



# FRANKLIN COUNTY

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FY 2025-2026  
BUDGET WORK SESSION  
FEBRUARY 24, 2025

# FY 24-25 Last Year Budget Review



- Balanced Budget
- Real Estate Property Tax Rate reduced from .61 to .43
- Effective RE Property Tax Increase of 2 cents
- Tax Relief for Elderly
- Current FY 24-25 Budget is approximately \$178,793,573 (minimal -2.73 % decrease)
- Inflationary Budget
  - Expenses were balanced with good fortune of interest earnings of approximately \$2 million.
  - Capital Budget was balanced with \$2.5 million from year-end surplus
  - Interest earnings are projected to decrease over time and therefore will need to be replenished with any new, ongoing revenue .



# FY24-25 Budget Recap

- \$1.4 million new, recurring funding to Schools
- \$500K one time additional money for school bus replacement
- \$1.3 million in County Capital additional recurring funding
- \$2 million in one time money to restore capital funding and balance CIP
- COLA 3% \$825K
- Health Insurance premium increase \$412K

# FY 24-25 Real Estate Tax Rate to \$0.43

<b>Scenario: Real Estate Tax Rate \$0.43</b>	
<b>Reduce Budget \$-2,000,000 Cuts:</b>	Proposed Budget
(1) SRO Officers position from school closing	<b>42,904</b>
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SRO Phase-in	<b>254,129</b>
Fuel Reserve	<b>81,295</b>
Board Contingency Operating	<b>30,000</b>
Treasurer Professional Services DMV Stops	<b>10,000</b>
Athletics and Aquatics Supplies	<b>6,410</b>
Part Time Minimum Wage Increase	<b>25,000</b>
Landfill Repair and Maintenance	<b>4,358</b>
Public Safety Fire Apparatus	<b>850,000</b>
Animal Control Vehicle	<b>25,000</b>
Parks Vehicle Replacement	<b>25,000</b>
Parks Equipment Replacement	<b>8,000</b>
Parks Playground Repair, Replacement	<b>5,000</b>
HVAC Upgrades	<b>30,000</b>
Courthouse Maintenance Exterior	<b>50,000</b>
Roof Replacement	<b>10,000</b>
School Bus Replacement	<b>500,000</b>

- Eliminate 2 SRO positions from school closings; Reduce phase-in funding
- Some operational line-item modifications (i.e. Board contingency, fuel reserve, part-time minimum wage reduction)
- Capital reductions (i.e. Fire apparatus, buses, vehicle / equipment replacement, facility maintenance, etc.)
- Capital reductions recommended to be offset / funded through fund balance and then replenished through any FY 24 carry over



# FY 25-26 Local Budget Climate

- Revenue growth appears to be moderating and returning to more historical norms
- Inflationary pressures continue to persist
- Governor's proposed State funding to Schools is minimal at \$160K, however General Assembly budget amendments are more favorable of approximately \$2 million of potential, additional funding to schools. State Budget likely not finalized until late April / May.
- Minimal State funding to localities



# FY 26 Budget Revenue Outlook

Category	FY 2024 Actual	FY 2025 Adopted	FY 2026 Projection	FY 2025 Adopted to FY 2026 Projection Change	Percent Change
General Property Taxes	\$69,446,820	\$69,813,454	\$70,065,886	\$252,432	0.36%
Other Local Taxes	16,306,142	15,541,945	15,875,698	333,753	2.15%
Other Fees and Revenue*	10,564,822	8,627,660	9,353,924	726,264	8.42%
Intergovernmental (State and Federal)	23,699,118	24,493,580	26,071,425	1,577,845	6.44%
Total Revenue Projections	\$120,016,902	\$118,476,639	\$ 121,366,933	\$ 2,890,294	2.44%

New Discretionary Revenue of only \$588K is projected at this time, when taking out pass thru federal, state, and restricted dollars (i.e. Grants, EMS Billing, etc.)

*\*Includes Permits and Licenses, Fines and Forfeiture, Use of Money & Property, Charges for Services, Miscellaneous, and Recovered Costs*

Disclaimer: Revenue Projections are Early and are Subject to Change



# FY 25-26 Budget Pressures

## Operational Environment – Additional \$5.2 million in Operating Requests

### Additional \$768k in Position Requests

- Inflation – fuel, utilities, vehicles, equipment, maintenance contracts, capital
- CSA – complex high-dollar cases
- Decline in School Enrollment – State Funding Reduction (LCI) for FY27
- Increased Juvenile Detention Population (Per Diem Operations - Debt Service)
- Phase-in SROs Budgetary costs - \$80K in FY 2026, \$325K in FY 2027 and FY 2028
  - Additional loss in grant funding for FY 27 due to LCI reset – unknown impact

## Personnel

- Competitive Labor Market with other localities / private sector (28 vacancies)
  - Public Safety position vacancies affecting station / EMS coverage (10 vacancies)
  - Sheriff position vacancies (3 vacancies) and E-911 Dispatch (4 vacancies)
- COLA (State is proposing a 3% increase where for each 1% requires \$287K)
- Minimum Wage Increase effective January 1, 2026
- Market compensation adjustments
- Health Insurance Renewal increase 15% after RFP



# FY 25-26 Health Renewal

## Health Insurance Renewal

- ❑ Several high dollar claims
- ❑ RFP responses received February 11<sup>th</sup>
- ❑ Overall increase 15% in renewal rates; using prior year enrollment would require approximately \$825,000 to cover employee and employer share
- ❑ Cost shift to employees is inevitable for FY 2026 Plan Design
- ❑ Proposed Plan Design and approval of rates planned for BOS March 18th meeting



# Capital Improvements & Maintenance Significant Pressures



# 5-Year Capital Improvement Plan

## FY 2026

- ❑ Annual Recurring Local Funding \$3.7 million
- ❑ \$16 million in total FY 2025-26 Department CIP requests
- ❑ \$11.3 million requests currently unfunded with recurring revenue

## FY 2026-2030

- ❑ 5-Year CIP total requests \$80 million
- ❑ \$51 million unfunded without new recurring revenue



# Public Safety 5 Year CIP Highlights

- Fire/EMS Apparatus Replacement \$12.8 million
- Radio Communications- end of life radio models and solving critical infrastructure support of approximately \$2.5 million
- Fire/EMS Response Vehicles \$1.2 million



# General Properties 5 Year CIP Look

- HVAC Replacements \$1 million
- Roof Replacements \$2.3 million
- Courthouse & Jail Maintenance \$2.3 million
- New E911 Facility \$4 million
- New Public Safety Administration Facility \$3.4 million
- New Social Services Facility or Renovation \$6 million



# Solid Waste 5 Year CIP Look

- Engineering/Compliance & Equipment Lease \$1.2 million
- Rebuild/Replace Equipment \$2 million
- Cell 4 Construction and Closure of cell 2 (in years 6-10) \$7 million plus
- New Collection Sites @ Sago/Penhook/Snow Creek/Callaway and Landfill Scale House \$1.8 million



# Parks and Recreation 5 Year CIP Look

- Capital Maintenance for Repairs/Renovations and Playground Replacement/Construction \$1.6 million
- Vehicle & Equipment Replacement \$670,000
- Athletic Field Lighting and Improvements \$3.4 million
- Parks Expansion/Improvements \$440,000



# Capital Structural Imbalance

## Capital Environment

- **Capital Infrastructure Needs** (i.e. County & School Buildings HVAC / Roofs, Landfill, Broadband, Fire Apparatus, Ambulances)
- **Significant Capital Inflation**
  - Ambulance
  - Fire Apparatus Replacement
  - E911 New / Renovated Facility
  - Public Safety Administration New / Renovated Facility
  - Social Services New or Upgraded Facility
  - General Fleet Vehicles
  - School Bus Replacements
- As shared previously, the County and School's Capital Budget Funding / Transfer has remained relatively flat for well over a decade and is not sustainable going forward. While the addition of \$1.3 million in new funding for Capital made a small dent this year, significant additional funding is required to address the CIP's structural imbalance.



# Recurring Annual Capital Structural Imbalance

- Increased revenue for major equipment replacement (i.e. apparatus, landfill, etc.) needs to be identified and implemented to address this structural imbalance. Not doing so pressures an unsteady climate in the balancing of the County's annual budget (i.e. budget stabilization reserves, etc.).
- Current FY 24-25 County Capital Budget Balanced with one-time \$2.5 Million from Carry-Over / Year End Service. Future Carry-Over dollars are not guaranteed and are projected to diminish based on current projections.



# Major Capital Projects

## Debt Service Interim Financing

Description	Preliminary Estimated Costs
<b><u>Near-Term Capital Projects</u></b>	
CTE – 911 Dispatch – Public Safety Design & Engineering Plans	
Radio System Infrastructure	
Landfill Cell #4 Engineering & Completion of Collection Sites	
Parks & Recreation Athletic Field Lighting & Park Improvements	
Elementary Schools (HVAC, Roofs, etc.)	
<b>Preliminary Estimated Costs Total</b>	<b>18,500,000</b>

\*Above Items are Preliminary Projected Cost Estimates and Do NOT Reflect Actual Bids / Costs



# FY 25-26 Proposed Budget

- ❑ FY 2026 Proposed Budget scheduled to be presented to BOS March 11<sup>th</sup>
- ❑ Funding current operational service levels for County and Schools not possible at current tax rates
- ❑ CIP will require additional ongoing revenue to fund capital needs
- ❑ No estimates are available for property taxes from MVP
- ❑ Possible consideration of real estate, personal property, meals tax increases and/or cigarette tax implementation



# FY 25-26 Budget Guidance

## ❑ Strategic Priorities ??

- ❑ Dynamic Community Safety; Responsible Government Operations; Enhanced Educational Opportunities; Strategic Economic Development; Conserving & Promoting Natural Assets; Well Planned Growth

## ❑ Maintain Operational Service Levels ??

## ❑ CIP Structural Imbalance ??

## ❑ Revenue Enhancements ??

# Budget Calendar



## FY 25-26 Budget Calendar

<u>Date</u>	<u>Task</u>
Tuesday, February 18, 2025	Regular BOS Meeting, Possible Budget Work Session
Thursday, February 20, 2025	Regular BOS Meeting, Possible Budget Work Session
Monday, February 24 to Monday, March 10, 2025	Staff Preparation of Proposed FY25-26 Budget Book
Monday, March 3, 2025	Possible BOS and School Board joint Work Session
Monday, March 10, 2025	Proposed FY25-26 School Board Public Hearing, 5:30 pm at School Board Office, Adoption of FY 25-26 Budget by School Board, 6:00 pm at School Board Office
Tuesday, March 11, 2025	Proposed FY25-26 County Budget/Capital Improvement Plan Presented & School Board Budget to Board of Supervisors
Thursday, March 13, 2025	Possible BOS Work Sessions
Tuesday, March 18, 2025	Regular BOS Meeting and Possible Departmental Budget Review
Thursday, March 20, 2025	Regular BOS Meeting, Possible Budget Work Session
Tuesday, March 25, 2025	Possible Budget Work Session
Friday, March 28 and Friday, April 4, 2025	Public Hearing FY25-26 County Budget/Capital Improvement Plan Advertisement in Local Paper
Tuesday, April 8, 2025	Public Hearing for FY 25-26 County Budget/Capital Improvement Plan
Thursday, April 10, 2025	Possible BOS Work Session
Tuesday, April 15, 2025	Regular BOS Meeting, Adoption of FY25-26 Budget/Capital Improvement Plan, and Adoption of Tax Rates
Monday, July 14, 2025	Adopted Budget Book due to GFOA for review



Questions?