

City of Franklin, Tennessee

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2019

CITY OF FRANKLIN, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2019

Prepared by:

**City of Franklin
Department of Finance**

**CITY OF FRANKLIN, TENNESSEE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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INTRODUCTORY SECTION



HISTORIC
FRANKLIN
TENNESSEE

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ADMINISTRATION


Dr. Ken Moore
 Mayor

Eric S. Stuckey
 City Administrator

 HISTORIC
FRANKLIN
 TENNESSEE

December 10, 2019

To the Honorable Mayor & Aldermen and Citizens of Franklin, Tennessee:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP). Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Franklin, Tennessee for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the finances of the City of Franklin. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Franklin has established a comprehensive internal control framework designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Franklin's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the City of Franklin's comprehensive framework of internal controls is designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Crosslin, PLLC, a firm of licensed certified public accountants, has audited the City of Franklin's financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Franklin for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Franklin's financial statements for the year ended June 30, 2019 are fairly presented in all material respects in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Franklin's MD&A can be found immediately following the report of the independent auditor.

Profile of the government

The City of Franklin, incorporated in 1799, is located in Middle Tennessee. The local economy is a well-balanced blend of financial, agricultural, wholesale, retail, manufacturing, and service industries. No single industry is critical to the region's economy. The City covers an area of 42 square miles, and serves a population of 70,908 according to the 2017 special census. The City is one of the fastest growing municipalities in the State of Tennessee, with the population increasing by 13% since the 2010 census. The City is empowered to levy both real and personal properties located within its boundaries. In addition, it is empowered by State statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing board and upon request of the property owner.

The City has operated under a Mayor/Board of Aldermen form of government under State charter since 1903. Policy-making and legislative authority are vested in a governing board consisting of the Mayor and eight other members (Aldermen). The

Board is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the government's Administrator. The Administrator's responsibilities include carrying out the policies and ordinances of the governing board, preparing an annual budget, and overseeing the day-to-day operations of the government. The Board is elected on a non-partisan basis. Board members serve four year staggered terms, with four Aldermen elected at large and the remaining four elected by ward two years later. The Aldermen elected by wards must live within the ward they represent. The Mayor also serves a term of four years.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; pickup and disposal of solid waste; planning and codes; operation of a city court; implementation of storm water regulations and remedies; an inner-city transit system; and a citywide park system. The City also has its own water, sanitary sewer, and reclaimed water system.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for budget appropriations to the Administrator in the first quarter of the calendar year. The Administrator, in concert with the Chief Financial Officer, uses these requests as a starting point for developing a proposed budget. After numerous meetings with department heads, the Administrator presents the budget to the Board of Mayor and Aldermen for approval.

Three meetings of the full board and a public hearing are necessary for approving the budget. Although the legal level of budgetary control is at the fund level, the budget is prepared by fund, function, and department. Additional appropriations in a fund require two readings by the Board, one of which is a public hearing. Budget-to-actual comparisons are provided within this report for each individual governmental fund for which a budget has been adopted. For the General Fund, this comparison is presented beginning on page 30 as part of the basic financial statements. For the other governmental funds with appropriated annual budgets, the comparisons are presented beginning on page 94.

Local economy

The City of Franklin generally enjoys a favorable economic environment and local indicators point to continued stability. The region has a varied commercial and industrial base, which adds to employment stability with the State's lowest rate of unemployment (of cities with a population of 25,000 or more). The local economy is a well-balanced blend of financial, agricultural, wholesale, retail, manufacturing and service industries. Residential and commercial development in the area has spurred continuing growth.

Since the 1991 opening of the Cool Springs Galleria, one of Tennessee's largest retail-shopping facilities with over one million square feet, the mall area has continued to develop with over 150 stores and restaurants. It is anchored by Belk, Dillard's, JCPenney, and Macy's. There has been expansion to the Belk store, as well as the arrival of the Cheesecake Factory, American Girl, H&M, and Sephora.

Sufficient vacant property, zoned for retail use, is available for further development. According to the Williamson County Economic Dashboard – January 2019, the area has a low commercial vacancy rate of 11.7% with new "Class A" office space continuing to be developed. The surrounding road network has been vastly improved with many of the upgrades at developer cost.

Several well-known corporations have their national, regional, or state headquarters in Franklin; among them are: Community Health Systems, Nissan North America, Verizon Wireless, Mars Petcare, Healthways, eviCore Healthcare, Medhost, Ozburn-Hessey Logistics, Jackson National Life, Franklin American Mortgage, and Premise Health.

In 2018, Schneider Electric opened new office space of 158,000 square feet to house 900 employees in Franklin. Ramsey Solutions, a financial and personal development corporation, is moving its headquarters and 1,000 employees to Franklin in August 2019. On June 25, 2019, Mitsubishi Motors North America announced relocation of its headquarters to Franklin. Relocation will begin in August and be completed by the end of 2019.

Long-term financial planning and major initiatives

During FY 2019, the governing body completed the second review of its ten-year capital investment plan (CIP). The ultimate intent of this 10-year CIP (FY 2019-2028) is to match available funding with needed projects and to highlight any funding shortfalls. Staff compiled a comprehensive list of projects anticipated within the next ten (10) years and scored these projects using objective questions based on the City's strategic plan, **FranklinForward**. The projects were then listed in the following project tiers: Top 25%, Top 50%, Bottom 50%, and Bottom 25%. Ultimately, the Board selected the projects to be funded in the initial phase of the 10-year CIP. The Board funded projects were referred to as "5-star" high priority projects. The CIP

document will be continually adjusted every two years to reflect the Board's final decisions. In the first CIP, FY 2017-2026, the governing body prioritized the following projects for funding:

- East McEwen (Phase IV)
- East / Southeast Multipurpose Park
- Sidewalk "Gaps"
- Fire Station 7
- Franklin Road Improvements
- Goose Creek Interchange Lighting
- Major Street Resurfacing
- Public Safety Communications System
- Mallory Station / Royal Oaks / Liberty Pike Intersection Improvements (Phase 1)

This past year, under Resolution 2019-68, the governing body approved the following projects for funding in the FY 2019-2028 CIP:

- Long Ln and Old Peytonsville Rd Connector
- Bicentennial Park
- 100 Block Battle Avenue Drainage Improvements
- 5th Ave Parking Lot
- Mallory/N Royal Oaks & Liberty Intersection Improvements
- Greenway & Bridge (Harlinsdale to Chestnut Bend)
- Lockwood Glen Park
- Jordan Road (Aspen Grove Dr-Mallory Ln)
- Lewisburg Ave Sidewalk Improvements
- New City Hall
- FSSD (Freedom Middle/Poplar Grove)
- E McEwen Dr. Ext. (Wilson Pike to City Limits)
- Maplewood Stormwater Project
- Liberty Pike Improvements
- Main Barn, Harlinsdale
- Eastern Flank Circle Road
- Greenway Aspen Grove Park to Mack Hatcher
- McEwen Drive Interchange Modifications
- Church St. (Columbia to 2nd Ave S.)
- Peytonsville Rd & Pratt Ln Intersection Improvements
- Pratt Ln Bridge Replacement
- USACE - Home Raising Project
- West Main Bridge Widening Project
- Carlisle Ln (SR96W-Future Mack Hatcher Pkwy)
- Thompson Alley Neighborhood Park
- Main St Sidewalk Repair Project
- Mack Hatcher Multiuse Trail (Franklin-Hillsboro)
- Greenway (Pinkerton Park to Franklin Road Bridge)
- New Public Parking Structure or Surface Lot - Downtown Franklin
- Hayes Home Restoration (Harlinsdale)

In addition, construction proceeded in earnest during FY 2019 of the third leg of the loop around Franklin, Mack Hatcher NW, funded primarily by the State of Tennessee.

Relevant financial policies

The City has adopted financial policies related to investments, General Fund reserves, debt management, tax compliance on debt, utilization of reserve funds, pension funding, cash receipting, and disbursements. The investment policy, updated in December 2011, provides for the primary objectives, in order of priority, of investment activities of non-pension funds shall be safety, liquidity, and return. The reserve policy established an emergency and cash flow reserve of a minimum of 33% of budgeted General Fund expenditures (which is \$24.6 million in 2019). As of September 2014, the reserve policy also includes a capital funding reserve for fund balance in excess of 45% of budgeted General Fund expenditures (which is \$17.9

million in 2019). The debt policy provides written guidance and restrictions for the amount and type of debt the City will issue, the issuance process, and the management of the debt portfolio. In August 2012, the City adopted a policy for the utilization and replacement of committed funds. In October 2014, the City adopted a pension funding policy. The City also adopted a cash receipting policy in November 2014. In fiscal year 2017, the City adopted a disbursements policy, approved documentation of its internal controls, and closed its books within 60 days of fiscal year end. In fiscal year 2018, policies relating to travel, purchasing, disbursements and human resources were updated. In fiscal year 2019, a capital asset policy was approved.

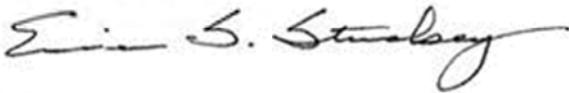
The City continues to explore adopting additional best practice financial policies including budgeting, revenues, economic development, enterprise risk management, capital improvements, and reserves for funds other than the General Fund.

Awards and acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Franklin for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the twenty-eighth (28th) consecutive year that the government received this prestigious award. In order to be awarded a Certificate of Achievement, the government is required to publish an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

In closing, the preparation of this report would not have been possible without first, the leadership and support of the Mayor and Board of Aldermen, and second, the efficient and dedicated services of the entire staff of the Finance Department.

Respectively submitted,



Eric S. Stuckey
City Administrator

**CITY OF FRANKLIN, TENNESSEE
GFOA CERTIFICATE OF ACHIEVEMENT**



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Franklin
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

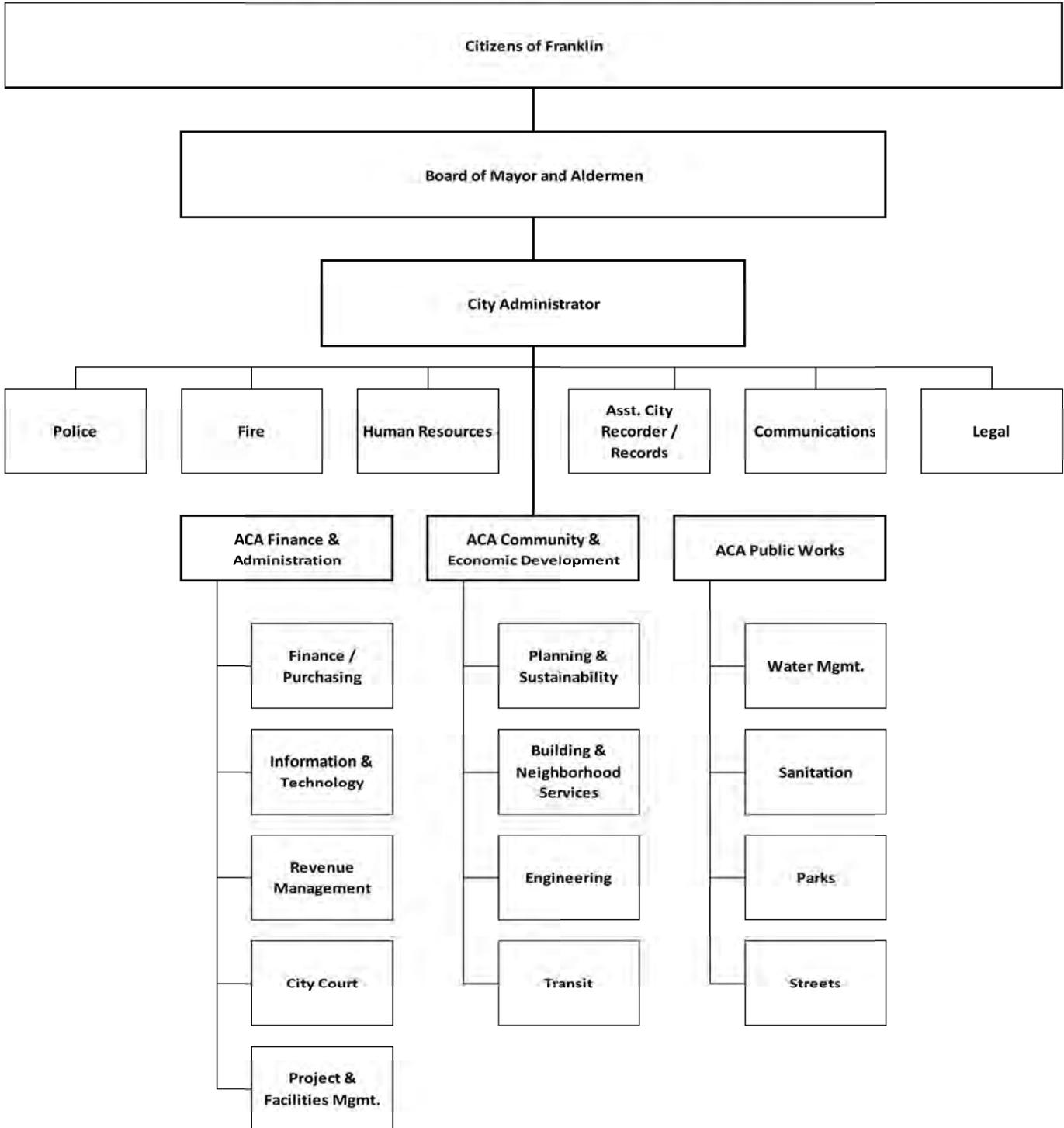
June 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF FRANKLIN, TENNESSEE ORGANIZATIONAL CHART

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



CITY OF FRANKLIN, TENNESSEE
LIST OF ELECTED AND APPOINTED OFFICIALS
 JUNE 30, 2019

Elected Officials

Mayor	Dr. Ken Moore
Alderman – 1 st Ward	Beverly Burger
Alderman – 2 nd Ward	Dana McLendon
Alderman – 3 rd Ward	Scott Speedy
Alderman – 4 th Ward	Margaret Martin
Alderman – At Large (Vice-Mayor)	Clyde Barnhill
Alderman – At Large	Brandy Blanton
Alderman – At Large	Pearl Bransford
Alderman – At Large	Ann Petersen

Appointed Officials

City Administrator	Eric Stuckey
Assistant City Administrator / Chief Financial Officer	Kristine Brock (CPFO)
Assistant City Administrator / Community & Economic Development	Vernon Gerth
Assistant City Administrator / Public Works	Mark Hilty
Building & Neighborhood Services (BNS) Director	Tom Marsh
City Attorney	Shauna Billingsley
Engineering Director	Paul Holzen, P.E.
Fire Chief	Rocky Garzarek
Human Resources Director	Kevin Townsel
Information Technology (IT) Director	Dr. Jordon Shaw
Parks Director	Lisa Clayton
Planning & Sustainability Director	Emily Hunter
Police Chief	Deb Faulkner
Sanitation & Environmental Services (SES) Director	Jack Tucker
Streets Director	Joe York
Water Management Director	Michelle Hatcher, P.E.

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FINANCIAL SECTION



HISTORIC
F R A N K L I N
TENNESSEE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Mayor and Aldermen
City of Franklin, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Tennessee (the "City") as of and for the year ended June 30, 2019, (except for the Fiduciary Pension Fund, which is as of December 31, 2018 and for the year then ended) and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Tennessee, as of June 30, 2019 (except for the Fiduciary Pension Fund which is as of December 31, 2018), and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended (except for the Fiduciary Pension Fund, which is for the year ended December 31, 2018), in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

The financial statements of the City include summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended June 30, 2018, from which the summarized information was derived. We have previously audited the City's 2018 financial statements, and we expressed an unmodified opinion on those statements in our report, dated December 11, 2018. In our opinion, the summarized comparative information presented herein as of and for the year end June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 17, the schedule of changes in total OPEB liability and related ratios on page 83, the schedule of changes in the net pension liability and related ratios – pension plan on pages 84 and 85, the schedule of employer contributions - pension plan on pages 86 and 87, and the schedule of investment returns - pension plan on page 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Franklin, Tennessee's basic financial statements. The introductory section, combining and individual fund financial statements and schedules as listed in the table of contents, the schedules on pages 108 through 114 and 139 through 145, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Tennessee and are also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, the supplementary schedules on pages 108 through 114, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the supplementary schedules on pages 108 through 114, and the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, the schedules on pages 139 through 145, and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019, on our consideration of the City of Franklin, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Franklin, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Nashville, Tennessee
December 10, 2019

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**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

As management of the City of Franklin, Tennessee (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. We encourage readers to consider the information presented here in conjunction with the Letter of Transmittal, which can be found on pages iii through vi of this report, and in conjunction with the basic financial statements, starting on page 20 of this report.

Financial Highlights

- **Net Position.** The assets and deferred outflows of resources of the City of Franklin exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$824,606,260, compared to \$787,031,722 in the previous fiscal year. Of this amount, \$107,509,396 (unrestricted net position) may be used to meet government's ongoing obligations to citizens and creditors.
- **Fund Balances.** At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$148,433,320. In the prior year, this amount was \$105,590,178. The increase of \$42,843,142 is due primarily to development-related activity and issuance of new debt.
- **General Fund – Fund Balance.** At the end of the current fiscal year, fund balance in the General Fund is \$53,201,974, or 77% of General Fund expenditures (including transfers to other funds) of \$68,962,416. The fund balance increased \$3,742,003 from the prior year. The primary impacts on the fund balance in 2019 are increased revenue, cost containment measures implemented by the City to stay within current revenues, and budgeted capital costs in the Traffic Operations Center department that were not incurred.
- **Budget.** The City's 2019 original General Fund budget had a draw of \$1,621,432 from accumulated fund balance. Although the final budget anticipated a draw of \$5.8 million, actual results showed an increase in fund balance by \$3.7 million.
- **Capital Assets.** The City has undertaken several infrastructure projects including improvements to Cool Springs Blvd, Public Safety Communication System, and wastewater plant improvements.
- **Debt.** The City's debt (bonds, bond premiums, and capital leases) increased by \$32,008,094 (from \$185,526,235 to \$217,534,329) during the current fiscal year. There was \$72,157,705 in new bonds, loans, and premiums. A total of \$39,430,354 (\$35,109,974 governmental and \$4,320,380 business-type) debt was repaid and \$719,257 premium was amortized during the year. All capital leases were paid in full at year end.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflow of resources, liabilities and deferred inflow of resources, with the difference reported as net position. Over periods of time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Franklin include general government, public safety, highways and streets, sanitation, economic development, and cultural and recreation.

The *government-wide financial statements* can be found on pages 20 through 23 of this report.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fourteen (14) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and the Multi-Purpose Capital Project Fund, which are considered to be major funds. Data from the other nonmajor governmental funds is combined into a single, aggregated presentation in the form of combining statements on pages 92 and 93 of this report.

The City of Franklin, Tennessee adopts an annual appropriated budget for its General Fund, Special Revenue Funds, and Debt Service Fund. A budgetary comparison has been provided for the General Fund on pages 30 through 37, the Special Revenue Funds on pages 94 through 104, and the Debt Service Fund on page 105 to demonstrate compliance.

The *basic governmental fund financial statements* can be found on pages 24 through 29 of this report.

Proprietary Funds. The City of Franklin maintains one (1) proprietary fund. A proprietary fund is used to report the same functions presented in the business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water, sewer, and reclaimed water operations. No internal service funds were used during the year covered by this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer Fund, which is considered to be a major fund. The *basic proprietary fund financial statements* can be found on pages 38 through 41 of this report.

Fiduciary Funds. A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The City uses a fiduciary fund to account for the City of Franklin Employees' Pension Plan (closed plan) and the Tennessee Consolidated Retirement System plan (TCRS plan). The fiduciary fund is not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used in proprietary funds. The *fiduciary fund financial statements* can be found on pages 42 through 43 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44 through 80 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 83 through 88 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pension and OPEB. Combining and individual fund statements and schedules can be found on pages 91 through 105 of this report.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$824,606,260 at the close of the most recent fiscal year.

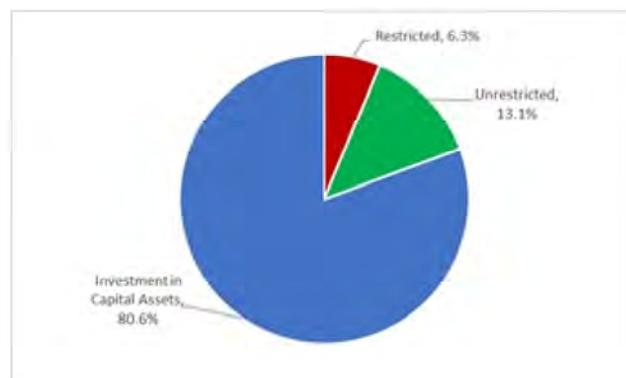
City of Franklin's Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 190,338,333	\$ 149,934,809	\$ 50,984,530	\$ 41,920,390	\$ 241,322,863	\$ 191,855,199
Capital assets, net of accumulated depreciation	660,516,371	645,865,185	215,230,796	202,651,517	875,747,167	848,516,702
Total assets	850,854,704	795,799,994	266,215,326	244,571,907	1,117,070,030	1,040,371,901
Deferred outflows of resources	35,928,607	15,738,634	5,230,749	2,808,291	41,159,356	18,546,925
Current and other liabilities	16,182,342	18,444,198	5,238,218	3,139,040	21,420,560	21,583,238
Long-term liabilities outstanding	233,691,060	181,085,056	57,359,355	47,158,011	291,050,415	228,243,067
Total liabilities	249,873,402	199,529,254	62,597,573	50,297,051	312,470,975	249,826,305
Deferred inflows of resources	20,960,058	21,699,263	192,093	361,536	21,152,151	22,060,799
Net position:						
Net investment in capital assets	497,804,554	509,097,550	166,254,831	160,464,694	664,059,385	669,562,244
Restricted	42,855,983	7,208,639	10,181,496	10,665,267	53,037,479	17,873,906
Unrestricted	75,289,314	74,003,922	32,220,082	25,591,650	107,509,396	99,595,572
Total net position	\$ 615,949,851	\$ 590,310,111	\$ 208,656,409	\$ 196,721,611	\$ 824,606,260	\$ 787,031,722

The government's net position increased by \$37,574,538. A portion of the increase is attributed to the acquisition of capital assets (less depreciation and new debt). A significant portion of the remaining increase is from development-related activity revenues, controlled spending through efforts by the City's Board and departments to contain expenses without reducing service levels, and new debt issue.

Governmental policy continues to recognize that local revenue sources must be the foundation for providing basic public services rather than depending on uncertain federal and state sources. To this end, it is vitally important to continue efforts to seek balanced diversity, equity, and efficiency in local revenue systems to better accommodate future change.

By far, the largest portion of the City's net position, \$664,059,385, or 80.6%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less the portion of related debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to repay these liabilities. A portion of the City's net position, \$53,037,479, or 6.3%, represents resources that are subject to external restriction on how they may be used. The remaining balance of \$107,509,396, or 13.1%, is unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors.



**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Governmental and business-type activities increased the City's net position by \$25,639,740 and \$11,934,798, respectively. Key elements of this increase are as follows:

City of Franklin's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 15,433,920	\$ 15,339,831	\$ 31,626,191	\$ 30,650,210	\$ 47,060,111	\$ 45,990,041
Operating grants & contributions	3,193,791	4,665,953	-	-	3,193,791	4,665,953
Capital grants & contributions	24,468,694	13,978,178	9,269,803	11,005,568	33,738,497	24,983,746
General Revenues:						
Property taxes	19,031,452	18,621,275	-	-	19,031,452	18,621,275
Sales taxes	36,168,178	34,151,972	-	-	36,168,178	34,151,972
Other taxes and fees	40,728,490	46,518,260	1,273,512	383,165	42,002,002	46,901,425
Other	2,217,556	1,757,971	(188,483)	41,046	2,029,073	1,799,017
Total revenues	<u>141,242,081</u>	<u>135,033,440</u>	<u>41,981,023</u>	<u>42,079,989</u>	<u>183,223,104</u>	<u>177,113,429</u>
Expenses:						
General government:						
Elected officials	290,502	332,480	-	-	290,502	332,480
Administration	1,074,343	1,231,613	-	-	1,074,343	1,231,613
Human resources	1,292,914	1,101,869	-	-	1,292,914	1,101,869
Legal	770,499	455,753	-	-	770,499	455,753
Communications	404,136	366,611	-	-	404,136	366,611
Project & facilities management	1,210,030	1,170,752	-	-	1,210,030	1,170,752
Revenue management	233,289	219,961	-	-	233,289	219,961
Finance	931,609	804,287	-	-	931,609	804,287
Information & technology	4,952,583	4,931,812	-	-	4,952,583	4,931,812
Purchasing	227,691	213,132	-	-	227,691	213,132
Court	213,302	244,404	-	-	213,302	244,404
Building & neighborhood services	3,037,683	2,959,894	-	-	3,037,683	2,959,894
Planning	1,549,808	1,405,791	-	-	1,549,808	1,405,791
Engineering	1,344,905	1,169,263	-	-	1,344,905	1,169,263
Traffic operations center	922,142	1,074,055	-	-	922,142	1,074,055
General	6,353,001	(700,908)	-	-	6,353,001	(700,908)
Police	17,637,337	17,012,348	-	-	17,637,337	17,012,348
Fire	19,239,506	18,887,397	-	-	19,239,506	18,887,397
Parks	6,137,924	6,026,047	-	-	6,137,924	6,026,047
Streets-maintenance	26,416,613	29,434,920	-	-	26,416,613	29,434,920
Streets-traffic	1,519,505	1,397,580	-	-	1,519,505	1,397,580
Streets-fleet	849,701	875,834	-	-	849,701	875,834
Sanitation	9,040,276	8,496,222	-	-	9,040,276	8,496,222
Storm water	2,465,549	2,521,031	-	-	2,465,549	2,521,031
Transit	2,405,778	2,240,269	-	-	2,405,778	2,240,269
Interest expense on long-term debt:	5,281,715	4,587,179	-	-	5,281,715	4,587,179
Water & sewer:	-	-	29,846,225	28,476,942	29,846,225	28,476,942
Total expenses	<u>115,802,341</u>	<u>108,459,596</u>	<u>29,846,225</u>	<u>28,476,942</u>	<u>145,648,566</u>	<u>136,936,538</u>
Income before transfers	<u>25,439,740</u>	<u>26,573,844</u>	<u>12,134,798</u>	<u>13,603,047</u>	<u>37,574,538</u>	<u>40,176,891</u>
Transfers	<u>200,000</u>	<u>825,000</u>	<u>(200,000)</u>	<u>(825,000)</u>	<u>-</u>	<u>-</u>
Changes in net position	<u>25,639,740</u>	<u>27,398,844</u>	<u>11,934,798</u>	<u>12,778,047</u>	<u>37,574,538</u>	<u>40,176,891</u>
Net position, beginning of year	<u>590,310,111</u>	<u>562,911,267</u>	<u>196,721,611</u>	<u>183,943,564</u>	<u>787,031,722</u>	<u>746,854,831</u>
Net position, end of year	<u>\$ 615,949,851</u>	<u>\$ 590,310,111</u>	<u>\$ 208,656,409</u>	<u>\$ 196,721,611</u>	<u>\$ 824,606,260</u>	<u>\$ 787,031,722</u>

Governmental Activities

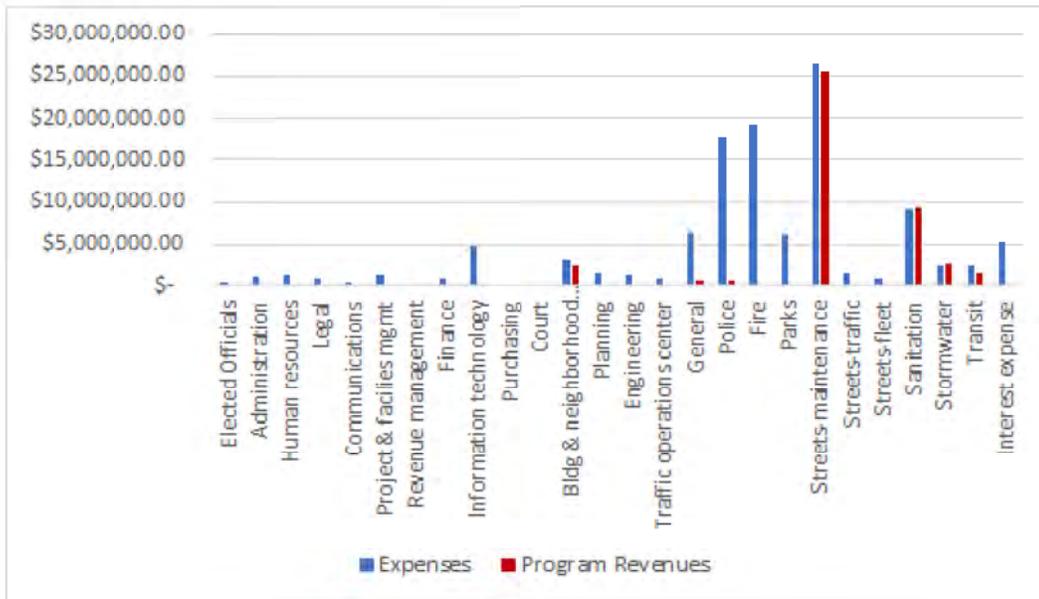
Revenues for governmental activities increased approximately 4.6% due to several factors including additional grants, property tax, sales tax, and development fees. The overall increase in current expenses of governmental activities amounted to approximately 6.8%. A significant portion of the increase is due to increased street-related activity in 2019.

Business-Type Activities

Revenues for business-type activities decreased 0.2%. The primary factor underlying the decrease was contribution related revenue in 2019 compared to 2018. Expenses of the business-type activities increased approximately 4.8%.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

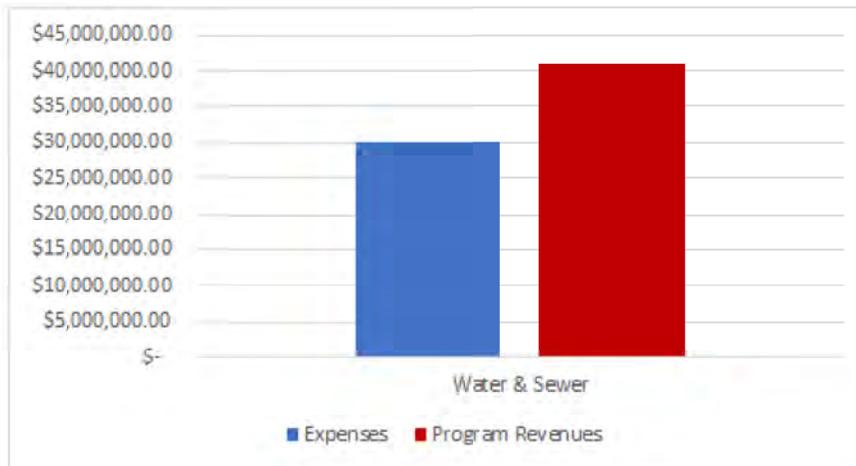
Expenses and Program Revenues – Governmental Activities



Governmental Activities

Expenses for governmental activities was \$115,802,341. Expenses were offset by \$43,096,405 in program revenues. The remainder of \$72,705,936 was covered by \$98,145,676 in general revenues such as property, sales, and other taxes and \$200,000 net from the Water and Sewer fund for its portion of the public works facility. The amount of \$25,639,740 represents the improvement in net position in 2019.

Expenses and Program Revenues – Business-type Activities



Business-Type Activities

Expenses for business-type activities was \$29,846,225. Expenses were offset by \$40,895,994 in program and general revenues. (Program revenues include \$31.6 million in charges for services). There is also the net \$200,000 transfer mentioned above and \$1,085,029 in other income. The amount of \$11,934,798 represents the improvement in net position in 2019.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Financial Analysis of Governmental Funds

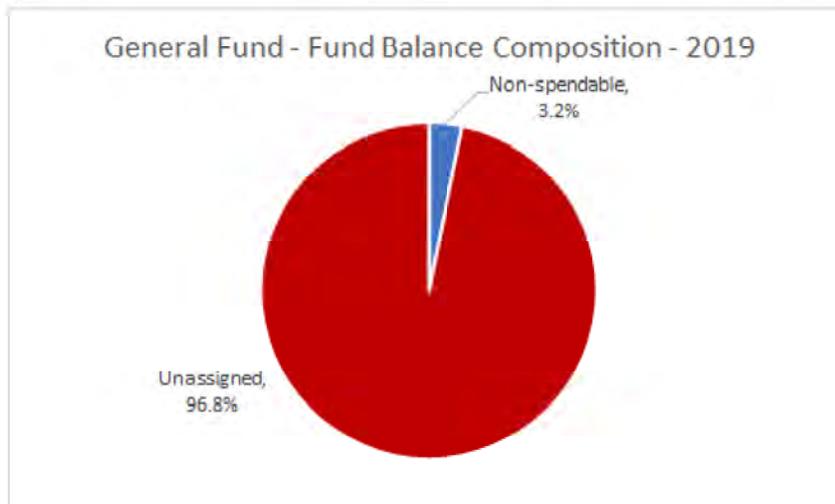
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the City of Franklin's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance that has not yet been limited to use for a particular purpose.

At June 30, 2019, the City's governmental funds reported combined ending fund balances of \$148,433,320, an increase of \$42,843,142 in comparison with the prior year of \$105,590,178. The increase is due primarily to development-related revenue.

The General Fund is the chief operating fund of the City. The 2019 ending fund balance of \$53,201,974 has the following composition: An amount of \$1,719,567, or 3.2%, is non-spendable for inventory and prepaid items. The remainder of \$51,482,407, or 96.8%, is unassigned. (Additional information on fund balance can be found in the notes to the financial statements on page 78).



The most significant continuing revenue sources in the General Fund are derived from taxes. Of total General Fund revenues, \$50,181,458, or 69.0%, was from taxes. Local option sales tax increased by \$2,016,206 (from \$34,151,972 to \$36,168,178). The increase in local option sales tax is a positive sign of economic growth in the region. This revenue has been the City's most significant due to the retail success in the Cool Springs area and continued growth of commercial properties, including new corporate and regional headquarters in the area. Property taxes for the General Fund increased by \$243,297 (from \$9,075,675 to \$9,318,972) as more was allocated to the debt service fund.

The Debt Service Fund, which receives property taxes for debt previously paid by the General Fund, and transfers from the Sanitation Fund, Road Impact Fund, and Hotel/Motel Tax Fund for their portion of debt, had a fund balance of \$372,887. This amount is consistent with the City's goal for a minimal year-end balance after paying annual debt service.

The Road Impact Fee Fund, due to another strong year of collection, had a fund balance of \$16,589,763. Also, due to strong collections, the Facilities Tax Fund saw its fund balance increase from \$14,410,218 to \$15,091,277. Approximately \$2,400,000 was spent from the fund for growth-related expenditures in the fire (\$2,000,000), parks (\$56,000), and sanitation (\$349,000) departments. Funding of construction on the new fire station in the Goose Creek area is included in the fire expenditures from this fund.

In the Hotel/Motel Tax Fund, the fund balance increased due primarily to collections in excess of budgeted tourism/parks/streetscape project expenditures. The fund balance increased from \$5,722,086 to \$7,671,058. The County Facilities Tax Fund, established in 2017 with prior year county facilities taxes received by the City, had an decrease in fund balance from \$4,804,517 to \$3,958,958.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Budgetary Highlights

In accordance with state law, the City's governing body approves a budget for the General Fund, Special Revenue Funds, and Debt Service Fund.

Original budget compared to final budget

The original and final budgets (both including transfers to other funds) for budgeted funds are as follows:

Fund	Original Budget	Final Budget	Change
General	\$ 70,550,059	\$ 74,691,784	\$ 4,141,725
Street Aid	\$ 4,194,600	\$ 3,887,011	\$(307,589)
Sanitation	\$ 9,177,015	\$ 9,336,210	\$ 159,195
Road Impact	\$ 5,708,651	\$ 5,457,233	\$(251,418)
Facilities Tax	\$ 8,293,792	\$ 8,293,792	\$ 0
County Facilities Tax	\$ 0	\$ 1,750,000	\$ 1,750,000
Storm Water	\$ 6,088,113	\$ 6,138,113	\$ 50,000
Drug	\$ 72,500	\$ 278,500	\$ 206,000
Hotel/Motel	\$ 2,557,059	\$ 2,775,809	\$ 218,750
Parkland Dedication	\$ 0	\$ 228,582	\$ 228,582
Transit	\$ 2,908,885	\$ 3,908,885	\$ 1,000,000
CDBG	\$ 250,500	\$ 379,786	\$ 129,286
Debt Service	\$ 9,575,268	\$ 9,575,268	\$ 0
	\$ 119,376,442	\$ 126,700,973	\$ 7,324,531

The original General Fund budget was \$70,550,059. The final budget (including transfers) was increased by \$4,141,725 to \$74,691,784. During the year, the budget was amended to include \$1,750,000 for the 96W Trail project, \$1,000,000 to ensure the Transit fund was not in a deficit fund balance or cash balance position, \$825,000 for communication system improvements, \$380,000 for reimbursement to the Road Impact and Parkland Dedication Funds of fees for an affordable senior housing project, \$136,725 for miscellaneous projects, and \$100,000 intersection signalization improvements.

Other amendments during the year affected the special revenue funds. The Street Aid Fund was amended downward by \$307,589 to ensure it would not be in a deficit fund balance or cash balance position. The Sanitation and Environmental Services Fund amended by \$159,195 to account for the RouteSmart Navigator Project. The Road Impact Fund was amended by \$251,418 to include additional revenues for reimbursement of fees for an affordable senior housing project. The County Facilities Tax Fund was amended by \$1,750,000 to provide funding for the 96W Trail project. The Storm Water fund was amended by \$50,000 to reimburse the Capital Projects fund for the Hillsboro Road Phase II project. The Drug Fund was amended by \$206,000 for additional equipment and vehicles. The Hotel/Motel Tax Fund was amended by \$218,750 for additional funding of the Jim Warren Tennis Court Replacement project and a transfer to the Capital Projects Fund for the Hillsboro Road Phase II project. The Parkland Dedication Fund was amended by \$228,582 to include additional revenues for reimbursement of fees for an affordable senior housing project. The Transit Fund was amended to ensure sufficient operating costs were in place to close the fiscal year. (The amount was not needed.) The CDBG Fund was amended by a net \$129,286 to account for the receipt of additional funds from the U.S. Housing and Urban Development Department and a transfer to the General Fund.

There were no amendments to the City Facilities and Debt Service funds.

Final budget compared to actual results

In the General Fund, the final budget (including transfers) of \$74.69 million anticipated \$68.88 million in current revenues and a \$5.8 million allocation from fund balance. Actual results showed an increase in fund balance of \$3.7 million.

Actual revenues were over \$72.7 million. This was \$3.8 million more than anticipated current revenues. The additional revenue was due primarily to increased state shared and property taxes.

In conjunction with the additional revenue, the City finished the year with \$68.96 million in expenditures (including transfers), or virtually the same as the final budget of \$68.88 million to be paid from current revenues.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Various funds had higher or lower results due to a variety of factors. Sanitation and Environmental Services had a significant increase in fund balance due to lower expenses across operations. This resulted in the first positive balance not as a result of a transfer in the funds history. Road Impact, City Facilities, Hotel Motel Tax, Parkland Dedication, and CDBG Funds all had slightly higher than anticipated revenues, while County Facilities, Storm Water, Drug and Transit all had slightly less than anticipated revenues.

Capital Asset and Debt Administration

Capital Assets

The City of Franklin's investment in capital assets from its governmental and business-type activities as of June 30, 2019, is \$875,747,167 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads, highways and bridges.

City of Franklin's Capital Assets
(net of depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	\$ 58,317,513	\$ 5,910,999	\$ 64,228,512
Construction in progress	17,617,397	21,747,745	39,365,142
Buildings and improvements	55,131,863	17,128,298	72,260,161
Improvements other than buildings	13,472,682	-	13,472,682
Utility plant in service	-	169,349,890	169,349,890
Infrastructure	494,543,508	-	494,543,508
Machinery & equipment	21,433,408	1,093,864	22,527,272
Total capital assets	<u>\$ 660,516,371</u>	<u>\$ 215,230,796</u>	<u>\$ 875,747,167</u>

Major capital asset events during the current fiscal year included the following:

- The City's governmental activities received \$23,511,623 in developer-contributed assets.
- Acquisition of forty-five (45) new vehicles for the Police department.
- Acquisition of three (3) new Fire Apparatus.
- Right of way acquisition continued on Franklin Road Corridor Improvements project.
- Construction was started on the Wastewater Reclamation Plant.
- Planning for the Columbia Avenue widening was underway.
- Holiday Court Sewer Pump Station underway.
- Henpeck Lane Sewer Extension underway.
- Construction completed on sidewalk along State Route 96 (Murfreesboro Road).
- Goose Creek Sanitary Sewer west of I-65 to east of I-65 was completed.
- Public Safety Communication System improvements went online.

Additional information on the City of Franklin's capital assets can be found in the notes to the financial statements section of this report beginning on page 56.

Long-term Debt

At the end of the current year, the City of Franklin had bonded debt (including premiums) and capital leases of \$217,534,329. Of this amount, \$167,912,949 comprises general obligation bonds backed by the full faith and credit of the government. Of the \$49,621,380 of business-type activities debt, \$37,339,697 is Revenue and Tax Bonds secured by both the taxing power of the City and specific revenue sources (i.e., revenue and tax bonds) of the Water & Sewer fund, and \$12,281,683 is secured by Water and Sewer fund revenues.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

City of Franklin's Outstanding Debt

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds - Capital *	\$ 162,607,949	\$ -	\$ 162,607,949
General Obligation Bonds - Pension *	5,305,000	-	5,305,000
Revenue and Tax Bonds *	-	49,621,380	49,621,380
Total Outstanding Debt	\$ 167,912,949	\$ 49,621,380	\$ 217,534,329

* Includes unamortized premiums

The City's debt (bonds, bond premiums, and capital leases) increased by \$32,008,094 (from \$185,526,235 to \$217,534,329) during the current fiscal year.

There was \$60,987,517 in new governmental debt. Water and Sewer had \$11,170,188 in new debt (in state revolving fund loans). A total of \$39,430,354 (\$33,255,000 GO bonds-capital, \$970,000 GO bonds-pension, \$884,974 governmental leases, and \$4,320,380 business-type bonds and leases) was repaid during the year. A total of \$719,257 (\$547,061 GO bonds-capital and \$172,196 business-type bonds) in premiums were amortized during the year.

The City of Franklin maintains an "Aaa/AAA" Rating for general obligation debt. This rating was first received by Moody's in 2000 and last affirmed in May 2019 by both Moody's and Standard & Poor's. The most recent business-type debt issue backed by system revenues only was issued a rating by Moody's of Aa3 (its fourth highest rating) in February 2017. State statutes impose no debt limit on the amount of general obligation debt a governmental entity may issue. The City's debt policy establishes debt capacity ranges.

Additional information on the City of Franklin's long-term debt can be found in the notes to the financial statements section of this report beginning on page 71.

Economic Factors and Next Year's Budget and Rates

The unemployment rate (not seasonally adjusted) for June 2019 for the City of Franklin was 2.8%, compared to the State of Tennessee's rate of 4.0% and a national average of 3.6%. In addition to the unemployment rate, factors considered in preparing the City's budget for fiscal year 2020 included:

1. Reduction by the State of the Hall income tax from 3% to 2%. The rate will reduce an additional 1% each year until eliminated. The 2020 budget includes \$500,000 for this revenue, a reduction from \$750,000 in the 2019 budget. This limitation may significantly affect the availability of fund resources for future use.
2. The property tax rate for fiscal year 2020 of 41.76 cents per \$100 of assessed value allows payment of debt service, streets maintenance, and funding for capital projects. The property tax rate remains unchanged from the previous year.
3. On February 6, 2018, voters in Williamson County approved by referendum an increase in the county-wide local option sales tax of 0.50%, from 2.25% to 2.75%. The tax became effective April 1, 2018. The City of Franklin entered into an interlocal agreement with Williamson County to contribute the City's portion of this tax increase for the purposes of funding school debt service for a period of three years. The City's General Fund will receive funds from the tax increase beginning May 2021.

Requests for Information

This financial report is designed to provide a general overview of the City of Franklin, Tennessee's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Department of Finance, City of Franklin, P.O. Box 305, Franklin, TN 37065-0305

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BASIC FINANCIAL STATEMENTS



HISTORIC
F R A N K L I N
TENNESSEE

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION
 JUNE 30, 2019

With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Governmental Activities	Business-type Activities	Total	2018
ASSETS				
Cash and cash equivalents	\$ 12,794,098	\$ 3,611,407	\$ 16,405,505	\$ 26,794,341
Cash and cash equivalents-restricted	7,855,927	1,600,610	9,456,537	13,852,915
Investments	85,291,372	18,433,458	103,724,830	89,751,985
Investments-restricted	34,992,057	8,579,707	43,571,764	5,363,708
Receivables (net of allowance for uncollectibles)	42,124,845	18,373,034	60,497,879	47,966,332
Inventory	1,324,385	385,135	1,709,520	1,847,716
Prepaid items and other assets	430,022	-	430,022	734,967
Net pension asset (TCRS)	7,999	1,179	9,178	-
Net investment in joint venture - Conference Center	5,517,628	-	5,517,628	5,543,235
Capital assets, not being depreciated:				
Land	58,317,513	5,910,999	64,228,512	63,284,937
Construction in progress	17,617,397	21,747,745	39,365,142	34,873,249
Capital assets, net of accumulated depreciation				
Buildings and improvements	55,131,863	17,128,298	72,260,161	74,604,463
Improvements other than buildings	13,472,682	-	13,472,682	14,805,402
Utility plant in service	-	169,349,890	169,349,890	158,376,307
Infrastructure	494,543,508	-	494,543,508	484,580,819
Machinery and equipment	21,433,408	1,093,864	22,527,272	17,991,525
Total assets	850,854,704	266,215,326	1,117,070,030	1,040,371,901
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refundings	-	645,415	645,415	958,492
OPEB	12,051,719	1,643,417	13,695,136	-
Pensions	23,876,888	2,941,917	26,818,805	17,588,433
Total deferred outflows of resources	35,928,607	5,230,749	41,159,356	18,546,925

The accompanying notes are an integral part of this financial statements.

(Continued)

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION (Cont.)
 JUNE 30, 2019

With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Governmental Activities	Business-type Activities	Total	2018
LIABILITIES				
Accounts payable	\$ 10,186,136	\$ 4,891,364	\$ 15,077,500	\$ 15,927,405
Accrued liabilities	3,406,699	-	3,406,699	3,047,400
Accrued interest payable	1,789,122	346,854	2,135,976	1,845,241
Unearned revenue	800,385	-	800,385	763,192
Long-term liabilities:				
Due within one year	13,887,651	4,968,940	18,856,591	17,191,092
Due in more than one year	163,832,683	45,523,884	209,356,567	178,238,766
Total OPEB liability	17,805,145	2,427,975	20,233,120	5,488,179
Derivatives - interest rate swap	4,700,308	-	4,700,308	3,642,169
Net pension liability	33,465,273	4,438,556	37,903,829	23,682,861
Total liabilities	<u>249,873,402</u>	<u>62,597,573</u>	<u>312,470,975</u>	<u>249,826,305</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred charge on refunding	36,881	-	36,881	-
January 1 property tax levy	19,514,653	-	19,514,653	19,055,830
OPEB	1,406,776	191,832	1,598,608	-
Pension	1,748	261	2,009	3,004,969
Total deferred inflows of resources	<u>20,960,058</u>	<u>192,093</u>	<u>21,152,151</u>	<u>22,060,799</u>
NET POSITION				
Net investment in capital assets	497,804,554	166,254,831	664,059,385	669,562,244
Restricted for:				
Grant program use	-	-	-	89,691
State street aid	496,410	-	496,410	645,435
Sanitation use	1,922,723	-	1,922,723	1,160,474
Drug fund use	438,184	-	438,184	508,522
CDBG program use	100,451	-	100,451	-
Development	39,890,216	-	39,890,216	4,804,517
Water and sewer	-	10,180,317	10,180,317	10,665,267
Pensions	7,999	1,179	9,178	-
Unrestricted	75,289,314	32,220,082	107,509,396	99,595,572
Total net position	<u>\$ 615,949,851</u>	<u>\$ 208,656,409</u>	<u>\$ 824,606,260</u>	<u>\$ 787,031,722</u>

The accompanying notes are an integral part of this financial statements.

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CITY OF FRANKLIN, TENNESSEE
STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 With Comparative Totals for the Fiscal Year Ended June 30, 2018

Functions/Program:	Charges for		Program Revenues		Net (Expense) Revenue and Changes in Net Position		2018
	Expenses	Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government							
Governmental activities:							
Communication	\$ 404,136	\$ 2,000	\$ -	\$ -	\$ (402,136)	\$ -	\$ (363,711)
Information and technology	4,952,583	4,020	-	-	(4,948,563)	-	(4,930,578)
Elected officials	290,502	-	-	-	(290,502)	-	(332,480)
Administration	1,074,343	-	-	-	(1,074,343)	-	(1,231,613)
Human resources	1,292,914	-	-	-	(1,292,914)	-	(1,101,863)
Legal	770,499	-	-	-	(770,499)	-	(455,753)
Project & facilities management	1,210,030	-	-	-	(1,210,030)	-	(1,170,752)
Revenue management	233,289	-	-	-	(233,289)	-	(219,961)
Finance	931,609	-	-	-	(931,609)	-	(804,287)
Purchasing	227,691	-	-	-	(227,691)	-	(213,132)
Court	213,302	-	-	-	(213,302)	-	(244,404)
Building & neighborhood services	3,037,683	2,369,851	-	-	(667,832)	-	246,177
Planning	1,549,808	197,199	-	-	(1,352,609)	-	(1,164,251)
Engineering	1,344,905	1,850	-	-	(1,343,055)	-	(1,167,763)
Traffic operations center	922,142	-	116,647	-	(805,495)	-	(805,495)
General government	6,353,001	326,081	373,845	-	(5,653,075)	-	(5,653,075)
Public safety:							
Police	17,637,337	498,781	9,247	-	(17,129,309)	-	(16,592,683)
Fire	19,239,506	-	99,734	-	(19,139,772)	-	(18,795,440)
Parks	6,137,924	-	30,820	-	(6,107,104)	-	(5,531,035)
Streets-maintenance	26,416,613	17,555	1,400,443	24,142,072	(856,543)	-	(3,087,105)
Streets-traffic	1,519,505	-	-	-	(1,519,505)	-	(1,397,580)
Streets-fleet	849,701	-	-	-	(849,701)	-	(875,834)
Sanitation	9,040,276	9,341,314	-	-	301,038	-	(137,031)
Storm water	2,465,549	2,590,324	-	-	124,775	-	10,170
Transit	2,405,778	84,945	1,163,055	326,622	(831,156)	-	(851,763)
Interest and amortization on long-term debt	5,281,715	-	-	-	(5,281,715)	-	(4,587,179)
	115,802,341	15,433,920	3,193,791	24,468,694	(72,705,936)	-	(74,807,682)
Business-type activities:							
Water and sewer	29,846,225	31,626,191	-	9,269,803	-	11,049,769	13,178,836
Total primary government	\$ 145,648,566	\$ 47,060,111	\$ 3,193,791	\$ 33,738,497	\$ (72,705,936)	\$ 11,049,769	\$ (61,628,846)
General revenues							
Property taxes					19,031,452	-	19,031,452
Sales taxes					36,168,178	-	36,168,178
Wholesale privilege tax					1,556,121	-	1,556,121
Beer privilege tax					107,282	-	107,282
Wholesale liquor tax					1,487,062	-	1,487,062
Liquor privilege tax					91,759	-	91,759
Hotel/motel tax					4,086,455	-	4,086,455
Intergovernmental					18,408,753	-	18,408,753
Impact fees and taxes					12,424,812	-	12,424,812
Franchise taxes					2,566,246	-	2,566,246
Investment earnings					2,217,556	1,273,512	3,491,068
Other					(188,483)	(188,483)	41,046
Total general revenues					98,145,676	1,085,029	99,230,705
Transfers					200,000	(200,000)	-
Total general revenues and transfers					98,345,676	885,029	99,230,705
Change in net position					25,639,740	11,534,798	37,574,538
Net position - beginning of year					590,310,111	196,721,611	787,031,722
Net position - end of year					\$ 615,949,851	\$ 208,656,409	\$ 824,606,260

The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	General	Multi-Purpose Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
					2019	2018
ASSETS						
Cash and cash equivalents	\$ 10,300,124	\$ 939,201	\$ 58,408	\$ 9,352,292	\$ 20,650,025	\$ 27,124,933
Investments	37,723,938	35,370,235	313,083	46,876,173	120,283,429	74,885,048
Receivables (net of allowance for uncollectibles)	24,931,431	1,170,822	11,084,813	4,937,779	42,124,845	40,254,869
Inventory and prepaid	1,289,545	-	-	34,840	1,324,385	1,391,757
Prepaid items	430,022	-	-	-	430,022	734,967
Total assets	<u>\$ 74,675,060</u>	<u>\$ 37,480,258</u>	<u>\$ 11,456,304</u>	<u>\$ 61,201,084</u>	<u>\$ 184,812,706</u>	<u>\$ 144,391,574</u>
LIABILITIES						
Accounts payable	\$ 8,723,929	\$ 400,214	\$ -	\$ 1,061,993	\$ 10,186,136	\$ 13,170,176
Accrued liabilities	3,406,699	-	-	-	3,406,699	3,047,400
Unearned revenue	538,229	-	-	262,156	800,385	763,192
Total liabilities	<u>12,668,857</u>	<u>400,214</u>	<u>-</u>	<u>1,324,149</u>	<u>14,393,220</u>	<u>16,980,768</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property tax-Jan. 1 levy	7,643,315	-	11,083,417	787,921	19,514,653	19,055,830
Unavailable revenue-property taxes	184,126	-	-	-	184,126	184,951
Unavailable revenue-assessments	53,762	-	-	-	53,762	53,762
Unavailable revenue-grant proceeds	208,930	1,148,786	-	33,518	1,391,234	1,633,070
Unavailable revenue-court fines	218,554	-	-	-	218,554	252,398
Unavailable revenue-franchise fees	495,542	-	-	-	495,542	512,322
Unavailable revenue-hotel/motel Tax	-	-	-	128,295	128,295	128,295
Total deferred inflows of resources	<u>8,804,229</u>	<u>1,148,786</u>	<u>11,083,417</u>	<u>949,734</u>	<u>21,986,166</u>	<u>21,820,628</u>
FUND BALANCES						
Non-spendable	1,719,567	-	-	34,840	1,754,407	2,126,724
Restricted	-	35,931,258	-	6,916,726	42,847,984	13,355,873
Committed	-	-	372,887	38,800,441	39,173,328	33,902,797
Assigned	-	-	-	13,175,194	13,175,194	8,806,157
Unassigned	51,482,407	-	-	-	51,482,407	47,398,627
Total fund balances	<u>53,201,974</u>	<u>35,931,258</u>	<u>372,887</u>	<u>58,927,201</u>	<u>148,433,320</u>	<u>105,590,178</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 74,675,060</u>	<u>\$ 37,480,258</u>	<u>\$ 11,456,304</u>	<u>\$ 61,201,084</u>	<u>\$ 184,812,706</u>	<u>\$ 144,391,574</u>

The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

JUNE 30, 2019

With comparative Totals for the Fiscal Year Ended June 30, 2018

Amounts reported for the governmental activities in the Statement of Net Position (Pages 20 and 21) are different because:

	<u>2019</u>		<u>2018</u>	
Fund balance - total governmental funds (Page 18)	\$ 148,433,320		\$ 105,590,178	
Capital and other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds				
Capital assets, at cost	928,422,063		894,328,127	
Less related accumulated depreciation	(267,905,692)		(248,462,942)	
Investment in joint venture - conference center	5,517,628		5,543,235	
Net pension asset	7,999	666,041,998	-	651,408,420
Receivables not available to pay for current expenditures and, therefore are unavailable in the funds				
Property taxes	184,126		184,951	
Assessments	53,762		53,762	
Franchise fees	495,542		512,322	
Court fines	218,554		252,398	
Hotel/motel tax	128,295		128,295	
Grant revenues	1,391,234	2,471,513	1,633,070	2,764,798
Long-term items, including bonds and leases payable, are not due in the current period and, therefore, are not reported in the governmental funds				
Bonds outstanding	(154,800,000)		(136,500,000)	
Bond premiums	(13,112,949)		(5,197,493)	
Deferred loss on refunding	(36,881)		201,547	
Derivative instruments	(4,700,308)		(3,642,169)	
Leases outstanding	-		(884,974)	
Net pension liability	(33,465,273)		(20,916,300)	
Deferred outflows of resources - pensions	23,876,888		15,537,087	
Deferred inflows of resources - pensions	(1,748)		(2,643,433)	
Total OPEB liability	(17,805,145)		(4,829,598)	
Deferred outflows of resources - OPEB	12,051,719		-	
Deferred inflows of resources - OPEB	(1,406,776)		-	
Compensated absences	(9,164,529)	(198,565,002)	(8,257,380)	(167,132,713)
Payables, such as accrued interest payable and park acquisition agreement, are not due and payable in the current period and, therefore, are not reported in the funds				
Accrued interest payable	(1,789,122)		(1,463,430)	
Park acquisition agreement	(642,856)	(2,431,978)	(857,142)	(2,320,572)
Net position - governmental activities (Page 21)	<u>\$ 615,949,851</u>		<u>\$ 590,310,111</u>	

The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Multi-Purpose		Debt		Other		Total Governmental Funds	
	General	Capital Project Fund	Service Fund	Governmental Funds	2019	2018		
Revenues:								
Taxes	\$ 50,181,458	\$ -	\$ 8,661,198	\$ 748,375	\$ 59,591,031	\$ 56,957,200		
Hotel/ motel tax	-	-	-	4,103,235	4,103,235	4,097,695		
Facilities tax	-	-	-	3,370,185	3,370,185	5,759,856		
Licenses and permits	5,132,898	-	-	9,054,627	14,187,525	19,536,082		
Fines and fees	396,337	-	-	115,527	511,864	583,048		
Intergovernmental	14,687,325	1,516,630	818,444	-	17,022,399	17,359,027		
Gas & motor fuel	-	-	-	1,342,649	1,342,649	1,597,999		
Petroleum special	-	-	-	140,793	140,793	186,517		
Gas 1989	-	-	-	214,189	214,189	257,091		
Gas 3 cent	-	-	-	396,877	396,877	478,896		
Gas 2018	-	-	-	536,489	536,489	-		
Grants	329,719	-	-	1,863,427	2,193,146	1,844,963		
Charges for services	95,264	-	-	12,004,583	12,099,847	11,147,682		
Use of money and property	1,855,964	-	108,247	2,137,052	4,101,263	874,412		
Miscellaneous and other	25,454	771,845	-	-	797,299	262,053		
Total revenues	72,704,419	2,288,475	9,587,889	36,028,008	120,608,791	120,942,521		
Expenditures:								
Governance and Management:								
Elected officials	290,502	-	-	-	290,502	332,480		
Administration	1,043,428	-	-	-	1,043,428	1,064,210		
Human resources	1,151,251	-	-	-	1,151,251	987,380		
Legal	758,081	-	-	-	758,081	453,393		
Communication	395,004	-	-	-	395,004	362,973		
Public Safety:								
Police	15,931,756	-	-	116,138	16,047,894	16,561,112		
Fire	17,908,802	-	-	99,248	18,008,050	18,106,943		
Finance and Administration:								
Finance	917,289	-	-	-	917,289	818,603		
Purchasing	224,772	-	-	-	224,772	222,261		
Information and technology	4,107,632	92,316	-	-	4,199,948	4,349,878		
Revenue management	241,134	-	-	-	241,134	211,611		
Court	212,987	-	-	-	212,987	317,866		
Project & facilities management	1,160,709	-	-	-	1,160,709	1,118,898		
Community & Economic Development:								
Building & neighborhood services	2,973,446	-	-	-	2,973,446	2,909,042		
Planning	1,557,636	-	-	-	1,557,636	1,471,756		
Engineering	1,292,986	-	-	-	1,292,986	1,123,694		
Traffic operations center	704,590	-	-	-	704,590	736,150		
Economic development	78,327	-	-	-	78,327	67,518		
Public Works:								
Parks	4,555,261	9,500	-	58,349	4,623,110	4,697,744		
Streets-traffic	1,439,005	31,668	-	-	1,470,673	1,377,220		
Streets-fleet	808,172	-	-	-	808,172	836,861		
Highways and streets	4,125,982	4,246,682	-	4,151,838	12,524,502	15,781,502		
Other General Government:								
General expenses	454,127	156,308	-	1,353,658	1,964,093	(1,363,747)		
Appropriations	466,424	-	-	-	466,424	464,073		
Storm water	-	-	-	2,282,043	2,282,043	2,554,078		
Sanitation	-	3,763	-	8,128,728	8,132,491	7,958,336		
Transit	-	-	-	2,277,206	2,277,206	2,086,098		
Debt service								
Principal	831,815	-	7,945,000	69,486	8,846,301	-		
Interest	5,727	-	5,544,524	462	5,550,713	-		
Debt Service Fees	-	-	142,027	-	142,027	-		
Capital outlay	1,224,687	6,776,217	-	3,936,113	11,937,017	11,727,276		
Total expenditures	64,861,532	11,316,454	13,631,551	22,473,269	112,282,806	110,975,890		

The accompanying notes are an integral part of this financial statements.

(Continued)

CITY OF FRANKLIN, TENNESSEE
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 With Comparative Totals for the Fiscal Year Ended June 30, 2018

	General	Multi-Purpose Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
					2019	2018
Excess (deficiency) of revenues over (under) expenditures	\$ 7,842,887	\$ (9,027,979)	\$ (4,043,662)	\$ 13,554,739	\$ 8,325,985	\$ 9,966,631
Other financing sources (uses):						
Issuance of debt	-	29,585,000	22,940,000	-	52,525,000	806,069
Premium on debt issuance	-	4,591,623	3,870,894	-	8,462,517	-
Refunding of debt	-	-	(26,280,000)	-	(26,280,000)	-
Refunding of debt-additional to escrow agent	-	-	(390,360)	-	(390,360)	-
Transfers from other funds	-	4,375,000	-	1,525,884	5,900,884	3,204,473
From Water & Sewer	-	-	200,000	-	200,000	200,000
From Sanitation	-	-	96,930	-	96,930	273,390
From Road Impact	-	-	2,755,143	-	2,755,143	5,699,646
From Hotel/Motel	-	195,000	1,117,355	-	1,312,355	1,118,668
Transfers to other funds	(4,100,884)	-	-	(5,964,428)	(10,065,312)	(9,671,177)
Total other financing sources (uses)	(4,100,884)	38,746,623	4,309,962	(4,438,544)	34,517,157	1,631,069
Net changes in fund balances	3,742,003	29,718,644	266,300	9,116,195	42,843,142	11,597,700
Fund balances (deficits) - beginning	49,459,971	6,212,614	106,587	49,811,006	105,590,178	93,992,478
Fund balances (deficits) - ending	\$ 53,201,974	\$ 35,931,258	\$ 372,887	\$ 58,927,201	\$ 148,433,320	\$ 105,590,178

The accompanying notes are an integral part of this financial statements.

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CITY OF FRANKLIN, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

Amounts reported for the governmental activities in the Statement of Net Activities (Page 23) are different because:

	<u>2019</u>		<u>2018</u>	
Net changes in fund balances - total governmental funds (Page 27)	\$ 42,843,142		\$ 11,597,700	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. Specifically these items are as follows:				
Acquisition of capital assets	11,722,729		11,727,322	
Disposals, adjustments and reclassifications of capital assets	(492,270)		(900,000)	
Depreciation expense	(20,090,897)		(19,623,858)	
Change in park acquisition agreement	214,286		-	
Change in investment in joint venture - Conference Center	<u>(25,607)</u>	(8,671,759)	<u>(21,863)</u>	(8,818,399)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds for:				
Property taxes	(825)		16,332	
Franchise fees	(16,780)		14,542	
Court fines	(33,844)		(241,537)	
Hotel/motel tax	-		128,295	
Grant revenues and reimbursements	(241,836)		693,240	
Contributed capital assets	<u>23,511,624</u>	23,218,339	<u>13,205,364</u>	13,816,236
The issuances of long-term debt and related items provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Specifically, these items are as follows:				
Bond issuance	(52,525,000)		-	
Bond refunding	26,280,000		-	
Bond payments	7,945,000		8,118,000	
Change in fair value of derivative instruments	(1,058,139)		1,034,850	
Lease issuance, including prior year unavailable proceeds	-		(806,069)	
Lease payments	<u>884,974</u>	(18,473,165)	<u>2,091,394</u>	10,438,175
Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities for:				
Bond premiums	(8,462,517)		-	
Amortization of bond premiums	547,061		343,686	
Deferred refunding amounts	<u>(238,428)</u>	(8,153,884)	<u>(35,052)</u>	308,634
Expenses and losses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds and certain expenditures in the governmental funds are capitalized:				
Accrued absences	(907,149)		(784,331)	
Accrued interest	(325,692)		(179,193)	
Pension expense (closed plan)	(3,296,611)		200,186	
Pension expense (TCRS plan)	(41,086)		(138,034)	
Contributions subsequent to measurement date (closed plan)	1,500,000		-	
Contributions subsequent to measurement date (TCRS plan)	278,209		172,503	
OPEB expense*	<u>(2,330,604)</u>	(5,122,933)	<u>785,367</u>	56,498
Change in net position of governmental activities (Page 23)	<u>\$ 25,639,740</u>		<u>\$ 27,398,844</u>	

*Prior year Pension and OPEB expense was combined

The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	June 30, 2019				
	Budgeted Amounts		Actual	Variance with Final Budget	2018
	Original	Final			
Revenues:					
Taxes:					
Real and personal property taxes	\$ 7,643,069	\$ 7,643,069	\$ 9,318,972	\$ 1,675,903	\$ 9,075,675
Penalty and interest	27,716	27,716	43,857	16,141	39,771
In lieu of tax	217,979	217,979	259,875	41,896	260,607
Sales tax	35,557,339	35,857,339	36,168,178	310,839	34,151,972
Wholesale beer tax	1,733,905	1,733,905	1,556,121	(177,784)	1,691,204
Beer privilege tax	24,020	24,020	107,282	83,262	23,049
Wholesale liquor tax	1,466,970	1,466,970	1,487,062	20,092	1,400,552
Liquor privilege tax	111,721	111,721	91,759	(19,962)	92,541
Mixed drink tax	985,207	985,207	1,148,352	163,145	992,939
	<u>47,767,926</u>	<u>48,067,926</u>	<u>50,181,458</u>	<u>2,113,532</u>	<u>47,728,310</u>
Licenses and permits:					
Mechanical licenses	3,187	3,187	6,087	2,900	5,400
Mechanical permits	123,943	123,943	122,624	(1,319)	112,051
Building permits	2,251,388	1,701,388	1,548,109	(153,279)	2,339,364
Technology fee	83,168	83,168	63,510	(19,658)	69,230
Plumbing licenses	3,290	3,290	-	(3,290)	475
Plumbing permits	110,757	110,757	87,336	(23,421)	73,884
Electric permits	276,722	276,722	249,847	(26,875)	276,013
Inspection fees	530,289	530,289	201,821	(328,468)	171,068
Site review, rezoning and submittal fees	180,935	180,935	197,191	16,256	223,635
Beer permits and licenses	14,268	14,268	14,750	482	16,500
Yard sale permits	4,116	4,116	6,125	2,009	6,220
Business license	13,158	13,158	18,827	5,669	18,792
Alarm permits	23,854	23,854	23,380	(474)	24,190
Miscellaneous permits	5,119	5,119	27,045	21,926	17,612
Franchise fees	2,392,929	2,392,929	2,566,246	173,317	2,586,092
	<u>6,017,123</u>	<u>5,467,123</u>	<u>5,132,898</u>	<u>(334,225)</u>	<u>5,940,526</u>
Intergovernmental:					
State income tax	750,000	750,000	2,205,687	1,455,687	1,646,124
Sales tax	5,895,101	5,895,101	6,308,464	413,363	6,066,018
State beer tax	37,178	37,178	47,859	10,681	33,080
State excise tax	248,144	248,144	254,236	6,092	213,295
In lieu of tax - TVA	806,215	806,215	839,835	33,620	804,202
Business tax from State	3,608,697	3,608,697	4,515,866	907,169	4,739,599
Business tax recording fee	429,817	429,817	457,457	27,640	445,166
Federal & State grants	1,829,190	1,829,190	387,640	(1,441,550)	464,319
	<u>13,604,342</u>	<u>13,604,342</u>	<u>15,017,044</u>	<u>1,412,702</u>	<u>14,411,803</u>

The accompanying notes are an integral part of the financial statements.

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	June 30, 2019				2018
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Revenues:					
Charges for services:					
City sponsored training	-	-	390	390	3,505
Regional fire training	-	-	1,500	1,500	2,500
Maps sold	2,754	2,754	4,020	1,266	1,234
Plans sold	2,732	2,732	1,850	(882)	1,500
Records sold	1,344	1,344	8	(1,336)	52
Special event services fee	1,697	1,697	2,000	303	2,900
Traffic impact analysis review fee	53,855	53,855	21,000	(32,855)	35,000
Accident reports	1,599	1,599	3	(1,596)	743
Offender registry	1,591	1,591	2,850	1,259	1,950
License seizure fees	822	822	470	(352)	715
3rd party billable overtime	46,756	46,756	43,618	(3,138)	43,480
Compost vouchers	13,473	13,473	17,555	4,082	23,720
	<u>126,623</u>	<u>126,623</u>	<u>95,264</u>	<u>(31,359)</u>	<u>117,299</u>
Fines and fees:					
Customer service	-	-	-	-	38,323
Fines - city court	246,698	246,698	142,441	(104,257)	129,210
Fines - general sessions/circuit court	149,132	149,132	172,559	23,427	199,856
Parking fines	90,607	90,607	55,157	(35,450)	42,234
Technology fee - court	56,180	56,180	-	(56,180)	-
Beer board violations	1,000	1,000	3,000	2,000	-
Building & street standards appeals fees	1,000	1,000	3,276	2,276	-
Business tax fees	4,524	4,524	-	(4,524)	556
Tree bank fees	59,629	59,629	19,904	(39,725)	12,906
	<u>608,770</u>	<u>608,770</u>	<u>396,337</u>	<u>(212,433)</u>	<u>423,085</u>
Use of money and property:					
Interest income	384,464	584,464	1,229,262	644,798	198,954
Rebates on purchases	67,166	67,166	115,951	48,785	68,125
Rent - mall and other	12,001	12,001	12,001	-	15,001
Park concessions and rentals	80,931	80,931	202,413	121,482	100,952
Sale of surplus assets	94,672	94,672	296,337	201,665	60,019
	<u>639,234</u>	<u>839,234</u>	<u>1,855,964</u>	<u>1,016,730</u>	<u>443,051</u>
Miscellaneous:					
Miscellaneous income	164,609	164,609	25,454	(139,155)	35,981
Allocation from fund balance	1,621,432	5,813,157	-	(5,813,157)	-
	<u>1,786,041</u>	<u>5,977,766</u>	<u>25,454</u>	<u>(5,952,312)</u>	<u>35,981</u>
Total revenues	\$ 70,550,059	\$ 74,691,784	\$ 72,704,419	\$ (1,987,365)	\$ 69,100,055

The accompanying notes are an integral part of the financial statements.

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	June 30, 2019				2018
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Expenditures:					
Governance & Management:					
Elected officials:					
Personnel	240,188	240,188	247,764	(7,576)	245,042
Services	61,610	61,610	31,077	30,533	80,132
Supplies	13,665	13,665	9,314	4,351	6,122
Business expenses	2,382	2,382	2,347	35	1,184
	<u>317,845</u>	<u>317,845</u>	<u>290,502</u>	<u>27,343</u>	<u>332,480</u>
Administration:					
Personnel	1,062,345	1,140,895	1,131,496	9,399	1,057,174
Services	107,190	107,190	83,630	23,560	107,459
Supplies	78,230	78,230	57,864	20,366	45,491
Business expenses	14,803	13,173	12,268	905	9,535
Reimbursement of interfund services	(241,830)	(241,830)	(241,830)	-	(155,449)
	<u>1,020,738</u>	<u>1,097,658</u>	<u>1,043,428</u>	<u>54,230</u>	<u>1,064,210</u>
Human resources:					
Personnel	990,036	1,040,018	1,060,301	(20,283)	913,585
Services	439,838	439,838	326,098	113,740	361,922
Supplies	49,945	49,945	48,093	1,852	22,419
Operational units	-	-	62	(62)	-
Business expenses	12,795	19,075	18,206	869	11,311
Payments on capital leases	-	-	-	-	2,493
Reimbursement of interfund services	(301,509)	(301,509)	(301,509)	-	(324,350)
	<u>1,191,105</u>	<u>1,247,367</u>	<u>1,151,251</u>	<u>96,116</u>	<u>987,380</u>
Legal:					
Personnel	541,919	556,166	752,703	(196,537)	501,025
Services	178,060	178,060	132,593	45,467	66,158
Supplies	20,480	20,480	5,112	15,368	11,650
Business expenses	11,092	11,419	7,196	4,223	4,321
Reimbursement of interfund services	(139,523)	(139,523)	(139,523)	-	(129,761)
	<u>612,028</u>	<u>626,602</u>	<u>758,081</u>	<u>(131,479)</u>	<u>453,393</u>
Communications:					
Personnel	386,580	409,572	412,049	(2,477)	402,368
Services	61,590	61,590	57,116	4,474	50,009
Supplies	37,365	37,365	18,520	18,845	23,935
Operational units	4,500	4,500	2,411	2,089	3,082
Business expenses	5,438	3,134	5,469	(2,335)	5,179
Reimbursement of interfund services	(100,561)	(100,561)	(100,561)	-	(121,600)
	<u>394,912</u>	<u>415,600</u>	<u>395,004</u>	<u>20,596</u>	<u>362,973</u>
Total Governance & Management	<u>3,536,628</u>	<u>3,705,072</u>	<u>3,638,266</u>	<u>66,806</u>	<u>3,200,436</u>

The accompanying notes are an integral part of the financial statements.

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	June 30, 2019				2018
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Expenditures:					
Public Safety:					
Police department-administration:					
Personnel	1,578,017	1,620,900	1,474,143	146,757	1,442,629
Services	1,729,912	1,729,912	1,537,439	192,473	1,670,877
Supplies	692,210	692,210	809,725	(117,515)	1,095,136
Operational units	20,218	20,218	19,911	307	16,505
Business expenses	153,870	175,834	139,406	36,428	105,926
Payments on capital leases	586,293	586,293	520,469	65,824	747,651
	<u>4,760,520</u>	<u>4,825,367</u>	<u>4,501,093</u>	<u>324,274</u>	<u>5,078,724</u>
Police department-criminal investigations:					
Personnel	2,779,962	3,099,634	2,984,413	115,221	2,905,670
Services	78,923	78,923	81,354	(2,431)	60,128
Supplies	-	-	26,818	(26,818)	9,648
Operational units	18,790	18,790	31,132	(12,342)	14,127
Business expenses	99,481	100,017	103,222	(3,205)	120,808
	<u>2,977,156</u>	<u>3,297,364</u>	<u>3,226,939</u>	<u>70,425</u>	<u>3,110,381</u>
Police department-patrol:					
Personnel	7,832,286	8,032,414	8,259,313	(226,899)	7,777,160
Services	65,003	65,003	76,244	(11,241)	117,699
Supplies	84,181	84,181	124,868	(40,687)	56,365
Operational units	41,033	41,033	66,835	(25,802)	57,437
Business expenses	236,391	200,048	196,933	3,115	258,686
	<u>8,258,894</u>	<u>8,422,679</u>	<u>8,724,193</u>	<u>(301,514)</u>	<u>8,267,347</u>
Fire department:					
Personnel	15,588,581	16,212,785	16,079,006	133,779	15,827,329
Services	1,174,245	1,174,245	1,002,333	171,912	1,086,542
Supplies	674,300	674,300	691,666	(17,366)	684,749
Operational units	6,000	6,000	4,902	1,098	1,211
Business expenses	128,819	138,057	130,895	7,162	119,361
Payments on capital leases	60,048	60,048	59,865	183	380,596
	<u>17,631,993</u>	<u>18,265,435</u>	<u>17,968,667</u>	<u>296,768</u>	<u>18,099,788</u>
Total Public Safety	<u>33,628,563</u>	<u>34,810,845</u>	<u>34,420,892</u>	<u>389,953</u>	<u>34,556,240</u>

The accompanying notes are an integral part of the financial statements.

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	June 30, 2019				2018
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Expenditures:					
Finance & Administration:					
Finance:					
Personnel	940,812	956,808	958,798	(1,990)	896,292
Services	54,745	54,745	35,675	19,070	37,199
Supplies	18,050	18,050	19,080	(1,030)	19,683
Business expenses	102,947	122,282	105,247	17,035	82,442
Reimbursement of interfund services	(199,429)	(199,429)	(201,511)	2,082	(217,013)
	<u>917,125</u>	<u>952,456</u>	<u>917,289</u>	<u>35,167</u>	<u>818,603</u>
Purchasing:					
Personnel	245,317	249,898	256,361	(6,463)	242,492
Services	37,349	37,349	22,298	15,051	22,776
Supplies	5,425	5,425	700	4,725	7,133
Business expenses	2,052	2,139	2,133	6	1,693
Reimbursement of interfund services	(56,720)	(56,720)	(56,720)	-	(51,833)
	<u>233,423</u>	<u>238,091</u>	<u>224,772</u>	<u>13,319</u>	<u>222,261</u>
Information technology:					
Personnel	2,115,673	2,235,108	2,246,342	(11,234)	2,114,164
Services	1,938,565	2,031,966	1,872,067	159,899	1,627,730
Supplies	435,300	435,300	260,408	174,892	359,773
Business expenses	39,712	41,360	38,982	2,378	35,829
Payments on capital leases	22,830	175,830	107,175	68,655	179,942
Reimbursement of interfund services	(312,249)	(312,249)	(310,167)	(2,082)	-
	<u>4,239,831</u>	<u>4,607,315</u>	<u>4,214,807</u>	<u>392,508</u>	<u>4,317,438</u>
Revenue management:					
Personnel	1,073,920	1,050,696	1,066,337	(15,641)	1,016,116
Services	28,040	28,040	15,869	12,171	15,324
Supplies	37,150	37,150	32,425	4,725	24,586
Business expenses	474,316	474,371	382,620	91,751	377,156
Reimbursement of interfund services	(1,256,117)	(1,256,117)	(1,256,117)	-	(1,221,571)
	<u>357,309</u>	<u>334,140</u>	<u>241,134</u>	<u>93,006</u>	<u>211,611</u>
Court:					
Personnel	220,241	264,958	154,347	110,611	194,579
Services	32,220	32,220	49,958	(17,738)	39,907
Supplies	5,775	5,775	4,061	1,714	3,420
Business expenses	6,887	7,099	4,621	2,478	3,855
Payments on capital leases	38,048	38,048	-	38,048	76,105
	<u>303,171</u>	<u>348,100</u>	<u>212,987</u>	<u>135,113</u>	<u>317,866</u>

The accompanying notes are an integral part of the financial statements.

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	June 30, 2019				2018
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Expenditures:					
Project & facilities management:					
Personnel	411,090	416,515	430,886	(14,371)	427,086
Services	827,362	827,362	1,002,913	(175,551)	867,620
Supplies	90,950	90,950	66,019	24,931	102,688
Business expenses	24,083	25,183	25,098	85	21,761
Reimbursement of interfund services	(364,207)	(364,207)	(364,207)	-	(300,257)
	<u>989,278</u>	<u>995,803</u>	<u>1,160,709</u>	<u>(164,906)</u>	<u>1,118,898</u>
Total Finance & Administration	<u>7,040,137</u>	<u>7,475,905</u>	<u>6,971,698</u>	<u>504,207</u>	<u>7,006,677</u>
Community & Economic Development:					
Building & neighborhood services:					
Personnel	2,850,455	2,961,612	2,686,867	274,745	2,584,513
Services	244,570	244,570	194,130	50,440	178,335
Supplies	90,757	90,757	61,927	28,830	107,030
Business expenses	26,054	31,680	30,522	1,158	31,568
Payments on capital leases	2,022	2,022	9,467	(7,445)	7,596
	<u>3,213,858</u>	<u>3,330,641</u>	<u>2,982,913</u>	<u>347,728</u>	<u>2,909,042</u>
Planning & sustainability:					
Personnel	1,283,752	1,365,083	1,315,080	50,003	1,270,632
Services	225,550	225,550	202,282	23,268	106,887
Supplies	31,400	31,400	24,928	6,472	77,483
Operational units	4,000	4,000	7,500	(3,500)	9,823
Business expenses	9,825	9,018	7,846	1,172	6,931
	<u>1,554,527</u>	<u>1,635,051</u>	<u>1,557,636</u>	<u>77,415</u>	<u>1,471,756</u>
Engineering:					
Personnel	1,368,049	1,415,847	1,379,181	36,666	1,276,688
Services	123,815	123,815	165,286	(41,471)	71,328
Supplies	27,900	27,900	26,202	1,698	26,904
Business expenses	8,543	8,523	15,107	(6,584)	14,740
Reimbursement of interfund services	(292,790)	(292,790)	(292,790)	-	(265,966)
	<u>1,235,517</u>	<u>1,283,295</u>	<u>1,292,986</u>	<u>(9,691)</u>	<u>1,123,694</u>
Traffic operations center:					
Personnel	383,084	401,685	408,517	(6,832)	340,472
Services	450,434	450,434	127,164	323,270	155,895
Supplies	79,775	79,775	152,821	(73,046)	196,711
Business expenses	45,511	17,422	16,088	1,334	43,072
	<u>958,804</u>	<u>949,316</u>	<u>704,590</u>	<u>244,726</u>	<u>736,150</u>

The accompanying notes are an integral part of the financial statements.

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	June 30, 2019				2018
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Expenditures:					
Economic Development:					
Appropriations	90,327	90,327	78,327	12,000	67,518
	<u>90,327</u>	<u>90,327</u>	<u>78,327</u>	<u>12,000</u>	<u>67,518</u>
Total Community & Economic Development	7,053,033	7,288,630	6,616,452	672,178	6,308,160
Public Works:					
Streets-Maintenance:					
Personnel	2,656,486	2,714,211	2,605,408	108,803	2,481,898
Services	943,094	955,094	1,122,373	(167,279)	730,082
Supplies	354,730	354,730	300,694	54,036	269,790
Operational units	750	750	-	750	-
Business expenses	123,035	128,954	97,507	31,447	94,074
Payments on capital leases	25,251	25,251	116,500	(91,249)	156,643
	<u>4,103,346</u>	<u>4,178,990</u>	<u>4,242,482</u>	<u>(63,492)</u>	<u>3,732,487</u>
Streets-Traffic:					
Personnel	810,312	827,042	893,335	(66,293)	810,363
Services	148,698	148,698	126,851	21,847	146,945
Supplies	372,848	372,848	361,586	11,262	209,500
Business expenses	81,954	79,145	57,233	21,912	39,069
Payments on capital leases	2,866	2,866	13,426	(10,560)	14,874
	<u>1,416,678</u>	<u>1,430,599</u>	<u>1,452,431</u>	<u>(21,832)</u>	<u>1,220,751</u>
Streets-Fleet:					
Personnel	773,374	801,928	803,201	(1,273)	739,679
Services	559,263	559,263	271,810	287,453	396,493
Supplies	(263,644)	(263,644)	(274,736)	11,092	(313,445)
Business expenses	9,933	7,411	7,897	(486)	8,502
Payments on capital leases	-	-	-	-	5,632
	<u>1,078,926</u>	<u>1,104,958</u>	<u>808,172</u>	<u>296,786</u>	<u>836,861</u>
Parks:					
Personnel	2,844,745	2,885,275	2,730,526	154,749	2,544,989
Services	1,058,641	1,082,171	1,131,174	(49,003)	901,874
Supplies	668,402	668,402	588,525	79,877	545,292
Operational units	165,000	165,000	15,644	149,356	43,006
Business expenses	126,784	105,769	89,392	16,377	87,760
Payments on capital leases	17,061	17,061	17,008	53	111,788
	<u>4,880,633</u>	<u>4,923,678</u>	<u>4,572,269</u>	<u>351,409</u>	<u>4,234,709</u>
Total Public Works	11,479,583	11,638,225	11,075,354	562,871	10,024,808

The accompanying notes are an integral part of the financial statements.

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	June 30, 2019				2018
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Expenditures:					
Other General Government:					
General expenses:					
Personnel	2,288,079	1,894,821	319,636	1,575,185	(2,487,379)
Services	272,614	310,614	167,054	143,560	125,051
Supplies	2,000	2,000	(35,063)	37,063	(61,719)
Business expenses	1,950	1,950	2,500	(550)	291
Payments on capital leases	-	-	(6,368)	6,368	3,639
	<u>2,564,643</u>	<u>2,209,385</u>	<u>447,759</u>	<u>1,761,626</u>	<u>(2,420,117)</u>
Contributions:					
Appropriations	516,301	516,301	466,424	49,877	464,073
Total Contributions	<u>516,301</u>	<u>516,301</u>	<u>466,424</u>	<u>49,877</u>	<u>464,073</u>
Total Other General Government	<u>3,080,944</u>	<u>2,725,686</u>	<u>914,183</u>	<u>1,811,503</u>	<u>(1,956,044)</u>
Capital Outlay:					
Police - administration	-	-	-	-	395,822
Fire	228,000	228,000	177,000	51,000	-
Information technology	60,000	60,000	39,762	20,238	160,978
Project & facilities management	295,000	295,000	42,095	252,905	198,960
Traffic operations center	2,611,000	361,000	261,166	99,834	432,053
Streets-maintenance	252,000	252,000	209,451	42,549	55,144
Streets-traffic	-	115,000	110,000	5,000	-
Parks	300,000	446,250	385,213	61,037	895,593
Total Capital Outlay	<u>3,746,000</u>	<u>1,757,250</u>	<u>1,224,687</u>	<u>532,563</u>	<u>2,138,550</u>
Total expenditures	<u>69,564,888</u>	<u>69,401,613</u>	<u>64,861,532</u>	<u>4,540,081</u>	<u>61,278,827</u>
Excess of revenues over expenditures	<u>985,171</u>	<u>5,290,171</u>	<u>7,842,887</u>	<u>2,552,716</u>	<u>7,821,228</u>
Other financing sources (uses):					
Transfers to other funds	(985,171)	(5,290,171)	(4,100,884)	1,189,287	(1,644,399)
Total other financing sources (uses)	<u>(985,171)</u>	<u>(5,290,171)</u>	<u>(4,100,884)</u>	<u>1,189,287</u>	<u>(1,644,399)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,742,003</u>	<u>\$ 3,742,003</u>	<u>6,176,829</u>
Fund balance - beginning of year			49,459,971		43,283,142
Fund balance - end of year			<u>\$ 53,201,974</u>		<u>\$ 49,459,971</u>

The accompanying notes are an integral part of the financial statements.

(Continued)

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND (WATER AND SEWER FUND)
JUNE 30, 2019

With Comparative Totals for the Fiscal Year Ended June 30, 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,611,407	\$ 8,220,764
Cash and cash equivalents-restricted	1,600,610	5,301,559
Investments	18,433,458	14,866,937
Investments-restricted	8,579,707	5,363,708
Receivables (net of allowance for uncollectibles)	18,373,034	7,711,463
Net pension asset	1,179	-
Inventory and prepaids	385,135	455,959
Total current assets	50,984,530	41,920,390
Noncurrent assets:		
Capital assets (net of accumulated depreciation):		
Land	5,910,999	5,644,399
Construction in progress	21,747,745	19,172,357
Buildings and improvements	17,128,298	18,064,967
Utility plant in service	169,349,890	158,376,307
Machinery and equipment	1,093,864	1,393,487
Total capital assets (net of accumulated depreciation):	215,230,796	202,651,517
Total assets	266,215,326	244,571,907
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refundings	645,415	756,945
OPEB	1,643,417	-
Pensions	2,941,917	2,051,346
Total deferred outflows of resources	5,230,749	2,808,291
LIABILITIES		
Current liabilities:		
Accounts payable	4,891,364	2,757,229
Accrued interest payable	346,854	381,811
Total current liabilities	5,238,218	3,139,040
Long-term liabilities:		
Due within one year	4,968,940	4,817,446
Due in more than one year	45,523,884	38,915,423
Total OPEB liability	2,427,975	658,581
Net pension liability	4,438,556	2,766,561
Total long-term liabilities	57,359,355	47,158,011
Total liabilities	62,597,573	50,297,051
DEFERRED INFLOWS OF RESOURCES		
OPEB	191,832	-
Pensions	261	361,536
Total deferred inflows of resources	192,093	361,536
NET POSITION		
Net investment in capital assets	166,254,831	160,464,694
Restricted-system improvements	10,180,317	10,665,267
Restricted-pensions	1,179	-
Unrestricted	32,220,082	25,591,650
Total net position	\$ 208,656,409	\$ 196,721,611

The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND (WATER AND SEWER FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	2019	2018
Operating revenues:		
Metered water sales	\$ 11,692,199	\$ 11,034,782
Sewer service charges	18,790,102	18,430,468
Reclaimed water sales	128,937	135,473
Other revenues from operations	1,014,953	1,049,487
Total operating revenues	<u>31,626,191</u>	<u>30,650,210</u>
Operating expenses:		
Water and sewer billing expenses	159,288	135,220
Water distribution expenses	2,615,424	2,416,464
Water plant expenses	5,881,138	6,111,964
Water administration	1,762,769	1,280,588
Sewer administration	2,420,264	2,324,575
General administration	1,330,456	1,224,886
Sewer collection expenses	3,215,170	2,939,555
Sewer plant expenses	3,665,559	3,876,165
Reclaimed water expenses	87,010	85,197
Depreciation	7,349,666	6,552,846
Total operating expenses	<u>28,486,744</u>	<u>26,947,460</u>
Operating income	<u>3,139,447</u>	<u>3,702,750</u>
Nonoperating revenues (expenses):		
Interest income	1,273,512	383,165
Gain (loss) on sale of assets	(188,483)	41,046
Interest expense	(1,359,481)	(1,529,482)
Total nonoperating revenues (expenses)	<u>(274,452)</u>	<u>(1,105,271)</u>
Income before contributions and transfers	<u>2,864,995</u>	<u>2,597,479</u>
Contributions and transfers:		
Impact fees	3,028,419	5,806,279
Capital contributions	1,366	(5,709)
Developer contributions	6,240,018	5,204,998
Transfer from county facilities tax	-	300,000
Transfer to debt service fund	(200,000)	(200,000)
Transfer to capital projects fund	-	(925,000)
Total contributions and transfers	<u>9,069,803</u>	<u>10,180,568</u>
Change in net position	<u>11,934,798</u>	<u>12,778,047</u>
Net position, beginning of year	<u>196,721,611</u>	<u>183,943,564</u>
Net position, end of year	<u>\$ 208,656,409</u>	<u>\$ 196,721,611</u>

The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (WATER AND SEWER FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash received from customers	\$ 31,309,112	\$ 28,260,003
Cash paid to employees for services	(4,056,811)	(4,330,961)
Cash paid to suppliers of goods and services	(14,056,419)	(16,148,261)
Net cash provided by operating activities	<u>13,195,882</u>	<u>7,780,781</u>
Cash flows from noncapital financing activities:		
Transfer to debt service fund	(200,000)	(200,000)
Net cash used in noncapital financing activities	<u>(200,000)</u>	<u>(200,000)</u>
Cash flows from capital and related financing activities:		
Purchases of property, plant and equipment	(13,688,927)	(15,122,688)
Contributions from access and tap fees and grant funds	3,029,785	5,800,570
Sales of property, plant and equipment	(188,483)	41,046
Transfer from county facilities tax fund	-	300,000
Transfer to capital projects fund	-	(925,000)
Interest paid on long-term debt	(1,472,058)	(1,597,882)
Payments on SRF loan eligible projects not reimbursed	(10,344,492)	-
Proceeds from issuance of long-term debt	11,170,188	1,343,241
Payments on long-term debt	(4,303,193)	(3,949,947)
Net cash used in capital and related financing activities	<u>(15,797,180)</u>	<u>(14,110,660)</u>
Cash flows from investing activities:		
Purchases of investments, net	(6,782,520)	15,453,827
Interest received from investments	1,273,512	383,167
Net cash (used in) provided by investing activities	<u>(5,509,008)</u>	<u>15,836,994</u>
Net change in cash and restricted cash	(8,310,306)	9,307,115
Cash and restricted cash, beginning of year	<u>13,522,323</u>	<u>4,215,208</u>
Cash and restricted cash, end of year	<u>\$ 5,212,017</u>	<u>\$ 13,522,323</u>
Cash and cash equivalents consist of:		
Unrestricted cash and cash equivalents	\$ 3,611,407	\$ 8,220,764
Restricted cash and cash equivalents	1,600,610	5,301,559
Total cash and cash equivalents	<u>\$ 5,212,017</u>	<u>\$ 13,522,323</u>

The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF CASH FLOWS (Cont.)
PROPRIETARY FUND (WATER AND SEWER FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>2019</u>	<u>2018</u>
Reconciliation of operating income to net cash provided by operations:		
Operating income	\$ 3,139,447	\$ 3,702,750
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	7,349,666	6,552,846
Net pension liability and related amounts	418,970	120,287
OPEB and related amounts	317,809	(41,367)
Change in:		
Accounts receivable-operating	(317,079)	(2,390,207)
Inventory	70,824	3,152
Compensated absences	82,343	(23,783)
Accounts payable	2,133,902	(142,897)
Net cash provided by operating activities	<u>\$ 13,195,882</u>	<u>\$ 7,780,781</u>
 Supplemental schedule of non-cash capital and related financing activities:		
Capital assets added as developer contributions	<u>\$ 6,240,018</u>	<u>\$ 5,204,998</u>

The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND (Pension Fund)
JUNE 30, 2019
With Comparative Totals as of June 30, 2018

	Franklin Employees' Pension Plan	Tennessee Consolidated Retirement Plan	Total	2018
ASSETS				
Cash and equivalents	\$ 1,164,061	\$ 2,070	\$ 1,166,131	\$ 1,285,118
Total cash equivalents	1,164,061	2,070	1,166,131	1,285,118
Investments:				
Domestic fixed income securities	33,505,512	116,595	33,622,107	33,256,541
Domestic equities	41,116,184	129,012	41,245,196	39,581,503
International equities	16,406,829	68,646	16,475,475	22,865,880
Real estate	8,994,105	28,631	9,022,736	7,576,194
Timber	3,659,066	-	3,659,066	3,856,133
Total investments	103,681,696	342,884	104,024,580	107,136,251
Total assets	<u>104,845,757</u>	<u>344,954</u>	<u>105,190,711</u>	<u>108,421,369</u>
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 104,845,757</u>	<u>\$ 344,954</u>	<u>\$ 105,190,711</u>	<u>\$ 108,421,369</u>

Franklin Employees' Pension Plan as of December 31, 2018 and Tennessee Consolidated Retirement Plan as of June 30, 2018.

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND (Pension Fund)
FOR THE YEAR ENDED JUNE 30, 2019
With Comparative Totals as of June 30, 2018

	Franklin Employees' Pension Plan	Tennessee Consolidated Retirement Plan	Total	2018
Additions:				
Contributions:				
Employer contributions	\$ 4,254,456	\$ 166,897	\$ 4,421,353	\$ 4,471,922
Employee contributions	831,941	128,382	960,323	593,845
Total contributions	<u>5,086,397</u>	<u>295,279</u>	<u>5,381,676</u>	<u>5,065,767</u>
Investment income:				
Net appreciation in fair value of investments*	<u>(3,237,304)</u>	<u>56,801</u>	<u>(3,180,503)</u>	<u>14,823,429</u>
Total investment income	<u>(3,237,304)</u>	<u>56,801</u>	<u>(3,180,503)</u>	<u>14,823,429</u>
Total additions	<u>1,849,093</u>	<u>352,080</u>	<u>2,201,173</u>	<u>19,889,196</u>
Deductions:				
Pension benefits	5,310,361	906	5,311,267	4,668,158
Administration expense	<u>114,344</u>	<u>6,220</u>	<u>120,564</u>	<u>112,112</u>
Total deductions	<u>5,424,705</u>	<u>7,126</u>	<u>5,431,831</u>	<u>4,780,270</u>
Net increase in fiduciary net position	<u>(3,575,612)</u>	<u>344,954</u>	<u>(3,230,658)</u>	<u>15,108,926</u>
Net position restricted for pension benefits - beginning	<u>108,421,369</u>	<u>-</u>	<u>108,421,369</u>	<u>93,312,443</u>
Net position restricted for pension benefits - ending	<u>\$ 104,845,757</u>	<u>\$ 344,954</u>	<u>\$ 105,190,711</u>	<u>\$ 108,421,369</u>

Franklin Employees' Pension Plan as of December 31, 2018 and Tennessee Consolidated Retirement Plan as of June 30, 2018.

*Net appreciation in fair value of investments includes beginning net position for TCRS Plan.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Franklin, Tennessee (the “City”) was incorporated in 1799. The City operates under a mayor-alderman form of government. The City provides the following services: public safety, streets, sanitation, parks, planning, codes, and water and sewer services. As required by U.S. generally accepted accounting principles, these financial statements present all funds, which comprise the City.

The accompanying financial statements present the government and component units, if any. Component units are entities for which the government is considered financially accountable. Component units, although legally separate entities, are required to be presented in the government’s financial statements using either a “blended” or “discrete” presentation. Based on the City’s analysis as of June 30, 2019, the City had no component units that were required to be included in these financial statements.

Joint Operation of the Cool Springs Conference Center: In June 1999, the City completed construction of the Conference Center at Cool Springs (Conference Center), which operates a conference center facility. An Interlocal Agreement executed between the City and Williamson County, Tennessee (the Parties) provides for equal ownership by each of the Parties of a one-half undivided interest in the Conference Center and further specifies that each of the Parties shall be entitled to one-half of the net revenue and shall be responsible for one-half of all costs and expenses of the operation and maintenance of the Conference Center. The City’s undivided interest in the investment in the Conference Center facility totaled \$5,517,628 at June 30, 2019, and is accounted for as a joint venture asset of the City. The City’s one-half interest in Conference Center operations is presented with governmental activities in the statements of net position and activities. Complete financial statements for the Conference Center may be obtained from the Department of Finance at City Hall.

Franklin Housing Authority: The City’s officials are also responsible for appointing the members of the board of the Franklin Housing Authority; however, the City does not provide funding, has no obligation for the debt issued by the Authority, and cannot impose its will upon the operations of the Authority.

Franklin Industrial Development Board: The City, through the Industrial Development Board, has in the past authorized issuance of various Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition of industrial and commercial facilities deemed to be in the public interest. The activities of the Board related solely to the issuance of such bonds. The bonds are secured by the property financed and payable solely from payments received on the underlying mortgage loans. Neither the City, State, nor any political subdivision thereof is obligated in any manner for repayment of bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Also, the Board’s action do not require the substantive approval of the City.

In accordance with GASB Statement No. 61, “The Financial Reporting Entity,” the Franklin Housing Authority and Franklin Industrial Development Board are not shown in the City’s financials as a component unit.

B. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

C. Basis of presentation - government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government’s enterprise fund. Separate financial statements are provided for governmental funds, the proprietary fund, and the fiduciary fund, even though the latter are excluded from the government-wide financial statements.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

The government-wide financial statements, the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the City's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Debt that was issued for capital purposes is not a part of the calculation of net investment in capital assets, until the proceeds have been used to acquire capital assets.

Restricted net position result from restriction placed on net position by external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consist of net position which do not meet the definition of the two proceeding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and certain charges between the government's utility divisions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation - fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary fund. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and the major individual enterprise fund, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and the major enterprise fund are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* was established to service the general obligation debt of the City through interfund transfers and property tax collections.

The *Multi-Purpose Capital Project Fund* was established to account for the various capital projects of the City.

The City reports the following major proprietary fund:

The *Water and Sewer Fund* accounts for the water, sewer, and reclaimed water services provided to customers of the system.

Additionally, the City reports the following fiduciary fund type:

The *City of Franklin Employees' Pension Fund* accounts for the activities of the closed pension plan maintained for employees of the City hired prior to January 1, 2017, which accumulates resources for pension payments to qualified employees.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

The *Tennessee Consolidated Pension Fund* accounts for the activities of the multi-employer pension plan administered by the TCRS for employees of the City hired on or after January 1, 2017, which accumulates resources for pension payments to qualified employees.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e. the governmental funds) are eliminated so that only the net amount, when applicable, is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the fund included in governmental activities are eliminated so only the net amount is included as transfers in the governmental activities column.

The City charges health and dental expenditures to the General Expenses department within the General Fund. The City then allocates the costs based on enrollment in these benefits to each fund and department using that year's established Cobra rate, which is an estimates of administrative and claims costs per person. If actual costs are higher than the Cobra rate charges to the departments, then a normal positive balance in General Expenses results. If actual costs are less than the Cobra rate, the General Expenses department within the General Fund may show a negative expenditure balance.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within sixty days (60) of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and certain employee benefits, and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales tax, franchise fees, state shared revenue, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the government.

The proprietary and fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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F. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and the Special Revenue Funds. The Board of Mayor and Aldermen approves and appropriates the budgets for these funds annually. All annual appropriations lapse at fiscal year-end.

As an extension of the formal budgetary process, the Board of Mayor and Aldermen may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. The City's policy is to not allow expenditures to exceed budgetary amounts at the total fund expenditure level without obtaining additional appropriation approval from the Board.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and cash equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

State statutes authorize the City to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements, and the State's investment pool. Pension Fund investments also include various domestic and international equities, private equity funds, fixed income and mutual funds, and funds invested in real estate and timberlands.

Investments for the City are reported at fair value; securities traded on a national or international exchange are valued primarily at quoted market prices. Pension fund investments that are not exchange-traded are recorded at estimated fair values provided by the investment fund managers and other value per share information. See Note 3 B.

3. Inventories and prepaid items

Inventories are valued at cost in the governmental activities and in the business-type activities using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of three years. Donated capital assets, donated works of art and similar items, and any capital assets received in service concession arrangements are reported at acquisition value.

The costs of normal maintenance and repairs that do not add to the value or materially extend the useful life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

CITY OF FRANKLIN, TENNESSEE
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Capital assets of the City are depreciated using the straight-line method over the following useful lives:

Infrastructure	50 years
Buildings and improvements	25 - 50 years
Distribution systems	10 - 50 years
Equipment	3 - 10 years
Furniture and fixtures	3 - 10 years

5. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category: (1) deferred charge on bond refundings resulting from the difference in the carrying amount of refunded debt and its requisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt; (2) deferred outflows of resources relating to pensions resulting from differences between expected and actual actuarial experience, certain changes in actuarial assumptions, differences between actual and expected investment earnings, and amounts of employer contributions to the pension plan made subsequent to the measurement date; (3) deferred outflows of resources relating to OPEB resulting from differences between expected and actuarial experience and certain changes in actuarial assumptions.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items of this type that qualify for reporting on the statement of net position: (1) property taxes levied on January 1, 2019, will not be available for collection until fiscal year 2020, beginning October 2019; (2) A second item, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from uncollected property taxes (including penalties and interest), franchise fees, hotel/motel taxes, court fines, and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to pensions and OPEB.

6. *Net position flow assumption*

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. *Fund balance flow assumptions*

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. *Fund balance policies*

In accordance with GASB Statement No. 54, the governmental funds report fund balances in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories of fund balance are as follows:

CITY OF FRANKLIN, TENNESSEE
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Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the Board of Mayor and Alderman level of decision-making authority, are reported as committed fund balance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. These commitments are provided for in accordance with the "Utilization and Replacement of Funds from Certain Reserve Accounts" policy approved by the Board of Mayor and Aldermen on August 28, 2012. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned - Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance. Amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the Board of Mayor and Alderman or where the Board of Mayor and Aldermen have authorized the City Administrator to assign fund balance up to certain amounts. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned - Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental funds, if expenditures incurred for specific purposes have exceeded the amounts restricted, committed, or assigned to those purposes, those amounts are reported as a negative unassigned fund balance.

H. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

Property taxes are levied annually on January 1 for all real and personal property located in the City's legal boundaries. The taxes are due and payable from the following October through February in the year succeeding the tax levy. An unperfected lien attaches by statute to property on March 1 for unpaid taxes from the prior year's levy. Taxes uncollected by April 1, the year after due may be submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment.

Assessed values are established by the State of Tennessee at the following rates of assessed market value:

Public utility property	55%
Industrial and commercial property	
Real	40%
Personal	30%
Farm and residential property	25%

For fiscal year 2019, taxes were levied at a rate of .4176 per \$100 of assessed valuation.

CITY OF FRANKLIN, TENNESSEE
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3. *Compensated absences*

City policy provides for the accumulation of unused vacation days equal to those earned in the current year. It also provides for the accumulation of sick days. No amounts of sick leave are vested in the event of employee termination; however, the employee is entitled to payment for unused sick leave upon retirement up to a maximum of 120 days.

All annual leave is accrued when incurred in the government-wide and proprietary fund (Water and Sewer) financial statements. A liability for these amounts is reported in the governmental funds (specifically General, Sanitation, and Storm Water) only if amounts are actually due to employees as a result of termination and/or retirement.

4. *Proprietary fund operating and nonoperating revenues and expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the various utility funds are charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

5. *Bond premiums and discounts*

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. *Estimates*

The preparation of the City's Comprehensive Annual Financial Report (CAFR) in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. *Recent accounting pronouncements*

The City has included the applicable accounting and reporting requirements of Statement No. 83, *Certain Asset Retirement Obligations*, required for the fiscal period ending June 30, 2019. This Statement improves financial reporting by establishing uniform criteria for governments to recognize and measure certain Asset Retirement Obligations (AROs) and required disclosures.

The following are additional accounting pronouncements which, to the extent applicable, pose consideration for the City. Management is currently in the process of determining the impact of these Statements to the City's financial statements.

The GASB issued Statement No. 84, *Fiduciary Activities*, which has certain provisions effective for the fiscal period ending December 31, 2019 (fiscal year 2020 for the City). This Statement improves financial reporting by establishing criteria for activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report fiduciary activities.

The GASB issued Statement No. 87, *Leases*, which has certain provisions effective for fiscal period that ends December 31, 2020 (fiscal year 2021 for the City). This Statement improves accounting and financial reporting by requiring reporting of certain lease liabilities that currently are not reported, requiring lessees and lessors to report leases under a single model, and requiring notes related to the timing, significance, and purpose of leasing arrangements.

CITY OF FRANKLIN, TENNESSEE
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JUNE 30, 2019

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget information

Budgeted amounts in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual are those originally adopted as well as the final budget which reflects amendments by the Board of Mayor and Aldermen. The budget is prepared on a basis consistent with GAAP. Total expenditures may not exceed the total amount appropriated in the budget ordinance. Any revisions that alter the total appropriations must be approved through the passage of an ordinance by the Board. All appropriations lapse at year end.

NOTE 3 - DETAILED NOTE ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

The City's policies limit deposits to those instruments allowed by applicable state laws as described above. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, by the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2019, all bank deposits were fully collateralized or insured.

B. Investments

The City is authorized to invest funds in, among other things, financial institutions and direct obligations of the Federal Government. During 2019, the City, except for the Pension Fund, invested in certificates of deposit, money market accounts, and government sponsored agency securities. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets in active markets that can be accessed at the measurement date (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described as follows:

- *Level 1* – Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- *Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability like interest rates and yield curves observable at commonly quoted intervals, implied volatilities, or credit spreads; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified term, the level 2 must be observable for substantially the full term of the asset or liability.
- *Level 3* – Inputs are unobservable and significant to the fair value measurement.

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As of June 30, 2019, the City had the following investments measured at fair value per GASB Statement 72 and the noted weighted average maturities:

	<u>Fair Value Measurements Using</u>				<u>Weighted Average Maturity (Years)</u>
	<u>6/30/2019</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
Investments by fair value level					
Certificates of Deposit	\$ 2,587,928	\$ 2,587,928	\$ -	\$ -	0.08
Money Market Accounts	38,481	38,481	-	-	-
Debt securities					
U.S. Treasury securities	47,702,250	47,702,250	-	-	1.04
Federal Home Loan Bank	61,488,066	-	61,488,066	-	1.64
Federal Home Loan Mortgage Corp.	10,241,719	-	10,241,719	-	0.06
Federal National Mortgage Association	2,490,375	-	2,490,375	-	0.96
Federal Farm Credit Bank	22,747,775	-	22,747,775	-	1.98
Total Investments at Fair Value	<u>\$ 147,296,594</u>	<u>\$ 50,328,659</u>	<u>\$ 96,967,935</u>	<u>\$ -</u>	
Portfolio Weighted Avg. Maturity					<u>1.35</u>
Investments derivative instruments					
Interest rate swaps (liability)	\$ (4,700,308)		\$ (4,700,308)		
Total Investment derivative instruments	<u>\$ (4,700,308)</u>		<u>\$ (4,700,308)</u>		

The certificates of deposit and money market accounts are in banks covered by the State collateral pool or under FDIC. All federal securities, guaranteed by or linked to the U.S. government, are rated Aaa by Moody's and AA+ by Standard & Poor's. (Treasury securities and Federal Home Loan Mortgage Company also have a AAA rating from Fitch). As of June 30, 2019, the investments that constituted a concentration risk due to the investments exceeding 5% of the portfolio balance were the certificates of deposit, the money market accounts, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, and U.S. Treasury Securities.

Interest Rate Risk: Investments held for longer periods are subject to increased risk for adverse interest rate changes. City policy provides that to the extent practicable, investments are matched with anticipated cash flows. Typically, certificates of deposit are issued for periods less than one year and investments in the Local Government Investment Pool are available daily. At June 30, 2019, investments of the City had average weighted maturities as noted above.

Credit Risk: The City's general investment policy is derived from the model investment policy created by the Government Finance Officers Association. Its general objectives are safety, liquidity, and yield and its standard of care to be used by investment officials is formulated around the prudent-person rule: investments are made as a prudent person should be expected to make, with discretion and intelligence, to produce reasonable income, preserve capital and, in general, avoid speculative investments.

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As of December 31, 2018, the City of Franklin Employees' Pension Plan (closed plan) had the following investments measured at fair value per GASB Statement 72:

	12/31/2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Local managed investments				
Money market accounts ¹	\$ 274,534	\$ 274,534	\$ -	\$ -
Domestic equities ²	2,075,838	2,075,838	-	-
International equities ⁵	-	-	-	-
	<u>2,350,372</u>			
State managed investments (TCRS)				
Money market accounts ⁶	\$ 889,527	889,527	-	-
Fixed income securities ⁶	33,505,512	-	33,505,512	-
Domestic equities ⁶	39,040,346	39,040,346	-	-
International equities ⁶	16,406,829	-	16,406,829	-
	<u>89,842,214</u>			
Total investments at fair value level	<u>92,192,586</u>	<u>\$ 42,280,245</u>	<u>\$ 49,912,341</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Local managed investments				
Timber funds ³	<u>3,659,066</u>			
	<u>3,659,066</u>			
State managed investments (TCRS)				
Real estate funds ⁵	<u>8,994,105</u>			
Total investments at the NAV	<u>12,653,171</u>			
Total investments measured at fair value	<u>\$ 104,845,757</u>			
		Unfunded	Redemption	Redemption
	Fair Value	Commitments	Frequency (if	Notice Period
			Currently Eligible)	
Investments measured at the net asset value (NAV)				
Local managed investments				
Timber funds ³	\$ 3,659,066	-	-	-
	<u>3,659,066</u>			
State managed investments (TCRS)				
Real estate funds ⁵	<u>8,994,105</u>	-	-	-
Total investments measured at the NAV	<u>\$ 12,653,171</u>			

¹ Invested in first American prime obligation fund, class z

² Invested in Landmark private equity and hamilton private equity.

³ Invested in RMK timber fund II, RMS forest fund III, and FIA timber.

⁴ Invested in Vanguard International and Schwab Emerging Market.

⁵ Investments managed per agreement with the State by Tennessee Consolidated Retirement System (TCRS) money managers. Allocation was developed from TCRS Asset Allocation analysis Report for period ending December 31, 2018.

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As of June 30, 2018, the Tennessee Consolidated Pension Plan had the following investments measured at fair value per GASB Statement 72:

	6/30/2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
State managed investments (TCRS)				
Cash and cash equivalents	\$ 2,070	\$ 2,070	\$ -	\$ -
Canada index fund	7,244	-	7,244	-
International developed market	47,949	-	47,949	-
International emerging market	13,453	-	13,453	-
Domestic fixed income	91,068	-	91,068	-
Inflation-indexed fixed income	8,279	-	8,279	-
Domestic equity	111,764	111,764	-	-
Private equity	17,248	-	17,248	-
Strategic lending	17,248	-	17,248	-
Total investments at fair value level	316,323	\$ 113,834	\$ 202,489	\$ -
State managed investments (TCRS)				
Real estate funds	28,631			
Total investments at the NAV	28,631			
Total investments at fair value level	\$ 344,954			
Investments measured at the net asset value (NAV)				
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Local managed investments				
Real estate funds	\$ 28,631	-	-	-
Total investments measured at the NAV	\$ 28,631			

Investments managed per agreement with the State by Tennessee Consolidated Retirement System (TCRS) money managers
Allocation was developed from TCRS Report by Investment Consultant (Verus) for the year ending June 30, 2018

Pension plan investments available for sale include short-term investments, domestic corporate stock, foreign stock, private equity funds, mutual funds, investments in timberland and real estate funds, bond funds and other investments. See additional information in Note 3 F. The pension policy does not include reference to credit risk, interest rate risk, concentration risk, or foreign currency risk.

Debt and equity securities classified in Level 1 of the fair value hierarchies above are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are generally valued using pricing techniques based on the securities relationship to the benchmark quoted prices. The fair values of real estate and timber funds has been determined using the NAV per share (or its equivalent) of the ownership interest in capital. Distributions from each fund will be received as the underlying assets of the fund are liquidated. Derivative instruments classified in Level 2 are valued using a market approach that considers benchmark interest rates.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

C. Receivables

Property tax receivables are shown net of an allowance for uncollectibles. The allowance is recorded based on the history of collections. Court fines receivable are also shown net of an allowance for uncollectibles. The allowance is recorded based on management's estimate of what portion of the outstanding receivable will be collected in the future.

The allowances for uncollectible customer accounts recorded in the Water and Sewer proprietary fund are based on history of uncollectible accounts and management's analysis of current accounts. Bad debts in the proprietary fund are recorded by the direct write-off method.

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general, multi-purpose capital project, debt service, and the nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts:

	General Fund	Multi-Purpose Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total
Receivables:					
Accounts	\$ 992,586	\$ -	\$ -	\$ 2,551,943	\$ 3,544,529
Property taxes	10,465,061	-	11,083,417	787,921	22,336,399
Due from IDB	2,451,589	-	-	-	2,451,589
Local option sales tax	6,214,099	-	-	-	6,214,099
Special assessments	53,762	-	-	-	53,762
Due from county	(2,672)	-	-	-	(2,672)
State shared revenue	4,305,841	-	-	453,910	4,759,751
Grants	212,878	1,148,786	-	933,960	2,295,624
Fines	780,772	-	-	-	780,772
Interest	167,427	22,036	1,396	210,045	400,904
Gross receivables	25,641,343	1,170,822	11,084,813	4,937,779	42,834,757
Less: Allowance for uncollectibles	(709,912)	-	-	-	(709,912)
Net receivables	\$ 24,931,431	\$ 1,170,822	\$ 11,084,813	\$ 4,937,779	\$ 42,124,845

Receivables in the Water and Sewer Fund at June 30, 2019 represent accounts due from customers for services provided, special assessments, due from the state for SRF loan reimbursements, and interest income. The receivables are presented net of an allowance of \$727,983.

Receivables	
Customers	\$ 7,364,260
Special assessments	147,492
Due from State (SRF Loans)	11,468,735
Interest	120,530
Gross receivables	19,101,017
Less: Allowance for uncollectibles	(727,983)
Net receivables	\$ 18,373,034

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, various components of unearned revenue reported in the governmental funds were as follows:

	Unearned
Confiscated funds	\$ 193,746
Tree bank reserve	251,803
Sidewalk reserve	69,455
Affordable housing reserves	262,156
Sponsorship reserve	23,225
Total unearned revenue for fund financial statements	\$ 800,385

CITY OF FRANKLIN, TENNESSEE
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D. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2019
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 57,640,538	\$ -	\$ 676,975	\$ -	\$ 58,317,513
Construction in process-non-infrastructure	4,961,398	(55,144)	1,677,929	-	6,584,183
Construction in process-infrastructure	10,739,494	(63,215)	356,935	-	11,033,214
Total capital assets, not being depreciated	73,341,430	(118,359)	2,711,839	-	75,934,910
Capital assets, being depreciated:					
Buildings and improvements	74,504,472	55,144	-	-	74,559,616
Improvements other than buildings	27,248,776	-	-	-	27,248,776
Machinery and equipment	58,862,414	-	8,970,670	959,599	66,873,485
Infrastructure	660,371,035	63,215	23,551,844	180,818	683,805,276
Total capital assets, being depreciated	820,986,697	118,359	32,522,514	1,140,417	852,487,153
Accumulated depreciation:					
Buildings and improvements	17,964,974	-	1,462,779	-	19,427,753
Improvements other than buildings	12,443,375	-	1,332,719	-	13,776,094
Machinery and equipment	42,264,377	-	3,823,847	648,147	45,440,077
Infrastructure	175,790,216	-	13,471,552	-	189,261,768
Total accumulated depreciation	248,462,942	-	20,090,897	648,147	267,905,692
Total capital assets being depreciated, net	572,523,755	118,359	12,431,617	492,270	584,581,461
Total governmental activities capital assets, net	645,865,185	-	15,143,456	492,270	660,516,371
Business-type activities:					
Capital assets, not being depreciated:					
Land	5,644,399	-	266,600	-	5,910,999
Construction in process	19,172,358	(11,241,187)	13,816,574	-	21,747,745
Total capital assets, not being depreciated	24,816,757	(11,241,187)	14,083,174	-	27,658,744
Capital assets, being depreciated:					
Buildings and improvements	28,139,997	-	35,103	-	28,175,100
Utility plant in service	237,300,444	11,241,187	5,685,500	-	254,227,131
Machinery and equipment	5,857,912	-	314,028	401,665	5,770,275
Total capital assets, being depreciated	271,298,353	11,241,187	6,034,631	401,665	288,172,506
Accumulated depreciation:					
Buildings and improvements	10,075,031	-	971,771	-	11,046,802
Utility plant in service	78,924,137	-	5,953,104	-	84,877,241
Machinery and equipment	4,464,425	-	424,791	212,805	4,676,411
Total accumulated depreciation	93,463,593	-	7,349,666	212,805	100,600,454
Total capital assets being depreciated, net	177,834,760	11,241,187	(1,315,035)	188,860	187,572,052
Business-type activities capital assets, net	202,651,517	-	12,768,139	188,860	215,230,796
Total capital assets, net	\$ 848,516,702	\$ -	\$ 27,911,595	\$ 681,130	\$ 875,747,167

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Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2019, as follows:

Governmental activities:	
Project & facilities management	\$ 43,741
Building and neighborhood services	10,550
Information and technology	694,352
Engineering	1,575
Traffic operations center	263,418
Human resources	91,269
Police department	1,402,135
Fire department	954,396
Highways and streets	13,827,572
Traffic	14,224
Fleet management	21,795
Parks	1,459,430
General government	128,327
Sanitation	903,951
Stormwater	145,590
Transit	128,572
Total depreciation expense - governmental activities	<u>20,090,897</u>
Business-type activities:	
Water and sewer	7,349,666
Total depreciation expense	<u><u>\$ 27,440,563</u></u>

E. Accrued Liabilities

Accrued liabilities reported by governmental funds at June 30, 2019, were as follows:

Accrued employee payroll	\$ 1,845,310
Accrued employee insurance claims	1,561,389
Total accrued liabilities	<u><u>\$ 3,406,699</u></u>

F. Pension Plan

The City of Franklin participates in two (2) pension plans: The City of Franklin Employees' Pension Plan and Trust (the closed plan) and the Tennessee Consolidated Retirement System (TCRS plan). The closed plan was closed to new employees effective December 31, 2016. All new hires beginning January 1, 2017 are enrolled in the Tennessee Consolidated Retirement System (TCRS), a multiple employer defined benefit pension plan administered by the State of Tennessee Department of the Treasury.

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the closed plan and the TCRS plan in the Fiduciary Pension Funds. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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City of Franklin Employees' Pension Plan and Trust (closed plan)

General Information about the City of Franklin Employees' Pension Plan

Plan Description. The City of Franklin administers the City of Franklin Employees' Pension Plan and Trust, a single employer defined benefit pension plan. The assets of the Plan are held for investment and may be used only for the payment of benefits to members of the Plan. The Plan's fiscal year ends on December 31. It was deemed impractical to report the financial activity of the Plan as of and for the year ended June 30, 2019. Accordingly, all financial statement information regarding the Plan is as of December 31, 2018 and the year then ended. Section 4-204(2)(p) of the City's Charter assigns the Human Resources Director the responsibility to administer the pension program under the direction of the City Administrator. All of the benefits and provisions of the Plan are at the discretion of the Board of Mayor and Aldermen consistent with the laws of Tennessee and the Federal government. The following is a general description of the Plan; refer to the Plan document for further details. The Plan is operated under the direction of the Employee Pension Committee, which consists of the following seven members: City Mayor, Alderman, Employee Representatives (2), Citizens (2), and Human Resources Director. The financial statements of the plan are presented solely in this Comprehensive Annual Financial Report of the City; there are no separate financial statements issued for the plan. Administrative costs are paid from the pension fund as shown on page 43.

Benefits provided. The Plan is a single-employer defined benefit pension plan that covers the full time employees (who work 30 hours or more per week and are employed for 1 year) of the City including all departments, except for certain department heads who may opt out of the Plan. For employees hired after February 15, 2010, employees must make an election to participate in the Plan. The Plan provides retirement, termination and death benefits to plan members and beneficiaries. Cost-of-living adjustments (COLA) to plan members and beneficiaries in receipt of monthly benefits are provided at the discretion of the Board of Mayor and Aldermen.

Normal retirement occurs at age 65 and completion of five years of Plan participation. With respect to employees hired before July 1, 2006, normal retirement occurs when they complete 25 years of service. The normal retirement benefit is based on a percentage of average compensation, as defined by the Plan, multiplied by the years of credited service. The Plan also has provisions for early, late and disabled retirement, with related adjustments to the benefits provided. Participants are vested in their accrued benefits after completing five years of credited service. The plan allows for cash balance accounts equal to the pre and post-tax employee contributions, discretionary City contributions and interest credits. Employees are 100% vested in the cash balance accounts at all times.

Employees covered by benefit terms. Membership of the Plan consisted of the following at January 1, 2019, the date of the latest actuarial valuation:

Inactive plan participants:	
Retiree participants and beneficiaries	220
Terminated employees entitled to deferred benefits	178
Disabled participants	3
Inactive plan participants total	<u>401</u>
Active plan participants:	
Vested	412
Nonvested	82
Active plan participants total	<u>494</u>
Total participants	<u><u>895</u></u>

Contributions. For employees hired before February 15, 2010, the City of Franklin Employees' Pension Plan is funded entirely by the City of Franklin; employees are not required to contribute to the Plan. Additionally, Plan members hired after July 1, 1995 through February 14, 2010 are required to contribute between 3% and 10% of their annual covered salary to a cash balance plan or 401(a) defined contribution Plan. Any plan member may also voluntarily contribute between 1% and 10% of their annual covered salary. For these Plan employees, there is also an optional 457 plan available.

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Plan members hired on or after February 15, 2010 are required to contribute 5% of their compensation to participate in the Plan. (These employees hired on or after February 15, 2010, may select the City of Franklin 2010 Defined Contribution Plan which also requires a 5% contribution but includes a 5% employer match. An additional 3% may be contributed that would be matched by the City). The Plan changes for employees hired on or after February 15, 2010 were due to a freeze on admittance to the prior non-contributory Pension Plan approved in January 2010. This approval was due to actuarial reports that showed that the Plan was underfunded and would require substantial increases in annual contributions for many years in order to bring the Plan to a fully-funded level.

The City has established an informal policy to annually contribute an actuarial determined amount in four (4) quarterly installments on approximately the first day of each quarter during the fiscal year based on the previous January 1 actuarial valuation. The Plan has no long-term contracts for contributions to the Plan and no legally required reserves.

Net Pension Liability (Asset)

The City's net pension liability was measured as of January 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2%
Salary increases	Prior year, 4% annual increase. Beginning December 31, 2018, based on age (age 25, 7.5%, Age 30, 7.0%, Age 35, 6.0%, Age 40, 5%, Age 45, 4.5%, Age 50, 4%, Age 55, 3.5%, and Ages 60+, 3%).
Investment rate of return	Prior year, 7.4%. Beginning December 31, 2018, 7.3%
Cost-of-living adjustment	2.0% (Jan-Jun 2018) and 2.1% (Jul-Dec 2018).

Mortality rates were based on 105% for the RP-2014 Healthy Annuitants and Non-Annuitants, Blue Collar Mortality Tables, adjusted back to 2006, separate for males and females.

The actuarial assumptions used in the January 1, 2019 valuation were based on a limited update of an actuarial experience study for the 10-year period ending December 31, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

For closed plan pension investments that were locally managed during 2018:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Domestic equity	5.1%	35%
Timber	5.0%	60%
Short term securities	0.0%	5%
Total		100%

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For closed pension investments managed by TCRS, the target allocation and long-term expected return would be the same as the TCRS pension plan. For the year ended December 31, 2018, the annual money-weighted rate of return based on monthly cash flows on pension investments, net of pension plan investment expense, was -4%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested. Further information can be found on page 88.

Discount rate. The discount rate used to measure the total pension liability was 7.3%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 1/1/2018	\$ 132,093,369	\$ 108,421,369	\$ 23,672,000
Changes for year:			
Service cost	2,017,416	-	2,017,416
Interest	9,572,072	-	9,572,072
Differences between expected and actual experience	2,887,307	-	2,887,307
Changes of assumptions	1,191,865	-	1,191,865
Contributions - employer	-	4,254,456	(4,254,456)
Contributions - employee	297,918	831,941	(534,023)
Net investment income	-	(3,237,304)	3,237,304
Benefit payments, including refunds of employee contributions	(5,310,361)	(5,310,361)	-
Administrative expense	-	(114,344)	114,344
Net changes	<u>10,656,217</u>	<u>(3,575,612)</u>	<u>14,231,829</u>
Balances at 12/31/2018	<u>\$ 142,749,586</u>	<u>\$ 104,845,757</u>	<u>\$ 37,903,829</u>

The City reports for the closed plan the following net pension liability (asset) as of June 30, 2019 in the Statement of Net Position:

Closed Plan	Governmental activities	Business-type activities	Total
Net pension liability	\$ 33,465,273	\$ 4,438,556	\$ 37,903,829

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the current discount rate of 7.3% for the closed plan, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.3%) or 1-percentage-point higher (8.3%) than the current rate:

Closed Plan	1% Decrease	Current Rate	1% Increase
Sensitivity to discount rate	\$ 55,862,043	\$ 37,903,829	\$ 22,986,371

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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension (negative pension) expense of \$2,226,236 as follows:

Closed Plan	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Pension (negative pension) expense	\$ 1,962,151	\$ 264,085	\$ 2,226,236

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the closed plan from the following sources:

Closed Plan	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:	\$ 16,301,153	\$ -
Changes of assumptions:	2,840,663	-
Net difference between projected and actual earnings on pension plan investments:	5,766,583	-
Contributions made subsequent to the measurement date:	<u>1,500,000</u>	<u>-</u>
Total	<u>\$ 26,408,399</u>	<u>\$ -</u>

Deferred outflows of resources and deferred inflows of resources related to pension are recognized as follows in the State of Net Position:

Closed Plan	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Deferred Outflows of Resources	\$ 23,483,596	\$ 2,924,803	\$ 26,408,399

The amount shown above for "Contributions made subsequent to the measurement date," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

For the City of Franklin employees' pension plan, amounts reported as deferred outflow of resources or deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2,020	\$ 4,369,758
2,021	2,977,840
2,022	2,714,184
2,023	3,490,345
2,024	1,265,930
Thereafter	9,820,342

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

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Tennessee Consolidated Retirement System (TCRS)

General Information about the Pension Plan

Plan description. Employees of City of Franklin hired January 1, 2017 and thereafter are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits provided. Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to July 2nd of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	20
Active employees	<u>92</u>
Total employees	<u>112</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. City of Franklin makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, the employer contributions for City of Franklin were \$278,209 based on a rate of 6.19 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept City of Franklin's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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Net Pension Liability (Asset)

Pension liabilities (assets). City of Franklin's net pension liability (asset) was measured as of June 30, 2018, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.75 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from City of Franklin will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state

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statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (Asset) (a) - (b)
Balance at June 30, 2017	\$ 52,267	\$ 41,406	\$ 10,861
Changes for the year:			
Service cost	124,730	-	124,730
Interest	12,799	-	12,799
Differences between expected and actual experience	146,886	-	146,886
Changes in assumptions	-	-	-
Contributions - employer	-	166,897	(166,897)
Contributions - employees	-	128,382	(128,382)
Net investment income	-	15,395	(15,395)
Benefit payments, including refunds of employee contributions	(906)	(906)	-
Administrative expense	-	(6,220)	6,220
Other changes	-	-	-
Net changes	<u>283,509</u>	<u>303,548</u>	<u>(20,039)</u>
Balance at June 30, 2018	<u>\$ 335,776</u>	<u>\$ 344,954</u>	<u>\$ (9,178)</u>

The City reports for the TCRS plan the following net pension liability (asset) as of June 30, 2019 in the Statement of Net Position:

	<u>Governmental activities</u>	<u>Business- type activities</u>	<u>Total</u>
TCRS Plan	\$ (7,999)	\$ (1,179)	(9,178)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability (asset) of the City of Franklin calculated using the current discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

TCRS Plan	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Sensitivity to discount rate	\$ 78,329	\$ (9,178)	\$ (75,148)

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Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense (negative pension expense). For the year ended June 30, 2019, the City recognized pension expense (negative pension expense) of \$(256,534) as follows:

TCRS Plan	Governmental activities	Business-type activities	Total
Pension (Negative Pension) Expense	\$ (259,084)	\$ 2,550	\$ (256,534)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2019, the City of Franklin reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TCRS Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:	\$ 132,197	\$ -
Changes of assumptions:	-	-
Net difference between projected and actual earnings on pension plan investments:	-	(2,009)
Contributions made subsequent to the measurement date:	278,209	-
Total	<u>\$ 410,406</u>	<u>\$ (2,009)</u>

The amount shown above for "Contributions subsequent to the measurement date" will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Deferred outflows of resources and deferred inflows of resources related to pensions are recognized as follows in the Statement of Net Position:

TCRS Plan	Governmental activities	Business-type activities	Total
Deferred Outflows of Resources	\$ 393,292	\$ 17,114	\$ 410,406
	Governmental activities	Business-type activities	Total
Deferred Inflows of Resources	\$ (1,748)	\$ (261)	\$ (2,009)

For the TCRS plan, amounts reported as deferred outflows of resources or deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 14,149
2021	14,149
2022	14,148
2023	14,301
2024	14,689
Thereafter	58,752

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plans

As of June 30, 2019, the City of Franklin did not have a payable relating to required contributions to the closed or TCRS plan.

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G. Other Post Employment Benefits (OPEB)

Plan Description and Benefits Provided. The City of Franklin self-insures its retired employees for healthcare benefits in a single employer plan (the "OPEB Plan"). Benefits are established and amended by an insurance committee. The City provides health insurance from the date the employee retires up until the age of 65. No health insurance is available to retirees with less than 20 years of service. For retirees after 20 years of service and at least age 62, retirees pay 15% of the Cobra rates for Option I (low deductible plan) single coverage and 20% of the Cobra rate for Option I family coverage. For the closed plan, retirees after 30 years and at least age 55 pay Cobra rates less \$275.00/month for Option I single coverage or less \$535.50/month for Option I family coverage. For the TCRS plan, retirees after 30 years of service and at least age 55 are eligible to select Option 1 coverage.

Closed plan retirees hired before July 1, 2006 with at least 25 years of service are eligible for insurance under Option II (high deductible plan) at the Cobra rate less \$200/month for single coverage or \$500/month for family coverage. Closed plan retirees hired after July 1, 2006 with 25 years of service are eligible for the Option II insurance plan but must also be at least age 55. TCRS plan retirees after 30 years and at least age 55 may select Option II coverage (instead of Option I). Beginning July 1, 2019, the City pays 40% of the total monthly premium for Option II coverage in lieu of the \$200 for single or \$500 for family.

The plan does not have vested inactives as health insurance is not available at normal retirement age of 65. Active employees are eligible if they retire prior to age 65.

The OPEB Plan does not issue separate financial statements, and as such, all required disclosures and supplementary information are included as part of the City's annual financial report. There are no assets accumulated in a GASB-compliant trust.

Funding Policy. The premium requirements of OPEB Plan members are established and may be amended by the insurance committee. Claims liabilities of the OPEB Plan are periodically computed using the actuarial and statistical techniques to establish premiums.

Employees covered by the benefit terms. At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Retirees (covered)	38
Actives (covered)	680
Total	718

Total OPEB Liability

The City of Franklin's total OPEB liability of \$20,233,120 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date. \$17,805,145 of the total OPEB liability is included in governmental activities and \$2,427,975 is included in business-type activities.

Actuarial assumptions and other inputs. The City's 2019 GASB75 OPEB actuarial report has been prepared with a change in assumption for the unincorporation of the 2013 Yamamoto Aging Table. This change was the primary factor in the significant increase in OPEB liability between June 30, 2018 and June 30, 2019. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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Actuarial valuation method	Entry age normal
Asset valuation method	Not applicable
Funding policy	Funded on a pay-as-you-go basis. The City funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for post-employment benefits.
Amortization period	For contribution calculations: 20 years (closed) beginning July 1, 2018. Experience gains or losses are amortized over the average working lifetime of all participants which for the current period is 6 years. Plan amendments are recognized immediately. Investment gains or losses are amortized over a 5 year period. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.
Discount Rate	2.79 percent per annum based on the S&P 500 High Grade 20 Year Rate Index as of June 28, 2019
Salary increases	2.00 percent per annum
Expected long-term rate of return on plan assets	Not applicable
Plan participation	100% of future eligible retirees are assumed to elect the medical coverage upon retirement.
Marital status	64% of future eligible retirees are assumed to cover a spouse
Healthcare cost trend rate	7.5 percent graded uniformly to 6.7% over 3 years and following the Getzen model thereafter to an ultimate rate of 3.90% in the year 2076
Administrative expenses	Assumed to be \$524 per annum
Retiree contributions	For member, annual premium for Option 1, \$8,435 and Option 2, \$7,540. For spouse, annual premium for Option 1, \$9,456 and Option 2, \$8,477. Retirees with Option 1 pay 15% for single coverage and 20% for family coverage. Retirees with Option 2 pay 60% of the rate shown above for employee or family coverage
Mortality rates	Active and retired: 105% RP-2014 Blue Collar Mortality Tables for Males and Females adjusted back to 2006. For disabled: 105% RP-2014 Disabled Retiree Mortality Tables for Males and Females adjusted back to 2006.
Coordination with Medicare	Not applicable

Changes in the Total OPEB liability

	Total OPEB Liability (a)
Balance at June 30, 2018	\$ 5,488,179
Changes for the year:	
Service cost	532,417
Interest	155,371
Change of benefit terms	(6,939)
Differences between expected and actual experience	(1,918,330)
Changes in assumptions or other inputs	16,434,163
Benefit payments	(451,741)
Net changes	14,744,941
Balance at June 30, 2019	20,233,120

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Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City of Franklin, as well as what the City of Franklin's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.79 percent) or 1-percentage-point higher (3.79 percent) than the current discount rate.

	1% Decrease (1.79)%	Current Discount Rate (2.79)%	1% Increase (3.79)%
Total OPEB Liability	\$ 22,554,769	\$ 20,233,120	\$ 18,180,403

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City of Franklin, as well as what the City of Franklin's total OPEB liability would be if it were calculated using healthcare costs trend rates that are 1-percentage-point lower (6.50 percent decreasing to 5.75 percent) or 1-percentage-point higher (8.50 percent decreasing to 7.75 percent) than the current healthcare cost trend rates:

	1% Decrease (6.50% to 5.75% over 3 year and following the Gertzen model less 1% thereafter)	Healthcare Cost Trend Rates (7.50% to 6.75% over 3 year and following the Gertzen)	1% Increase (8.50% to 7.75% over 3 year and following the Gertzen model plus 1% thereafter)
Total OPEB Liability	\$ 17,869,618	\$ 20,233,120	\$ 22,998,338

OPEB Expense and Deferred Outflows of Resources and Deferred inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City of Franklin Recognized negative OPEB expense of \$2,648,412.

The City reports the following total OPEB liability (asset) as of June 30, 2019 in the Statement of Net Position:

	Governmental activities	Business-type activities	Total
OPEB liability	\$ 17,805,145	\$ 2,427,975	\$ 20,233,120

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:	\$ -	\$ 1,598,608
Changes of assumptions:	13,695,136	-
Total	\$ 13,695,136	\$ 1,598,608

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Deferred outflows of resourced and deferred inflows of resources related to OPEB are recognized as follows in the Statement of Net Position:

	Governmental activities	Business-type activities	Total
Deferred Outflows of Resources	\$ 12,051,719	\$ 1,643,417	\$ 13,695,136
	Governmental activities	Business-type activities	Total
Deferred Inflows of Resources	\$ 1,406,776	\$ 191,832	\$ 1,598,608

For the City of Franklin OPEB plan, amounts reported as deferred outflows or resources or deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		Amount
2020	\$	2,419,305
2021		2,419,305
2022		2,419,305
2023		2,419,305
2024		2,419,308

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

H. Construction and Other Significant Commitments

1. Construction Contracts

During 2019, various street, public works and park improvement projects were in process. At June 30, 2019, there was approximately \$14,881,445 in uncompleted contracts for these projects. The projects are funded by the General, Sanitation, Road Impact, Facilities Tax, Storm Water, Hotel/Motel Tax, and the Multi-Purpose Capital Project funds. There were \$135,594,510 of uncompleted contracts for Water and Sewer Fund projects.

2. Fuel-Hedging Program

The City participates in a fuel hedging program with the Metropolitan Government of Nashville and Davidson County, Tennessee. The City's objective is to hedge the changes in cash flows due to market price fluctuations related to a portion of expected purchases of fuel. The City is committed to its portion of the fuel hedges through June 30, 2019. Renewals of the contracts are expected in the normal course of operations. At June 30, 2019, the contracts are in an asset position; however, the City's portion of the contracts, approximately 4%, is immaterial to the financial statements. City practice has been to hedge no more than 60% of estimated purchases.

3. Water Purchase Contract

The Water and Sewer Fund is committed under a long-term contract for the purchase of water. Minimum payments under the contract in future years are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 46,325
2012	46,325
2022	46,325
2023	46,325
2024	46,325
2025 - 2029	231,625
Total	\$ 463,250

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4. Defined Contribution Plans

Employees hired after July 1, 1995 through February 14, 2010 are required to contribute between 3% and 10% of their annual covered salary to a cash balance plan or 401(a) defined contribution Plan. Any plan member may also voluntarily contribute between 1% and 10% of their annual covered salary. For these Plan employees, there is also an optional 457 plan available. The employee has no risk of forfeiture on these cash balance amounts.

Employees hired on or after February 15, 2010, may select the City of Franklin 2010 Defined Contribution Plan which also requires a 5% contribution but includes a 5% employer match. An additional 3% may be contributed that would be matched by the City. The City's match for the year ended June 30, 2019, totaled \$710,059.

Although there is no risk of forfeiture on employee contributions, the vesting period for the employer match is five (5) years. The match is subject to forfeiture prior to this date. The City of Franklin 2010 Defined Contribution Plan was closed to new hires after December 31, 2016. All employees hired beginning January 1, 2017 are enrolled in the TCRS defined benefit plan.

The City has established a deferred compensation pension plan for employees who are members of the TCRS defined benefit pension plan. Upon their two year anniversary of hire, eligible employees who contribute to a 457 plan will have up to a 2% salary match provided by the City to a 401(a) plan. The employee is 100% vested at the time of two year anniversary of hire. Employee participation is voluntary and may be initiated or ended at any time after two years of employment.

I. Risk Management

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City decided it is more economically feasible to purchase commercial insurance for certain general liability, auto liability, errors and omissions, worker's compensation, and physical damage coverage. The City pays an annual premium to Travelers Companies for its general liability and casualty insurance coverage. The City also carries commercial insurance for all other risks of loss, including employees' health and accident and environmental. In the past three fiscal years, the City has had certain settlements which exceeded insurance coverage, primarily personnel-related judgments.

Self-insured Employee Health Insurance

The City provides medical and dental insurance to its employees and retains the risk of loss to a limit of \$225,000 per year, per employee. The City has obtained stop/loss commercial insurance policy to cover claims beyond this liability. All full-time employees of the City are eligible to participate. Claim payments are made by the respective fund of the employee/claimant. Liabilities are reported when it is probable that a claim/loss has occurred and the amount of the claim/loss can be reasonably estimated.

Claim liabilities are based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The process used to compute claims liabilities is subject to judgment and estimation, and accordingly, does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years were as follows:

Fiscal Year Ending	Claims Liability, July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Liability, June 30
6/30/2019	\$ 1,430,584	\$ 9,845,434	\$ (9,714,629)	\$ 1,561,389
6/30/2018	\$ 1,505,518	\$ 8,447,710	\$ (8,522,644)	\$ 1,430,584

J. Capital Leases

At the end of 2019, the City paid the remaining lease balance of U.S. Bank and has no outstanding capital lease agreements.

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K. Long-term Debt

Long-term debt (excluding unamortized premiums) at June 30, 2019, is comprised of the following:

Governmental Activities:

General Obligation Bonds:

City of Lawrenceburg, TN Loan Agreement 2005 variable rate of interest, final maturity July 1, 2020	\$ 755,000
Series 2007 - General Obligation Public Improvement Bonds - 101-A-1, variable rate of interest, final maturity June 1, 2037	20,000,000
Series 2010 - General Obligation Recovery Zone Economic Development Bonds (RZEDB), 4.625% to 5.375% interest, federally taxable, final maturity March 1, 2030	15,725,000
Series 2010 - General Obligation Refunding Bonds, 2.00% to 4.00% interest, final maturity March 1, 2024	7,085,000
Series 2012 - General Obligation Refunding Bonds, 2.13% interest, final maturity May 1, 2027	13,185,000
Series 2013A - General Obligation Bonds, 2.00% to 4.00% interest, final maturity March 1, 2034	5,910,000
Series 2013B - General Obligation Bonds, Pension Plan Funding, 1.00% to 3.50% interest, federally taxable, final maturity March 1, 2024	5,305,000
Series 2015 - General Obligation Bonds, 3.00% to 5.00% interest, final maturity April 1, 2035	12,895,000
Series 2017 - General Obligation Bonds, 2.00% to 5.00% interest, final maturity April 1, 2037	21,415,000
Series 2019A - General Obligation Bonds, 4.00% to 5.00% interest, final maturity March 1, 2039	29,585,000
Series 2019B - General Obligation Refunding Bonds, 5.00% interest, final maturity March 1, 2029	<u>22,940,000</u>
Total Governmental Activities Long-Term Debt	<u><u>\$ 154,800,000</u></u>

The bonds are secured by the full faith and credit of the City. During 2019, debt service for the debt was provided by the Debt Service Fund through property tax collections as well as transfers from the Sanitation Fund, Road Impact Fund and the Hotel/Motel Tax Fund.

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Business - Type Activities:

Revenue and tax bonds:

Series 2005 - Sewer and Water Revenue and Tax Refunding Bonds, 3.00% to 5.00% interest, final maturity April 1, 2025	\$ 11,230,000
Series 2011 - SunTrust Loan Program, 2.48% interest, final maturity May 25, 2026	10,155,000
Series 2017 - Sewer and Water Revenue Bonds, 3.00% to 5.00% interest, final maturity February 1, 2037	11,230,000

Notes payable:

Drinking Water SRF Loan provided through ARRA funding, 2.82% interest; final maturity December 20, 2030	963,643
Clean Water SRF Loan provided through ARRA funding, 2.69% interest; final maturity October 20, 2032	1,367,611
State Revolving Fund Loan (CG2 2016-367) 0.89% interest; final maturity June 20, 2033	1,708,645
State Revolving Fund Loan (SRF 2016-374) 0.89% interest; final maturity June 20, 2033	333,173
State Revolving Fund Loan (CG5 2017-375) 0.89% interest; final maturity August 20, 2049	1,275,000
State Revolving Fund Loan (SRF 2017-376) 1.47% interest; loan term to be 30 years	9,672,174

Total Business-Type Activities Long-Term Debt

\$ 47,935,246

The bonds are secured by the full faith and credit of the City and backed by the revenues of the Water and Sewer Fund. During 2019, debt service for the debt was provided solely by the Water and Sewer Fund.

CITY OF FRANKLIN, TENNESSEE
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The annual requirements, by type of issue, to amortize outstanding bonds and notes payable at June 30, 2019, are as follows:

Year Ending June 30,	General Obligation Bonds		Revenue and Tax Bonds and Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 9,520,000	\$ 5,841,384	\$ 4,407,812	\$ 1,492,297	\$ 13,927,812	\$ 7,333,681
2021	9,385,000	5,999,652	4,743,774	1,372,099	14,128,774	7,371,751
2022	9,370,000	5,627,560	4,834,642	1,196,985	14,204,642	6,824,545
2023	9,740,000	5,248,637	4,079,475	1,004,798	13,819,475	6,253,435
2024	11,735,000	4,850,942	4,032,227	855,970	15,767,227	5,706,912
2025-2029	54,000,000	17,378,346	10,568,298	2,670,181	64,568,298	20,048,527
2030-2034	32,200,000	7,254,198	6,355,280	1,510,969	38,555,280	8,765,167
2035-2039	18,850,000	1,740,345	4,368,232	608,008	23,218,232	2,348,353
2040-2044	-	-	1,994,508	262,932	1,994,508	262,932
2045-2049	-	-	2,146,524	110,916	2,146,524	110,916
2050	-	-	404,474	3,184	404,474	3,184
Totals	<u>\$ 154,800,000</u>	<u>\$ 53,941,064</u>	<u>\$ 47,935,246</u>	<u>\$ 11,088,339</u>	<u>\$ 202,735,246</u>	<u>\$ 65,029,403</u>

Interest on variable rate debt with associated interest rate swaps has been calculated at the fixed swap rate. Interest on variable rate debt without interest rate swaps has been calculated at the interest rate in effect at June 30, 2019.

Management believes that the City complies with all significant debt covenants and restrictions as set forth in the bond agreements.

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Long-term liability activity for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions/ Amortization</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds-capital	\$ 130,225,000	\$ 52,525,000	\$ 33,255,000	\$ 149,495,000	\$ 8,520,000
Premium-GO bonds-capital	5,197,493	8,462,517	547,061	13,112,949	939,497
Total GO bonds-capital	<u>135,422,493</u>	<u>60,987,517</u>	<u>33,802,061</u>	<u>162,607,949</u>	<u>9,459,497</u>
General obligation bonds-pension	6,275,000	-	970,000	5,305,000	1,000,000
Capital leases	884,974	-	884,974	-	-
Total bonds and leases payable	<u>142,582,467</u>	<u>60,987,517</u>	<u>35,657,035</u>	<u>167,912,949</u>	<u>10,459,497</u>
Park acquisition agreement	857,142	-	214,286	642,856	214,286
Compensated absences	8,257,380	4,121,017	3,213,868	9,164,529	3,213,868
Derivatives-interest rate swaps	3,642,169	1,058,139	-	4,700,308	-
Net pension liability	20,916,300	12,558,526	9,553	33,465,273	-
Total OPEB liability	4,829,598	12,975,547	-	17,805,145	-
Total long-term liabilities	<u>\$ 181,085,056</u>	<u>\$ 91,700,746</u>	<u>\$ 39,094,742</u>	<u>\$ 233,691,060</u>	<u>\$ 13,887,651</u>
Business-type activities:					
Revenue and tax bonds	\$ 41,068,251	\$ 11,170,188	\$ 4,303,193	\$ 47,935,246	\$ 4,407,812
Premium	1,858,330	-	172,196	1,686,134	172,196
Total bonds payable	<u>42,926,581</u>	<u>11,170,188</u>	<u>4,475,389</u>	<u>49,621,380</u>	<u>4,580,008</u>
Capital leases	17,187	-	17,187	-	-
Total bonds and leases payable	<u>42,943,768</u>	<u>11,170,188</u>	<u>4,492,576</u>	<u>49,621,380</u>	<u>4,580,008</u>
Compensated absences	789,101	471,275	388,932	871,444	388,932
Net pension liability	2,766,561	1,673,302	1,307	4,438,556	-
Total OPEB liability	658,581	1,769,394	-	2,427,975	-
Total long-term liabilities	<u>\$ 47,158,011</u>	<u>\$ 15,084,159</u>	<u>\$ 4,882,815</u>	<u>\$ 57,359,355</u>	<u>\$ 4,968,940</u>

The general fund is the principal fund used to liquidate long-term liabilities other than debt.

Issuance of Long-term Debt

In the governmental funds, the City issued \$29,585,000 of new bonds and \$22,940,000 of refunding bonds to redeem \$26,280,000 of Build American Bonds. The proprietary fund added \$11,170,188 of state revolving loan funds in FY 2019.

Current Refunding of Long-term Debt

On May 15, 2019, the City issued series 2019B for \$22,940,000 in general obligation refunding bonds with an interest rate of 5%. The City issued the bonds to current refund \$26,280,000 of the outstanding series 2009B federally taxable - Build America bonds with interest rates ranging from 4.65% to 5.7%. The City received an interest rate subsidy of up to 35% on these bonds. The subsidy has been lowered in recent years due to federal sequestration.

The City received \$26,810,894 in proceeds to satisfy the refunding requirements (\$26,670,361) of the 2009B bonds and to pay cost of issuance (\$140,533). (The difference between the \$22,940,000 par amount and the \$26,670,361 is due to bond premium of just under \$3.9 million.) There was no penalty or premium due from the City for calling the 2009B bonds prior to maturity. The true interest cost of the Series 2019B Bonds is 1.83% with an average life of the issue of 5.64 years. The first principal payment occurs March 1, 2020 and for each year thereafter until final maturity on March 1, 2029. On a gross basis, the interest savings over the 10-year period is \$2,342,519, or \$2,097,985 on a present value basis. The percentage of savings of the refunded bonds is 7.99%, which is considered to be significant.

Contingent Liability

The City of Franklin entered a standby loan agreement with the City of Franklin Industrial Development Board in December 2005, subsequent to an Industrial Development Board bond issue for \$15 million. The bond issue provided funds to purchase land for the site of the Nissan North America Headquarters project, 500,000 square feet building on a 50 - acre campus in the McEwen Economic Development District of Franklin. The Development District is a

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tax-increment financing district, created under Tennessee Law, which is designed to provide funds which will retire the bond issue from property taxes on future development.

At the inception of the project, the Industrial Development Board had approximately two years of debt service escrowed. As of January 2008, this escrow was fully spent and the City of Franklin began, as agreed, to make available short-term loans while the proceeds from the Development District were insufficient to cover the debt service. These loans cannot exceed \$5 million at any time during that period. As of June 30, 2019, expected development in the area is proceeding as projected in the debt repayment plan. Through June 30, 2019, the City has lent \$2,451,589 to the Industrial Development Board under standby loan agreement. This amount will be repaid through future property taxes on the development. The City does not guarantee or have any obligation for the repayment of the bonds.

Swap Agreements

The City has two interest rate swap agreements which are derivative financial instruments under GASB Statement 53, "Accounting and Financial Reporting for Derivative Instruments." Accordingly, the derivatives are reported in the statement of net position at fair value, and are tested for effectiveness to qualify for hedge accounting.

Both pay-fixed interest rate swap transactions are associated with variable debt. Combining a pay-fixed, receive-variable rate swap with variable debt results in "synthetic" fixed rate debt. The economics are similar to fixed rate debt, but another instrument is involved unlike regular fixed rate debt. Each time the City created synthetic fixed rate debt, a comparison and determination was made that the fixed rate on regular debt would have been higher than the fixed rate on the swap.

For both swaps, there are two main strategies the City pursued with respect to each transaction. Each swap can achieve one or both of these strategies. Then as a result of execution of the derivative, its value will change with respect to how prevailing rates on each reporting period compare to when the derivative was put in place. The accumulated changes in fair value, or total fair value of the derivatives are a function of how prevailing interest rates and other market factors affect each transaction at each reporting period. Pursuant to GASB Statement No. 53, each swap transaction is evaluated to determine what type of accounting treatment to apply.

(i) Mitigate the effect of fluctuations in variable interest rates. This is the primary function of both swaps where the City pays a fixed rate, and receives a variable rate. In an interest rate environment whose level is generally higher than the rate at which the City is fixed, the swap would result in a positive value to the City. Correspondingly, a lower rate environment than the fixed rate would result in a negative value to the City. The value primarily depends on the overall level of interest rates on the reporting date compared to what the City pays. The overall level of long term interest rates from period to period is the primary driver of changes in value recorded from the investment derivatives where the City pays fixed and receives a variable rate. Interest rates have trended lower since inception of the pay fixed swaps and are expected to continue to trend lower, therefore, the mark-to-market value is generally more negative to the City.

(ii) Reduce interest expense from expected benefit resulting from the difference between short and long-term rates. This is the function of the swap where the City receives floating amounts based on a longer term index with the expectation of receiving an ongoing net benefit compared to short-term rates paid on the variable bonds being hedged. Longer term interest rates, such as the 5 Year Constant Maturity Swap (CMS) Index, are generally higher than shorter term interest rates, such as a weekly rate, which the City pays on the variable bonds. Therefore, when shorter term interest rates came close to, or exceeded longer term rates, the City entered into a swap whose receipts on the receiving floating leg are based on a longer term index that is expected to outperform the payments on the City's variable debt. Part of the fair value of this swap is determined by the prevailing level of short term versus long term rates, that is, the steepness of the yield curve. The higher the level of long term rates compared to shorter term rates, the higher the expected benefit to the City, therefore, the higher the mark-to-market value of the swap. The City pays a fixed rate on this swap transaction, therefore the other part of the value of this swap is determined by the prevailing level of interest rates compared to when the City entered into the swap transaction. Since interest rates have trended lower since inception, the mark-to-market value will be more negative to the City, even though the City may be receiving a net benefit from the receipts based on the 5 Year CMS Index.

2007 Swap Agreement

Effective March 1, 2007, the City entered into an interest rate swap agreement with Depfa Bank in connection with its \$20,000,000 Local Government Public Improvement Bonds, Series 101-A-1 variable rate revenue bonds. In 2015, the swap agreement was changed to FMS Wertmanagement, as Depfa's new owner operated by the German government.

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The terms of the swap did not change.

Under the swap, the City pays a fixed rate of 3.59% and receives a variable payment of 63% of the 5-year London Interbank Offering Rate (LIBOR) (commonly referred to as a constant maturity swap). The swap has an original notional amount of \$20,000,000 equal to the outstanding principal balance on the bonds issued. The notional value of the swap decreases on the same schedule as the bond principal payments until termination on June 1, 2037. As of June 30, 2019, none of the original notional amount has been retired.

2005 Swap Agreement

In 2005, the City entered into an interest rate swap agreement with SunTrust Bank in connection with its \$4,500,000 variable rate loan from the City of Lawrenceburg Public Building Authority. Under the swap the City makes monthly payments based on a fixed rate of 3.65% and receives monthly payments based on 75% of the one-month LIBOR plus 18 basis points. The swap has a notional amount of \$4,500,000 and expires on July 1, 2020. Of the original notional amount, \$3,745,000 has been retired as of June 30, 2019. SunTrust may terminate the agreement at any time in the event of a default and the City may terminate the agreement at any time by paying a termination payment in an amount equal to the market value at the date of termination.

Pursuant to GASB No. 53, the swap transactions were evaluated for hedge effectiveness and the cumulative change in fair value of the transactions has been recorded within the statement of activities.

Swap Agreement	2007 Swap Agreement with FMS Wertmanagement Bank	2005 Swap Agreement with SunTrust Bank
Original Notional Amount	\$ 20,000,000	\$ 4,500,000
Less Amount Retired	-	(3,745,000)
Current Notional Amount	<u>\$ 20,000,000</u>	<u>\$ 755,000</u>
Effective Date	3/1/2007	9/1/2005
Termination Date	6/1/2037	7/1/2020
Final Bond Maturity	6/1/2037	7/1/2020
City Pays	3.59% Fixed	3.65% Fixed
Payments made by the City*	\$ 718,000	\$ 29,020
City Receives*	63% of 5 Year LIBOR CMS	LIBOR x 75%+ 0.18%
Payments received by the City*	\$ 347,067	\$ 15,119
Net receipts/(disbursements)*	(370,933)	(13,901)
Fair Value of Swap Agreements	(4,691,180)	(9,128)

* Based on the period July 1, 2018 to June 30, 2019.

The valuations provided are derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swaps.

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Below is a list of risks inherent in the type of swaps the City entered into:

Tax Risk

The risk that changes or proposed changes in tax laws or events relating to the tax-exempt status of the City's obligations or of tax-exempt obligations generally will cause interest rates on the debt of the City to increase.

Basis Risk

The risk that the interest rate payable by the City on floating rate debt may not exactly coincide with payment made to the City pursuant to an interest rate swap based upon a floating rate index.

Termination Risk

The risk that the City may have to pay a substantial sum of money if either the City or the counterparty chooses to terminate a swap agreement prior to its otherwise stated termination date or if the agreement terminates for some other reason, including the occurrence of an event of default or a termination event in respect of either party to the swap agreement.

Credit Risk

The City at June 30, 2019 had no credit risk since the swaps had negative values. If the value were a positive amount, then the City would be exposed to risk with FMS Wertmanagement Bank, with a rating by Moody's/Standard & Poor's/Fitch as of June 30, 2019 of Aaa/AAA/rating withdrawn, or SunTrust, with ratings of Baa1/A-/A-.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

L. Fund Balances

Fund balances:	General Fund	Multi-Purpose Capital Project Fund	Debt Service Fund	State Street Aid Fund	Sanitation Fund	Road Impact Fee Fund	Facilities Tax Fund	County Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel/Motel Tax Fund	Parkland Dedication Fund	Transit Authority Fund	CDBG Fund	Governmental Funds Totals	Other
	Non-Spendable	\$ 1,719,567	\$ -	\$ -	\$ -	\$ 34,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	35,931,258	-	496,410	1,922,723	-	-	3,958,958	-	438,184	-	-	-	100,451	-	42,847,984
Committed	-	-	372,887	-	-	16,589,763	15,091,277	-	3,800,010	-	2,501,742	-	817,649	-	-	39,173,328
Assigned	-	-	-	-	-	-	-	-	-	-	5,169,316	8,005,878	-	-	-	13,175,194
Unassigned	51,482,407	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51,482,407
Total fund balances	\$ 53,201,974	\$ 35,931,258	\$ 372,887	\$ 496,410	\$ 1,957,563	\$ 16,589,763	\$ 15,091,277	\$ 3,958,958	\$ 3,800,010	\$ 438,184	\$ 7,671,058	\$ 8,005,878	\$ 817,649	\$ 100,451	\$ 148,433,320	

Reason for Restriction/Commitment:

Non-spendable inventory prepaids	\$ 1,719,567	\$ -	\$ -	\$ -	\$ 34,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,754,407
Restricted by state law	-	35,931,258	-	496,410	1,922,723	-	-	3,958,958	-	438,184	-	-	-	-	-	42,747,533
Restricted by federal regulations for fund purpose	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,451
Committed by Board ordinance for fund purpose	-	-	372,887	-	-	16,589,763	15,091,277	-	3,800,010	-	2,501,742	-	817,649	-	-	39,173,328
Assigned by Board resolutions	-	-	-	-	-	-	-	-	-	-	5,169,316	8,005,878	-	-	-	13,175,194
Unassigned*	51,482,407	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51,482,407
Total fund balances	\$ 53,201,974	\$ 35,931,258	\$ 372,887	\$ 496,410	\$ 1,957,563	\$ 16,589,763	\$ 15,091,277	\$ 3,958,958	\$ 3,800,010	\$ 438,184	\$ 7,671,058	\$ 8,005,878	\$ 817,649	\$ 100,451	\$ 148,433,320	

Fund Balance Policy - General Fund

	Amount
Contingency Commitment	\$ 3,734,589
Emergency Commitment	3,734,589
Cash Flow Commitment	10,456,850
Debt Service Commitment	2,240,754
Property/Casualty/Health Insurance Commitment	2,987,671
Retiree Health Benefits Commitment	1,493,836
Supplemental Reserve	8,963,014
Capital Outlay Reserve	17,871,104
Total Reserves	\$ 51,482,407

*Per the City's Fund Balance Policy, the unassigned fund balance for the General Fund identifies the following reserves:

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

M. Interfund Receivables, Payables and Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The following is a summary of transfers during the year ended June 30, 2019:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Street Aid	\$ 250,000
General	Road Impact	251,418
General	Parkland Dedication	228,582
General	Transit	795,884
Sanitation	Debt service	96,930
Road impact	Debt service	2,755,143
Hotel/motel	Debt service	1,117,355
Water/Sewer	Debt service	200,000
General	Capital projects	2,575,000
Stormwater	Capital projects	50,000
Hotel/motel	Capital projects	195,000
County facilities tax	Capital projects	1,750,000
Total		<u>\$ 10,265,312</u>

The purposes of the transfers are:

- The transfer from the General Fund to the Street Aid Fund was to provide additional funds for the sidewalk gap project.
- The transfer from the General Fund to the Road Impact Fund was to provide a subsidy for road impact fees for the Franklin Housing Authority's Chickasaw Senior Housing Development.
- The transfer from the General Fund to the Parkland Dedication Fund was to provide a subsidy for parkland dedication fees for the Franklin Housing Authority's Chickasaw Senior Housing Development.
- The transfer from the General Fund to the Transit System fund is for providing the annual operating subsidy.
- The transfer from the Sanitation, Road Impact, and Hotel/Motel funds to the Debt Service Fund are for the purpose of transferring funds to cover annual debt service requirements.
- The transfer from Water/Sewer to the Debt Service fund is to provide funds for a portion of costs in the consolidated public works building.
- The transfer from the General Fund to the Capital Projects Fund was to provide \$825,000 for additional funding for the public safety communications system project and \$1,750,000 for the state route 96 west multi-use trail project.
- The transfer from the Stormwater and Hotel/Motel funds to the Capital Projects Fund was to provide additional funds for costs on the Hillsboro Road Phase II project.
- The transfer from the County Facilities Tax Fund to the Capital Projects Fund was to provide funds for the state route 96 west multi-use project.

N. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time although the City's management expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits; however, the outcome of these lawsuits is not presently determinable. City Management, in consultation with legal counsel, does not expect any possible liability to materially exceed the City's limits of insurance.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

O. Tax abatements

In accordance with GASB Statement No. 77, *Tax Abatement Disclosures*, City property tax revenues were reduced by \$41,958 in fiscal year 2019 under three (3) in lieu of property tax agreements. The first two are agreements with the City only. The third agreement is with the City, County, and the Industrial Development Board.

The amount is comprised of:

	<u>Estimated Property Tax</u>		<u>In Lieu of Tax Payment</u>	<u>Difference</u>
1. Franklin Housing Authority	\$ 48,426	A	\$ 24,482	\$ 23,944
2. Franklin Housing Authority	26,914	B	8,900	18,014
3. Nissan	136,530	C	136,530	-
Totals	<u>\$ 211,870</u>		<u>\$ 169,912</u>	<u>\$ 41,958</u>

- A The estimated property tax amount for the Franklin Housing Authority-1967 was developed from total cost of the authority's sites per its master housing plan at an assessed residential rate of 25%. The agreement began in 1967 and has no specified end date. Reddick Street properties that have been renovated are now included in FHA-2018.
- B The estimated property tax amount for the Franklin Housing Authority-2018 developed from total cost of 3 sites (Senior Residence at Reddick Street completed in November 2013, Reddick Street Apartments completed in November 2016, and Chickasaw Senior Community not yet constructed) at an assessed residential rate of 25%. The agreement began in 2018 and has no specific end date.
- C Although the City receives the full property tax amount, it is part of an in lieu of agreement that provides funds to be used toward paying the Industrial Development Board's outstanding debt on the land where the Nissan headquarters is located. The agreement began in 2005 and continues as part of the City's Tax Increment Financing (TIF) District provisions.

P. Subsequent events

At its September 10, 2019 meeting, the Board of Mayor and Aldermen approved an agreement with the Franklin Housing Authority to change the tax abatement amount on 64 renovated units at Spring Street/Johnson Circle to the lesser of ten percent (10%) for the shelter rent charged or \$50 per unit per year. At \$50 per unit, the annual PILOT would be \$3,200. This matched the PILOT for the Senior Residence at Reddick Street, the Reddick Street Apartments, and the Chickasaw Senior Center.

On September 24, 2019, the Board of Mayor and Aldermen approved Resolution 2019-87 authorizing the issuance of General Obligation Refunding Bonds of the City of Franklin, Tennessee, in the aggregate principal amount of not to exceed \$41,500,000 in multiple series. The purpose of the refunding bonds is to currently refund the Series 101-A-1 Loan Agreement issued by the Public Building Authority of the City of Franklin, Tennessee, outstanding in the amount of \$20,000,000 and dated January 25, 2007; provide partial payment of early termination costs associated with the related interest rate swap agreement; and to advance refund its General Obligation Public Improvement Bond, Series 2010 (Federally Taxable-Recovery Zone Economic Development Bonds) outstanding in the amount of \$15,725,000 and dated July 7, 2010; and to pay issuance costs of the 2019 General Obligation Refunding Bonds. It is expected for the resulting refinancing to result in overall debt service savings and close before December 31, 2019. The Series 101-A-1 refunding also terminates 2007 swap agreement with FMS Wermanagement Bank.

On October 11, 2019, the Mayor and City Administrator sent a letter to the State of Tennessee State Revolving Fund Loan Program formally requesting loan funds of \$32,500,000 for the expansion and upgrade of the City's wastewater treatment plant. This loan will be in addition to \$100 million of state revolving fund loans previously secured for the project, which has a total cost of approximately \$150 million. Construction is anticipated to be completed by September 30, 2022, at which time the state revolving fund loans will enter repayment of principal and interest for a term of 30 years.

REQUIRED SUPPLEMENTARY INFORMATION

HISTORIC
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TENNESSEE

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
(Unaudited)

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 532,417	\$ 142,900
Interest	155,371	158,282
Changes of benefit items	(6,939)	-
Differences between expected and actual experience	(1,918,330)	-
Changes of assumptions or other inputs	16,434,163	-
Benefit payments	<u>(451,742)</u>	<u>(645,903)</u>
Net change in total OPEB liability	14,744,940	(344,721)
Total OPEB liability-beginning	<u>5,488,180</u>	<u>5,832,900</u>
Total OPEB liability-ending	<u>\$ 20,233,120</u>	<u>\$ 5,488,179</u>
Covered-employee payroll	<u>\$ 39,318,384</u>	<u>\$ 31,118,096</u>
Total OPEB liability as a percentage of covered-employee payroll	51.5%	17.6%

Notes to Schedule

There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year end were determined as of the prior fiscal year end.

This schedule is presented to illustrate information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CITY OF FRANKLIN EMPLOYEES' PENSION PLAN
(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability					
Service cost	\$ 2,017,416	\$ 1,894,635	\$ 1,911,994	\$ 2,093,993	\$ 1,977,349
Interest	9,572,072	9,280,014	7,983,916	7,209,696	6,583,224
Cash balance increase	297,918	-	-	-	-
Changes of benefit items	-	-	-	-	-
Differences between expected and actual experience	2,887,307	5,354,543	3,866,434	5,394,430	3,336,925
Changes of assumptions	1,191,865	2,293,802	-	-	-
Benefit payments, including refunds of employee contributions	(5,310,361)	(4,668,158)	(4,238,026)	(3,699,996)	(3,234,121)
Net change in total pension liability	<u>10,656,217</u>	<u>14,154,836</u>	<u>9,524,318</u>	<u>10,998,123</u>	<u>8,663,377</u>
Total pension liability-beginning	<u>132,093,369</u>	<u>117,949,394</u>	<u>108,425,076</u>	<u>97,426,953</u>	<u>88,763,576</u>
Total pension liability-ending (a)	<u>\$ 142,749,586</u>	<u>\$ 132,104,230</u>	<u>\$ 117,949,394</u>	<u>\$ 108,425,076</u>	<u>\$ 97,426,953</u>
Plan fiduciary net position					
Contributions-employer	\$ 4,254,456	\$ 4,471,922	\$ 3,888,628	\$ 2,846,724	\$ 2,354,417
Contributions-employee	831,941	593,845	548,163	525,364	419,334
Net investment income (loss)	(3,237,304)	14,823,429	6,452,638	(1,678,689)	5,973,819
Benefit payments, including refunds of employee contributions	(5,310,361)	(4,668,158)	(4,238,026)	(3,699,996)	(3,234,121)
Administrative expenses	(114,344)	(112,112)	(171,371)	(584,138)	(561,992)
Net change in plan fiduciary net position	<u>(3,575,612)</u>	<u>15,108,926</u>	<u>6,480,032</u>	<u>(2,590,735)</u>	<u>4,951,457</u>
Plan fiduciary net position-beginning	<u>108,421,369</u>	<u>93,312,443</u>	<u>86,832,411</u>	<u>89,423,146</u>	<u>84,471,689</u>
Plan fiduciary net position-ending (b)	<u>\$ 104,845,757</u>	<u>\$ 108,421,369</u>	<u>\$ 93,312,443</u>	<u>\$ 86,832,411</u>	<u>\$ 89,423,146</u>
Net pension liability-ending (a) - (b)	<u>\$ 37,903,829</u>	<u>\$ 23,682,861</u>	<u>\$ 24,636,951</u>	<u>\$ 21,592,665</u>	<u>\$ 8,003,807</u>
Plan fiduciary net position as a percentage of the total pension liability	73.4%	82.1%	79.1%	80.1%	91.8%
Covered payroll	\$ 31,795,391	\$ 31,118,096	\$ 30,832,419	\$ 30,362,659	\$ 28,205,179
Pension liability as a percentage of covered payroll	119.2%	76.1%	79.9%	71.1%	28.4%

Notes to Schedule:

Changes of assumptions - In 2019, amounts reported as changes of assumptions resulted from change to the inflation rate and investment rate of return, salary increases, mortality rates, and withdrawal rates.

This schedule is presented to illustrate information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
(Unaudited)

	<u>2018</u>	<u>2017</u>
Total pension liability		
Service cost	\$ 124,730	\$ -
Interest	12,799	-
Changes of benefit items	-	52,267
Differences between expected and actual experience	146,886	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(906)	-
Net change in total pension liability	<u>283,509</u>	<u>52,267</u>
Total pension liability-beginning	<u>52,267</u>	<u>-</u>
Total pension liability-ending (a)	<u>\$ 335,776</u>	<u>\$ 52,267</u>
Plan fiduciary net position		
Contributions-employer	\$ 166,897	\$ 23,007
Contributions-employee	128,382	17,698
Net investment income (loss)	15,395	2,220
Benefit payments, including refunds of employee contributions	(906)	-
Administrative expenses	(6,220)	(1,519)
Net change in plan fiduciary net position	<u>303,548</u>	<u>41,406</u>
Plan fiduciary net position-beginning	<u>41,406</u>	<u>-</u>
Plan fiduciary net position-ending (b)	<u>\$ 344,954</u>	<u>\$ 41,406</u>
Net pension (asset) liability-ending (a) - (b)	<u>\$ (9,178)</u>	<u>\$ 10,861</u>
Plan fiduciary net position as a percentage of the total pension (asset) liability	102.73%	79.22%
Covered payroll	\$ 2,567,642	\$ 353,953
Pension (asset) liability as a percentage of covered payroll	-0.36%	3.07%

Notes to Schedule:

Changes of assumptions - In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

This schedule is presented to illustrate information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

(Continued)

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
CITY OF FRANKLIN EMPLOYEES' PENSION PLAN
(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 4,254,456	\$ 4,471,922	\$ 3,888,628	\$ 2,846,724	\$ 2,417,920
Contributions in relation to the actuarially determined contribution	<u>4,254,456</u>	<u>4,471,922</u>	<u>3,888,628</u>	<u>2,846,724</u>	<u>\$ 2,354,417</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,503</u>
Covered payroll	\$ 31,795,391	\$ 31,118,096	\$ 30,904,891	\$ 30,410,847	\$ 28,205,179
Contributions as a percentage of covered payroll	13.4%	14.4%	12.6%	9.4%	8.3%

Notes to Schedule*Valuation date:*

Actuarially determined contribution rates and covered employee payroll are calculated as of December 31, six months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Amortization period	20 years closed period
Remaining amortization period	Varies by year
Asset valuation method	Fair market value
Inflation rate	2.0%
Salary increases	Prior year, 4% annual increase. Beginning December 31, 2018, based on age (Age 25, 7.5%, Age 30, 7.0%, Age 35, 6.0%, Age 40, 5%, Age 45, 4.5%, Age 50, 4%, Age 55, 3.5%, and Age 60+, 3%)
Investment rate of return	Prior year, 7.4%. Beginning December 31, 2018, 7.3%
Retirement age	Pattern of retirement determined by experience study. For administrative employees, 2003 SOA Pension Plan Turnover Study-Basic Age Table used. For police and fire employees, 115% of 2003 SOA Pension Plan Turnover Study-Basic Age Table used.
Mortality	105% of the RP-2014 Health Annuitants and Non-Annuity Tables, Blue Collar Mortality Tables, adjusted back to 2006, separate for males and females.

This schedule is presented to illustrate information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 278,209	\$ 166,897	\$ 172,503	\$ 23,007
Contributions in relation to the actuarially determined contribution	<u>278,209</u>	<u>166,897</u>	<u>172,503</u>	<u>23,007</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,564,163	\$ 2,567,642	\$ 2,653,892	\$ 353,953
Contributions as a percentage of covered payroll	5.0%	6.5%	6.5%	6.5%

*GASB 68 requires a 10-year schedule for this data to be presented starting *with the implementation of GASB 68*. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Notes to Schedule

Valuation date: Actuarially determined contribution rates and covered payroll for fiscal year 2019 were calculated based on the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation rate	2.5%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.0%
Investment rate of return	7.25%, net of investment expense, including inflation
Mortality	Customized table based on actual experience including projection of mortality improvement using Scale MP-2017 (generational projection)
Cost of living adjustments	2.25%, if provided

(Continued)

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF INVESTMENT RETURNS
CITY OF FRANKLIN EMPLOYEES' PENSION PLAN
(Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expenses	-4.0%	16.1%	7.3%	-2.5%	6.4%

This schedule is presented to illustrate information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS
AND SCHEDULES
AND SUPPLEMENTARY
SCHEDULES**



HISTORIC
FRANKLIN
TENNESSEE

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**CITY OF FRANKLIN, TENNESSEE
NONMAJOR GOVERNMENTAL FUNDS**

NONMAJOR GOVERNMENTAL FUNDS SUMMARY PAGE:

State Street Aid Fund - To account for the receipt and usage of the City's share of State gasoline taxes. State law requires these gasoline taxes to be used to maintain streets.

Sanitation Fund - To account for the City's solid waste collection, fleet maintenance, and disposal operations.

Road Impact Fee Fund - To account for the proceeds of road impact fees on new development and the expenditures of such monies as required by City Ordinance 88-13.

Facilities Tax Fund - To account for the proceeds of a tax on the privilege of engaging in the business of development and the expenditures of such monies as required by City Ordinance 88-12.

County Facilities Tax Fund - To account for the City's share of Williamson County's Adequate School Facilities Tax. Thirty percent (30%) of the proceeds are distributed to the incorporated cities within the County, and an additional 30% is divided pro rata among the incorporated cities based on population in the last decennia census. All funds are to be used for the purpose of providing public facilities, the need for which is reasonably related to new development.

Storm Water Fund - To account for the City's storm water operations.

Drug Fund - To account for drug fines received and usage of those monies to further drug investigations.

Hotel / Motel Tax Fund - To account for the receipt of Hotel / Motel tax which has been designated for use in retiring debt related to the Conference Center, which is jointly owned by the City and County, and property acquired for park purposes.

Parkland Dedication Fund* - To account for fees collected from developers for parkland in lieu of contributions of land.

Transit Authority Fund - To account for the financial activities of the City's mass transit operations.

CDBG Fund - To account for CDBG grant revenues and expenditures.

**This fund was formerly the In Lieu of Parkland Fund*

**CITY OF FRANKLIN, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2019

With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Special Revenue Funds												
	State Street Aid Fund	Sanitation Fund	Road Impact Fee Fund	Facilities Tax Fund	County Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel/Motel Tax Fund	Parkland Dedication Fund	Transit Authority Fund	CDBG Fund	2019	2018
ASSETS													
Cash and cash equivalents	\$ 101,209	\$ 186,189	\$ 2,598,890	\$ 2,415,454	\$ 620,119	\$ 565,585	\$ 360,886	\$ 1,149,533	\$ 1,254,017	\$ 53,856	\$ 46,554	\$ 9,352,292	\$ 11,550,516
Investments	-	581,516	13,930,755	12,947,491	3,324,009	2,881,107	71,493	6,137,130	6,721,870	31,261	249,541	46,876,173	36,230,270
Receivables (net of allowance for uncollectibles)	1,241,831	1,572,002	62,157	57,770	14,830	450,927	5,936	564,503	29,991	871,320	66,512	4,937,779	4,715,509
Inventory and prepaids	-	34,840	-	-	-	-	-	-	-	-	-	34,840	51,412
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	-	13,968
Total assets	\$ 1,343,040	\$ 2,374,547	\$ 16,591,802	\$ 15,420,715	\$ 3,958,958	\$ 3,897,619	\$ 438,315	\$ 7,851,166	\$ 8,005,878	\$ 956,437	\$ 362,607	\$ 61,201,084	\$ 52,561,675
LIABILITIES													
Accounts payable	\$ 58,709	\$ 416,984	\$ 2,039	\$ 329,438	\$ -	\$ 97,609	\$ 131	\$ 51,813	\$ -	\$ 105,270	\$ -	\$ 1,061,993	\$ 1,570,920
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	262,156	251,966
Total liabilities	\$ 58,709	\$ 416,984	\$ 2,039	\$ 329,438	\$ -	\$ 97,609	\$ 131	\$ 51,813	\$ -	\$ 105,270	\$ 262,156	\$ 1,324,149	\$ 1,822,886
DEFERRED INFLOWS OF RESOURCES													
Unavailable revenue-property tax-Jan. 1 levy	787,921	-	-	-	-	-	-	-	-	-	-	787,921	766,065
Unavailable revenue-grant proceeds	-	-	-	-	-	-	-	-	-	33,518	-	33,518	33,423
Unavailable revenue-hotel/motel Tax	-	-	-	-	-	-	-	128,295	-	-	-	128,295	128,295
Total deferred inflows of resources	\$ 787,921	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,295	\$ -	\$ 33,518	\$ -	\$ 949,734	\$ 927,783
FUND BALANCES													
Non-spendable	-	34,840	-	-	-	-	-	-	-	-	-	34,840	65,380
Restricted	496,410	1,922,723	-	-	3,958,958	-	438,184	-	-	-	100,451	6,916,726	7,143,259
Committed	-	-	16,589,763	15,091,277	-	3,800,010	-	2,501,742	-	817,649	-	38,800,441	33,796,210
Assigned	-	-	-	-	-	-	-	5,169,316	8,005,878	-	-	13,175,194	8,806,157
Total fund balances	\$ 496,410	\$ 1,957,563	\$ 16,589,763	\$ 15,091,277	\$ 3,958,958	\$ 3,800,010	\$ 438,184	\$ 7,671,058	\$ 8,005,878	\$ 817,649	\$ 100,451	\$ 58,927,201	\$ 49,811,006
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,343,040	\$ 2,374,547	\$ 16,591,802	\$ 15,420,715	\$ 3,958,958	\$ 3,897,619	\$ 438,315	\$ 7,851,166	\$ 8,005,878	\$ 956,437	\$ 362,607	\$ 61,201,084	\$ 52,561,675

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Special Revenue Funds											2018
	State Street Aid Fund	Sanitation Fund	Road Impact Fee Fund	Facilities Tax Fund	County Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel/Motel Tax Fund	Parkland Dedication Fund	Transit Authority Fund	CDBG Fund	
Revenues:												
Taxes:												
Property tax	\$ 748,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 722,941
Hotel/ motel tax	-	-	-	-	-	-	4,103,235	-	-	-	-	4,103,235
Facilities tax	-	-	-	2,610,311	759,874	-	-	-	-	-	-	3,370,185
Licenses and permits	-	-	7,659,855	-	-	-	-	1,394,772	-	-	-	9,054,627
Fines and fees	-	-	-	-	-	-	115,527	-	-	-	-	115,527
Intergovernmental:												
Gas & motor fuel	1,342,649	-	-	-	-	-	-	-	-	-	-	1,342,649
Petroleum special	140,793	-	-	-	-	-	-	-	-	-	-	140,793
Gas 1989	214,189	-	-	-	-	-	-	-	-	-	-	214,189
Gas 3 cent	396,877	-	-	-	-	-	-	-	-	-	-	396,877
Gas 2018	536,489	-	-	-	-	-	-	-	-	-	-	536,489
Grants	-	-	-	-	-	-	-	-	1,489,582	-	-	1,489,582
Charges for services	-	9,341,314	-	-	-	2,578,324	-	-	84,945	-	-	12,004,583
Use of money and property	8,049	15,916	500,492	513,487	144,567	132,436	519,394	241,394	36,927	10,761	2,137,052	2,137,052
Total revenues	3,387,421	9,357,230	8,160,347	3,123,798	904,441	2,710,760	129,156	4,622,629	1,636,166	384,606	36,028,008	39,814,783
Expenditures:												
Current:												
Police	-	-	-	-	-	-	116,138	-	-	-	-	116,138
Fire	-	-	-	99,248	-	-	-	-	-	-	-	99,248
Parks	-	-	-	56,375	-	-	-	1,974	-	-	-	58,349
Highways and streets	3,786,446	-	365,392	-	-	-	-	-	-	-	-	4,151,838
General government	-	-	-	-	-	-	979,812	-	-	-	-	1,353,658
Storm water	-	-	-	-	-	2,282,043	-	-	-	373,846	-	2,282,043
Sanitation	-	8,128,263	-	-	-	-	-	-	-	-	-	8,128,263
Transit	-	-	-	465	-	-	-	-	2,277,206	-	-	2,277,206
Capital outlay	-	265,000	41,315	2,286,651	-	750,143	379,516	-	130,132	-	-	3,936,113
Principal	-	69,486	-	-	-	-	-	-	-	-	-	69,486
Interest	-	462	-	-	-	-	-	-	-	-	-	462
Total expenditures	3,786,446	8,463,211	406,707	2,442,739	-	3,032,186	199,494	1,361,302	2,407,338	373,846	22,473,269	20,001,766
Excess (deficiency) of revenues over (under) expenditures	(399,025)	894,019	7,753,640	681,059	904,441	(321,426)	(70,338)	3,261,327	(795,884)	10,760	13,554,739	19,813,017
Other financing sources (uses):												
Transfers in	250,000	-	251,418	-	-	-	-	-	795,884	-	-	1,525,884
Transfers out	-	(96,930)	(2,755,143)	-	(1,750,000)	(50,000)	-	(1,312,355)	-	-	-	(5,964,428)
Total other financing sources (uses)	250,000	(96,930)	(2,503,725)	-	(1,750,000)	(50,000)	-	(1,312,355)	795,884	-	(4,438,544)	(5,112,231)
Net changes in fund balances	(149,025)	797,089	5,249,915	681,059	(845,559)	(371,426)	(70,338)	1,948,972	-	10,760	9,116,195	14,700,786
Fund balances - beginning	645,435	1,160,474	11,339,848	14,410,218	4,804,517	4,171,436	508,522	5,722,086	817,649	89,691	49,811,006	35,110,220
Fund balances - ending	496,410	1,957,563	16,589,763	15,091,277	3,958,958	3,800,010	438,184	7,671,058	817,649	100,451	58,927,201	49,811,006

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2018</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Taxes:					
Property tax	\$ 1,002,130	\$ 752,130	\$ 748,375	\$ (3,755)	\$ 722,941
Intergovernmental:					
Gasoline tax, State of Tennessee:					
Gas & motor fuel	1,381,006	1,381,006	1,342,649	(38,357)	1,597,999
Petroleum special	135,393	135,393	140,793	5,400	186,517
Gas 1989	216,628	216,628	214,189	(2,439)	257,091
Gas 3 cent	406,178	406,178	396,877	(9,301)	478,896
Gas 2018	568,650	568,650	536,489	(32,161)	-
Use of money and property:					
Interest earned	2,000	2,000	8,049	6,049	6,720
Total revenues	<u>3,711,985</u>	<u>3,461,985</u>	<u>3,387,421</u>	<u>(74,564)</u>	<u>3,250,164</u>
Expenditures:					
Current:					
Highways and streets:					
Street maintenance and improvement	4,194,000	4,136,411	3,784,840	351,571	3,106,254
Supplies	600	600	1,606	(1,006)	956
Total current	<u>4,194,600</u>	<u>4,137,011</u>	<u>3,786,446</u>	<u>350,565</u>	<u>3,107,210</u>
Total expenditures	<u>4,194,600</u>	<u>4,137,011</u>	<u>3,786,446</u>	<u>350,565</u>	<u>3,107,210</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(482,615)</u>	<u>(675,026)</u>	<u>(399,025)</u>	<u>276,001</u>	<u>142,954</u>
Other financing sources (uses):					
Operating transfers from other funds	-	250,000	250,000	-	-
Total other financing sources (uses)	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ (482,615)</u>	<u>\$ (425,026)</u>	<u>(149,025)</u>	<u>\$ 276,001</u>	<u>142,954</u>
Fund balance - beginning			<u>645,435</u>		<u>502,481</u>
Fund balance - ending			<u>\$ 496,410</u>		<u>\$ 645,435</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SANITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget	2018
	Original	Final			
Revenues:					
Charges for services:					
Garbage fees	\$ 9,201,611	\$ 9,201,611	\$ 9,341,314	\$ 139,703	\$ 8,259,689
Use of money and property:					
Interest earned	-	-	15,916	15,916	2,215
Sale of surplus property	51,500	51,500	-	(51,500)	-
Miscellaneous income	-	-	-	-	99,502
Total revenues	<u>9,253,111</u>	<u>9,253,111</u>	<u>9,357,230</u>	<u>104,119</u>	<u>8,361,406</u>
Expenditures:					
Sanitation:					
Personnel	3,334,624	3,334,624	3,363,543	(28,919)	3,237,193
Services	4,136,605	4,136,605	3,735,850	400,755	3,652,196
Supplies	524,365	678,415	477,333	201,082	439,078
Operational units	457,091	457,091	457,091	-	223,024
Business expenses	109,309	114,454	94,446	20,008	103,037
Payments on capital leases	162,837	162,837	69,948	92,889	303,808
	<u>8,724,831</u>	<u>8,884,026</u>	<u>8,198,211</u>	<u>685,815</u>	<u>7,958,336</u>
Capital outlay:					
Capital outlay - Sanitation	285,000	285,000	265,000	20,000	156,305
	<u>285,000</u>	<u>285,000</u>	<u>265,000</u>	<u>20,000</u>	<u>156,305</u>
Total expenditures	<u>9,009,831</u>	<u>9,169,026</u>	<u>8,463,211</u>	<u>705,815</u>	<u>8,114,641</u>
Excess (deficiency) of revenues over (under) expenditures	<u>243,280</u>	<u>84,085</u>	<u>894,019</u>	<u>809,934</u>	<u>246,765</u>
Other financing sources (uses):					
Transfers to other funds	(167,184)	(167,184)	(96,930)	70,254	-
Operating transfers from other funds	-	-	-	-	500,000
Operating transfers to other funds	-	-	-	-	(273,390)
Total other financing sources (uses)	<u>(167,184)</u>	<u>(167,184)</u>	<u>(96,930)</u>	<u>70,254</u>	<u>226,610</u>
Net changes in fund balances	<u>\$ 76,096</u>	<u>\$ (83,099)</u>	<u>797,089</u>	<u>\$ 880,188</u>	<u>473,375</u>
Fund balance - beginning			<u>1,160,474</u>		<u>687,099</u>
Fund balance - ending			<u>\$ 1,957,563</u>		<u>\$ 1,160,474</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
ROAD IMPACT FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget	2018
	Original	Final			
Revenues:					
Licenses and permits:					
Road impact fee	\$ 7,984,276	\$ 7,984,276	\$ 7,659,855	\$ (324,421)	\$ 11,585,500
Use of money and property:					
Interest earned	50,000	50,000	500,492	450,492	121,036
Total revenues	<u>8,034,276</u>	<u>8,034,276</u>	<u>8,160,347</u>	<u>126,071</u>	<u>11,706,536</u>
Expenditures:					
Highways and streets:					
Street maintenance and improvement	3,000,000	3,000,000	365,392	2,634,608	556,831
	<u>3,000,000</u>	<u>3,000,000</u>	<u>365,392</u>	<u>2,634,608</u>	<u>556,831</u>
Capital outlay:					
Capital outlay	-	-	41,315	(41,315)	-
	<u>-</u>	<u>-</u>	<u>41,315</u>	<u>(41,315)</u>	<u>-</u>
Total expenditures	<u>3,000,000</u>	<u>3,000,000</u>	<u>406,707</u>	<u>2,593,293</u>	<u>556,831</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,034,276</u>	<u>5,034,276</u>	<u>7,753,640</u>	<u>2,719,364</u>	<u>11,149,705</u>
Other financing sources (uses):					
Transfers to other funds	(2,708,651)	(2,708,651)	(2,755,143)	(46,492)	-
Operating transfers from other funds	-	251,418	251,418	-	-
Operating transfers to other funds	-	-	-	-	(5,699,646)
Total other financing sources (uses)	<u>(2,708,651)</u>	<u>(2,457,233)</u>	<u>(2,503,725)</u>	<u>(46,492)</u>	<u>(5,699,646)</u>
Net changes in fund balances	<u>\$ 2,325,625</u>	<u>\$ 2,577,043</u>	<u>5,249,915</u>	<u>\$ 2,672,872</u>	<u>5,450,059</u>
Fund balance - beginning			<u>11,339,848</u>		<u>5,889,789</u>
Fund balance - ending			<u>\$ 16,589,763</u>		<u>\$ 11,339,848</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
FACILITIES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget	2018
	Original	Final			
Revenues:					
Licenses and permits:					
Facilities tax	\$ 2,430,484	\$ 2,430,484	\$ 2,610,311	\$ 179,827	\$ 4,788,042
Use of money and property:					
Interest earned	18,821	18,821	513,487	494,666	97,135
Total revenues	<u>2,449,305</u>	<u>2,449,305</u>	<u>3,123,798</u>	<u>674,493</u>	<u>4,885,177</u>
Expenditures:					
Police:					
Services	-	-	-	-	5,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Fire:					
Services	-	-	33,764	(33,764)	6,926
Supplies	278,592	278,592	64,984	213,608	229
Business expenses	-	-	500	(500)	-
	<u>278,592</u>	<u>278,592</u>	<u>99,248</u>	<u>179,344</u>	<u>7,155</u>
Parks:					
Services	-	-	55,370	(55,370)	463,035
Supplies	-	-	945	(945)	-
Business expenses	-	-	60	(60)	-
	<u>-</u>	<u>-</u>	<u>56,375</u>	<u>(56,375)</u>	<u>463,035</u>
Sanitation:					
Services	-	-	465	(465)	-
	<u>-</u>	<u>-</u>	<u>465</u>	<u>(465)</u>	<u>-</u>
Capital outlay:					
Capital outlay - Police	-	-	-	-	193,780
Capital outlay - Fire	7,939,292	7,939,292	1,937,918	6,001,374	247,425
Capital outlay - Sanitation	354,500	354,500	348,733	5,767	-
	<u>8,293,792</u>	<u>8,293,792</u>	<u>2,286,651</u>	<u>6,007,141</u>	<u>441,205</u>
Total expenditures	<u>8,572,384</u>	<u>8,572,384</u>	<u>2,442,739</u>	<u>6,129,645</u>	<u>916,395</u>
Net changes in fund balances	<u>\$ (6,123,079)</u>	<u>\$ (6,123,079)</u>	681,059	<u>\$ 6,804,138</u>	3,968,782
Fund balance - beginning			14,410,218		10,441,436
Fund balance - ending			<u>\$ 15,091,277</u>		<u>\$ 14,410,218</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
COUNTY FACILITIES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2018</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Licenses and permits:					
Facilities tax	\$ 1,250,000	\$ 1,250,000	\$ 759,874	\$ (490,126)	\$ 971,814
Use of money and property:					
Interest earned	-	-	144,567	144,567	9,557
Total revenues	<u>1,250,000</u>	<u>1,250,000</u>	<u>904,441</u>	<u>(345,559)</u>	<u>981,371</u>
Other financing sources (uses):					
Transfers to other funds	-	(1,750,000)	(1,750,000)	-	-
Operating transfers from other funds	-	-	-	-	635,074
Operating transfers to other funds	-	-	-	-	(300,000)
Total other financing sources (uses)	<u>-</u>	<u>(1,750,000)</u>	<u>(1,750,000)</u>	<u>-</u>	<u>335,074</u>
Net changes in fund balances	<u>\$ 1,250,000</u>	<u>\$ (500,000)</u>	<u>(845,559)</u>	<u>\$ (345,559)</u>	<u>1,316,445</u>
Fund balance - beginning			<u>4,804,517</u>		<u>3,488,072</u>
Fund balance - ending			<u>\$ 3,958,958</u>		<u>\$ 4,804,517</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
STORM WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget	2018
	Original	Final			
Revenues:					
Charges for services:					
Customer service	\$ 2,712,286	\$ 2,712,286	\$ 2,578,324	\$ (133,962)	\$ 2,520,451
Use of money and property:					
Interest earned	9,995	9,995	132,436	122,441	39,038
Total revenues	<u>2,722,281</u>	<u>2,722,281</u>	<u>2,710,760</u>	<u>(11,521)</u>	<u>2,559,489</u>
Expenditures:					
Storm water:					
Personnel	1,668,530	1,668,530	1,597,874	70,656	1,536,864
Services	406,246	406,246	214,821	191,425	454,791
Supplies	193,007	193,007	137,077	55,930	167,847
Operational units	261,197	261,197	261,195	2	195,146
Business expenses	53,133	53,133	71,076	(17,943)	39,933
Payments on capital leases	-	-	-	-	159,497
	<u>2,582,113</u>	<u>2,582,113</u>	<u>2,282,043</u>	<u>300,070</u>	<u>2,554,078</u>
Capital outlay:					
Capital outlay	3,506,000	3,506,000	750,143	2,755,857	521,670
	<u>3,506,000</u>	<u>3,506,000</u>	<u>750,143</u>	<u>2,755,857</u>	<u>521,670</u>
Total expenditures	<u>6,088,113</u>	<u>6,088,113</u>	<u>3,032,186</u>	<u>3,055,927</u>	<u>3,075,748</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,365,832)</u>	<u>(3,365,832)</u>	<u>(321,426)</u>	<u>3,044,406</u>	<u>(516,259)</u>
Other financing sources (uses):					
Transfers to other funds	-	(50,000)	(50,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ (3,365,832)</u>	<u>\$ (3,415,832)</u>	<u>(371,426)</u>	<u>\$ 3,044,406</u>	<u>(516,259)</u>
Fund balance - beginning			<u>4,171,436</u>		<u>4,687,695</u>
Fund balance - ending			<u>\$ 3,800,010</u>		<u>\$ 4,171,436</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget	2018
	Original	Final			
Revenues:					
Fines and fees:					
Drug fines	\$ 116,954	\$ 116,954	\$ 89,263	\$ (27,691)	\$ 104,471
Seized assets/unclaimed evidence	82,918	82,918	26,264	(56,654)	93,815
Use of money and property:					
Interest earned	2,176	2,176	13,629	11,453	8,318
Sale of surplus property	22,538	22,538	-	(22,538)	19,496
Total revenues	<u>224,586</u>	<u>224,586</u>	<u>129,156</u>	<u>(95,430)</u>	<u>226,100</u>
Expenditures:					
Police:					
Supplies	-	120,000	89,324	30,676	59,386
Operational units	72,500	72,500	24,260	48,240	38,039
Business expenses	-	-	2,554	(2,554)	2,235
	<u>72,500</u>	<u>192,500</u>	<u>116,138</u>	<u>76,362</u>	<u>99,660</u>
Capital outlay:					
Capital outlay - Police	-	86,000	83,356	2,644	159,123
	<u>-</u>	<u>86,000</u>	<u>83,356</u>	<u>2,644</u>	<u>159,123</u>
Total expenditures	<u>72,500</u>	<u>278,500</u>	<u>199,494</u>	<u>79,006</u>	<u>258,783</u>
Net changes in fund balances	<u>\$ 152,086</u>	<u>\$ (53,914)</u>	<u>(70,338)</u>	<u>\$ (16,424)</u>	<u>(32,683)</u>
Fund balance - beginning			<u>508,522</u>		<u>541,205</u>
Fund balance - ending			<u>\$ 438,184</u>		<u>\$ 508,522</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget	2018
	Original	Final			
Revenues:					
Taxes:					
Hotel/Motel tax	\$ 3,733,827	\$ 3,733,827	\$ 4,103,235	\$ 369,408	\$ 4,097,695
Use of money and property:					
Interest earned	10,500	10,500	214,714	204,214	38,626
Distributions from conference center	-	-	304,680	304,680	221,860
Total revenues	<u>3,744,327</u>	<u>3,744,327</u>	<u>4,622,629</u>	<u>878,302</u>	<u>4,358,181</u>
Expenditures:					
General:					
Services	25,000	25,000	1,974	23,026	37,211
Supplies	-	-	-	-	55,360
Appropriations	979,813	979,813	979,812	1	926,602
	<u>1,004,813</u>	<u>1,004,813</u>	<u>981,786</u>	<u>23,027</u>	<u>1,019,173</u>
Capital outlay:					
Capital outlay	439,286	463,036	379,516	83,520	325,538
	<u>439,286</u>	<u>463,036</u>	<u>379,516</u>	<u>83,520</u>	<u>325,538</u>
Total expenditures	<u>1,444,099</u>	<u>1,467,849</u>	<u>1,361,302</u>	<u>106,547</u>	<u>1,344,711</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,300,228</u>	<u>2,276,478</u>	<u>3,261,327</u>	<u>984,849</u>	<u>3,013,470</u>
Other financing sources (uses):					
Transfers to other funds	(1,112,960)	(1,307,960)	(1,312,355)	(4,395)	-
Operating transfers to other funds	-	-	-	-	(1,118,668)
Total other financing sources (uses)	<u>(1,112,960)</u>	<u>(1,307,960)</u>	<u>(1,312,355)</u>	<u>(4,395)</u>	<u>(1,118,668)</u>
Net changes in fund balances	<u>\$ 1,187,268</u>	<u>\$ 968,518</u>	1,948,972	<u>\$ 980,454</u>	1,894,802
Fund balance - beginning			<u>5,722,086</u>		<u>3,827,284</u>
Fund balance - ending			<u>\$ 7,671,058</u>		<u>\$ 5,722,086</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
PARKLAND DEDICATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget	2018
	Original	Final			
Revenues:					
In lieu of parkland fees	\$ -	\$ -	\$ -	\$ -	\$ 2,010,056
Parkland dedication fees	1,430,000	1,430,000	1,394,772	(35,228)	-
Interest earned	10,000	10,000	241,394	231,394	52,338
Total revenues	<u>1,440,000</u>	<u>1,440,000</u>	<u>1,636,166</u>	<u>196,166</u>	<u>2,062,394</u>
Expenditures:					
Capital outlay:					
Capital outlay	-	-	-	-	505,402
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>505,402</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,440,000</u>	<u>1,440,000</u>	<u>1,636,166</u>	<u>196,166</u>	<u>1,556,992</u>
Other financing sources (uses):					
Operating transfers from other funds	-	228,582	228,582	-	-
Total other financing sources (uses)	<u>-</u>	<u>228,582</u>	<u>228,582</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ 1,440,000</u>	<u>\$ 1,668,582</u>	1,864,748	<u>\$ 196,166</u>	1,556,992
Fund balance - beginning			<u>6,141,130</u>		<u>4,584,138</u>
Fund balance - ending			<u>\$ 8,005,878</u>		<u>\$ 6,141,130</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
TRANSIT AUTHORITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2018</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Intergovernmental:					
Grants	\$ 1,761,014	\$ 1,761,014	\$ 1,489,582	\$ (271,432)	\$ 1,255,107
Charges for services:					
Transit fares	132,000	132,000	84,945	(47,055)	112,418
Use of money and property:					
Interest earned	-	-	27,227	27,227	7,465
Rental income	9,700	9,700	9,700	-	9,600
Sale of surplus property	10,000	10,000	-	(10,000)	-
Miscellaneous income	11,000	11,000	-	(11,000)	-
Total revenues	<u>1,923,714</u>	<u>1,923,714</u>	<u>1,611,454</u>	<u>(312,260)</u>	<u>1,384,590</u>
Expenditures:					
Transit:					
Services	-	-	-	-	162
Operational units	2,508,885	3,508,885	2,277,206	1,231,679	2,085,936
	<u>2,508,885</u>	<u>3,508,885</u>	<u>2,277,206</u>	<u>1,231,679</u>	<u>2,086,098</u>
Capital outlay:					
Capital outlay	400,000	400,000	130,132	269,868	-
	<u>400,000</u>	<u>400,000</u>	<u>130,132</u>	<u>269,868</u>	<u>-</u>
Total expenditures	<u>2,908,885</u>	<u>3,908,885</u>	<u>2,407,338</u>	<u>1,501,547</u>	<u>2,086,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(985,171)</u>	<u>(1,985,171)</u>	<u>(795,884)</u>	<u>1,189,287</u>	<u>(701,508)</u>
Other financing sources (uses):					
Operating transfers from other funds	985,171	1,985,171	795,884	(1,189,287)	1,144,399
Total other financing sources (uses)	<u>985,171</u>	<u>1,985,171</u>	<u>795,884</u>	<u>(1,189,287)</u>	<u>1,144,399</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>442,891</u>
Fund balance - beginning			<u>817,649</u>		<u>374,758</u>
Fund balance - ending			<u>\$ 817,649</u>		<u>\$ 817,649</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget	2018
	Original	Final			
Revenues:					
Intergovernmental:					
Grants	\$ 255,000	\$ 323,000	\$ 373,845	\$ 50,845	\$ 257,808
Use of money and property:					
Interest earned	306	306	10,761	10,455	3,427
Total revenues	<u>255,306</u>	<u>323,306</u>	<u>384,606</u>	<u>61,300</u>	<u>261,235</u>
Expenditures:					
General:					
Services	250,500	319,000	338,735	(19,735)	257,807
Operational units	-	60,786	35,111	25,675	-
	<u>250,500</u>	<u>379,786</u>	<u>373,846</u>	<u>5,940</u>	<u>257,807</u>
Total expenditures	<u>250,500</u>	<u>379,786</u>	<u>373,846</u>	<u>5,940</u>	<u>257,807</u>
Net changes in fund balances	<u>\$ 4,806</u>	<u>\$ (56,480)</u>	10,760	<u>\$ 67,240</u>	3,428
Fund balance - beginning			89,691		86,263
Fund balance - ending			<u>\$ 100,451</u>		<u>\$ 89,691</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2018</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Taxes:					
Property tax apportionment	\$ 8,620,102	\$ 8,620,102	\$ 8,661,198	\$ 41,096	\$ 8,505,949
Intergovernmental:					
Rebates on BAB / RZEDB bonds	870,720	870,720	818,444	(52,276)	843,028
Use of money and property:					
Interest earned	5,000	5,000	108,247	103,247	16,390
Total revenues	<u>9,495,822</u>	<u>9,495,822</u>	<u>9,587,889</u>	<u>92,067</u>	<u>9,365,367</u>
Expenditures:					
Debt service:					
Principal	7,945,000	7,945,000	7,945,000	-	8,118,001
Interest	5,555,071	5,555,071	5,544,524	10,547	5,514,704
Debt Service Fees	263,992	263,992	142,027	121,965	7,976
Total expenditures	<u>13,764,063</u>	<u>13,764,063</u>	<u>13,631,551</u>	<u>132,512</u>	<u>13,640,681</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,268,241)</u>	<u>(4,268,241)</u>	<u>(4,043,662)</u>	<u>224,579</u>	<u>(4,275,314)</u>
Other financing sources (uses):					
Issuance of debt	-	-	22,940,000	22,940,000	-
Premium on debt issuance	-	-	3,870,894	3,870,894	-
Refunding of debt	-	-	(26,280,000)	(26,280,000)	-
Refunding of debt-additional to escrow agent	-	-	(390,360)	(390,360)	-
Operating transfers from other funds:					
From Water & Sewer	200,000	200,000	200,000	-	200,000
From Sanitation	167,184	167,184	96,930	(70,254)	273,390
From Road Impact	2,708,651	2,708,651	2,755,143	46,492	2,699,646
From Hotel/Motel	1,112,960	1,112,960	1,117,355	4,395	1,118,668
Total other financing sources (uses)	<u>4,188,795</u>	<u>4,188,795</u>	<u>4,309,962</u>	<u>121,167</u>	<u>4,291,704</u>
Net change in fund balances	<u>\$ (79,446)</u>	<u>\$ (79,446)</u>	<u>266,300</u>	<u>\$ 345,746</u>	<u>16,390</u>
Fund balance - beginning			<u>106,587</u>		<u>90,197</u>
Fund balance - ending			<u>\$ 372,887</u>		<u>\$ 106,587</u>

See independent auditor's report.

**CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Source/Grant Name	CFDA Number	Grant Number Pass-through Entity Identifying Number	Balance 6/30/2018 (Receivable) Unearned	Adjustments	Cash Receipts	Total Federal Expenditures	Balance 6/30/2019 (Receivable) Unearned	Passed through to Subrecipients
			\$	\$	\$	\$	\$	\$
U.S. DEPARTMENT OF JUSTICE Bulletproof Vest Partnership Program	16.607	N/A	-	-	-	(3,518)	(3,518)	-
TOTAL U.S. DEPARTMENT OF JUSTICE						(3,518)	(3,518)	
U.S. DEPARTMENT OF TRANSPORTATION Federal Transit Cluster:								
Federal Transit Formula Grant (Transit Capital Grant-Allocation for 5307 FY2012) *	20.507	TN-90-X352-00	(36,412)	-	60,843	(24,431)	-	(24,431)
Federal Transit Formula Grant (Replacement Vehicle-PM-Planning & Equipment) *	20.507	TN-90-X328-00	-	-	57,969	(57,969)	-	(57,969)
Federal Transit Formula Grant (Transit Capital Grant-FY14-5307 Allocation) *	20.507	TN-90-X384-00	-	-	157,130	(157,130)	-	(157,130)
Federal Transit Formula Grant (PM& Transit Operating Assistance Grant for 5307 FY2018) *	20.507	TN-2018-026-00	(891,116)	-	936,368	(45,252)	-	(45,252)
Federal Transit Formula Grant (PM& Transit Operating Assistance Grant for 5307) *	20.507	TN-2018-021-00	-	-	-	(835,397)	(835,397)	(835,397)
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY16-5307 Allocation) *	20.526	TN-2017-020-00	-	-	-	(1,040)	(1,040)	(1,040)
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY2015-5339) *	20.526	TN-2017-059-00	-	-	32,207	(32,207)	-	(32,207)
Total Federal Transit Cluster			(927,528)		1,244,517	(1,153,426)	(836,437)	(1,153,426)
Highway Planning and Construction Cluster:								
Highway Planning and Construction (Mack Hatcher Parkway NW Quad) ***	20.205	101454.01	(881,166)	-	1,005,455	(909,130)	(884,841)	-
Highway Planning and Construction (Columbia Ave to Downs Blvd) ***	20.205	121454.00	(44,362)	-	221,399	(211,224)	(34,187)	-
Highway Planning and Construction (Safe Route to Schools - Hunters Bend Elem) ***	20.205	118151.00	(339,348)	-	365,668	(26,320)	-	-
Franklin ITS Infrastructure	20.205	116144.00	(34,490)	-	34,490	(16,931)	(16,931)	-
Franklin ITS Infrastructure	20.205	116144.01	(11,975)	-	2,594	(99,715)	(109,096)	-
Total Highway Planning and Construction Cluster:			(1,411,341)		1,629,606	(1,263,320)	(1,045,055)	
Alcohol Open Container Requirements (Franklin Fight Against Impaired Driving) **	20.600	PT-19-25/402	-	-	1,197	(1,197)	-	-
Alcohol Open Container Requirements (Franklin Fight Against Impaired Driving) **	20.607	154AL-18-018	-	-	3,731	(3,731)	-	-
Alcohol Open Container Requirements (Franklin Fight Against Impaired Driving) **	20.600	PT-18-23/402	(2,692)	-	3,493	(801)	-	-
Total Alcohol Open Container Requirements			(2,692)		8,421	(5,729)		
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			(2,341,561)		2,882,544	(2,422,475)	(1,881,492)	(1,153,426)
U.S. DEPARTMENT OF THE INTERIOR Hincleyville Historic District	15.904	P18AF00033	-	-	-	(4,500)	(4,500)	-
TOTAL U.S. DEPARTMENT OF THE INTERIOR						(4,500)	(4,500)	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT CDBG - Entitlement Grants Cluster:								
Community Development Block Grants/Entitlement Grants *****	14.218	B-MC-47-0014	-	-	310,174	(373,846)	(63,672)	-
Total CDBG - Entitlement Grants Cluster					310,174	(373,846)	(63,672)	
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					310,174	(373,846)	(63,672)	
Fire Gatlinburg (Tennessee) - Major Disaster Declaration*****	97.036	FEMA-DR-4293-TN	(31,161)	-	-	-	(31,161)	-
Hurricane HARVEY (Texas) - Major Disaster Declaration*****	97.036	EMAC 1262-RR-6397	6,725	-	-	(6,725)	-	-
Hurricane IRMA (Florida) - Major Disaster Declaration*****	97.036	EMAC 1271-RR-6479	(412)	412	-	-	-	-
Hurricane FLORENCE (SC) - Major Disaster Declaration*****	97.036	TEMA-1501-RR-8292	-	-	-	(2,924)	(2,924)	-
Hurricane FLORENCE (SC) - Major Disaster Declaration*****	97.036	TEMA-1501-RR-8056	-	-	44,748	(89,497)	(44,749)	-
Total Federal Emergency Management Agency			(24,848)	412	44,748	(99,146)	(78,834)	
Total Federal Assistance			(24,848)	412	44,748	(99,146)	(78,834)	
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			(24,848)	412	44,748	(99,146)	(78,834)	
Total Federal Assistance			(24,848)	412	44,748	(99,146)	(78,834)	
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			(24,848)	412	44,748	(99,146)	(78,834)	

* Passed through to The Transportation Management Association Group
 ** Passed through the TN Department of Transportation Governor's Highway Safety Office
 *** Passed through the National Park Service
 **** Passed through the TN Department of Environment and Conservation
 ***** Passed through the TN Historical Commission
 ***** Passed through the TN Housing Development Agency
 ***** Passed through the TN Emergency Management Agency

See independent auditor's report

CITY OF FRANKLIN, TENNESSEE
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Source/Grant Name	State Grant Number	Balance 6/30/2018		Adjustments	Cash		Expenditures	Balance 6/30/2019	
		(Receivable)	Unearned		Receipts	Uncashed		(Receivable)	Unearned
TENNESSEE DEPARTMENT OF TRANSPORTATION									
Federal Transit Formula Grant (Transit Capital Grant-Allocation for 5307 FY2012) *	TN-90-X352-00	\$ (5,819)	\$ 518	\$ 8,355	\$ (3,054)	\$ -			
Federal Transit Formula Grant (Transit Capital Grant-FY14 5307 Allocation) *	TN-90-X384-00	-	-	19,641	(19,641)	-			
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY2015 5339)	TN-2017-059-00	(3,690)	-	7,380	(4,025)	(335)			
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY2016 5307)	TN-2017-020-00	-	-	-	(260)	(260)			
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY2018 5307)	TN-2018-026-00	(25,000)	-	25,000	-	-			
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY2018 5307)	TN-2019-021-00	-	-	-	(33,258)	(33,258)			
Transit Operating Assistance Grant *	Z-18-UR0P10-00	-	-	266,900	(266,900)	-			
Mack Hatcher Parkway NW Quad	101454.01	(245,291)	-	251,364	(227,282)	(221,210)			
Columbia Ave to Downs Blvd	121454.00	(11,090)	-	55,350	(52,806)	(8,546)			
Total Tennessee Department of Transportation		(290,890)	518	633,990	(607,226)	(263,609)			
TENNESSEE DEPARTMENT OF AGRICULTURE									
Tennessee Agricultural Enhancement Program (TAEP)	32510-02319	-	-	5,448	(5,448)	-			
Total Tennessee Department of Agriculture		-	-	5,448	(5,448)	-			
TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION									
State Revolving Fund CG 2016-367	CG 2016-367	-	-	156,940	(156,940)	-			
State Revolving Fund SRF 2016-374	SRF 2016-374	-	-	66,074	(66,074)	-			
State Revolving Fund CG5 2017-375	CG5 2017-375	-	-	1,275,000	(1,275,000)	-			
State Revolving Fund SRF 2017-376	SRF 2017-376	-	-	9,672,174	(9,672,174)	-			
Total Tennessee Department of Environment and Conservation		-	-	11,170,188	(11,170,188)	-			
Total State Financial Assistance		\$ (290,890)	\$ 518	\$ 11,809,626	\$ (11,782,862)	\$ (263,609)			

*Passed through to The Transportation Management Association Group

See independent auditor's report.

NOTE 1 - BASIS OF PRESENTATION

The Schedules of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity, respectively, of the City of Franklin, Tennessee and are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Tennessee, respectively. Because these Schedules present only a selected portion of the operations of the City, they are not intended to and do not present the financial position or changes in financial position of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The information reported in the Schedules is reported in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements. The federal expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - DE MINIMUS INDIRECT COST RATE

The City has elected to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance, when applicable.

NOTE 4 - STATE REVOLVING LOAN FUND

At June 30, 2019, there was an outstanding balance of \$15,320,246 on loans obtained through the State Revolving Loan Fund. Payments during the current fiscal year totaled \$373,193.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT

JUNE 30, 2019

	Public Building Authority of the City of Lawrenceburg, TN Loan Agreement 2005 (1)		Public Building Authority of the City of Franklin, TN Loan Agreement 2007 (2)		Federally Taxable Recovery Zone Bonds Series 2010 (3)		General Improvement Refunding Bonds Series 2010		General Improvement Refunding Bonds Series 2012		General Improvement Refunding Bonds Series 2013A	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	370,000	27,558	-	718,000	-	795,729	1,315,000	254,950	1,530,000	280,840	325,000	179,917
2021	385,000	14,053	-	718,000	-	795,729	1,360,000	215,500	1,560,000	248,252	330,000	173,418
2022	-	-	-	718,000	-	795,729	1,410,000	161,100	1,595,000	215,024	340,000	166,817
2023	-	-	-	718,000	-	795,729	1,470,000	104,700	1,630,000	181,050	350,000	158,318
2024	-	-	-	718,000	1,985,000	795,729	1,530,000	45,900	1,665,000	146,331	355,000	149,567
2025	-	-	1,175,000	718,000	2,140,000	703,923	-	-	1,700,000	110,867	365,000	140,693
2026	-	-	1,225,000	675,818	2,195,000	602,273	-	-	1,735,000	74,656	375,000	131,203
2027	-	-	1,300,000	631,840	2,255,000	495,266	-	-	1,770,000	37,701	385,000	120,890
2028	-	-	1,350,000	585,170	2,315,000	380,261	-	-	-	-	400,000	107,800
2029	-	-	1,400,000	536,705	2,380,000	259,881	-	-	-	-	410,000	94,200
2030	-	-	1,450,000	486,445	2,455,000	131,956	-	-	-	-	425,000	80,260
2031	-	-	1,525,000	434,390	-	-	-	-	-	-	440,000	65,810
2032	-	-	1,575,000	379,642	-	-	-	-	-	-	455,000	50,850
2033	-	-	1,650,000	323,100	-	-	-	-	-	-	470,000	35,380
2034	-	-	1,725,000	263,865	-	-	-	-	-	-	485,000	19,400
2035	-	-	1,800,000	201,937	-	-	-	-	-	-	-	-
2036	-	-	1,875,000	137,317	-	-	-	-	-	-	-	-
2037	-	-	1,950,000	70,006	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 755,000</u>	<u>\$ 41,611</u>	<u>\$ 20,000,000</u>	<u>\$ 9,034,235</u>	<u>\$ 15,725,000</u>	<u>\$ 6,552,205</u>	<u>\$ 7,085,000</u>	<u>\$ 782,150</u>	<u>\$ 13,185,000</u>	<u>\$ 1,294,721</u>	<u>\$ 5,910,000</u>	<u>\$ 1,674,523</u>

Notes:

- (1) The City has an interest rate swap (variable to fixed) agreement with SunTrust Bank.
 - (2) The City has an interest rate swap (variable to fixed) agreement with Wertmanagement Bank.
 - (3) The City receives a 45% direct payment interest rebate on this issue, subject to reduction by the annually adjusted sequestration rate.
- The sequestration rate for July-September 2017 was 6.9%; October 2017-June 2018 was 6.6%.

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS (Cont.)
GENERAL OBLIGATION DEBT
 JUNE 30, 2019

	Pension Obligation Bonds Series 2013B		Public Improvement Bonds Series 2015		Public Improvement Bonds Series 2017		Public Improvement Bonds Series 2019A		Public Improvement Refunding Bonds Series 2019B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	1,000,000	164,410	585,000	481,340	790,000	938,150	1,565,000	1,089,263	2,040,000	911,227	9,520,000	5,841,384
2021	1,030,000	134,410	605,000	463,790	830,000	898,650	1,380,000	1,292,580	1,905,000	1,045,000	9,385,000	5,999,382
2022	1,060,000	106,600	635,000	433,540	875,000	857,150	1,455,000	1,223,850	2,000,000	949,750	9,370,000	5,623,560
2023	1,090,000	74,800	665,000	401,790	915,000	813,400	1,525,000	1,151,100	2,095,000	849,750	9,740,000	5,248,637
2024	1,125,000	35,375	700,000	368,540	960,000	767,650	1,220,000	1,074,850	2,195,000	745,000	11,735,000	4,850,942
2025	-	-	730,000	333,540	980,000	748,450	1,275,000	1,013,850	2,305,000	635,250	10,670,000	4,404,573
2026	-	-	760,000	304,340	1,030,000	699,450	1,340,000	950,100	2,420,000	520,000	11,080,000	3,957,840
2027	-	-	790,000	273,940	1,080,000	647,950	1,405,000	883,100	2,535,000	399,000	11,520,000	3,489,687
2028	-	-	815,000	250,240	1,135,000	593,950	1,485,000	812,850	2,655,000	272,250	10,155,000	3,002,521
2029	-	-	850,000	217,640	1,190,000	537,200	1,555,000	738,600	2,790,000	139,500	10,575,000	2,523,726
2030	-	-	880,000	183,640	1,250,000	477,700	1,450,000	660,850	-	-	7,910,000	2,020,851
2031	-	-	920,000	148,440	1,315,000	415,200	1,520,000	588,350	-	-	5,720,000	1,652,190
2032	-	-	945,000	120,840	1,365,000	362,600	1,595,000	512,350	-	-	5,935,000	1,426,282
2033	-	-	975,000	92,490	1,420,000	308,000	1,675,000	432,600	-	-	6,190,000	1,191,570
2034	-	-	1,005,000	63,240	1,480,000	251,200	1,750,000	365,600	-	-	6,445,000	963,305
2035	-	-	1,035,000	32,085	1,535,000	192,000	1,365,000	295,600	-	-	5,735,000	721,622
2036	-	-	-	-	1,600,000	130,600	1,420,000	241,000	-	-	4,895,000	508,917
2037	-	-	-	-	1,665,000	66,600	1,475,000	184,200	-	-	5,090,000	320,806
2038	-	-	-	-	-	-	1,535,000	125,200	-	-	1,535,000	125,200
2039	-	-	-	-	-	-	1,595,000	63,800	-	-	1,595,000	63,800
	<u>\$ 5,305,000</u>	<u>\$ 519,595</u>	<u>\$ 12,895,000</u>	<u>\$ 4,169,435</u>	<u>\$ 21,415,000</u>	<u>\$ 9,705,900</u>	<u>\$ 29,585,000</u>	<u>\$ 13,699,693</u>	<u>\$ 22,940,000</u>	<u>\$ 6,466,727</u>	<u>\$ 154,800,000</u>	<u>\$ 53,940,795</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
PROPRIETARY FUND DEBT
 JUNE 30, 2019

	Sewer & Water Revenue & Tax Refunding Bonds-Series 2005		Sewer & Water Refunding SunTrust Loan 2011		Drinking Water SRF & ARRA Loan		Clean Water SRF & ARRA Loan		Clean Water SRF (Scada-Revere)		Clean Water SRF (Scada-CDM)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	2,240,000	550,625	1,345,000	249,064	71,964	26,250	86,448	35,728	115,116	14,736	105,924	13,560
2021	2,255,000	438,625	1,380,000	215,636	74,020	24,193	88,802	33,373	116,136	13,716	106,872	12,612
2022	2,280,000	325,875	1,415,000	181,340	76,134	22,079	91,220	30,955	117,180	12,672	107,820	11,664
2023	1,555,000	211,875	1,450,000	146,175	78,310	19,903	93,704	28,471	118,224	11,628	12,557	1,238
2024	1,450,000	134,125	1,485,000	110,143	80,546	17,667	96,257	25,919	119,280	10,572	-	-
2025	1,450,000	61,625	1,520,000	73,243	82,847	15,366	98,878	23,298	120,348	9,504	-	-
2026	-	-	1,560,000	35,464	85,215	12,999	101,570	20,605	121,428	8,424	-	-
2027	-	-	-	-	87,648	10,565	104,338	17,838	122,508	7,344	-	-
2028	-	-	-	-	90,153	8,061	107,178	14,998	123,612	6,240	-	-
2029	-	-	-	-	92,729	5,485	110,098	12,078	124,704	5,148	-	-
2030	-	-	-	-	95,377	2,837	113,097	9,079	125,820	4,032	-	-
2031	-	-	-	-	48,700	403	116,176	6,000	126,948	2,904	-	-
2032	-	-	-	-	-	-	119,340	2,836	128,088	1,764	-	-
2033	-	-	-	-	-	-	40,505	226	129,253	624	-	-
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 11,230,000	\$ 1,722,750	\$ 10,155,000	\$ 1,011,065	\$ 963,643	\$ 165,808	\$ 1,367,611	\$ 261,404	\$ 1,708,645	\$ 109,308	\$ 333,173	\$ 39,074

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS (Cont.)
PROPRIETARY FUND DEBT
JUNE 30, 2019

	Sewer & Water Water Plant		SRF Loan CG5 17-375 (Wastewater Plant)		SRF Loan CG5 17-376 (Wastewater Plant)		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	415,000	492,000	28,360	15,460	-	94,874	4,407,812	1,492,297
2021	430,000	475,400	34,488	18,096	258,456	140,448	4,743,774	1,372,099
2022	450,000	458,200	35,004	17,580	262,284	136,620	4,834,642	1,196,985
2023	470,000	435,700	35,520	17,064	266,160	132,744	4,079,475	1,004,798
2024	495,000	412,200	36,048	16,536	270,096	128,808	4,032,227	855,970
2025	520,000	387,450	36,576	16,008	274,104	124,800	4,102,753	711,294
2026	545,000	361,450	37,116	15,468	278,148	120,756	2,728,477	575,166
2027	570,000	334,200	37,668	14,916	282,276	116,628	1,204,438	501,491
2028	600,000	305,700	38,220	14,364	286,452	112,452	1,245,615	461,815
2029	630,000	275,700	38,796	13,788	290,688	108,216	1,287,015	420,415
2030	665,000	244,200	39,360	13,224	294,984	103,920	1,333,638	377,292
2031	690,000	217,600	39,948	12,636	299,352	99,552	1,321,124	339,095
2032	715,000	190,000	40,536	12,048	303,792	95,112	1,306,756	301,760
2033	745,000	161,400	41,136	11,448	308,280	90,624	1,264,174	264,322
2034	775,000	131,600	41,748	10,836	312,840	86,064	1,129,588	228,590
2035	805,000	100,600	42,360	10,224	317,472	81,432	1,164,832	192,256
2036	840,000	68,400	42,996	9,588	322,176	76,728	1,205,172	154,716
2037	870,000	34,800	43,632	8,952	326,940	71,964	1,240,572	115,716
2038	-	-	44,268	8,316	331,776	67,128	376,044	75,444
2039	-	-	44,928	7,656	336,684	62,220	381,612	69,876
2040	-	-	45,600	6,984	341,676	57,228	387,276	64,212
2041	-	-	46,272	6,312	346,728	52,176	393,000	58,488
2042	-	-	46,956	5,628	351,864	47,040	398,820	52,668
2043	-	-	47,652	4,932	357,060	41,844	404,712	46,776
2044	-	-	48,348	4,236	362,352	36,552	410,700	40,788
2045	-	-	49,068	3,516	367,716	31,188	416,784	34,704
2046	-	-	49,800	2,784	373,152	25,752	422,952	28,536
2047	-	-	50,532	2,052	378,684	20,220	429,216	22,272
2048	-	-	51,276	1,308	384,276	14,628	435,552	15,936
2049	-	-	52,044	540	389,976	8,928	442,020	9,468
2050	-	-	8,744	16	395,730	3,168	404,474	3,184
	\$ 11,230,000	\$ 5,086,600	\$ 1,275,000	\$ 302,516	\$ 9,672,174	\$ 2,389,814	\$ 47,935,246	\$ 11,088,339

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF BOND AND NOTE INDEBTEDNESS - WATER AND SEWER FUND
 JUNE 30, 2019

Amount Issued	Purpose	Due Date	Interest Rate	Outstanding as of 6/30/2019
\$ 24,670,000	Revenue & Tax Bonds: Series 2005 - Sewer and Water Revenue and Tax Refunding (1) (2)	April 2025	Fixed	\$ 11,230,000
19,430,000	Revenue & Tax Bonds: Series 2011 - SunTrust Loan Program (1) (2)	May 2026	Fixed	10,155,000
12,000,000	Revenue Bonds: Series 2017 - Water and Sewer Revenue	February 2037	Fixed	11,230,000
1,500,000	Notes Payable: 2009 - Drinking Water SRF Loan through ARRA (1) (3)	December 2030	Fixed	963,643
1,888,200	Notes Payable: 2009 - Clean Water SRF Loan through ARRA (1) (3)	October 2032	Fixed	1,367,611
1,822,741	Notes Payable: 2016 - SCADA SRF Loan through ARRA (1)	2031	Fixed	1,708,645
1,677,259	Notes Payable: 2016 - SCADA SRF Loan through ARRA (1)	2031	Fixed	333,173
1,275,000	Notes Payable: 2017 - Wastewater Plant SRF Loan	August 2049	Fixed	1,275,000
<u>78,500,000</u>	Notes Payable: 2017 - Wastewater Plant SRF Loan	30 years	Fixed	<u>9,672,174</u>
<u>\$ 142,763,200</u>	Total Bonded Debt			<u>\$ 47,935,246</u>

Notes:

- (1) Indebtedness payable from and secured by water and sewer system revenues and a general obligation pledge of the City. SRF loans also secured by state-shared taxes. All indebtedness is anticipated to be paid from water and sewer system revenues.
- (2) Prior Lien Obligation.
- (3) Outstanding Parity Obligation.

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
 THE FISCAL YEAR ENDED JUNE 30, 2019

Government Activities:	Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2018	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2019
BONDS PAYABLE										
Payable through Debt Service Fund										
	2005 City of Lawrenceburg Loan Agreement	\$ 4,500,000	3.650% swap	7/21/2005	7/1/2020	\$ 1,110,000	\$ -	\$ 355,000	\$ -	\$ 755,000
	2007 Franklin PBA Loan Agreement	20,000,000	3.590% swap	1/25/2007	6/1/2037	20,000,000	-	-	-	20,000,000
	2009B General Obligation Build America Bonds (taxable)	30,625,000	4.450% to 5.700%	12/29/2009	refunded	28,485,000	-	2,205,000	26,280,000	-
	2010 General Obligation Recovery Zone Bonds (taxable)	15,725,000	4.625% to 5.375%	7/7/2010	3/1/2030	15,725,000	-	-	-	15,725,000
	2010 General Obligation Refunding Bonds	16,590,000	2.000% to 4.000%	10/19/2010	3/1/2024	8,365,000	-	1,280,000	-	7,085,000
	2012 Sun Trust Refunding Bond Agreement	22,500,000	2.130%	2/11/2012	5/1/2027	14,680,000	-	1,495,000	-	13,185,000
	2013A General Obligation Public Improvement Bonds	7,405,000	2.000% to 4.000%	12/20/2013	3/1/2034	6,230,000	-	320,000	-	5,910,000
	2013B General Obligation Pension Bonds (taxable)	10,000,000	1.000% to 3.500%	12/20/2013	3/1/2024	6,275,000	-	970,000	-	5,305,000
	2015 General Obligation Public Improvement Bonds	15,000,000	3.000% to 5.000%	4/16/2015	4/1/2035	13,460,000	-	565,000	-	12,895,000
	2017 General Obligation Public Improvement Bonds	23,120,000	2.000% to 5.000%	6/27/2017	4/1/2037	22,170,000	-	755,000	-	21,415,000
	2019A General Obligation Public Improvement Bonds	29,585,000	4.000% to 5.000%	5/15/2019	3/1/2039	-	29,585,000	-	-	29,585,000
	2019B General Obligation Public Improvement Bonds	22,940,000	5.000%	5/15/2019	3/1/2029	-	22,940,000	-	-	22,940,000
	Total Bonds Payable through Debt Service Fund					136,500,000	52,525,000	7,945,000	26,280,000	154,800,000

Business-type Activities:

BONDS PAYABLE

Payable through Water and Sewer Fund										
	2005 Water and Sewer Refunding Bonds	\$ 24,670,000	3.000% to 5.000%	3/30/2005	4/1/2025	\$ 13,450,000	\$ -	\$ 2,220,000	\$ -	\$ 11,230,000
	2011 Sun Trust Loan Program	19,430,000	2.48%	9/29/2011	5/25/2026	11,465,000	-	1,310,000	-	10,155,000
	2017A Water and Sewer Revenue Bonds	12,000,000	3.000% to 5.000%	2/16/2017	2/1/2037	11,630,000	-	400,000	-	11,230,000
	Total Bonds Payable through Water and Sewer Fund					36,545,000	-	3,930,000	-	32,615,000

NOTES PAYABLE

Payable through Capital Projects Fund										
	Drinking Water SRF Loan through ARRA	\$ 1,500,000	2.820%	2/21/2018	12/20/2030	\$ 1,033,610	\$ -	\$ 69,967	\$ -	\$ 963,643
	Clean Water SRF Loan through ARRA	1,888,200	2.690%	1/1/2011	10/20/2032	1,451,766	-	84,155	-	1,367,611
	State Revolving Fund Loan (CG2 2016-367)	1,822,741	.890%	6/1/2016	6/20/2033	1,665,801	156,940	114,096	-	1,708,645
	State Revolving Fund Loan (SRF 2016-374)	1,677,259	.890%	6/1/2016	6/20/2033	372,074	66,074	104,975	-	333,173
	State Revolving Fund Loan (CG5 2017-375)	1,275,000	1.470%	9/28/2017	8/20/2049	-	1,275,000	-	-	1,275,000
	State Revolving Fund Loan (SRF 2017-376)	78,500,000	1.470%	3/21/2018	30 years	-	9,672,174	-	-	9,672,174
	Total Bonds Payable through Water and Sewer Fund					4,523,251	11,170,188	373,193	-	15,320,246

Total Bonds and Notes Payable through Water and Sewer Fund

\$ 41,068,251 **\$ 11,170,188** **\$ 4,303,193** **\$ -** **\$ 47,935,246**

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - BY LEVY YEAR
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Tax Year	Balance June 30, 2018	Taxes Levied	Adjustments and Collections	Balance June 30, 2019
2018	\$ -	\$ 20,834,771	\$ (20,584,843)	\$ 249,928
2017	231,247	-	(180,319)	50,928
2016	70,461	-	(39,507)	30,954
2015	6,659	-	(391)	6,268
2014	5,161	-	(107)	5,054
2013	6,769	-	(22)	6,747
2012	8,606	-	(10)	8,596
2011	9,895	-	(126)	9,769
2010	15,341	-	(39)	15,302
2009	17,181	-	(39)	17,142
	<u>\$ 371,320</u>	<u>\$ 20,834,771</u>	<u>\$ (20,805,403)</u>	<u>\$ 400,688</u>

The balance at June 30, 2019 is comprised of:

Considered current revenue	\$ 89,927
Allowance for uncollectible accounts: 2009-2018 levies	126,635
Unavailable revenue	<u>184,126</u>
	<u>400,688</u>

Balances not included in the schedule above are:

2019 tax levy due October 1, 2019 considered unavailable revenue and amounts payable to others and amounts due from years prior to 2009 (fully reserved)	<u>21,935,711</u>
--	-------------------

Total property tax receivable (as shown on page 55) \$ 22,336,399

Note: Taxes become delinquent in March of the year following the tax year of levy. Delinquent taxes are turned over to the County Clerk and Master for collection proceedings.

STATISTICAL SECTION



HISTORIC
F R A N K L I N
TENNESSEE

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**CITY OF FRANKLIN, TENNESSEE
STATISTICAL SECTION SUMMARY PAGE**

STATISTICAL SECTION SUMMARY PAGE:

This part of the City of Franklin, Tennessee's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, the note disclosures, and the required supplementary information says about the City's overall financial health.

Contents:

Financial Trends

These schedules contain trend information to help readers understand how the City's financial performance and financial position have changed over time. 118

Revenue Capacity

These schedules contain information to help readers assess the City's revenue sources, including its most significant local tax sources, local sales tax and its property tax. 122

Debt Capacity

These schedules present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 127

Demographic and Economic Information

These schedules offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place. 132

Operating Information

These schedules contain service and infrastructure data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 134

Except where noted, the information in these schedules is derived from the City's Comprehensive Annual Financial Reports for the relevant years. The information has been restated, where applicable and feasible, for the adoption of new GASB pronouncements.

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Net Position By Component

(Prepared using the accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	\$ 391,009,711	\$ 393,091,861	\$ 394,771,670	\$ 427,956,937	\$ 473,270,481	\$ 526,598,701	\$ 531,232,432	\$ 510,883,814	\$ 509,097,550	\$ 497,804,554
Restricted for:										
Grant program use	19,138	19,266	-	23,545	23,717	20,212	85,185	86,263	89,691	496,410
State street aid	-	-	16,563	-	295,259	287,224	373,415	502,481	645,435	1,922,723
Sanitation use	-	-	-	-	-	-	767,350	610,969	1,160,474	438,184
Drug fund use	253,229	269,691	144,788	121,781	165,436	295,296	515,642	541,205	508,522	100,451
Other projects	1,895,996	-	-	-	-	-	-	3,488,072	4,804,517	39,890,216
Pensions	-	-	-	-	-	-	-	-	-	7,999
Unrestricted	31,620,382	37,054,884	46,304,057	42,077,735	14,450,363	25,106,842	35,391,194	46,098,515	74,003,922	75,289,314
Total net position	\$ 424,798,456	\$ 430,435,702	\$ 441,237,078	\$ 470,179,998	\$ 488,205,256	\$ 552,308,275	\$ 568,365,218	\$ 562,211,319	\$ 590,310,111	\$ 615,949,851
Business-type activities:										
Net investment in capital assets	\$ 102,547,138	\$ 105,910,754	\$ 106,880,291	\$ 110,724,957	\$ 119,141,240	\$ 128,272,969	\$ 139,229,139	\$ 144,008,929	\$ 160,464,694	\$ 166,254,831
Restricted for:										
Water & Sewer	13,376,540	9,975,225	6,684,374	8,150,100	13,391,806	13,452,592	8,916,035	9,757,361	10,665,267	10,180,317
Pensions	-	-	-	-	-	-	-	-	-	1,179
Unrestricted	5,230,958	7,305,642	14,221,008	15,923,139	13,545,686	15,771,418	25,339,325	30,877,222	25,591,650	32,220,082
Total net position	\$ 121,154,636	\$ 123,191,621	\$ 127,785,673	\$ 134,798,196	\$ 146,078,732	\$ 157,496,979	\$ 173,484,499	\$ 184,643,512	\$ 196,721,611	\$ 208,656,409
Primary government:										
Net investment in capital assets	\$ 493,556,849	\$ 499,002,615	\$ 501,651,961	\$ 538,681,894	\$ 592,411,721	\$ 654,871,670	\$ 670,461,571	\$ 654,892,743	\$ 669,562,244	\$ 664,059,385
Restricted for:										
Grant program use	19,138	19,266	-	23,545	23,717	20,212	85,185	86,263	89,691	496,410
State street aid	-	-	16,563	-	295,259	287,224	373,415	502,481	645,435	1,922,723
Sanitation use	-	-	-	-	-	-	767,350	610,969	1,160,474	438,184
Drug fund use	253,229	269,691	144,788	121,781	165,436	295,296	515,642	541,205	508,522	100,451
Other projects	1,895,996	-	-	-	-	-	-	3,488,072	4,804,517	39,890,216
Water & Sewer	13,376,540	9,975,225	6,684,374	8,150,100	13,391,806	13,452,592	8,916,035	9,757,361	10,665,267	10,180,317
Pensions	-	-	-	-	-	-	-	-	-	9,178
Unrestricted	36,851,340	44,360,526	60,525,065	58,000,874	27,996,049	40,878,260	60,730,519	76,975,737	99,595,572	107,509,396
Total net position	\$ 545,953,092	\$ 553,627,323	\$ 569,022,751	\$ 604,978,194	\$ 634,283,988	\$ 709,805,254	\$ 741,849,717	\$ 746,854,831	\$ 787,031,722	\$ 824,606,260

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Changes in Net Position

(Prepared using the accrual basis of accounting)

Governmental activities:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Program revenues:										
Charges for services-Communications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,600	\$ 2,500	\$ 2,900	\$ 2,000
Charges for services-Human resources	-	-	-	-	-	-	-	49	6	-
Charges for services-IT	-	-	-	-	-	-	2,752	3,682	1,234	4,020
Charges for services-BNS	767,764	1,521,266	1,839,074	1,878,490	2,332,672	2,005,472	2,921,320	2,999,288	3,169,678	2,369,851
Charges for services-Planning	-	-	-	-	-	-	172,185	161,101	227,186	197,199
Charges for services-Engineering	-	-	-	-	-	-	50	1,650	1,500	1,850
Charges for services-Gen Govt	65,706	385,558	568,711	580,724	608,111	487,716	121,946	158,340	256,860	326,081
Charges for services-Police	1,245,405	990,092	1,134,311	1,146,251	784,561	782,681	814,774	703,245	374,937	498,781
Charges for services-Streets	-	940	6,100	7,160	7,400	10,780	18,040	21,200	302,720	17,555
Charges for services-Sanitation	4,753,448	6,673,158	6,888,014	6,855,652	6,084,125	7,384,798	8,346,213	7,709,098	8,359,191	9,341,314
Charges for services-Storm water	2,088,080	2,108,109	2,151,430	2,363,177	2,328,343	2,658,906	2,461,914	2,565,543	2,531,201	2,590,324
Charges for services-Transit	61,786	64,594	78,861	87,069	94,314	94,072	88,460	104,649	112,418	84,945
Operating grants & contributions	3,358,092	4,217,716	5,572,231	4,489,556	4,317,671	4,130,790	4,863,442	2,729,040	4,333,905	3,193,791
Capital grants & contributions	12,129,244	11,893,536	26,221,640	24,640,622	32,121,297	65,527,923	13,545,685	10,976,064	13,978,178	24,468,694
General revenues:										
Property taxes	11,415,775	11,728,305	11,550,562	11,659,973	11,878,892	13,278,605	13,679,737	18,023,515	18,621,275	19,031,452
Sales taxes	20,969,821	22,720,666	24,197,413	25,995,733	27,254,742	28,943,994	31,309,367	32,694,269	34,151,972	36,168,178
Other taxes and fees	16,182,779	22,723,385	21,811,094	24,254,006	30,286,052	29,044,718	42,283,630	37,168,655	46,850,308	40,728,490
Other	1,188,770	(173,794)	(4,881,649)	4,630,117	(790,266)	(668,516)	(1,956,347)	2,059,244	1,757,971	2,217,556
Transfers	(45,000)	-	-	-	-	200,000	200,000	1,125,000	825,000	200,000
Total revenues	74,181,670	84,853,531	97,137,792	108,588,530	117,307,914	153,881,939	118,876,768	119,206,132	135,858,440	141,442,081
Expenses:										
General government:										
Elected officials	193,640	133,300	202,515	183,406	297,496	275,250	343,182	282,123	332,480	290,502
Administration	390,182	507,073	595,811	492,554	456,302	489,702	499,029	561,385	1,231,613	1,074,343
Human resources	689,024	952,403	1,049,741	787,765	951,829	965,080	1,093,125	1,193,032	1,101,869	1,292,914
Legal	239,619	344,610	387,283	293,197	466,434	349,276	354,340	491,048	455,753	770,499
Communications	261,568	315,291	324,603	304,243	319,154	314,956	363,446	452,958	366,611	404,136
Capital investment planning	193,505	233,651	208,446	162,049	184,077	179,584	87,490	-	-	-
Project & facilities management	523,339	747,101	863,314	710,947	802,988	1,161,760	1,176,182	1,109,682	1,170,752	1,210,030
Revenue management	395,054	1,295,430	1,361,604	176,518	304,303	227,607	205,230	273,544	219,961	233,289
Finance	793,781	865,832	893,037	700,548	717,444	802,805	836,283	863,803	804,287	931,609
Information technology	3,354,101	3,468,124	3,993,526	4,756,627	4,213,881	4,520,824	4,104,824	4,465,981	4,931,812	4,952,583
Purchasing	131,633	145,891	159,188	141,705	165,711	176,188	177,659	207,506	213,132	227,691
Court	265,380	249,454	284,907	220,481	214,427	199,857	228,932	388,088	244,404	213,302
Building & neighborhood services	2,005,803	1,852,075	1,900,692	2,164,831	2,351,310	2,335,652	2,427,771	2,737,738	2,959,894	3,037,683
Planning	1,372,885	1,408,303	1,223,706	1,235,714	1,425,121	1,383,565	1,680,480	1,567,652	1,405,791	1,549,808
Engineering	797,691	612,030	768,730	648,601	696,853	763,790	806,847	1,013,726	1,169,263	1,344,905
Traffic operations center	-	395,448	460,102	658,063	723,312	828,506	862,274	1,128,998	1,074,055	922,142
General government	3,464,483	1,294,801	3,205,578	2,442,032	1,949,294	4,370,952	12,305,479	3,728,463	(700,908)	6,353,001
Public safety:										
Police	14,744,499	15,461,749	15,154,496	14,363,457	14,538,599	14,418,465	15,009,053	15,715,821	17,012,348	17,637,337
Fire	13,044,366	13,197,463	13,197,477	13,540,246	13,939,150	14,864,908	15,873,431	17,431,159	18,887,397	19,239,506
Parks	3,306,523	3,801,959	3,688,466	3,866,135	4,244,661	4,435,890	4,709,152	5,497,455	6,026,047	6,137,924
Streets-maintenance	15,873,886	16,734,751	21,221,774	16,431,675	18,426,769	19,867,157	22,605,118	29,048,511	30,832,500	27,936,118
Street-fleet	662,683	523,234	592,074	601,240	902,173	1,017,846	881,735	875,366	875,834	849,701
Sanitation	6,344,279	8,180,396	7,961,729	7,837,722	7,279,885	7,593,469	8,388,763	7,972,577	8,496,222	9,040,276
Storm water	1,126,529	1,319,328	1,508,125	1,622,743	2,016,390	1,776,125	2,105,446	2,361,491	2,521,031	2,465,549
Transit	1,030,107	1,257,352	1,398,956	1,623,600	1,736,112	2,372,642	1,705,932	2,035,623	2,240,269	2,405,778
Interest expense on long-term debt	1,061,285	3,919,236	3,730,536	3,679,511	3,742,163	4,087,064	3,988,622	4,074,621	4,587,179	5,281,715
Total expenses	72,265,845	79,216,285	86,336,416	79,645,610	83,065,838	89,778,920	102,819,825	105,478,351	108,459,596	115,802,341
Change in net position	\$ 1,915,825	\$ 5,637,246	\$ 10,801,376	\$ 28,942,920	\$ 34,242,076	\$ 64,103,019	\$ 16,056,943	\$ 13,727,781	\$ 27,398,844	\$ 25,639,740
Business-Type activities:										
Revenues:										
Program revenues:										
Charges for services	\$ 16,260,341	\$ 19,411,483	\$ 21,253,689	\$ 22,116,747	\$ 23,099,351	\$ 25,283,748	\$ 27,749,661	\$ 28,803,497	\$ 30,650,210	\$ 31,626,191
Capital grants & contributions	3,881,605	3,841,390	5,307,632	6,728,662	11,263,738	9,517,652	12,429,719	9,382,488	11,005,568	9,269,803
General revenues:										
Other sources	68,934	180,868	(7,153)	140,371	113,591	170,074	253,837	287,640	424,211	1,085,029
Transfers	45,000	-	-	-	-	(200,000)	(200,000)	(1,125,000)	(825,000)	(200,000)
Total revenues	20,255,880	23,433,741	26,554,168	28,985,780	34,476,680	34,771,474	40,233,217	37,348,625	41,254,989	41,781,023
Expenses:										
Water & sewer	19,764,723	21,396,756	21,960,116	21,973,257	22,694,995	23,353,227	24,245,697	26,189,612	28,476,942	29,846,225
Change in net position	\$ 491,157	\$ 2,036,985	\$ 4,594,052	\$ 7,012,523	\$ 11,781,685	\$ 11,418,247	\$ 15,987,520	\$ 11,159,013	\$ 12,778,047	\$ 11,934,798
Total change in net position	\$ 2,406,982	\$ 7,674,231	\$ 15,395,428	\$ 35,955,443	\$ 46,023,761	\$ 75,521,266	\$ 32,044,463	\$ 24,886,794	\$ 40,176,891	\$ 37,574,538

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Fund Balances - Governmental Funds

(Prepared using the modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Non-Spendable	\$ 489,453	\$ 522,733	\$ 1,423,017	\$ 1,741,675	\$ 1,141,340	\$ 1,712,291	\$ 1,879,610	\$ 2,223,101	\$ 2,061,344	\$ 1,719,567
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	25,424,920	24,439,033	24,588,314	27,148,443	31,573,111	33,757,157	37,369,976	41,060,041	47,398,627	51,482,407
Total General Fund	25,914,373	24,961,766	26,011,331	28,890,118	32,714,451	35,469,448	39,249,586	43,283,142	49,459,971	53,201,974
All Other Governmental Funds										
Special Revenue Funds										
Non-Spendable	-	-	-	-	46,013	32,553	57,121	76,130	65,380	34,840
Restricted	272,367	288,957	161,351	145,326	484,412	602,732	1,685,971	5,228,990	7,143,259	6,916,726
Committed	7,303,746	8,040,949	9,524,052	8,762,925	12,524,477	12,674,316	17,243,117	24,451,333	33,796,210	38,800,441
Assigned	-	-	-	1,124,507	1,971,048	5,243,672	7,060,075	5,353,767	8,806,157	13,175,194
Unassigned	(3,561,327)	(1,088,155)	(1,246,711)	(854,829)	-	-	-	-	-	-
Total Special Revenue Funds	4,014,786	7,241,751	8,438,692	9,177,929	15,025,950	18,553,273	26,046,284	35,110,220	49,811,006	58,927,201
Debt Service Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	465,190	1,099,568	318,138	84,729	195,118	709	5,000	90,197	106,587	372,887
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Debt Service Fund	465,190	1,099,568	318,138	84,729	195,118	709	5,000	90,197	106,587	372,887
Capital Projects Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	15,508,919	6,212,614	35,931,258
Committed	12,691,653	12,058,809	9,266,485	382,419	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(18,878,175)	(10,104,657)	(7,887,886)	-	-	-
Total Capital Projects Fund	12,691,653	12,058,809	9,266,485	382,419	(18,878,175)	(10,104,657)	(7,887,886)	15,508,919	6,212,614	35,931,258
Total All Other Governmental Funds	17,171,629	20,400,128	18,023,315	9,645,077	(3,657,107)	8,449,325	18,163,398	50,709,336	56,130,207	95,231,346
Total Governmental Funds	\$ 43,086,002	\$ 45,361,894	\$ 44,034,646	\$ 38,535,195	\$ 29,057,344	\$ 43,918,773	\$ 57,412,984	\$ 93,992,478	\$ 105,590,178	\$ 148,433,320

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Changes in Fund Balances - Governmental Funds
(Prepared using the modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 41,242,751	\$ 42,519,192	\$ 42,985,437	\$ 45,969,516	\$ 49,228,473	\$ 51,595,489	\$ 57,346,463	\$ 63,359,011	\$ 66,814,751	\$ 67,064,451
Licenses and permits	3,266,126	6,198,399	5,329,720	7,603,115	11,397,587	8,714,516	14,855,454	12,704,411	19,574,405	14,187,525
Fines and fees	1,213,643	945,045	1,084,450	824,280	758,369	843,422	753,497	753,497	753,497	511,864
Intergovernmental	8,155,250	16,698,318	25,631,707	5,973,111	16,290,803	19,789,750	23,052,657	19,626,633	21,724,493	21,846,542
Charges for services	6,941,540	8,908,640	9,186,271	9,264,390	8,557,376	10,194,368	10,952,510	10,518,112	11,109,359	12,099,847
Use of money and property	1,313,866	1,394,821	1,319,104	816,950	622,019	792,990	686,672	874,412	4,101,263	4,101,263
Miscellaneous	331,740	215,110	496,948	1,513,225	648,436	3,301	2,489,638	1,155,394	262,053	797,299
Total revenues	62,464,916	76,879,525	86,033,637	81,964,587	87,574,179	91,848,483	110,521,743	108,783,730	120,942,521	120,608,791
Expenditures										
Elected officials	193,640	136,692	202,515	183,406	297,496	275,250	343,182	282,124	332,480	290,502
Administration	379,780	495,904	582,714	478,456	445,982	483,622	492,182	535,330	1,064,210	1,043,428
Human resources	689,703	889,713	1,069,174	823,598	910,719	1,121,520	1,211,867	1,165,049	987,380	1,151,251
Legal	234,653	334,594	387,358	283,786	463,730	342,493	333,265	498,133	453,393	758,081
Communications	250,304	305,346	318,505	300,211	317,233	313,200	352,429	489,797	362,973	395,004
Capital investment planning	193,505	236,110	206,418	159,152	183,594	176,967	162,466	-	-	-
Project & facilities management	511,567	738,229	782,167	634,151	729,970	1,093,598	1,111,055	1,069,858	1,118,898	1,160,709
Revenue management	385,355	1,283,643	1,341,821	1,664,27	359,289	210,378	192,958	261,826	211,611	241,134
Public safety:										
Police	13,704,946	14,499,023	14,414,109	13,703,100	13,977,946	13,747,102	14,701,228	15,484,361	16,561,112	16,568,363
Fire	12,155,554	12,450,359	12,460,480	12,817,855	13,268,813	14,129,713	15,753,191	17,003,425	18,106,943	18,067,915
Finance	755,271	836,972	877,470	687,679	716,542	787,545	824,104	940,697	818,603	917,289
Information and technology	1,875,688	2,030,532	2,621,668	3,953,288	4,074,719	4,074,719	3,727,271	4,186,105	4,349,878	4,307,123
Purchasing	129,065	140,776	156,738	134,412	162,559	173,490	176,129	191,513	222,261	224,772
Court	268,352	247,575	281,966	217,568	239,857	201,815	319,159	444,685	317,866	212,987
Building & neighborhood services	1,857,185	1,869,310	1,958,127	2,101,158	2,321,624	2,356,810	2,423,538	2,909,042	2,909,042	2,982,913
Planning	1,400,790	1,362,339	1,220,100	1,216,935	1,419,450	1,406,527	1,637,525	1,560,527	1,471,756	1,557,636
Engineering	727,311	588,560	761,838	631,300	687,014	759,768	802,701	991,964	1,123,694	1,292,986
Traffic operations center	41,476	1,100,104	333,495	459,315	396,044	484,244	498,106	777,609	736,150	704,590
Economic Development center	4,476	45,313	42,742	46,313	52,811	32,811	67,277	53,592	67,518	78,327
Parks	2,318,156	3,162,220	2,682,137	2,682,797	3,024,341	3,239,260	3,538,547	4,214,304	4,697,744	4,638,144
Streets-maintenance	6,641,212	6,066,942	6,282,477	6,367,667	6,008,306	6,500,001	8,221,079	14,290,794	15,781,502	12,641,002
Streets-traffic	-	913,788	948,377	790,995	1,280,969	1,198,941	1,360,638	1,508,872	1,377,220	1,484,099
Streets-fleet	662,683	849,948	586,722	596,448	874,303	1,073,512	945,575	940,286	836,861	808,172
General government	2,751,076	481,069	668,119	1,277,170	1,184,017	1,314,706	3,680,359	672,243	(1,363,747)	1,959,699
Appropriations	435,139	416,815	416,624	429,824	429,824	513,599	473,706	964,436	464,073	466,424
Sanitation	5,636,808	7,366,610	7,265,672	7,025,547	6,446,791	7,490,571	8,308,687	7,834,537	7,958,336	8,202,439
Storm water	1,048,680	1,246,262	1,401,563	1,517,703	1,918,130	1,638,451	2,112,676	2,314,747	2,554,078	2,282,043
Transit	858,064	1,195,802	1,185,600	1,381,776	1,553,237	2,243,080	1,574,974	1,890,367	2,086,098	2,277,206
Debt service:										
Principal	4,584,980	5,823,000	6,361,000	6,469,000	6,670,000	7,449,000	7,783,000	7,992,000	8,118,000	7,945,000
Interest	1,350,478	4,199,034	4,261,808	4,277,301	4,298,262	4,644,723	4,973,106	4,886,022	5,514,705	5,544,524
Other charges	109,485	583,532	85,493	199,479	28,317	151,263	16,838	18,726	7,976	142,027
Capital outlay - capital	25,089,968	18,595,950	16,004,450	16,944,065	32,567,975	16,081,875	12,344,902	5,663,429	11,727,276	11,937,017
Total expenditures	87,240,874	90,492,066	88,048,447	88,939,732	116,911,711	95,710,554	100,463,720	101,878,242	110,975,890	112,282,806
Excess (deficiency) of revenues over (under) expenditures	(24,775,958)	(13,612,541)	(2,014,810)	(6,975,145)	(29,337,532)	(3,862,071)	10,058,023	6,905,488	9,966,631	8,325,985
Other financing sources (uses):										
Proceeds from issuance of long-term debt	45,881,353	33,206,236	687,562	23,975,694	19,859,681	17,196,020	3,236,188	25,008,840	806,069	52,525,000
Transfer to bond escrow agent	-	(17,317,803)	-	(22,500,000)	-	1,327,480	-	3,540,166	-	(26,670,360)
Operating transfers in	6,955,030	7,831,891	5,794,421	6,740,323	7,767,550	9,242,452	9,303,969	15,285,099	10,496,177	10,265,312
Operating transfers out	(7,000,030)	(7,831,891)	(5,794,421)	(6,740,323)	(7,767,550)	(9,042,452)	(9,103,969)	(14,160,099)	(9,671,177)	(10,065,312)
Total other financing sources (uses)	45,836,353	15,888,433	687,562	1,475,694	19,859,681	18,723,500	3,436,188	29,674,006	1,631,069	34,517,157
Net changes in fund balances	\$ 21,060,395	\$ 2,275,892	\$ (1,327,248)	\$ (5,499,451)	\$ (9,477,851)	\$ 14,861,429	\$ 13,494,211	\$ 36,579,494	\$ 11,597,700	\$ 42,843,142
Debt service as a % of noncapital expenditures	9.55%	13.94%	14.74%	14.93%	13.00%	15.19%	14.48%	13.38%	13.74%	13.44%

CITY OF FRANKLIN, TENNESSEE

Revenue Capacity Information
Local Sales Tax Collections

FISCAL YEAR	Estimate of Taxable Sales to Local Sales Tax	Local Sales Tax		Less: County Portion (1/2 of tax)	Less: County Admin Fee (1% of City's 1/2 of tax)	Local Sales Tax Received by City	Percent of General Fund Revenue
		Rate (City & Williamson County)	Total Local Sales Tax Collected				
2019	\$ 3,247,423,397	2.75%	\$ 73,067,026	\$ (36,533,513)	\$ (365,335)	\$ 36,168,178	49.7%
2018	3,066,394,800	2.75%	68,993,883	(34,496,941)	(344,969)	34,151,972	49.4%
2017	2,935,512,368	2.25%	66,049,028	(33,024,514)	(330,245)	32,694,269	49.1%
2016	2,811,166,510	2.25%	63,251,246	(31,625,623)	(316,256)	31,309,367	49.3%
2015	2,598,787,340	2.25%	58,472,715	(29,236,358)	(292,364)	28,943,994	50.4%
2014	2,447,114,882	2.25%	55,060,085	(27,530,042)	(275,300)	27,254,742	47.9%
2013	2,334,072,548	2.25%	52,516,632	(26,258,316)	(262,583)	25,995,733	49.4%
2012	2,172,607,228	2.25%	48,883,663	(24,441,831)	(244,418)	24,197,413	47.5%
2011	2,040,014,905	2.25%	45,900,335	(22,950,168)	(229,502)	22,720,666	44.8%
2010	1,882,812,211	2.25%	42,363,275	(21,181,637)	(211,816)	20,969,821	45.4%

Tennessee Code Annotated Section 67-6-702 authorizes the levy of a local option sales tax. The tax is applied only to the first \$1,600 of any single article of personal property. In February 2018, the voters of Williamson County approved by referendum an increase in the local option sales tax rate from 2.25% to 2.75%, which is the maximum rate authorized by state law. The new rate became effective, April 1, 2018. The City of Franklin entered into an intergovernmental agreement with Williamson County through which the City's additional revenues, generated under the new tax rate (0.50%) will remain with the County for the purposes of funding County School debt service for a period of 3 years beginning April 1, 2018.

The City receives 1/2 of the 2.25% rate collected within the City. Williamson County receives the other 1/2, plus an administrative fee of 1% of the City's 1/2 of the tax.

CITY OF FRANKLIN, TENNESSEE

Revenue Capacity Information -
Assessed Value and Estimated Actual Value of Taxable Property

FISCAL YEAR	Real Property Assessment			Personal Property Assessment			Public Utility Assessment			Taxable Assessed Value as a Percentage of Estimated Actual Value		
	Residential & Farm Property	Industrial & Commercial Property	Industrial & Commercial Property	Intangible Property	State Assessment	Local Assessment	Total Taxable Assessed Value	Estimated Actual Taxable Value	Estimated Actual Taxable Value	Actual Value	Rate	Total Direct Rate
2019	\$ 2,307,323,295	\$ 2,445,463,471	\$ 190,862,365	\$ 110,259	\$ 64,399,468	\$ -	\$ 5,008,158,858	\$ 18,208,229,470	\$ 18,208,229,470	27.50%	0.4176	
2018	2,225,948,965	2,394,850,296	196,029,038	127,836	66,131,091	-	4,883,087,226	15,696,174,389	15,696,174,389	31.11%	0.4176	
2017	2,124,725,620	2,290,475,081	164,777,885	115,036	68,350,538	-	4,648,444,160	14,931,225,106	14,931,225,106	31.13%	0.4176	
2016	1,686,264,015	1,675,073,222	157,978,412	84,526	57,576,973	-	3,576,977,148	11,591,451,146	11,591,451,146	30.86%	0.4065	
2015	1,628,904,915	1,586,857,868	163,708,520	53,322	60,066,953	471,130	3,440,062,708	11,413,859,405	11,413,859,405	30.14%	0.4065	
2014	1,572,195,410	1,549,098,572	156,642,888	69,209	55,553,796	-	3,333,559,875	11,065,624,425	11,065,624,425	30.13%	0.3765	
2013	1,523,744,360	1,487,649,998	148,889,463	1,275,280	56,228,260	-	3,217,787,361	10,442,405,019	10,442,405,019	30.81%	0.3765	
2012	1,492,455,650	1,477,904,852	152,009,171	915,060	54,282,799	471,130	3,178,038,662	10,298,785,436	10,298,785,436	30.86%	0.3765	
2011	1,396,203,808	1,171,557,561	148,428,180	531,997	52,470,801	-	2,769,192,347	9,963,638,570	9,963,638,570	27.79%	0.4340	
2010	1,371,758,898	1,140,259,084	129,518,412	572,304	47,032,940	192,390	2,689,334,028	10,225,661,696	10,225,661,696	26.30%	0.4340	

Source: Tax Aggregate Report of Tennessee

Note: Property of the City is reappraised periodically. Tax rates are per \$100 of assessed value.

CITY OF FRANKLIN, TENNESSEE

Revenue Capacity Information -
Property Tax Rates - Direct and Overlapping Governments*

Fiscal Year	Direct Rate				Overlapping Rate		Total Direct and Overlapping
	City of Franklin*				Williamson County **		
	General Fund	Debt Service Fund	Street Aid Fund	Capital Projects Fund	Total Direct Rate	Total Overlapping Rate	
2019***	\$ 0.2290	\$ 0.1736	\$ 0.0150	---	\$ 0.4176	\$ 2.7390	\$ 3.1566
2018***	0.2137	0.1889	0.0150	---	0.4176	2.6890	3.1066
2017***	0.2262	0.1614	0.0150	0.0150	0.4176	2.6790	3.0966
2016	0.1517	0.2248	0.0150	0.0150	0.4065	3.0541	3.4606
2015	0.1716	0.2049	0.0150	0.0150	0.4065	2.9775	3.3840
2014	0.1979	0.1786	---	---	0.3765	2.9775	3.3540
2013	0.2149	0.1616	---	---	0.3765	2.9510	3.3275
2012	0.2108	0.1657	---	---	0.3765	2.9510	3.3275
2011	0.2410	0.1930	---	---	0.4340	3.1800	3.6140
2010	0.3200	0.1140	---	---	0.4340	3.1700	3.6040

Beginning in fiscal year 2010, the direct rate was separated between the General Fund and the Debt Service Fund. Beginning in fiscal year 2015, the direct rate was separated between the General Fund, the Debt Service Fund, the Street Aid Fund, and the Capital Projects Fund.

* Per \$100 of assessed valuation

** Levied on County property within the City. Rate is applicable to City property located in the special school district; substantially all of the City's assessed property is in the special school district. County rates for City of Franklin property not in the special school district are as follows:

2019	2.0900
2018	2.0700
2017	1.8500
2016	2.0000
2015	2.2000
2014	2.2000
2013	2.2000
2012	2.2000
2011	2.2000
2010	2.2000

***FY2017 General Fund rate is inclusive of \$.1562 for General Fund operations and \$.0700 for the General Fund Capital Funding account.

***FY2018 General Fund rate is inclusive of \$.1751 for General Fund operations and \$.0386 for the General Fund Capital Funding account.

***FY2019 General Fund rate is inclusive of \$.1918 for General Fund operations and \$.0372 for the General Fund Capital Funding account.

CITY OF FRANKLIN, TENNESSEE

**Revenue Capacity Information -
Principal Property Taxpayers, Current Year and Ten Years Ago**

<u>Taxpayer</u>	2010		2019	
	Assessed Valuation	Percent of Total Valuation	Assessed Valuation	Percent of Total Valuation
<u>Real and Personal Property Tax</u>				
Highwoods Properties	\$ 17,170,360	0.64%	\$ 119,068,300	2.38%
Galleria Associates (CBL Assoc.)	44,800,000	1.67%	94,136,300	1.88%
Boyle Investments			77,854,000	1.55%
Hall Emery			65,785,000	1.31%
Stock Bridge Capital			61,800,600	1.23%
Middle Tennessee Electric			54,043,100	1.08%
Chartwell Hospitality			42,272,000	0.84%
LCFRE Carothers			40,618,700	0.81%
SVT			35,194,300	0.70%
Mid-America Apts. LP			34,548,400	0.69%
Carothers Office ACQ LLC	26,064,120	0.97%		
Wyndchase, LLC	20,000,000	0.74%		
Williams W. Fred Trust	19,804,760	0.74%		
Landings F C LP	19,022,465	0.71%		
Williamson Farms Corp	16,622,960	0.62%		
Crescent Resources	15,937,312	0.59%		
Boyle Cool Springs Joint Venture	15,194,640	0.56%		
Alara Franklin Corp	13,862,320	0.52%		
Totals	<u>\$ 208,478,937</u>	<u>7.75%</u>	<u>\$ 625,320,700</u>	<u>12.49%</u>

* Total assessed valuation in 2010 (tax year 2009) was \$2,689,334,028.

** Total assessed valuation in 2019 (tax year 2018) is \$5,008,158,858.

CITY OF FRANKLIN, TENNESSEE

Revenue Capacity Information -
Property Tax Levies and Collections

Fiscal Year	Total Tax Levy	Collected Within One Year of Levy	Percent Collected	Collections in Subsequent Years	Total Collections	Total Collections as Percent of Total Levy	Outstanding Delinquent Taxes
2019	\$ 20,834,771	\$ 20,584,843	98.8%	\$ -	\$ 20,584,843	98.8%	\$ 249,928
2018	20,126,690	19,895,443	98.9%	180,319	20,075,762	99.7%	50,928
2017	19,203,126	19,013,067	99.0%	159,105	19,172,172	99.8%	30,954
2016	14,306,693	14,114,206	98.7%	186,219	14,300,425	100.0%	6,268
2015	13,742,347	13,551,648	98.6%	185,645	13,737,293	100.0%	5,054
2014	12,342,702	12,146,687	98.4%	189,268	12,335,955	99.9%	6,747
2013	11,902,186	11,724,940	98.5%	168,650	11,893,590	99.9%	8,596
2012	11,718,525	11,519,012	98.3%	189,744	11,708,756	99.9%	9,769
2011	11,785,700	11,507,981	97.6%	262,417	11,770,398	99.9%	15,302
2010	11,468,281	11,159,219	97.3%	291,920	11,451,139	99.9%	17,142

CITY OF FRANKLIN, TENNESSEE

Debt Capacity Information -
Ratios of Outstanding Debt by Type

Fiscal Year	Governmental Activities			Business-type Activities			Total Outstanding Debt	Personal Income **	Percentage of Personal Income	Population ***	Debt Per Capita
	General Obligation	Bonds *	Capital Leases	Water & Sewer Revenue & Tax	Bonds *	Capital Leases					
2019	\$ 167,912,949	\$ -	\$ -	\$ 49,621,380	\$ -	\$ -	\$ 217,534,329	\$ 6,760,297,812	3.2%	70,908	3,068
2018	141,697,493	884,974	884,974	42,926,581	17,187	17,187	185,526,235	6,760,297,812	2.7%	70,908	2,616
2017	150,159,179	2,170,299	2,170,299	45,705,483	30,737	30,737	198,065,698	6,760,297,812	2.9%	70,908	2,793
2016	131,675,830	3,428,930	3,428,930	35,463,236	-	-	170,567,996	6,174,268,360	2.8%	66,370	2,570
2015	139,649,696	3,188,492	3,188,492	38,987,696	-	-	181,825,884	6,126,282,850	3.0%	66,370	2,740
2014	130,913,402	3,284,692	3,284,692	42,458,312	-	-	176,656,406	5,642,445,550	3.1%	66,370	2,662
2013	120,136,535	2,357,012	2,357,012	45,875,189	-	-	168,368,736	4,995,335,754	3.4%	62,487	2,694
2012	126,742,579	1,413,816	1,413,816	48,839,368	77,313	77,313	177,073,076	4,919,539,023	3.6%	62,487	2,834
2011	133,230,841	1,366,034	1,366,034	51,972,602	177,540	177,540	186,747,017	4,481,317,692	4.2%	62,487	2,989
2010	122,794,047	1,881,353	1,881,353	53,969,872	-	-	178,645,272	4,113,144,288	4.3%	62,487	3,178

* This amount includes unamortized premiums

** Personal income is disclosed on page 132. (Values are updated to match income table updates.)

*** Tennessee Certified Populations reports

Resources used in the calculation above are not externally restricted for repayment of debt principal.

CITY OF FRANKLIN, TENNESSEE

Debt Capacity Information -
Ratios of General Bonded Debt Outstanding

FISCAL YEAR	General Obligation Debt *	Less: Amounts Available in Debt Service Fund **	Net General Obligation Debt Service	Appraised Value ***	Ratio of Net General Obligation Debt to Appraised Value	Population ****	Net General Obligation Debt Per Capita
2019	\$ 167,912,949	\$ 372,887	\$ 167,540,062	\$ 18,208,229,470	0.9%	70,908	\$ 2,363
2018	141,697,493	106,587	141,590,906	15,696,174,389	0.9%	70,908	1,997
2017	150,159,179	90,197	150,068,982	14,931,225,106	1.0%	70,908	2,116
2016	131,675,830	5,000	131,670,830	11,591,451,146	1.1%	66,370	1,984
2015	139,649,696	709	139,648,987	11,413,859,405	1.2%	66,370	2,104
2014	130,913,402	195,118	130,718,284	11,065,624,425	1.2%	66,370	1,970
2013	120,136,535	84,729	120,051,806	10,442,405,019	1.1%	62,487	1,921
2012	126,742,579	318,138	126,424,441	10,298,785,436	1.2%	62,487	2,023
2011	133,230,841	1,099,568	132,131,273	9,963,638,570	1.3%	62,487	2,115
2010	122,794,047	465,190	122,328,857	10,225,661,696	1.2%	56,219	2,176

* This amount includes unamortized premiums

** Fund began in 2010

*** State of TN Comptroller Division of Property Assessment

**** Tennessee Certified Populations

CITY OF FRANKLIN, TENNESSEE

Debt Capacity Information -
Direct and Overlapping Governmental Activities Debt
June 30, 2019

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Estimated Share of Overlapping Debt</u>
Williamson County	\$ 738,600,000	39.68% *	\$ 293,079,029
Franklin Special School District Subtotal, overlapping debt	59,095,517	100.00% **	59,095,517
			352,174,546
City of Franklin direct debt of governmental activities			167,912,949 ***
Total direct and overlapping debt			\$ 520,087,495

* Based upon Assessed Value of Property in:

County	\$ 12,621,258,299
City	\$ 5,008,158,858

** All of the Special School District is located within the City of Franklin.

*** This amount includes unamortized premiums.

CITY OF FRANKLIN, TENNESSEE

Debt Capacity Information -
Legal Debt Margin Information

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Value	\$ 2,689,334,028	\$ 2,769,192,347	\$ 3,178,038,662	\$ 3,217,787,361	\$ 3,333,559,875	\$ 3,440,062,708	\$ 3,576,977,148	\$ 4,648,444,160	\$ 4,883,087,226	\$ 5,008,158,858
General Obligation Debt*	\$ 122,794,047	\$ 133,230,841	\$ 126,742,579	\$ 120,136,535	\$ 130,913,402	\$ 139,649,696	\$ 131,675,830	\$ 150,159,179	\$ 141,697,493	\$ 167,912,949
Debt as % of Assessed Value	4.6%	4.8%	4.0%	3.7%	3.9%	4.1%	3.7%	3.2%	2.9%	3.4%

Note - The City has no legal debt limit.

* This amount includes unamortized premiums.

CITY OF FRANKLING, TENNESSEE

Debt Capacity Information -
Water & Sewer Fund
Pledged-Revenue Coverage

Fiscal Year	Gross Revenues *	Contributions, Taps, & Access Fees		Direct Operating Expense **	Net Revenue Available for Debt Service	Debt Service Requirements ***			Coverage
						Principal	Interest	Total	
2019	\$ 32,711,220	\$ 9,269,803	\$ 21,137,078	\$ 20,843,945	\$ 4,407,812	\$ 1,492,297	5,900,109	3.53	
2018	31,074,421	11,005,568	21,319,614	20,760,375	4,303,193	1,547,782	5,850,975	3.55	
2017	29,091,137	9,382,488	20,123,220	18,350,405	3,973,101	1,656,693	5,629,794	3.26	
2016	28,003,498	12,429,719	17,477,139	22,956,078	3,510,885	1,293,872	4,804,757	4.78	
2015	25,453,822	9,517,652	16,467,456	18,504,018	3,411,934	1,430,642	4,842,576	3.82	
2014	23,212,942	11,263,738	15,635,777	18,840,903	3,358,090	1,565,559	4,923,649	3.83	
2013	22,257,118	6,728,662	14,880,678	14,105,102	3,671,566	1,721,346	5,392,912	2.62	
2012	21,246,536	5,307,632	15,293,416	11,260,752	3,113,470	1,714,353	4,827,823	2.33	
2011	19,592,351	3,841,390	14,961,368	8,472,373	3,032,418	1,493,066	4,525,484	1.87	
2010	16,329,275	3,881,605	13,206,129	7,004,751	3,032,418	1,553,890	4,586,308	1.53	

* Includes nonoperating revenues

** Excludes depreciation and interest expense; Includes transfers

*** Includes revenue and tax bonds and notes

CITY OF FRANKLIN, TENNESSEE

Demographic and Economic Information -
Demographic and Economic Statistics, Last Ten Fiscal Years

Year	Population *	Personal Income **	Per Capita Personal Income ***	Education Level in		School Enrollment *****	Unemployment Rate *****
				Years of Schooling *****	Schooling *****		
2019	70,908	\$ 6,760,297,812	\$ 95,339	15.2	16,345	2.8%	
2018	70,908	6,760,297,812	95,339	15.2	16,207	2.8%	
2017	70,908	6,760,297,812	95,339	15.2	15,652	2.8%	
2016	66,370	6,174,268,360	93,028	15.2	14,245	3.7%	
2015	66,370	6,126,282,850	92,305	15.1	14,076	4.3%	
2014	66,370	5,642,445,550	85,015	15.1	13,255	4.8%	
2013	62,487	4,995,335,754	79,942	15.0	12,037	5.4%	
2012	62,487	4,919,539,023	78,729	14.9	11,834	5.3%	
2011	62,487	4,481,317,692	71,716	14.9	11,193	6.3%	
2010	62,487	4,113,144,288	65,824	14.9	10,950	6.3%	

* Tennessee Certified Population reports

** Personal Income is calculation of Population times Per Capita Personal Income

*** U.S. Bureau of Economic Analysis (BEA) for Williamson County: Local Area Personal Income. (Values are updated to match income table updates.)

**** U.S. Census. Educational Attainment for Adults Age 25 or Older for Franklin.

***** Tennessee Department of Education Annual Reports. Population of Franklin is compared to County's to estimate the enrollment from Franklin.

***** U.S. Bureau of Labor Statistics, rate for June of each year

CITY OF FRANKLIN, TENNESSEE

Demographic and Economic Information -
Principal Employers, Current Year and Nine Years Ago

Employer	2010			2019**		
	Employees *	Rank	Percentage of Total County Employment	Employees **	Rank	Percentage of Total City Employment
Community Health Systems	1,800	2	3.46%	2,652	1	5.77%
Nissan North America	1,300	4	2.50%	1,700	2	3.70%
Optum				1,600	3	3.48%
Williamson Medical Center	1,300	3	2.50%	1,201	4	2.61%
Mars Petcare	680	8	1.31%	1,000	5	2.18%
Lee Company	520	10	1.00%	877	6	1.91%
Ford Motor Credit				860	7	1.87%
Schneider Electric				850	8	1.85%
eviCore Healthcare				653	9	1.42%
Jackson National Life Insurance Co.				518	10	1.13%
Verizon Wireless	1,000	5	1.92%			
Cool Spring Galleria	3,500	1	6.73%			
Healthways	800	7	1.54%			
AIM Healthcare	815	6	1.57%			
Progeny Marketing Innovations	550	9	1.06%			
Total	12,265		23.59%	11,911		25.93%

* City's 2010 Comprehensive Annual Financial Report. Prior to 2013, the CAFR represented Franklin employers by county statistics.

** Williamson County Office of Economic Development, Williamson, Inc. 2018 Trends Report. As of the time of this publication, 2019 data was not available.

CITY OF FRANKLIN, TENNESSEE

Operating Information -
Authorized Full Time Employees by Function

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administration	5	5	6	5	6	6	6	6	9	10
Building and Neighborhood Services	28	28	28	30	31	32	33	35	36	36
Capital Investment Planning	2	2	2	1	2	2	2	0	0	0
Communications	3	3	3	3	3	3	4	4	4	4
Court	3	2	2	2	2	2	3	3	2	3
Engineering	8	8	8	10	11	12	12	13	13	14
Finance	11	11	9	9	10	10	10	10	9	9
Fire	158	158	158	160	161	171	171	171	172	172
HR	8	9	10	11	11	11	11	11	12	12
IT	17	17	17	19	18	20	20	21	22	23
Law	3	4	4	4	5	4	4	5	5	5
Parks	29	30	31	33	34	31	37	39	41	44
Planning and Sustainability	18	18	18	15	17	16	16	16	15	15
Police	176	175	175	175	176	156	157	142	143	142
Projects and Facilities Management	7	6	6	6	7	7	7	5	6	6
Purchasing	2	2	3	3	3	3	3	3	3	3
Revenue Management	14	13	14	15	14	13	13	13	14	14
Solid Waste	51	51	52	49	48	49	49	45	45	45
Storm water	11	11	16	16	17	18	19	20	21	22
Streets	52	52	47	49	52	53	53	54	58	59
Traffic Operations Center	3	3	3	4	3	4	3	3	4	4
Water & Wastewater	81	82	83	84	84	85	86	92	94	96
TOTAL	690	690	695	703	715	708	719	711	728	738

Note 1: The City's 9 elected officials (Mayor and 8 Aldermen) and City Judge are not included in the numbers above.

Note 2: An asterisk (*) indicates the department had not been created in the year shown.

Note 3: Beginning in 2015 the authorized, vacant, but unfunded positions are not reflected in the counts.

CITY OF FRANKLIN, TENNESSEE

Operating Information -
Operating Indicators by Function

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Calls for service	76,545	64,719	75,700	77,964	80,205	77,818	67,533	57,154*	68,966**	60,201
Fire										
Number of alarms	5,878	5,746	5,767	6,115	6,501	6,790	7,039	7,856	9,058	8,879
Sanitation										
Landfill usage	71,589	64,619	59,212	54,190	65,116	81,651	95,393	81,137	87,536	86,120
Recycling (tons)	5,233	5,556	6,209	6,781	8,605	7,897	7,904	8,726	7,875	6,623
Codes										
Single family permits	170	309	331	485	519	480	691	636	495	358
Water										
Average daily usage	5,300,000	5,704,268	5,872,863	5,805,912	5,690,082	5,636,146	5,755,000	5,737,000	5,770,000***	6,314,000
Water storage capacity (gallons)	11,500,000	12,000,000	12,000,000	12,000,000	11,500,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000

Source: City of Franklin departments

* The November 2016 transition of dispatch services from the Franklin Police Department to the Williamson County Emergency Communications Center resulted in data collection differences. 100% of possible calls are not represented.

** The Franklin Fire Department and Police department continue to track the calls and alarms. For consistency with prior year reporting, we will be using these figures to represent the calls and alarms above.

*** The calculation of this figure includes Water plant staff estimates of the lowest usage months as a result of a plant shut down.

CITY OF FRANKLIN, TENNESSEE

Operating Information -
Capital Asset Statistics by Function

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles (radio equipped)	136	133	152	156	136	139	136	150	140	128***
Fire										
Fire stations	6	6	6	6	6	7	7	8	8	8
Fire response vehicles	19	19	19	22	22	22	22	22	22	23
Fire hydrants	2,074	1,957	3,155*	3,325*	3,326*	3,416*	3,576*	3,675*	3,810*	3,921*
Street										
Streets (miles)	283	285	286	293	304	317	325	347	339**	344
Parks										
Number of parks	16	16	16	16	16	16	16	16	16	17
Water										
Water lines (miles)	276	284	283	285	288	293	296	301	302	303
Sewer lines (miles)	350	355	352	354	360	371	387	393	408	415
Reclaimed lines (miles)	--	--	--	--	--	--	--	--	28	28

Source: City of Franklin departments

* Provided by City of Franklin Fire Department (for hydrants within City limits)

**Improvements in the GIS street layer process removed centerline segments, which caused a street mileage reduction

***Switch to 700mhz radios. Pool cars and special use vehicles were not assigned the new radios (portables are being used in those vehicles).

INTERNAL CONTROL AND COMPLIANCE SECTION



HISTORIC
FRANKLIN
TENNESSEE

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

Utility Services

<u>Service</u>	<u>Number of Customers</u>	<u>Fees</u>
Water	18,090	\$ 11,692,199
Sewer	25,246	18,790,102
Reclaimed	86	128,937

Utility Rates

The following rates were effective January 1, 2019. A minimum bill of 1,000 gallons per customer is levied.

Water Residential Rates:

<u>Gallons</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
First 1,000 Gallons	\$ 12.60	\$ 15.05
Next 9,000 Gallons	5.07	7.79
Next 15,000 Gallons	6.00	8.37
All Additional Gallons	6.93	8.95

Water Commercial Rates:

<u>Gallons</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
First 1,000 Gallons	\$ 19.24	\$ 22.96
Next 9,000 Gallons	5.05	7.71
Next 15,000 Gallons	5.98	8.29
All Additional Gallons	6.91	8.87

Sewer Residential Rates:

<u>Gallons</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
First 1,000 Gallons	\$ 17.71	\$ 22.79
Next 14,000 Gallons	6.13	9.52
All Additional Gallons	5.34	8.37

Sewer Commercial Rates:

<u>Gallons</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
First 1,000 Gallons	\$ 43.14	\$ 46.62
Next 14,000 Gallons	6.68	10.35
All Additional Gallons	5.69	8.46

Reclaimed Water Rate:

<u>Gallons</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
For each 1,000 Gallons	\$ 0.97	\$ 0.97

For reclaimed, there are also rates determined by contract between the City and the customer.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE (Cont.)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

Installation Charger:

<u>Water Meter Size</u>	<u>Installation-Meter Only</u>	<u>Installation-Complete</u>
3/4"	\$ 315	\$ 756
1"	374	897
1-1/2"	656	1,444
2"	1,362	2,223
3"	1,581	3,654
4"	2,668	5,492
6"	4,723	7,387
8"	10,293	14,110

<u>Sewer Meter Size</u>	<u>Installation-Meter Only</u>	<u>Installation-Complete</u>
3/4"	\$ 263	\$ 1,240
1"	263	1,240
1-1/2"	263	1,240
2"	263	1,240
3"	263	1,240
4"	263	1,240
6"	263	1,240
8"	263	1,240

<u>Reclaimed Meter Size</u>	<u>Installation-Meter Only</u>	<u>Installation-Complete</u>
3/4"	\$ 500	\$ 720
1"	500	854
1-1/2"	500	1,375
2"	500	2,117
3"	500	3,480
4"	500	5,230
6"	500	7,035
8"	500	13,438

<u>Impact Fees*: Meter Size</u>	<u>Water Impact Fee</u>	<u>Sewer Impact Fee</u>
3/4"	\$ 2,089	\$ 3,544
1"	8,358	14,175
1-1/2"	20,009	34,020
2"	26,745	45,360
3"	58,506	99,225
4"	83,580	141,750
6"	200,592	34,200
8"	250,740	425,250

<u>Irrigation: Meter Size</u>	<u>Irrigation Meter</u>	<u>Reclaimed Disposal Fee</u>
3/4"	\$ 3,150	\$ 450
1"	4,725	1,800
1-1/2"	6,300	4,320
2"	7,875	5,760
3"	9,450	12,600
4"	11,025	18,000
6"	12,600	43,200
8"	14,175	54,000

*Beginning in 2019, the Access and SDF fees were combined for an Impact fee.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE (Cont.)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

Utility Rates

The following rates are effective January 1, 2020. A minimum bill of 1,000 gallons per customer is levied.

Water Residential Rates:

<u>Gallons</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
First 1,000 Gallons	\$ 13.36	\$ 15.80
Next 9,000 Gallons	5.18	7.90
Next 15,000 Gallons	6.11	8.48
All Additional Gallons	7.04	9.06

Water Commercial Rates:

<u>Gallons</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
First 1,000 Gallons	\$ 19.99	\$ 23.71
Next 9,000 Gallons	5.16	7.82
Next 15,000 Gallons	6.09	8.40
All Additional Gallons	7.02	8.98

Sewer Residential Rates:

<u>Gallons</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
First 1,000 Gallons	\$ 18.87	\$ 23.95
Next 14,000 Gallons	6.27	9.66
All Additional Gallons	5.48	8.51

Sewer Commercial Rates:

<u>Gallons</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
First 1,000 Gallons	\$ 44.30	\$ 47.78
Next 14,000 Gallons	6.82	10.49
All Additional Gallons	5.83	8.60

Reclaimed Water Rate:

<u>Gallons</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
For each 1,000 Gallons	\$ 0.97	\$ 0.97

For reclaimed, there are also rates determined by contract between the City and the customer.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY MAJOR CUSTOMERS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

The following table presents information on the ten largest customers of the System during the fiscal year ended June 30, 2019, ranked according to consumption and billings.

TOP TEN WATER CUSTOMERS				
Customer	Gallons of Water Purchased (1,000)	% of Total Water Consumed	Revenue	% of Total Water Revenues
Williamson Medical (Hospital)	29,684	2.11%	\$ 202,038	2.01%
Franklin Estates (Residential)	16,807	1.19%	\$ 114,361	1.14%
Williamson County Jail	12,735	0.91%	\$ 86,848	0.86%
Prescott Place HOA (Residential)	11,474	0.82%	\$ 74,896	0.74%
IMI Tennessee, Inc (Concrete)	10,442	0.74%	\$ 71,163	0.71%
Carrington Hills (Residential)	9,962	0.71%	\$ 82,802	0.82%
Essex Int'l (Mfg.)	9,239	0.66%	\$ 62,897	0.62%
Apcom Inc (Mfg.)	8,784	0.62%	\$ 59,816	0.59%
River Oaks Apartments, LLC (Apts)	7,205	0.51%	\$ 53,064	0.53%
Orleans Estate HOA (Residential)	6,554	0.47%	\$ 45,858	0.46%
TOTAL	122,886	8.74%	\$ 853,743	8.48%

TOP TEN WASTEWATER CUSTOMERS				
Customer	Gallons Billed (1,000)	% of Total Gallons Billed	Revenue	% of Total Sewer Revenues
Star Brentwood, LLC	35,029	1.41%	\$ 184,018	0.96%
IMT Capital Reit IV/Alara (Residential)	31,504	1.27%	\$ 177,452	0.92%
Williamson Medical Center (Hospital)	29,684	1.20%	\$ 166,773	0.87%
Cool Springs Galleria (Retail Mall)	18,496	0.75%	\$ 104,112	0.54%
BMPA Aspen Grove (Residential)	18,040	0.73%	\$ 101,397	0.53%
Franklin Estates (Residential)	16,807	0.68%	\$ 147,358	0.77%
Prescott Place HOA (Residential)	11,474	0.46%	\$ 96,184	0.50%
100 Gillespie Drive LLC (Residential)	15,499	0.63%	\$ 87,446	0.46%
CH Realty (Residential)	14,500	0.59%	\$ 81,745	0.43%
Embassy Suites (Hotel)	13,958	0.56%	\$ 78,665	0.41%
TOTAL	204,991	8.28%	\$ 1,225,150	6.39%

TOP TEN RECLAIMED WATER CUSTOMERS				
Customer	Gallons of Water Purchased (1,000)	% of Total Water Consumed	Revenue	% of Total Water Revenues
Rural Plains Partnership (Business)	32,023	28.74%	\$ 32,957	28.68%
Boyle Investment (Business/Res)	12,500	11.22%	\$ 12,112	10.54%
Vanderbilt Legends Club (Golf Course)	12,192	10.94%	\$ 0	0.00%
Tennssec Baptist Mission Board (Bus)	11,295	10.14%	\$ 1,159	1.01%
City of Franklin Parks	9,790	8.79%	\$ 9,500	8.27%
John Deere Landscapes (Commercial)	8,227	7.38%	\$ 7,980	6.95%
Berry Farms (Business/Residential)	6,031	5.41%	\$ 6,026	5.24%
Southern Land Co. (Residential)	4,043	3.63%	\$ 3,927	3.42%
Carlisle HOA (Residential)	3,322	2.98%	\$ 3,234	2.81%
Tywater HOA (Residential)	3,288	2.95%	\$ 3,195	2.78%
TOTAL	102,711	92.18%	\$ 80,090	69.70%

Note 1: For some customers with multiple meters, gallons purchased and revenue from all meters has been included in the lists shown above.

Note 2: For reclaimed water customer Vanderbilt Legends Club, a contract is in place to credit charges against an initial capital investment into the system.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF HISTORICAL UTILITY SYSTEM GROWTH
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

WATER PRODUCTION

<u>Year</u>	Average Daily Production <u>(MGD)</u>	Maximum Daily Production <u>(MGD)</u>
2013	1.18	2.95
2014	1.34	2.78
2015	1.60	2.66
2016	1.21	2.35
2017	0.68	1.90
2018	2.04	3.41

WATER SYSTEM USAGE

<u>Year</u>	Gallons Sold (000) <u></u>	Total Revenues <u></u>
2013	1,598,926	\$ 8,746,584
2014	1,485,715	\$ 8,860,972
2015	1,548,809	\$ 9,543,369
2016	1,573,538	\$ 10,252,017
2017	1,634,058	\$ 10,556,568
2018	1,605,061	\$ 11,034,782

WASTEWATER SYSTEM USAGE

<u>Year</u>	Gallons Sold (000) <u></u>	Total Revenues <u></u>
2013	2,344,749	\$ 12,219,785
2014	2,275,611	\$ 13,060,064
2015	2,356,667	\$ 14,557,438
2016	2,449,963	\$ 16,215,570
2017	2,572,765	\$ 17,022,240
2018	2,492,648	\$ 18,430,468

RECLAIMED WATER USAGE

<u>Year</u>	Gallons Sold (000) <u></u>	Total Revenues <u></u>
2013	45,756	\$ 135,041
2014	76,561	\$ 130,051
2015	88,916	\$ 80,505
2016	124,230	\$ 123,806
2017	133,039	\$ 133,598
2018	133,708	\$ 135,473

Note : The revenue decline in 2015 was due to the end of one customer's multi-year contract and subsequent renewal at a lower monthly minimum usage.

CITY OF FRANKLIN, TENNESSEE
AWWA WATER SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 UNAUDITED

AWWA Free Water Audit Software:
Reporting Worksheet
WAS v6.0
© 2009 AWWA Water Audit Software
Company, LLC. All rights reserved.

Water Audit Report for: **City of Franklin Water Management (0000246)**

Reporting Year: **2019** 7/2018 - 6/2019

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades.

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below

WATER SUPPLIED

Volume from own sources: MG/Yr

Water imported: MG/Yr

Water exported: MG/Yr

WATER SUPPLIED: MG/Yr

AUTHORIZED CONSUMPTION

Billed metered: MG/Yr

Billed unmetered: MG/Yr

Unbilled metered: MG/Yr

Unbilled unmetered: MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

AUTHORIZED CONSUMPTION: MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption) MG/Yr

Apparent Losses

Unauthorized consumption: MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: MG/Yr

Systematic data handling errors: MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Apparent Losses: MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: MG/Yr

WATER LOSSES: MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: miles

Number of active AND inactive service connections: conn./mile main

Service connection density: conn./mile main

Are customer meters typically located at the curbstop or property line? (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line: Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: psi

COST DATA

Total annual cost of operating water system: \$/Year

Customer retail unit cost (applied to Apparent Losses): \$/1000 gallons (US)

Variable production cost (applied to Real Losses): \$/Million gallons Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 82 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Volume from own sources

2: Water imported

3: Unauthorized consumption

Master Meter and Supply Error Adjustments

Pcnt: MG/Yr

Value: MG/Yr

Pcnt: MG/Yr

Value: MG/Yr

Enter negative % or value for under-registration
Enter positive % or value for over-registration

Click here: for help using option buttons below

Pcnt: MG/Yr

Value: MG/Yr

Use buttons to select percentage of water supplied OR value

Pcnt: MG/Yr

Value: MG/Yr

MG/Yr

MG/Yr

**CITY OF FRANKLIN, TENNESSEE
AWWA WATER SCHEDULE (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED**



**AWWA Free Water Audit Software:
System Attributes and Performance Indicators**

WAS V6.0
Copyright © 2015, All Rights Reserved
American Water Works Association

Water Audit Report for: City of Franklin Water Management (0000246)

Reporting Year: 2019 7/2018 - 6/2019

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 ***

System Attributes:

	Apparent Losses:	41.710	MG/Yr	
	+	Real Losses:	640.381	MG/Yr
	=	Water Losses:	682.091	MG/Yr
	Unavoidable Annual Real Losses (UARL):	112.47	MG/Yr	
	Annual cost of Apparent Losses:	\$583,529		
	Annual cost of Real Losses:	\$1,632,972		Valued at Variable Production Cost
				Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	33.8%	
		Non-revenue water as percent by cost of operating system:	18.4%	Real Losses valued at Variable Production Cost
Operational Efficiency:	{	Apparent Losses per service connection per day:	6.21	gallons/connection/day
		Real Losses per service connection per day:	95.32	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	1.36	gallons/connection/day/psi
		From Above, Real Losses = Current Annual Real Losses (CARL):	640.38	million gallons/year
		Infrastructure Leakage Index (ILI) [CARL/UARL]:	5.69	

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Mayor and Alderman
City of Franklin, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Tennessee (the "City"), as of and for the year ended June 30, 2019 (except for the Fiduciary Pension Fund, which was as of and for the year ended December 31, 2018), and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nashville, Tennessee
December 10, 2019

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Mayor and Alderman
City of Franklin, Tennessee

Report on Compliance for The Major Federal Program

We have audited the City of Franklin, Tennessee's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2019. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

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Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read 'Crosby, PLLC'.

Nashville, Tennessee
December 10, 2019

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

yes no

Significant deficiency(ies) identified?

yes none reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)?

yes no

Identification of major program:

Federal Transit Cluster – CFDA No. 20.507 and 20.526

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes no

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

None Reported.

SECTION III - FEDERAL AUDIT FINDINGS AND QUESTIONS COSTS

None Reported.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

The City of Franklin, Tennessee had no prior year audit findings.