 - Consider work session with DFA after Council develops its priorities; have a unified strategy and work together with DFA on relevant priorities
-
- 2 Develop a strategy for making Franklin a retail center for northeast North Carolina and western Tidewater Virginia
 - Consider new types of businesses as target businesses
 - Confer/have dialogue with FSEDI on how to market the area as a regional economic center and to address obstacles for new retail
 - Solidify our shared service agreements and expand those (will need to collaborate with a broader set of localities)
-
- 3 Prepare the Route 58 corridor including enhancements and industrial site readiness
 - Consider and adopt Comprehensive Plan recommendations to enhance the corridor
 - Continue to find funding strategies for deficiencies identified by FSEDI to ensure site readiness at Pretlow Industrial Park
 - Consider and adopt zoning ordinance changes and additional utility extensions and road extensions as required
-
- 4 Work with Southampton Memorial Hospital to improve the quality of health care and to make Franklin a specialty health care option for the region
-
- 5 Develop a brand that epitomizes what Franklin has to offer and conduct a targeted marketing effort that will attract people to our city
-

Education

- 6 Develop a strategy to improve communication and rapport with the School Board and school officials to achieve greater agreement and trust regarding 1.) desired results (i.e. academic performance) and 2.) Accountability for results and funding
 - Consider a joint retreat to initiate this priority
 - Ongoing strategies to maintain a positive working relationship

 - 7 Develop and implement a plan to work with public school leaders on a strategic plan for top class public education (i.e. vision, facilities, programs, alternative education, how we enhance the value for education within the community, parental involvement)

 - 8 Develop and implement a well-structured strategy with the public schools and PDCCC for achieving a trained workforce for our community
 - Implement a strategy to develop a common workforce development vision
 - Clarify our needs
 - Meet with the School Superintendent and President of PDCCC to learn their vision/plans for workforce development in order to find common themes and plans
 - Develop a curriculum for career/technical dual enrollment at FHS and PDCCC
 - Improve coordination of all resources
-

Housing

- 9 Implement the rental inspection program (to include all components)
 - Housing stock assessment
 - Funding strategies
 - Ordinance revision
 - Adopt and implement regulatory tools

 - 10 Develop a balanced housing plan and strategy that matches needs and demands
 - Define “balanced” and issues to be explored prior to planning
 - Investigate alternatives for millennial housing
 - Encourage more one- and two-bedroom apartments
 - Modify zoning to enable mixed uses (i.e. residential with commercial, upper floor housing)
 - Maintain preservation of historic areas
 - Consider redevelopment needs and potential throughout Franklin
 - Support the Housing Authority’s efforts to continue moving forward with “In, Up, and Out” to promote self-sufficiency and home ownership
-

Regionalism and Partnerships

-
- 12 Develop a relationship with Isle of Wight to work on joint projects
- Consider an incentive package to present to Isle of Wight to assist in filling the Airway Shopping Center
-
- 13 Conduct research on already identified areas in which the City collaborates with Southampton County in order to expand opportunities
-
- 14 Identify regional opportunities in the Hampton Roads area of which the City may not be currently taking advantage and explore new partnerships
- Pursue stronger efforts to acquire foundation funding on a regional basis
-
- 15 Lead and develop a regional transportation planning strategy for the Route 58 Corridor to enhance economic development and improve linkages to the Hampton Roads area
-
- 16 Continue to pursue regional long-range plans for solid waste management
-
- 17 Pursue stronger initiatives in the medical services area to promote them on a regional basis (i.e. hospital, health department, health care services)
-

Citywide Infrastructure

-
- 18 Develop and commit to a water and wastewater long range utility plan
- Improve water quality and availability
 - Enhance program to address aging water and wastewater systems
-
- 19 Continue City beautification initiatives
- Clean up South Street Corridor and beautify it
-
- 20 Continue updating of public buildings, including schools
-
- 21 Update our IT capabilities and maintain state of the art media (i.e. PEG, website, telephones)
-

Public Services

-
- 22 Determine need, feasibility, and alternatives for a grant writer and pursue this strategy (consider whether to serve Franklin City only or to have a regional focus)
-
- 23 Implement training to enhance customer service and diversity awareness for all City personnel
-
- 24 Develop and implement a strategy to have appropriate staffing and succession for key positions
-
- 25 Develop and implement a manpower plan for public safety (i.e. preparedness, training, diverse work force reflective of the community, response)
-
- 26 Update our personnel policies
-
- 27 Update the plan for emergency management response (i.e. to include preparedness for disasters, public health concerns, and haz-mat situations)
-
- 28 Update the City's transportation project priorities list, including those that have regional significance
-
- 29 Consider new options to enhance public transportation (i.e. Uber, LIFT, I-Ride)
-

OVERVIEW

As directed by Council, City Management with input from staff “will continue to develop a strategic work plan to address Council’s priorities to include a timetable and responsibility and provide for Council’s endorsement”. Attached are administrative planning principles aimed at complimenting and supporting the Council’s approved Vision and Priorities. These administrative support comments are grouped by service area or related departmental activities. To assist in developing these administrative planning principles, management solicited input from each City department. The list is not intended to be all inclusive. Rather, it is a summation of specific areas of responsibility for which City resources should be prioritized and focused on achieving the Council established priorities while meeting all administrative responsibilities for governmental operations. Next steps for administrative staff will be further refinement of the draft plan then development of an administrative responsibility assignment plan and refined timetable for action as applicable.

- ❖ Communicate and interact with citizens and customers utilizing available technology and other more traditional cost-effective means focused on being as citizen, customer and business friendly as possible – continue efforts to evaluate and improve information technology capabilities and resources to further City interests in all service areas.
- ❖ As a governmental entity, implement legally compliant policies that ensure fairness in the treatment of citizens and customers in as professional and business-like an environment as is practical; update and maintain legally compliant personnel policies that ensure fairness in the treatment of city employees while adequately protecting the City’s fiduciary responsibilities and interests.
- ❖ Evaluate municipal operations with a balanced approach aimed at providing as high a quality of designated services as possible while minimizing the costs necessary to provide priority services – pursue initiatives to illicit and promote volunteerism as a citizen engagement and cost reduction technique.
- ❖ When evaluating and developing service priorities, apply as a “litmus test” the impact and potential to preserve or improve on all aspects of the community’s quality-of-life.
- ❖ Maintain a financial management system with established Council benchmarks and performance standards which ensure the long-term financial well-being of the City and its essential funding obligations.
- ❖ Promote intergovernmental and interagency cooperation with neighboring counties and through regional partnerships – pursue cost-effective “win-win” opportunities to promote optimum service levels at minimal cost.
- ❖ Support Community Organizations that promote the City through their sponsorship of major public events which showcase the community and provide services that enhance the general quality-of-life of residents and visitors or otherwise accomplish a city goal.
- ❖ Maintain a qualified and capable municipal work force focused on the efficient delivery of services – promote a safe working environment where the well-being of employees is valued – implement a

locally competitive compensation package that attracts and retains employees dedicated to public service.

- ❖ Implement adopted Comprehensive Plan particularly components on regional collaboration within designated revenue sharing zones outside the City in cooperation with neighboring counties.
- ❖ Enhance economic development efforts and community readiness to promote private investment and job creation (e.g. regulatory streamlining, utility infrastructure readiness, educational achievement, other key competitiveness criteria).
- ❖ Broaden economic development focus to ensure inclusion of not only diversified industrial development, but also commercial business recruitment and retention efforts as a regional center; governmental & service industry investment; health care industry expansion interests; tourism opportunities; and, cultural/heritage possibilities.
- ❖ Streamline services of the City-County Consolidated Community Development Planning & Inspections departments to meet needs as cost efficiently as possible while maintaining quality customer service and regulatory compliance at all levels; plan and consider implementation of rental housing inspection program efforts as directed by Council.
- ❖ Develop and maintain a comprehensive Capital Improvements Program (CIP) to meet and finance capital outlay needs of the City in all service responsibility areas for at least five years into the future.
- ❖ Provide as well-trained and professional a police agency as possible that is adequately equipped and staffed to reasonably ensure the delivery of high quality and reliable community policing services to meet the City's public health, welfare and safety responsibilities and needs as determined by the City Council
- ❖ Provide as well-trained and professional a Fire & Emergency Medical Services (EMS) response agency as possible that is adequately equipped and staffed to reasonably ensure the delivery of high quality and reliable emergency services to meet the City and service response area's public health, welfare and safety responsibilities and needs as determined by the City Council-position resources strategically to optimize emergency response times
- ❖ Ensure the safety of citizens and public safety providers by maintaining an efficient and reliable emergency communications system
- ❖ Protect citizens and property through development and maintenance of a well-organized Emergency Operations Plan (EOP) outlining resources, procedures, mutual aid arrangements and designating responsibilities for emergency preparedness and response
- ❖ Provide a safe, reliable, cost-effective and efficient electric utility power supply system to ensure the provision of essential regulatory compliant electric service to all customers served within and outside the city limits – evaluate the long-term value of the system and its service obligations including an independent evaluation of equipment and technology to ensure accuracy in utility usage and customer billing components.

- ❖ Provide a cost-effective and efficient public water supply system to ensure the provision of essential, safe, reliable and regulatory compliant potable water for customer consumption and to meet fire protection and economic development needs – assess capabilities, feasibility and needs for regional water supply approaches as outlined in recently renewed State Groundwater Withdrawal permit to ensure a long term adequate water supply.
- ❖ Provide an efficient and reliable public wastewater collection and treatment system to ensure the public health and safety while protecting environmental quality of the receiving stream through regulatory compliance efforts – assess long term alternatives for meeting wastewater needs including regional treatment options in cooperation with County partners.
- ❖ Provide for and regulate the efficient and cost-effective collection and disposal of solid waste within the City in an effort to protect the public health and welfare – manage the volume of waste disposal to minimize the flow of waste to the landfill including promotion of recycling and reuse opportunities – emphasizing the benefits and opportunities of continued regional collaboration for solid waste disposal options – study privatization alternatives for solid waste collection services.
- ❖ Develop and manage a safe and efficient multi-modal system of highways, streets and associated appurtenances for vehicles, non-motorized transportation alternatives and pedestrians.
- ❖ Implement and maintain a safe and reliable stormwater utility management system for collecting stormwater runoff to protect public health, welfare and safety.
- ❖ Pursue federal/state assistance to study (i.e., required cost-benefit analysis criteria evaluation) viable alternatives which might mitigate impacts of flooding and related natural disasters on public and private property or otherwise pose a threat to citizens – pursue as a priority efforts to improve city flood insurance ratings to lower flood insurance premiums.
- ❖ Evaluate prioritize and provide for comprehensive parks, recreational and leisure opportunities in terms of facilities and programs for all segments of the population; adequately maintain facilities to ensure safe and reliable continuation of leisure services to citizens and visitors.
- ❖ Provide safe and FAA regulatory compliant municipal airport facilities and services to customers utilizing the service – update the City’s Master Plan for Airport facilities.
- ❖ Maintain a system of public infrastructure and buildings, as well as, a fleet of vehicles and equipment to facilitate the safety of employees and others and the provision of services to citizens in as cost-efficient a manner as possible – manage resources by promoting and pursuing energy efficiency opportunities in the provision of City services when determined to be cost- effective alternatives.
- ❖ Provide support for City Constitutional Officers (i.e. Commissioner of Revenue, Treasurer) and Election Registrar responsibilities and functions to meet City obligations and the needs of the citizenry.
- ❖ Cooperatively provide for shared Constitutional Office Support functions with Southampton County including: Judicial System, Sheriff, Commonwealth’s Attorney and Clerk of the Court to meet the City’s obligations and the needs of the citizens – cooperate with Southampton County to provide adequate and safe court facilities.

- ❖ Provide City funding, as determined by the City Council, to satisfy local responsibilities to provide the City share of essential School System funding to meet operating and capital needs – assist the Council in efforts to identify and appoint School Board members committed to high caliber student achievement and educational system accountability.
- ❖ Provide sufficient resources, as determined by the Council, to satisfy local responsibilities for the City's share of Department of Social Services funding to meet operating and capital requirements and community assistance needs while optimizing the leverage of federal and state resources for the benefit of citizen beneficiaries.
- ❖ Provide the City share of funding, as determined by the Council and contractual obligations, for other important services and agencies including: Blackwater Regional Library, Western Tidewater Regional Jail, CSA, Senior Services, Boys & Girls Club, Smart Beginnings, Paul D. Camp Community College, Franklin- Southampton Economic Development, Inc., Hampton Roads Planning District Commission, Western Tidewater Community Services Board, etc. Excluding obligations for juvenile and adult detention care, the City contributes nearly \$900,000 annually to community agencies and organizations.

October, 2015
(Updated March 2021)

Adjustments to City Manager's Proposed Budget

GENERAL FUND

Expenditure Adjustments

Page #	Budget Item	Amount
Total Expenditure Adjustments		\$ -

Revenue Adjustments

Page #	Budget Item	Amount
Total Revenue Adjustments		\$ -

Revised General Fund Budget

Revised General Fund Budget	\$ -

EDUCATION FUND

Expenditure Adjustments

Detail		
Page #	Budget Item	Amount
Total Expenditure Adjustments		\$ -

Revenue Adjustments

Detail		
Page #	Budget Item	Amount
Total Recommended Revenue Increases		\$ -

City Manager Recommended Budget	
Net Revenue & Expenditure Adjustments	
Revised General Fund Budget	\$ -

SECTION ONE

INFORMATION ON ALL BUDGETED FUNDS

1. Description of Budgeted Funds
2. Fund Structure
3. Summary of Budgeted Funds
4. Adopted Budget by Fund (Prior Year Comparison)
5. Total Budgeted Funds Graph

This section includes a brief description of each fund and explains its purpose. Following the schedule is a summary of the budgeted funds including revenues and expenditures for each Fund.

Description of Budgeted Funds

The descriptions below explain the purpose of each of the funds listed in the “Summary of Budgeted Funds” pages.

GOVERNMENTAL-TYPE FUNDS

The City’s adopted budget contains appropriations for four major and three non-major governmental fund types. The General Fund, Debt Service Fund, School Fund, and Social Services Fund are considered the major governmental funds. Non-major funds presented in the budget are the Economic Development Fund, the Comprehensive Services Act Fund and the Capital Improvement Fund.

- ❖ **General Fund** - The General Fund accounts for all revenues and expenditures that are not required to be accounted for in a special purpose fund. The sources of revenue for the General Fund are taxes and fees generated at the local level, such as real estate, personal property, utility taxes, fiduciary taxes, permits, charges for services, etc. The General Fund finances most of the regular day-to-day operations of the City. The following descriptions refer to the individual General appropriations and transfers to other funds within the City.
- ❖ **Debt Service Fund** is a fund that accounts for the accumulation of resources for and the payment of general long-term debt principal and interest of the City. Primary resources of the Debt Service fund are derived from transfers from the General Fund and the proceeds from refinancing of existing bonds. The City maintains a separate debt service fund inclusive of principal and interest payments for School related projects. General and school debt is considered tax supported.
- ❖ **Social Services Fund** (Virginia Public Assistance (VPA) accounts for revenues and expenditures related to services provided by the Department of Social Services. Most revenues are derived from the Commonwealth of Virginia and the federal government. A State required local contribution is provided by the City for administration of certain services.

COMPONENT UNIT FUND

- ❖ **Education** – The City’s School Fund is reported in financial statements as a discretely presented component unit. The City’s total budget includes the funds of the Franklin City Public Schools. The primary sources of revenues, exclusive of the transfer from the City’s General Fund, are basic school aid, sales tax revenue, grants and federal revenues that fund certain programs. The **School Operating Fund** is the General Fund of the School Board. It includes the City’s local appropriation to the schools referred to as an annual base appropriation. Additional appropriations, in the form of prior year carryover as identified in audited financial statements, are funded at City Council’s discretion. The Cafeteria Fund of the Schools supports the school breakfast and lunch program. It is a self-funded operation supported through cafeteria sales and federal and state reimbursements.

NON-MAJOR FUNDS

- ❖ **Economic Development Fund** was created in 2004 to support activities of the Franklin Business Incubator.

- ❖ **Comprehensive Services Act Fund (CSA)** was established in response to legislation enacted in 1993 that establishes a single state pool of funds to purchase services for at-risk youth and their families. The City pays a required local match rate on all eligible expenditures.
- ❖ **Capital Project Fund** accounts for financial resources to be used for the acquisition or major construction and/or maintenance of capital assets such as building renovations and improvements, major equipment, technology improvements, etc. In order for expenditures to be eligible for inclusion in the capital budget, they must cost over \$30,000 and have a life expectancy of five or more years. Projects funded in the current budget year are included in the general operating budget, “the capital improvement budget”, as capital outlay.

BUSINESS TYPE ACTIVITIES FUNDS

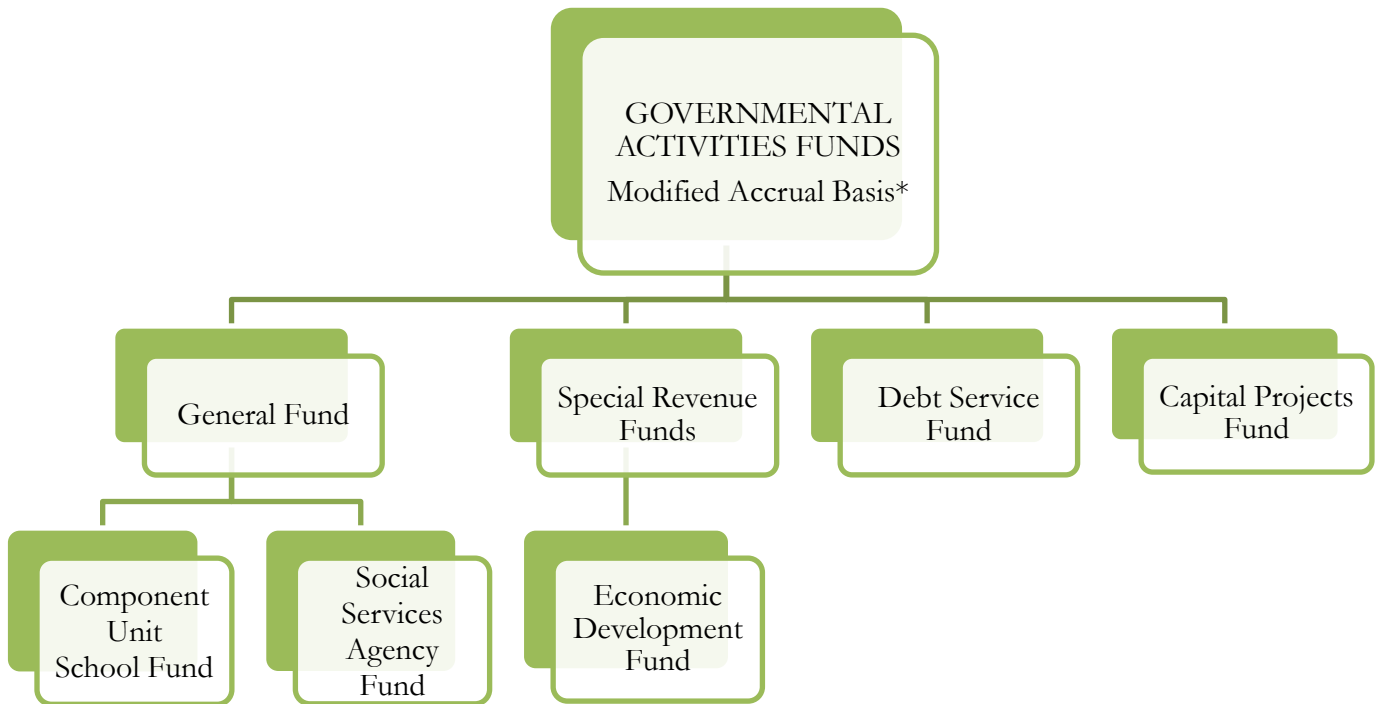
The departments within these Funds are accounted for on a similar basis as a private business in which operating expenses are completely or partially covered from income collected from user fees charged to the general public. The City maintains a Proprietary Fund type known as the Enterprise Funds which are as follows: Solid Waste, Water & Sewer, Electric and Airport. They are presented under the Enterprise Fund section of this document.

Solid Waste Fund, created in 2013, is an enterprise fund which pays for such services as refuse collection, disposal and recycling. Revenue for this fund is derived from predominantly residential customers and a limited number of commercial customer user fees.

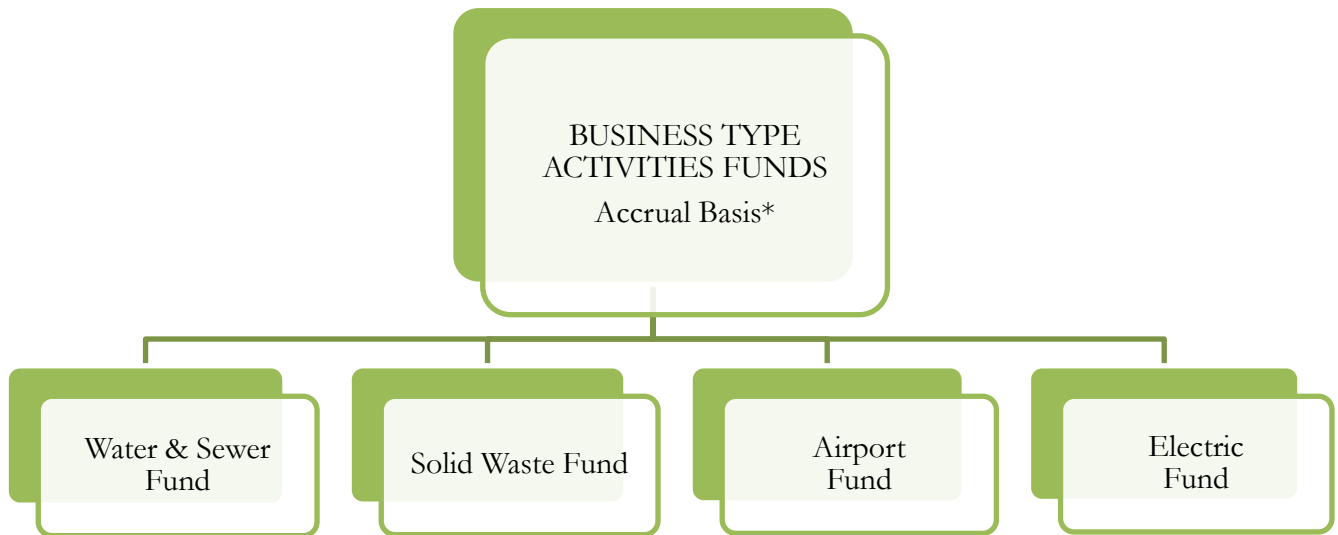
Water & Sewer Fund is an enterprise fund where revenues derived from user fees and connection fees are earmarked for water and sewer improvements and management of the City’s wastewater treatment facilities.

Electric Fund - Franklin Municipal Power and Light is the electricity provider in the City of Franklin and parts of the City of Suffolk, Southampton and Isle of Wight Counties. Established in 1892, Franklin Municipal Power and Light provides reliable and efficient energy and energy-related services for Franklin and the surrounding service area with funding entirely from user fees.

Airport Fund – The Franklin Municipal Airport is a vital component of economic development in the City. The Fund receives revenue from tie down fees, sale of gasoline and jet fuel and support from General Fund revenues.



***Modified Accrual Basis:** the method under which revenues and other financial resource increments are recognized when they become both “measurable” and “available to finance expenditures in the current period.” “Available” means collectable in the current period or soon enough thereafter to be used to pay the liabilities of the current period.



***Accrual Basis:** indicates revenues are recorded when they are earned (whether or not cash is received at the time) and expenditures are recorded when goods and services are received (whether cash disbursements are made at the time or not).

SUMMARY OF ALL BUDGETED FUNDS

TOTAL BUDGET SUMMARY

REVENUE	2021-22 ADOPTED	EXPENDITURES	2021-22 ADOPTED
General Property Tax	\$ 7,631,063	Legislative	\$ 172,454
Other Local Taxes	\$ 6,215,680	General Gov't	\$ 2,921,000
Permits, Fees, Licenses, Etc.	\$ 42,050	Judicial	\$ 1,434,587
Fines and Forfeitures	\$ 19,750	Public Safety	\$ 9,286,653
Use of Money and Property	\$ 158,044	Public Works	\$ 3,512,721
Charges for Services	\$ 1,875,056	Health & Welfare	\$ 788,229
Miscellaneous Revenue	\$ 1,508,242	Recreation & Culture	\$ 774,565
Recovered Costs	\$ 2,195,423	Community Develop.	\$ 136,229
Shared Expenses	\$ 206,704	Misc.-Non Departmental	\$ 700,000
Non-Categorical Aid: State	\$ 1,485,297		
Categorical Aid: State	\$ 2,643,986		\$ 19,726,438
Categorical Aid: Federal	\$ 193,749		
Transfers From Electric Fund	\$ 1,799,993	Transfer To Funds	\$ 6,543,599
Transfer from Solid Waste Fund	\$ 100,000		
Transfer from Water & Sewer Fund	\$ 195,000		
Use of Unassigned Fund Balance	\$ -		
TOTAL GENERAL FUND	\$ 26,270,037	TOTAL GENERAL FUND	\$ 26,270,037
Schools - Operations -Local Funds	\$ 89,911		
Schools - Operations -Local Appropriation -Base	\$ 4,830,237		
Schools - Operations -State & Federal Aid	\$ 12,037,665	Education Fund	\$ 16,957,813
Subtotal - School Operating Fund	\$ 16,957,813	Cafeteria	\$ 1,012,343
Schools- Cafeteria & Textbook Fund - State, Federal & Lc	\$ 1,085,910	Textbook	\$ 73,567
SCHOOL OPERATIONS	\$ 18,043,723	SCHOOL OPERATIONS	\$ 18,043,723
Social Services Fund - State & Federal Aid	\$ 2,060,518	Administrative, Foster Care, Eligibility and Other Social Services Functions	\$ 2,663,895
Use of Restricted Fund Balance	\$ 399,732		
Transfer from General Fund	\$ 203,645		
SOCIAL SERVICES	\$ 2,663,895	SOCIAL SERVICES	\$ 2,663,895
State Aid	\$ 134,967	Mandated Services	\$ 200,000
Transfer from General Fund	\$ 131,659	Administrative	\$ 66,626
COMPREHENSIVE SERVICES	\$ 266,626	COMPREHENSIVE SERVICES	\$ 266,626

SUMMARY OF ALL BUDGETED FUNDS

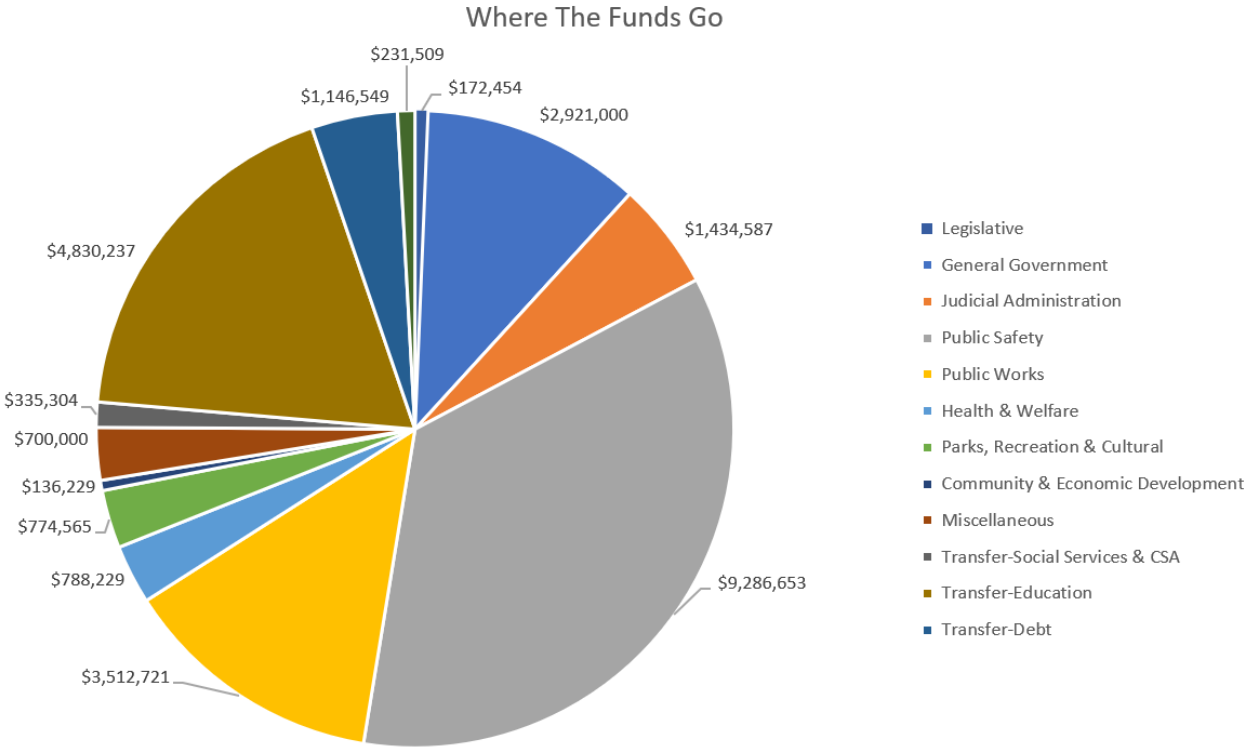
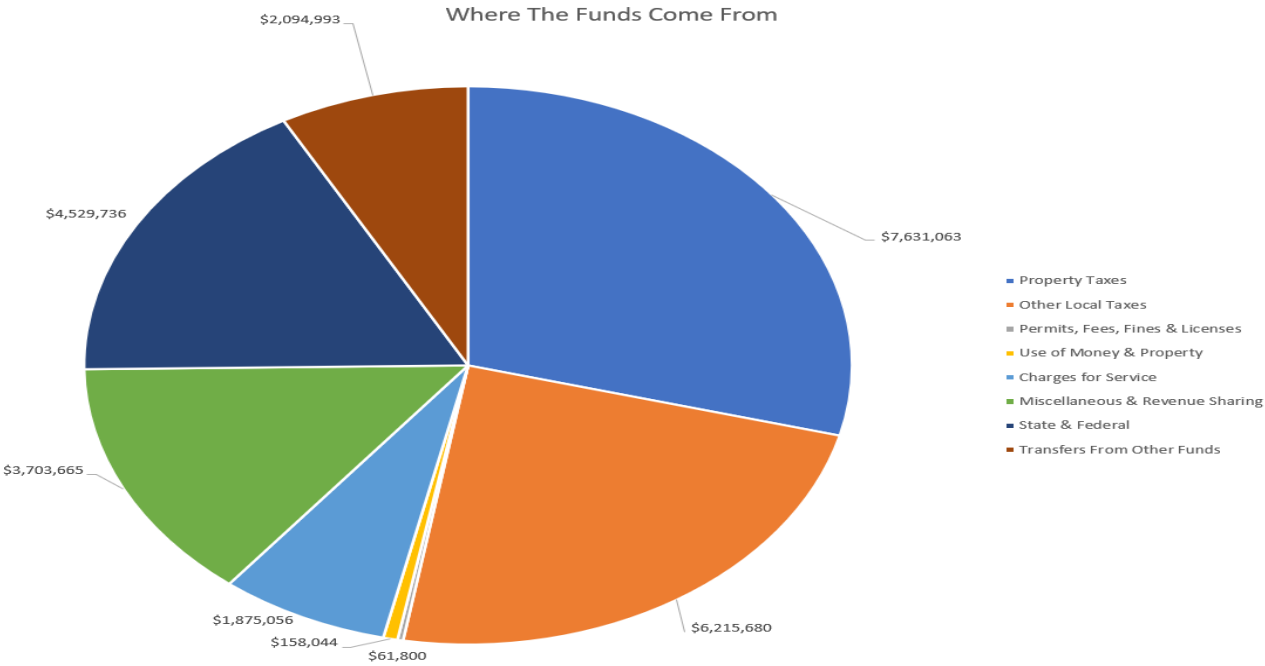
REVENUE	ADOPTED	EXPENDITURES	ADOPTED
		Water Operations	\$ 944,939
Sale of Water	\$ 1,250,000	Sewer Operations	\$ 514,072
Sewer Service Fees	\$ 1,885,000	Wastewater Treatment Operations	\$ 930,419
Miscellaneous	\$ 55,000	Transfer to General Fund-Admin Services	\$ 407,115
Use of Fund Balance	\$ 195,000	Transfer to General Fund-Lieu of Taxes	\$ 26,400
		Transfer to General Fund-Operational Subsid	\$ 195,000
		Debt Service	\$ 367,055
TOTAL WATER & SEWER FUND	\$ 3,385,000	TOTAL WATER & SEWER FUND	\$ 3,385,000
		Waste Collection & Disposal	\$ 300,100
Waste & Collection Disposal Fees	\$ 1,296,000	Other Operating Expense	\$ 506,856
Miscellaneous Revenue	\$ 4,000	Transfer to General Fund-Admin Services	\$ 287,391
		Transfer to General Fund-Operational Subsid	\$ 100,000
		Reserve	\$ 98,765
		Debt Service	\$ 6,888
TOTAL SOLID WASTE FUND	\$ 1,300,000	TOTAL SOLID WASTE FUND	\$ 1,300,000
		Operating Expenses	\$ 167,731
Local Revenue	\$ 122,630	Transfer to General Fund-Admin Services	\$ 20,612
Transfer from General Fund	\$ 65,713	TOTAL AIRPORT FUND	\$ 188,343
TOTAL AIRPORT FUND	\$ 188,343		
		Operating Expenses	\$ 2,171,029
		Cost of Energy	\$ 10,015,837
		Capital Outlay	\$ 264,500
Sale of Energy Fuel Adjustment	\$ 1,094,629	Transfer to General Fund-Admin Services	\$ 651,295
Sale of Electric Energy	\$ 13,681,240	Transfer to General Fund-Lieu of Taxes	\$ 59,282
Miscellaneous Revenue	\$ 370,516	Transfer to General Fund-Operational Subsid	\$ 1,799,993
Use of Unrestricted Fund Balance	\$ 155,600	Debt Service	\$ 340,049
TOTAL ELECTRIC FUND	\$ 15,301,985	TOTAL ELECTRIC FUND	\$ 15,301,985
		School Fund Debt Principal	\$ 339,000
		School Fund Debt Interest	\$ 92,259
Transfers from General Fund - School	\$ 434,959	School Fund Debt Administrative Fee	\$ 3,700
Transfers from General Fund - General	\$ 711,590	General Fund Debt Principal	\$ 342,000
		General Fund Debt Interest	\$ 365,590
		General Fund Debt Administrative Fee	\$ 4,000
TOTAL DEBT SERVICE FUND	\$ 1,146,549	TOTAL DEBT SERVICE FUND	\$ 1,146,549
		Operating Expenses	\$ 186,796
Rents & Program Fees	\$ 121,000	Payments to Economic Develop	\$ 100,000
Transfer from General Fund Operations	\$ 65,796	TOTAL ECONOMIC DEVELOP	\$ 286,796
Transfer from GF-Joint Economic Deve	\$ 100,000		
TOTAL ECONOMIC DEVELOP	\$ 286,796		
TOTAL CITY FUNDS	\$ 68,852,954	TOTAL CITY FUNDS	\$ 68,852,954

**FY 2021-22 BUDGET BY FUND
PRIOR YEAR COMPARISON**

AS OF 3/1/21	FY 20-21 ADOPTED	FY 20-21 AMENDED	FY 21-22 ADOPTED	Variance over FY 20-21 Amended	Variance (%)	Variance Over FY 20-21 Adopted	Variance (%)
General Fund	\$ 25,162,845	\$ 26,050,749	\$ 26,270,037	\$ 219,288	0.84%	\$ 1,107,192	4.40%
Water & Sewer Fund	\$ 3,433,000	\$ 3,433,000	\$ 3,385,000	\$ (48,000)	-1.40%	\$ (48,000)	-1.40%
Airport Fund	\$ 54,700	\$ 390,314	\$ 188,343	\$ (201,971)	-51.75%	\$ 133,643	244.32%
Electric Fund	\$ 16,294,128	\$ 16,294,128	\$ 15,301,985	\$ (992,143)	-6.09%	\$ (992,143)	-6.09%
Solid Waste Fund	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ -	0.00%	\$ -	0.00%
Economic Dev. Fund	\$ 295,351	\$ 295,352	\$ 286,796	\$ (8,556)	-2.90%	\$ (8,555)	-2.90%
School Fund	\$ 15,991,093	\$ 18,157,964	\$ 16,957,813	\$ (1,200,151)	-6.61%	\$ 966,720	6.05%
School Cafeteria Fund	\$ 1,023,119	\$ 1,023,119	\$ 1,012,343	\$ (10,776)	-1.05%	\$ (10,776)	-1.05%
School Textbook Fund	\$ 75,536	\$ 75,536	\$ 73,567	\$ (1,969)	-2.61%	\$ (1,969)	-2.61%
Social Services	\$ 2,097,602	\$ 2,107,248	\$ 2,663,895	\$ 556,647	26.42%	\$ 566,293	27.00%
Comprehensive Services	\$ 198,270	\$ 198,270	\$ 266,626	\$ 68,356	34.48%	\$ 68,356	34.48%
School Debt Service	\$ 603,133	\$ 603,133	\$ 434,959	\$ (168,174)	-27.88%	\$ (168,174)	-27.88%
General Fund Debt Service	\$ 516,240	\$ 516,240	\$ 711,590	\$ 195,350	37.84%	\$ 195,350	37.84%
TOTAL	\$ 67,045,017	\$ 70,445,053	\$ 68,852,954	\$ (1,592,099)	-2.26%	\$ 1,807,937	2.70%

2021-22 Primary Budget Major Amendments – General Fund	Amount
Prior Year's Carryover Funds	412,715
Grounds & Landscaping Program Funding	201,205
Grant Funds	141,727
Appropriation for 2% COLA	107,710
Transfer from Enterprise Fund	85,844
COVID Revenue - Registrar	52,800
Miscellaneous local revenue	72,741
Donations	15,000
Community Development Southampton County Revenue Reduction	(201,992)
TOTAL	887,750

General Fund Summary



SECTION TWO

FINANCIAL POLICIES & POSITION SUMMARY

1. General Fund Financial Policies (Fund Balance, Revenue, Budget and Debt Administration)
2. Table of Authorized Positions
3. Analysis of Personnel Changes

Financial Policies

The City of Franklin has a responsibility to its citizens to account for public funds, to manage finances wisely, and to allocate resources efficiently and effectively in order to provide the services desired by the public. The primary objective of establishing Financial Management Policies is to provide a framework within which sound financial decisions may be made for the long-term betterment and stability of the City.

OVERALL GOALS

- ❖ To ensure the City's sound financial condition at all times in:
 - Cash Solvency – the ability to pay bills
 - Budgetary Solvency – the ability to annually balance the budget
 - Long Term Solvency – The ability to pay future costs
 - Service Level Solvency – The ability to provide needed and desired services
- ❖ Adherence to City Charter and Code and the Code of the Commonwealth of Virginia.
- ❖ Adherence to the best accounting and management practices in conformity with generally accepted accounting procedures as applied to governmental units.

DEFINITIONS

Assigned Fund Balance: amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Fund Balance may be assigned either through the encumbrance process as a result of normal purchasing activity (which includes the issuance of a purchase order), or by the City Manager or his/her designee.

Capital Project Fund: Accounts for capital improvements financed from bond issues, special assessments and certain grants.

Cash Balance: The sum of cash and investments of an accounting fund.

Committed Fund Balance: amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of City Council. Formal Council action includes designations of funds to be held for a specific purpose in future fiscal years and budget amendments to carry forward appropriations that were unexpended at fiscal yearend.

Debt Service Fund: Accounts for repayment of debt.

Enterprise Funds: Account for activities for which a fee is charged to external users for goods and services. The Solid Waste Fund, Water & Sewer Fund, Airport Fund, and the Electric Fund are enterprise funds.

General Fund: The City's primary operating fund that accounts for City services not otherwise accounted for in a separate fund.

Non-spendable Fund Balance: Non-spendable Fund Balance includes amounts that cannot be spent because they are either not in spendable form such as inventories, pre-pays, or receivables that are reasonably expected to not be collected in the next year; or they are legally or contractually required to be maintained intact.

Restricted Fund Balance: Restricted fund balance includes amounts that have constraints placed on their use by external sources such as creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

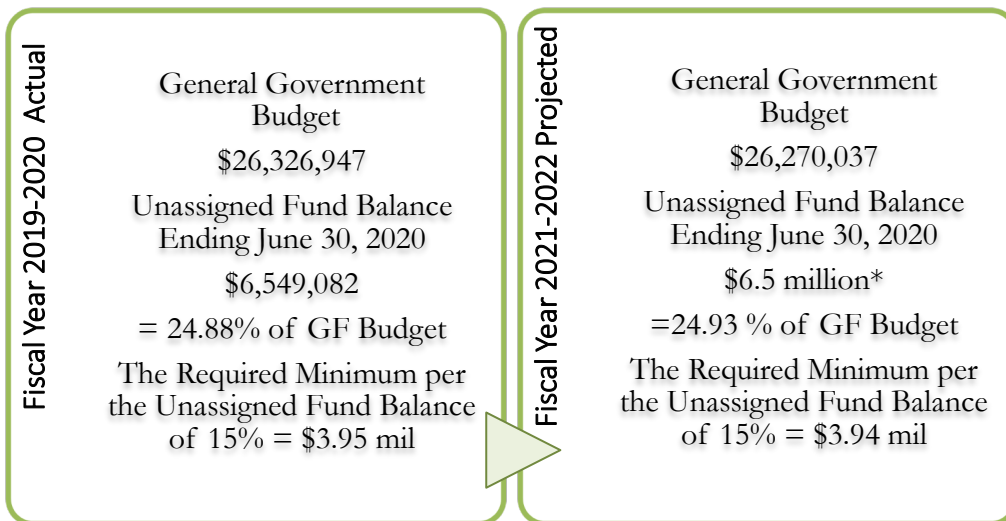
Special Revenue Funds: Account for proceeds of designated revenue sources used to finance specific activities.

Temporary Borrowing: Loan from one fund to another fund due to temporary cash shortage with the expectation of repayment within 12 months. Not considered legal debt.

Unassigned Fund Balance: The portion of fund balance, calculated in accordance with generally accepted accounting principles that is not in another category.

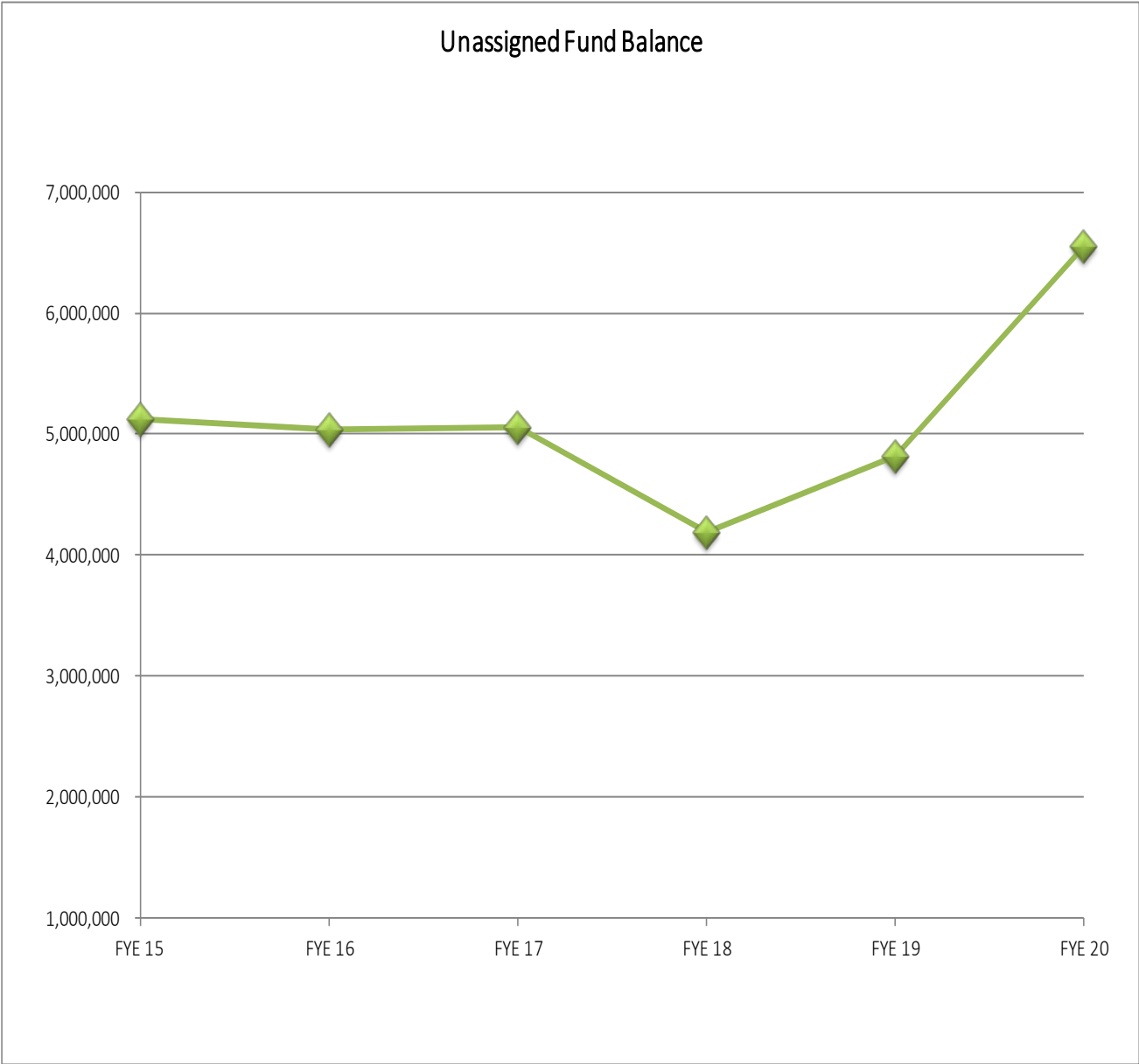
MINIMUM UNASSIGNED FUND BALANCE (NET ASSETS) POLICY

In order to avoid service disruptions that otherwise could arise from revenue shortfalls or unanticipated expenditures, the following range for unassigned fund balances (or unrestricted net assets) should be maintained at the end of each quarter. For the purpose of policy compliance evaluation, the below is shown as of the end of the fiscal year:



*Policy Evaluation: The FY 2021-2022 projected unassigned fund balance at June 30, 2021 is yet to be determined.

Below is a history of the City’s Unassigned Fund Balance from June 30, 2015 through June 30, 2020.



RESTORATION OF MINIMUM CASH OR UNASSIGNED FUND BALANCES

Should the cash balance or the unassigned fund balance fall below the target levels, the City Manager will prepare and present a plan for restoration to the targeted levels. If a target level is not met or anticipated not to be met, a line item will be included in the fund’s expense section to budget a minimum of 2% of the upcoming projected budget revenues until the targeted levels are met.

EXCESS UNASSIGNED FUND BALANCES (NET ASSETS)

In the event the unassigned fund balance exceeds any established maximum balance requirements in the General Fund or Enterprise Funds at the end of a fiscal year, the excess may be used in one or a combination of the following ways: (a) Retirement of existing debt; (b) One-time expenditures that do not increase recurring operation costs that cannot be funded through current revenues; [An example would be replacement of capital equipment or payment to a capital improvements project that would reduce the future debt of the City. Another example of a one-time expenditure would be refunds of a portion of specific revenue collected]; and, (c) Establishment of reserves for risk management, equipment replacement, capital projects, emergencies or disaster recovery.

POLICY ON THE ORDER OF SPENDING RESOURCES

The City considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unrestricted fund balance are available unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the City considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

REVENUE POLICIES

- ❖ Reassessment of real property will be made every two years.
- ❖ The City will monitor all taxes to ensure they are equitably administered and are collected in a timely manner.
- ❖ User Fees and Charges will be reviewed and updated on an ongoing basis to ensure that they keep pace with changes in the cost-of-living as well as changes in the method and levels of service delivery.
 1. Rental of City properties will be reviewed annually and compared to market rates.
 2. Building permit and inspection fees will be reviewed annually.
 3. Recreation program charges will be reviewed annually.
- ❖ Where possible the City will institute user fees and charges for specialized programs and services based on the cost of a particular service. Rates will be established to recover operational as well as capital or debt service costs.
- ❖ Revenue shortfalls: In the event it is determined that revenues for the fiscal year will fall short of anticipated amounts, the City Manager shall provide Council with a plan for expenditure reductions and/or revenue enhancements in the current year to mitigate the anticipated shortfall.
- ❖ Revenues from fees and charges will be reviewed annually and compared with surrounding localities to determine whether they are fair and equitable and in-line with services provided.

DEBT MANAGEMENT POLICIES

The Commonwealth of Virginia imposes a legal limit of 10 percent of the assessed valuation of taxed real

property as a ceiling on the amount of general obligation borrowings a municipality may incur. While this is the legal limitation, the City is well aware it cannot take on expenditures beyond its fiscal means of affordability.

- ❖ General debt service expense should not exceed 10% of the General Fund expenses.
- ❖ Net general debt as a percent of taxable real estate valuations should not exceed 5%.
- ❖ Debt service for Enterprise Funds should not exceed 20% of the funds' annual expenses.

In determining general obligation debt limitations, certain classes of indebtedness may be excluded, including revenue anticipation notes maturing in one year or less, general obligation bonds payable from a specified revenue producing undertaking [as long as the undertaking is self-supporting], and capital leases and revenue bonds. The City's enterprise operations for Electric Fund and Water and Sewer Fund bonded debt are a combination of self-supporting, general obligation and revenue bonds.

When the City finances capital improvements or other projects through bonds or capital leases, it will repay the debt within a period not to exceed the expected useful life of the projects.

**2020 General Debt Service as a Percentage of
*General Fund Expenses = 4.08%**

*calculation represents payment of annual principal and interest obligation

**2021 Projected General Debt Service as a Percentage of
*General Fund Expenses = 4.30%**

*calculation represents payment of annual principal and interest obligation

2020 Net Bonded Debt as a Percentage of Taxable Real Estate – 4.14%

Enterprise Funds

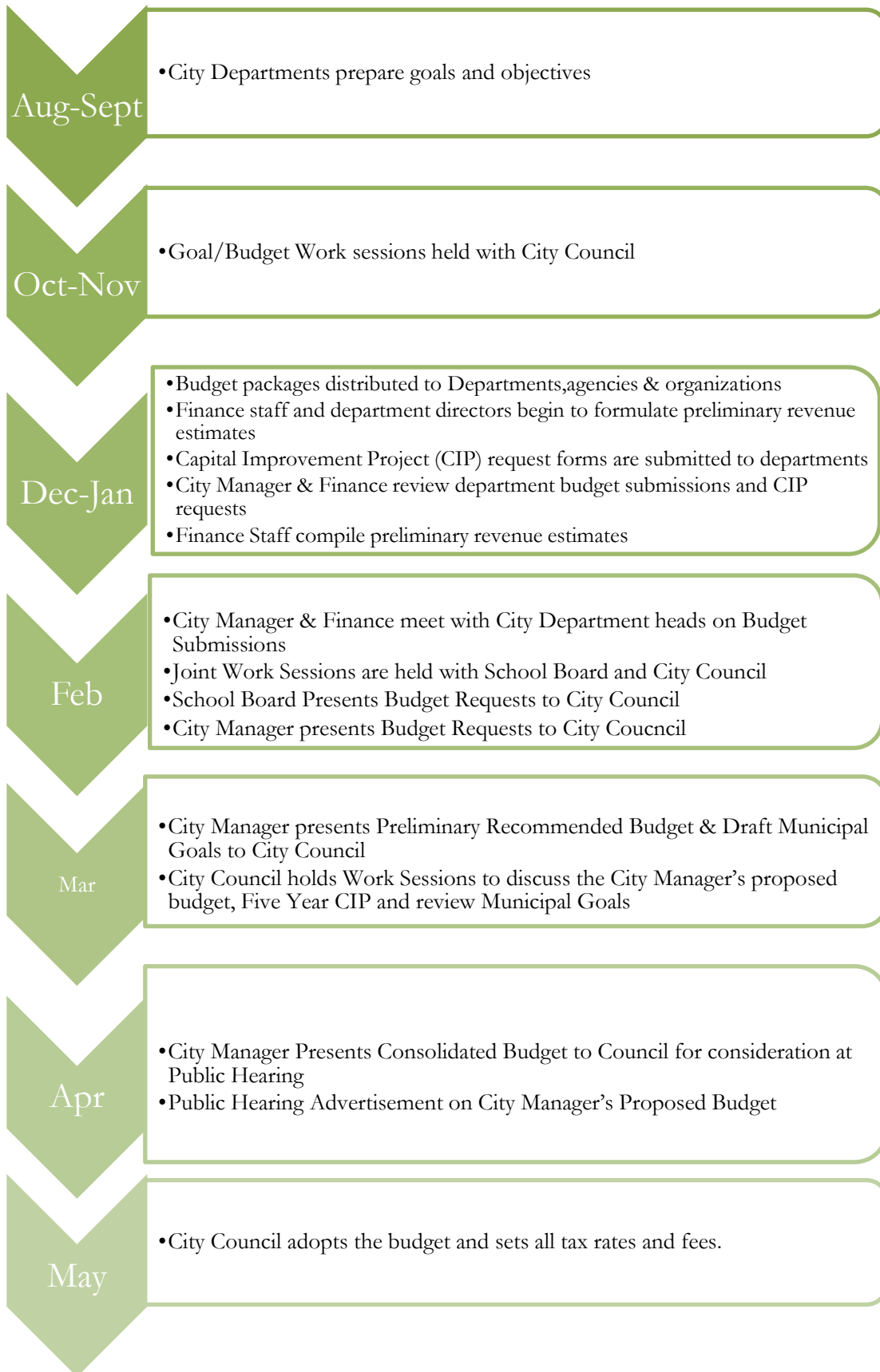
Debt Service as a percentage of annual expenses for the Water & Sewer, Electric and Solid Waste Funds is less than 4.0%, well below the minimum policy guideline.

Policy Evaluation: The City is in compliance with its debt management policy guidelines for all debt funds.

Budget Development and Budgetary Controls

The City utilizes the following procedures in establishing the budgetary data reflected:

- ❖ The budget is formulated from estimates of revenues and expected expenditures from various departments. Line item detail of the various local, state and federal revenue sources is used to project current year estimated actual revenue, and anticipated revenue for the following year. Trend analysis, evaluation of current economic conditions and actions by the State legislature serve as the basis for projecting the ensuing year budget.
- ❖ The City also develops a Five-Year Capital Improvement Plan to adequately address capital needs in the City and a proposed plan for financing projects. A recommended CIP is presented to City Council during presentation of the Operating Budget and adopted simultaneously. The first year of the CIP is incorporated into the City Manager's proposed operating budget.
- ❖ At least 60 days prior to June 30, the City Manager submits to City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The budget submitted to Council must be in balance, meaning expenditures recommended by the City Manager must not exceed the estimated revenue.
- ❖ Budget work sessions are held in which the various departmental proposed budgets are presented to City Council. This is a process which enables Council to make informed budgetary and financial planning decisions.
- ❖ City Council then holds a public hearing(s) on the proposed budget. Notice of such public hearing is advertised in the local newspaper not less than seven days prior to the hearing.
- ❖ The budget must be approved by a majority vote of City Council and legally adopted before July 1. A budget resolution is approved by City Council that formally adopts the budget by the various funds, levies the tax rates for the new fiscal year and sets various fees for City services.
- ❖ Additional appropriations may be made by City Council only if there is an unassigned fund balance or additional funding becomes available.
- ❖ Department Heads are responsible for managing departmental budgets within the total appropriated budget. Department heads shall prepare budget amendments for expenditures over a budgeted line item by more than \$20,000. The City Manager is authorized to transfer budgeted amounts within departments up to \$20,000. Expenditures over the original budget of any department must be approved by City Council. Transfers over \$20,000 must also be approved by City Council. The School Board is authorized to transfer budgeted amounts within the school system's categories. However, amendments to the School System budget (additional appropriations) require approval of City Council.
- ❖ Appropriations lapse on June 30 for all City units with the exception of the Capital funds.



Function/Program	FY 2020-2021 Adopted	FY 2021-2022 Adopted	Net FTE Change
GENERAL FUND			
City Manager	2	3	1
City Attorney	1	1	0
Human Resources	2	2	0
Treasurer	5	5	0
Commissioner of Revenue	4	4.5	0.5
Real Estate Assessor	1	1	0
Finance	5.5	5.5	0
Finance-Utility Billing	5	5	0
Registrar	1.72	1.72	0
Information Technology	<u>1</u>	<u>1</u>	<u>0</u>
Total General Government Administration	28.22	29.72	1.5
Police	32	32	0
E-911 Communications	10.63	10.63	0
Animal Control	1.63	1.63	0
Fire & Rescue - EMS	51	54	3
Inspections	<u>7</u>	<u>7</u>	<u>0</u>
Total Public Safety Administration	102.26	105.26	3
Public Works-Streets	15.5	16	0.5
Public Works - Garage	3	4	1
Public Works-Bldgs & Grounds	<u>9.5</u>	<u>20.5</u>	<u>11</u>
Total Public Works Administration	28	40.5	12.5
Park and Recreation	4	4	0
Senior Program	<u>1</u>	<u>0</u>	<u>-1</u>
Total Parks & Recreation	5	4	-1
Community Development & Stormwater Mgt.	2	2	0
Downtown Development	<u>1</u>	<u>1</u>	<u>0</u>
Total Community Development	3	3	0
TOTAL GENERAL FUND	166.48	182.48	16
Social Services	25	24	-1
Economic Development - Incubator	0.73	0.73	0
Water & Sewer	13	13	0
Solid Waste	8	8	0
Electric Fund	19	19.5	0.5
Airport	<u>1</u>	<u>1</u>	<u>0</u>
TOTAL NON GENERAL FUND	66.73	66.23	-0.5
TOTAL POSITIONS - ALL FUNDS	233.21	248.71	15.5

Personnel Change Analysis

The Fiscal Year 2021-2022 Adopted Budget calls for a net increase in total net full time equivalent positions. A 14-year history of the City’s budgeted full-time equivalent positions is shown below in Table 1.

HISTORY OF FULL TIME EQUIVALENT AUTHORIZED POSITIONS AS OF JUNE 30

Table 1.

FUND	2022 Adopted	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General	182.48	166.48	140.5	142.5	142.5	141	141	144	142	145	139	132	129	130
Social Services	24	25	23	23	23	23	23	22	22	20	20	19	19	20
Electric	19.5	19	16	16	16	16	16	16	16	16	14	14	16	15
Water & Sewer	13	13	13	13	13	13	13	13	16	13	13	16	14	14
Airport	1	1	1	2	2	2	2	2	2	2	2	2	2	2
Solid Waste	8	8	8	8	8	8	8	8	8	0	0	0	0	0
Economic Development	.73	.73	.5	.5	.5	.5	.5	1	1	1	1	Na	Na	Na
TOTAL	248.71	233.21	203	205.5	205	203.5	203.5	206	207	197	188	183	178	182

SECTION THREE

ANALYSIS OF THE GENERAL FUND

1. Revenue Assumptions, Analysis & Descriptions
2. Summary of Revenue Changes from Prior Year
3. Expenditure Assumptions, Analysis & Descriptions
4. Summary of Expenditure Changes from Prior Year
5. General Fund Highlights by Function
 - Legislative, General & Financial Administration
 - Judicial Administration
 - Public Safety
 - Public Works
 - Health & Welfare
 - Parks & Recreation
 - Community Development
 - Non-Departmental

General Fund Analysis FY 2021-22 Annual Operating Budget Revenue Analysis

INTRODUCTION

There are numerous revenue items in the General Fund Budget. This section summarizes the revenue categories and offers insight on the items that are the major producers of City resources. There are many economic and structural factors that determine the amounts of revenue that the City can expect to receive in any fiscal year. Economic variables that drive many of the revenues include short- and long-term interest rates, consumer confidence, retail sales, housing demands, and fuel prices. Other determinants include policies and formulas developed by the State to distribute educational, public safety, social service, and other funds as well as regulations on the establishment and administration of local taxes and fees.

Several factors were considered as part of the revenue projections for the upcoming fiscal year. Economic conditions are projected to show moderate recovery in select areas of the local economy. The City has been in a conservative mode in budgeting for revenues in light of the downturn economy such as meals, lodging and sales taxes and business license fees. These revenue sources have been consistent with prior years' performance even in light of the COVID.

While the State in large part recognizes its obligation to reimburse localities for State responsible functions, it does not provide the necessary funding nor reduce the service requirements. Even though the State eliminated the "Reduction in State Aid to Localities" beginning in FY 2015-2016, funding required by localities to adequately fund state supported operations continue to grow without a corresponding equivalent increase in state funding. The City receives little funding from the Federal Government outside of general government grant related activities and support for Social Services and Education programs (non-General Fund).

	FY 2020-2021	FY 2021-2022		FY 2021-2022
	Amended	Adopted	Change	Variance Percent of Budget
Property Taxes	\$ 7,518,870	\$ 7,631,063	\$ 112,193	1.5%
Other Local Taxes	\$ 4,880,100	\$ 6,215,680	\$ 1,335,580	27.4%
Permits, Fees, Fines & Licenses	\$ 103,185	\$ 61,800	\$ (41,385)	-40.1%
Use of Money & Property	\$ 240,311	\$ 158,044	\$ (82,267)	-34.2%
Charges for Service	\$ 1,873,003	\$ 1,875,056	\$ 2,053	0.1%
Miscellaneous & Revenue Sharing	\$ 3,855,417	\$ 3,703,665	\$ (151,752)	-3.9%
State & Federal	\$ 4,650,630	\$ 4,529,736	\$ (120,894)	-2.6%
Transfers From Other Funds	\$ 1,942,459	\$ 2,094,993	\$ 152,534	7.9%
Use of Unassigned Fund Balance	\$ 986,774	\$ -	\$ (986,774)	-100.0%
TOTAL REVENUE	\$ 26,050,749	\$ 26,270,037	\$ 219,288	0.84%

Approximately 53% of General Fund revenues are derived from taxes; 29% from real estate and personal property taxes and 24% from other local taxes such as meals, sales, cigarette, lodging and license taxes. The next largest source is revenue from the State (both categorical and non-categorical aid such as state reimbursement for shared expenses, HB 599 funds for police, street and highway

maintenance funds and the state PPTRA reimbursement). A complete analysis of all revenue sources is included in the following section (Revenue Analysis and Descriptions).

The General Fund provides for the basic services extended to all residents and businesses in the City, including public safety, streets, recreation, library, court services, community development and general administration. It also includes significant contributions to the operation of the Franklin City Public School System, constitutional offices and other community organizations. Most General Fund Services are non-revenue producing, thereby requiring the use of ad valorem property taxes and other General Fund related revenue sources to provide funding. The Electric Fund provides significant support of General Fund operations through an inter-fund transfer in lieu of taxes and a City Council established appropriation of \$1.439 million annually which reduces pressure on the property tax. In FY22, this annual appropriation was increased to \$1.799 million.

The General Fund revenues are divided into the following categories: property taxes, other local taxes, licenses, permits and fees, fines and forfeitures, revenue from use of money & property, charges for services, transfers from other funds, miscellaneous revenue and recovered costs, non-categorical state aid, and categorical aid (shared expenses), other state and federal grants and prior year surplus and transfers.

General Property Taxes are one of the major revenue sources for the General Fund and include *real estate, public service, personal and business property taxes, and taxes on machinery & tools*. Analyzing the cumulative tax values of all types of property on which the City levies a tax, the total City tax base for 2022 is projected to be \$633,729,935. A history of total property values by type is shown in Table 1.

PROJECTION OF TAXABLE PROPERTY VALUES

2020-2021 Valuation Real Estate Per Assessor	2021 Valuation Personal Property	2021 Valuation Machinery & Tools	2020-2021 Valuation Public Service Real Estate	2021 Valuation Public Service Personal Property	Total
\$ 558,963,327	\$ 65,062,731	\$ 1,219,334	\$ 8,481,431	\$ 3,112	\$ 633,729,935

City of Franklin, Virginia

Assessed Value of Taxable Property

Last Ten Fiscal Years Ended June 30,

**Public Service
Corporations**

<u>Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Mobile Home</u>	<u>Machinery and Tools</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Total</u>
2020	\$ 571,192,990	\$ 66,539,922	\$ -	\$ 1,205,332	\$ 8,387,464	\$ 3,262	647,328,970
2019	558,830,605	67,602,891	-	973,154	8,003,166	3,190	635,413,006
2018	550,853,846	62,891,034	-	1,000,717	7,535,131	3,262	622,283,990
2017	551,169,536	64,088,674	-	994,840	6,885,844	9,872	623,148,766
2016	550,548,631	61,007,684	-	970,081	6,771,272	14,362	619,312,030
2015	546,840,453	60,195,857	-	928,666 ⁽¹⁾	6,551,183	43,818	614,559,977
2014	571,544,231	59,269,598	-	3,136,696	6,588,695	77,003	640,616,223
2013	550,495,439	55,575,941	-	2,993,303	6,927,392	13,914	616,005,989
2012	606,470,410	55,398,273	-	3,032,569	7,371,365	16,575	672,289,192
2011	629,410,310	57,061,332	-	3,018,957	7,761,879	42,224	697,294,702

Source: Franklin City Audit Report June 30, 2020

Table 1

FY 2021-2022 TAX RATE RECOMMENDATION			
Tax (per \$100 of assessed value)	FY 20-21	FY 21-22 Adopted	Prior Year Change
Real Estate	\$1.03	\$1.03	\$0.00
Real Estate (Downtown Tax District)	\$1.27	\$1.27	\$0.00
Personal Property	\$4.50	\$4.50	\$0.00
Machinery & Tools	\$2.00	\$2.00	\$0.00
Public Service(Real Estate & Personal Property)	\$1.03/\$4.50	\$1.03/\$4.50	\$0.00 (Real Estate)
Personal Property Tax Relief Percentage	50%	42%	(8.00%)

Table 2

ADOPTED TAX RATE:

The current real estate tax rate is \$1.03 per \$100 of assessed value. The FY 2021-2022 budget proposes no increase in the real estate tax rate. The City's ten-year tax rate history is depicted on the table that follows:

10 Year Tax Rate History (per \$100 of assessed value)					
Fiscal Year	Real Estate	Downtown District*	Personal Property	Machinery & Tools	Public Service (RE/PP)
2020-21	\$1.03	\$1.27	\$4.50	\$2.00	\$1.03/\$4.50
2019-20	\$1.03	\$1.27	\$4.50	\$2.00	\$1.03/\$4.50
2018-19	\$0.99	\$1.24	\$4.50	\$2.00	\$0.99/\$4.50

2017-18	\$0.99	\$1.24	\$4.50	\$2.00	\$0.99/\$4.50
2016-17	\$0.99	\$1.24	\$4.50	\$2.00	\$0.99/\$4.50
2015-16	\$0.99	\$1.24	\$4.50	\$2.00	\$0.99/\$4.50
2014-15	\$0.96	\$1.20	\$4.50	\$2.00	\$0.96/\$4.50
2013-14	\$0.90	\$1.14	\$4.50	\$2.00	\$0.90/\$4.50
2012-13	\$0.77	\$1.01	\$4.50	\$2.00	\$0.77/\$4.50
2011-12	\$0.77	\$1.01	\$4.50	\$2.00	\$0.77/\$4.50

Table 3.*The Real Estate Tax Rate for the Downtown District is \$0.24 in addition to the City's tax rate.

Real Estate Tax Relief Program for the Elderly or Disabled - To counter the cost of real estate taxes for eligible citizens with fixed incomes, the City has established a program to fully or partially exempt elderly or disabled homeowners in Franklin based upon income limits and age. For Tax Year 2020-2021, the tax relief amount for the elderly was \$46,053 and \$45,032 for qualifying disabled veterans.

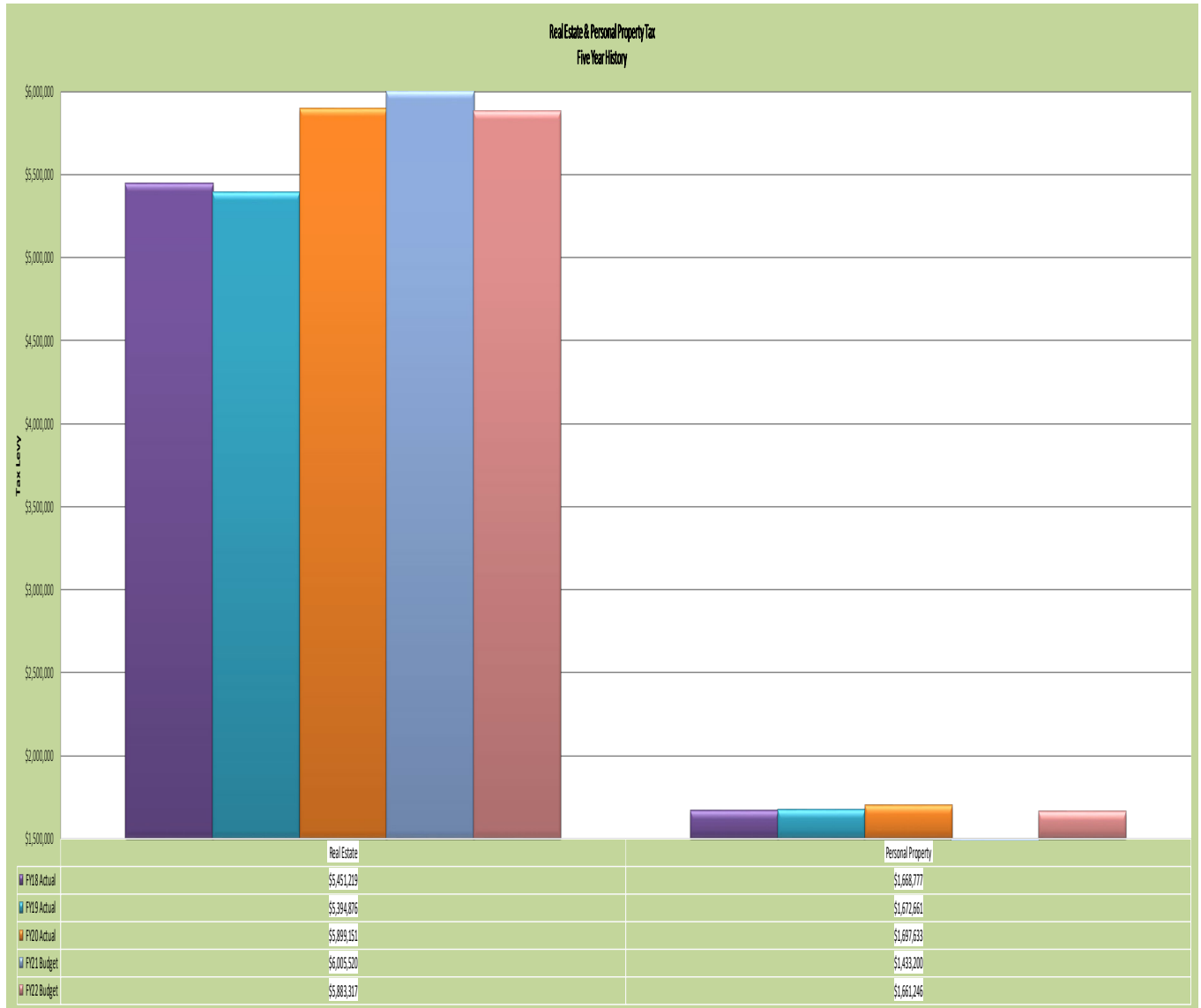
Personal property tax revenue is budgeted at \$1,661,246, an increase of \$288,046 from FY 2020-2021 budget based on the current tax rate of \$4.50 per \$100 of assessed value. Since 1999, the Commonwealth of Virginia has reimbursed localities in Virginia for a portion of the levy included in the personal property tax on vehicles as authorized by the Personal Property Tax Relief Act (PPTRA). Beginning in 2006, the State began to reimburse localities a fixed amount based on the 2004 level of State. In essence, since the City receives a set value from the State for the Personal Property Tax Relief reimbursement, the City must annually adjust the relief percentage to maintain revenue neutrality.

Disabled Veteran Personal Property Tax Exemption - The City exempts qualified disabled veterans from tax on one vehicle.

Public Service Corporation Taxes constitute the assessment value for all property owned by Public Service Corporations in the City and subject to local taxation. Revenue for FY 2021-2022 is budgeted at \$86,200, compared to \$80,150 in FY 2020-2021.

Machinery & Tools tax is assessed to machinery and equipment used in manufacturing and processing. The City currently receives a marginal amount of revenue from this tax type. The FY 2021-2022 budget of \$24,020, compared to \$20,600 in FY 2020-2021.

Penalties & Interest – Property Taxes revenue is budgeted at \$145,000, \$28,000 higher than the prior fiscal year.



Other Local Taxes -This category consists of consumer utility taxes, sales and use taxes, business license fees, cigarette taxes, meals taxes, and lodging taxes.

Every person or business in the City that sells or furnishes a utility service must collect a *consumer utility tax* from the purchaser of the service. Utility tax is based on residential and commercial usage and is budgeted at \$593,000 for FY 2021-2022. However, of this amount, \$82,000 is remitted to Southampton County, City of Suffolk and Isle of Wight County for the utility taxes paid by utility customers located in these jurisdictions but serviced by Franklin City’s electrical utility company.

Sales & Use Tax is the retail sales and use tax charged and collected by certain businesses on behalf of the Commonwealth of Virginia. The City collects one percent of the 5.0% imposed by the Commonwealth on gross receipts from retail merchants in the City. Sales are indicative of consumer confidence and spending. Collections are estimated at \$1.95 million, a \$500,000 increase compared to the current budgeted amount.

Business license revenue is projected at \$1,016,060, a \$225,000 increase compared to the current fiscal year budget. This tax is generally assessed on the gross receipts of businesses in the City depending on the category of the business. A new business must obtain a business license from the Commissioner of Revenue before conducting business in Franklin.

Lodging tax is imposed and levied by the City in the amount of 8% of the total paid for lodging, by or for any transient, to any hotel. The budget for FY 2021-2022 is \$180,000, a \$52,000 increase compared to the current budgeted amount.

Restaurant/Meal Tax is assessed on the sales price of prepared food and beverages sold at food establishments in the City. The City imposes a tax of 7.0%. Revenue from meals tax is budgeted at \$1,700,000 for FY 2021-2022, an increase of \$466,500 from budgeted revenue in FY 2020-2021.

Cigarette Tax – The Code of Virginia, Section 58.3830 allows for local taxation on the sale or use of cigarettes. The City of Franklin charges \$0.70 per pack of cigarettes. The FY 2021-2022 budget of \$340,000 is a \$48,000 increase compared to current budgeted amount.

Other local tax collected is the remaining local taxes not previously mentioned including bank stock, motor vehicle licenses, local electric consumption tax, right of way use, local probate and recordation taxes. The combined total for these revenues is \$349,600 which is in line with the current year budget. The table below provides a history of revenue received from various local taxes.

Local Tax	FY 17-18 Actual	FY 18-19 Actual	FY 19-20 Actual	FY 20-21 Budget	FY 21-22 Adopted	Percent Growth since FY 17-18
Sales	1,854,694	1,896,306	1,946,296	1,450,000	1,950,000	5%
Meals	1,522,481	1,478,018	1,531,440	1,233,500	1,700,000	12%
Lodging	170,060	148,234	133,484	128,000	180,000	6%
Cigarette	298,773	300,133	359,057	292,000	340,000	14%
Business License	973,005	959,312	1,035,797	791,500	1,016,060	4%
Motor Vehicles	187,023	184,638	184,548	185,000	220,400	18%
Utility Tax (Net)	534,835	463,000	526,662	533,000	511,000	-4%

License, Permit & Privilege Fee

These revenues are generated from various activities within the City primarily from the issuance of building, electrical and plumbing permits. Other fees are collected for animal licenses, zoning and land use activities and charges. The projected revenue for this category totals \$34,550 a \$39,835 decrease from the previous year budget. The decrease is due to the discontinuance of the City the Shared Services agreement with Southampton County.

Fines and Forfeitures

These collections are the result of charges ordered by the courts for violations of City ordinances, and is projected at \$19,750 for FY 2021-2022, a \$5,550 decrease compared to the current budgeted amount.

Revenues from Use of Money & Property

Interest earned on investments and revenue received from the rental of City property comprises the category of revenue generated from the use of money and property. However, the majority of this revenue is received

from the Department of Social Services under the current Memorandum of Understanding (MOU) for the reimbursement of building rental and facility operations. The City also receives annual rental payments from the use of City owned land and a cell tower. The FY 2021-2022 adopted budget is \$158,044, a \$82,267 decrease from the current year's budget due to the fact that the MOU will terminate mid-year in FY2021-2022.

Charges for Services

This category consists of revenues from fees charged by ambulance services, fire and EMS fees charged to Southampton County, recreation fees, charges for general administrative services provided on the behalf of the City's Enterprise Funds (Water & Sewer, Electric, Airport, and Solid Waste), and other miscellaneous charges.

The City's Emergency Medical Services (EMS) Cost Recovery program is designed to obtain reimbursement for the cost of emergency medical services associated with transporting citizens to the hospital by ambulance. Charges for *Ambulance Service Fees* are based on premiums paid by Medicare, Medicaid and other private insurance for ambulance transport. Charges vary based on the type of service provided and the distance traveled to the hospital. Franklin uses AMB to administer the EMS Recovery Program. FY 2021-2022 projected revenue from this source is \$400,000.

As discussed previously, management recommends a review in the new fiscal year of policies on collection efforts for pursuing and improving outstanding billed but unpaid ambulance service fees. Given the cost of providing emergency medical services, this is one means of lowering the taxpayer burden necessary to provide this important service. User fees are a more fair and equitable means of distributing costs in the fire and emergency services arena. Management also is committed to further pursuing potential jurisdictional partnerships with neighboring localities to also positively impact on city costs without compromising service obligations.

FEES FOR AMBULANCE BILLING SERVICES

Type of Service	Current Year	Adopted Rates	Change
Treatment Without Transport (A0998)	\$ 380.00	\$ 380.00	\$ -
Basic Life Support (BLS) (A0428)	\$ 450.00	\$ 542.00	\$ 92.00
Basic Life Support Emergent (A0429)	\$ 550.00	\$ 630.00	\$ 80.00
Advanced Life Support (ALS1) (A0426)	\$ 650.00	\$ 704.00	\$ 54.00
Advanced Life Emergent (A0427)	\$ 725.00	\$ 809.00	\$ 84.00
Advanced Life Support (ALS2) (A0433)	\$ 900.00	\$ 974.00	\$ 74.00
Mileage Rate to Hospital	\$ 13.00	\$ 14.30	\$ 1.30

Miscellaneous Revenue and Recovered Cost

This category includes revenue sharing received under the City's Revenue Sharing Agreement with Isle of Wight County. It also includes donations, proceeds from the sale of property, and other unanticipated miscellaneous revenue. Reflected in recovered cost are adopted payments received from Southampton County under the consolidated shared services agreement. The City's FY 2021-2022 budget includes \$2,140,423 of revenue providing 24-hour emergency medical and ambulance transport services for all

emergency medial 911 calls originating from within Southampton County. The FY 2021-2022 budget also includes a projected \$250,000 in utility billing fees associated with late payments in accordance with billing and collection policies established in February 2014.

Under a revenue sharing (annexation) agreement, the City receives a percentage of the taxes, primarily machinery & tools, from operations at the International Paper, S.T. Tissue, Franklin Lumber, and M&M Milling located in Isle of Wight County. Prior to the closure of the mill in 2009, the City consistently received revenue sharing benefits in excess of \$1.0 million annually. This amount was significantly reduced beginning in FY 2010-2011 as a result of the closure. In 2012, a portion of the mill was repurposed, and other business interests have located on the campus which results in partial revenue recovery as evidenced the projected payment for FY 2021-2022 of \$1,071,000.

History of Revenue Sharing Payments from Isle of Wight County

2010-2011(1)	\$	409,232
2011-2012	\$	1,193,025
2012-2013	\$	227,529
2013-2014	\$	540,850
2014-2015	\$	699,141
2015-2016	\$	709,170
2016-2017	\$	717,304
2017-2018	\$	720,000
2018-2019	\$	1,164,549
2019-2020	\$	995,521
2020-2021	\$	1,054,852

(1) The City took a hit in FY 2010-2011 to correct the accounting for the receipt of the revenue sharing payment to agree with Isle of Wight distribution period; this helped the City to realize revenue in the year subsequent to the plant closing in which a significant reduction of revenue occurred.

Shared Expenses

This category consists of reimbursement for shared expenses in which the State provides funding assistance for salaries as determined by the State Compensation Board on an annual basis for specified local officials. The affected offices in this category are the Commissioner of Revenue, Treasurer and Voter Registrar. In FY 2021-2022 the City is expected to receive reimbursements of \$81,100, \$71,100, and \$54,504 respectively for the Commissioner, Treasurer and Registrar offices for a total of \$206,704 in categorical aid. This is the same budget as FY 2020-2021. State support for constitutional officers overall continues to fall short of adequately funding their fair share of operating expenses for FY 2021-2022. The City must fund the remainder of these operating expenses with local resources.

The following table shows the estimated reimbursement along with the FY 2021-2022 recommended budget amount for each office, and the City cost for each:

Department	FY 2021-2022			
	FY 2021-2022 State Revenue	Total Expense Budget	City Share of Cost	City Cost as a % of Budget
Comm of Revenue	\$ 81,100	\$ 304,323	\$ 223,223	73%
Treasurer	\$ 71,100	\$ 359,731	\$ 288,631	80%
Registrar	\$ 54,504	\$ 159,517	\$ 105,013	66%
Total	\$ 206,704	\$ 823,571	\$ 616,867	75%

State Revenues (Non-Categorical Aid)

This category includes funding for PPTRA tax reimbursement, communication taxes, recordation taxes, stock taxes, and auto rental taxes. The FY 2021-2022 budget is \$1,485,297, a decrease of \$25,000 compared to the current year budget.

State Revenues (Categorical Aid)

This section includes funding for a variety of city functions and state grants, the largest being *street and highway maintenance funds* followed by *599 funds for Law Enforcement*. Revenue for street & highway maintenance is received from the Virginia Department of Transportation for the City’s maintenance of primary and secondary roads based on a formula including reimbursement rate and locally maintained lane miles. The street and highway maintenance budget for FY 2021-2022 is \$1,651,493, consistent with the current year budget. The City’s police department recovers some of its costs from the “599 funds” distributed by the Commonwealth of Virginia. The budget for these funds for FY 2021-2022 is \$444,423, consistent with the current year budget.

Federal Revenue

Federal revenue represents monies received by the City from various federal grant programs. Grants associated with the General Fund are normally appropriated upon notification and/or receipt of the grant award.

Use of Restricted & Unassigned Fund Balance

A fund balance is created when revenue exceeds expenditures in prior fiscal years and should not be considered a continuing income source and particularly not for recurring operating expenditures. A portion of fund balance may be appropriated in subsequent years to meet expenditure requirements. Due to reductions in unassigned fund balances or reserves experienced in prior years, management has consistently recommended that the City refrain from significant appropriation of unassigned fund balance except for debt reserve funds created for that purpose, restricted revenues and capital expenditures particularly until reserve levels comfortably exceed minimum policy requirements. In uncertain or difficult times, the value of adequate reserve funds to either meet unexpected needs or take advantage of opportunities cannot be overstated. These funds can also be utilized when balances exceed minimum policy requirements to reduce costs by funding major items on a “pay-as-you-go” basis rather than relying entirely upon borrowing funds in the case of capital projects. This is also a good source for matching funds when grant opportunities are identified. This spending plan is consistent with the long-term goal of maintaining an acceptable minimum reserve while avoiding fluctuations in rates and charges. The budget proposal for FY2021-2022 does not recommend any transfer from the General Fund Unassigned Fund Balance.

General Fund Analysis FY 2021-2022 Annual Operating Budget Expenditure Analysis

Introduction

The General Fund is comprised of the following categories: Legislative & General Government Administration, Judicial Administration, Public Safety, Public Works, Health & Welfare, Parks, Recreation & Cultural, Planning & Community Development and Non-Departmental.

Provided below are brief highlights of major expenditure adjustments incorporated into the FY 2021-2022 Recommended Operating Budget. Preceding the categorical highlights are “items of interest” that affect the entire General Fund budget and may not be necessarily mentioned in the highlights sections:

- ❖ **Virginia Retirement System (VRS)** - The City currently provides equitable deductions to all groups of employees since the VRS phase in on longer term employees was completed in a prior year.

Approximately 81% of the City's full time employees participate in the City's Health Insurance Plan

- ❖ **Health Care Insurance** – The City currently participates in the State’s Local Choice Program for health insurance. The Local Choice is a pooled program whereby localities similar in size are grouped together. This is intended to increase purchasing power, which reduces cost while shared claims experience offers some protection in years when jurisdictions experience high claims. Trend estimates tend to track lower than the commercial health care market. The City will experience a 4.0% decrease in health insurance costs effective July 1, 2021.

Given the amount of the premium decrease for FY 2021-2022, management recommended, and Council has approved that employees will benefit from 50% of the decrease and the City will retain 50% of the savings.

General Fund Decrease in City Share of Health Insurance Cost (Includes Early Retirees)	\$27,420
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- ❖ **Worker’s Compensation** - The City participates in the Virginia Municipal League Insurance Program (VMLIP) for its worker’s compensation coverage. VMLIP is a self-insurance pool in the Commonwealth of Virginia and provides auto, property, liability, and workers’ compensation coverage to political subdivisions across Virginia. The FY 2021-2022 budget for Worker’s Compensation reflects updated premium amounts based on the most recent evaluation of rates for each class of worker by VML.
- ❖ **Salary Adjustments** – The adopted budget does include freezing of positions. No salary increase in the form of a COLA is adopted for FY 2021-2022 in the General Fund. The chart that follows provides a history of salary adjustments for the past fifteen years.

History of Salary Adjustments

	COLA	COLA Effective Date	Bonus	Bonus Effective Date	VRS Effective July 1st
FY 07-08	4.0%	7/1/2007			
FY 08-09	2.0%	7/1/2008			
FY 09-10	0.00%				
FY 10-11	0.00%				
FY 11-12	1.5%	8/1/2011			
FY 12-13	0.0%		\$500	12/18/2012	1.1%
FY 13-14	2.0%	7/1/2013			1.1%
FY 14-15	0.0%		\$500	12/16/2014	1.1%
FY 15-16	2.0%	9/1/2015			1.1%
FY 16-17	2.0%	12/1/2016			1.1%
FY 17-18	2.0%	12/1/2016			1.1%
FY 18-19 (Non-Exempt)	2.0%				
FY 18-19 (Exempt)	1.0%				
FY 19-20	0.0%				
FY 20-21	2.0%	11/1/2020			
FY 21-22	0.0%				

Excludes Any Additional State Raises for Applicable Employees

Legislative & General Government Administration

FUND - GENERAL	ACTUAL FY 19-20	BUDGET FY 20-21	ADOPTED FY 21-22	Variance \$	Variance %
CITY COUNCIL	153,933	147,836	172,454	24,618	17%
CITY MANAGER	223,753	272,281	294,638	22,357	8%
CITY ATTORNEY	188,629	150,600	100,000	(50,600)	-34%
MANAGEMENT SERVICES & HR	189,333	229,238	268,235	38,997	17%
COMMISSIONER OF REVENUE	308,835	294,209	304,323	10,114	3%
REAL ESTATE ASSESSOR	119,390	77,755	143,022	65,267	84%
TREASURER	326,356	354,601	359,731	5,130	1%
FINANCE	756,861	769,133	812,104	42,971	6%
INSURANCE	205,737	218,314	199,844	(18,470)	-8%
ELECTIONS	139,008	206,111	159,517	(46,594)	-23%
INFORMATION TECHNOLOGY	190,342	352,309	279,586	(72,723)	-21%
TOTAL	2,802,177	3,072,387	3,093,454	21,067	1%

FY 2021-2022 Highlights

City Council – The budget for contributions to various agencies and organizations in the City is \$76,654.

City Manager - The budget reflects a net increase of approximately \$22,000 attributable to a new position.

City Attorney – The budget reflects a reduction of \$50,600 due to savings in professional services.

Human Resources – The budget reflects an increase of approximately \$39,000 due to IT contracted services.

Commissioner of the Revenue – The budget reflects no significant highlights.

Real Estate Assessor – The budget reflects an increase in professional services for the bi-annual property reassessment that will be completed in FY 2021-2022.

City Treasurer - The budget reflects no significant highlights.

Finance – The budget reflects an increase of \$42,971 primarily attributable to filling a previously frozen personnel position.

Insurance –Currently, 18 early retirees are enrolled in the City’s health insurance plan. The estimated annual cost to the City is \$152,494.

Elections – The budget reflects a \$49,430 reduction in COVID-19 expenditures.

Information Technology – The budget includes a decrease associated with lower costs as a result of the completion of the software conversion.

Judicial Services

FUND - GENERAL	ACTUAL FY 19-20	BUDGET FY 20-21	ADOPTED FY 21-22	Variance \$	Variance %
GENERAL DISTRICT COURT	38,316	14,425	15,825	1,400	10%
JOINT OPERATIONS	339,069	298,465	293,110	(5,355)	-2%
DISTRICT COURT/JUVENILE	88,933	104,288	104,600	312	0%
WESTERN TIDEWATER REGION	948,013	1,021,052	1,021,052	-	0%
TOTAL	1,414,331	1,438,230	1,434,587	(3,643)	0%

FY 2021-2022 Highlights

General District Court – The budget reflects no significant highlights.

Joint Services – The City shares the cost of court services with Southampton County based on an agreed upon distribution formula of 30% of the total cost. The budget reflects no significant highlights.

District Court-Juvenile - Includes cost incurred for juvenile detention. The budget reflects no significant highlights. Actual costs can fluctuate dramatically from year to year based upon services rendered.

Western Tidewater Regional Jail – The City’s budget for adult prisoner is \$1,021,052, the same as the current budget year. Participating localities of Franklin, Isle of Wight and Suffolk proportionately absorb their applicable share of jail administration costs.

Public Safety Administration

FUND - GENERAL	ACTUAL FY 19-20	BUDGET FY 20-21	ADOPTED FY 21-22	Variance \$	Variance %
POLICE	2,806,491	3,040,413	3,177,744	137,331	5%
E911 COMMUNICATIONS	691,973	768,426	683,324	(85,102)	-11%
ANIMAL CONTROL	66,066	113,198	107,284	(5,914)	-5%
FIRE & EMERGENCY SERV	3,168,720	4,643,132	4,965,470	322,338	7%
BUILDING INSPECTIONS	513,371	530,903	352,831	(178,072)	-34%
TOTAL	7,246,621	9,096,072	9,286,653	190,581	2%

FY 2021-2022 Highlights

Police Department - The budget includes freezing three vacant positions. The budget reflects an increase of \$137,331 primarily attributable to increased health insurance costs approved by Council in FY21.

E911 Communications – The budget includes a reduction of a \$69,041 grant.

Animal Control – The budget reflects no significant highlights.

Fire & Emergency Services – The budget includes three new positions as well as one previously frozen vacant position made available to be filled.

Building Inspections – The budget reduction is attributable to the termination of the shared services agreement between the City of Franklin and Southampton County.

Public Works Administration

FUND - GENERAL	ACTUAL FY 19-20	BUDGET FY 20-21	ADOPTED FY 21-22	Variance \$	Variance %
PUBLIC WORKS - STREETS	996,853	1,206,390	1,794,824	588,434	49%
PUBLIC WORKS - SNOW REMOVA	2,350	15,000	15,000	-	0%
PUBLIC WORKS - GARAGE	184,478	218,662	265,157	46,495	21%
BUILDING & GROUNDS	932,913	1,388,751	1,436,740	47,989	3%
CEMETERY MAINTENANCE	46,324	98,760	1,000	(97,760)	-99%
TOTAL	2,162,918	2,927,563	3,512,721	585,158	20%

FY 2021-2022 HIGHLIGHTS

Public Works Streets – The budget increase is attributable to capital outlay of \$470,000 being included in operations compared to being included in the CIP Plan in the prior year. In addition, three vacant positions that were frozen in the prior year are available to be filled in the current year.

Public Works Snow Removal – The budget reflects no significant highlights.

Public Works Garage – The budget reflects adding a new position for an Auto Mechanic II.

Building & Grounds - The budget includes \$337,000 increased personnel costs for grounds maintenance & landscaping staff, \$140,000 decreased costs for contractual grounds maintenance, \$40,500 increased utility costs, and \$201,000 decreased costs grounds maintenance equipment purchased in prior year.

Cemetery Maintenance - The budget includes \$97,760 decreased costs for contractual grounds maintenance.

Health and Welfare

FUND - GENERAL	ACTUAL FY 19-20	BUDGET FY 20-21	ADOPTED FY 21-22	Variance \$	Variance %
HEALTH DEPARTMENT	110,000	110,000	110,000	-	0%
MENTAL HEALTH DISTRICT	36,958	33,262	33,262	-	0%
CHILDREN'S CENTER	634,243	644,967	644,967	-	0%
TOTAL	781,201	788,229	788,229	-	0%

FY 2021-2022 Highlights

Health Department – The City’s contribution to the Franklin City Health Department remains at \$110,000 for various environmental, family health & nutrition and disease prevention services.

Mental Health District – The adopted expenditures reflect the contribution to the Western Tidewater Community Services Board for community mental health services provided to Franklin citizens.

Children’s Center- The City of Franklin serves as the fiscal agent for the Children’s Center.

Parks and Recreation

FUND - GENERAL	ACTUAL FY 19-20	BUDGET FY 20-21	ADOPTED FY 21-22	Variance \$	Variance %
PARKS & RECREATION	332,105	514,080	470,965	(43,115)	-8%
SENIOR CITIZENS PROGRAM	7,146	5,993	-	(5,993)	-100%
LIBRARY	306,095	271,891	303,600	31,709	12%
TOTAL	645,346	791,964	774,565	(17,399)	-2%

FY 2021-2022 Highlights

Parks & Recreation – The Parks and Recreation budget includes \$30,936 for a new part time program specialist, \$22,091 decreased costs for grants, \$14,829 decreased costs for supplies, \$16,388 decreased costs for Council Projects, and \$23,119 net decreased costs for capital outlay.

Senior Citizens Program – The Senior Services program was moved to Hayden Village in the prior year.

Blackwater Regional Library – There is a \$31,709 increase primarily as a result of an increase in the City contribution to the library.

Parks & Recreation Facilities:

Armory Drive Recreational Park
 Barrett's Landing Park
 Bruce Street Park
 Hayden Sports Complex

Martin Luther King, Jr. Center
 Memorial Park
 Paul D. Camp Field
 High Street Park College Drive Park

Community Development

FUND - GENERAL	ACTUAL FY 19-20	BUDGET FY 20-21	ADOPTED FY 21-22	Variance \$	Variance %
PLANNING	252,065	193,859	72,935	(120,924)	-62%
BEAUTIFICATION	5,192	6,858	1,250	(5,608)	-82%
DOWNTOWN TOURISM	73,897	74,390	62,044	(12,346)	-17%
TOTAL	331,154	275,107	136,229	(138,878)	-50%

FY 2021-2022 Highlights

Planning – The budget reduction is attributable to the termination of the shared services agreement between the City of Franklin and Southampton County.

Beautification – Funds are amended to the budget each year for a Litter Control Grant awarded by the State Department of Environmental Quality for litter control activities and programs in the City. Funds have been used in the past to purchase trash receptacles which are strategically placed throughout various areas of the City. The City annually participates in Arbor Day activities as a long standing designated “Tree City USA” community.

Downtown Tourism –A portion of the funding for this budget comes from the collection of the \$.024 real estate tax rate charged in the downtown tax district.

Non-Departmental

FUND - GENERAL	ACTUAL FY 19-20	BUDGET FY 20-21	ADOPTED FY 21-22	Variance \$	Variance %
REVENUE SHARING PAYMENT	716,728	500,000	700,000	200,000	40%
RESERVE-GENERAL FUND	-	162,214	-	(162,214)	0%
TOTAL	716,728	662,214	700,000	37,786	6%

FY 2021-2022 Highlights

Revenue Sharing Payment – The revenue sharing payment is based on a series of tax and utility calculations that reflects the City’s share to Southampton County for revenue received along the Industrial Corridor (namely a section of Armory Drive). The City remits the shared portion to Southampton County in the following fiscal year. The amount is \$200,00 higher than the current budget based on projected shared expenditures.

Reserve- General Fund – The budget has no General Fund Reserve.

SECTION FOUR

ENTERPRISE FUNDS

1. Water & Sewer
2. Solid Waste
3. Airport
4. Electric

Water and Sewer Fund

The Department of Public Utilities is responsible for the operation, maintenance, and expansion of the City of Franklin's public water and sanitary sewer systems. Water and wastewater services are provided to the residents and businesses in the City as well as portions of the surrounding localities of Isle of Wight and Southampton Counties. The department's primary mission is to ensure the delivery of potable water and the collection and treatment of wastewater that meets all State and Federal regulations. The Department of Public Utilities operates as a self-sustaining enterprise fund (Water & Sewer Fund) utilizing the revenues (charges for services) generated from the City's water and sanitary sewer system operations without the support of General Fund revenues. The fund consists of the following divisions: Water Services, Sewer Operations and Wastewater Treatment Plant. The Fund's revenues support both the department's capital improvements and operating budget.

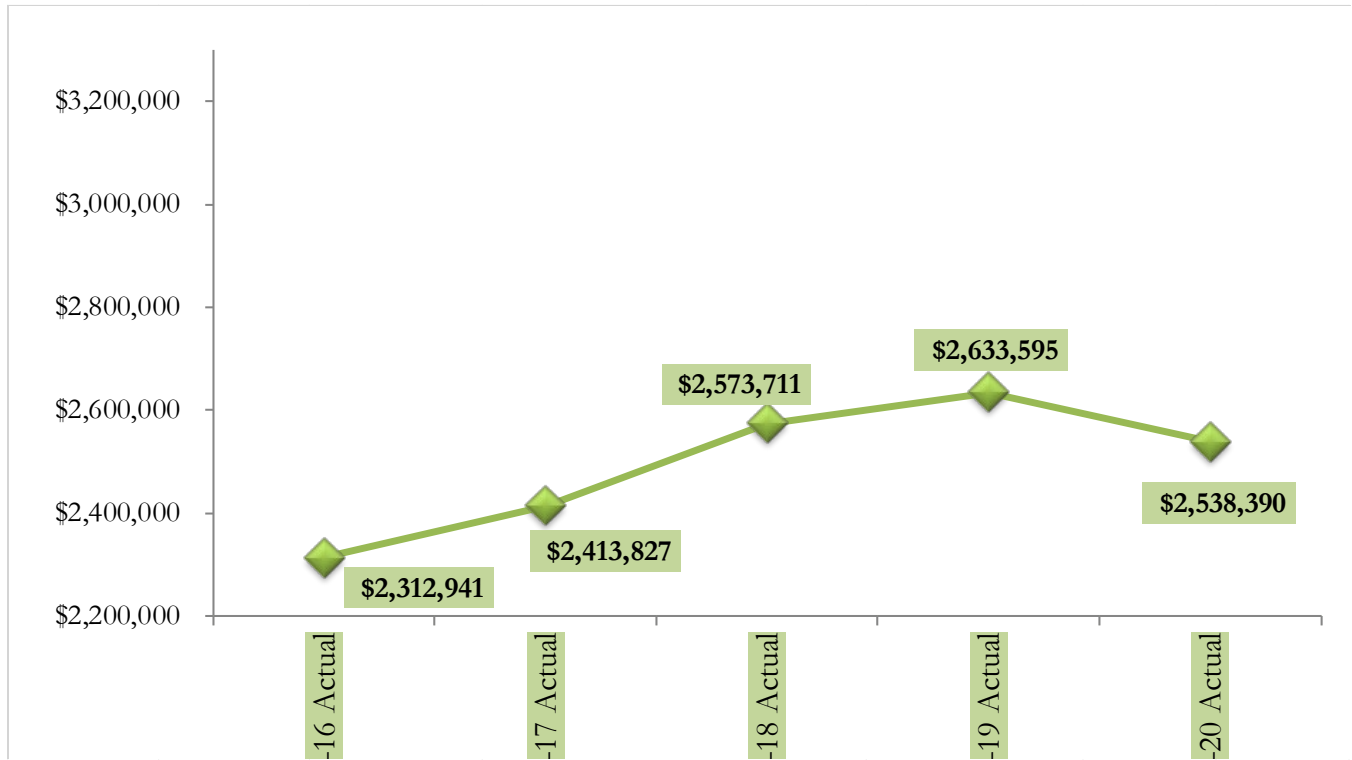
As verified by a 2018 statewide rate analysis annual report completed by Draper Aden Associates, the City Water and Sewer rates currently remain below median statewide utility system rates and do not generate revenues sufficient to adequately address longer term capital needs of an aging utility system or qualify the City for various federal and state revenue assistance programs which require a minimum rate to income ratio.

The City has wisely invested over \$2.4 million to address the maintenance needs of the aging wastewater collection system over the last eight years utilizing available reserve funds, which is not sustainable without depleting reserve levels below policy minimums. Additional revenue is needed in the immediate future to expand efforts to rehab the City's aging wastewater and water collection, treatment and distribution systems. Wastewater collection system improvements needed total \$8.67 million alone. Without future increases in the current rates, needed expenditures will take decades to complete.

Considering water resources to meet the City's water distribution system needs, the City successfully negotiated a Groundwater Withdrawal renewal permit with DEQ. The new permit has been renewed for up to 15 years, but it has specific requirements for the City to evaluate and pursue within the permit term. Funds are included to begin pursuing the necessary study and analysis now to meet future requirements.

Graph 1 shows a five-year trend of actual expenditures in the Water & Sewer Fund.

Graph 1. - Water & Sewer Fund Expenditure History



FY 2021-2022 revenues of \$3,385,000 are allocated among Water, Sewer and Wastewater Operations as noted in Table 1 that follows. The transfer to the General Fund includes transfers for administrative services (\$407,055), payments in lieu of taxes (\$26,460), and operational General Fund support (\$195,000).

Adopted Budget

Table 1.

	Water	Sewer	Wastewater	All Operations	Total	Percent of Budget
Personnel	388,845	98,291	259,735		746,871	22.06%
Operating Expenses	421,094	204,605	552,684		1,178,383	34.81%
Capital Outlay	135,000	211,176	118,000		464,176	13.71%
General Fund Transfers-Services/Lieu Taxes	-	-	-	433,515	433,515	12.81%
General Fund Transfers-Operational Subsidy				195,000	195,000	5.76%
Debt Service	-	-	-	367,055	367,055	10.84%
Total	944,939	514,072	930,419	995,570	3,385,000	100.00%

FY 2021-2022 Highlights:

- ❖ The transfer to the General Fund for administrative services of \$407,055 is based on the most recent cost allocation analysis of services provided by the General Fund.

History of Expenditures in the Water & Sewer Fund by Category
Table 2.

Fiscal Year	Personnel	Operating(1)	Capital Outlay	GF Transfer	Debt(2)	Total
2015-16 Actual	690,091	941,257	208,727	366,682	106,183	2,312,941
2016-17 Actual	718,612	1,021,568	146,932	428,828	97,887	2,413,827
2017-18 Actual	701,664	982,198	354,981	462,435	72,433	2,573,711
2018-19 Actual	725,481	809,562	466,990	568,732	62,830	2,633,595
2019-20 Actual	470,293	947,202	466,773	603,279	50,843	2,538,390

(1) Excludes depreciation and amortization expense.

(2) Excludes payment of principal per financial statements where interest only is expensed.

Solid Waste Fund

The City provides waste collection and disposal services to approximately 2768 residential customers and 99 commercial customers. The City formally structured the budget for solid waste as an “Enterprise Fund” effective July 1, 2013 which better enables the City to plan for future needs.

An analysis of the Fiscal Year 2021-2022 Budget for the Solid Waste Fund (revenues and expenditures) follows:

Revenue Analysis

No Rate Change – The adopted budget includes the current residential rate of \$38.00 per month. Since FY 2011-2012, cumulative reductions in solid waste fees total \$8.36 or a decrease of 18%. Table 1 below shows the history of monthly residential solid waste collection rates.

Table 1

FY 2021 – 2022 Highlights

- ❖ The budget reflects no change to the residential fee.

Fiscal Year	Residential Rate	Net Change
07-08	\$31.00	
08-09	\$32.00	\$1.00
09-10 (SPSA increase)	\$46.36	\$14.36
10-11	\$46.36	\$ -0-
11-12	\$43.41	\$(2.95)
12-13	\$42.24	\$(1.17)
13-14	\$39.74	\$(2.50)
14-15	\$39.74	\$ -0-
15-16	\$38.00	\$(1.74)
16-17	\$38.00	\$ -0-
17-18	\$38.00	\$ -0-
18-19	\$38.00	\$ -0-
19-20	\$38.00	\$ -0-
20-21	\$38.00	\$ -0-
21-22 Adopted	\$38.00	\$ -0-
Net Change Since 10-11		(8.36) or 18% reduction
Net Change Since 08-09		\$7.00 or 21.9% increase

Waste collection and disposal fees account for the revenues for solid waste services. Revenue projected in FY 2021-2022 based on the recommended rate is \$1,296,000. Total revenues for the fund are projected at \$1,300,000.

Minimum Cash Balance Policy

In order to provide liquidity adequate to address future unexpected revenue reductions and anticipated capital expenditures or unanticipated expenditures, the minimum cash balance in the Solid Waste Fund, by Council policy, was approved at 25%. The suggested range between minimum and maximum is 25%-40% due to the expensive nature of replacement equipment purchases and the size of the fund. Adherence to this policy will realistically allow the City to avoid debt into the future in this fund.

Restoration of Minimum Cash Fund Balances

As a result of the cash balance being below target levels, the City Manager is required by policy to prepare and present a plan for restoration to the targeted level. If a target level is not met or anticipated not to be met, a line item will be included in the fund's expense section to budget a minimum of 5% of the upcoming solid waste operations fund in the projected budget revenues until the targeted levels are met.

Table 2

Policy Evaluation

Annual Revenue (Net of Reserves) = \$1,300,000

Minimum of 25% = \$325,000

Maximum of 40% = \$520,000

Cash in the Fund for FY 2021-2022 is expected to improve by \$98,765 from the beginning of the fiscal year. The recommendation for no change to the rate is not anticipated to adversely impact the City's Solid Waste Cash Balance Policy going forward as additional capital equipment replacement needs remain necessary.

Cash Balance History

Table 3

Month	FY19-20 Cash Balance	FY20-21 Cash Balance
July	\$399,753	\$655,496
August	\$426,513	\$675,255
September	\$396,737	\$703,766
October	\$439,368	\$731,369
November	\$491,141	\$751,078
December	\$497,577	\$522,114
January	\$537,559	\$477,303
February	\$554,955	\$736,624
March	\$572,264	
April	\$554,415	
May	\$561,279	
June	\$622,099	

History of Expenditures in Solid Waste Fund

Table 4

	FY 2018-2019 Actual	FY 2019-2020 Actual	FY 2020-2021 Budget	FY 2021-2022 Adopted
Personnel Expense	240,792	272,204	344,971	332,664
Operating Expense (1)	111,709	166,646	159,057	114,192
Waste Collection & Disposal Cost	335,518	347,945	378,100	300,100
Capital Outlay	9,892	-	35,000	60,000
General Fund Transfer-Services	259,392	270,245	287,391	287,391
General Fund Transfer-Operational Subsidy	112,345			100,000
Capital Fund Transfer				
Debt Service	6,448	14,573	11,688	6,888
Reserves	-	-	83,793	98,765
Total	1,076,096	1,071,613	1,300,000	1,300,000

(1) Excludes depreciation and amortization expense.

Franklin Municipal Airport

Franklin Municipal Airport situated in Isle of Wight County and owned by the City of Franklin is located two nautical miles from the City’s central business district. The Airport Fund is an Enterprise Fund, but receives annual financial support from the City’s General Fund to sustain operations. Revenue supporting the fund is derived from the sale of aviation gas, jet fuel and hangar rental fees. The budget for FY 2021-2022 is \$188,343, \$201,971 lower than FY 2020-2021 budget.

- ❖ Table 1 provides a breakdown of the revenue for the Airport Fund by the various sources and the expenditures by area.

Table 1

Airport Rentals	61,140
Sale of Jet Fuel & Aviation Gas	61,490
Transfer from General Fund	65,713
Total Revenue	188,343
Merchandise for Resale-Jet Fuel & AVGAS	40,000
Operating Cost	127,731
Transfer to General Fund-Services	20,612
Total Expenses	188,343

- ❖ Table 2 provides a history of the Airport Fund by area of expenditure.

History of Expenditures in Airport Fund

Table 2

Fiscal Year	Personnel	Operating (1)	Capital Outlay	GF Transfer	Debt	Total
2011-12 Actual	106,921	167,309	42,728	2,020	309	319,287
2012-13 Actual	102,372	123,563	180,033	2,222	20,000	428,190
2013-14 Actual	105,840	118,595	101,824	17,833	-	344,092
2014-15 Actual	103,998	95,309	1,147,792	18,864	-	1,365,963
2015-16 Actual	108,762	82,403	7,738	20,749	-	219,652
2016-17 Actual	114,002	78,662	31,838	36,511	-	261,013
2017-18 Actual	107,256	108,526	0	27,235	-	243,017
2018-19 Actual	78,962	98,170	115,443	25,515	-	318,090
2019-20 Actual	68,266	122,953	122,921	25,515	-	339,655
2020-21 Budget	62,290	204,346	17,222	106,456	-	390,314

(1) Excludes depreciation and amortization expense.

Electric Fund

The City of Franklin purchases wholesale electric power from the Virginia Municipal Electric Association (VMEA), who in turn, purchases power from Dominion Virginia Power (DVP). The complexity of the Electric Fund necessitates an understanding of the Fund's rate history, the impact on Cash balance and City Council actions taken regarding rates over time. Historical data is included herein to assist in developing such an understanding among all interested parties.

FY 2021-2022 BUDGET RECOMMENDATION

Based upon information provided to VMEA by DVP to date, the wholesale power costs for Franklin Power & Light (FP&L) are projected to increase 7.1%. Actual wholesale power costs will be presented by DVP in June 2021. The adopted budget is based upon no increase to the FP&L retail rates and a projected increase in the fuel adjustment charge. Though the wholesale power cost is dramatically increasing, the retail rates are being held flat. This is the fifth year in a row that the retail rates have not changed.

Fuel Factor Charge

The fuel adjustment charge by DVP is a direct pass thru from the City to FP&L customers. DVP makes rate announcements on the fuel charge usually on an annual basis. This fuel adjustment charge is effective April 1st each year. DVP has projected an increase in the fuel adjustment rate for FY22 power purchases. The change in the fuel adjustment charge will be reflected in the May billing for April usage.

Table 1

Table 1 below provides a history of the fuel charges that are a direct pass through from DVP to FP&L residential customers using an average of 1000 kwh per month. An increase in the fuel rate charge negatively impacts customers' electric bills causing an increase in the charges for use of electricity. Conversely, a decrease positively affects customers' total bills.

HISTORICAL FUEL ADJUSTMENT CHARGES

	YEAR	PER kWh	CHANGE
	2006	\$ 0.01330	
	2007	\$ 0.01216	-9%
	2008	\$ 0.02279	87%
	2009	\$ 0.01096	-52%
	April	\$ 0.00556	-49%
	November	\$ 0.01241	123%
	2010	\$ 0.01723	39%
	2011	\$ 0.00931	-46%
	2012	\$ 0.01177	26%
	2013	\$ 0.01604	36%
	2014	\$ 0.00927	-42%
	2015	\$ 0.00225	-76%
	2016	\$ 0.00826	267%
	2017	\$ 0.01190	44%
Projected	2018	\$ 0.00890	-25%
	2019	\$ 0.00149	-83%
Projected	2020	\$ 0.00750	503%
	2021	\$ 0.00750	503%

Rate History

The following table (Table 2) provides a history of the wholesale power cost fluctuations experienced by the City from DVP between January 2011 to July 2020 compared to the rate changes passed onto the customers by the City and the average dollar impact to a residential customer.

Table 2

TOTAL WHOLESALE COST OF POWER			Retail Rate Increases
Actual Cost per kWh	FY12	\$ 0.07652	7.00%
Actual Cost per kWh	FY13	\$ 0.07019	10.00%
Actual Cost per kWh	FY14	\$ 0.07444	2.80%
Actual Cost per kWh	FY15	\$ 0.08301	2.00%
Actual Cost per kWh	FY16	\$ 0.07615	4.00%
Actual Cost per kWh	FY17	\$ 0.07309	8.00%
Actual Cost per kWh	FY18	\$ 0.07234	NONE
Actual Cost per kWh	FY19	\$ 0.075769	NONE
Actual Cost per kWh	FY20	\$ 0.0691	NONE
<i>Projected</i> Final Cost	FY21	\$0.07257	NONE

Cash Balance Analysis

Minimum Cash Balance Policy

In order to provide liquidity adequate to address future unexpected revenue reductions or unanticipated expenditures, the minimum cash balance in the Electric Fund, by Council policy, should be 10% of annual revenue net of the fuel adjustment at the end of each quarter.

Restoration of Minimum Cash Fund Balances

Should the cash balance fall below the target levels, the City Manager is required by policy to prepare and present a plan for restoration to the targeted level. If a target level is not met or anticipated not to be met, a line item will be included in the fund's expense section to budget a minimum of 2% of the upcoming projected budget revenues until the targeted levels are met. The recommendation for FY2021-2022 meets this requirement as further detailed in this budget proposal.

**FY 2019-2020 Cash Balance as a Percentage of Annual Revenues (excluding fuel adjustment) at
6/30/20 = \$5,596,558 or 37.7%.**

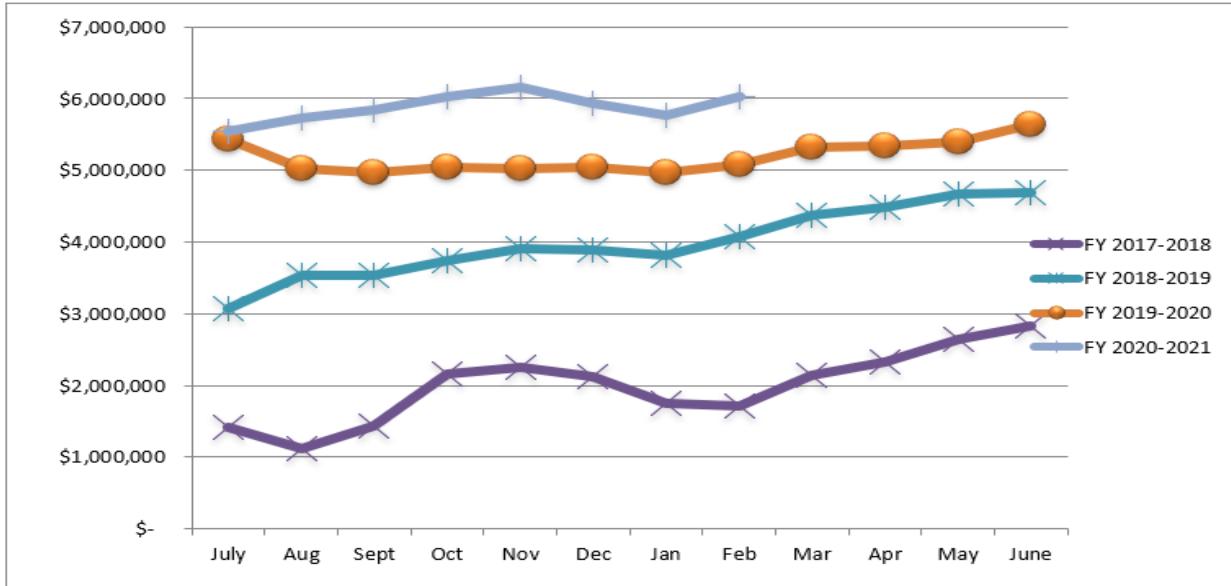
FUND - ELECTRIC	BUDGET FY 21-22
ELECTRIC FUND REVENUE	
Sale of Energy Fuel Adjustment	\$ 1,094,629
Sale of Electric Energy	13,681,240
Cycle & Save	(109,680)
Meter Connection Fee	12,000
Pole Attachment Fees	70,196
Cut-On Fees and Penalties	200,000
Sale Of Electrical Items	8,000
Miscellaneous Revenue	10,000
TOTAL REVENUE	\$ 14,966,385
Less Fuel Adjustment	(1,094,629)
Budget Basis for Policy	\$ 13,871,756
10% of Annual Revenue	\$ 1,387,176

Table 3

**FY 2021-2022 Projected Cash Balance as a Percentage of Annual Revenues (excluding fuel adjustment)
at 2/28/21 = \$6,032,556 or 37.0%.**

Table 4

ELECTRIC FUND CASH ANALYSIS

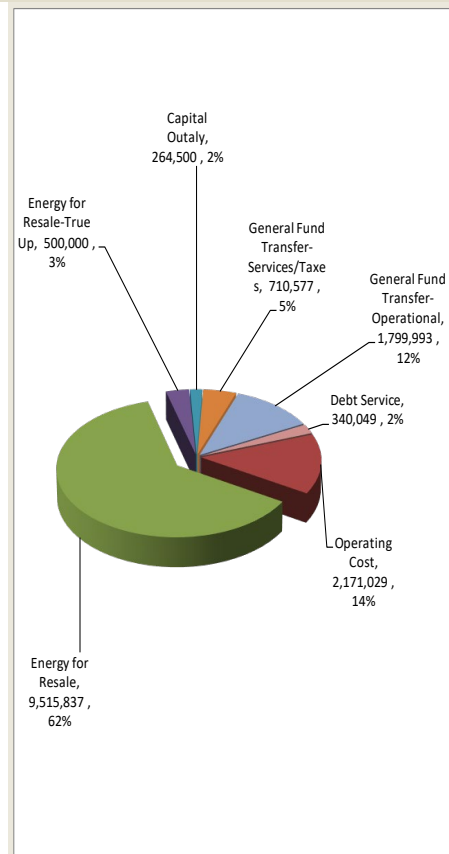
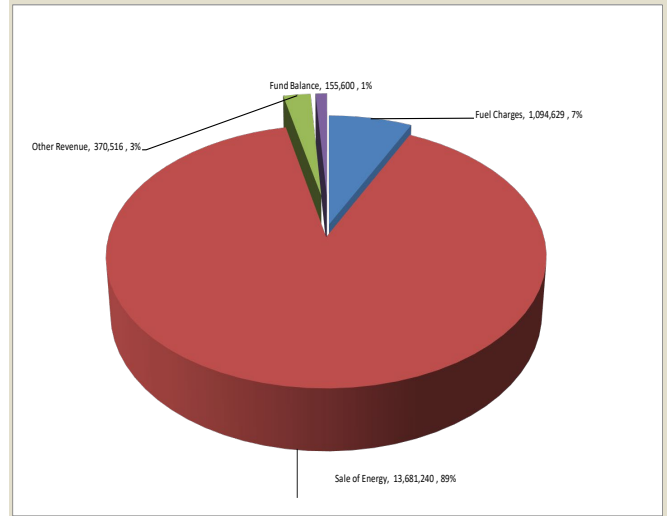


ELECTRIC FUND CASH TREND ANALYSIS
COMPARES FY 2017-2018 TO FY 2020-2021 (through February 28, 2021)

Electric Fund Adopted Budget

The Adopted budget for the Electric Fund is \$15,301,985 comprised of the following revenue sources and expenditures:

FY 2021-2022 Adopted Budget	
Revenue from Sale of Energy	13,681,240
Revenue from Fuel Charges	1,094,629
Other Revenue*	370,516
Use of Fund Balance	<u>155,600</u>
Total Revenue	15,301,985
Operating Expenses	2,171,029
Energy for Resale	9,515,837
Energy for Resale – True Up	500,000
Capital Expenses	264,500
General Fund Transfer-Services/Taxes	710,577
General Fund Transfer-Operational	1,799,993
Debt Service	<u>340,049</u>
Total Expenses	15,301,985
*Other revenue consists of pole attachment fees, cut on fees and penalties, sale of supplies (all net of cycle and save reductions)	
Revenue Less Fuel Adjustment, Charges for Street Lights & Use of Fund Balance	13,871,756
Cash Balance Minimum Policy Level (10%)	\$1,387,176



Budget Highlights: The FY 2021-2022 budget includes a \$938,486 decrease in fuel for resale, \$209,520 increase in fuel adjustment costs, \$525,662 decrease in energy true-up costs, \$271,842 increase in personnel costs due vacant positions that were frozen in the prior year are available to be filled in the current year, \$80,000 increase in generation maintenance, \$205,000 decrease in capital outlay, \$19,605 decrease in debt service payments, and a \$155,600 increase in transfer to General Fund for operational subsidy.

SECTION FIVE

OTHER CITY FUNDS

1. Debt Service Fund
2. School Fund
3. Social Services Fund
4. Comprehensive Services Act Fund
5. Economic Development Fund
6. Capital Projects Fund

Debt Service Fund

The Debt Service Fund is used to account for the payment of general long-term debt (principal and interest) used to finance capital needs of the City. General fund debt is comprised of debt related to general government activity and school projects. Business activity related debt stems from Water & Sewer, Solid Waste and Electric Fund activity.

Debt Administration. Per the audit statement, the City’s total outstanding general obligation debt at June 30, 2020 was \$23,259,429 up from \$15,879,584 at the end of June 30, 2019. This includes \$12,059,000 in General Government debt and \$6,070,429 in School related debt. The balance of the total debt amount is \$5,130,000, and is related to the Enterprise Funds (water & sewer, solid waste and electric debt).

State statutes limit the amount of general obligation debt a government may issue to 10% of its total assessed valuation of real property and public service corporations. The ratio of the City’s net bonded debt to assessed value totals 4.14%.

Audited Financial Statement Comparison of Outstanding Debt at June 30th*

	FY 2020	FY 2019
General Government Activities:		
Bonds Payable - General Government	\$ 12,059,000	6,772,000
Bonds Payable - School Related	6,070,429	6,451,584
	\$ 18,129,429	13,223,584
Business-type Activities:		
Bonds Payable - Enterprise	\$ 5,130,000	2,656,000
Total General Obligation Long -Term Debt	\$ 23,259,429	15,879,584
Total Per Capita Debt	\$ 2,971	2,034

The following tables outline the City’s debt outstanding at the end of FY 2020 and through final maturity for the Governmental and Business type activities. Information is also included on specific debt instruments, interest rates and projects funded with the use of debt proceeds.

General Fund Totals

FY	Principal	Interest	Total	Outstanding
	\$12,269,000	\$4,843,809	\$17,112,809	
2017	50,000	83,671	133,671	12,219,000
2018	50,000	81,884	131,884	12,169,000
2019	55,000	79,493	134,493	12,114,000
2020	55,000	88,090	143,090	12,059,000
2021	110,000	402,240	512,240	11,949,000
2022	342,000	365,590	707,590	11,607,000
2023	347,000	356,459	703,459	11,260,000
2024	377,000	346,507	723,507	10,883,000
2025	388,000	335,302	723,302	10,495,000
2026	588,000	323,839	911,839	9,907,000
2027	604,000	307,519	911,519	9,303,000
2028	624,000	290,243	914,243	8,679,000
2029	641,000	272,113	913,113	8,038,000
2030	662,000	253,111	915,111	7,376,000
2031	678,000	233,496	911,496	6,698,000
2032	699,000	213,251	912,251	5,999,000
2033	717,000	192,048	909,048	5,282,000
2034	743,000	170,301	913,301	4,539,000
2035	865,000	147,780	1,012,780	3,674,000
2036	891,000	119,736	1,010,736	2,783,000
2037	921,000	90,817	1,011,817	1,862,000
2038	956,000	60,869	1,016,869	906,000
2039	906,000	29,453	935,453	-

Source: City Financials, City Finance Office, Bond Documents.

Debt Service
(includes funding of QZAB Escrows)

School Fund Totals				
FY	Principal	Interest	Total	Outstanding
	\$5,363,880	\$1,212,841	\$6,576,721	
2017	229,810	66,903	296,713	5,134,070
2018	329,810	64,473	394,283	4,804,260
2019	329,810	62,043	391,853	4,474,450
2020	420,810	61,965	482,775	4,053,640
2021	503,640	95,793	599,433	3,550,000
2022	339,000	92,258	431,258	3,211,000
2023	344,000	87,934	431,934	2,867,000
2024	330,000	83,333	413,333	2,537,000
2025	335,000	78,862	413,862	2,202,000
2026	151,000	74,117	225,117	2,051,000
2027	158,000	67,994	225,994	1,893,000
2028	165,000	61,502	226,502	1,728,000
2029	171,000	55,167	226,167	1,557,000
2030	173,000	49,631	222,631	1,384,000
2031	180,000	44,214	224,214	1,204,000
2032	187,000	38,302	225,302	1,017,000
2033	193,000	32,086	225,086	824,000
2034	196,000	25,716	221,716	628,000
2035	103,000	21,352	124,352	525,000
2036	106,000	17,850	123,850	419,000
2037	110,000	14,246	124,246	309,000
2038	115,000	10,506	125,506	194,000
2039	194,000	6,596	200,596	-

Source: City Financials, City Finance Office, Bond Documents.

Debt Service Enterprise Funds

Water & Sewer Fund Totals

FY	Principal	Interest	Total	Outstanding
	\$2,041,000	\$363,174	\$2,404,174	
2017	111,000	68,006	179,006	1,930,000
2018	112,000	65,273	177,273	1,818,000
2019	234,000	62,380	296,380	1,584,000
2020	277,000	54,794	331,794	1,307,000
2021	321,000	45,213	366,213	986,000
2022	333,000	34,055	367,055	653,000
2023	343,000	22,490	365,490	310,000
2024	310,000	10,962	320,962	-
2025	-	-	-	-

Source: City Financials, City Finance Office, Bond Documents.

Electric Fund

FY	Principal	Interest	Total	Outstanding
	\$4,431,000	\$1,092,053	\$5,523,053	
2017	207,000	45,100	252,100	4,224,000
2018	214,000	40,136	254,136	4,010,000
2019	220,000	34,631	254,631	3,790,000
2020	222,000	28,026	250,026	3,568,000
2021	239,000	120,654	359,654	3,329,000
2022	248,000	92,049	340,049	3,081,000
2023	250,000	82,917	332,917	2,831,000
2024	160,000	76,437	236,437	2,671,000
2025	160,000	72,117	232,117	2,511,000
2026	164,000	67,797	231,797	2,347,000
2027	168,000	63,369	231,369	2,179,000
2028	173,000	58,833	231,833	2,006,000
2029	177,000	54,162	231,162	1,829,000
2030	182,000	49,383	231,383	1,647,000
2031	187,000	44,469	231,469	1,460,000
2032	192,000	39,420	231,420	1,268,000
2033	197,000	34,236	231,236	1,071,000
2034	203,000	28,917	231,917	868,000
2035	208,000	23,436	231,436	660,000
2036	214,000	17,820	231,820	446,000
2037	220,000	12,042	232,042	226,000
2038	226,000	6,102	232,102	-

Source: City Financials, City Finance Office, Bond Documents.

Solid Waste Fund Totals

FY	Principal	Interest	Total	Outstanding
	\$255,000	\$72,442	\$327,442	
2017	-	-	-	255,000
2018	-	-	-	255,000
2019	-	-	-	255,000
2020	-	478	478	255,000
2021	-	6,888	6,888	255,000
2022	-	6,888	6,888	255,000
2023	10,000	6,888	16,888	245,000
2024	10,000	6,680	16,680	235,000
2025	15,000	6,462	21,462	220,000
2026	10,000	6,112	16,112	210,000
2027	5,000	5,874	10,874	205,000
2028	5,000	5,750	10,750	200,000
2029	5,000	5,620	10,620	195,000
2030	5,000	5,483	10,483	190,000
2031	50,000	5,346	55,346	140,000
2032	140,000	3,976	143,976	-

Source: City Financials, City Finance Office, Bond Documents.

General obligation debt of the governmental activities at June 30, 2020 is comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2020</u>
Primary Government					
Governmental Obligations					
<i>General Obligation Bonds</i>					
Virginia General Obligation Qualified Zone Academy Bond, Series 2005	12/29/05	12/20/20	-	\$ 2,214,429	\$ 2,214,429
General Obligation Refunding Bond, Series 2013	04/04/13	10/01/38	3.65	2,075,000	1,715,000
General Obligation School Bonds, Series 2013A	04/12/13	07/15/33	3.05-5.05	1,695,000	1,340,000
General Obligation Bond, Series 2019B	10/17/19	01/15/26	2.70	3,000,000	5,000,000
GO Refunding Bond, Taxable Series 2019:	12/20/19	01/15/39	2.01-3.40	6,680,000	
City portion					5,344,000
School portion					1,336,000
Virginia General Obligation Qualified Zone Academy Bond, Series 2014	12/30/14	12/01/24	0.0	1,816,000	1,180,000
Total General Obligation Bonds					18,129,429
<i>Capital Lease Obligations</i>					
Fire truck	06/13/11	08/20/20	3.74	217,020	24,810
Total Capital Lease Obligations					24,810
Premium on bond issuance					372,566
Compensated absences					669,215
Total General Long-Term Obligations					19,196,020

This above information represents the various debt instruments for the City's Tax Supported General Obligation Debt. Projects associated with the debt acquisition include both are not limited to the following for both general government and school improvements: City Hall & Other governmental facility improvements, Cemetery improvements, School Roof, Gym, and Bleacher Repairs/Replacement, Oven Replacements, General Government & School Technology Improvements (to include mobile classroom initiative), School Buses, HVAC upgrades, General Government Roof Repairs, public works equipment, police vehicles, and the High School Breezeway enclosure.

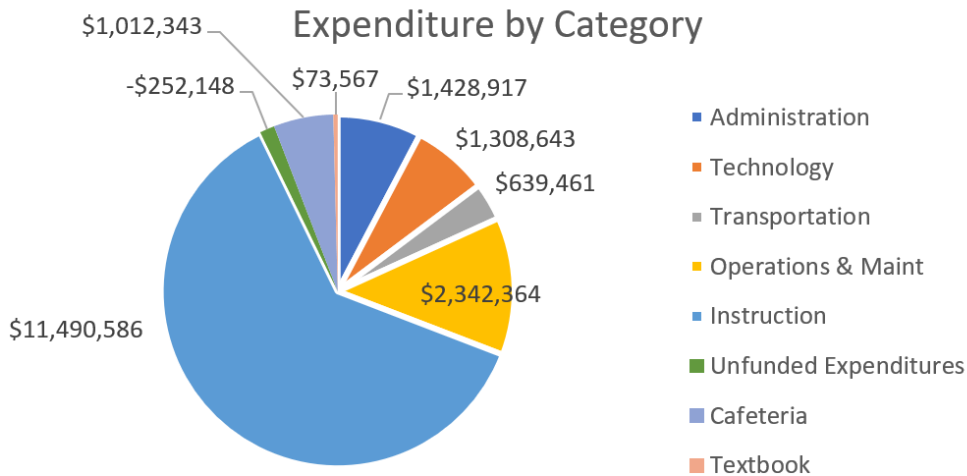
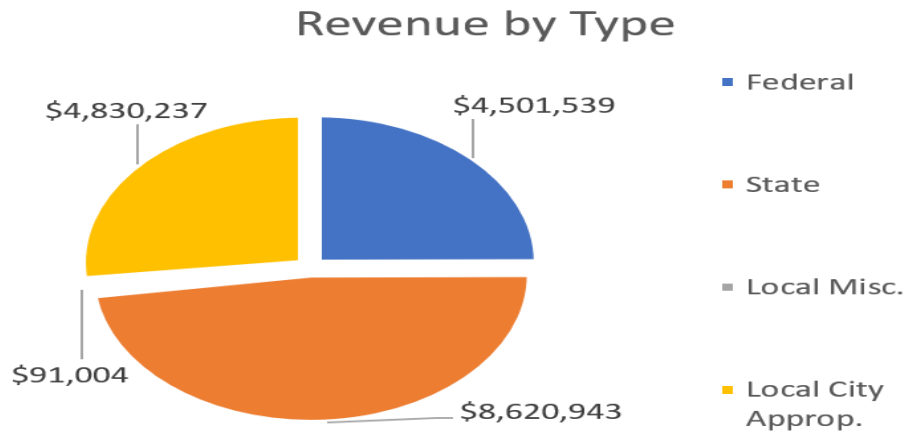
<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2020</u>
Proprietary Funds					
<i>Water and Sewer Fund</i>					
General Obligation Bonds - Public Improvement and Refunding Series 2010	04/27/10	01/15/26	2.00-4.50	3,435,000	205,000
Taxable General Obligation Refunding Bond, Series 2012A	12/20/12	01/15/24	3.05	1,387,000	946,000
Tax Exempt General Obligation Public Improvement and Refunding Bond, Series 2012B	12/20/12	01/15/23	3.05	907,000	156,000
Premium on bond issuance					10,469
Compensated absences					43,540
Total Water and Sewer Fund					1,361,009
<i>Electric Fund</i>					
General Obligation Bonds - Public Improvement and Refunding Series 2010	04/27/10	01/15/26	2.00-4.50	3,435,000	295,000
Tax-Exempt General Obligation Public Improvement and Refunding Bond, Series 2012B	12/20/12	01/15/38	2.70	844,000	273,000
General Obligation Bond, Series 2019B	10/17/19	01/15/26	2.70	3,000,000	3,000,000
Premium on bond issuance					5,373
Compensated absences					39,843
Total Electric Fund					3,613,216
<i>Airport Fund</i>					
Compensated absences					4,248
Total Airport Fund					4,248
<i>Solid Waste Funds</i>					
GO Refunding Bond, Taxable Series 2019	12/20/19	01/15/32	2.01-2.84	255,000	255,000
Compensated absences					13,993
Total Solid Waste Funds					268,993
Total Proprietary Funds					5,247,466
Total Primary Government					\$ 24,443,486

School Fund

The Franklin City Council appropriates funds for the operation of the City’s Public School System. It is the responsibility of the Superintendent and the School Board to develop an annual budget request reflecting the needs of the school division. The budget is transmitted to the City Manager for consideration with the City’s Operating Budget. Details of the FY 2021-2022 School System Budget are available in a separate document maintained by the School Board. The School’s presented a budget for the School’s Operating, Cafeteria & Textbook Funds for FY 2021-2022 totaling \$18,295,881. The Council has currently approved the referenced budgets at \$18,043,723.

FY 2021-2022 Budget Highlights

- ❖ The Council has approved a local appropriation to the School Division of \$4,830,237. The School Division had requested a local appropriation of \$5,082,395, a difference of \$252,148.
- ❖ The School Division’s operating category of expenditures and budget sources of revenue are depicted on the following graphs (Note: the School Division’s current budgeted expenditure categories are unfunded by a total of \$252,148) :



Social Services Fund

The Franklin City Department of Social Services is responsible for administering a variety of services to meet the needs of Franklin citizens. Services include but are not limited to: Supplemental Nutrition Assistance Program (SNAP), Medicaid, Temporary Assistance to Needy Families (TANF), energy assistance and other benefits, Virginia Initiative for Employment not Welfare (VIEW), child protective services, foster care and adoption, adult protective services and other adult services. The agency is funded by revenue received from the state and federal government and an annual appropriation from the City.

FY 2021-2022 Budget Highlights

- ❖ The adopted City appropriation for FY 2021-2022 is \$603,378, an increase of \$41,466 from the FY 2020-2021 budgeted appropriation and represents 22.7% of the total revenue needed to fund the various programs administered by the department. The adopted City appropriation of \$603,378 is comprised of a \$203,645 cash transfer from the General Fund and utilization of \$399,733 of the Social Services restricted fund balance which represents unspent prior General Fund transfer funds.
- ❖ While the budget for the City DSS is \$2.7 million (See Table 1), Franklin City residents were provided benefits from the State and Federal government of over \$40.2 million via pass through funding from Medicaid, Family Access to Medical Insurance Security (FAMIS), SNAP, Energy Assistance, Foster Care & Adoption and TANF in SFY 2020 (See Table 2). This is a \$4.7 million increase over actual benefits distributed in SFY 2019 (Table 3).

Table 1. Revenue by Source

Revenue by Source		
Federal & State	2,060,518	77.35%
City Appropriation	603,377	22.65%
TOTAL	2,663,895	100.0%

Table 2. 2020 DSS Spending Profile (Source: Virginia Department of Social Services)

Social Services Spending, SFY 2020 Franklin City	Federal	State	Local	NER	All Sources
Administrative costs	\$788,904	\$304,180	\$271,440	\$36,976	\$1,401,501
Staff and operations ¹	\$762,940	\$304,180	\$245,476	\$1,817	\$1,314,413
Other expenses ²	\$25,964	\$0	\$25,964	\$35,159	\$87,088
<i>Admin costs - % by Funding Source</i>	56%	22%	19%	3%	100%
<i>Admin costs - % Total SS spending</i>	4%	2%	78%	100%	3%
Services purchased for clients³	\$14,731	\$15,622	\$5,634	\$0	\$35,987
<i>Services - % by Funding Source</i>	40.9%	43.4%	15.7%	0.0%	100%
<i>Services - % Total SS spending</i>	0.1%	0.1%	1.6%	0%	0%
Client Benefits Spending⁴	\$21,613,060	\$17,118,291	\$69,835	\$32	\$38,801,218
Medicaid & FAMIS ⁵	\$17,027,702	\$16,666,895	\$10,195	N/A	\$33,704,792
SNAP	\$3,827,342	N/A	N/A	N/A	\$3,827,342
TANF	\$87,025	\$121,796	\$0	\$0	\$208,821
Energy Assistance	\$302,083	N/A	N/A	N/A	\$302,083
Foster care/adoption ⁶	\$126,331	\$130,267	\$0	\$32	\$256,630
Children's Services Act ⁷	\$0	\$110,416	\$51,053	\$0	\$161,469
Child Care ⁸	\$242,577	\$54,571	N/A	N/A	\$297,148
Other Benefits ⁹	\$0	\$34,346	\$8,587	\$0	\$42,933
<i>Benefits - % by Funding Source</i>	56%	44%	0.2%	0.0%	100%
<i>Benefits - % Total SS spending</i>	96%	98%	20%	0%	96%
Total SS Spending	\$22,416,695	\$17,438,093	\$346,910	\$37,008	\$40,238,706
SS Funding - % by Funding Source	56%	43%	1%	0%	100%

Source: LASER, Statewide Summary. NER = Local non-reimbursable costs. Costs rounded to whole dollars.

Table 3. 2019 DSS Spending Profile (Source: Virginia Department of Social Services)

Social Services Spending, SFY 2019 Franklin City	Federal	State	Local	NER	All Sources
Administrative costs	\$794,363	\$339,320	\$383,543	\$32,615	\$1,549,841
Staff and operations ¹	\$773,138	\$339,320	\$362,318	\$4,204	\$1,478,980
Other expenses ²	\$21,225	\$0	\$21,225	\$28,410	\$70,861
<i>Admin costs - % by Funding Source</i>	51%	22%	25%	2%	100%
<i>Admin costs - % Total SS spending</i>	4%	2%	81%	100%	4%
Services purchased for clients³	\$16,302	\$19,212	\$6,704	\$0	\$42,218
<i>Services - % by Funding Source</i>	38.6%	45.5%	15.9%	0.0%	100%
<i>Services - % Total SS spending</i>	0.1%	0.1%	1.4%	0%	0%
Client Benefits Spending⁴	\$18,929,577	\$14,922,661	\$81,897	\$0	\$33,934,135
Medicaid & FAMIS ⁵	\$14,977,392	\$14,583,562	\$13,643	N/A	\$29,574,597
SNAP	\$3,334,176	N/A	N/A	N/A	\$3,334,176
TANF	\$71,826	\$99,469	\$0	\$0	\$171,295
Energy Assistance	\$332,003	N/A	N/A	N/A	\$332,003
Foster care/adoption ⁶	\$36,945	\$46,275	\$0	\$0	\$83,220
Children's Services Act ⁷	\$0	\$87,798	\$52,539	\$0	\$140,337
Child Care ⁸	\$177,235	\$42,697	N/A	N/A	\$219,932
Other Benefits ⁹	\$0	\$62,861	\$15,715	\$0	\$78,576
<i>Benefits - % by Funding Source</i>	56%	44%	0.2%	0.0%	100%
<i>Benefits - % Total SS spending</i>	96%	98%	17%	0%	96%
Total SS Spending	\$19,740,241	\$15,281,194	\$472,144	\$32,615	\$35,526,194
SS Funding - % by Funding Source	56%	43%	1%	0%	100%

Source: LASER, Statewide Summary. NER = Local non-reimbursable costs. Costs rounded to whole dollars.

Comprehensive Services Act

The Comprehensive Services Act for At-Risk Youth and Families (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for at-risk youth and their families. The state funds, combined with local community funds, are managed by local interagency teams who plan and oversee services to youth. “The mission of the CSA is to create a collaborative system of services and funding that is child-centered, family-focused and community-based when addressing the strengths and needs of troubled and at-risk youth and their families in the Commonwealth” (www.csa.virginia.gov). Representatives from social services, court services, the health department, school division and community services boards serve as members on the Community Policy Management Team (CPMT). The team is responsible for recommending the proper level of treatment and services needed by children and their families and determines eligibility for funding for services through the state pool of funds. CSA also requires the establishment of a Family Assessment and Planning Team (FAPT) to address the needs of communities. CPMT makes referrals to FAPT to handle disciplinary cases involving troubled youth and families.

FY 2021-2022 BUDGET & FUNDING

Funding for the Comprehensive Service Act Fund is provided by a state pool of resources combined with a local match requirement based on a state formula. The City submits quarterly financial reports to the State CSA office requesting reimbursement of the state funds.

The CSA budget for FY 2021-2022 is \$266,626 of which \$131,659 is the City’s local funding requirement. This is a \$55,088 increase from FY 2019-2020. State aid is projected to be \$13,268 greater than the current year. Expenditures for the program are largely based on anticipated community need per the State Comprehensive Services Act Department projections. The City also reviews historical trends of CSA expenditures to determine budget estimates.

COMPREHENSIVE SERVICES ACT FUND	ACTUAL FY 19-20	BUDGET FY 20-21	ADOPTED FY 21-22	Variance 20-21 to 21-22
REVENUE				
State Aid	85,569	121,699	134,967	13,268
Patient Income	2,822	-	-	-
Transfers from General Fund	51,047	76,571	131,659	55,088
Total Revenue	139,438	198,270	266,626	68,356
EXPENDITURES				
Mandated Services	176,444	145,303	200,000	54,697
Administrative Services	52,967	52,967	66,626	13,659
Total Expenses	229,411	198,270	266,626	68,356

Economic Development Fund

The City of Franklin, along with Southampton County the Camp Family Foundations and the Franklin Southampton Charities, supports the mission of Franklin Southampton Economic Development, Inc. (FSEDI) aimed at “diversification of the economy and job creation through partnerships with existing businesses, attraction of new businesses, and promotion of entrepreneurship and tourism” (www.visitfranklinsouthampton.com). The City, County and Charities equitably share the total budget for FSEDI which is independent of the City. The FY 2021-2022 Budget includes a City contribution, as a portion of the jointly funded total budget, to support the initiatives of FSEDI in the amount of \$100,000, which is the same as the current fiscal year’s budget.

FSEDI manages, as a service to the City, the rental of spaces in the Franklin Business Center which is owned by the City. In addition to the joint contribution, the City’s general fund provides for the maintenance and upkeep of the facility (i.e. janitorial services, utilities, insurance, etc.). A portion of the cost is derived from rental income paid by the business tenants that occupy the facility and other fees.

FSEDI has done an exceptional job in marketing the facility to new tenants thus preventing a major decline in revenue which would increase the transfer.

Franklin Business Center 2019 Economic Impact

# of Full Time Employees	55
# of Part Time Employees	58
Average Salary FT Employees	\$97,292.53
Taxes paid to Franklin	\$145,518.64
Rents Paid to City	\$119,207.81
Total Business Profits	\$1,376,342.10

FY 2021-2022 Budget - Revenues

Rental Income	120,000
Misc. Fees	1,000
Transfer from General Fund	65,796
City Contribution to FSEDI	<u>100,000</u>
Total Revenue	286,796

FY 2021-2022 Budget - Expenses

Personnel	19,751
Operating Expenses	167,045
Payment to FSEDI	<u>100,000</u>
Total Expenses	286,796

Capital Improvement Program

Introduction

Capital Improvement Programming is a method of planning for the effective and efficient provision of public facilities, infrastructure improvements, road improvements, major maintenance requirements, and acquisition of property and equipment. Preserving and upgrading these investments, along with planning for future infrastructure needs of the City represents an ongoing challenge, given existing revenue streams and the growth in demand for City services. In past years, the City Council, through its actions, has demonstrated a firm commitment to, and investment in the City's Capital Improvement Plan.

The purpose of this document is not to present a complete and detailed financial plan for each individual project listed on the CIP project list, but rather to outline the estimated cost, timing and anticipated revenue sources available for each of the projects.

A five-year CIP allows the City Council and citizens an opportunity to view both the five-year capital construction and infrastructure maintenance needs of the City and the Franklin Public Schools. The CIP is not a static document which fixes the community improvement projects which the City "must" complete during the next five years. Instead, it should be viewed as a planning document or guide to what the City "believes" it will be able to accomplish in the future. As time passes, changes beyond the City's control may affect the timing and magnitude of the projects listed in the CIP. Therefore, the CIP will be reviewed annually during the budget process and updated as necessary to reflect the changed circumstances that may occur over time. Viewing these needs enables the City to better plan a financing strategy for capital improvements and annual operating requirements. A five-year CIP also allows for programming of multi-year projects. The first year of the *Capital Improvement Program (CIP)* represents the City Manager's proposal to the City Council as the Capital Improvement Budget.

Definition of a Capital Improvement

A capital improvement results in a permanent addition to the City's assets resulting from the nonrecurring expenditure of public funds. This is accomplished through: 1) acquisition of property or easement; 2) construction; 3) renovation or replacement of physical assets of the city which extends the useful life or increases the usefulness or capacity, and 4) studies which are an integral part thereof. Capital improvements are large-scale endeavors in cost, size, and benefit to the community and typically have a service life in excess of five years and cost in excess of \$30,000. This definition differs from capital expenditures, which are requested as part of the operating budget. A capital expenditure is a fixed asset, which will benefit current and future budget years, is of a tangible nature, has a value between \$5,000 and \$30,000, and typically has a service life of 5 years or less. All projects included in the General Fund CIP are classified in six categories: General Government Administration, Public Works, Public Safety, Street Maintenance, Facility Improvements, and Parks & Recreation Improvements. Other funds include: Solid Waste, Water & Sewer, Electric Utility, Airport and Education.

Guiding Principles

Basic principles are used to help shape the Capital Improvement Program. These principles include but are not limited to developing a balanced capital plan that funds projects in a variety of program areas which meet the highest priority needs; ensuring the CIP will be the platform for development in the City and business community and preserving the existing tax base. To further guide the CIP decision-making process, projects to be included in the CIP are evaluated on the degree to which they meet the following objectives:

- ✓ Meet a legal obligation or federal or state mandate
- ✓ Outside funding is available through a match of federal or state funding
- ✓ Address health concerns, safety or emergency needs

- ✓ Produce positive community impact and garner broad community support
- ✓ Meet prior commitments
- ✓ Can be funded within the parameters of established debt financial policies

Benefits of Capital Improvement Programming

The principal benefit of Capital Improvement Programming is that it requires the City to plan its capital needs in concert with available financing over a five-year period. This process contributes to a responsible fiscal policy. Other benefits of Capital Improvement Programming include:

- ✓ Fostering a sound and stable financial program over a five-year period given a set of revenue and expenditure assumptions based on current economic trends;
- ✓ Coordinating various City improvements so that informed decisions can be made, and joint programs initiated among City departments to avoid duplication;
- ✓ Enabling private businesses and citizens to have some assurances as to when certain public improvements will be undertaken so they can plan more efficiently and effectively;
- ✓ Focusing on the goals and needs of the community through the provision of new facilities and infrastructure improvements;
- ✓ Evaluating annually the infrastructure needs of the City to provide for the public health and safety of the citizens of the City; and
- ✓ Providing a logical process for assigning priorities to the various projects based on their overall importance to the City in concert with the Comprehensive Plan.

CIP Process & Discussions

The annual CIP process commences during the normal budget proceedings. City departments identify potential CIP projects on a Capital Project Budget Requests form. The Finance Department compiles a listing of all the capital project requests submitted by the various City departments. The list is reviewed by the City staff and projects are prioritized for inclusion in the five-year plan. The City conducts a public hearing on the budget, at which time the recommended CIP is presented. After all public comments have been received and discussion satisfied, the CIP is then adopted. This is normally done in conjunction with the hearing and adoption of the annual operating budget. The first year of the CIP is incorporated into the City Manager's Recommended Budget as the Capital Improvement Budget for the upcoming fiscal year.

This CIP is a document dedicated to a process designed to identify both the capital improvement needs and priorities of the City over a five-year period in conjunction with projected funding levels and the City's vision and principles, largely in concert with the City's Comprehensive Plan. Actual programming of projects is dependent upon the financial resources available. Funding constraints may preempt the actual inclusion of projects in the current CIP but may be listed as priorities for funding should resources become available. While every need is not addressed, the CIP intends to serve as a critical planning tool and a good foundation for future decision making.

Funding Sources

FISCAL YEAR 2021-2022
Capital Improvement Budget
\$2,364,034

FISCAL YEAR 2022-2026
Capital Improvement Plan
\$31,986,382

A distinction must be made between the revenue sources available for a CIP project and the method of financing used to provide some of those revenues. For this CIP, the primary revenue sources are proceeds from general obligation bonds, general fund reserves, federal and state government grants and proceeds from short term lease financing agreements. The term “Unfunded” is used to identify projects that have been placed on the City’s radar for possible future funding, but no source has been considered.

General Obligation Bonds

The issuance of bonds is a method used by many localities to fund capital projects. Bond issuances are governed by state laws and regulations. A loan is issued to the City on the basis of credit worthiness by demonstrating the current level of debt, revenue and savings or City reserves in exchange for the promise to repay the loan with interest. The repayment of the bond is usually long-term, 15 or 20 years. Typically, government regulations require that the proceeds from bond issues be expended on one-time capital projects within a certain time frame after the issuance. Bond proceeds have been used to finance numerous City and School projects. The level of debt that the City incurs is governed by City Council approved financial policies.

Contributions from the General Fund (Assigned Fund Balance)

The General Fund receives taxes and fees including real estate and personal property taxes which are collected to support the general operation of the City. Where current financial policies do not dictate a certain percentage of use of estimated General Fund revenues each year for the Capital Budget, a certain amount of funds are allotted based on the availability of prior year unassigned fund balance. In other words, funds that remain unspent from the operating budget from year to year may be used to finance certain capital projects on a “pay as you go” basis. This has enabled the City to pay for certain projects such as annual street paving and maintenance.

Federal and State Government

The federal and state governments provide funding primarily in the arena of state and federal supported grants. In Franklin’s case, for example, federal funds (USDA) have been used for the purchase of police vehicles and the Federal Aviation Administration to support vast improvements to the City’s Airport. It is important to note that funding received from these sources *may* require a local match from the City. State and federal funds support certain highway maintenance and road improvement projects and are utilized to help the City provide the required match for airport improvement projects.

Lease Financing Agreements

Lease financing is a solution that is used when cost effective financing is sought for equipment and other fixed assets. This alternative allows the lessee, in this case, the City of Franklin, to preserve capital and reduce borrowing capacity because it offers (1) 100% financing, (2) favorable tax treatment, (3) low to no closing costs and (4) lower monthly payments than traditional borrowing. This financing alternative is subject to all the local and state laws and regulations. The City has, in past years, utilized lease financing agreements to acquire funding for public safety equipment (fire engine), electric department equipment (bucket truck) and public works equipment (garbage trucks).

Other: User fees generated from various Enterprise Funds are intended to pay for the majority of capital projects within the Electric, Solid Waste and Water & Sewer Funds. Pay as you go (PAYGO) has become a more preferable option than lease arrangements for equipment purchases particularly for Enterprise Fund operations when adequate reserve funds are available

Capital Improvement Budget for Fiscal Year 2021-2022

The first year of the Capital Improvement Plan is identified as the Capital Improvement Budget. The projects outlined herein have been programmed in year 2021-2022 operating budget. The total amount of \$2,364,034 is comprised of capital improvements in the following funds:

FY 21-22 Capital Improvement Budget by Fund	
General Fund	\$ 1,032,858
Water & Sewer Fund	1,331,176
Total CIP Budget	\$ 2,364,034

Funding Source - FY21-22	
Capital Improvement Budget	
Cash:	
General Fund Operating Revenue	\$ 470,000
Water & Sewer Operating Revenue	341,176
Subtotal - City Cash	\$ 811,176
Debt Financing:	
Future Bond Proceeds	\$ 1,552,858
Subtotal - Debt Financing	\$ 1,552,858
Total CIP Funding	\$ 2,364,034

- **General Administration**

There are no funds budgeted for General Administration Capital items in the FY 21-22 budget.

- **Public Safety**

Projects are related to the safety of Franklin citizens in the areas of fire and rescue, police and E911 Communications. There are no funds budgeted for Public Safety items in the FY 21-22 budget.

- **Drainage System Improvements**

Projects related to improvements, lining and replacement of the City stormwater conveyance systems.

- **Street Improvement Projects**

Projects dedicated to public transportation through the widening, re-grading and upgrading of the City's streets, sidewalks and other infrastructure projects.

- **Building Upgrades**

Projects are related to the necessary improvements and safety renovations for employees and citizens at City owned buildings.

- **Parks, Recreation & Cultural Projects**

Replacement and construction of recreational and cultural projects that enrich the quality of life for citizens and visitors to the community

- **Solid Waste**

Projects related to replacement of aging equipment used in solid waste collection.

- **Electric Utility**

Projects identified that will significantly improve the electrical infrastructure City wide and provide the necessary electrical services for major industrial and commercial business in the City. There are no funds budgeted for Electric Utility items in the FY 21-22 budget.

- **Water & Sewer**

Replacement and rehabilitation of water and sewer lines in various locations throughout the City and to maintain compliance with DEQ on the City's water quality and wastewater treatment plant operations.

- **Education**

Dedicated to providing upgrades to City schools and facilities and transportation needs. For FY 20-21, no capital projects are funded with the focus on the operating fund. We are awaiting an updated CIP Plan from Franklin City Public Schools.

GENERAL FUND CAPITAL PROJECTS

❖ Drainage System Improvements (\$100,000)

Improvements and replacements of the City Storm Water Conveyance Systems - The City contracted to perform a citywide drainage study which was completed with recommendations for system improvements. The monies allotted will allow for system upgrades and replacement of defective appurtenances in accordance with the study. Funds expended on these projects are credited towards the money received from VDOT for maintenance of streets.

❖ Street Improvements (\$320,000)

Provides for maintenance of the City's transportation system - These funds are primarily used to resurface city streets. These funds are expended for maintenance only and cannot be used for new construction. Funds expended on these projects are credited towards the money the City receives from VDOT for maintenance of streets.

❖ Intersection Signal Upgrades (\$50,000)

Provides for the upgrade of controls and signal head upgrades to traffic signals located in the city. Some of the traffic signal controllers located in the city are 20 years old. This technology is outdated, and parts are not available. These funds will allow for controllers to be replaced with current technology and help keep the signals from malfunctioning.

❖ HVAC & Electrical Upgrades – City Garage (\$66,800)

Provides for a more effective and efficient heat source by replacing oil units that are well past their life expectancy. This will eliminate the cost of heating oil for this facility and provide a cleaner and healthier environment. Electrical upgrades will bring the building up to correct City code.

❖ Roof Replacement – Franklin Power & Light Building (\$82,851)

The existing roof is in poor condition and past its life expectancy.

❖ Ceiling Tile Replacement & Painting – Health Department (\$125,127)

Project will make HVAC more efficient. Painting and ceiling tile replacement will make the building a cleaner, healthier and safer environment for the customers and employees.

❖ Wheel Excavator (\$288,080)

Replacement of 1998 excavator. This machine performs grading, excavating, as well as mowing and debris removal. The age of this machine makes it susceptible to breakdowns and is difficult in securing parts for repairs.

SOLID WASTE FUND CAPITAL PROJECTS

❖ Leaf Loader Truck (\$250,000)

Replacement of 27 year old truck that is susceptible to breakdowns and is difficult in securing parts for repairs.

WATER & SEWER FUND CAPITAL PROJECTS

❖ Cleaning Truck (\$400,000)

Replacement of a 24-year-old combination cleaning vector truck. Parts are becoming obsolete. This truck is crucial in the sewer division to keep lines cleaned and to prevent sewer spills.

❖ Sewer System Improvements (\$211,176)

Funds for sewer system improvements will be utilized to rehabilitate failing system appurtenances by means of slip lining sewer mains and recoating of sanitary manholes in order to reduce the amount of inflow/infiltration entering the system. Also engineering services for project design will be accomplished using these funds.

❖ **Water System Rehabilitation (\$50,000)**

Rehabilitation and upgrades to the City Potable Water System. Funds for water system improvements will be utilized to rehabilitate failing system appurtenances by means of replacing old water mains and upgrading existing infrastructure. Also engineering services for project design will be accomplished using these funds.

❖ **Portable Generator (\$55,000)**

This generator will be used for bypass pumping of sanitary sewer pumping stations during power fails and emergency backup for the College Drive water booster station to supply water to the northern are of the City.

❖ **Wastewater Treatment Plant Electrical System (\$150,000)**

Funds will be used to upgrade the aging electrical system at the City wastewater treatment plant.

❖ **SCADA Replacement Wastewater Treatment Plant (\$135,000)**

Funds will be used to upgrade the aging SCADA system at the City wastewater treatment plant.

❖ **Wastewater Treatment Plant Upgrades (\$80,000)**

Needed maintenance, compliance and upgraded technology improvements at the Wastewater Treatment to remain compliant with regulatory requirements are included.

SCHOOL FUND CAPITAL PROJECTS (PAY AS YOU GO) – Capital Improvement Budget

❖ **School Capital Projects (\$-0-)**

To date we have not received a CIP from Franklin City Public Schools.

CITY OF FRANKLIN, VA – PROPOSED
CAPITAL IMPROVEMENT PROGRAM
FY 2021-22 TO FY 2025-26

<i>Project Description</i>		<i>Anticipated Revenue Source FY 21/22</i>	<i>FY 21/22 Request</i>	<i>FY 22/23 Request</i>	<i>FY 23/24 Request</i>	<i>FY 24/25 Request</i>	<i>FY 25/26 Request</i>	<i>Unfunded</i>	<i>5-Year CIP Cost FY 21/22-25/26</i>
GENERAL ADMINISTRATION									
1	Voting Machines	Local		60,000	20,000	20,000			100,000
	TOTAL GENERAL GOVERNMENT		0	60,000	20,000	20,000	0	0	100,000
PUBLIC SAFETY									
2	E911 Communications Radio Systems Replacement	Local		371,382					371,382
3	E911 Communications Monopole Tower	Local		200,000					200,000
4	Engine 2 Replacement	Local		600,000					600,000
5	Medic 1 Replacement	Local					330,000		330,000
6	New Emergency Services Building	Financing			9,000,000				9,000,000
	TOTAL PUBLIC SAFETY		0	1,171,382	9,000,000	0	330,000	0	10,501,382
PUBLIC WORKS									
7	Drainage System Improvements	State	100,000	300,000	300,000	300,000	300,000	1,500,000	2,800,000
8	Street Improvements	State	320,000	500,000	500,000	500,000	500,000	2,500,000	4,820,000
9	Traffic Signal Upgrades	State	50,000	50,000	50,000	50,000	50,000	250,000	500,000
10	HVAC & Electrical Upgrades - City Garage	Financing	66,800						66,800
11	Roof Replacement - Franklin Power & Light Building	Financing	82,851						82,851
12	Ceiling Tile Replacement & Painting - Health Department	Financing	125,127						125,127
<i>Transportation Safety/Street Projects</i>									
13	Wheel Excavator	Financing	288,080						288,080
14	Street improvement Paving per Pavement Condition Analysis & Management Report	Local & State		815,000	870,000	915,000	760,000	4,985,000	8,345,000
15	Intersection Improvements Per Comp Plan	Local & State		220,000	220,000	220,000	220,000		880,000
16	North High Street Widening	Local & State					3,200,000		3,200,000
17	Hunterdale Road Widening	Local & State					3,600,000		3,600,000

CITY OF FRANKLIN, VA – PROPOSED
CAPITAL IMPROVEMENT PROGRAM
FY 2021-22 TO FY 2025-26

Project Description	Anticipated Revenue Source FY 21/22	FY 21/22 Request	FY 22/23 Request	FY 23/24 Request	FY 24/25 Request	FY 25/26 Request	Unfunded	5-Year CIP Cost FY 21/22-25/26	
18 Fairview Drive Widening	Local & State					1,200,000			1,200,000
19 Bobwhite Lane Connector to High Street	Local & State					1,600,000			1,600,000
TOTAL PUBLIC WORKS		1,032,858	1,885,000	1,940,000	1,985,000	11,430,000	9,235,000		27,507,858
COMMUNITY DEVELOPMENT									
TOTAL COMMUNITY DEVELOPMENT		0	0	0	0	0	0		0
PARKS & RECREATION									
20 Playground Equipment at College Drive & Bruce Street	Local, Grants & Donations		-	50,000	80,000				130,000
21 Hayden Sports Complex renovations & Lighting	Local, Grants & Donations		-	50,000	150,000	10,000			210,000
22 Riverwalk Park	Local, Grant & Donations		-	40,000	30,000	30,000	30,000		130,000
23 MLK Jr. Center Improvements	Local		-			100,000			100,000
24 Multipurpose Gymnasium	Local, Grant and/or Donations		-		900,000				900,000
25 Armory Park Pool Renovations & Upgrades	Local		-	75,000					75,000
TOTAL PARKS & RECREATION		0	165,000	1,130,000	220,000	30,000	0		1,545,000
SOLID WASTE FUND									
26 Leaf Loader Truck	Financing	250,000							250,000
27 Collection Truck Replacements	Local		165,000		165,000		1,000,000		1,330,000
TOTAL SOLID WASTE FUND		250,000	165,000	0	165,000	0	1,000,000		1,580,000
ELECTRIC FUND									
28 Miscellaneous System Improvements-Increase Conductor Sizes, Install Additional Phases on Overhead Circuits, Install Loop Fees on Underground Subdivisions	User Fees		850,000						850,000
TOTAL ELECTRIC FUND		0	0	0	0	0	0		0

CITY OF FRANKLIN, VA – PROPOSED
CAPITAL IMPROVEMENT PROGRAM
FY 2021-22 TO FY 2025-26

Project Description		Anticipated Revenue Source FY 21/22	FY 21/22 Request	FY 22/23 Request	FY 23/24 Request	FY 24/25 Request	FY 25/26 Request	Unfunded	5-Year CIP Cost FY 21/22-25/26
WATER & SEWER FUND									
29	Cleaning Truck	Financing	400,000						400,000
30	Sewer System Rehabilitation	User Fees	211,176	250,000	250,000	250,000	250,000	1,250,000	2,461,176
31	Water System Improvements	User Fees	50,000	150,000	150,000	150,000	150,000	750,000	1,400,000
32	Hunterdale Generator	User Fees		150,000					150,000
33	Pretlow Generator	User Fees		150,000					150,000
34	Portable Generator	Financing	55,000						55,000
35	Wastewater Treatment Plant Electrical System	Financing	150,000						150,000
36	SCADA Replacement Wastewater Treatment Plant	Financing	135,000						135,000
37	Wastewater Treatment Plant Upgrades	User Fees	80,000	100,000	100,000	90,000	80,000	400,000	850,000
TOTAL WATER & SEWER FUND			1,081,176	800,000	500,000	490,000	480,000	2,400,000	5,751,176
EDUCATION FUND									
	<i>Not Received From School Board As Of April 14, 2021</i>								
TOTAL EDUCATION			0	0	0	0	0	0	0
TOTAL ALL FUNDS			2,364,034	4,246,382	12,590,000	2,880,000	12,270,000	12,635,000	46,985,416

SECTION SIX

SUPPLEMENTAL DOCUMENTS

1. Budget Resolution
2. Electric Rate Ordinance

FY 2021 – 2022 Budget Resolution
Budget Resolution
Setting the Tax Rates, Adopting the Budget and
Appropriating Funds for FY 2021 – 2022

WHEREAS, it is mandated by law that the governing body of this City adopt a City budget for fiscal planning purposes and fix the respective local tax rates each year and;

WHEREAS, the Franklin City Council has complied with the law by preparing a proposed budget, holding the required public hearings on April 26, 2021 after proper and legal notice and having deliberated;

Section I.

Council does hereby propose to set and adopt, pursuant to Virginia Code Section 58.1-3524, the rate of tax relief at such a level that is anticipated to fully exhaust PPTRA relief funds provided to the City by the Commonwealth as follows:

Personal Use vehicles valued at \$1,000 or less	Eligible for 100% tax relief
Personal Use vehicles valued at \$1,001 to \$20,000	Eligible for tax relief at 42%
Personal Use vehicles valued at \$20,000 or more	Eligible for tax relief at 42% on the first \$20,000 of value and taxed fully on the balance

THE FOLLOWING TAXES AND FEES ARE PROPOSED TO REMAIN UNCHANGED

Real Estate Tax Rate	\$1.03/\$100 of assessed value
Personal Property & Business Property	\$4.50/\$100 of assessed value
Downtown District Tax Rate	\$0.24/\$100 of assessed value
Machinery & Tools	\$2.00/\$100 of assessed value
Meals Tax	7.0%
Lodging Tax	8.0%
Cigarette Tax	\$0.70 per pack
Ambulance Service Fee:	
Treatment- Without Transport (A0998)	\$380.00
Basic Life Support (BLS) (A0428)	\$542.00
Basic Life Support Emergent (A0429)	\$630.00
Advanced Life Support 1 (ALS1) (A0426)	\$704.00
Advanced Life Emergent (A0427)	\$809.00
Advanced Life Support 2 (ALS2) (A0433)	\$974.00
Mileage Rate to Hospital	\$14.30

Water Service Fees

\$14.22 base rate plus \$3.20 per 1,000 gallons per month (metered usage – inside city)
\$17.98 base rate plus \$3.96 per 1,000 gallons per month (metered usage – outside city)
\$30.25 base rate per month – (unmetered usage – inside city)
\$37.57 base rate per month – (unmetered usage – outside city)

Sewer Service Fees

\$19.01 base rate plus \$4.43 per 1,000 gallons per month (metered usage – inside city)
\$22.94 base rate plus \$5.67 per 1,000 gallons per month (metered usage – outside city)
\$41.00 base rate per month – (unmetered usage – inside city)
\$50.95 base rate per month – (unmetered usage – outside city)

Trash Collection Fees

\$38.00 per month – (residential – inside city)
\$76.00 per month – (residential – outside city)
\$52.61 per month – commercial 1 box
\$61.90 per month – commercial 2 box

Section II: The following amounts as stated are hereby appropriated in the General Fund for the operation of the City Government and its activities for and during the fiscal year beginning July 1, 2021 and ending June 30, 2022:

REVENUE SUMMARY – GENERAL FUND

Local	\$	19,645,308
State		4,335,987
Federal		193,749
Subtotal-Operating Revenue	\$	24,175,044
Other Financial Sources		2,094,993
Total General Fund Revenues	\$	26,270,037

EXPENDITURE SUMMARY – GENERAL FUND

City Council	\$	172,454
City Manager		294,638
City Attorney		100,000
Management Services & HR		268,235
Commissioner of the Revenue		304,323
Real Estate Assessor		143,022
Treasurer		359,731
Finance		812,104
Insurance		199,844
Information Technology		279,586
Elections		159,517
Judicial Administration		1,434,587
Public Safety		3,861,068
Emergency Management Services		4,965,470
Inspections		352,831
Animal Control		107,284
Public Works- Streets & Snow Removal		1,809,824
Public Works - Garage		265,157
Maintenance of Buildings & Grounds		1,436,740
Cemetery Maintenance		1,000
Health & Welfare		788,229
Recreation		470,965
Library		303,600
Planning/Zoning		72,935
Beautification		1,250
Downtown Tourism		62,044
Non-Dept.: Rev Sharing		700,000
Total	\$	19,726,438
Transfer to Other Funds		6,543,599
Total General Fund Expenditures	\$	26,270,037

Section III: The following amounts as stated as hereby appropriated in the Water and Sewer Fund for the operation of the Enterprise and its activities for and during the fiscal year beginning July 1, 2021 and ending June 30, 2022:

REVENUE SUMMARY – WATER & SEWER FUND

Sale of Water	\$	1,250,000
Sale of Sewer		1,885,000
Miscellaneous		55,000
Use of Unassigned Fund Balance		195,000
Total Water & Sewer Fund Revenue	\$	3,385,000

EXPENDITURE SUMMARY – WATER & SEWER FUND

Operating Expense	\$	2,389,430
Debt Service		367,055
Transfer to General Fund – Admin Services & Lieu of Taxes		433,515
Transfer to General Fund – Operational Subsidy		195,000
Total Water & Sewer Fund Expenditures	\$	3,385,000

Section IV: The following amounts as stated are hereby appropriated in the Solid Waste Fund for the operation of the Enterprise and its activities for and during the fiscal year beginning July 1, 2021 and ending June 30, 2022:

REVENUE SUMMARY – SOLID WASTE FUND

Solid Waste Collection Fees	\$	1,296,000
Miscellaneous		4,000
Total Solid Waste Revenue	\$	1,300,000

EXPENDITURE SUMMARY – SOLID WASTE FUND

Operating Expense	\$	905,721
Debt Service		6,888
Transfer to General Fund – Admin Services		287,391
Transfer to General Fund – Operational Subsidy		100,000
Total Solid Waste Fund Expenditures	\$	1,300,000

Section V: The following amounts as stated are hereby appropriated in the Airport Fund for the operation of the Enterprise and its activities for and during the fiscal year beginning July 1, 2021 and ending June 30, 2022:

REVENUE SUMMARY – AIRPORT FUND

Airport Rental Fees	\$	61,140
Sale of Gas & Fuel		61,490
Transfer from General Fund		65,713
Total Airport Fund Revenue	\$	188,343

EXPENDITURE SUMMARY – AIRPORT FUND

Operating Expenses	\$	167,731
Transfer to General Fund – Admin Services		20,612
Total Airport Fund Expenses	\$	188,343

Section VI: The following amounts as stated are hereby appropriated in the Electric Fund for the operation of the Enterprise and its activities for and during the fiscal year beginning July 1, 2021 and ending June 30, 2022:

REVENUE SUMMARY – ELECTRIC FUND

Revenue from Sale of Energy	\$	13,681,240
Revenue from Fuel Charges		1,094,629
Other Revenue		370,516
Transfer from Fund Balance		155,600
Total Electric Fund Revenue	\$	15,301,985

EXPENDITURE SUMMARY – ELECTRIC FUND

Fuel Adjustment	\$	1,057,305
Energy for Resale		8,458,532
Energy True Up Expense		500,000
Operating Expenses		2,171,029
Capital Improvements		264,500
Debt Service		340,049
Transfer to General Fund – Admin Services & Lieu of Taxes		710,577
Transfer to General Fund – Operational Subsidy		1,799,993
Total Electric Fund Expenses	\$	15,301,985

Section VII: The following amounts as stated are hereby appropriated in the Social Services Fund for the operation of the fund and its activities for and during the fiscal year beginning July 1, 2021 and ending June 30, 2022:

REVENUE SUMMARY – SOCIAL SERVICES FUND

State & Federal Revenue	\$	2,060,518
Transfer from General Fund		603,377
Total Social Services Fund Revenue	\$	2,663,895

EXPENDITURE SUMMARY – SOCIAL SERVICES FUND

Social Services Expenses		2,663,895
Total Social Services Expenses	\$	2,663,895

Section VIII: The following amounts as stated are hereby appropriated in the Comprehensive Services Act Fund for the operation of the fund and its activities for and during the fiscal year beginning July 1, 2021 and ending June 30, 2022:

REVENUE SUMMARY – COMPREHENSIVE SERVICES ACT FUND

State Revenue	\$	134,967
Transfer from General Fund		131,659
Total Comprehensive Services Revenue	\$	266,626

EXPENDITURE SUMMARY – COMPREHENSIVE SERVICES ACT FUND

Mandated Services	\$	200,000
Administrative Services		66,626
Total Comprehensive Services Expenses	\$	266,626

Section XI: The following amounts as stated hereby appropriated in the Education Fund (Schools, Cafeteria, & Textbook) for the operation of the funds and its activities for and during the fiscal year beginning July 1, 2021 and ending June 30, 2022:

REVENUE SUMMARY – EDUCATION FUNDS

Local Revenue	89,911
Cafeteria Fund (State, Federal, & Local)	1,012,343
Textbook Fund (State, Federal, & Local)	73,567
State	8,531,797
Federal	3,505,868
Transfer from General Fund (Base)	4,830,237
Total School, Cafeteria, & Textbook Revenue	18,043,723

EXPENDITURE SUMMARY – EDUCATION FUNDS

Cafeteria Fund Expenses	1,012,343
Textbook Fund Expenses	73,567
School Operating Fund Expenses	16,957,813
Total School, Cafeteria, & Textbook Expenses	18,043,723

Section X: The following amounts as stated are hereby appropriated in the Debt Service Fund for the operation of the fund and its activities for and during the fiscal year beginning July 1, 2021 and ending June 30, 2022:

REVENUE SUMMARY – DEBT SERVICE FUND

Transfer from General Fund – General Debt	\$ 711,590
Transfer from General Fund – School Debt	434,959
Total General & School Debt Revenue	\$ 1,146,549

EXPENDITURE SUMMARY – DEBT SERVICE FUND

General Fund Debt Service	\$ 711,590
School Debt Fund	434,959
Total General & School Debt Expenses	\$ 1,146,549

Section XI: The following amounts as stated are hereby appropriated in the Economic Development Fund for the operation of the fund and its activities for and during the fiscal year beginning July 1, 2021 and ending June 30, 2022:

REVENUE SUMMARY – ECONOMIC DEVELOPMENT FUND

Program Fees & Rental Income	\$	121,000
Transfer from General Fund – Joint Activity		100,000
Transfer from General Fund – Operating Appropriation		65,796
Total Economic Development Fund	\$	286,796

EXPENDITURE SUMMARY- ECONOMIC DEVELOPMENT FUND

General Operating Cost	\$	186,796
Payment to Joint Economic Development		100,000
Total Economic Development Fund	\$	286,796

Section XIII: AUTHORIZATION & LIMITATIONS

A. The City Manager is authorized to transfer budgeted amounts within departments up to \$20,000. Expenditures over the original budget of any department or transfers over \$20,000 must be approved by City Council.

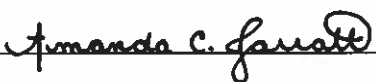
B. No amount between funds nor any contingency appropriation may be transferred within any fund without approval from the City Council. In addition, no appropriation for the Reserve-General Fund can be spent nor transferred without the express authority of Council.

EFFECTIVE DATE: The budget hereby adopted and the respective tax rates and fees so fixed shall be effective July 1, 2021.

DONE THIS 10th day of May, 2021, in the CITY OF FRANKLIN, VIRGINIA



Frank M. Rabil, Mayor

ATTEST: 

Amanda C. Jarratt, City Manager

City Ordinance 8-14(a) Has No Proposed Increase for Electrical Rates

Proposed Motion

The Council of the City of Franklin does ordain that the Franklin City Code 8-14 (a) shall maintain the current monthly electrical rates (FY 20-21 rates) for the non-fuel charge component for the kWh energy charge and the kW demand charge for all billings after July 1, 2021 in the following categories of users:

Sec. 8-14. Electrical rates and deposits.

(a) The following monthly electrical rates are hereby established for the following category of users:
Residential Rate – “Schedule RS-401”:

	<u>July 1, 2020</u>	<u>July 1, 2021</u>
A. Basic Customer Charge:	\$7.98	\$7.98
B. Plus kWh Charge	\$0.10851	\$0.10851

C. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

Small General Service Rate – “Schedule SGS 405”:

	<u>July 1, 2020</u>	<u>July 1, 2021</u>
A. Basic Customer Charge: Single Phase	\$12.61	\$12.61
B. Plus kWh Charge:	\$0.08939 per kWh	\$0.08939 per kWh

C. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

Small General Service Rate – “Schedule SGS 406”:

	<u>July 1, 2020</u>	<u>July 1, 2021</u>
A. Basic Customer Charge: Three Phase	\$22.42	\$22.42
B. Plus kWh charge:	\$0.08939 per kWh	\$0.08939 per kWh

C. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

Medium General Service-I Rate– “Schedule MGS-I 451/551”:

A.	Basic Customer Charge:	<u>July 1, 2020</u>	<u>July 1, 2021</u>
	Single Phase	\$49.50	\$49.50
B.	Plus kWh Charge:	\$0.07320 per kWh	\$0.07320 per kWh
C.	Plus kW Demand Charge:	\$6.80 per kW	\$6.80 per kW

D. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

Medium General Service-I Rate – “Schedule MGS-I 453/553”:

A.	Basic Customer Charge:	<u>July 1, 2020</u>	<u>July 1, 2021</u>
	Three Phase	\$99.00	\$99.00
B.	Plus kWh Charge:	\$0.07320 per kWh	\$0.07320 per kWh
C.	Plus kW Demand Charge:	\$6.80 per kW	\$6.80 per kW

D. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

Medium General Service-D Rate – “Schedule MGS-D 404/504”:

A.	Basic Customer Charge:	<u>July 1, 2020</u>	<u>July 1, 2021</u>
	Single Phase	\$45.00	\$45.00
B.	Plus kWh Charge:	\$0.04846 per kWh	\$0.04846 per kWh
C.	Plus kW Demand Charge:	\$14.97 per kW	\$14.97 per kW

D. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

Medium General Service-D Rate – “Schedule MGS-D 407/507”:

A.	Basic Customer Charge:	<u>July 1, 2020</u>	<u>July 1, 2021</u>
	Three Phase	\$90.00	\$90.00
B.	Plus kWh Charge:	\$0.04846 per kWh	\$0.04846 per kWh
C.	Plus kW Demand Charge:	\$14.97 per kW	\$14.97 per kW

D. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

Large General Service Rate – “Schedule LGS 403/503”:

	<u>July 1, 2020</u>	<u>July 1, 2021</u>
A. Basic Customer Charge	\$247.50	\$247.50
B. Plus kWh Charge:	\$0.04417 per kWh	\$0.04417 per kWh
C. Plus kW Demand Charge:	\$16.39 per kW	\$16.39 per kW

D. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

Municipal Service Rate – “Schedule MS 408”:

A. Basic Customer Charge:	<u>July 1, 2020</u>	<u>July 1, 2021</u>
Single Phase	\$16.50	\$16.50
B. Plus kWh Charge:	\$0.09833 per kWh	\$0.09833 per kWh

C. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

Municipal Service Rate – “Schedule MS 409”:

A. Basic Customer Charge:	<u>July 1, 2020</u>	<u>July 1, 2021</u>
Three Phase	\$26.13	\$26.13
B. Plus kWh Charge:	\$0.09833 per kWh	\$0.09833 per kWh

C. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

Church and Synagogue Rate – “Schedule CS 418”:

A. Basic Customer Charge:	<u>July 1, 2020</u>	<u>July 1, 2021</u>
Single Phase	\$12.38	\$12.38
B. Plus KWH Charge:		
First 3000 kWh	\$0.10367 per kWh	\$0.10367 kWh
Excess over 3000 kWh	\$0.15355 per kWh	\$0.15355 per kWh

C. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

Church and Synagogue Rate – “Schedule CS 419, 429, 440” :

A.	Basic Customer Charge: Three Phase	<u>July 1, 2020</u> \$22.00	<u>July 1, 2021</u> \$22.00
B. Plus KWH Charge:			
	First 3000 kWh	\$0.10367 per kWh	\$0.10367 per kWh
	Excess over 3000 kWh	\$0.15355 per kWh	\$0.15355 per kWh

B. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

OUTDOOR LIGHTING SERVICE

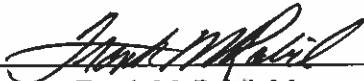
Rate Schedule: OLS

High Pressure Sodium	<u>July 1, 2020</u>	<u>July 1, 2021</u>
100 Watt	\$11.00 per month	\$11.00 per month
150 Watt	\$13.50 per month	\$13.50 per month
250 Watt	\$18.75 per month	\$18.75 per month
400 Watt	\$28.00 per month	\$28.00 per month
1,000 Watt	\$44.00 per month	\$44.00 per month


Metal Halide

1,000 Watt	\$39.25 per month	\$39.25 per month
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GIVEN under our hands this 10th day of May 2021.



Frank M. Rabil, Mayor

Attest: 

Amanda C. Jarratt, City Manager