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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

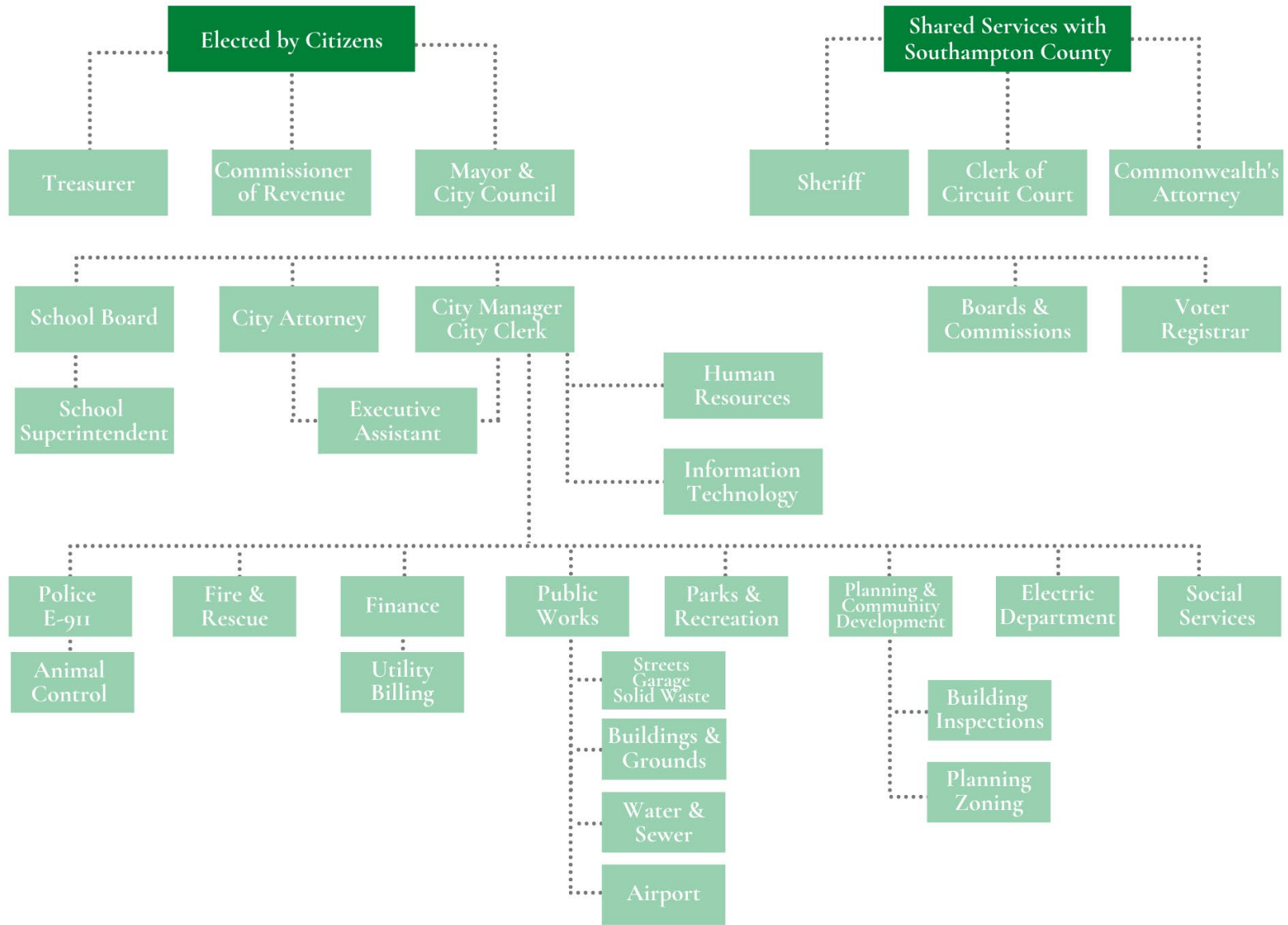
City Manager

Amanda C. Jarratt

City Departments / Agencies Executive Staff

Sands Anderson	City Attorney
Selenia Boone	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
Chad Edwards	Director of Public Works
Zach Wright	Director of Franklin Power & Light
Jennifer Maynard	Registrar
Sammara Green-Bailey	Director of Parks & Recreation
Sarah Rexrode	Director of Social Services
Camara Jacobs	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 2021 (Estimate)	8,217	8,642,274
April 2020 (Actual)	8,180	8,631,393

<u>Income (2)</u>	<u>Franklin</u>	<u>Virginia</u>
Median Household Income (2020)	\$49,811	\$76,398
Per Capita Income (2020)	\$25,900	\$41,255
Persons In Poverty (2020)	17.5%	9.2%

<u>Age, Gender & Race (2)</u>	<u>Franklin</u>	<u>Virginia</u>
Persons Over 65 years	20.6%	15.9%
Female Persons	54.4%	50.8%
White	37.4%	69.4%
African American	54.6%	19.9%

<u>Unemployment Rate (2)</u>	<u>Franklin</u>	<u>Virginia</u>
Unemployment Rate (Jan. 31, 2022)	5.7%	3.2%
Unemployment Rate (Jan. 31, 2021)	9.3%	5.3%

<u>Education (3)</u>	
S.P. Morton Elementary School	473 students
J.P. King Middle Skill	240 students
Franklin High School	283 students
Public School Enrollment March 31st ADM	939

<u>Education (4)</u>	
Average Expenditures Per Pupil (2019-20) Actual	14,133

<u>Franklin Utilities (5)</u>	
Customer Accounts Serviced by Power & Light	5,553
Customer Accounts Serviced by Water & Sewer	3,721
Customer Accounts Serviced by Solid Waste	2,877

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 2022 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 2022-2023 Budget:

If the question is...	See...	Page
What major policy issues are addressed in the FY 2022-2023 Budget?	Manager’s Message	5-10
What are the real estate tax rates & fees?	Manager’s Message	5-10
What are some of the departmental highlights & accomplishments?	Highlights & Accomplishments	11-19
What are the City Council Priorities?	City Council Priorities	21-29
What agencies and organizations receive funding support from the City?	City Council Priorities	21-29
What is the City’s major general fund revenue sources?	Summary of All Budgeted Funds	36
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What is the City’s major general fund expenditures?	Summary of All Budgeted Funds	36
Where can I find information about the Electric Utility rates?	Electric Rate Ordinance	113
Is there a listing of the various types of debt for the City?	Schedule of Debt Service	83
How much is allocated in the budget for Schools?	School Fund Summary	91
Is there a capital improvement plan?	Capital Improvement Plan	96
Where are the documents approving the budget?	Budget Resolution & Electric Rate Ordinance	105-113

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 **adopted** operating budget for the fiscal year beginning the first day of July 1, 2022, 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

The lingering effects of the global COVID-19 pandemic continued to impact the City of Franklin during the 2021-2022 fiscal year. Staff worked together creatively and cooperatively to utilize the federal funding that was funneled into the City to have the greatest positive impact on the citizens. Several transformational and generational projects are underway or have been completed as a result of the influx of federal funds. City staff joined together to create a plan that would be as impactful as possible and be good stewards of the funds. 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. 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 2022-2023 PROPOSED BUDGET SUMMARY

The Proposed Fiscal Year 2022 - 2023 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 2022-2023 Financial Plan

Fund	Proposed Budget
General Fund	\$27,845,068
Debt Service Fund (School & General Debt)	\$1,196,929
Education (School Operating Fund)	\$20,744,972
Education (School Cafeteria Fund)	\$884,898
Education (School Textbook Fund)	\$71,007
Social Services & CSA Fund	\$3,283,421
Economic Development Fund	\$282,713
Enterprise Funds	\$21,907,957
TOTAL FINANCIAL PLAN	\$76,216,965
Capital Improvement Budget (Incorporated into General & Enterprise Funds)	\$2,248,633

GENERAL FUND

The City’s General Fund has experienced significant challenges over the past several fiscal years. Due to difficult and strategic decisions by Franklin City Council in collaboration with City staff the state of the General Fund has greatly improved. The last two fiscal years yielded a significant surplus which has increased the unassigned fund balance to 24.71%. As was shared in previous budget work sessions, the 2022-2023 budget was balanced utilizing \$195,000 from the Water & Sewer Fund, \$344,708 in savings from freezing/delaying positions, \$150,000 transfer from Debt Reserve 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.

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. Management remains optimistic about Franklin’s future and knows that as a team we can move the City of Franklin forward. The sale of the remainder of Pretlow Industrial Park accompanied with the commercial growth along the Armory Drive corridor will yield positive results for the City in the current fiscal year and years to come.

The Proposed General Fund budget is \$27,845,068, a decrease of \$359,716 or 1.28% below the FY 2022-2023 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 increased capital demands of the City and the school system, management recommends the real property tax rate remain the same at \$1.03 per \$100.00 of real property valuation for FY 2022-2023. The net neutral tax rate would be \$0.91. 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 having the tax rate remain at the \$1.03 level with 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. Management did remind City Council that 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.

2022 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	\$0.89	\$5.00	4.00%	2.00%
Isle of Wight County	\$0.85	\$3.90	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 \$65.00 for FY 23. 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 34.71%. In addition, due to international chaos and the disruption to the recycling market, the City of Franklin has ceased the curbside recycling program.

The proposed budget includes maintaining monthly water and sewer rates at current levels. The City’s water & sewer rates have not been increased since July 1, 2016. Not surprisingly, 2021 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 33.3%.

With regards to the Electric Fund, as a result of Dominion Virginia Power's increase to wholesale electric rates it is recommended to increase rates by 2%. 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 \$600,000 true up. 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 20.69%.

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 a two percent increase after five years of the City of Franklin absorbing the cost. Be advised that Dominion continues to evaluate its rate structure with final action expected in June 2022.. 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.

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.

SCHOOL OPERATING FUND

Regarding essential City financial support for the Franklin City Public Schools, the proposed budget includes current year funding of \$4,330,237. 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 accompanied with declining enrollment. The most recent carryover approved by Franklin City Council was in the amount of \$577,000. 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 2021-2022, 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, 2022 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 \$1,850 for FY 2022-2023. Total school funding is the equivalent of 28% of the General Fund operating budget. The City also provides in-kind support for the school division that is valued in excess of \$185,932 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.

It is also critical to note that Franklin City Public Schools has provided Franklin City Council with a capital improvement plan with needs totaling \$3,990,587. The City of Franklin will be issuing debt in future fiscal years to pay for these capital needs.

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 together to successfully fund necessary capital improvements.

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 was 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. The projected health insurance increase in FY 2022-2023 is 1.7% of which 100% will be absorbed by the City of Franklin. The FY 2022-2023 budget includes a recommend 3% cost of living adjustment for City employees and a 2% raise. The budget also recommends moving all employees to a minimum of \$13.00 per hour.

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 2022-2023 budget recommended total personnel costs is \$13,412,874 which comprises 48.2% of the General Fund budget. While there are several positions frozen

in the FY 2022-2023 budget in the Police Department and Public Works, positions are being added in Parks and Recreation and within Franklin Fire and Rescue to maintain minimum staffing levels within the City of Franklin.

BALANCING THE FY 2022-2023 PROPOSED BUDGET

To balance the proposed budget for FY 2022-2023, management has adjusted departmental expenditure requests and revenue estimates by more than \$122,348 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.

SUMMATION

Included in the budget document that follows is a listing of FY 2021-2022 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 25, 2022 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 constant and continued challenges we are all confident that the City of Franklin will come out stronger and more fiscally stable. The City has made tremendous positive progress over the last year, and it would not have been possible without the entire leadership team's commitment to the City. 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 the demands on my schedule 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 4th day of April, 2022.

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 ninth 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 reaffirmed in June 2021. The City's bond rating with Moody's rating agency was upgraded on December 14, 2017 to Aa1 and reaffirmed in June 2021.

Human Resources

- ❖ Streamlined Received the VRSA Risk Management Grant.
- ❖ Purchased NEOGOV a cloud-based talent management system that will help reduce paper processes, improve regulatory requirement compliance, and provide better services to applicants.
- ❖ Reinstated the Employee Recognition Programs.

Police Department

1. Continued to require online Implicit Bias training provided through the Virginia Association of Chiefs of Police for all sworn staff.
2. One officer attended de-escalation train the trainer course. That officer has provided training to the rest of the department.
3. Three members of our communications staff successfully completed Basic Telecommunication training through the Hampton Roads Regional Criminal Justice Training Academy.
4. One officer graduated from the Division of Forensic Sciences nine-week forensics academy in Richmond.
5. The department changed academies from Hampton Roads Regional Criminal Justice Training Academy to Crater Criminal Justice Training Academy.
6. Investigative personnel attended homicide school, new detective school, Cell-Brite school, and the Virginia Gang Conference.

Equipment:

1. Through budget acquisition, the department purchased three new Dodge Chargers.
2. Through ARPA money the department has purchased and outfitted four Ford Explorers and one Chevrolet 3500 pickup truck.
3. Through budget acquisition, the department purchased four LIDAR units for traffic enforcement.

Policy:

1. Continued to review, approve, and implement policy through Lexipol.

2. Continued to advance the accreditation process through the Virginia Law Enforcement Professional Standards Commission by reviewing and updating policies.

Community Interaction:

1. The department, with collaboration with other City departments and the community, hosted its first in person National Night Out event in August.
2. The department participated in two Drug Enforcement Administration's National Drug Take Back days.
3. The department continued to hold Coffee With a Cop Events and town hall events.
4. The department assisted with the City of Franklin's Halloween Candy Distribution and the Easter Egg Hunt held by Parks and Recreation.
5. The department held its first Public Safety Kids Camp, Cocoa with the Cops, and Senior Academy.

Staffing:

1. The department continues to recruit to fill open positions through job fairs and online recruiting platforms such as Monster, Indeed, and Zip Recruiter.
2. The department filled its second part-time police officer position with a retiree who is staying on board as the department's accreditation manager.

Technology:

1. Continue to utilize PoliceOne electronic program to document training for staff members as well as daily training bulletins.
2. Continue efforts to reestablished radio communications onto the Hunterdale Water Tower and the temporary tower removed.
3. Through ARPA funding Flock Safety license plate reader cameras were installed and operational throughout the City of Franklin.

Fire and Emergency Medical Services

- ❖ Responded to 2,834 Fire and EMS related calls for service
- ❖ Completed 1,175 classes for a total of 3,075 man hours of training for career and volunteer staff on a variety of both EMS and Fire related topics
- ❖ Completed 2 VCU paramedic programs
- ❖ Promoted 1 Employee to the rank of Captain and 5 Employees to the rank of Lieutenant
- ❖ Participated in a Mass Casualty Incident (MCI) drill with Camp Community College
- ❖ 4 Employees attended Camp Community College for Advance Emergency Medical Technician (AEMT) certification program
- ❖ 2 New Ambulances were purchased and placed in service (Medic 2 & Medic 5)
- ❖ A New Aerial Ladder (Tower 1) was designed and purchased
- ❖ Numerous CPR certification classes for various Agencies, Departments, and Citizens
- ❖ Sponsored 4 Hunter Safety Education Course for the General Public
- ❖ Sponsored 2 Boater Safety Course for the General Public
- ❖ Received two VDEM grants Local Emergency Management Performance Grant (LEMPG) and Radiological Emergency Preparedness Program (REPP)

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 2020 - 2021, The City Garage completed the following number of services or repairs to fleet vehicles per department:
 - Airport 10
 - Community Development 13
 - Power and Light 47
 - Fire and Rescue 38
 - Garage 4
 - Police 112
 - Recreation 17
 - Refuse 82
 - Schools 98
 - Sewer 12
 - Wastewater Treatment 8
 - Social Services 9
 - Streets 147
 - Water 49

- ❖ The City Garage completed a total of 646 services or repairs in 2020-2021.

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.
 - 22 repairs to drainage structures or pipes
 - 1,700 LF of ditches graded and or vegetation cleared
 - Cleaned numerous storm drain structures and lines
 - 23 tons of 21A stone repairing various alleys and road shoulders
 - 56 bags of cold mix used for pothole patching
 - 34.5 tons of hot mix asphalt placed
 - 2.25 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 52 different occasions
 - Assisted Water crew on 5 different occasions
 - Installed Christmas decorations and built the City float for the parade
 - Replaced 24 damaged signs hit by vehicles

- ❖ Other projects completed by Contractors include:
 - Installed signs for new truck route
 - Cleared Riverwalk Park of overgrown vegetative debris
 - Crack sealed 23,000 LF on Progress Parkway

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, Crescent Drive to the school, all City buildings, both cemeteries, major right of ways and landscaping of various areas. 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: 3,395.10 Tons
 - Yard waste Tonnage Collected: 954.45 Tons
 - Recycling Tonnage Collected: 327.65 Tons
- ❖ Completed 860 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

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

- ❖ Water Leaks 103
- ❖ Meter Replacements 179

❖ Water Meters Read	42,241
❖ Utility Billing Work Orders	933
❖ Water and Sewer Demolition	3
❖ Water and sewer taps paid	2
❖ Sewer Pumping Station Inspections	2,295
❖ Sewer Pump Station cleaning and Grease Removal	15
❖ Miss Utility Locate Tickets	379

Water Distribution

❖ Well Inspections	750
❖ Customer Complaints	51

Water Withdrawn

❖ College Drive Well #4	60,000
❖ Hunterdale Well #5	1,275,000
❖ Pretlow Well #6	166,501,000
❖ Hunterdale Well #7	<u>133,890,000</u>
Total	301,726,000 Gallons

- ❖ Water Sampling
- ❖ Chlorine Testing
- ❖ Bacteriological
- ❖ MPN
- ❖ Fluoride
- ❖ Metals
- ❖ Nitrate/Nitrite
- ❖ Performed grounds 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: 6,981 L.F. \$299,945

Wastewater Treatment Plant

- ❖ Treated 500.89 million gallons.
- ❖ Oversaw contract chief operator services.

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.

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, Planner/Environmental Specialist and Administrative Assistant/Permit Technician.

The department is looking to hire a full-time director, building official, building inspector/code enforcement and a permit technician.

The following activities are a culmination of FY22 staff efforts for the City of Franklin only:

- ❖ Awarded Revitalization Grant in the amount \$1,360,000 for the Laurel Street Neighborhood Revitalization Project, which includes Laurel Street and portions of Ashton Avenue and Oak Street. Summit Design and Engineering will be the grant management consultant.
- ❖ Working with the City Council, HRPDC and Registrar on Redistricting;
- ❖ Working with the City Planning Commission to consider and/or hold public hearings to include the following:
 - Site plan approval for Starbucks;
 - Final subdivision plat approval for Riverwood, Phase 2
 - Amendment of the residential zoning districts for the purpose of consolidating the number of districts from 11 to possibly 6, to review district regulations and uses; and
 - Establishing the historic district boundary.
- ❖ 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 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 37th year, which included a program with the Virginia Department of Forestry at Riverwalk Park.
- ❖ Initial certification for new employees as required by USBC, DEQ and Floodplain Management.
- ❖ Continued work with the Beautification Commission to continue maintenance on the Gateway projects, spring festival, seasonal banners, etc.

Parks & Recreation

Director-

- ❖ Get Riverwalk Park established to include Kayak Launch, Crush and Run, and Pavilion
- ❖ Add additions to Blackwater Park to include nature educational facts

- ❖ Work towards the Department being fully staffed
- ❖ Requiring staff to participate in professional trainings and improve staff collaboration
- ❖ Parks and Recreation to inquire about their own gym facility

Athletics –

- ❖ New youth baseball equipment in order to introduce baseball into the community
- ❖ Order our own set of soccer goals for our leagues
- ❖ New dugouts with roofs for the Armory Park Baseball Field
- ❖ Basketball hoops for the blue court at Armory Park
- ❖ Increase promotion on Athletics
- ❖ Begin construction on the Hayden fields
- ❖ Update all signage at Parks in the City

Programs-

- ❖ Have consistent attendance with youth attending the center
- ❖ Increase participation in programs and recreation opportunities
- ❖ Create stronger partnerships with organizations within the community
- ❖ Meet recreational needs with maximum effectiveness and with minimum expense
- ❖ Effectively promote and publicize area recreational programs and events

Farmers Market-

- ❖ Implement SNAP at the Market
- ❖ Implement Farm to Table Initiative at the Market
- ❖ Add ten vendors to the Market
- ❖ Continue to serve as liaison between vendors with Farm to School Program with Suffolk Public City Schools
- ❖ Implement Nutritional/Healthy Living Curriculum with FCPS

Electric Fund

Line Dept.

- ❖ Responded to 41 Trouble Calls during regular business hours and 35 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 202 calls for malfunctioning street and yard lights.
- ❖ Responded to 5 traffic signal malfunctions
- ❖ Responded to 56 other miscellaneous calls for tree trimming, voltage problems, etc.
- ❖ Assisted Public Works with lighting replacements at municipal buildings, tree removal at various locations

Engineering and Services Dept.

- ❖ Responded to 2727 work orders including 336 Turn Off, 407 Turn On, 645 Transfer Reading, 62 requests to re-read meter (all readings were correct), 520 Cut Offs, 402 Reconnects as well as many miscellaneous requests.
- ❖ Responded to 3 requests for energy audits.
- ❖ Conducted 1390 Miss Utility underground locates of FP&L underground facilities.

Goals:

- ❖ Continue to determine ways to reduce wholesale power costs that will in turn keep retail rates from increasing.
- ❖ One way to help reduce power costs and work orders is working towards implementation of a new AMI System (automated metering infrastructure) This system will include all new electric meters, will allow further reduction to our power costs by allowing instantaneous monitoring of the entire electric system and transformer loading and provide ability to monitor water heater load control switches to be sure they are in service as well as automatically report outages and meter tampering. This system will also reduce manpower costs for disconnects/reconnects and transfer readings which can be done remotely. The customer would also be able to monitor the exact time of their power usage online should we chose to set up that system.
- ❖ Continue with the street lighting LED replacement project with a goal of full deployment by end of 2030. This project will help to reduce power purchase requirements for street and yard lights and reduce annual maintenance costs.
- ❖ Install a new substation that would relief the need for delivery 1 that is past it prim by many years. Thus, also reducing the load on delivery 2 allowing for more load on that station. The new substation will be necessary to feed the new juice plant and help the overall system reliability to our customers having multiple ways to serve them.

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 third year through the Commissioners of the Revenue Association.
- ❖ A part time auditor was added to the office.

Treasurer's Office

- ❖ Maintained a Collection Rate of 99.8% for Real Estate Tax and a 98% for Personal Property Tax of 98.5%.
- ❖ The Treasurer's Office received Office Accreditation for the ninth year through the Treasurer's Association of Virginia.

Social Services

- ❖ \$47,360,111 total amount spent on Social Services in the locality
- ❖ \$456,197 contributed by the locality on Social Services

- ❖ Total Funding % by Source: Federal = 57% State = 43% Local = 1%
- ❖ 3,154 citizens received SNAP benefits
- ❖ \$5,671,156 issued in SNAP benefits
- ❖ 4,211 citizens received Medical Assistance benefits
- ❖ \$38,937,248 issued in Medical Assistance benefits
- ❖ 208 citizens served through the TANF program
- ❖ \$236,220 issued in TANF benefits
- ❖ 35 families, with 64 children received Child Care Assistance
- ❖ \$217,617 issued in Child Care Assistance
- ❖ 901 households served through the Energy Assistance Programs of Fuel, Cooling, and Crisis Assistance
- ❖ \$332,280 issued in Energy Assistance benefits
- ❖ \$205,688 spent through the Children's Services Act
- ❖ 174 children were reported as suspected victims of abuse/neglect
- ❖ 19 adults were reported as suspected as victims of abuse/neglect/exploitation
- ❖ 6 children were served through Foster Care services

Franklin Regional Airport

- ❖ We remained at a 100% occupancy of all rentable hangers, and currently have a waiting list of about 20 people.
- ❖ Secured the American Rescue Plan Act (ARPA) funds for \$45,000.
- ❖ Successfully managed the bidding and selection of the pavement rehabilitation project that has a \$0 cost to the City. The total project cost \$175,000.

Economic Development Fund

- ❖ In November of 2021 STARTUP Funds in the amount of \$20,000 were awarded to Simply Prepared that is opening a location in the City of Franklin.
- ❖ In September of 2021 the City of Franklin announced the sale of 150 acres in Pretlow Industrial Park to Global Concentrate. They will be investing \$154M and creating 50 new jobs.
- ❖ The Franklin Business Center reached 100% occupancy in December of 2021 and is currently at 90% occupancy.
- ❖ FSEDI continued their partnership with the Hampton Roads Small Business Development Center and many local businesses met with Jim Carroll throughout the year.

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: April 2022

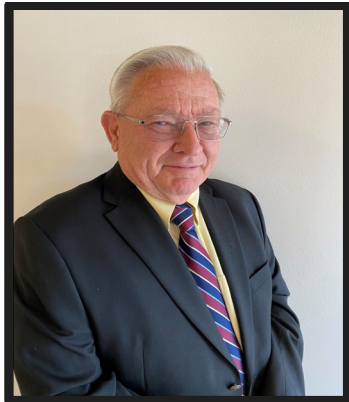
City Council



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



Wynndolyn H. Copeland, Ward 5

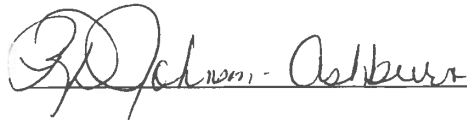


Mark R. Kitchen, Ward 1

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


Mayor

Eight 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 April 2022)

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 Children 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.

- ❖ **Children 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

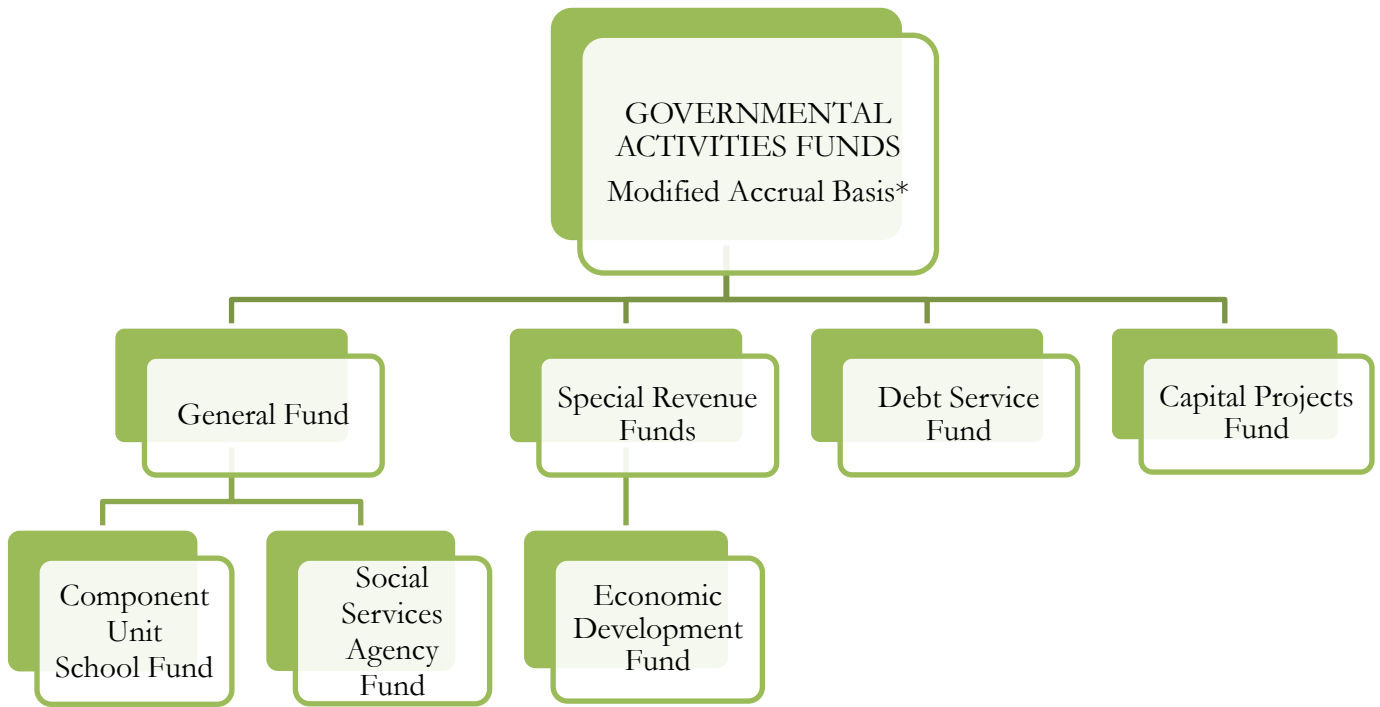
The departments within these Funds are accounted for on a similar basis as a private business in which operating expenses are completely or partially covered from income collected from user fees charged to the general public. The City maintains a Proprietary Fund type known as the Enterprise Funds which 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.

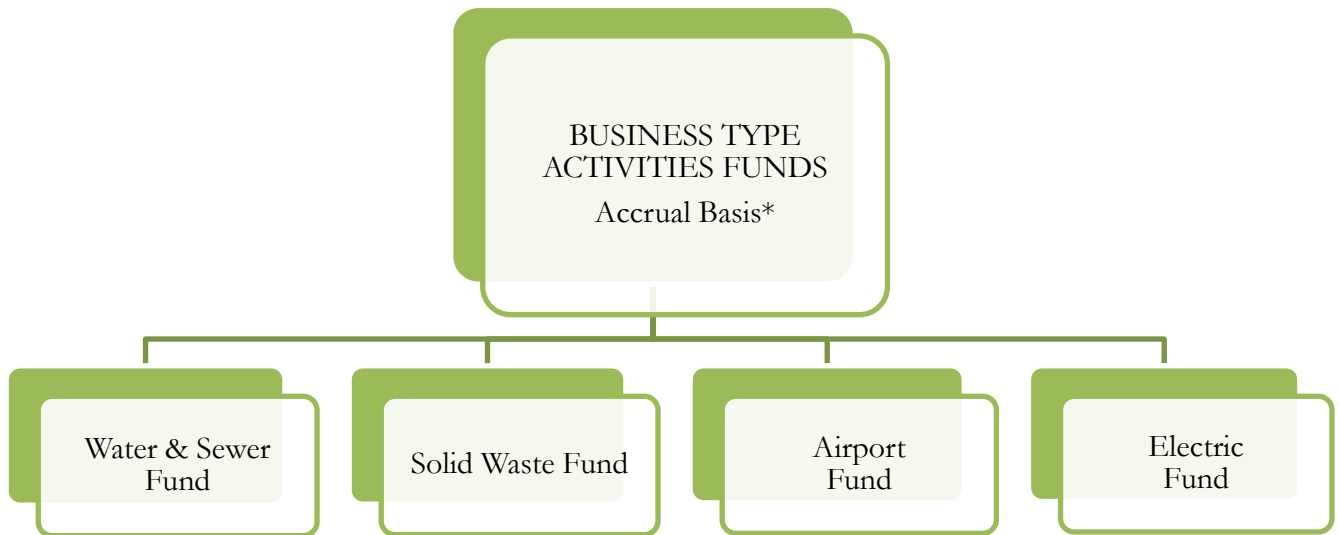
Water & Sewer Fund is an enterprise fund where revenues derived from user fees and connection fees are earmarked for water and sewer improvements and management of the City’s wastewater treatment facilities.

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

REVENUE	2022-23 ADOPTED	EXPENDITURES	2022-23 ADOPTED
General Property Tax	\$ 8,749,804	Legislative	\$ 167,656
Other Local Taxes	\$ 6,419,257	General Gov't	\$ 3,012,338
Permits, Fees, Licenses, Etc.	\$ 102,625	Judicial	\$ 1,509,440
Fines and Forfeitures	\$ 22,750	Public Safety	\$ 10,219,351
Use of Money and Property	\$ 159,244	Public Works	\$ 3,693,362
Charges for Services	\$ 1,848,957	Health & Welfare	\$ 869,026
Miscellaneous Revenue	\$ 1,447,390	Recreation & Culture	\$ 816,098
Recovered Costs	\$ 2,252,749	Community Develop.	\$ 175,607
Shared Expenses	\$ 206,704	Misc.-Non Departmental	\$ 700,000
Non-Categorical Aid: State	\$ 1,478,097		
Categorical Aid: State	\$ 2,802,302		\$ 21,162,878
Categorical Aid: Federal	\$ 210,196		
Transfers From Electric Fund	\$ 1,799,993	Transfer To Funds	\$ 6,682,190
Transfer from Water & Sewer Fund	\$ 195,000		
Transfer from Debt Service Fund	\$ 150,000		
Use of Unassigned Fund Balance	\$ -		
TOTAL GENERAL FUND	\$ 27,845,068	TOTAL GENERAL FUND	\$ 27,845,068
Schools - Operations -Local Funds	\$ 70,000		
Schools - Operations -Local Appropriation -Base	\$ 4,330,237		
Schools - Operations -State & Federal Aid	\$ 15,767,535		
Schools - Operations -Use of Restricted Fund Balance	\$ 577,200	Education Fund	\$ 20,744,972
Subtotal - School Operating Fund	\$ 20,744,972	Cafeteria	\$ 884,898
Schools- Cafeteria & Textbook Fund - State, Federal &	\$ 955,905	Textbook	\$ 71,007
SCHOOL OPERATIONS	\$ 21,700,877	SCHOOL OPERATIONS	\$ 21,700,877
Social Services Fund - State & Federal Aid	\$ 2,139,265	Administrative, Foster Care, Eligibility and Other Social	
Transfer from General Fund	\$ 595,281	Services Functions	\$ 2,734,546
SOCIAL SERVICES	\$ 2,734,546	SOCIAL SERVICES	\$ 2,734,546
State Aid	\$ 124,245		
Local Revenue	8000	Mandated Services	\$ 531,720
Transfer from General Fund	\$ 416,630	Administrative	\$ 17,155
CHILDREN SERVICES	\$ 548,875	CHILDREN SERVICES	\$ 548,875

SUMMARY OF ALL BUDGETED FUNDS

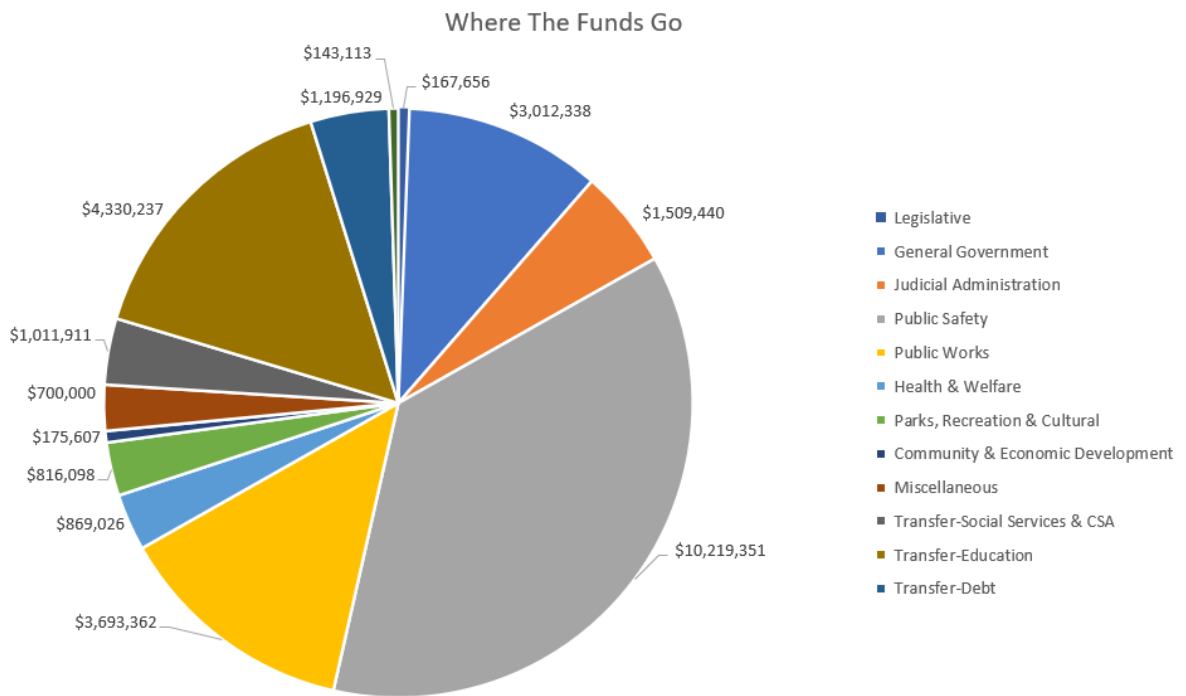
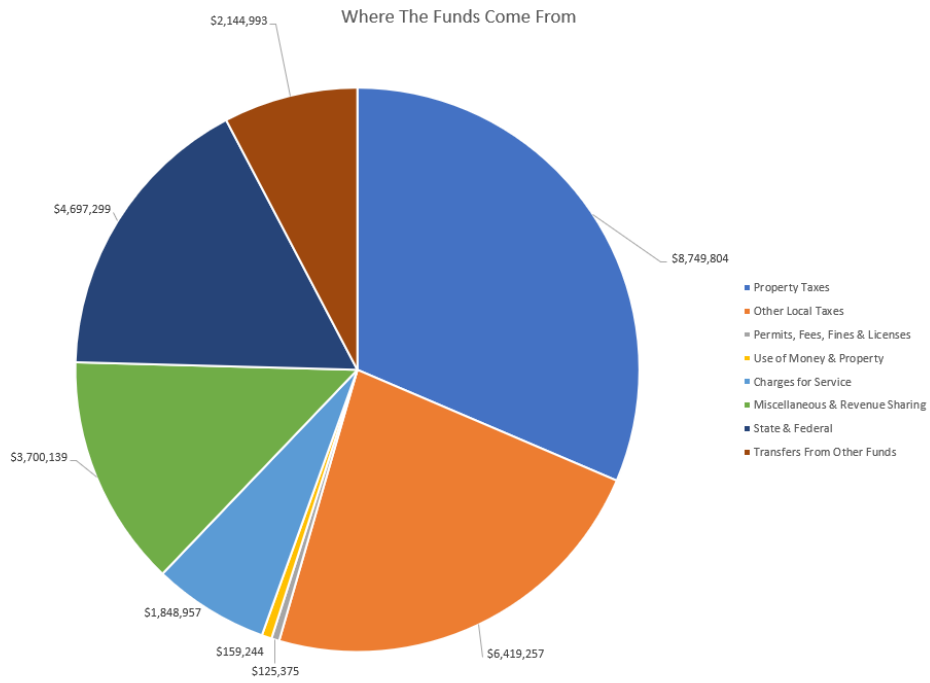
REVENUE	2022-23 ADOPTED	EXPENDITURES	2022-23 ADOPTED
Sale of Water	\$ 1,250,000	Water Operations	\$ 880,513
Sewer Service Fees	\$ 1,888,000	Sewer Operations	\$ 572,869
Miscellaneous	\$ 55,000	Wastewater Treatment Operations	\$ 924,778
Use of Fund Balance	\$ 195,000	Transfer to General Fund-Admin Services	\$ 407,115
		Transfer to General Fund-Lieu of Taxes	\$ 26,400
		Transfer to General Fund-Operational Subs	\$ 195,000
		Debt Service	\$ 381,325
TOTAL WATER & SEWER FUND	\$ 3,388,000	TOTAL WATER & SEWER FUND	\$ 3,388,000
Waste & Collection Disposal Fees	\$ 1,343,040	Waste Collection & Disposal	\$ 335,640
Miscellaneous Revenue	\$ 4,000	Other Operating Expense	\$ 787,101
Use of Fund Balance	\$ 91,834	Transfer to General Fund-Admin Services	\$ 287,391
TOTAL SOLID WASTE FUND	\$ 1,438,874	Debt Service	\$ 28,742
		TOTAL SOLID WASTE FUND	\$ 1,438,874
Local Revenue	\$ 158,140	Operating Expenses	\$ 180,641
Transfer from General Fund	\$ 43,113	Transfer to General Fund-Admin Services	\$ 20,612
TOTAL AIRPORT FUND	\$ 201,253	TOTAL AIRPORT FUND	\$ 201,253
		Operating Expenses	\$ 2,356,075
		Cost of Energy	\$ 11,306,437
		Capital Outlay	\$ 372,500
Sale of Energy Fuel Adjustment	\$ 1,968,964	Transfer to General Fund-Admin Services	\$ 651,295
Slae of Electric Energy	\$ 14,529,365	Transfer to General Fund-Lieu of Taxes	\$ 59,282
Miscellaneous Revenue	\$ 381,501	Transfer to General Fund-Operational Subs	\$ 1,799,993
Use of Unrestricted Fund Balance	\$ -	Debt Service	\$ 334,248
TOTAL ELECTRIC FUND	\$ 16,879,830	TOTAL ELECTRIC FUND	\$ 16,879,830
		School Fund Debt Principal	\$ 344,000
		School Fund Debt Interest	\$ 87,934
Transfers from General Fund - School	\$ 433,109	School Fund Debt Administrative Fee	\$ 1,175
Transfers from General Fund - Genera	\$ 763,820	General Fund Debt Principal	\$ 297,000
		General Fund Debt Interest	\$ 464,270
		General Fund Debt Administrative Fee	\$ 2,550
TOTAL DEBT SERVICE FUND	\$ 1,196,929	TOTAL DEBT SERVICE FUND	\$ 1,196,929
Rents & Program Fees	\$ 121,000	Operating Expenses	\$ 182,713
Transfer from GF-Joint Economic De	\$ 100,000	Payments to Economic Develop	\$ 100,000
Use of Fund Balance	\$ 61,713		
TOTAL ECONOMIC DEVELOP	\$ 282,713	TOTAL ECONOMIC DEVELOP	\$ 282,713
TOTAL CITY FUNDS	\$ 76,216,965	TOTAL CITY FUNDS	\$ 76,216,965

**FY 2022-2023 BUDGET BY FUND
PRIOR YEAR COMPARISON**

AS OF 3/15/22	FY 21-22 ADOPTED	FY 21-22 AMENDED	FY 22-23 ADOPTED	Variance over FY 21-22 Amended	Variance (%)	Variance Over FY 21-22 Adopted	Variance (%)
General Fund	\$ 26,270,037	\$ 28,204,784	\$ 27,845,068	\$ (359,716)	-1.28%	\$ 1,575,031	6.00%
Water & Sewer Fund	\$ 3,385,000	\$ 3,402,577	\$ 3,388,000	\$ (14,577)	-0.43%	\$ 3,000	0.09%
Airport Fund	\$ 188,343	\$ 380,843	\$ 201,253	\$ (179,590)	-47.16%	\$ 12,910	6.85%
Electric Fund	\$ 15,301,985	\$ 19,877,128	\$ 16,879,830	\$ (2,997,298)	-15.08%	\$ 1,577,845	10.31%
Solid Waste Fund	\$ 1,300,000	\$ 1,303,431	\$ 1,438,874	\$ 135,443	10.39%	\$ 138,874	10.68%
Economic Dev. Fund	\$ 286,796	\$ 286,796	\$ 282,713	\$ (4,083)	-1.42%	\$ (4,083)	-1.42%
School Operating Fund	\$ 16,957,813	\$ 26,027,990	\$ 20,744,972	\$ (5,283,018)	-20.30%	\$ 3,787,159	22.33%
School Cafeteria Fund	\$ 1,012,343	\$ 1,012,343	\$ 884,898	\$ (127,445)	-12.59%	\$ (127,445)	-12.59%
School Textbook Fund	\$ 73,567	\$ 73,567	\$ 71,007	\$ (2,560)	-3.48%	\$ (2,560)	-3.48%
Social Services	\$ 2,663,895	\$ 3,075,250	\$ 2,734,546	\$ (340,704)	-11.08%	\$ 70,651	2.65%
Children Services	\$ 266,626	\$ 479,626	\$ 548,875	\$ 69,249	14.44%	\$ 282,249	105.86%
School Debt Service	\$ 434,959	\$ 434,959	\$ 433,109	\$ (1,850)	-0.43%	\$ (1,850)	-0.43%
General Fund Debt Service	\$ 711,590	\$ 700,999	\$ 763,820	\$ 62,821	8.96%	\$ 52,230	7.34%
TOTAL	\$ 68,852,954	\$ 85,260,293	\$ 76,216,965	\$ (9,043,328)	-10.61%	\$ 7,364,011	10.70%

2021-2022 Primary Budget Major Amendments – General Fund	Amount
Prior Year's Carryover Funds	865,217
Transfer from DSS Fund – Cost of New Building	411,355
Appropriation for Children Services Mandated Services	213,000
Federal & State Revenue-Children's Center	139,108
Grant Funds	75,202
State Revenue-State Highway	58,566
TOTAL	1,762,448

General Fund Summary – FY23 Adopted Budget



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.

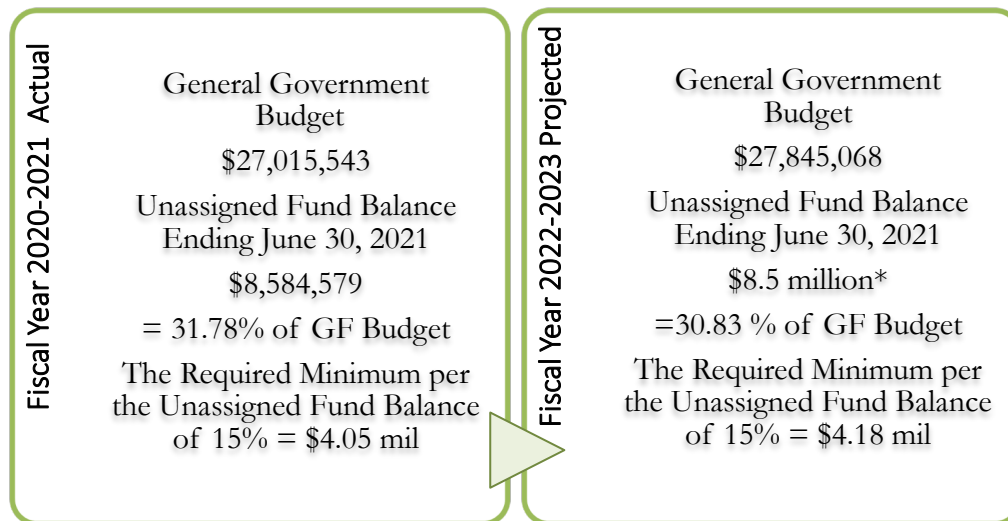
Special Revenue Funds: Account for proceeds of designated revenue sources used to finance specific activities.

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.

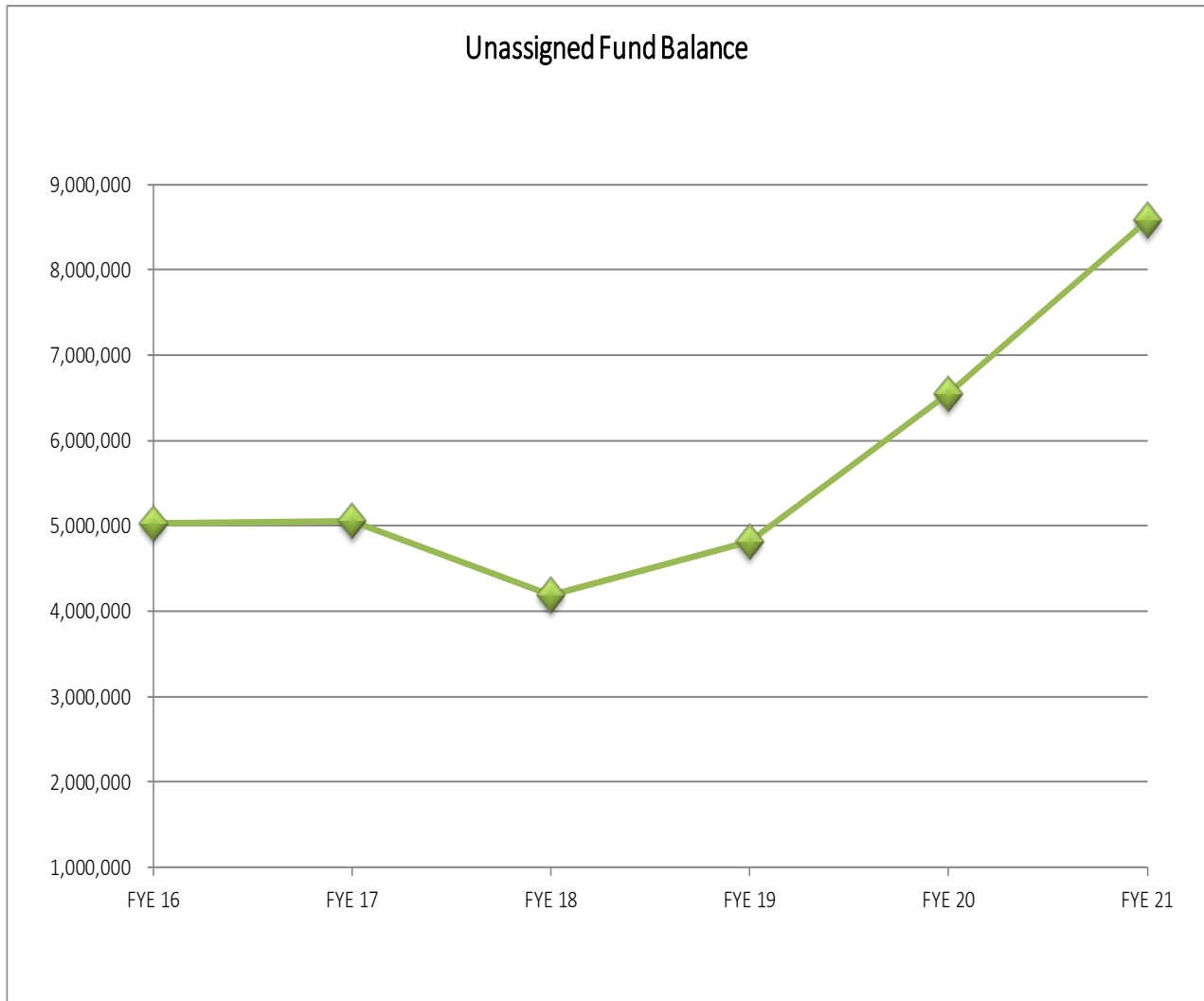
MINIMUM UNASSIGNED FUND BALANCE POLICY

In order to avoid service disruptions that otherwise could arise from revenue shortfalls or unanticipated expenditures, the following range for unassigned fund balances 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 2022-2023 projected unassigned fund balance at June 30, 2022 is yet to be determined.

Below is a history of the City's Unassigned Fund Balance from June 30, 2016 through June 30, 2021.



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

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.

2021 General Debt Service as a Percentage of

***General Fund Expenses = 11.85%**

*calculation represents payment of annual principal and interest obligation
& amounts for refunding of debt

2022 Projected General Debt Service as a Percentage of

***General Fund Expenses = 4.07%**

*calculation represents payment of annual principal and interest obligation

2021 Net Bonded Debt as a Percentage of Taxable Real Estate – 4.62%

Enterprise Funds

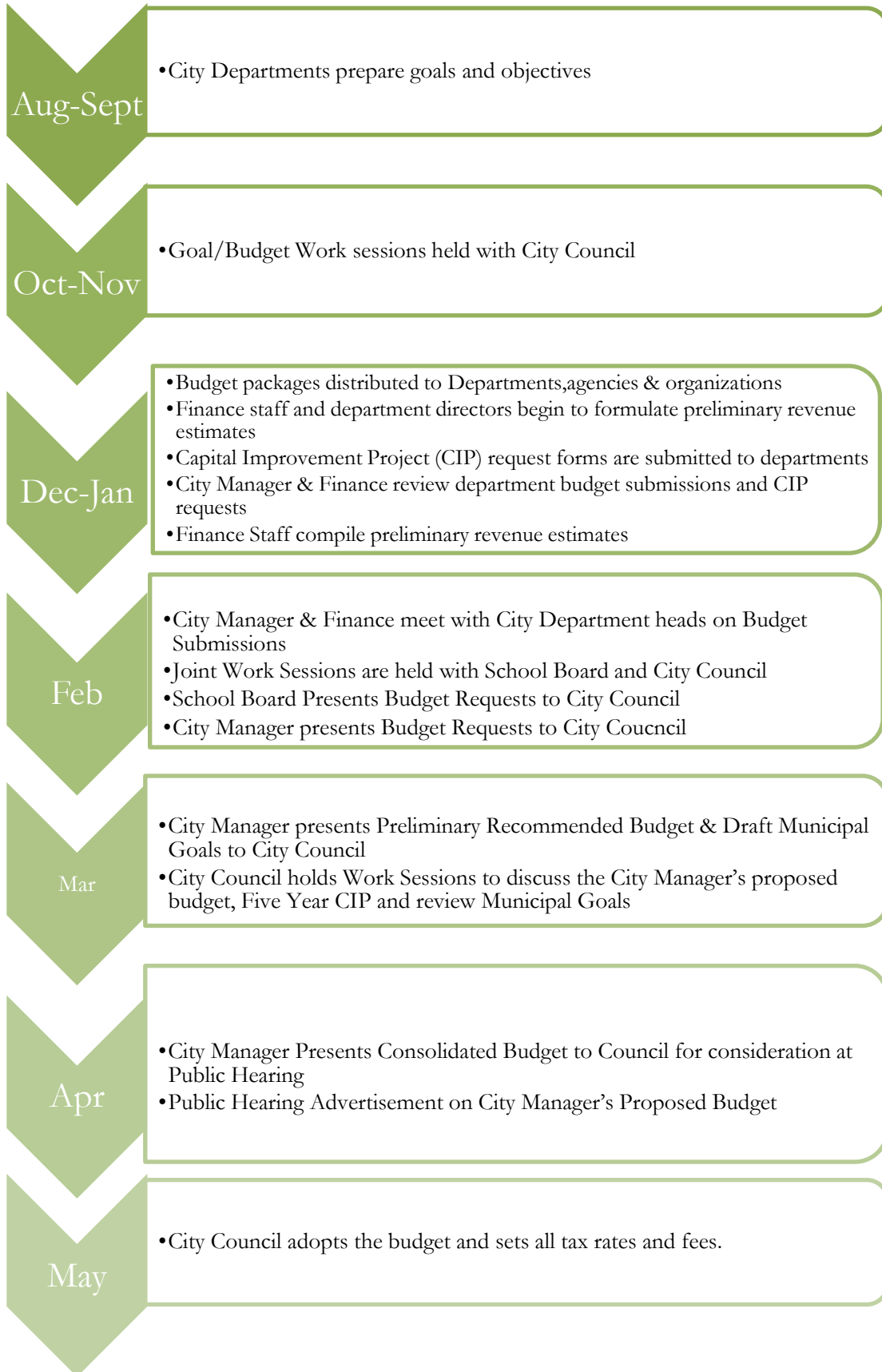
Debt Service as a percentage of annual expenses for the Water & Sewer, Electric and Solid Waste Funds is less than 4.0%, well below the minimum policy guideline.

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.



Authorized Positions Function/Program	FY 2021-2022 Adopted	FY 2022-2023 Adopted	Net FTE Change
GENERAL FUND			
City Manager	3	3	0
City Attorney	1	1	0
Human Resources	2	2	0
Treasurer	5	5	0
Commissioner of Revenue	4.5	4.5	0
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	1	1	0
Total General Government Administration	29.72	29.72	0
Police	32	32	0
E-911 Communications	10.63	10.63	0
Animal Control	1.63	1.63	0
Fire & Rescue - EMS	54	57	3
Inspections	7	7	0
Total Public Safety Administration	105.26	108.26	3
Public Works-Streets	15.5	15.5	0
Public Works - Garage	4	4	0
Public Works-Bldgs & Grounds	20.5	20.5	0
Total Public Works Administration	40	40	0
Park and Recreation	4	5	1
Senior Program	0	0	0
Total Parks & Recreation	4	5	1
Community Development & Stormwater Mgt.	10	10	0
Downtown Development	1	1	0
Total Community Development	11	11	0
TOTAL GENERAL FUND	189.98	193.98	4
Social Services	24	24	0
Economic Development - Incubator	0.73	0.73	0
Water & Sewer	13	13	0
Solid Waste	8	8	0
Electric Fund	19.5	19.5	0
Airport	1	1	0
TOTAL NON GENERAL FUND	66.23	66.23	0
TOTAL POSITIONS - ALL FUNDS	256.21	260.21	4

Personnel Change Analysis

The Fiscal Year 2022-2023 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	2023 Adopted	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General	193.98	189.98	166.50	140.5	142.5	142.5	141	141	144	142	145	139	132	129
Social Services	24	24	25	23	23	23	23	23	22	22	20	20	19	19
Electric	19.5	19.5	19	16	16	16	16	16	16	16	16	14	14	16
Water & Sewer	13	13	13	13	13	13	13	13	13	16	13	13	16	14
Airport	1	1	1	1	2	2	2	2	2	2	2	2	2	2
Solid Waste	8	8	8	8	8	8	8	8	8	8	0	0	0	0
Economic Development	.73	.73	.73	.5	.5	.5	.5	.5	1	1	1	1	Na	Na
TOTAL	260.21	256.21	233.23	203	205.5	205	203.5	203.5	206	207	197	188	183	178

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 2022-23 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 2021-2022	FY 2022-2023		FY 2022-2023
	Amended	Adopted	Change	Variance Percent of Budget
Property Taxes	\$ 7,800,083	\$ 8,749,804	\$ 949,721	12.2%
Other Local Taxes	\$ 6,049,567	\$ 6,419,257	\$ 369,690	6.1%
Permits, Fees, Fines & Licenses	\$ 61,800	\$ 125,375	\$ 63,575	102.9%
Use of Money & Property	\$ 158,044	\$ 159,244	\$ 1,200	0.8%
Charges for Service	\$ 1,875,056	\$ 1,848,957	\$ (26,099)	-1.4%
Miscellaneous & Revenue Sharing	\$ 3,630,312	\$ 3,700,139	\$ 69,827	1.9%
State & Federal	\$ 4,746,794	\$ 4,697,299	\$ (49,495)	-1.0%
Transfers From Other Funds	\$ 2,506,348	\$ 2,144,993	\$ (361,355)	-14.4%
Use of Unassigned Fund Balance	\$ 1,323,869	\$ -	\$ (1,323,869)	-100.0%
TOTAL REVENUE	\$ 28,151,873	\$ 27,845,068	\$ (306,805)	-1.09%

Approximately 49% of General Fund revenues are derived from taxes; 28% from real estate and personal property taxes and 21% 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 FY23, 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 2023 is projected to be \$707,135,733. A history of total property values by type is shown in Table 1.

PROJECTION OF TAXABLE PROPERTY VALUES

2021-2022 Valuation Real Estate Per Assessor (less Land Use)	2022 Valuation Personal Property	2022 Valuation Machinery & Tools	2021-2022 Valuation Public Service Real Estate	2022 Valuation Public Service Personal Property	Total
\$ 628,816,722	\$ 70,260,744	\$ 1,223,323	\$ 6,831,927	\$ 3,017	\$ 707,135,733

Table 10

City of Franklin, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years Ended June 30,

Year						<u>Public Service Corporations</u>		Total Direct Tax Rate
	Real Estate	Personal Property	Mobile Home	Machinery and Tools	Real Estate	Personal Property	Total	
2021	\$ 578,298,500	\$69,480,561	\$ -	\$1,219,334	\$ 8,481,431	\$ 3,112	657,482,938	1.30
2020	571,192,990	66,539,922	-	1,205,332	8,387,464	3,262	647,328,970	1.40
2019	558,830,605	67,602,891	-	973,154	8,003,166	3,190	635,413,006	1.30
2018	550,853,846	62,891,034	-	1,000,717	7,535,131	3,262	622,283,990	1.29
2017	551,169,536	64,088,674	-	994,840	6,885,844	9,872	623,148,766	1.43
2016	550,548,631	61,007,684	-	970,081	6,771,272	14,362	619,312,030	1.31
2015	546,840,453	60,195,857	-	928,666 ⁽¹⁾	6,551,183	43,818	614,559,977	1.36
2014	571,544,231	59,269,598	-	3,136,696	6,588,695	77,003	640,616,223	1.34
2013	550,495,439	55,575,941	-	2,993,303	6,927,392	13,914	616,005,989	1.22
2012	606,470,410	55,398,273	-	3,032,569	7,371,365	16,575	672,289,192	1.19

Source: Franklin City Audit Report June 30, 2021

Table 1

FY 2022-2023 TAX RATE RECOMMENDATION			
Tax (per \$100 of assessed value)	FY 21-22	FY 22-23 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	42%	42%	(0%)

Table 2

ADOPTED TAX RATE:

The current real estate tax rate is \$1.03 per \$100 of assessed value. The FY 2022-2023 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)
2022-23	\$1.03	\$1.27	\$4.50	\$2.00	\$1.03/\$4.50
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

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 2021-2022, the tax relief amount for the elderly was \$48,822 and \$40,243 for qualifying disabled veterans.

Personal property tax revenue is budgeted at \$1,854,160, an increase of \$192,914 from FY 2021-2022 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.

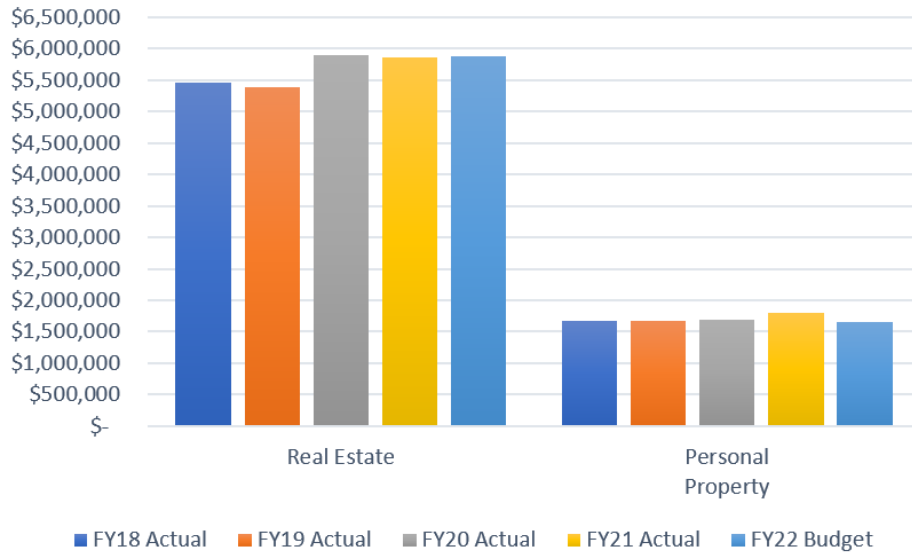
Disabled Veteran Personal Property Tax Exemption - The City exempts qualified disabled veterans from tax on one vehicle.

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 2022-2023 is budgeted at \$70,458, compared to \$86,050 in FY 2021-2022.

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 2022-2023 budget of \$24,450, compared to \$24,020 in FY 2021-2022.

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

Real Estate & Personal Property Tax Five Year History



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 \$548,500 for FY 2022-2023. 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, which is comparable to the current budgeted amount.

Business license revenue is projected at \$1,023,000, which is comparable 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 2022-2023 is \$180,000, the same as 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 \$2,056,607 for FY 2022-2023, an increase of \$356,607 from budgeted revenue in FY 2021-2022.

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 2022-2023 budget of \$310,000 is a \$30,000 decrease 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 \$351,150 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 18-19 Actual	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Budget	FY 22-23 Adopted	Percent Growth since FY 18-19
Sales	1,896,306	1,946,296	1,450,000	1,952,907	1,950,000	3%
Meals	1,478,018	1,531,440	1,233,500	1,700,000	2,056,607	39%
Lodging	148,234	133,484	128,000	180,000	180,000	21%
Cigarette	300,133	359,057	292,000	340,000	310,000	3%
Business License	959,312	1,035,797	791,500	1,016,060	1,023,000	7%
Motor Vehicles	184,638	184,548	185,000	220,400	222,400	20%
Utility Tax (Net)	463,000	526,662	533,000	548,500	548,500	18%

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 \$102,625 a \$60,575 increase from the previous year’s budget.

Fines and Forfeitures

These collections are the result of charges ordered by the courts for violations of City ordinances, and is projected at \$22,750 for FY 2022-2023, a \$3,000 increase 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 2022-2023 adopted budget is \$159,244, a \$1,200 increase from the current year’s budget.

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 2022-2023 projected

revenue from this source is \$375,000.

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)	\$ 542.00	\$ 560.00	\$ 18.00
Basic Life Support Emergent (A0429)	\$ 630.00	\$ 700.00	\$ 70.00
Advanced Life Support (ALS1) (A0426)	\$ 704.00	\$ 741.00	\$ 37.00
Advanced Life Emergent (A0427)	\$ 809.00	\$ 850.00	\$ 41.00
Advanced Life Support (ALS2) (A0433)	\$ 974.00	\$ 974.00	\$ -
Mileage Rate to Hospital	\$ 14.30	\$ 17.00	\$ 2.70

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 payments received from Southampton County under the consolidated shared services agreement. The City's FY 2022-2023 budget includes \$2,240,749 of revenue providing 24-hour emergency medical and ambulance transport services for all emergency medical 911 calls originating from within Southampton County. The FY 2022-2023 budget also includes a projected \$263,000 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 2022-2023 of \$996,148.

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
2021-2022	\$ 996,148

(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 2022-2023 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 2021-2022. State support for constitutional officers overall continues to fall short of adequately funding their fair share of operating expenses for FY 2022-2023. The City must fund the remainder of these operating expenses with local resources.

The following table shows the estimated reimbursement along with the FY 2022-2023 recommended budget amount for each office, and the City cost for each:

Department	FY 2022-2023			
	FY 2022-2023 State Revenue	Total Expense Budget	City Share of Cost	City Cost as a % of Budget
Comm of Revenue	\$ 81,100	\$ 296,117	\$ 215,017	73%
Treasurer	\$ 71,100	\$ 398,428	\$ 327,328	82%
Registrar	\$ 54,504	\$ 187,946	\$ 133,442	71%
Total	\$ 206,704	\$ 882,491	\$ 675,787	77%

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 2022-2023 budget is \$1,478,097, a decrease of \$7,200 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 2022-2023 is \$1,710,059, 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 2022-2023 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 FY 2022-2023 does not recommend any transfer from the General Fund Unassigned Fund Balance.

General Fund Analysis FY 2022-2023 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 2022-2023 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 80% 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 1.7% increase in health insurance costs effective July 1, 2022. Given the amount of the premium increase for FY 2022-2023, management recommended, and Council has approved City will absorb the cost of the health insurance increase.

General Fund Increase in City Share of Health Insurance Cost (Includes Early Retirees)	\$100,432
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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.
- ❖ **Salary Adjustments** – The adopted budget does include freezing of positions. There is a 3% COLA and a 2% raise for all employees included in the FY 2022-2023 budget. The chart that follows provides a history of salary adjustments for the past fifteen years.

History of Salary Adjustments

	COLA / Raise	COLA Effective Date	Bonus	Bonus Effective Date	VRS Effective July 1st
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%				
FY 22-23	3.0% / 2.0%				

Excludes Any Additional State Raises for Applicable Employees

Legislative & General Government Administration

FUND - GENERAL	ACTUAL FY 20-21	BUDGET FY 21-22	ADOPTED FY 22-23	Variance \$	Variance %
CITY COUNCIL	149,601	172,454	167,656	(4,798)	-3%
CITY MANAGER	270,576	294,639	338,046	43,407	15%
CITY ATTORNEY	127,786	115,000	115,000	-	0%
HUMAN RESOURCES	180,151	278,670	238,188	(40,482)	-15%
COMMISSIONER OF REV	287,309	305,623	296,117	(9,506)	-3%
REAL ESTATE ASSESSOR	62,261	143,022	83,422	(59,600)	-42%
TREASURER	333,549	366,731	398,428	31,697	9%
FINANCE	414,770	474,617	509,227	34,610	7%
UTILITIES	335,223	350,827	361,662	10,835	3%
INSURANCE	208,676	199,844	192,398	(7,446)	-4%
ELECTIONS	196,927	159,517	187,946	28,429	18%
INFORMATION TECH	495,728	281,556	291,904	10,348	4%
TOTAL	3,062,557	3,142,500	3,179,994	37,494	1%

FY 2022-2023 Highlights

City Council – The budget for contributions to various agencies and organizations in the City is \$71,067.

City Manager - The budget reflects a net increase of approximately \$43,000 attributable to benefits.

City Attorney – The budget reflects no significant highlights.

Human Resources – The budget reflects a decrease of approximately \$25,000 in IT contracted services, \$9,000 in Tuition Reimbursement and \$10,435 in Council Approved Projects.

Commissioner of the Revenue – The budget reflects a net decrease primarily due to hospitalization benefits.

Real Estate Assessor – The budget net decrease is due to professional services for the bi-annual property reassessment that will be completed in FY 2021-2022.

City Treasurer – Exclusive of COLA and raises, the budget net increase is primarily due to mandated state pay increases for constitutional officers.

Finance – The budget reflects a net increase of approximately \$34,000. There was a reallocation of salary & benefits, a decrease of \$25,000 in Professional & Contractual Services, and a decrease of \$4,000 in Office Furniture & Computer Equipment.

Utilities – The budget reflects a net increase of approximately \$10,000. There was a reallocation of salary & benefits, a \$4,000 increase in Professional Services, and a \$8,000 increase in Postal Service.

Insurance – Currently, 17 early retirees are enrolled in the City's health insurance plan. The FY23 estimated annual cost to the City is \$135,000.

Elections – Exclusive of COLA and raises, the budget net increase is primarily due to mandated state pay increases for constitutional officers.

Information Technology – The budget reflects no significant highlights.

Judicial Services

FUND - GENERAL	ACTUAL FY 20-21	BUDGET FY 21-22	ADOPTED FY 22-23	Variance \$	Variance %
GENERAL DISTRICT COURT	8,037	15,825	14,200	(1,625)	-10%
JOINT OPERATIONS	298,465	293,110	296,954	3,844	1%
DISTRICT COURT/JUVENILE	77,164	222,400	245,234	22,834	10%
WESTERN TIDEWATER REGIONAL	1,021,052	1,021,052	953,052	(68,000)	-7%
TOTAL	1,404,718	1,552,387	1,509,440	(42,947)	-3%

FY 2022-2023 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 \$953,052, which is \$68,000 lower than 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 20-21	BUDGET FY 21-22	ADOPTED FY 22-23	Variance \$	Variance %
POLICE	2,754,421	3,344,202	3,286,351	(57,851)	-2%
E911 COMMUNICATIONS	468,886	776,660	801,199	24,539	3%
ANIMAL CONTROL	71,617	115,384	121,307	5,923	5%
FIRE & EMERGENCY SERVICES	3,938,969	5,331,761	5,638,573	306,812	6%
BUILDING INSPECTIONS	332,194	369,231	371,921	2,690	1%
TOTAL	7,566,087	9,937,238	10,219,351	282,113	3%

FY 2022-2023 Highlights

Police Department - The budget includes freezing three vacant positions. It reflects a net decrease of \$57,851. Exclusive of COLA and raises, the budget includes a \$9,000 reduction in Travel related budgets, \$9,700 increase in Dues & Memberships, \$40,000 increase in Vehicle Supplies-Fuel, \$11,500 increase in Uniforms & Wearing Apparel and a \$151,000 reduction in Capital related budgets.

E911 Communications – The budget reflects a net increase of approximately \$24,000. Exclusive of COLA and raises, Salaries & Benefits budget increase is related to a filling a previously frozen position, Overtime increased by \$10,000, E-911 Emergency Number budget increased by \$38,000, Capital Outlay decreased by \$78,520, and PSAP Grant budget decreased by \$51,816.

Animal Control – The budget reflects no significant highlights.

Fire & Emergency Services – Exclusive of COLA and raises, the budget includes three new positions, and a \$366,000 reduction in Capital related budgets.

Building Inspections – The budget includes freezing three vacant positions.

Public Works Administration

FUND - GENERAL	ACTUAL FY 20-21	BUDGET FY 21-22	ADOPTED FY 22-23	Variance \$	Variance %
PUBLIC WORKS - STREETS	1,024,906	1,853,390	1,894,563	41,173	2%
PUBLIC WORKS - SNOW	3,735	15,000	15,000	-	0%
PUBLIC WORKS - GARAGE	206,804	265,157	280,406	15,249	6%
BUILDING & GROUNDS	1,114,975	1,575,559	1,500,893	(74,666)	-5%
CEMETERY MAINTENANCE	89,832	1,000	2,500	1,500	150%
TOTAL	2,440,252	3,710,106	3,693,362	(16,744)	0%

FY 2022-2023 HIGHLIGHTS

Public Works Streets – The budget reflects no significant highlights.

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

Public Works Garage – The budget reflects no significant highlights.

Building & Grounds - The budget includes freezing two vacant positions. Exclusive of COLA and raises, the budget includes a \$123,000 reduction in Capital related budgets.

Cemetery Maintenance - The budget reflects no significant highlights.

Health and Welfare

FUND - GENERAL	ACTUAL FY 20-21	BUDGET FY 21-22	ADOPTED FY 22-23	Variance \$	Variance %
HEALTH DEPARTMENT	110,000	110,000	104,600	(5,400)	-5%
MENTAL HEALTH DISTRICT	33,262	33,262	33,262	-	0%
CHILDREN'S CENTER	644,967	784,075	731,164	(52,911)	-7%
TOTAL	788,229	927,337	869,026	(58,311)	-6%

FY 2022-2023 Highlights

Health Department – The City’s contribution to the Franklin City Health Department at \$104,600 is 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 20-21	BUDGET FY 21-22	ADOPTED FY 22-23	Variance \$	Variance %
PARKS & RECREATION	398,439	547,851	535,309	(12,542)	-2%
LIBRARY	257,029	303,600	280,789	(22,811)	-8%
TOTAL	655,468	851,451	816,098	(35,353)	-4%

FY 2022-2023 Highlights

Parks & Recreation – The budget includes freezing one vacant position. Exclusive of COLA and raises, the budget includes one new position and a \$41,500 reduction in Capital related budgets.

Blackwater Regional Library – There is a \$22,811 decrease 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 20-21	BUDGET FY 21-22	ADOPTED FY 22-23	Variance \$	Variance %
PLANNING	95,491	103,155	105,818	2,663	3%
BEAUTIFICATION	4,155	25,889	200	(25,689)	-99%
TOURISM	59,908	62,044	69,589	7,545	12%
TOTAL	159,554	191,088	175,607	(15,481)	-8%

FY 2022-2023 Highlights

Planning – The budget includes freezing two vacant positions.

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.

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 20-21	BUDGET FY 21-22	ADOPTED FY 22-23	Variance \$	Variance %
REVENUE SHARING PYMT	700,565	700,000	700,000	-	0%
RESERVE-GENERAL FUND	9,584	35,315	-	(35,315)	-100%
NON-DEPT MISCELLANEOUS	(144)	-	-	-	-
NON-DEPT CAPITAL	44,899	-	-	-	-
TOTAL	754,904	735,315	700,000	(35,315)	-5%

FY 2022-2023 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.

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 2020 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 \$2.8 million to address the maintenance needs of the aging wastewater collection system over the last nine 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.

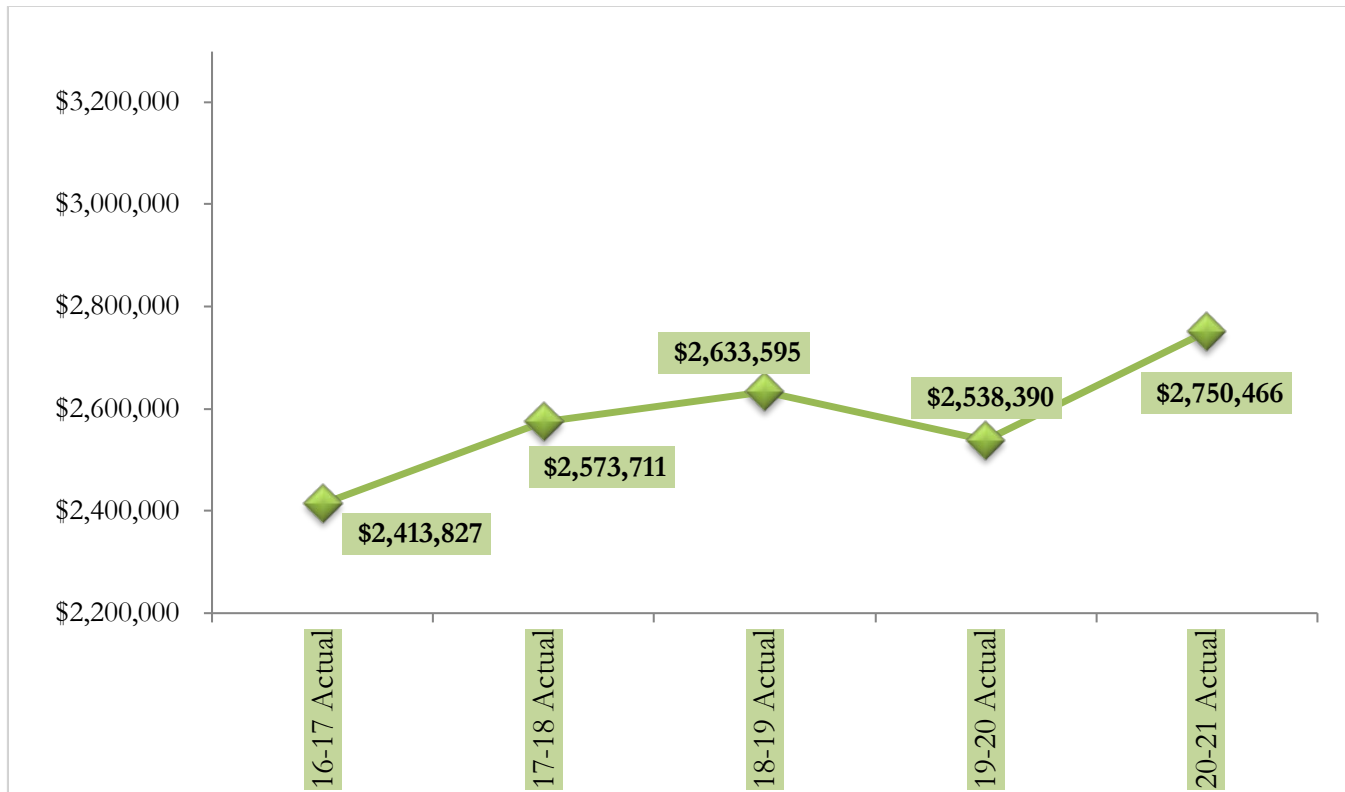
Staff is currently in the process of working with a consultant and the Department of Environmental Quality to ensure that the City of Franklin has adequate water capacity for the projected residential, commercial, and industrial growth.

Revenue Analysis Table 1

	BUDGET FY 22-23
Sale of Water	1,250,000
Sewer Charge	1,800,000
Sewer Charge-Isle of Wight County	48,000
Sewer Charge-Southampton County	40,000
Use of Restricted Fund Balance	195,000
Other	55,000
Total Revenue	3,388,000

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

Graph 1. - Water & Sewer Fund Expenditure History



FY 2022-2023 revenues of \$3,388,000 are allocated among Water, Sewer and Wastewater Operations as noted in Table 2 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 2**

	Water	Sewer	Wastewater	All Operations	Total	Percent of Budget
Personnel	419,416	103,386	269,694		792,496	23.39%
Operating Expenses	374,667	247,107	567,584		1,189,358	35.11%
Capital Outlay	86,430	222,376	87,500		396,306	11.70%
General Fund Transfers-Services/Lieu Taxes	-	-	-	433,515	433,515	12.80%
General Fund Transfers-Operational Subsidy				195,000	195,000	5.76%
Debt Service	-	-	-	381,325	381,325	11.26%
Total	880,513	572,869	924,778	1,009,840	3,388,000	100.00%

FY 2022-2023 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 3**

Fiscal Year	Personnel	Operating(1)	Capital Outlay	GF Transfer	Debt(2)	Total
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
2020-21 Actual	576,996	738,015	371,308	628,515	42,077	2,356,911

(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 2,776 residential customers and 101 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 2022-2023 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 2010-2011, 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.

FY 2022 – 2023 Highlights

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

Table 1

Fiscal Year	Residential Rate	Net Change
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	\$38.00	\$ -0-
22-23 Adopted	\$38.00	\$ -0-
Net Change Since 10-11		(8.36) or 18% reduction
Net Change Since 08-09		\$6.00 or 18.8% increase

Waste collection and disposal fees account for the revenues for solid waste services. Revenue projected in FY 2022-2023 based on the recommended rate is \$1,343,040. Total revenues for the fund are projected at \$1,438,874 which includes an Administrative Garbage Service Fee revenue of \$4,000 and Use of Restricted Fund Balance of \$91,834.

History of Expenditures in Solid Waste Fund

Table 2

	FY 2019-2020 Actual	FY 2020-2021 Actual	FY 2021-2022 Budget	FY 2022-2023 Adopted
Personnel Expense	272,204	227,253	332,664	368,176
Operating Expense (1)	166,646	110,249	114,192	160,652
Waste Collection & Disposal Cost	347,945	362,283	300,100	335,640
Capital Outlay	-	32,194	60,000	258,273
General Fund Transfer-Services	270,245	287,391	287,391	287,391
General Fund Transfer-Operational Subsidy	-	-	100,000	-
Debt Service	14,573	24,394	10,319	28,742
Reserves	-	-	98,765	
Total	1,071,613	1,043,764	1,303,431	1,438,874

(1) Excludes depreciation and amortization expense.

Franklin Regional Airport

Franklin Regional 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 2022-2023 is \$201,253, \$179,590 lower than FY 2021-2022 budget.

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

Table 1
Adopted Budget FY22-23

Airport Rentals	61,140
Sale of Jet Fuel & Aviation Gas	65,000
Federal Grant	32,000
Transfer from General Fund	43,113
Total Revenue	201,253
Merchandise for Resale-Jet Fuel & AVGAS	40,000
Operating Cost	140,641
Transfer to General Fund-Services	20,612
Total Expenses	201,253

- ❖ 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
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 Actual	63,418	66,076	0	20,612	-	150,106
2021-22 Budget	62,781	104,950	192,500	20,612	-	380,843

(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 2022-2023 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 7.2%. Actual wholesale power costs will be presented by DVP in June 2022. The adopted budget is based upon a 2% increase to the FP&L retail rates and a projected increase in the fuel adjustment charge.

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 FY 2022 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

	FY	PER kWh	CHANGE
	2006	\$ 0.01330	
	2007	\$ 0.01216	-9%
	2008	\$ 0.02279	87%
	2009	April \$ 0.01096	-52%
		November \$ 0.00556	-49%
	2010	\$ 0.01241	123%
	2011	\$ 0.01723	39%
	2012	\$ 0.00931	-46%
	2013	\$ 0.01177	26%
	2014	\$ 0.01604	36%
	2015	\$ 0.00927	-42%
	2016	\$ 0.00225	-76%
	2017	\$ 0.00826	267%
	2018	\$ 0.01190	44%
	2019	\$ 0.00813	-32%
	2020	\$ 0.00149	-82%
	2021	\$ 0.00439	195%
	2022	April \$ 0.00439	0%
		October \$ 0.01439	228%
Projected	2023	\$ 0.01000	-31%

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	\$0.07576	NONE
Actual Cost per kWh	FY20	\$0.06910	NONE
Actual Cost per kWh	FY21	\$0.06335	NONE
Y-T-D Cost per kWh	FY22	\$0.07731	NONE
<i>Projected</i> Final Cost	FY23	\$0.07208	2.00%

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 FY2022-2023 meets this requirement as further detailed in this budget proposal.

FY 2020-2021 Operations Cash Balance as a Percentage of Annual Revenues (excluding fuel adjustment) at 6/30/21 = \$6,944,125 or 48.3%.

FUND - ELECTRIC	BUDGET FY 22-23
ELECTRIC FUND REVENUE	
Sale of Energy Fuel Adjustment	\$ 1,968,964
Sale of Electric Energy	14,529,365
Cycle & Save	(103,260)
Meter Connection Fee	12,000
Pole Attachment Fees	70,196
Cut-On Fees and Penalties	250,000
Sale Of Electrical Items	7,040
Miscellaneous Revenue	10,000
TOTAL REVENUE	\$ 16,744,305
Less Fuel Adjustment	(1,968,964)
Budget Basis for Policy	\$ 14,775,341
10% of Annual Revenue	\$ 1,477,534

Table 3

FY 2021-2022 Cash Balance as a Percentage of Annual Revenues (excluding fuel adjustment) at 2/28/22 = \$6,600,489 or 47.0%.

Electric Fund Adopted Budget

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

FY 2022-2023 Adopted Budget	
Revenue from Sale of Energy	\$ 14,529,365
Revenue from Fuel Charges	1,968,964
Other Revenue*	381,501
Use of Fund Balance	<u>0</u>
Total Revenue	\$16,879,830
Operating Expenses	\$2,356,075
Energy for Resale	10,706,437
Energy for Resale – True Up	600,000
Capital Expenses	372,500
General Fund Transfer-Services/Taxes	710,577
General Fund Transfer-Operational	1,799,993
Debt Service	<u>334,248</u>
Total Expenses	\$16,879,830
*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	\$14,775,341
Cash Balance Minimum Policy Level (10%)	\$1,477,534

Budget Highlights: The FY 2022-2023 budget highlights includes a \$260,416 increase in fuel for resale, \$930,184 increase in fuel adjustment costs, \$100,000 increase in energy true-up costs, \$43,954 increase in personnel costs due 3% COLA & 2% raise, \$50,000 increase in System Study for a rate study, \$157,000 increase for generation maintenance due to fuel and other costs, and \$109,600 increase in capital outlay.

SECTION FIVE

OTHER CITY FUNDS

1. Debt Service Fund
2. School Fund
3. Social Services Fund
4. Children 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, 2021 was \$26,739,000 up from \$23,259,429 at the end of June 30, 2020. This includes \$17,718,800 in General Government debt and \$3,550,000 in School related debt. The balance of the total debt amount is \$5,470,200 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 4.62%.

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

	FY 2021	FY 2020
General Government Activities:		
Bonds Payable - General Government	\$ 17,718,800	12,059,000
Bonds Payable - School Related	3,550,000	6,070,429
	\$ 21,268,800	18,129,429
Business-type Activities:		
Bonds Payable - Enterprise	\$ 5,470,200	5,130,000
Total General Obligation Long -Term Debt	\$ 26,739,000	23,259,429
Total Per Capita Debt	\$ 3,315	2,951

The following tables outline the City’s debt outstanding at the end of FY 2021 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.

Debt Service

General Fund Totals				
FY	Principal	Interest	Total	Outstanding
	\$17,768,800	\$6,601,618	\$24,370,418	
2017	0	0	0	17,768,800
2018	0	0	0	17,768,800
2019	0	0	0	17,768,800
2020	0	11,115	11,115	17,768,800
2021	50,000	328,062	378,062	17,718,800
2022	307,000	389,999	696,999	17,411,800
2023	297,000	464,270	761,270	17,114,800
2024	327,000	457,174	784,174	16,787,800
2025	474,600	448,741	923,341	16,313,200
2026	678,900	435,683	1,114,583	15,634,300
2027	694,900	417,617	1,112,517	14,939,400
2028	714,200	398,869	1,113,069	14,225,200
2029	735,500	379,257	1,114,757	13,489,700
2030	756,500	358,614	1,115,114	12,733,200
2031	776,800	337,436	1,114,236	11,956,400
2032	797,100	315,608	1,112,708	11,159,300
2033	819,400	292,722	1,112,122	10,339,900
2034	849,000	269,013	1,118,013	9,490,900
2035	962,400	243,820	1,206,220	8,528,500
2036	992,700	215,174	1,207,874	7,535,800
2037	1,022,000	185,631	1,207,631	6,513,800
2038	1,052,700	154,969	1,207,669	5,461,100
2039	1,006,300	123,361	1,129,661	4,454,800
2040	597,700	90,768	688,468	3,857,100
2041	610,600	78,814	689,414	3,246,500
2042	623,500	66,602	690,102	2,623,000
2043	636,400	54,132	690,532	1,986,600
2044	649,300	41,404	690,704	1,337,300
2045	662,200	28,418	690,618	675,100
2046	675,100	14,346	689,446	0

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

Debt Service

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	0

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

Debt Service Enterprise Funds

Water & Sewer Fund Totals				
FY	Principal	Interest	Total	Outstanding
	\$2,684,000	\$646,984	\$3,330,984	
2021	321,000	45,213	366,213	1,629,000
2022	333,000	42,632	375,632	1,296,000
2023	343,000	38,325	381,325	953,000
2024	310,000	26,796	336,796	643,000
2025	6,000	15,834	21,834	637,000
2026	6,500	15,534	22,034	630,500
2027	6,500	15,209	21,709	624,000
2028	7,000	14,884	21,884	617,000
2029	7,500	14,534	22,034	609,500
2030	7,500	14,159	21,659	602,000
2031	8,000	13,784	21,784	594,000
2032	8,500	13,384	21,884	585,500
2033	9,000	12,959	21,959	576,500
2034	10,000	12,509	22,509	566,500
2035	9,000	12,009	21,009	557,500
2036	9,500	11,739	21,239	548,000
2037	10,000	11,454	21,454	538,000
2038	9,500	11,154	20,654	528,500
2039	10,500	10,869	21,369	518,000
2040	69,500	10,554	80,054	448,500
2041	71,000	9,164	80,164	377,500
2042	72,500	7,744	80,244	305,000
2043	74,000	6,294	80,294	231,000
2044	75,500	4,814	80,314	155,500
2045	77,000	3,304	80,304	78,500
2046	78,500	1,668	80,168	0

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

Debt Service Enterprise Funds

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.

Debt Service Enterprise Funds

Solid Waste Fund Totals				
FY	Principal	Interest	Total	Outstanding
	\$512,200	\$185,967	\$698,167	
2017	0	0	0	512,200
2018	0	0	0	512,200
2019	0	0	0	512,200
2020	0	478	478	512,200
2021	0	6,888	6,888	512,200
2022	0	10,318	10,318	512,200
2023	10,000	13,221	23,221	502,200
2024	10,000	13,013	23,013	492,200
2025	17,400	12,795	30,195	474,800
2026	12,600	12,326	24,926	462,200
2027	7,600	11,958	19,558	454,600
2028	7,800	11,703	19,503	446,800
2029	8,000	11,434	19,434	438,800
2030	8,000	11,147	19,147	430,800
2031	53,200	10,860	64,060	377,600
2032	143,400	9,330	152,730	234,200
2033	3,600	5,184	8,784	230,600
2034	4,000	5,004	9,004	226,600
2035	3,600	4,804	8,404	223,000
2036	3,800	4,696	8,496	219,200
2037	4,000	4,582	8,582	215,200
2038	3,800	4,462	8,262	211,400
2039	4,200	4,348	8,548	207,200
2040	27,800	4,222	32,022	179,400
2041	28,400	3,666	32,066	151,000
2042	29,000	3,098	32,098	122,000
2043	29,600	2,518	32,118	92,400
2044	30,200	1,926	32,126	62,200
2045	30,800	1,322	32,122	31,400
2046	31,400	667	32,067	0

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

General obligation debt of the governmental activities at June 30, 2021 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, 2021</u>
Primary Government					
Governmental Obligations					
<i>General Obligation Bonds</i>					
General Obligation School Bonds, Series 2013A	04/12/13	07/15/33	3.05-5.05	\$ 1,695,000	\$ 1,270,000
General Obligation Bond, Series 2019B	10/17/19	01/15/26	2.70	8,000,000	4,950,000
GO Refunding Bond, Taxable Series 2019:	12/20/19	01/15/39	2.01-3.40	6,935,000	
City portion					5,344,000
School portion					1,336,000
Tax Exempt General Obligation Bond, Series 2021A	06/30/21	01/15/46	5-2.125	6,430,000	5,529,800
Tax Exempt General Obligation and Refunding Bond, Series 2021B	06/30/21	01/15/46	2-2.5	1,895,000	1,895,000
Virginia General Obligation Qualified Zone Academy Bond, Series 2014	12/30/14	12/01/24	0.0	1,816,000	<u>944,000</u>
Total General Obligation Bonds					21,268,800

The following provides the purpose for each debt issuance of the City of Franklin, Virginia.

<u>Debt Issuance</u>	<u>Reason for Debt Issuance</u>
Governmental Activities	
General Obligation School Bonds, Series 2013A	Capital Projects, including building repairs, bleacher replacements, school bus purchases, HVAC repairs, oven replacements, and track resurfacing
Virginia General Obligation Qualified Zone Academy Bond, Series 2014	Technology improvements for all schools; energy/HVAC improvements, roof repairs
General Obligation Refunding Bond, Series 2019	Refunding of Series 2015A, 2015B, and portion of Series 2010
General Obligation Bond, Series 2019B	Capital Projects
General Obligation Bond, Series 2021A	Various capital projects, including, but not limited to, funding the City's contribution to a new courthouse serving the City and Southampton County, Virginia
General Obligation Refunding Bond, Series 2021B	Advance refunding of General Obligation Refunding Bond, Series 2013

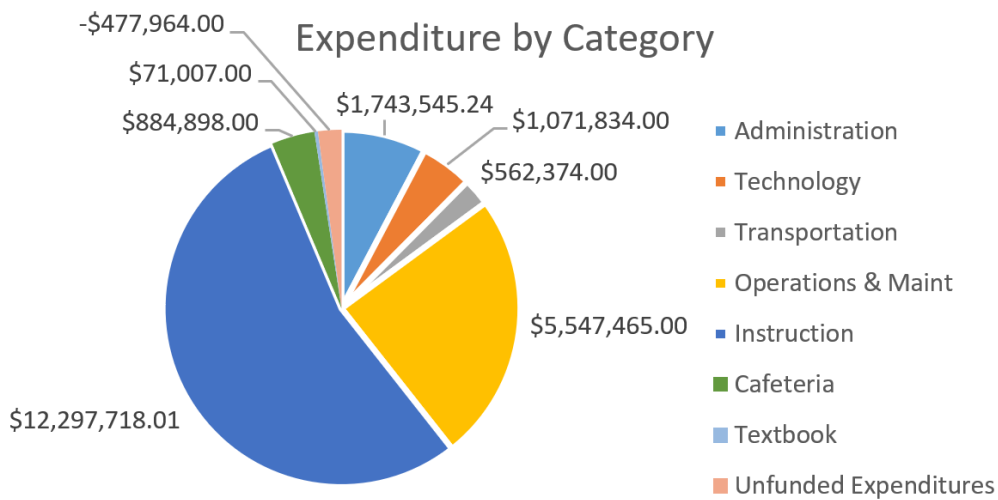
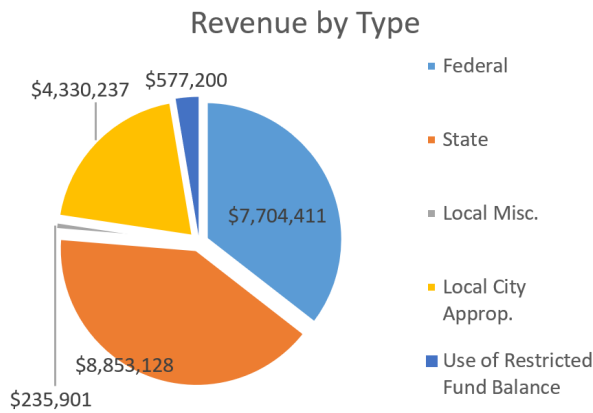
<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2021</u>
Proprietary Funds					
<i>Water and Sewer Fund</i>					
General Obligation Bonds - Public Improvement and Refunding Series 2010	04/27/10	01/15/26	2.00-4.50	3,435,000	155,000
Taxable General Obligation Refunding Bond, Series 2012A	12/20/12	01/15/24	3.05	1,387,000	726,000
Tax Exempt General Obligation Public Improvement and Refunding Bond, Series 2012B	12/20/12	01/15/23	3.05	907,000	105,000
Tax Exempt General Obligation and Refunding Bond, Series 2021A	06/30/21	01/15/46	2.125%- 5%	6,430,000	643,000
Premium on bond issuance					25,802
Compensated absences					56,620
Total Water and Sewer Fund					1,711,422
<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	150,000
Tax-Exempt General Obligation Public Improvement and Refunding Bond, Series 2012B	12/20/12	01/15/38	2.70	844,000	184,000
General Obligation Bond, Series 2019B	10/17/19	01/15/26	2.70	8,000,000	2,995,000
Premium on bond issuance					4,030
Compensated absences					22,254
Total Electric Fund					3,355,284
<i>Airport Fund</i>					
Compensated absences					6,042
Total Airport Fund					6,042
<i>Solid Waste Funds</i>					
GO Refunding Bond, Taxable Series 2019	12/20/19	01/15/32	2.01-2.84	6,935,000	255,000
Tax Exempt General Obligation and Refunding Bond, Series 2021A	06/30/21	01/15/46	2.125%- 5%	6,430,000	257,200
Premium on bond issuance					7,180
Compensated absences					5,940
Total Solid Waste Funds					525,320
Total Proprietary Funds					5,598,068

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 2022-2023 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 2022-2023 totaling \$22,178,841. The Council has currently approved the referenced budgets at \$21,700,877.

FY 2022-2023 Budget Highlights

- ❖ The Council has approved a local appropriation to the School Division of \$4,330,237 and the Use Restricted Fund Balance of \$577,200. The School Division had requested a local appropriation of \$5,385,401.
- ❖ 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 \$477,964) :



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 2022-2023 Budget Highlights

- ❖ The adopted City appropriation for FY 2022-2023 is \$595,281, a decrease of \$8,096 from the FY 2021-2022 budgeted appropriation and represents 21.8% of the total revenue needed to fund the various programs administered by the department.
- ❖ 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 \$47.4 million via pass through funding from Medicaid, Family Access to Medical Insurance Security (FAMIS), SNAP, Energy Assistance, Foster Care & Adoption and TANF in SFY 2021 (See Table 2). This is a \$7.2 million increase over actual benefits distributed in SFY 2020 (Table 3).

Table 1. Revenue by Source

Revenue by Source		
Federal & State	2,139,265	78.23%
City Appropriation	595,281	21.77%
TOTAL	2,734,644	100.0%

Table 2. 2021 DSS Spending Profile (Source: Virginia Department of Social Services)

Social Services Spending, FY 2021 Franklin City	Federal	State	Local	NER	Special Funds*	All Sources
Administrative costs	\$733,196	\$383,172	\$309,767	\$42,555	\$0	\$1,468,689
Staff and operations ¹	\$703,868	\$383,172	\$280,440	\$4,337	\$0	\$1,371,817
Other expenses ²	\$29,327	\$0	\$29,327	\$38,217	N/A	\$96,872
Admin costs - % by Funding Source	50%	26%	21%	3%	0%	100%
Admin costs - % Total SS spending	3%	2%	75%	100.0%	0.0%	3.1%
Services purchased for clients³	\$6,085	\$20,294	\$4,761	\$0	\$0	\$31,140
Services - % by Funding Source	20%	65.2%	15.3%	0.0%	0%	100%
Services - % Total SS spending	0.0%	0.1%	1.2%	0%	0%	0.1%
Client Benefits Spending⁴	\$26,025,451	\$19,734,817	\$99,114	\$0	\$900	\$45,860,282
Medicaid & FAMIS ⁵	\$19,638,906	\$19,283,355	\$14,987	N/A	N/A	\$38,937,248
SNAP	\$5,671,156	N/A	N/A	N/A	N/A	\$5,671,156
TANF	\$92,727	\$143,493	\$0	\$0	N/A	\$236,220
Energy Assistance	\$331,380	N/A	N/A	N/A	\$900	\$332,280
Foster care/adoption ⁶	\$114,562	\$97,937	\$0	\$0	N/A	\$212,499
Children's Services Act ⁷	\$0	\$131,075	\$74,612	\$0	N/A	\$205,688
Child Care ⁸	\$176,720	\$40,897	N/A	N/A	\$0	\$217,617
Other Benefits ⁹	\$0	\$38,059	\$9,515	\$0	N/A	\$47,574
Benefits - % by Funding Source	57%	43%	0.2%	0.0%	0%	100%
Benefits - % Total SS spending	97%	98%	24%	0%	100%	97%
Total SS Spending	\$26,764,731	\$20,138,283	\$413,642	\$42,555	\$900	\$47,360,111
SS Funding - % by Funding Source	57%	43%	1%	0%	0%	100%

Table 3. 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
Admin costs - % by Funding Source	56%	22%	19%	3%	100%
Admin costs - % Total SS spending	4%	2%	78%	100%	3%
Services purchased for clients³	\$14,731	\$15,622	\$5,634	\$0	\$35,987
Services - % by Funding Source	40.9%	43.4%	15.7%	0.0%	100%
Services - % Total SS spending	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
Benefits - % by Funding Source	56%	44%	0.2%	0.0%	100%
Benefits - % Total SS spending	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.

Children Services Act

The Children 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 2022-2023 BUDGET & FUNDING

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

The CSA budget for FY 2022-2023 is \$548,875 of which \$416,630 is the City’s local funding requirement. This is a \$71,971 increase from FY 2021-2022. State aid is projected to be \$10,722 lower than the current year. Expenditures for the program are largely based on anticipated community need per the State Children Services Act Department projections. The City also reviews historical trends of CSA expenditures to determine budget estimates.

CHILDREN SERVICES ACT FUND	ACTUAL FY 20-21	BUDGET FY 21-22	ADOPTED FY 22-23	Variance 21-22 to 22-23
REVENUE				
State Aid	151,955	134,967	124,245	(10,722)
Patient Income	5,098	-	8,000	8,000
Transfers from General Fund	141,096	344,659	416,630	71,971
Total Revenue	298,149	479,626	548,875	69,249
EXPENDITURES				
Mandated Services	210,149	385,000	531,720	146,720
Administrative Services	52,967	66,626	17,155	(49,471)
Reserve	-	28,000	-	(28,000)
Total Expenses	263,116	479,626	548,875	69,249

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, Camp Family Foundations, and Franklin Southampton Charities share the total budget for FSEDI which is independent of the City. The FY 2022-2023 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.

Franklin Business Center 2020 Economic Impact

# of Full Time Employees	71
# of Part Time Employees	55
Average Salary FT Employees	\$74,269.00
Taxes paid to Franklin	\$10,168.24
Rents Paid to City	\$132,247.44
Total Business Profits	\$5,314,960.28

FY 2022-2023 Budget - Revenues

Rental Income	120,000
Misc. Fees	1,000
Use of Fund Balance	61,713
City Contribution to FSEDI	<u>100,000</u>
Total Revenue	282,713

FY 2022-2023 Budget - Expenses

Personnel	22,664
Operating Expenses	160,049
Payment to FSEDI	<u>100,000</u>
Total Expenses	282,713

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 2022-2023
Capital Improvement Budget
\$2,248,633

FISCAL YEAR 2023-2027
Capital Improvement Plan
\$36,218,633

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 2022-2023

The first year of the Capital Improvement Plan is identified as the Capital Improvement Budget. The projects outlined herein have been programmed in year 2022-2023 operating budget. The total amount of \$2,364,034 is comprised of capital improvements in the following funds:

FY 22-23 Capital Improvement Budget by Fund	
General Fund	\$ 1,358,556
Water & Sewer Fund	391,804
Solid Waste Fund	198,273
Electric Fund	300,000
Total CIP Budget	\$ 2,248,633

Funding Source - FY22-23	
Capital Improvement Budget	
Cash:	
General Fund Operating Revenue	\$ 679,015
Water & Sewer Operating Revenue	391,804
Solid Waste Operating Revenue	150,852
Electric Fund Operating Revenue	300,000
Subtotal - City Cash	\$ 1,521,671
Debt Financing:	
2019B Proceeds	\$ 180,000
Subtotal - Debt Financing	\$ 180,000
Fund Balance:	
Restricted for Public Safety	\$ 499,541
Solid Waste	47,421
Subtotal - Fund Balance	\$ 546,962
Total CIP Funding	\$ 2,248,633

GENERAL FUND CAPITAL PROJECTS

- ❖ **Building Design – Franklin JDR & General District Court (\$80,000)**
Provide for preliminary design for the Franklin JDR & General District Court renovations.
- ❖ **Engine 2 Replacement (\$650,000)**
The City will purchase a new fire truck to replace Engine 2.
- ❖ **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 (\$378,556)**
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.
- ❖ **Building Design – National Guard Armory Gym (\$100,000)**
Provide for preliminary design for the National Guard Armory Gym renovations.

SOLID WASTE FUND CAPITAL PROJECTS

- ❖ **Collection Truck (\$198,273)**
Replacement of 28 year old rear loader refuse truck.

WATER & SEWER FUND CAPITAL PROJECTS

- ❖ **Sewer System Improvements (\$276,804)**
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 (\$35,000)**
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.
- ❖ **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.

ELECTRIC FUND CAPITAL PROJECTS

- ❖ **Unit 8-1 Truck (\$300,000)**
Replacement of a 10 year old digger truck.

CITY OF FRANKLIN, VA – PROPOSED
 CAPITAL IMPROVEMENT PROGRAM
 FY 2022-23 TO FY 2026-27

		Anticipated Revenue Source FY 23	FY23 Request	FY 24 Request	FY25 Request	FY 26 Request	FY 27 Request	Unfunded	5-Year CIP Cost FY 23-27
Project Description									
GENERAL ADMINISTRATION									
1	Voting Machines	Local				100,000			100,000
2	Franklin JDR & General District Court Renovations Preliminary Design	2019B Proceeds	80,000						80,000
3	Franklin JDR & General District Court Renovations	Financing		1,000,000	1,000,000				2,000,000
	TOTAL GENERAL GOVERNMENT		80,000	1,000,000	1,000,000	100,000	0	0	2,180,000
PUBLIC SAFETY									
4	Engine 2 Replacement	Local	650,000						650,000
5	Medic 1 Replacement	Local				330,000			330,000
6	Land Acquisition-New EMS Building	Financing			500,000				500,000
7	New Emergency Services Building	Financing			80,000	4,250,000	4,250,000		8,580,000
	TOTAL PUBLIC SAFETY		650,000	0	580,000	4,580,000	4,250,000	0	10,060,000
PUBLIC WORKS									
8	Drainage System Improvements	State	100,000	300,000	300,000	300,000	300,000	1,500,000	1,300,000
9	Street Improvements	State	378,556	500,000	500,000	500,000	500,000	2,500,000	2,378,556
10	Traffic Signal Upgrades	State	50,000	50,000	50,000	50,000	50,000	250,000	250,000
Transportation Safety/Street Projects									
11	Street Improvement Paving per Pavement Condition Analysis & Management Report	Local & State		815,000	870,000	915,000	760,000	4,985,000	3,360,000
12	Intersection Improvements Per Comp Plan	Local & State		220,000	220,000	220,000	220,000		880,000
13	North High Street Widening	Local & State					3,200,000		3,200,000
14	Hunterdale Road Widening	Local & State					3,600,000		3,600,000

CITY OF FRANKLIN, VA – PROPOSED
CAPITAL IMPROVEMENT PROGRAM
FY 2022-23 TO FY 2026-27

Project Description	Anticipated Revenue Source FY 23	FY23 Request	FY 24 Request	FY25 Request	FY 26 Request	FY 27 Request	Unfunded	5-Year CIP Cost FY 23-27	
15 Fairview Drive Widening	Local & State					1,200,000			1,200,000
16 Bobwhite Lane Connector to High Street	Local & State					1,600,000			1,600,000
TOTAL PUBLIC WORKS		528,556	1,885,000	1,940,000	1,985,000	11,430,000	9,235,000		17,768,556
COMMUNITY DEVELOPMENT									
TOTAL COMMUNITY DEVELOPMENT		0	0	0	0	0	0		0
PARKS & RECREATION									
17 National Guard Armory Gym Renovations Preliminary Design	2019B Proceeds	100,000							100,000
18 National Guard Armory Gym Renovations			1,000,000	1,000,000					2,000,000
TOTAL PARKS & RECREATION		100,000	1,000,000	1,000,000	0	0	0		2,100,000
SOLID WASTE FUND									
19 Collection Truck Replacements	User Fees-\$150,852 Fund Balance-\$47,421	198,273					1,000,000		198,273
TOTAL SOLID WASTE FUND		198,273	0	0	0	0	1,000,000		198,273
ELECTRIC FUND									
20 Replacement of Unit 11-1 Truck	User Fees		200,000						200,000
21 Replacement of Unit 8-1 Truck	User Fees	300,000							300,000
22 Tree Chipper	User Fees		50,000						50,000
23 Canterbury Charles Street Underground Update	Financing		500,000	500,000					1,000,000
TOTAL ELECTRIC FUND		300,000	750,000	500,000	0	0	0		1,550,000
WATER & SEWER FUND									
24 Sewer System Rehabilitation	User Fees	276,804	250,000	250,000	250,000	250,000	1,250,000		1,276,804
25 Water System Improvements	User Fees	35,000	150,000	150,000	150,000	150,000	750,000		635,000
26 Wastewater Treatment Plant Upgrades	User Fees	80,000	100,000	100,000	90,000	80,000	400,000		450,000
TOTAL WATER & SEWER FUND		391,804	500,000	500,000	490,000	480,000	2,400,000		2,361,804
TOTAL ALL FUNDS		2,248,633	5,135,000	5,520,000	7,155,000	16,160,000	12,635,000		36,218,633

SECTION SIX

SUPPLEMENTAL DOCUMENTS

1. Budget Resolution
2. Electric Rate Ordinance

FY 2022 – 2023 Budget Resolution
Budget Resolution
Setting the Tax Rates, Adopting the Budget and
Appropriating Funds for FY 2022 – 2023

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 May 9, 2022 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 ADOPTED TO AS FOLLOWS:

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:	
Basic Life Support (BLS) (A0428)	\$560.00
Basic Life Support Emergent (A0429)	\$700.00
Advanced Life Support 1 (ALS1) (A0426)	\$741.00
Advanced Life Emergent (A0427)	\$850.00
Advanced Life Support 2 (ALS2) (A0433)	\$974.00
Mileage Rate to Hospital	\$17.00

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, 2022 and ending June 30, 2023:

REVENUE SUMMARY – GENERAL FUND

Local	\$	21,002,776
State		4,487,103
Federal		210,196
Subtotal-Operating Revenue	\$	25,700,075
Other Financial Sources		2,144,993
Total General Fund Revenues	\$	27,845,068

EXPENDITURE SUMMARY – GENERAL FUND

City Council	\$	167,656
City Manager		338,046
City Attorney		115,000
Management Services & HR		238,188
Commissioner of the Revenue		296,117
Real Estate Assessor		83,422
Treasurer		398,428
Finance		509,227
Utilities		361,662
Insurance		192,398
Information Technology		291,904
Elections		187,946
Judicial Administration		1,509,440
Public Safety		4,087,550
Emergency Management Services		5,638,573
Inspections		371,921
Animal Control		121,307
Public Works- Streets & Snow Removal		1,909,563
Public Works - Garage		280,406
Maintenance of Buildings & Grounds		1,500,893
Cemetery Maintenance		2,500
Health & Welfare		869,026
Recreation		535,309
Library		280,789
Planning/Zoning		105,818
Beautification		200
Tourism		69,589
Non-Dept.: Rev Sharing		700,000
Total	\$	21,162,878
Transfer to Other Funds		6,682,190
Total General Fund Expenditures	\$	27,845,068

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, 2022 and ending June 30, 2023:

REVENUE SUMMARY – WATER & SEWER FUND

Sale of Water	\$	1,250,000
Sale of Sewer		1,888,000
Miscellaneous		55,000
Use of Unassigned Fund Balance		195,000
Total Water & Sewer Fund Revenue	\$	3,388,000

EXPENDITURE SUMMARY – WATER & SEWER FUND

Operating Expense	\$	2,378,160
Debt Service		381,325
Transfer to General Fund – Admin Services & Lieu of Taxes		433,515
Transfer to General Fund – Operational Subsidy		195,000
Total Water & Sewer Fund Expenditures	\$	3,388,000

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, 2022 and ending June 30, 2023:

REVENUE SUMMARY – SOLID WASTE FUND

Solid Waste Collection Fees	\$	1,343,040
Miscellaneous		4,000
Use of Restricted Fund Balance		91,834
Total Solid Waste Revenue	\$	1,438,874

EXPENDITURE SUMMARY – SOLID WASTE FUND

Operating Expense	\$	1,122,741
Debt Service		28,742
Transfer to General Fund – Admin Services		287,391
Total Solid Waste Fund Expenditures	\$	1,438,874

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, 2022 and ending June 30, 2023:

REVENUE SUMMARY – AIRPORT FUND

Airport Rental Fees	\$	61,140
Sale of Jet Fuel & Aviation Gas		65,000
Federal Revenue		32,000
Transfer from General Fund		43,113
Total Airport Fund Revenue	\$	201,253

EXPENDITURE SUMMARY – AIRPORT FUND

Operating Expenses	\$	180,641
Transfer to General Fund – Admin Services		20,612
Total Airport Fund Expenses	\$	201,253

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, 2022 and ending June 30, 2023:

REVENUE SUMMARY – ELECTRIC FUND

Revenue from Sale of Energy	\$	14,529,365
Revenue from Fuel Charges		1,968,964
Other Revenue		381,501
Total Electric Fund Revenue	\$	16,879,830

EXPENDITURE SUMMARY – ELECTRIC FUND

Fuel Adjustment	\$	1,987,489
Energy for Resale		8,718,948
Energy True Up Expense		600,000
Operating Expenses		2,356,075
Capital Improvements		372,500
Debt Service		334,248
Transfer to General Fund – Admin Services & Lieu of Taxes		710,577
Transfer to General Fund – Operational Subsidy		1,799,993
Total Electric Fund Expenses	\$	16,879,830

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, 2022 and ending June 30, 2023:

REVENUE SUMMARY – SOCIAL SERVICES FUND

State & Federal Revenue	\$	2,139,265
Transfer from General Fund		595,281
Total Social Services Fund Revenue	\$	2,734,546

EXPENDITURE SUMMARY – SOCIAL SERVICES FUND

Social Services Expenses		2,734,546
Total Social Services Expenses	\$	2,734,546

Section VIII: The following amounts as stated are hereby appropriated in the Children Services Act Fund for the operation of the fund and its activities for and during the fiscal year beginning July 1, 2022 and ending June 30, 2023:

REVENUE SUMMARY – CHILDREN SERVICES ACT FUND

State Revenue	\$	124,245
Local Revenue	\$	8,000
Transfer from General Fund		416,630
Total Comprehensive Services Revenue	\$	548,875

EXPENDITURE SUMMARY – CHILDREN SERVICES ACT FUND

Mandated Services	\$	531,720
Administrative Services		17,155
Total Comprehensive Services Expenses	\$	548,875

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, 2022 and ending June 30, 2023:

REVENUE SUMMARY – EDUCATION FUNDS

School Operating Fund-Federal Revenue	6,930,000
School Operating Fund-State Revenue	8,837,535
School Operating Fund-Local Revenue	70,000
Cafeteria Fund (State, Federal, & Local)	884,898
Textbook Fund (State, Federal, & Local)	71,007
Transfer from General Fund (Base)	4,330,237
Use of Restricted Fund Balance	577,200
Total School, Cafeteria, & Textbook Revenue	21,700,877

EXPENDITURE SUMMARY – EDUCATION FUNDS

Cafeteria Fund Expenses	884,898
Textbook Fund Expenses	71,007
School Operating Fund Expenses	20,744,972
Total School, Cafeteria, & Textbook Expenses	21,700,877

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, 2022 and ending June 30, 2023:

REVENUE SUMMARY – DEBT SERVICE FUND

Transfer from General Fund – General Debt	\$ 763,820
Transfer from General Fund – School Debt	433,109
Total General & School Debt Revenue	\$ 1,196,929

EXPENDITURE SUMMARY – DEBT SERVICE FUND

General Fund Debt Service	\$ 763,820
School Debt Fund	433,109
Total General & School Debt Expenses	\$ 1,196,929

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, 2022 and ending June 30, 2023:

REVENUE SUMMARY – ECONOMIC DEVELOPMENT FUND

Program Fees & Rental Income	\$	121,000
Transfer from General Fund – Joint Activity		100,000
Use of Restricted Fund Balance		61,713
Total Economic Development Fund	\$	282,713

EXPENDITURE SUMMARY- ECONOMIC DEVELOPMENT FUND

General Operating Cost	\$	182,713
Payment to Joint Economic Development		100,000
Total Economic Development Fund	\$	282,713

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.

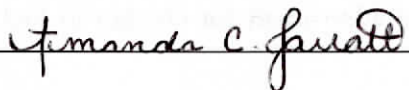
B. No amount between funds nor any contingency appropriation may be transferred within any fund without approval from the City Council. In addition, no appropriation for the Reserve-General Fund can be spent nor transferred without the express authority of Council.

EFFECTIVE DATE: The budget hereby adopted and the respective tax rates and fees so fixed shall be effective July 1, 2022.

DONE THIS 9th day of May, 2022, in the CITY OF FRANKLIN, VIRGINIA



Frank M. Rabil, Mayor

ATTEST: 

Amanda C. Jarratt, City Manager

City Ordinance 8-14(a) Has An Increase In Electrical Rates

Adopted Motion

The Council of the City of Franklin does ordain that the Franklin City Code 8-14 (a) shall be amended to set the monthly electrical rates for the non-fuel charge component for the kWh energy charge and the kW demand charge for all billings after July 1, 2022 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, 2021</u>	<u>July 1, 2022</u>
A. Basic Customer Charge:	\$7.98	\$7.98
B. Plus kWh Charge	\$0.10851	\$0.11068

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, 2021</u>	<u>July 1, 2022</u>
A. Basic Customer Charge: Single Phase	\$12.61	\$12.61
B. Plus kWh Charge:	\$0.08939 per kWh	\$0.09112 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, 2021</u>	<u>July 1, 2022</u>
A. Basic Customer Charge: Three Phase	\$22.42	\$22.42
B. Plus kWh charge:	\$0.08939 per kWh	\$0.09112 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, 2021</u>	<u>July 1, 2022</u>
Single Phase	\$49.50	\$49.50
B. Plus kWh Charge:	\$0.07320 per kWh	\$0.07466 per kWh
C. Plus kW Demand Charge:	\$6.80 per kW	\$6.94 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, 2021</u>	<u>July 1, 2022</u>
Three Phase	\$99.00	\$99.00
B. Plus kWh Charge:	\$0.07320 per kWh	\$0.07466 per kWh
C. Plus kW Demand Charge:	\$6.80 per kW	\$6.94 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, 2021</u>	<u>July 1, 2022</u>
Single Phase	\$45.00	\$45.00
B. Plus kWh Charge:	\$0.04846 per kWh	\$0.04943 per kWh
C. Plus kW Demand Charge:	\$14.97 per kW	\$15.27 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, 2021</u>	<u>July 1, 2022</u>
Three Phase	\$90.00	\$90.00
B. Plus kWh Charge:	\$0.04846 per kWh	\$0.04943 per kWh
C. Plus kW Demand Charge:	\$14.97 per kW	\$15.27 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, 2021</u>	<u>July 1, 2022</u>
A. Basic Customer Charge	\$247.50	\$247.50
B. Plus kWh Charge:	\$0.04417 per kWh	\$0.04505 per kWh
C. Plus kW Demand Charge:	\$16.39 per kW	\$16.72 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, 2021</u>	<u>July 1, 2022</u>
Single Phase	\$16.50	\$16.50
B. Plus kWh Charge:	\$0.09833 per kWh	\$0.10030 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, 2021</u>	<u>July 1, 2022</u>
Three Phase	\$26.13	\$26.13
B. Plus kWh Charge:	\$0.09833 per kWh	\$0.10030 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, 2021</u>	<u>July 1, 2022</u>
Single Phase	\$12.38	\$12.38
B. Plus KWH Charge:		
First 3000 kWh	\$0.10367 per kWh	\$0.10574 kWh
Excess over 3000 kWh	\$0.15355 per kWh	\$0.15662 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, 2021</u>	<u>July 1, 2022</u>
		\$22.00	\$22.00
B.	Plus KWH Charge:		
	First 3000 kWh	\$0.10367 per kWh	\$0.10574 per kWh
	Excess over 3000 kWh	\$0.15355 per kWh	\$0.15662 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, 2021</u>	<u>July 1, 2022</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
40 LED		\$11.00 per month
140 LED		\$18.75 per month
1,000 LED		\$32.00 per month

Metal Halide

1,000 Watt	\$39.25 per month	\$39.25 per month
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Three Phase	\$22.00	\$22.00
B. Plus KWH Charge:		
First 3000 kWh	\$0.10367 per kWh	\$0.10574 per kWh
Excess over 3000 kWh	\$0.15355 per kWh	\$0.15662 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

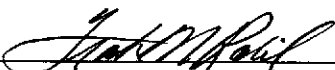
Rate Schedule: OLS

High Pressure Sodium	<u>July 1, 2021</u>	<u>July 1, 2022</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
40 LED		\$11.00 per month
140 LED		\$18.75 per month
1,000 LED		\$32.00 per month


Metal Halide

1,000 Watt	\$39.25 per month	\$39.25 per month
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GIVEN under our hands this 9th day of May 2022.



 Frank M. Rabil, Mayor

Attest: 

 Amanda C. Jarratt, City Manager