



Meeting Agenda

Budget & Finance Committee

Thursday, December 2, 2021

2:00 PM

Board Room

CALL TO ORDER

APPROVAL OF MINUTES

1. Consideration Of Approval Of Minutes Of The October 14, 2021 Budget & Finance Committee Meeting.

NEW BUSINESS

2. Election Of Chairman And Vice-Chairman, Effective 2022.

Sponsors: None

3. Report Of Receiving Government Finance Officers Association (GFOA) Annual Reporting Award For 30 Consecutive Years.

Sponsors: Mike Lowe

4. FY 2021 Annual Comprehensive Financial Report (ACFR) For City Of Franklin.

Sponsors: Eric Stuckey, Kristine Brock, Mike Lowe, Margaret Wilson

5. FY 2021 Annual Comprehensive Financial Report (ACFR) For Cool Springs Conference Center.

Sponsors: Eric Stuckey, Kristine Brock, Mike Lowe, Margaret Wilson

6. Consideration Of DRAFT Resolution 2021-166 - An Organizational Chart Change For The Franklin Police Department.

Sponsors: Michael Walters Young, Deb Faulkner

7. Consideration Of DRAFT Resolution 2021-162, A Resolution To Amend The Organizational Chart Of The Administration Department Of The City Of Franklin.

Sponsors: Eric Stuckey, Lanaii Benne, Michael Walters Young

8. Consideration Of Amendment 2 To COF Contract No. 2021-0317, A Service Termination Agreement Dated November 26, 2008, Between The City Of Franklin, Tennessee, And Mallory Valley Utility District Of Williamson County, Tennessee.

Sponsors: Kristine Brock, Jessica Davey

9. Consideration Of COF Resolution 2021-172, A Resolution Authorizing And Directing The Industrial Development Board Of The City Of Franklin To Prepay In Full Its Taxable Tax Increment Revenue Refunding Bonds, Series 2015A (Variable Rate) For The Fiscal Year Ending June 30, 2022.

Sponsors: Kristine Brock

10. Discussion Regarding Employee Compensation.

Sponsors: Kevin Townsel, Kristine Brock, Michael Walters Young

11. Consideration of DRAFT Ordinance 2021-50, An Ordinance To Amend The FY 2021-2022 Budget.

Sponsors: Kristine Brock, Michael Walters Young, Eric Stuckey

12. Report Of American Rescue Plan Act (ARPA) Grant Funds To The City Of Franklin.

Sponsors: Mike Lowe

13. Monthly Reports For December 2021.

Sponsors: Mike Lowe, Margaret Wilson

14. Proposed Calendar For 2022 Committee Meetings.

Sponsors: Kristine Brock

OTHER BUSINESS

ADJOURN

Anyone needing accommodations due to disabilities please contact the ADA Coordinator at 615-791-3277 at least 24 hours prior to the meeting.



File #: 21-02634

DATE: November 14, 2021
TO: Budget & Finance Committee
FROM: Mike Lowe, Comptroller
SUBJECT:

Report Of Receiving Government Finance Officers Association (GFOA) Annual Reporting Award For 30 Consecutive Years.

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Budget and Finance Committee concerning some of the financial highlights of the City of Franklin during the 30 years of receiving the Government Finance Officers Association (GFOA) annual reporting award.

BACKGROUND/STAFF COMMENTS:

The Government Finance Officers Association (GFOA) established the Certificate of Achievement for Excellence in Financial Reporting program to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare annual comprehensive financial reports (ACFR) that evidence the spirit of transparency and full disclosure. The City of Franklin has achieved the GFOA's annual reporting requirements for 30 consecutive years.

FINANCIAL IMPACT:

This is a report only with no financial impact.

RECOMMENDATION:

This is a report only with no staff recommendation.

GFOA Annual Reporting Award

1st One Received in 1991 (30 Years Ago)

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President

Executive Director

GFOA Annual Reporting Award
Most Recently Received in 2020 (30 Years Later)



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June 30, 2020

Christopher P. Morill

Executive Director/CEO

**Government Finance Officers Association (GFOA Annual Reporting Award)
30 Consecutive Years (Fiscal Years 1991 through 2020)**

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Fiscal Year	City Initiatives	General Fund Revenues
1991	Property tax rate was \$1.10.	\$9,042,372
	Population was 20,098 from regular census.	
	Construction of Cool Springs Boulevard from Interstate 65 to Mack Hatcher Parkway.	
1992	Property tax rate was \$.99.	\$11,255,365
	Cool Springs Galleria, Tennessee's newest and largest retail shopping facility with more than 1.4 million square feet of space, opened in August 1991.	
	Wastewater treatment plant additions and modifications increased the plant capacity from 2 1/2 million gallons to 5 1/2 million per day.	
	Purchase of Moores Lane Sewer System and connection to the City's system, allowing for Completion of Main Street Streetscape.	
1993	Legends Golf Club opened in August 1992.	\$12,692,635
	Began renovation of water treatment plant.	
	Purchased land site for Fire Station 3 (Mallory Station).	
1994	Property tax rate was \$.94.	\$14,255,918
	JCPenney's opened in October 1993.	
	Renovations of water treatment plant completed.	
	Fire Station 3 (Mallory Station) put in operation.	
1995	Parisian's opened in October 1994.	\$16,007,385
	Population was 25,440 from special census.	
1996	Property tax rate was \$.89.	\$17,852,486
	Primus opened its headquarters in Spring 1996.	
	Implemented solid waste disposal fees to cover greatly increased cost of disposal.	
1997	Property tax rate was \$.69.	\$19,730,741
	Began construction on Fire Station 4 (Fieldstone).	
	Completed conversion to new financial software system (Dataquest).	
	Purchased land and worked on adopting plans for a joint City/County Conference Center.	
	Renovation and improvements to Jim Warren Park and development of Winstead Hill Park.	
1998	Major improvements to I-65/Liberty Pike (including bridge).	\$23,623,765
	Completed construction of Fire Station 4 (Fieldstone).	
	Began construction on Cool Springs Conference Center.	
1999	Completed construction of a 2,000,000 gallon water tank.	\$25,974,898
	Thoroughbred 20 opened in November 1999.	
	Completed construction of renovations/extensions including South Carothers Parkway and the rerouting of Liberty Pike.	
	Cool Springs Conference Center began operations in June 1999.	

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30 Consecutive Years (Fiscal Years 1991 through 2020)**

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Fiscal Year	City Initiatives	General Fund Revenues
2000	Population was 41,842 from regular census.	\$28,760,486
	Completed construction of renovations/extensions including Horton Lane Boulevard, Oak Meadow Drive, Cool Springs Boulevard extension, and Boyd Mill improvements.	
	Began construction of Liberty Pike improvements east of I-65.	
	Completed construction of Fire Station 5 (Noah Drive).	
2001	City receives Aaa bond rating from Moody's in December 2000.	\$32,377,871
	Completed construction of renovations/extension of Liberty Pike east of I-65.	
	Completed construction of new restroom facilities at Pinkerton Park.	
2002	Property tax rate was \$.55.	\$34,832,747
	Completed construction of the Harpeth River Pedestrian Bridge at Pinkerton Park.	
	Completed construction of Aspen Grove Park.	
	Began operation of Traffic Operation Center.	
	Completed construction of 2nd Avenue Parking garage.	
2003	Current annual report format with MD&A began (GASB 34).	\$35,529,129
	Construction began on Municipal Services Complex.	
	Purchased new inter-city public transportation trolleys.	
2004	Construction completed on Municipal Services Complex.	\$38,574,256
	Transit operations began.	
2005	Purchased historic 200-acre farm (Harlinsdale) for parkland and preservation purposes.	\$41,157,020
	Completed construction on the 4th Ave Parking Garage.	
2006	Completed the purchase of the Country Club of Franklin, an historic 90-acre tract.	\$47,168,259
	A new financial software system was implemented (Microsoft Great Plains).	
2007	Property tax rate was \$.434.	\$53,039,602
	Extension of Carothers Parkway from Highway 96 to Liberty Pike was completed.	
2008	Subprime mortgage crisis (Great Recession) began in December 2007.	\$54,797,564
	Fire Station 6 (Cool Springs Blvd) opened in July 2007.	
	The McEwen Interchange at I-65 opened in September 2007.	
	The City and County completed a property swap (the Springs property in return for 4 properties.)	
	Construction began on the new police headquarters building.	

**Government Finance Officers Association (GFOA Annual Reporting Award)
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Fiscal Year	City Initiatives	General Fund Revenues
2009	Subprime mortgage crisis (Great Recession) ended in June 2009.	\$50,061,922
	Nissan North America constructed new headquarters.	
	Extension of Carothers Parkway from Nissan North America to McEwen Drive opened in July 2008.	
	Received the green light from TDOT on Mack Hatcher extension.	
	Streetscape on 3rd & 5th Avenues completed.	
	Several capital projects were postponed due to recession.	
2010	Population was 62,487 from regular census.	\$46,182,200
	Flood occurs in May 2010.	
	The Park at Harlinsdale opened in July 2009.	
	Police headquarters opened in May 2010.	
	Received ARRA funding to assist in bringing light upgrades to Jim Warren Park, improvements to the City's reservoir system, and expansion of the Intelligent Traffic System.	
2011	Streetscape project on Columbia Avenue was completed.	\$50,701,700
	The rehabilitation of the water reservoir with ARRA funding was completed during 2011.	
2012	Property tax rate was \$.3765.	\$50,965,432
	Franklin Theatre renovated in August 2011.	
	The City acquired a new consolidated public works facility in 2012.	
	McEwen from Carothers Parkway to Cool Springs Boulevard was opened.	
	Remaining ARRA projects were completed.	
2013	Progress on the consolidated public works facility continued.	\$52,677,369
2014	Population was 66,370 from special census.	\$56,918,504
	Construction was completed on the Mack Hatcher Parkway northeast widening.	
2015	Property tax rate was \$.4065.	\$57,489,269
	The new public works facility opened in July 2014.	
	Hillsboro Road improvements (from SR-96W to Independence Square) were completed in August 2014.	
	Construction was completed on the McEwen Drive at Wilson Pike Intersection improvements in December 2014.	
2016	Hall Income Tax rate reduced from 6% to 5%.	\$63,539,872
	Carothers Parkway South extension was completed in September 2015.	
	Century Court/Beasley connector opened in May 2016.	
	The City received the first parcels of land that would become Carter Hill Park.	

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Fiscal Year	City Initiatives	General Fund Revenues
2017	Property tax rate was \$.4176.	\$66,540,349
	Population was 70,908 from special census.	
	Hall Income Tax rate reduced to 4%.	
	Fire Station 8 (Westhaven) opened in August 2016.	
	The 3rd Avenue Trail Greenway was opened.	
2018	Hall Income Tax rate reduced to 3%.	\$69,100,055
	Voters in Williamson County approved a local option sales tax increase from 2.25% to 2.75%. Beginning April 2018, the City will contribute its portion to help fund school debt service for 3 years.	
	A new utility billing and cashiering system (Infor) was implemented in November 2017.	
	Hillsboro Road Phase 2 (3-lane widening) was completed.	
	Sidewalk on Highway 96 East was completed.	
	Water treatment plant modifications were completed.	
2019	Hall Income Tax rate reduced to 2%.	\$72,704,419
	Construction was started on the wastewater treatment plant upgrades.	
	Public Safety Communication system improvements went online.	
2020	Hall Income Tax rate reduced to 1%.	\$69,956,580
	Covid-19 classified as a pandemic in March 2020.	
	Construction continued on Fire Station 7 (Goose Creek).	
	Construction continued on the wastewater treatment plant improvements.	

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File #: 21-02630

DATE: November 14, 2021
TO: Budget & Finance Committee
FROM: Eric Stuckey, City Administrator
Kristine Brock, Asst. City Administrator/CFO
Mike Lowe, Comptroller
Margaret Wilson, Financial Analyst

SUBJECT:

FY 2021 Annual Comprehensive Financial Report (ACFR) For City Of Franklin.

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Budget and Finance Committee and the Board of Mayor and Aldermen (BOMA) concerning the financial condition of the City on June 30, 2021.

BACKGROUND/STAFF COMMENTS:

Each year, the City is required by State law to provide an annual financial report to the State of Tennessee. Additionally, certain disclosure requirements in bond documents also provide for periodic financial reports to be prepared. The City takes this responsibility seriously and provides regular financial updates throughout the year. However, at the end of the fiscal year, a more elaborate report, called the Annual Comprehensive Financial Report (ACFR), is produced by City staff and audited by an independent firm of Certified Public Accountants. Representatives of our CPA firm, Crosslin & Associates, will be present at the December 2nd meeting of the Budget & Finance Committee to make a verbal report.

The final report will be delivered prior to the 12/14/2021 meeting of the Board and Mayor and Aldermen.

FINANCIAL IMPACT:

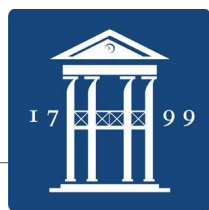
The delivery of the ACFR is for reporting purposes only. There is no financial impact.

RECOMMENDATION:

Staff recommends the Board of Mayor and Aldermen acknowledge receipt of the FY 2021 ACFR.



***City of Franklin, Tennessee
Report to Board of Mayor and Aldermen
Results of the 2021 Audit
December 2, 2021***



CROSSLIN
CERTIFIED PUBLIC ACCOUNTANTS





December 2, 2021

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

Thank you for the opportunity to serve as independent auditors and business advisors for the City of Franklin, Tennessee (the "City"). We are pleased to provide our report on the results of the June 30, 2021 audit of the financial statements of the City.

A direct line of communication between our Firm and those charged with governance is essential to the proper exercise of our respective responsibilities. Our appointment involves the responsibility on our part to call to your attention any significant matters which we believe require your consideration.

The accompanying report is intended solely for the use of the Finance Committee, Board of Mayor and Aldermen and management and presents information regarding the audit and certain other information which we believe will be of assistance to you. We appreciate this opportunity to communicate the contents of this report with you. If you have any questions, please call me, or David Hunt, Principal at (615) 320-5500.

We would like to take this opportunity to express our appreciation for the assistance and courtesy extended to us by the City's employees. We appreciate working with you, and we look forward to a continued relationship with the City of Franklin.

Very truly yours,

A handwritten signature in black ink that reads "Jennifer Manternach". The signature is fluid and cursive.

Jennifer Manternach
Principal



Report on Results of the June 30, 2021 Audit

Crosslin, PLLC has completed the audit of the financial statements of the City of Franklin, Tennessee (the “City”) as of and for the year ended June 30, 2021, and we drafted our unmodified opinion thereon.

The State of Tennessee has oversight responsibility and approved our audit engagement through the Comptroller of the Treasury’s Standard Contract to Audit Accounts. The City will meet reporting deadlines for Federal and State Governments as well as the GFOA Certificate of Achievement program.

The following discussion contains information related to our audit that is required by professional standards, and certain other information which we hope will be of assistance to you.

Independence

Our professional standards require that we communicate at least annually with you regarding all relationships between Crosslin and the City that, in our professional judgment, may reasonably be thought to bear on our independence. We have prepared the following comments to facilitate our discussion with you regarding independence matters.

We are not aware of any relationships between Crosslin and the City that, in our professional judgment, may reasonably be thought to bear on our independence that have occurred during the period from July 1, 2020 through the date of this letter.

We confirm that as of December 2, 2021, we are independent accountants with respect to the City, within the requirements of both the American Institute of Certified Public Accountants and *Government Auditing Standards*.

Engagement Personnel

The following is the engagement team.

Jennifer Manternach
David Hunt
J.D. Cage
Jane Nutter

Audit Principal
Audit Principal, Concurring Reviewer
Audit Supervisor
Audit Senior



Our Responsibility Under U.S. Generally Accepted Auditing Standards and Uniform Guidance

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements but not to provide assurance on the internal control over financial reporting. Accordingly, we express no such opinion.

We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on its major federal program for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements.



Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant accounting estimates reflected in the City's 2021 financial statements include the following:

- Property taxes receivable and related deferred inflows of resources
- Allowance for doubtful receivables
- The useful lives and valuation of capital assets
- Valuation of donated capital assets, including streets
- The fair value of derivative financial instruments
- Appropriateness of assumptions used to calculate the pension and OPEB obligations
- Valuation of certain investments in the fiduciary pension fund, including investments in timberlands, real estate, and other private equity ventures.

The basis for our conclusions as to the reasonableness of the estimates when considered in the context of the financial statements taken as a whole, as expressed in our auditor's report, is our review and tests of the process used by management to develop the estimates. During the year ended June 30, 2021, we are not aware of any significant changes in the methodology surrounding accounting estimates or in management's judgments relating to such estimates, except for changes in assumptions for the total OPEB liability and related amounts.



Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. Based on our audit procedures, we believe the City's significant accounting policies are appropriate and comprehensive under U.S. generally accepted accounting principles. We noted no matters that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus.

Audit Adjustments

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant impact on an organization's financial reporting process. We had no audit adjustments in 2021.

Audit adjustments for the Cool Springs Conference Center are included in Appendix A.

Alternative Accounting Treatments

We had no discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices related to material items including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies related to the year ended June 30, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion". If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.



Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to our retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing our audit.

Fraud and Illegal Acts

No material fraudulent or illegal acts were disclosed to us by management or the Board.

Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that will contain the audited financial statements. If such a need arises, we will review the other document to ensure that there are no material inconsistencies in the information.



Other Information in the Annual Comprehensive Financial Report (ACFR)

We have read the City's ACFR and considered whether the information therein, or manner of its presentation is materially consistent with the information, or the manner of its presentation in the financial statements audited by us. We have read the other information in the City's ACFR and inquired as to the methods of measurement and presentation of such information. We noted no material inconsistencies or material misstatements of fact in the other information.

Areas of Audit Emphasis

- Cash and investments, including classification between restricted and unrestricted
- Capital assets and construction in progress, including infrastructure
- Receivables, including property taxes, other taxes, grants and other
- Classification of net position and fund balances under GASB Nos. 34 and 54
- Long-term debt, including borrowing under capital leases
- Accounts payable and accrued expenses
- Revenues, including taxes, fees and other sources
- Salaries and benefits
- Other operating expenses
- Consideration of conference center activities
- Consideration of net pension liability and OPEB liabilities and related impact on financial position

Other Procedures Performed

Uniform Guidance

In addition to the financial statement audit, we have also audited the City's compliance with its major federal grant programs. The City's expenditures under federal programs during fiscal year 2021 totaled \$53,878,729. We tested the requirements of four major grant program (the Highway Planning and Construction Cluster, Coronavirus Relief Fund, Capitalization Grants for Clean Water State Revolving Funds, and Federal Transit Cluster) and had no material exceptions. We have drafted our unmodified opinion on compliance with Uniform Guidance.



Recent Accounting Pronouncements

The government and standard-setting bodies are issuing guidance at an unprecedented pace. Crosslin, PLLC is constantly receiving, reviewing, and searching for the latest authoritative literature, in part through our involvement with the AICPA's Government Audit Quality Center and the Government Finance Officers Association ("GFOA"). We routinely interface with the City's management to ensure proper understanding and application of pronouncements, standards, interpretations, and addenda that arise and will continue to have these discussions with management to implement all new standards as they arise.

The City will implement several new Governmental Accounting Standards Board ("GASB") accounting pronouncements in upcoming years as discussed below. The following are recent 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. 87, *Leases*, which is effective for reporting periods beginning after June 15, 2021, fiscal year 2022 for the City. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is effective for reporting periods beginning after December 15, 2021, fiscal year 2022 for the City. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.



Recent Accounting Pronouncements (Continued)

GASB Statement No. 91, Conduit Debt Obligations, which is effective for reporting periods beginning after December 15, 2021, fiscal year 2023 for the City. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 92, Omnibus 2021, which is effective for reporting periods beginning after June 15, 2021, fiscal year 2022 for the City. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, which is effective for reporting years beginning after June 15, 2022, fiscal year 2023 for the City. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which is effective for reporting years beginning after June 15, 2022, fiscal year 2023 for the City. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

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Recent Accounting Pronouncements (Continued)

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans— an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 Effective Dates vary, as there are multiple parts to this amendment. The requirement around employee benefit plans are effective immediately, while other parts of the update are effective for reporting years beginning after June 15, 2021, fiscal year 2022 for the City. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Other Material Written Communications

Included as Appendix B, is the management representation letter for the City of Franklin , which we requested from management.

Conference Center at Cool Springs

In conjunction with our audit of the City, we have completed the audit the financial statements of the Conference Center at Cool Springs, a joint venture between the City and Williamson County, Tennessee (the “Conference Center”), as of and for the year ended June 30, 2021, and we drafted our unmodified opinion thereon. Included in Appendix C is the management representation letter, which we requested from Conference Center management.

Cool Springs Conference Center

Year End: June 30, 2021

Adjusting journal entries

Date: 7/1/2020 To 6/30/2021

Number	Date	Name	Account No	Reference	Debit	Credit
1	6/30/2021	Furniture & Fixtures	17040	M-1	114,309.00	
1	6/30/2021	Furniture & Fixtures	17040	M-1	174,283.00	
1	6/30/2021	Construction in Progress	17995	M-1	23,555.00	
1	6/30/2021	Construction in Progress	17995	M-1	6,237.00	
1	6/30/2021	Asset Purchases Clearing	17999	M-1		-137,864.00
1	6/30/2021	Asset Purchases Clearing	17999	M-1		-180,520.00
To record fixed assets for CY and record PY fixed asset activity not recorded by client						
2	6/30/2021	A/D-Building Improvements	18030	M-1		-246,570.00
2	6/30/2021	A/D-Furniture & Fixtures	18040	M-1		-221,827.00
2	6/30/2021	Depreciation	89600-00-000	M-1	468,397.00	
To record current year depreciation						
3	6/30/2021	Distributions- 2021	29935	CC-2	326.00	
3	6/30/2021	Distributions- 2021	29935	CC-2		-85,150.00
3	6/30/2021	Due to Franklin/WM County	22100-00-000	CC-2		-326.00
3	6/30/2021	Due to Franklin/WM County	22100-00-000	CC-2	85,150.00	
To record amounts due from and to City and County at 6/30/21.						
4	6/30/2021	Distributions- 2020	29934	CC-2	237,775.00	
4	6/30/2021	Distributions- 2021	29935	CC-2	355,559.00	
4	6/30/2021	Operating Transfer City	89500-00-000	CC-2		-296,667.00
4	6/30/2021	Operating Transfer County	89501-00-000	CC-2		-296,667.00
To record Operating Transfers for FY21.						
5	6/30/2021	A/D-Building Improvements	18030			-246,570.00
5	6/30/2021	A/D-Furniture & Fixtures	18040			-220,144.00
5	6/30/2021	Distributions- 2020	29934			
5	6/30/2021	Distributions- 2021	29935			
5	6/30/2021	Retained Earnings- Prior Years	29950		466,714.00	
To record PY depreciation activity for entry not recorded						
					1,932,305.00	-1,932,305.00
Net Income (Loss) (369,007.00)						

Cool Springs Conference Center

Year End: June 30, 2021

Reclassifying journal entries

Date: 7/1/2020 To 6/30/2021

Number	Date	Name	Account No	Reference	Debit	Credit
6	6/30/2021	A/D-Building Improvements	18030	M-1	1,692,513.00	
6	6/30/2021	A/D-Furniture & Fixtures	18040	M-1		-1,692,513.00
To reclass A/D to tie to PY						
Financial Statements						
					1,692,513.00	-1,692,513.00
Net Income (Loss) (369,007.00)						

December XX, 2021

Crosslin, PLLC
3803 Bedford Avenue, Suite 103
Nashville, Tennessee 37215

This representation letter is provided in connection with your audit of the financial statements of the City of Franklin, Tennessee, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows for the year then ended (except for the Fiduciary Pension Fund, which is as of and for the year ended December 31, 2020), and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 11, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Mayor and Alderman or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the City and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the names of the City's related parties and all the related party relationships and transactions, including any side agreement of which we are aware.

Government-specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 21) The City has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse or waste that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units, appropriately present majority equity interest in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements include all fiduciary activities required by GASB Statement No. 84.
- 31) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.

- 32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 41) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- 42) The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.
- 43) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 44) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 45) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 46) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 47) With respect to the supplementary information on which an in-relation-to opinion is issued (e.g., combining statements, individual fund statements).

- a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

48) With respect to federal award programs:

- a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
- b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and confirm that there are no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance 2 CFR part 200, subpart E and OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, if applicable.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.

- u) We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.
- v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- w) We have charged costs to federal awards in accordance with applicable cost principles.
- x) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- y) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- z) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- aa) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- bb) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

CITY OF FRANKLIN, TENNESSEE

Eric Stuckey
City Administrator

Kristine Brock
Assistant City Administrator of Finance & Administration, CFO

Mike Lowe
Comptroller

December XX, 2021

Crosslin, PLLC
3803 Bedford Avenue, Suite 103
Nashville, Tennessee 37215

This representation letter is provided in connection with your audits of the financial statements of the Conference Center at Cool Springs (the "Conference Center"), a joint venture between the City of Franklin, Tennessee and Williamson County, Tennessee, which comprise the statements of net position of the Conference Center as of June 30, 2021 and 2020, and the statements of revenues, expenses and changes in net position and statements of cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audits:

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for 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.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements. There are no uncorrected misstatements.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 10) We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims or assessments.
- 11) Guarantees, whether written or oral, under which the Conference Center is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 13) We confirm that there are no Board minutes or committee minutes pertaining to the Conference Center.
- 14) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

- 15) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 16) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 17) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 18) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 19) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 20) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 21) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 22) We have a process to track the status of audit findings and recommendations.
- 23) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 24) The Conference Center has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net position.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 28) The Conference Center has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Conference Center has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 31) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 32) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 33) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements properly classify all revenues and activities.
- 35) Cash and cash equivalents are appropriately collateralized in accordance with state law.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenues, expenses and changes in net position, and allocations have been made on a reasonable basis.
- 38) Allocations of expenditures have been made consistent with all operating and other agreements and all such allocations are appropriate.
- 39) All revenue associated with the Conference Center has been credited to the Conference Center and has been included in the statement of revenues, expenses and changes in net position.

- 40) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 42) We have appropriately disclosed the Conference Center's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 44) We have complied with all terms of the operating agreement and related agreements concerning the operation of and accounting for the Conference Center.

THE CONFERENCE CENTER AT COOL SPRINGS

Matthew Lahiff
General Manager – Franklin Marriott Cool Springs

Kristin Lamb
Controller – Franklin Marriott Cool Springs

Randy Hansen
Regional Controller – Chartwell Hospitality



City of Franklin, Tennessee

Annual Comprehensive
Financial Report



For the Fiscal Year Ended June 30, 2021

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CITY OF FRANKLIN, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

DRAFT

Prepared by:
City of Franklin
Department of Finance

CITY OF FRANKLIN, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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**CITY OF FRANKLIN, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
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INTRODUCTORY SECTION



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FRANKLIN
TENNESSEE

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ADMINISTRATION



Dr. Ken Moore
Mayor

Eric S. Stuckey
City Administrator

HISTORIC
FRANKLIN
TENNESSEE

December 14, 2021

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 annual comprehensive financial report of the City of Franklin, Tennessee for the fiscal year ended June 30, 2021.

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, 2021, 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, 2021 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 44 square miles, and serves a population of 83,454 according to the 2020 census. The City is one of the fastest growing municipalities in the State of Tennessee, with the population increasing by 18% since the 2017 special census of 70,908. 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 stormwater 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. The legal level of budgetary control, the level at which management cannot overspend without the approval of the governing body, is the fund level. 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 have three 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 and Road Impact Fund, this comparison is presented on pages 30-38 as part of the basic financial statements. For the other governmental funds with appropriated annual budgets, the comparisons are presented beginning on page 96.

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 2nd 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 180 stores and restaurants. It is anchored by Belk, Dillard's, JCPenney, and Macy's. There has been expansion to the mall area with the arrival of Lush Cosmetics, Lovisa, and California Pizza Kitchen. Like other businesses, the mall was closed during the first of the COVID-19 pandemic but reopened in May 2020.

Sufficient vacant property, zoned for retail use, is available for further development. According to Commercial Cafe, the area has a low commercial vacancy rate of 20.47% 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, Mars Petcare, Tivity Health, eviCore Healthcare, Medhost, Jackson National Life, Franklin American Mortgage, Schneider Electric, Ramsey Solutions, Mitsubishi Motors North America, Medacta USA, Acadia Healthcare, Parallon Business Solutions, CKE Restaurants, Iasis Healthcare, Capella Healthcare, and Lutheran Health Network. In July 2021, Kaiser Aluminum announced it will relocate its corporate headquarters to Franklin.

The City has a city-only tax abatement for Franklin Housing Authority that provides affordable housing to families and individuals. Also, with Williamson County, there are city/county abatement for Nissan offered for its relocation from California and for Ramsey Solutions to expand and add jobs by moving from Cool Springs to Berry Farms in the City.

Long-term financial planning and major initiatives

In 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 nine (9) projects for funding.

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

In FY2020, the governing body amended the budget to approve funding for twenty-two (22) additional projects. These projects were included in the FY 2019-2028 CIP:

1. Southeast Park (Phase 1)
2. Long Ln and Old Peytonsville Rd Connector
3. Bicentennial Park
4. 5th Ave Parking Lot
5. Mallory/N. Royal Oaks & Liberty Pike Intersection Improvements
6. Greenway & Bridge (Harlinsdale to Chestnut Bend)
7. Lockwood Glen Park
8. Jordan Road (Aspen Grove Dr-Mallory Ln)
9. Lewisburg Ave Sidewalk Improvements
10. FSSD (Freedom Middle/Poplar Grove)
11. Maplewood Stormwater Project
12. Liberty Pike Improvements
13. Main Barn, Harlinsdale
14. Eastern Flank Circle Road
15. Greenway Aspen Grove Park to Mack Hatcher
16. McEwen Drive Interchange Modifications
17. Church St. (Columbia to 2nd Ave S.)
18. Pratt Ln Bridge Replacements
19. USACE - Home Raising Project
20. West Main Bridge Widening Project
21. Thompson Alley Neighborhood Park
22. Main St. Sidewalk Repair Project

In addition, construction continued during FY 2021 of the third leg of the loop around Franklin, Mack Hatcher NW, funded primarily by the State of Tennessee. Ribbon cutting is scheduled for December 13, 2021.

In FY 2021, due to the COVID-19 pandemic, the City did not proactively budget capital investments until later in the fiscal year. As of the end of fiscal 2021, 6 projects have been completed, 8 are in some form of active construction and the balance are in either design and/or right of way acquisition stages. The Board of Mayor and Alderman received status updates on all projects in Spring 2021 and will review an update to the financial model in Fall 2021.

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 \$25.4 million in 2021). 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 \$15.8

million in 2020). 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. In fiscal year 2020, a grant policy was approved and the Human Resources Manual was revised. Also, policies relating to purchasing, vendor protest procedures, alternative payments, and investments were updated. In fiscal year 2021, a lease accounting and reporting policy was approved. Also, the investment policy for non-pension assets, Purchasing Policy and Purchasing-Vendor Protest Procedures were updated.

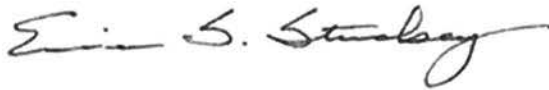
The City continues to explore adopting additional best practice financial policies including budgeting, revenues, economic development, enterprise risk management, capital improvements, and reserves for funds other than the General Fund.

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 annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2020. This was the thirtieth (30th) 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 ACFR. 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 ACFR 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

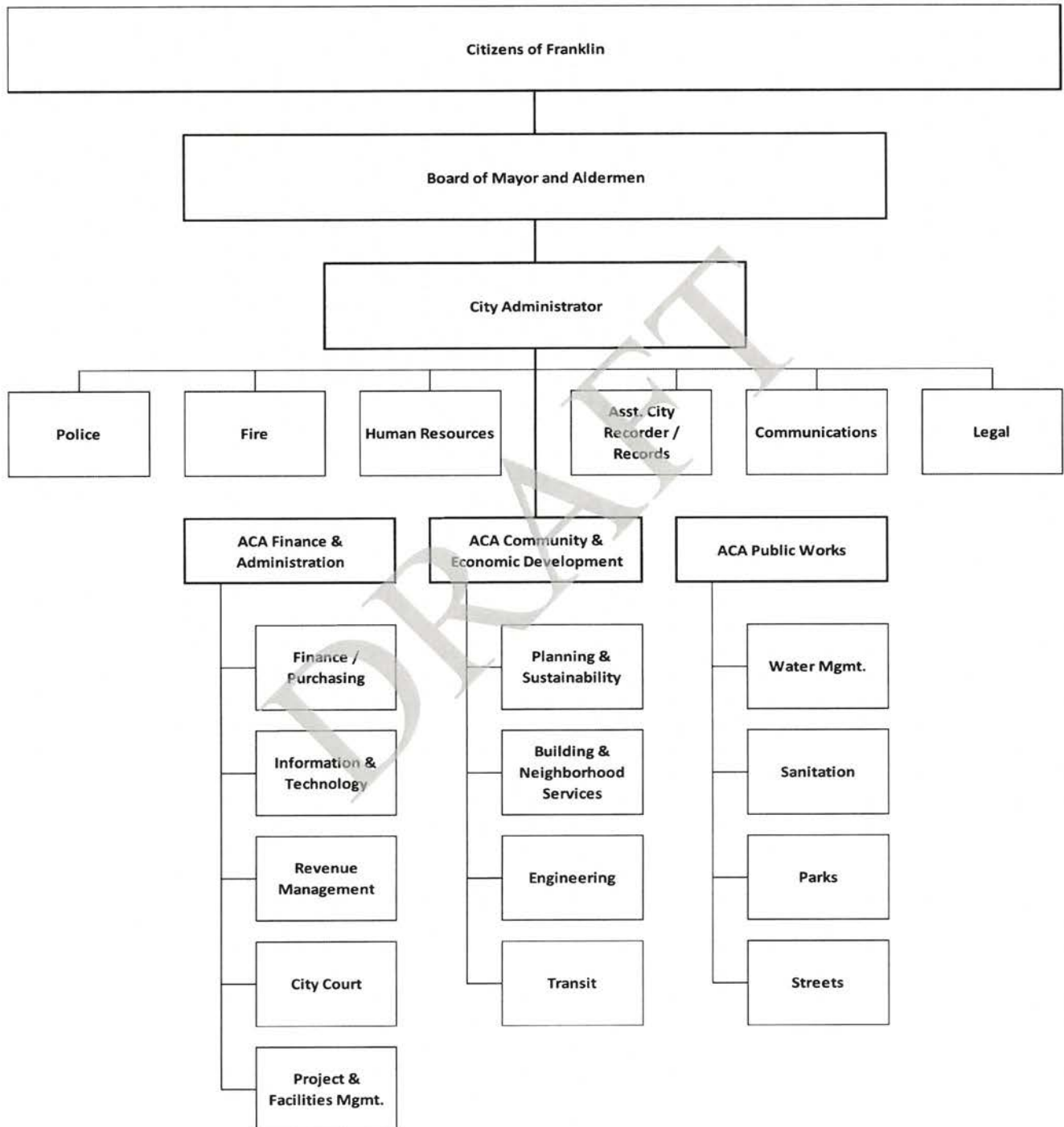
June 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF FRANKLIN, TENNESSEE ORGANIZATIONAL CHART

FOR THE FISCAL YEAR ENDED JUNE 30, 2021



**CITY OF FRANKLIN, TENNESSEE
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2021**

Elected Officials

Mayor	Dr. Ken Moore
Alderman – 1 st Ward (Vice-Mayor)	Beverly Burger
Alderman – 2 nd Ward	Dana McLendon
Alderman – 3 rd Ward	Scott Speedy
Alderman – 4 th Ward	Margaret Martin
Alderman – At Large	Clyde Barnhill
Alderman – At Large	Brandy Blanton
Alderman – At Large	John Schroer
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	Glenn Johnson
Human Resources Director	Kevin Townsel
Information Technology (IT) Director	Jason Potts
Parks Director	Lisa Clayton
Planning & Sustainability Director	Emily Hunter Wright
Police Chief	Deb Faulkner
Sanitation & Environmental Services (SES) Director	Jack Tucker
Streets Director	Steve Grubb
Water Management Director	Michelle Hatcher, P.E.

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FINANCIAL SECTION



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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, 2021, (except for the Fiduciary Pension Fund, which is as of December 31, 2020 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, 2021 (except for the Fiduciary Pension Fund which is as of December 31, 2020), and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund and road impact fee fund for the year then ended (except for the Fiduciary Pension Fund, which is for the year ended December 31, 2020), in accordance with accounting principles generally accepted in the United States of America.

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

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, 2020, from which the summarized information was derived. We have previously audited the City's 2020 financial statements, and we expressed an unmodified opinion on those statements in our report, dated December 8, 2020. In our opinion, the summarized comparative information presented herein as of and for the year end June 30, 2020, 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 the net pension liability and related ratios – pension plan on pages 83 and 86, the schedule of employer contributions - pension plan on pages 84 and 87, the schedule of investment returns - pension plan on page 85, the schedule of changes in total OPEB liability and related ratios on page 88, and the schedule of employer contributions - OPEB on page 89 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 109 through 119 and 144 through 148, 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 109 through 114 and page 146, 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 109 through 114 and page 146, 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 supplementary schedules on pages 115 through 120, the schedules on pages 144 through 145 and pages 147 through 149, 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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To the Board of Mayor and Alderman
City of Franklin, Tennessee

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, 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 14, 2021

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**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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, 2021. 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

- **Recovery from COVID-19.** In fiscal year 2020, the City and its residents felt the impact of the public health crisis. Operations of the City had to change to respond to the emergency. Fire and police personnel responded to COVID-19 related calls. City staff transitioned to remote work where possible as City facilities were closed at the start of the pandemic. City facilities were open but with reduced in-person staffing. Expenses for personal protection equipment, social distancing, and remote work were necessary. Public meetings of the City were held electronically as allowed by the State. Prior to March 2020, revenues were trending upward. From March through June 2020, revenues such as local sales taxes, state shared sales taxes, state shared fuel taxes, and hotel/motel taxes declined. However, development revenues like road impact fees and facilities taxes continued strong during the period.

In fiscal year 2021, the City and its residents saw recovery. Operations of the City began to return to pre-pandemic conditions. City staff transitioned back to in person work when possible. Public meetings of the City returned to in person in May 2021. The City received recovery grants to aid in lost revenues and cover expenses incurred during the pandemic.

- **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 \$928,323,131, compared to \$887,145,118 in the previous fiscal year. Of this amount, \$97,483,694 (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 \$153,978,623. In the prior year, this amount was \$146,878,940. There is an increase in fund balances of \$7,099,683 due to several reasons, including increases in local taxes, state shared sales taxes, state shared fuel taxes, and COVID related grants. Also, most departments had less expenditures due to cost containment in the 2021 COVID impacted budget and vacancies in several departments.
- **General Fund – Fund Balance.** At the end of the current fiscal year, fund balance in the General Fund is \$65,481,510, or 96% of General Fund expenditures (including transfers to other funds) of \$68,295,229. The fund balance increased \$12,265,224 from the prior year. After essentially breaking even in 2020 (with a \$14,312 surplus), the fund had an unprecedented surplus of \$12 million due primarily to one-time COVID recovery grants and increased local sales tax collections, with the months of April through June 2021 each exceeding \$4 million. (April 2021 was the first month the City began receiving its 1/2 share of an additional 0.5 cent increase in local sales tax after going to the county by agreement for a period of 3 years). The highest surplus previously had been \$6 million in 2018.
- **Budget.** Approved during the first months of the pandemic, the City's 2021 original General Fund budget had a draw of \$2,786,481 from accumulated fund balance as it was unknown how long lower revenues would continue in 2021. Although the final budget included the draw, actual results showed an unprecedented increase in fund balance of \$12 million.
- **Capital Assets.** The City continued working on several infrastructure projects including major road resurfacing, Fire Station 7 construction, and wastewater plan improvements.
- **Debt.** The City's debt (bonds and bond premiums) increased by \$33,404,770 (from \$245,634,639 to \$279,039,409) during the current fiscal year. There was \$48,647,933 in new bonds, loans, and premiums. A total of \$15,243,163 (\$10,496,692 governmental and \$4,746,471 business-type) in debt was repaid and \$1,111,692 in premiums was amortized during the year.

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.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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.

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, Road Impact Fee 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 94 and 95 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, Road Impact Fee Fund on page 38, special revenue funds (excluding Road Impact Fee Fund) on pages 96 through 105, and the Debt Service Fund on page 106 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 39 through 42 of this report.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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). 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 43 through 44 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 45 through 82 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 89 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 93 through 106 of this report.

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 \$928,323,131 at the close of the most recent fiscal year.

City of Franklin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 203,932,256	\$ 190,927,931	\$ 59,795,142	\$ 60,679,468	\$ 263,727,398	\$ 251,607,399
Capital assets, net of accumulated depreciation	723,831,972	704,819,282	314,896,606	261,639,169	1,038,728,578	966,458,451
Total assets	927,764,228	895,747,213	374,691,748	322,318,637	1,302,455,976	1,218,065,850
Deferred outflows of resources	28,011,541	26,886,653	4,004,482	4,104,848	32,016,023	30,991,501
Current and other liabilities	23,051,872	18,156,506	10,521,972	11,575,568	33,573,844	29,732,074
Long-term liabilities outstanding	206,092,528	213,597,143	136,240,862	92,154,445	342,333,390	305,751,588
Total liabilities	229,144,400	231,753,649	146,762,834	103,730,013	375,907,234	335,483,662
Deferred inflows of resources	29,168,073	25,685,069	1,073,561	743,502	30,241,634	26,428,571
Net position:						
Net investment in capital assets	600,239,617	581,817,963	186,313,737	176,897,094	786,553,354	758,715,057
Restricted	33,501,096	40,400,685	10,784,987	10,882,442	44,286,083	51,283,127
Unrestricted	63,722,583	42,976,500	33,761,111	34,170,434	97,483,694	77,146,934
Total net position	\$ 697,463,296	\$ 665,195,148	\$ 230,859,835	\$ 221,949,970	\$ 928,323,131	\$ 887,145,118

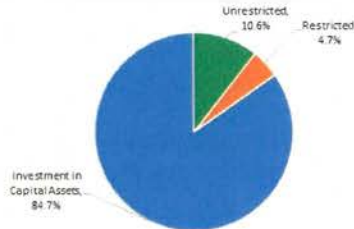
The government's net position increased by \$41,178,013. A portion of the increase is attributed to the acquisition of capital assets (less depreciation and new debt). A significant portion of the remaining increase is revenues from COVID recovery grants, increased revenues from local sales tax, state shared taxes, and hotel/motel taxes, and controlled spending to reduce expenses during the COVID-19 period.

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, \$786,553,354, or 84.7%, 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, \$44,286,083, or 4.7%, represents resources that are subject to external

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

restriction on how they may be used. The remaining balance of \$97,483,694, or 10.6%, is unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors.



Governmental and business-type activities increased the City's net position by \$32,268,148 and \$8,909,865, respectively. Key elements of this increase are as follows:

City of Franklin's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 15,916,177	\$ 15,534,906	\$ 35,215,744	\$ 32,254,195	\$ 51,131,921	\$ 47,789,101
Operating grants & contributions	6,733,287	3,810,803	316,897	-	7,050,184	3,810,803
Capital grants & contributions	27,390,120	26,519,429	7,210,932	9,027,798	34,601,052	35,547,227
General Revenues:						
Property taxes	20,586,971	20,084,308	-	-	20,586,971	20,084,308
Sales taxes	41,999,727	35,453,379	-	-	41,999,727	35,453,379
Other taxes and fees	39,058,149	43,979,564	138,951	1,346,001	39,197,100	45,325,565
Other	158,068	4,682,564	(12,282)	3,410	145,786	4,685,974
Total revenues	151,842,499	150,064,953	42,870,242	42,631,404	194,712,741	192,696,357
Expenses:						
General government:						
Elected officials	297,949	358,690	-	-	297,949	358,690
Administration	1,279,793	1,313,132	-	-	1,279,793	1,313,132
Human resources	1,271,113	1,373,293	-	-	1,271,113	1,373,293
Legal	587,620	560,168	-	-	587,620	560,168
Communications	401,782	373,353	-	-	401,782	373,353
Project & facilities management	1,348,841	1,201,740	-	-	1,348,841	1,201,740
Revenue management	196,001	164,454	-	-	196,001	164,454
Finance	946,786	953,767	-	-	946,786	953,767
Information & technology	4,187,327	4,553,022	-	-	4,187,327	4,553,022
Purchasing	243,065	269,962	-	-	243,065	269,962
Court	323,406	287,357	-	-	323,406	287,357
Building & neighborhood services	2,943,051	3,154,457	-	-	2,943,051	3,154,457
Planning	1,498,484	1,429,692	-	-	1,498,484	1,429,692
Engineering	1,448,597	1,507,041	-	-	1,448,597	1,507,041
Traffic operations center	762,937	1,085,967	-	-	762,937	1,085,967
General	4,644,218	6,392,927	-	-	4,644,218	6,392,927
Police	18,322,992	18,484,182	-	-	18,322,992	18,484,182
Fire	21,150,380	20,499,375	-	-	21,150,380	20,499,375
Parks	6,037,842	6,906,698	-	-	6,037,842	6,906,698
Streets-maintenance	28,323,552	27,291,660	-	-	28,323,552	27,291,660
Streets-traffic	1,418,557	1,744,863	-	-	1,418,557	1,744,863
Streets-fleet	775,178	931,275	-	-	775,178	931,275
Sanitation	10,622,594	10,211,325	-	-	10,622,594	10,211,325
Stormwater	2,988,541	2,728,992	-	-	2,988,541	2,728,992
Transit	2,839,032	2,566,793	-	-	2,839,032	2,566,793
Interest expense on long-term debt:	4,914,713	4,484,444	-	-	4,914,713	4,484,444
Water & sewer:	-	-	33,760,377	29,702,843	33,760,377	29,702,843
Total expenses	119,774,351	120,828,629	33,760,377	29,702,843	153,534,728	150,531,472
Income before transfers	32,068,148	29,236,324	9,109,865	12,928,561	41,178,013	42,164,885
Transfers	200,000	(365,000)	(200,000)	365,000	-	-
Changes in net position	32,268,148	28,871,324	8,909,865	13,293,561	41,178,013	42,164,885
Net position, beginning of year	665,195,148	636,323,824	221,949,970	208,656,409	887,145,118	844,980,233
Net position, end of year	\$ 697,463,296	\$ 665,195,148	\$ 230,859,835	\$ 221,949,970	\$ 928,323,131	\$ 887,145,118

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

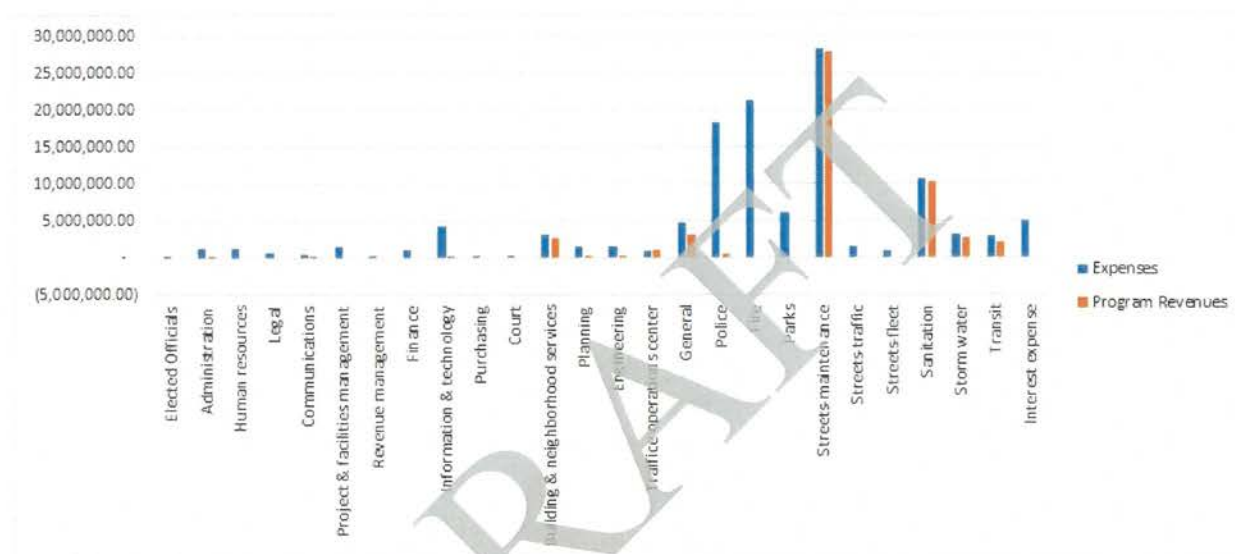
Governmental Activities

Revenues for governmental activities increased approximately 1.2% due to several factors including additional local sales tax, state shared taxes, grants, and property tax. The overall decrease in current expenses of governmental activities amounted to approximately (0.9)%. A significant portion of the decrease is due to cost containment in the 2021 budget due to the pandemic and vacancies in several departments.

Business-Type Activities

Revenues for business-type activities increased 0.6%. The primary factor underlying the increase was planned rate increases and interest income revenue in 2021 compared to 2020. Expenses of the business-type activities increased approximately 13.7% due to additional expenses in water distribution, sewer plant, and depreciation.

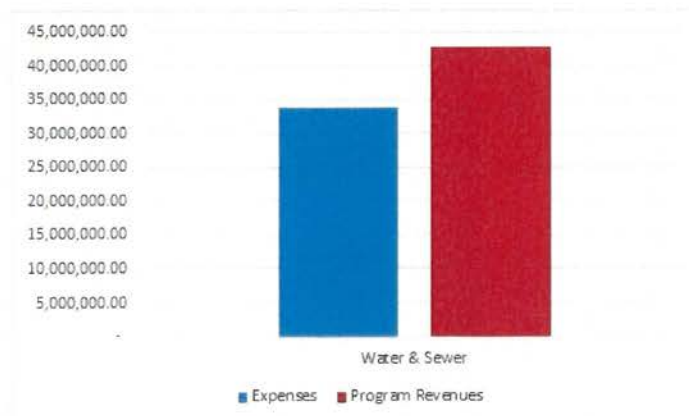
Expenses and Program Revenues – Governmental Activities



Governmental Activities

Expenses for governmental activities were \$119,774,351. Expenses were offset by \$50,039,584 in program revenues. The remainder of \$69,734,767 was covered by \$101,802,915 in general revenues such as property, sales, and other taxes and \$200,000 net to the Water and Sewer fund for its portion of the public works facility. The amount of \$32,268,148 represents the improvement in net position in 2021.

Expenses and Program Revenues – Business-type Activities



**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Business-Type Activities

Expenses for business-type activities were \$33,760,377. Expenses were offset by \$42,426,676 in program and general revenues. (Program revenues include \$35.2 million in charges for services). There is also the net \$(200,000) transfer mentioned above and \$126,669 in other income. The amount of \$8,909,865 represents the improvement in net position in 2021.

Financial Analysis of Governmental Funds

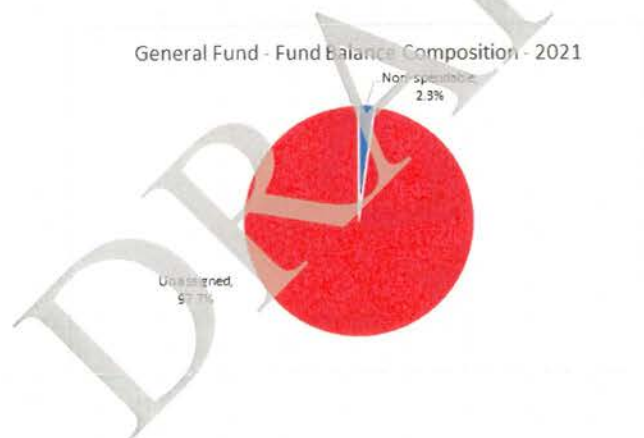
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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, 2021, the City's governmental funds reported combined ending fund balances of \$153,978,623, an increase of \$7,099,683 in comparison with the prior year of \$146,878,940. The increase is due primarily to increased revenues from taxes and grants and reductions in expenditures due to COVID-19 cost containment in the budget and vacancies.

The General Fund is the chief operating fund of the City. The 2021 ending fund balance of \$65,481,510 has the following composition: An amount of \$1,484,303, or 2.3%, is non-spendable for inventory and prepaid items. The remainder of \$63,997,207, or 97.7%, is unassigned. (Additional information on fund balance can be found in the notes to the financial statements on page 77).



The most significant continuing revenue sources in the General Fund are derived from taxes. Of total General Fund revenues, \$56,158,931, or 69.7%, was from taxes. Local option sales tax increased by \$6,546,348 (from \$35,453,379 to \$41,999,727). The increase in local option sales tax is a sign of the economic rebound after the impact of COVID-19 in the region and beginning April 2021, the result of the City receiving its portion of the additional .5% local sales tax increase approved by voters in 2018. (Per a 3 year interlocal agreement with Williamson County beginning in April 2018, the City contributed its portion of the increased rate to the County to help fund school debt service.) 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 \$599,482 (from \$7,888,706 to \$8,488,188).

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 \$937,169. This amount is higher than normal with the City's goal to have a minimal cash and fund balance for paying annual debt service.

The Road Impact Fee Fund had another strong year of collection and ended with a fund balance of \$25,741,274. The Facilities Tax Fund saw its fund balance increase from \$10,694,849 to \$11,022,953. Over \$2,700,000 was spent from the fund for growth-related capital expenditures in the fire (\$2,689,466) and parks (\$43,737) departments. Construction on the new fire station in the Goose Creek area is included in the fire expenditures from this fund.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

The Multi-Purpose Capital Project Fund had a decrease in fund balance from \$34,491,104 to \$25,520,920 as a result of expenses related to ongoing capital projects.

In the Hotel/Motel Tax Fund, the fund balance decreased during the pandemic due primarily to reduced collections from less travel and a net loss at the conference center owned jointly with Williamson County. The fund balance decreased from \$7,503,829 to \$5,927,371. The County Facilities Tax Fund, established in 2017 with prior year county facilities taxes received by the City, had an increase in fund balance from \$3,673,984 to \$4,498,831 due to an increase in facilities tax received.

Budgetary Highlights of General Fund

In accordance with state law, the City's governing body approves a budget for the General Fund.

Original budget compared to final budget

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

Fund	Original Budget	Final Budget	Change
General	\$ 70,221,303	\$ 76,961,962	\$ 6,740,659
Street Aid	\$ 3,619,749	\$ 3,619,749	\$ -
Sanitation	\$ 9,272,770	\$ 10,475,934	\$ 1,203,164
Roan Impact	\$ 3,000,000	\$ 3,000,000	\$ -
Facilities Tax	\$ 1,544,480	\$ 3,070,480	\$ 1,526,000
County Facilities Tax	\$ 125,000	\$ 125,000	\$ -
Stormwater	\$ 3,898,886	\$ 4,014,388	\$ 115,502
Drug	\$ 117,500	\$ 117,500	\$ -
Hotel/Motel	\$ 1,294,529	\$ 1,294,529	\$ -
Parkland Dedication	\$ 1,361,850	\$ 1,511,850	\$ 150,000
Transit	\$ 3,250,679	\$ 3,250,679	\$ -
CDBG	\$ 313,000	\$ 826,000	\$ 513,000
Debt Service	\$ 15,478,652	\$ 15,331,144	\$ (147,508)
	\$ 113,698,398	\$ 123,599,215	\$ 9,900,817

The original General Fund budget was \$70,221,303. The final budget (including transfers) was increased by \$6,740,659 to \$76,961,962. During the year, the budget was amended to include \$1,494,000 for the Fire Station 7 construction, \$636,010 for Phase 1 of City Hall Architectural Services, and \$313,000 for reimbursement to the Community Development Block Grant Fund in response to COVID-19 related relief to outside agencies, \$1,093,874 for miscellaneous projects.

Final budget compared to actual results

In the General Fund, the final budget (including transfers) of \$76.9 million anticipated \$74.2 million in current revenues and a \$2.8 million allocation from fund balance. Actual results showed an increase in fund balance of \$12,265,224.

Actual revenues were almost \$81 million. This was \$3.6 million more than anticipated current revenues. The revenue was due primarily to the increase in local sales tax collections between April and June 2021 and COVID related grants.

In conjunction with the increased revenue, the City finished the year with \$68.3 million in expenditures (including transfers). Expenditures were less due to cost containment measures in the 2021 budget and vacancies.

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, 2021, is \$1,038,728,578 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads, highways and bridges.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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

	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Land	\$ 61,602,893	\$ 5,948,524	\$ 67,551,417
Construction in progress	43,705,674	131,284,027	174,989,701
Buildings and improvements	52,213,917	15,185,385	67,399,302
Improvements other than buildings	11,841,970	-	11,841,970
Utility plant in service	-	161,609,779	161,609,779
Infrastructure	533,995,945	-	533,995,945
Machinery & equipment	20,471,573	868,891	21,340,464
Total capital assets	<u>\$ 723,831,972</u>	<u>\$ 314,896,606</u>	<u>\$ 1,038,728,578</u>

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

- The City's governmental activities received \$26,074,678 in developer-contributed assets.
- Construction on Fire Station 7 at Goose Creek was completed. The station opened on June 29, 2021.
- Major road resurfacing on N Royal Oakes-London Lane to Liberty Pike.
- Design on a new City Hall continued.
- Construction on Franklin Road Improvements continued.
- Battle Avenue Drainage Improvements continued.
- Design of Bicentennial Park Improvements continued.
- Design of Harlinsdale Park Path continued.
- Construction on Municipal Services Complex Improvements was completed.
- Design on Sanitary Sewer Main Rehabilitation continued.
- Design of Jordan Road Improvements continued.
- Construction on the Wastewater Reclamation Plant continued.
- Advanced Metering Program continued.
- Design and Planning on Southeast Park and Bridge continued.
- Construction started on Carothers Parkway Widening and Southeast Complex Entrance.
- Construction on the East McEwen Drive Roundabout continued.
- Construction started on SR-96 W Multi Use Trail.
- Design was completed on Robinson Lake.
- Design on Harlinsdale Barn continued.
- Construction completed on Holiday Court Pump Station Replacements.
- Spencer Creek Sanitary Sewer construction continued.
- Design on Goose Creek/Redwing Reclaimed Water continued.
- Water Model Update completed.
- SE Wastewater Capacity Evaluation continued.
- Work on Westhaven Street and Traffic Signal continued.
- Construction on Fifth Avenue Parking Lot was completed.

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 58.

Long-term Debt

At the end of the current year, the City of Franklin had bonded debt (including premiums) of \$279,039,409. Of this amount, \$150,034,179 comprises general obligation bonds backed by the full faith and credit of the government. Of the \$129,005,230 of business-type activities debt, \$117,687,826 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 \$11,317,343 is secured by Water and Sewer fund revenues.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

City of Franklin's Outstanding Debt

	Governmental	Business-Type	Total
	<u>Activities</u>	<u>Activities</u>	
General Obligation Bonds - Capital *	\$ 146,759,179	\$ -	\$ 146,759,179
General Obligation Bonds - Pension *	3,275,000	-	3,275,000
Revenue and Tax Bonds *	-	129,005,230	129,005,230
Total Outstanding Debt	<u>\$ 150,034,179</u>	<u>\$ 129,005,230</u>	<u>\$ 279,039,409</u>

* Includes unamortized premiums

The City's debt (bonds and bond premiums) increased by \$33,404,770 (from \$245,634,639 to \$279,039,409) during the current fiscal year.

There was no new governmental debt. Water and Sewer had \$48,647,933 in new debt (in state revolving fund loans). A total of \$12,070,000 (\$8,355,000 GO bonds-capital, \$1,030,000 GO bonds-pension, and \$2,685,000 business-type bonds) was repaid during the year. A total of \$1,111,692 (\$939,497 GO bonds-capital and \$172,195 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 November 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 Aa2 (its third highest rating) in August 2021. 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 72.

Economic Factors and Next Year's Budget and Rates

The unemployment rate (not seasonally adjusted) for June 2021 for the City of Franklin was 3.4%, compared to the State of Tennessee's rate of 5.6% and a national average of 5.9%. In addition to the unemployment rate, factors considered in preparing the City's budget for fiscal year 2022 included:

1. Reduction by the State of the Hall income tax from 1% to 0%. The 2022 budget includes \$0 for this revenue, a reduction from \$250,000 in the 2021 budget. This limitation may significantly affect the availability of fund resources for future use.
2. The property tax rate for fiscal year 2022 of 32.61 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 began receiving funds from the tax increase beginning April 2021.
4. The City received \$4.6 million of ARPA funds in May 2021. \$600,000 was spent in July 2021 on premium pay and amount of revenue loss items are listed in 2022 budget. An additional \$4.6 million is anticipated in May 2022.

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
FRANKLIN
TENNESSEE

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2021
With Comparative Totals as of June 30, 2020

	Governmental Activities	Business-type Activities	Total	2020
ASSETS				
Cash and cash equivalents	\$ 41,114,610	\$ 3,484,783	\$ 44,599,393	\$ 29,372,691
Cash and cash equivalents-restricted	16,940,890	1,359,786	18,300,676	10,786,250
Investments	84,332,232	28,058,825	112,391,057	100,936,843
Investments-restricted	9,775,709	9,425,201	19,200,910	40,496,877
Receivables (net of allowance for uncollectibles)	44,976,786	16,814,491	61,791,277	61,410,442
Inventory	1,279,106	641,056	1,920,162	2,758,864
Prepaid items and other assets	269,529	11,000	280,529	418,202
Net investment in joint venture - Conference Center	5,243,394	-	5,243,394	5,427,230
Capital assets, not being depreciated:				
Land	61,602,893	5,948,524	67,551,417	66,492,926
Construction in progress	43,705,674	131,284,027	174,989,701	102,370,195
Capital assets, net of accumulated depreciation				
Buildings and improvements	52,213,917	15,185,385	67,399,302	69,830,745
Improvements other than buildings	11,841,970	-	11,841,970	12,676,890
Utility plant in service	-	161,609,779	161,609,779	168,905,093
Infrastructure	533,995,945	-	533,995,945	523,457,336
Machinery and equipment	20,471,573	868,891	21,340,464	22,725,266
Total assets	927,764,228	374,691,748	1,302,455,976	1,218,065,850
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refundings	262,209	422,361	684,570	810,811
OPEB	7,800,033	1,063,636	8,863,669	10,956,109
Pensions	19,949,299	2,518,485	22,467,784	19,224,581
Total deferred outflows of resources	28,011,541	4,004,482	32,016,023	30,991,501

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION (Cont.)
JUNE 30, 2021
With Comparative Totals as of June 30, 2020

	Governmental Activities	Business-type Activities	Total	2020
LIABILITIES				
Accounts payable	\$ 12,453,160	\$ 10,246,515	\$ 22,699,675	\$ 23,555,122
Accrued liabilities	3,618,942	-	3,618,942	3,561,298
Accrued interest payable	1,411,525	275,457	1,686,982	1,818,218
Unearned revenue	5,568,245	-	5,568,245	797,436
Long-term liabilities:				
Due within one year	15,095,186	7,581,696	22,676,882	19,067,320
Due in more than one year	146,418,244	122,580,201	268,998,445	237,971,605
Derivatives - interest rate swap	-	-	-	1,070
OPEB liability	19,451,564	2,652,483	22,104,047	20,873,087
Net pension liability	25,127,534	3,426,482	28,554,016	27,838,506
Total liabilities	229,144,400	146,762,834	375,907,234	335,483,662
DEFERRED INFLOWS OF RESOURCES				
January 1 property tax levy	21,295,283	-	21,295,283	20,232,709
OPEB	1,046,393	142,688	1,189,081	1,278,886
Pension	6,826,397	930,873	7,757,270	4,916,976
Total deferred inflows of resources	29,168,073	1,073,561	30,241,634	26,428,571
NET POSITION				
Net investment in capital assets	600,239,617	186,313,737	786,553,354	758,715,057
Restricted for:				
State street aid	771,402	-	771,402	601,819
Sanitation use	1,992,796	-	1,992,796	1,000,240
Drug fund use	602,402	-	602,402	520,472
CDBG program use	114,745	-	114,745	113,066
Development	30,019,751	-	30,019,751	38,165,088
Water and sewer	-	10,784,987	10,784,987	10,882,442
Unrestricted	63,722,583	33,761,111	97,483,694	77,146,934
Total net position	\$ 697,463,296	\$ 230,859,835	\$ 928,323,131	\$ 887,145,118

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

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CITY OF FRANKLIN, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
 With Comparative Totals for the Fiscal Year Ended June 30, 2020

Functions/Program:	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total	2020
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities		
Primary Government							
Governmental activities:							
Communication	\$ 401,782	\$ 2,700	\$ -	\$ (399,082)	\$ -	(399,082)	\$ (370,657)
Information and technology	4,187,327	1,620	-	(4,185,707)	-	(4,185,707)	(4,549,462)
Elected officials	297,949	-	-	(297,949)	-	(297,949)	(358,690)
Administration	1,279,793	15	-	(1,279,778)	-	(1,279,778)	(1,313,132)
Human resources	1,271,113	-	-	(1,271,113)	-	(1,271,113)	(1,373,293)
Legal	587,620	-	-	(587,620)	-	(587,620)	(560,168)
Project & facilities management	1,348,841	-	-	(1,348,841)	-	(1,348,841)	(1,201,740)
Revenue management	196,001	-	-	(196,001)	-	(196,001)	(164,450)
Finance	946,786	-	-	(946,786)	-	(946,786)	(953,767)
Purchasing	243,065	-	-	(243,065)	-	(243,065)	(269,962)
Court	323,406	-	-	(323,406)	-	(323,406)	(287,357)
Building & neighborhood services	2,943,051	2,574,191	-	(368,860)	-	(368,860)	(672,326)
Planning	1,498,484	212,771	-	(1,285,713)	-	(1,285,713)	(1,233,395)
Engineering	1,448,597	4,700	-	(1,443,897)	-	(1,443,897)	(1,503,341)
Traffic operations center	762,937	982,354	-	219,417	-	219,417	(1,001,564)
General government	4,644,218	(296,265)	3,277,235	(1,663,248)	-	(1,663,248)	(5,989,133)
Public safety:							
Police	18,322,992	470,956	18,511	(17,833,525)	-	(17,833,525)	(17,896,706)
Fire	21,150,380	-	(139,556)	(21,289,936)	-	(21,289,936)	(20,246,770)
Parks	6,037,842	-	-	(6,037,842)	-	(6,037,842)	(6,159,418)
Streets-maintenance	28,323,552	21,280	844,640	27,063,854	-	(393,778)	(404,495)
Streets-traffic	1,418,557	-	-	(1,418,557)	-	(1,418,557)	(1,744,863)
Streets-fleet	775,178	-	-	(775,178)	-	(775,178)	(931,275)
Sanitation	10,622,594	10,198,236	-	(424,358)	-	(424,358)	(732,153)
Storm water	2,988,541	2,692,893	-	(295,648)	-	(295,648)	(156,360)
Transit	2,839,032	33,080	1,750,103	(729,583)	-	(729,583)	(404,566)
Interest and amortization on long-term debt	4,914,713	-	-	(4,914,713)	-	(4,914,713)	(4,484,444)
	119,774,351	15,916,177	6,733,287	(69,734,767)	-	(69,734,767)	(74,963,491)
Business-type activities:							
Water and sewer	33,760,377	35,215,744	316,897	7,210,932	8,983,196	8,983,196	11,579,150
Total primary government	\$ 153,534,728	\$ 51,131,921	\$ 7,050,184	\$ 34,601,052	\$ (69,734,767)	\$ (60,751,571)	\$ (63,384,341)
General revenues							
Property taxes					20,586,971	-	20,586,971
Sales taxes					41,999,727	-	41,999,727
Wholesale privilege tax					1,956,503	-	1,956,503
Beer privilege tax					21,394	-	21,394
Wholesale liquor tax					1,868,263	-	1,868,263
Liquor privilege tax					84,107	-	84,371
Hotel/motel tax					2,600,807	-	2,600,807
Intergovernmental					18,654,225	-	18,654,225
Impact fees and taxes					11,393,647	-	11,393,647
Franchise taxes					2,479,203	-	2,479,203
Investment earnings					158,068	138,951	297,019
Other					-	(12,282)	(12,282)
Total general revenues					101,802,915	126,669	101,929,584
Transfers					200,000	(200,000)	-
Total general revenues and transfers					102,002,915	(73,331)	101,929,584
Change in net position					32,268,148	8,909,865	41,178,013
Net position - beginning of year					665,195,148	221,949,970	887,145,118
Net position - end of year					\$ 697,463,296	\$ 230,859,835	\$ 928,323,131

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

CITY OF FRANKLIN, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021
With Comparative Totals as of June 30, 2020

						Total Governmental Funds	
	General	Multi-Purpose Capital Project Fund	Road Impact Fee Fund	Debt Service Fund	Other Governmental	2021	2020
ASSETS							
Cash and cash equivalents	\$ 40,928,914	\$ 8,960,714	\$ 3,223,103	\$ 117,344	\$ 4,825,425	\$ 58,055,500	\$ 32,809,953
Investments	22,930,709	18,919,663	22,447,694	817,259	28,992,616	94,107,941	109,320,005
Receivables (net of allowance for uncollectibles)	27,368,377	307,693	70,477	12,032,155	5,198,084	44,976,786	41,680,089
Inventory and prepaid	1,222,774	-	-	-	56,332	1,279,106	1,272,452
Prepaid items	261,529	-	-	-	8,000	269,529	418,202
Total assets	\$ 92,712,303	\$ 28,188,070	\$ 25,741,274	\$ 12,966,758	\$ 39,080,457	\$ 198,688,862	\$ 185,500,701
LIABILITIES							
Accounts payable	\$ 8,736,573	\$ 2,402,021	\$ -	\$ -	\$ 1,314,566	\$ 12,453,160	\$ 12,290,935
Accrued liabilities	3,618,942	-	-	-	-	3,618,942	3,561,298
Unearned revenue	5,283,693	-	-	-	284,552	5,568,245	797,436
Total liabilities	17,639,208	2,402,021	-	-	1,599,118	21,640,347	16,649,669
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property tax-Jan. 1 levy	8,170,103	-	-	12,029,589	1,095,591	21,295,283	20,232,709
Unavailable revenue-property taxes	146,984	-	-	-	-	146,984	184,730
Unavailable revenue-assessments	53,762	-	-	-	-	53,762	53,762
Unavailable revenue-grant proceeds	528,034	265,129	-	-	10,658	803,821	721,832
Unavailable revenue-court fines	226,705	-	-	-	-	226,705	201,728
Unavailable revenue-franchise fees	465,997	-	-	-	-	465,997	484,201
Unavailable revenue-hotel/motel Tax	-	-	-	-	77,340	77,340	93,130
Total deferred inflows of resources	9,591,585	265,129	-	12,029,589	1,183,589	23,069,892	21,972,092
FUND BALANCES							
Non-spendable	1,484,303	-	-	-	64,332	1,548,635	1,690,654
Restricted	-	25,520,920	-	-	7,980,176	33,501,096	40,400,685
Committed	-	-	25,741,274	937,169	17,488,810	44,167,253	41,255,928
Assigned	-	-	-	-	10,764,432	10,764,432	11,940,200
Unassigned	63,997,207	-	-	-	-	63,997,207	51,591,473
Total fund balances	65,481,510	25,520,920	25,741,274	937,169	36,297,750	153,978,623	146,878,940
Total liabilities, deferred inflows of resources, and fund balances	\$ 92,712,303	\$ 28,188,070	\$ 25,741,274	\$ 12,966,758	\$ 39,080,457	\$ 198,688,862	\$ 185,500,701

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, 2021

With Comparative Totals as of June 30, 2020

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

	2021		2020
Fund balance - total governmental funds (Page 24)	\$ 153,978,623		\$ 146,878,940
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	1,037,574,404		996,542,466
Less related accumulated depreciation	(313,742,432)		(291,723,184)
Investment in joint venture - conference center	5,243,394	729,075,366	5,427,230
			710,246,512
Receivables not available to pay for current expenditures and, therefore are unavailable in the funds			
Property taxes	146,984		184,730
Assessments	53,762		53,762
Franchise fees	465,997		484,201
Court fines	226,705		201,728
Hotel/motel tax	77,340		93,130
Grant revenues	803,821	1,774,609	721,832
			1,739,383
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	(131,720,000)		(141,105,000)
Bond premiums	(18,314,179)		(19,253,676)
Deferred loss on refunding	262,209		276,923
Derivative instruments	-		(1,070)
Net pension liability	(25,127,534)		(24,497,886)
Deferred outflows of resources - pensions	19,949,299		16,968,355
Deferred inflows of resources - pensions	(6,826,397)		(4,326,939)
Total OPEB liability	(19,451,564)		(18,368,316)
Deferred outflows of resources - OPEB	7,800,033		9,641,375
Deferred inflows of resources - OPEB	(1,046,393)		(1,125,421)
Compensated absences	(11,264,967)	(185,739,493)	(9,942,625)
			(191,734,280)
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	(1,411,525)		(1,506,837)
Park acquisition agreement	(214,284)	(1,625,809)	(428,570)
			(1,935,407)
Net position - governmental activities (Page 21)	\$ 697,463,296		\$ 665,195,148

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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

						Total Governmental Funds	
	General	Multi-Purpose Capital Project Fund	Road Impact Fee Fund	Debt Service Fund	Other Governmental	2021	2020
Revenues:							
Taxes	\$ 56,158,931	\$ -	\$ -	\$ 10,918,504	\$ 809,178	\$ 67,886,613	\$ 60,136,595
Hotel/ motel tax	-	-	-	-	2,575,830	2,575,830	3,138,814
Facilities tax	-	-	-	-	3,617,950	3,617,950	3,940,537
Licenses and permits	5,282,618	-	6,975,153	-	800,544	13,058,315	18,877,383
Fines and fees	308,139	-	-	-	133,930	442,069	560,779
Intergovernmental	14,465,436	900,927	-	-	-	15,366,363	15,387,064
Gas & motor fuel	-	-	-	-	1,317,475	1,317,475	1,290,479
Petroleum special	-	-	-	-	140,774	140,774	140,774
Gas 1989	-	-	-	-	205,398	205,398	204,037
Gas 3 cent	-	-	-	-	380,588	380,588	378,067
Gas 2018	-	-	-	-	662,660	662,660	647,388
Short term vacation rental tax	-	-	-	-	133,521	133,521	-
Grants	3,683,809	-	-	-	2,411,752	6,095,561	3,238,419
Charges for services	81,438	-	-	-	12,890,009	12,971,447	12,166,255
Use of money and property	316,706	-	86,592	17,914	14,329	435,541	4,087,802
Miscellaneous and other	263,376	196,042	-	-	640,000	1,099,418	2,809,455
Total revenues	80,560,453	1,096,969	7,061,745	10,936,418	26,733,938	126,389,523	127,003,848
Expenditures:							
Governance and Management:							
Elected officials	297,949	-	-	-	-	297,949	358,690
Administration	1,208,674	-	-	-	-	1,208,674	1,261,084
Human resources	1,148,280	-	-	-	-	1,148,280	1,270,498
Legal	553,316	-	-	-	-	553,316	548,969
Communication	390,120	-	-	-	-	390,120	377,977
Public Safety:							
Police	16,564,982	-	-	-	91,700	16,656,682	16,724,525
Fire	19,067,336	81,849	-	-	287,578	19,436,763	19,251,818
Finance and Administration:							
Finance	916,947	-	-	-	-	916,947	931,572
Purchasing	232,342	-	-	-	-	232,342	260,486
Information and technology	3,419,835	-	-	-	-	3,419,835	3,835,596
Revenue management	206,308	-	-	-	-	206,308	135,472
Court	314,530	-	-	-	-	314,530	276,896
Project & facilities management	1,281,459	-	-	-	-	1,281,459	1,154,390
Community & Economic Development:							
Building & neighborhood services	2,840,548	-	-	-	-	2,840,548	3,145,299
Planning	1,467,393	-	-	-	-	1,467,393	1,395,702
Engineering	1,377,052	-	-	-	-	1,377,052	1,449,218
Traffic operations center	546,114	-	-	-	-	546,114	846,202
Economic development	71,261	-	-	-	-	71,261	90,844
Public Works:							
Parks	4,470,817	19,744	-	-	9,554	4,500,115	5,384,004
Streets-traffic	1,407,195	-	-	-	-	1,407,195	1,731,460
Streets-fleet	741,051	-	-	-	-	741,051	942,337
Highways and streets	3,973,542	4,939,569	889,026	-	3,597,697	13,399,834	12,314,445
Other General Government:							
General expenses	(751,576)	28,460	-	-	1,376,406	653,290	(679,827)
Appropriations	446,247	-	-	-	-	446,247	486,738
Storm water	-	-	-	-	2,408,374	2,408,374	2,555,688
Sanitation	-	53	-	-	9,368,173	9,368,226	9,217,636
Transit	-	-	-	-	2,693,184	2,693,184	2,446,053
Principal	-	-	-	9,385,000	-	9,385,000	9,520,000
Interest	-	-	-	5,932,143	-	5,932,143	5,720,563
Debt Service Fees	-	-	-	2,665	-	2,665	2,804,902
Capital outlay	2,676,386	9,606,062	43,968	-	3,860,528	16,186,944	22,747,397
Total expenditures	64,868,108	14,675,737	932,994	15,319,808	23,693,194	119,489,841	128,506,634

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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	General	Multi-Purpose Capital Project Fund	Road Impact Fee Fund	Debt Service Fund	Other Governmental	Total Governmental Funds	
						2021	2020
Excess (deficiency) of revenues over (under) expenditures	\$ 15,692,345	\$ (13,578,768)	\$ 6,128,751	\$ (4,383,390)	\$ 3,040,744	\$ 6,899,682	\$ (1,502,786)
Other financing sources (uses):							
Issuance of refunding debt	-	-	-	-	-	-	31,550,000
Premium on debt issuance	-	-	-	-	-	-	7,080,224
Transfers from other funds	-	3,041,734	-	94,896	1,927,341	5,063,971	9,228,483
From Water & Sewer	-	-	-	200,000	-	200,000	200,000
From Sanitation	-	-	-	209,081	-	209,081	208,317
From Road Impact	-	100,000	-	2,730,454	-	2,830,454	4,976,836
From Hotel/Motel	-	1,466,850	-	1,281,521	-	2,748,371	2,147,023
Transfers to other funds	(3,427,121)	-	(2,830,454)	-	(4,594,301)	(10,851,876)	(17,125,659)
Other financing uses-issuance of refunding debt:							
Refunding of debt	-	-	-	-	-	-	(35,725,000)
Refunding of debt-additional to escrow agent	-	-	-	-	-	-	(328,518)
Payment of swap	-	-	-	-	-	-	(2,263,300)
Total other financing sources (uses)	(3,427,121)	4,608,584	(2,830,454)	4,515,952	(2,666,960)	200,001	(51,594)
Net changes in fund balances	12,265,224	(8,970,184)	3,298,297	132,562	373,784	7,099,683	(1,554,380)
Fund balances (deficits) - beginning	53,216,286	34,491,104	22,442,977	804,607	35,923,966	146,878,940	148,433,320
Fund balances (deficits) - ending	\$ 65,481,510	\$ 25,520,920	\$ 25,741,274	\$ 937,169	\$ 36,297,750	\$ 153,978,623	\$ 146,878,940

The accompanying notes are an integral part of the 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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

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

	2021		2020
Net changes in fund balances - total governmental funds (Page 27)	\$ 7,099,683		\$ (1,554,380)
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	15,972,658		22,433,983
Disposals, adjustments and reclassifications of capital assets	(825,532)		(2,068,465)
Depreciation expense	(22,209,114)		(21,382,817)
Change in park acquisition agreement	214,286		214,286
Change in investment in joint venture - Conference Center	(183,836)	(7,031,538)	(90,398)
			(893,411)
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	(37,746)		604
Franchise fees	(18,204)		(11,341)
Court fines	(15,790)		(16,826)
Hotel/motel tax	24,977		(35,165)
Grant revenues and reimbursements	81,989		(669,402)
Contributed capital assets	26,074,678	26,109,904	24,946,237
			24,214,107
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	-		(31,550,000)
Bond refunding	-		36,053,518
Bond payments	9,385,000		9,520,000
Change in fair value of derivative instruments	1,070		(64,062)
Redemption of swap	-	9,386,070	4,763,300
			18,722,756
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	-		(7,080,224)
Amortization of bond premiums	939,497		939,497
Deferred refunding amounts	(14,714)	924,783	(14,714)
			(6,155,441)
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	(1,322,342)		(778,096)
Accrued interest	95,312		282,285
Pension expense (closed plan)	(1,354,160)		(2,594,697)
Pension expense (TCRS plan)	(274,425)		(102,339)
Contributions subsequent to measurement date (closed plan)	1,000,000		-
Contributions subsequent to measurement date (TCRS plan)	480,423		422,700
OPEB expense	(2,845,562)	(4,220,754)	(2,692,160)
			(5,462,307)
Change in net position of governmental activities (Page 23)	\$ 32,268,148		\$ 28,871,324

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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Revenues:					
Taxes:					
Real and personal property taxes	\$ 8,376,691	\$ 8,376,691	\$ 8,488,188	\$ 111,497	\$ 7,888,706
Penalty and interest	36,888	36,888	54,878	17,990	58,579
In lieu of tax	221,990	221,990	353,969	131,979	398,936
Sales tax	33,055,387	38,261,586	41,999,727	3,738,141	35,453,379
Wholesale beer tax	1,738,547	1,738,547	1,956,503	217,956	1,905,377
Beer privilege tax	24,084	24,084	21,394	(2,690)	21,740
Wholesale liquor tax	1,514,589	1,514,589	1,868,263	353,674	1,761,915
Liquor privilege tax	115,347	115,347	84,107	(31,240)	84,371
Mixed drink tax	1,061,200	1,061,200	1,331,902	270,702	826,109
	46,144,723	51,350,922	56,158,931	4,808,009	48,399,112
Licenses and permits:					
Mechanical licenses	3,042	3,042	5,075	2,033	4,475
Mechanical permits	118,342	118,342	113,732	(4,610)	107,589
Building permits	1,739,284	1,739,284	1,796,670	57,386	1,714,700
Technology fee	79,410	79,410	65,714	(13,696)	61,730
Plumbing permits	108,893	108,893	74,574	(34,319)	76,747
Electric permits	264,216	264,216	247,267	(16,949)	232,907
Inspection fees	506,325	506,325	192,540	(313,785)	206,990
Site review, rezoning and submittal fees	188,332	188,332	211,020	22,688	190,613
Beer permits and licenses	14,653	14,653	11,050	(3,603)	12,660
Yard sale permits	4,227	4,227	5,030	803	3,750
Business license	11,567	11,567	15,204	3,637	16,163
Alarm permits	24,497	24,497	26,385	1,888	26,140
Miscellaneous permits	5,258	5,258	20,950	15,692	18,280
Franchise fees	2,495,185	2,495,185	2,497,407	2,222	2,489,287
	5,563,231	5,563,231	5,282,618	(280,613)	5,162,031
Intergovernmental:					
State income tax	425,000	425,000	743,846	318,846	636,288
Sales tax	5,186,215	5,491,287	7,553,994	2,062,707	5,787,947
State beer tax	32,707	32,707	18,536	(14,171)	33,215
State excise tax	218,305	218,305	316,397	98,092	281,061
Cemetery excise tax	-	-	1,418	1,418	-
Sports wagering privilege tax	-	-	41,063	41,063	-
In lieu of tax - TVA	709,267	709,267	810,662	101,395	872,269
Business tax from State	3,823,941	3,823,941	4,536,119	712,178	4,703,004
Business tax recording fee	378,131	378,131	467,993	89,862	475,283
Federal & State grants	3,645,000	4,874,388	3,659,217	(1,215,171)	1,529,076
	14,418,566	15,953,026	18,149,245	2,196,219	14,318,143

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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Revenues:					
Charges for services:					
Regional fire training	-	-	695	695	3,810
Maps sold	2,829	2,829	1,620	(1,209)	3,560
Plans sold	2,806	2,806	4,700	1,894	3,700
Records sold	1,380	1,380	1,766	386	914
Special event services fee	1,743	1,743	2,700	957	2,696
Traffic impact analysis review fee	51,632	51,632	-	(51,632)	-
Accident reports	1,642	1,642	581	(1,061)	755
Offender registry	1,634	1,634	2,100	466	2,100
License seizure fees	844	844	595	(249)	905
3rd party billable overtime	48,018	48,018	45,401	(2,617)	35,535
Compost vouchers	18,206	18,206	21,280	3,074	18,800
	<u>130,734</u>	<u>130,734</u>	<u>81,438</u>	<u>(49,296)</u>	<u>72,775</u>
Fines and fees:					
Fines - city court	189,022	189,022	96,836	(92,186)	161,984
Fines - general sessions/circuit court	114,266	114,266	155,456	41,190	160,594
Parking fines	69,423	69,423	36,768	(32,655)	66,090
Technology fee - court	43,045	43,045	-	(43,045)	-
Confiscated goods - state	-	-	15,079	15,079	-
Beer board violations	1,000	1,000	4,000	3,000	-
Building & street standards appeals fees	1,000	1,000	-	(1,000)	-
Business tax fees	4,646	4,646	-	(4,646)	-
Tree bank fees	15,148	15,148	-	(15,148)	-
	<u>437,550</u>	<u>437,550</u>	<u>308,139</u>	<u>(129,411)</u>	<u>388,668</u>
Use of money and property:					
Interest income	438,750	438,750	93,916	(344,834)	1,208,681
Rebates on purchases	68,980	68,980	82,168	13,188	91,858
Rent - mall and other	12,001	12,001	18,001	6,000	9,001
Park concessions and rentals	83,116	83,116	85,827	2,711	82,365
Christmas Tree Lighting Donations	20,000	20,000	15,000	(5,000)	18,000
Sale of surplus assets	97,229	97,229	21,392	(75,837)	128,067
Electric Charging Stations-Garages	-	-	402	402	456
	<u>720,076</u>	<u>720,076</u>	<u>316,706</u>	<u>(403,370)</u>	<u>1,538,428</u>
Miscellaneous:					
Miscellaneous income	19,942	19,942	89,876	69,934	77,423
Contributions	-	-	173,500	173,500	-
Allocation from fund balance	2,786,481	2,786,481	-	(2,786,481)	-
	<u>2,806,423</u>	<u>2,806,423</u>	<u>263,376</u>	<u>(2,543,047)</u>	<u>77,423</u>
Total revenues	<u>\$ 70,221,303</u>	<u>\$ 76,961,962</u>	<u>\$ 80,560,453</u>	<u>\$ 3,598,491</u>	<u>\$ 69,956,580</u>

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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Expenditures:					
Governance & Management:					
Elected officials:					
Personnel	264,610	265,890	256,864	9,026	252,555
Services	74,110	74,110	32,921	41,189	99,834
Supplies	18,900	18,900	5,175	13,725	3,739
Business expenses	2,691	2,691	2,989	(298)	2,562
	360,311	361,591	297,949	63,642	358,690
Administration:					
Personnel	1,297,372	1,409,544	1,386,625	22,919	1,314,698
Services	146,120	146,120	67,868	78,252	109,994
Supplies	62,414	62,414	40,909	21,505	85,494
Business expenses	13,632	13,632	11,910	1,722	11,796
Reimbursement of interfund services	(266,116)	(266,116)	(298,638)	32,522	(260,898)
	1,253,422	1,365,594	1,208,674	156,920	1,261,084
Human resources:					
Personnel	1,121,867	1,130,125	1,081,775	48,350	1,119,992
Services	507,543	507,543	315,336	192,207	389,261
Supplies	81,570	81,570	23,492	58,078	54,067
Business expenses	20,908	20,908	18,216	2,692	8,687
Reimbursement of interfund services	(307,539)	(307,539)	(290,539)	(17,000)	(301,509)
	1,424,349	1,432,607	1,148,280	284,327	1,270,498
Legal:					
Personnel	601,468	610,312	627,768	(17,456)	583,738
Services	174,500	174,500	69,633	104,867	94,449
Supplies	22,150	22,150	5,261	16,889	17,991
Business expenses	12,004	12,004	6,575	5,429	6,016
Reimbursement of interfund services	(156,290)	(156,290)	(155,921)	(369)	(153,225)
	653,832	662,676	553,316	109,360	548,969
Communications:					
Personnel	410,458	425,910	419,299	6,611	398,806
Services	88,950	88,950	46,754	42,196	55,855
Supplies	34,040	34,040	23,142	10,898	15,959
Operational units	4,700	4,700	4,446	254	2,779
Business expenses	5,653	5,653	5,015	638	5,810
Reimbursement of interfund services	(103,563)	(103,563)	(108,536)	4,973	(101,232)
	440,238	455,690	390,120	65,570	377,977
Total Governance & Management	4,132,152	4,278,158	3,598,339	679,819	3,817,218

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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Expenditures:					
Public Safety:					
Police department-administration:					
Personnel	2,182,692	2,327,525	2,078,355	249,170	1,652,782
Services	1,781,836	1,781,836	1,603,475	178,361	1,607,028
Supplies	849,510	943,510	739,122	204,388	868,766
Operational units	21,242	21,242	24,609	(3,367)	19,088
Business expenses	197,203	197,203	104,113	93,090	135,802
	5,032,483	5,271,316	4,549,674	721,642	4,283,466
Police department-criminal investigations:					
Personnel	2,458,787	2,526,840	2,169,246	357,594	2,904,374
Services	91,855	91,855	80,823	11,032	65,276
Supplies	-	-	15,107	(15,107)	3,500
Operational units	19,741	19,741	15,401	4,340	15,060
Business expenses	111,996	111,996	72,471	39,525	101,154
	2,682,379	2,750,432	2,353,048	397,384	3,089,364
Police department-patrol:					
Personnel	8,662,648	8,848,878	9,081,750	(232,872)	8,767,644
Services	64,873	64,873	77,430	(12,557)	69,949
Supplies	88,440	88,440	101,628	(13,188)	149,635
Operational units	43,109	43,109	89,982	(46,873)	32,673
Business expenses	254,399	254,399	311,470	(57,071)	231,122
	9,113,469	9,299,699	9,662,260	(362,561)	9,251,023
Fire department:					
Personnel	16,805,492	17,686,039	17,026,377	659,662	17,097,984
Services	1,261,158	1,261,158	1,097,172	163,986	1,027,240
Supplies	717,470	717,470	803,939	(86,469)	620,979
Operational units	6,000	6,000	294	5,706	421
Business expenses	149,837	149,837	139,554	10,283	142,807
	18,939,957	19,820,504	19,067,336	753,168	18,889,431
Total Public Safety	35,768,288	37,141,951	35,632,318	1,509,633	35,513,284

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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Expenditures:					
Finance & Administration:					
Finance:					
Personnel	1,016,035	1,012,828	984,314	28,514	976,306
Services	46,270	49,477	34,924	14,553	76,401
Supplies	23,150	23,150	33,511	(10,361)	20,775
Business expenses	101,060	101,060	96,629	4,431	92,919
Reimbursement of interfund services	(234,985)	(234,985)	(232,431)	(2,554)	(234,829)
	951,530	951,530	916,947	34,583	931,572
Purchasing:					
Personnel	280,709	300,241	293,250	6,991	290,706
Services	48,540	48,540	17,682	30,858	23,179
Supplies	12,325	12,325	4,850	7,475	3,050
Business expenses	2,638	2,638	2,082	556	2,513
Reimbursement of interfund services	(60,731)	(60,731)	(85,522)	24,791	(58,962)
	283,481	303,013	232,342	70,671	260,486
Information technology:					
Personnel	2,366,371	2,459,198	2,291,028	168,170	2,418,277
Services	1,916,173	1,997,923	1,791,541	206,382	1,616,453
Supplies	282,900	282,900	260,040	22,860	427,394
Business expenses	46,055	46,055	34,110	11,945	36,759
Reimbursement of interfund services	(956,884)	(956,884)	(956,884)	-	(663,287)
	3,654,615	3,829,192	3,419,835	409,357	3,835,596
Revenue management:					
Personnel	978,991	1,056,972	1,068,002	(11,030)	1,020,658
Services	33,750	33,750	21,653	12,097	19,106
Supplies	36,900	36,900	26,050	10,850	21,923
Business expenses	421,617	421,617	394,692	26,925	416,270
Reimbursement of interfund services	(1,369,335)	(1,369,335)	(1,304,089)	(65,246)	(1,342,485)
	101,923	179,904	206,308	(26,404)	135,472
Court:					
Personnel	257,794	281,391	256,268	25,123	214,025
Services	56,225	56,225	49,002	7,223	50,021
Supplies	9,700	9,700	3,793	5,907	7,564
Business expenses	6,043	6,043	5,467	576	5,286
	329,762	353,359	314,530	38,829	276,896

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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Expenditures:					
Project & facilities management:					
Personnel	457,338	498,647	480,964	17,683	448,962
Services	915,804	924,495	999,249	(74,754)	918,790
Supplies	67,550	67,550	96,720	(29,170)	83,801
Business expenses	28,351	28,351	25,718	2,633	33,839
Reimbursement of interfund services	(337,622)	(337,622)	(321,192)	(16,430)	(331,002)
	1,131,421	1,181,421	1,281,459	(100,038)	1,154,390
Total Finance & Administration	6,452,732	6,798,419	6,371,421	426,998	6,594,412
Community & Economic Development:					
Building & neighborhood services:					
Personnel	2,818,296	2,932,937	2,660,000	272,937	2,868,867
Services	225,405	225,405	78,781	146,624	139,960
Supplies	63,950	63,950	46,882	17,068	100,427
Business expenses	27,076	27,076	54,885	(27,809)	36,045
	3,134,727	3,249,368	2,840,548	408,820	3,145,299
Planning & sustainability:					
Personnel	1,332,561	1,368,236	1,307,853	60,383	1,261,300
Services	140,100	140,100	89,543	50,557	100,312
Supplies	53,200	53,200	61,700	(8,500)	25,733
Operational units	-	-	-	-	450
Business expenses	8,808	8,808	8,297	511	7,907
	1,534,669	1,570,344	1,467,393	102,951	1,395,702
Engineering:					
Personnel	1,554,343	1,693,296	1,676,643	16,653	1,609,579
Services	124,411	124,411	35,372	89,039	91,485
Supplies	31,469	31,469	10,390	21,079	52,794
Business expenses	15,885	15,885	8,861	7,024	10,577
Reimbursement of interfund services	(321,521)	(321,521)	(354,214)	32,693	(315,217)
	1,404,587	1,543,540	1,377,052	166,488	1,449,218
Traffic operations center:					
Personnel	375,872	400,455	319,114	81,341	362,636
Services	398,853	398,853	146,718	252,135	332,951
Supplies	114,174	114,174	67,951	46,223	135,870
Business expenses	17,035	17,035	12,331	4,704	14,745
	905,934	930,517	546,114	384,403	846,202

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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Expenditures:					
Economic Development:					
Appropriations	90,748	90,748	71,261	19,487	90,844
	90,748	90,748	71,261	19,487	90,844
Total Community & Economic Development	7,070,665	7,384,517	6,302,368	1,082,149	6,927,265
Public Works:					
Streets-Maintenance:					
Personnel	2,789,281	2,782,985	2,779,206	3,779	2,792,189
Services	865,320	865,320	724,486	140,834	842,106
Supplies	355,125	355,125	354,377	748	259,673
Operational units	-	-	-	-	226
Business expenses	157,608	157,608	115,473	42,135	121,398
	4,167,334	4,161,038	3,973,542	187,496	4,015,592
Streets-Traffic:					
Personnel	934,342	941,855	927,719	14,136	923,716
Services	188,200	188,200	129,500	58,700	128,846
Supplies	403,197	403,197	288,567	114,630	325,688
Business expenses	60,987	60,987	61,409	(422)	53,284
	1,586,726	1,594,239	1,407,195	187,044	1,431,534
Streets-Fleet:					
Personnel	727,256	773,094	750,108	22,986	847,312
Services	381,025	381,025	375,911	5,114	305,972
Supplies	(310,075)	(310,075)	(391,950)	81,875	(218,977)
Business expenses	9,612	9,612	6,982	2,630	8,030
	807,818	853,656	741,051	112,605	942,337
Parks:					
Personnel	3,045,393	3,011,863	2,731,077	280,786	2,953,214
Services	1,067,307	1,136,507	1,054,321	82,186	953,114
Supplies	706,368	706,368	610,641	95,727	577,217
Operational units	250,000	250,000	-	250,000	699,476
Business expenses	121,624	121,624	74,778	46,846	81,109
	5,190,692	5,226,362	4,470,817	755,545	5,264,130
Total Public Works	11,752,570	11,835,295	10,592,605	1,242,690	11,653,593

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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	June 30, 2021				
	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Expenditures:					
Other General Government:					
General expenses:					
Personnel	1,017,382	2,017,382	(933,860)	2,951,242	(2,339,393)
Services	141,580	141,580	136,764	4,816	112,410
Supplies	2,000	2,000	42,672	(40,672)	164,846
Business expenses	4,450	(184,915)	2,848	(187,763)	43,023
	1,165,412	1,976,047	(751,576)	2,727,623	(2,019,114)
Contributions:					
Appropriations	451,450	451,450	446,247	5,203	486,738
Total Contributions	451,450	451,450	446,247	5,203	486,738
Total Other General Government	1,616,862	2,427,497	(305,329)	2,732,826	(1,532,376)
Capital Outlay:					
Police - administration	-	905,116	905,116	-	-
Police - criminal investigations	-	-	61,686	(61,686)	-
Fire	125,000	157,195	118,695	38,500	-
Information technology	-	148,000	181,071	(33,071)	-
Project & facilities management	-	-	-	-	99,503
Traffic operations center	2,150,000	2,150,000	1,191,035	958,965	92,864
Streets-maintenance	-	137,000	176,986	(39,986)	603,671
Streets-traffic	-	-	-	-	141,386
Parks	-	46,000	41,797	4,203	533,415
Total Capital Outlay	2,275,000	3,543,311	2,676,386	866,925	1,470,839
Total expenditures	69,068,269	73,409,148	64,868,108	8,541,040	64,444,235
Excess of revenues over expenditures	1,153,034	3,552,814	15,692,345	12,139,531	5,512,345
Other financing sources (uses):					
Transfers to other funds	(1,153,034)	(3,552,814)	(3,427,121)	125,693	(5,498,033)
Total other financing sources (uses)	(1,153,034)	(3,552,814)	(3,427,121)	125,693	(5,498,033)
Net changes in fund balance	\$ -	\$ -	12,265,224	\$ 12,265,224	14,312
Fund balance - beginning of year			53,216,286		53,201,974
Fund balance - end of year			\$ 65,481,510		\$ 53,216,286

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

CITY OF FRANKLIN, TENNESSEE
ROAD IMPACT FEE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget	2020
	Original	Final			
Revenues:					
Licenses and permits	\$ 4,500,000	\$ 4,500,000	\$ 6,975,153	\$ 2,475,153	\$ 12,251,152
Use of money and property:					
Interest earned	50,000	50,000	86,592	36,592	702,406
Total revenues	<u>4,550,000</u>	<u>4,550,000</u>	<u>7,061,745</u>	<u>2,511,745</u>	<u>12,953,558</u>
Expenditures:					
Current:					
Highways and streets	3,000,000	3,000,000	889,026	2,110,974	1,984,905
Debt Service Fees	-	-	-	-	38,728
Capital outlay	-	-	43,968	(43,968)	99,875
Total expenditures	<u>3,000,000</u>	<u>3,000,000</u>	<u>932,994</u>	<u>2,067,006</u>	<u>2,123,508</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,550,000</u>	<u>1,550,000</u>	<u>6,128,751</u>	<u>4,578,751</u>	<u>10,830,050</u>
Other financing sources (uses):					
Transfers out	(2,710,486)	(2,830,825)	(2,830,454)	371	(4,976,836)
Total other financing sources (uses)	<u>(2,710,486)</u>	<u>(2,830,825)</u>	<u>(2,830,454)</u>	<u>371</u>	<u>(4,976,836)</u>
Net change in fund balances	<u>\$ (1,160,486)</u>	<u>\$ (1,280,825)</u>	<u>3,298,297</u>	<u>\$ 4,579,122</u>	<u>5,853,214</u>
Fund balance - beginning			<u>22,442,977</u>		<u>16,589,763</u>
Fund balance - ending			<u>\$ 25,741,274</u>		<u>\$ 22,442,977</u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND (WATER AND SEWER FUND)
JUNE 30, 2021
With Comparative Totals as of June 30, 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,484,783	\$ 5,309,690
Cash and cash equivalents-restricted	1,359,786	2,039,298
Investments	28,058,825	23,270,571
Investments-restricted	9,425,201	8,843,144
Receivables (net of allowance for uncollectibles)	16,814,491	19,730,353
Inventory and prepaids	652,056	1,486,412
Total current assets	<u>59,795,142</u>	<u>60,679,468</u>
Noncurrent assets:		
Capital assets (net of accumulated depreciation):		
Land	5,948,524	5,923,524
Construction in progress	131,284,027	69,512,474
Buildings and improvements	15,185,385	16,155,930
Utility plant in service	161,609,779	168,905,093
Machinery and equipment	868,891	1,142,148
Total capital assets (net of accumulated depreciation):	<u>314,896,606</u>	<u>261,639,169</u>
Total assets	<u>374,691,748</u>	<u>322,318,637</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refundings	422,361	533,888
OPEB	1,063,636	1,314,734
Pensions	2,518,485	2,256,226
Total deferred outflows of resources	<u>4,004,482</u>	<u>4,104,848</u>
LIABILITIES		
Current liabilities:		
Accounts payable	10,246,515	11,264,187
Accrued interest payable	275,457	311,381
Total current liabilities	<u>10,521,972</u>	<u>11,575,568</u>
Long-term liabilities:		
Due within one year	7,581,696	4,948,697
Due in more than one year	122,580,201	81,360,357
Total OPEB liability	2,652,483	2,504,771
Net pension liability	3,426,482	3,340,620
Total long-term liabilities	<u>136,240,862</u>	<u>92,154,445</u>
Total liabilities	<u>146,762,834</u>	<u>103,730,013</u>
DEFERRED INFLOWS OF RESOURCES		
OPEB	142,688	153,465
Pensions	930,873	590,037
Total deferred inflows of resources	<u>1,073,561</u>	<u>743,502</u>
NET POSITION		
Net investment in capital assets	186,313,737	176,897,094
Restricted-system improvements	10,784,987	10,882,442
Unrestricted	33,761,111	34,170,434
Total net position	<u>\$ 230,859,835</u>	<u>\$ 221,949,970</u>

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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	2021	2020
Operating revenues:		
Metered water sales	\$ 12,837,908	\$ 11,500,806
Sewer service charges	21,185,908	19,726,163
Reclaimed water sales	155,492	108,355
Other revenues from operations	1,036,436	918,871
Total operating revenues	35,215,744	32,254,195
Operating expenses:		
Water and sewer billing expenses	172,633	172,936
Water distribution expenses	2,883,033	1,146,199
Water plant expenses	6,110,805	6,260,343
Water administration	1,789,569	2,033,865
Sewer administration	3,094,005	2,939,304
General administration	1,406,750	1,464,565
Sewer collection expenses	2,755,929	3,206,696
Sewer plant expenses	4,108,031	3,726,778
Reclaimed water expenses	99,973	109,097
Depreciation	10,303,641	7,443,407
Total operating expenses	32,724,369	28,503,190
Operating income	2,491,375	3,751,005
Nonoperating revenues (expenses):		
Interest income	138,951	1,346,001
Gain (loss) on sale of assets	(12,282)	3,410
Interest expense	(1,036,008)	(1,199,653)
Total nonoperating revenues (expenses)	(909,339)	149,758
Income before contributions and transfers	1,582,036	3,900,763
Contributions and transfers:		
Grants	316,897	-
Impact fees	3,848,308	3,691,563
Capital contributions	7,282	(8,515)
Developer contributions	3,355,342	5,344,750
Transfer from county facilities tax	-	1,285,000
Transfer to debt service fund	(200,000)	(200,000)
Transfer to capital projects fund	-	(720,000)
Total contributions and transfers	7,327,829	9,392,798
Change in net position	8,909,865	13,293,561
Net position, beginning of year	221,949,970	208,656,409
Net position, end of year	\$ 230,859,835	\$ 221,949,970

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, 2021

With Comparative Totals for the Fiscal Year Ended June 30, 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from customers	\$ 35,029,930	\$ 33,406,793
Cash paid to employees for services	(4,685,062)	(4,709,981)
Cash paid to suppliers of goods and services	(17,242,934)	(10,370,787)
Net cash operating activities	<u>13,101,934</u>	<u>18,326,025</u>
Cash flows from noncapital financing activities:		
Grants	316,897	-
Transfer to debt service fund	(200,000)	(200,000)
Net cash provided by noncapital financing activities	<u>116,897</u>	<u>(200,000)</u>
Cash flows from capital and related financing activities:		
Purchases of property, plant and equipment	(60,205,736)	(48,507,030)
Contributions from access and tap fees and grant funds	3,855,590	3,683,048
Sales of property, plant and equipment	(12,282)	3,410
Transfer from county facilities tax fund	-	1,285,000
Transfer to capital projects fund	-	(720,000)
Interest paid on long-term debt	(1,132,600)	(1,295,795)
Payments on SRF loan eligible projects not reimbursed	3,101,676	(2,509,917)
Proceeds from issuance of long-term debt	48,647,933	40,184,710
Payments on long-term debt	(4,746,471)	(4,357,931)
Net cash capital and related financing activities	<u>(10,491,890)</u>	<u>(12,234,505)</u>
Cash flows from investing activities:		
Purchases of investments, net	(5,370,311)	(5,100,550)
Interest received from investments	138,951	1,346,001
Net cash investing activities	<u>(5,231,360)</u>	<u>(3,754,549)</u>
 Net change in cash and restricted cash	 (2,504,419)	 2,136,971
 Cash and restricted cash, beginning of year	 <u>7,348,988</u>	 <u>5,212,017</u>
Cash and restricted cash, end of year	<u><u>\$ 4,844,569</u></u>	<u><u>\$ 7,348,988</u></u>
 Cash and cash equivalents consist of:		
Unrestricted cash and cash equivalents	\$ 3,484,783	\$ 5,309,690
Restricted cash and cash equivalents	1,359,786	2,039,298
Total cash and cash equivalents	<u><u>\$ 4,844,569</u></u>	<u><u>\$ 7,348,988</u></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, 2021

With Comparative Totals for the Fiscal Year Ended June 30, 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating income to net cash provided by operations:		
Operating income	\$ 2,491,375	\$ 3,751,005
Adjustments to reconcile operating income to net cash provided		
by operating activities:		
Depreciation	10,303,641	7,443,407
Net pension liability and related amounts	164,439	178,710
OPEB and related amounts	388,033	367,112
Change in:		
Accounts receivable-operating	(185,814)	1,152,598
Inventory	834,356	(1,101,277)
Compensated absences	123,576	161,647
Accounts payable	(1,017,672)	6,372,823
Net cash provided by operating activities	<u>\$ 13,101,934</u>	<u>\$ 18,326,025</u>
Supplemental schedule of non-cash capital and related financing activities:		
Capital assets added as developer contributions	<u>\$ 3,355,342</u>	<u>\$ 5,344,750</u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020
With Comparative Totals as of December 31, 2019

	Franklin Employees' Pension Plan	2019
ASSETS		
Cash and equivalents	\$ 2,270,317	\$ 2,330,907
Total cash and equivalents	2,270,317	2,330,907
Investments:		
Domestic fixed income securities	42,002,450	37,189,356
Domestic equities	54,677,142	48,487,389
International equities	24,039,138	21,183,810
Real estate	11,094,987	9,650,403
Timber	2,720,725	4,483,922
Total investments	134,534,442	120,994,880
 Total assets	 136,804,759	 123,325,787
 NET POSITION RESTRICTED FOR PENSIONS	 <u>\$ 136,804,759</u>	 <u>\$ 123,325,787</u>

Franklin Employees' Pension Plan as of December 31, 2020.
This pension was closed to new hires after December 16, 2016.

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Franklin Employees' Pension Plan	2019
Additions:		
Contributions:		
Employer contributions	\$ 5,061,105	\$ 5,988,709
Employee contributions	688,835	702,598
Total contributions	<u>5,749,940</u>	<u>6,691,307</u>
Investment income:		
Net appreciation in fair value of investments	<u>14,134,655</u>	<u>18,743,979</u>
Total investment income	<u>14,134,655</u>	<u>18,743,979</u>
Total additions	<u>19,884,595</u>	<u>25,435,286</u>
Deductions:		
Pension benefits	6,289,974	6,812,691
Administration expense	<u>115,649</u>	<u>142,565</u>
Total deductions	<u>6,405,623</u>	<u>6,955,256</u>
Net increase in fiduciary net position	<u>13,478,972</u>	<u>18,480,030</u>
Net position restricted for pension benefits - beginning	<u>123,325,787</u>	<u>104,845,757</u>
Net position restricted for pension benefits - ending	<u><u>\$ 136,804,759</u></u>	<u><u>\$ 123,325,787</u></u>

Franklin Employees' Pension Plan as of December 31, 2020.
This pension plan was closed to new hires after December 16, 2016.

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

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, 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 \$5,243,394 at June 30, 2021, 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.

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

The *Road Impact Fee Fund* was established 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.

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

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.

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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.

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 estimate 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, the Special Revenue Funds, and Debt Service Fund. 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 if non-infrastructure and \$100,000 or more if infrastructure 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.

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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, 2021, will not be available for collection until fiscal year 2022, beginning October 2021; (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:

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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 2021, taxes were levied at a rate of .4176 per \$100 of assessed valuation.

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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 Stormwater) 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 Annual Comprehensive Financial Report (ACFR) 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 requirement of statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which has certain provisions effective for the fiscal period ending June 30, 2021. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

The GASB issued Statement No. 84, *Fiduciary Activities*, which has certain provisions effective for the fiscal period ending December 31, 2020 (fiscal year 2021 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. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, which has certain provisions for the fiscal period that ends December 31, 2020 (fiscal year 2021 for the City). This Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

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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. 87, *Leases*, which has certain provisions effective for fiscal period that ends June 30, 2022 (fiscal year 2022 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.

The GASB issued statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which has certain provisions effective for the fiscal period that ends December 31, 2021 (fiscal year 2022 for the City). This Statement establishes accounting requirements for interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

The GASB issued statement No. 92, *Omnibus 2020*, which has certain provisions for the fiscal period that ends June 30, 2022 (fiscal year 2022 for the City). This Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature.

The GASB issued statement No. 93, *Replacement of Interbank Offered Rates*, which has certain provisions in paragraph 11b for the fiscal period that ends December 31, 2021 (fiscal year 2022 for the City) and provisions in paragraph 13 and 14 for the fiscal period that ends June 30, 2022 (fiscal year 2022 for the City). This Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature.

The GASB issued statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which has certain provisions for the fiscal period that ends June 30, 2022 (fiscal year 2022 for the City). This Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans.

The GASB issued statement No. 91, *Conduit Debt Obligations*, which has certain provisions for the fiscal period that ends December 31, 2022 (fiscal year 2023 for the City). This Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice.

The GASB issued statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which has certain provisions for the fiscal period that ends June 30, 2023 (fiscal year 2023 for the City.) This Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

The GASB issued statement No. 96, *Subscription-Based Information Technology Arrangements*, which has certain provisions for the fiscal period that ends June 30, 2023 (fiscal year 2023 for the City). This Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition.

CITY OF FRANKLIN, TENNESSEE
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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, 2021, 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 2021, 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 observable 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, 2021, the City had the following investments measured at fair value per GASB Statement 72 and the noted weighted average maturities:

	6/30/2021	Fair Value Measurements Using			Weighted Average Maturity (Years)
		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					
Certificates of Deposit	\$ 4,500,000	\$ 4,500,000	\$ -	\$ -	1.09
Money Market Accounts	1,049,720	1,049,720	-	-	-
Debt securities					
U.S. Treasury securities	46,396,679	46,396,679	-	-	1.61
Federal Home Loan Bank	19,508,795	-	19,508,795	-	0.41
Federal Home Loan Mortgage Corp.	11,938,513	-	11,938,513	-	1.72
Federal National Mortgage Association	12,282,989	-	12,282,989	-	1.93
Federal Farm Credit Bank	35,915,271	-	35,915,271	-	1.04
Total Investments at Fair Value	\$ 131,591,967	\$ 51,946,399	\$ 79,645,568	\$ -	
Portfolio Weighted Avg. Maturity					1.28

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, 2021, the investments that constituted a concentration risk due to the investments exceeding 5% of the portfolio balance were the U.S. Treasury Securities, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Farm Credit Bank.

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, 2021, investments of the City had weighted average 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, 2020, the City of Franklin Employees' Pension Plan (closed plan) had the following investments measured at fair value per GASB Statement 72:

		Fair Value Measurements Using		
	12/31/2020	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				
Cash and equivalents ¹	\$ 817,402	\$ 817,402	\$ -	\$ -
	<u>817,402</u>			
State managed investments (TCRS)				
Cash and equivalents ²	\$ 1,452,915	1,452,915	-	-
Domestic fixed income ²	42,002,450	-	42,002,450	-
Domestic equities ^{2 3}	54,677,142	54,677,142	-	-
International equity ²	24,039,138	-	24,039,138	-
	<u>122,171,645</u>			
Total investments at fair value level	<u>122,989,047</u>	<u>\$ 56,947,459</u>	<u>\$ 66,041,588</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
State managed investments (TCRS)				
Real estate funds ²	11,094,987			
Timber funds ^{2 4}	<u>2,720,725</u>			
Total investments at the NAV	<u>13,815,712</u>			
Total investments measured at fair value	<u>\$ 136,804,759</u>			

¹ Invested in First American prime obligation fund, class z.

² Investments managed per agreement with the State by Tennessee Consolidated Retirement System (TCRS) money managers.

³ Landmark private equity and Hamilton private equity changed to State managed during 2019.

⁴ RMK timber fund II, RMS forest fund III, and FIA timber changed to State managed during 2019.

Allocation for state managed investments was developed from TCRS Asset Allocation Analysis Report for period ending December 31, 2020.

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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.

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CITY OF FRANKLIN, TENNESSEE
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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	Road Impact Fee Fund	Debt Service Fund	Other Governmental Funds	Total
Receivables:						
Accounts	\$ 1,266,501	\$ 33,812	\$ -	\$ -	\$ 3,101,501	\$ 4,401,814
Property taxes	10,983,837	-	-	12,029,589	1,095,591	24,109,017
Due from IDB	2,304,427	-	-	-	-	2,304,427
Local option sales tax	8,939,274	-	-	-	-	8,939,274
Special assessments	53,762	-	-	-	-	53,762
Due from county	94,949	-	-	-	-	94,949
State shared revenue	3,011,104	-	-	-	544,969	3,556,073
Grants	545,420	167,891	-	-	364,998	1,078,309
Fines	829,110	-	-	-	-	829,110
Interest	71,993	105,990	70,477	2,566	91,025	342,051
Gross receivables	28,100,377	307,693	70,477	12,032,155	5,198,084	45,708,786
Less: Allowance for uncollectibles	(732,000)	-	-	-	-	(732,000)
Net receivables	\$ 27,368,377	\$ 307,693	\$ 70,477	\$ 12,032,155	\$ 5,198,084	\$ 44,976,786

Receivables in the Water and Sewer Fund at June 30, 2021 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 \$1,009,747.

Receivables	
Customers	\$ 6,737,599
Special assessments	91,989
Due from State (SRF Loans)	10,876,965
Interest	117,685
Gross receivables	17,824,238
Less: Allowance for uncollectibles	(1,009,747)
Net receivables	\$ 16,814,491

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	\$ 110,644
Tree bank reserve	348,778
Sidewalk reserve	174,375
Affordable housing reserves	284,552
Sponsorship reserve	22,975
American Rescue Plan Act proceeds	4,626,921
Total unearned revenue for fund financial statements	\$ 5,568,245

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D. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance June 30, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 60,569,402	\$ -	\$ 1,033,491	\$ -	\$ 61,602,893
Construction in process-non-infrastructure	15,423,746	(538,249)	5,248,466	-	20,133,963
Construction in process-infrastructure	17,433,975	-	6,137,736	-	23,571,711
Total capital assets, not being depreciated	<u>93,427,123</u>	<u>(538,249)</u>	<u>12,419,693</u>	<u>-</u>	<u>105,308,567</u>
Capital assets, being depreciated:					
Buildings and improvements	74,565,195	-	-	-	74,565,195
Improvements other than buildings	27,799,472	538,249	-	-	28,337,721
Machinery and equipment	69,771,563	-	3,552,965	292,215	73,032,313
Infrastructure	730,979,113	-	26,074,678	723,183	756,330,608
Total capital assets, being depreciated	<u>903,115,343</u>	<u>538,249</u>	<u>29,627,643</u>	<u>1,015,398</u>	<u>932,265,837</u>
Accumulated depreciation:					
Buildings and improvements	20,890,380	-	1,460,898	-	22,351,278
Improvements other than buildings	15,122,582	-	1,373,169	-	16,495,751
Machinery and equipment	48,188,445	-	4,554,929	182,634	52,560,740
Infrastructure	207,521,777	-	14,820,118	7,232	222,334,663
Total accumulated depreciation	<u>291,723,184</u>	<u>-</u>	<u>22,209,114</u>	<u>189,866</u>	<u>313,742,432</u>
Total capital assets being depreciated, net	<u>611,392,159</u>	<u>538,249</u>	<u>7,418,529</u>	<u>825,532</u>	<u>618,523,405</u>
Total governmental activities capital assets, net	<u>704,819,282</u>	<u>-</u>	<u>19,838,222</u>	<u>825,532</u>	<u>723,831,972</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	5,923,524	-	25,000	-	5,948,524
Construction in process	69,512,474	(30,082)	61,801,635	-	131,284,027
Total capital assets, not being depreciated	<u>75,435,998</u>	<u>(30,082)</u>	<u>61,826,635</u>	<u>-</u>	<u>137,232,551</u>
Capital assets, being depreciated:					
Buildings and improvements	28,175,100	-	-	-	28,175,100
Utility plant in service	259,837,303	30,082	1,532,050	-	261,399,435
Machinery and equipment	6,234,628	-	214,675	40,940	6,408,363
Total capital assets, being depreciated	<u>294,247,031</u>	<u>30,082</u>	<u>1,746,725</u>	<u>40,940</u>	<u>295,982,898</u>
Accumulated depreciation:					
Buildings and improvements	12,019,169	-	970,545	-	12,989,714
Utility plant in service	90,932,211	-	8,857,446	-	99,789,657
Machinery and equipment	5,092,480	-	475,650	28,658	5,539,472
Total accumulated depreciation	<u>108,043,860</u>	<u>-</u>	<u>10,303,641</u>	<u>28,658</u>	<u>118,318,843</u>
Total capital assets being depreciated, net	<u>186,203,171</u>	<u>30,082</u>	<u>(8,556,916)</u>	<u>12,282</u>	<u>177,664,055</u>
Business-type activities capital assets, net	<u>261,639,169</u>	<u>-</u>	<u>53,269,719</u>	<u>12,282</u>	<u>314,896,606</u>
Total capital assets, net	<u>\$ 966,458,451</u>	<u>\$ -</u>	<u>\$ 73,107,941</u>	<u>\$ 837,814</u>	<u>\$ 1,038,728,578</u>

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Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2021, as follows:

Governmental activities:

Project & facilities management	\$ 44,960
Building and neighborhood services	12,660
Information and technology	713,589
Traffic operations center	219,192
Human resources	49,076
Police department	1,522,999
Fire department	1,254,753
Highways and streets	15,154,149
Fleet management	2,959
Parks	1,495,752
General government	128,327
Sanitation	1,219,890
Stormwater	244,960
Transit	145,848

Total depreciation expense - governmental activities	22,209,114
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Business-type activities:

Water and sewer	10,303,641
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Total depreciation expense	\$ 32,512,755
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E. Accrued Liabilities

Accrued liabilities reported by governmental funds at June 30, 2021, were as follows:

Accrued employee payroll	\$ 1,953,296
Accrued employee insurance claims	1,665,646
Total accrued liabilities	\$ 3,618,942

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 Employees' Pension 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 in the Fiduciary Pension Funds and the TCRS. 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.

CITY OF FRANKLIN, TENNESSEE
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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 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, 2021. Accordingly, all financial statement information regarding the Plan is as of December 31, 2020 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 44.

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, 2021, the date of the latest actuarial valuation:

Inactive plan participants:	
Retiree participants and beneficiaries	258
Terminated employees entitled to deferred benefits	184
Disabled participants	3
Inactive plan participants total	<u>445</u>
Active plan participants:	
Vested	413
Nonvested	25
Active plan participants total	<u>438</u>
Total participants	<u><u>883</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.

Plan members hired February 15, 2010 through December 31, 2016 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

CITY OF FRANKLIN, TENNESSEE
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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.

All employees hired beginning January 1, 2017 are enrolled in the TCRS defined benefit plan.

Net Pension Liability (Asset)

The City's net pension liability was measured as of January 1, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	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 Ages 60+, 3%).
Investment rate of return	Prior year, 7.2%. Beginning December 31, 2020, 7.1%.
Cost of living adjustment	2.5%

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, 2021 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:

During 2019, domestic equity and timber investments changed to state managed. The only investments remaining as locally managed is short term securities being held for pension payments and fees.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Short term securities	0.0%	0%
Total		0%

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, 2020, the annual money-weighted rate of return based on monthly cash flows on pension investments, net of pension plan investment expense, was 11.3%. 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 85.

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Discount rate. The discount rate used to measure the total pension liability was 7.1%. 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 1/1/2020	\$ 151,162,490	\$ 123,325,787	\$ 27,836,703
Changes for year:			
Service cost	2,344,647	-	2,344,647
Interest	10,650,805	-	10,650,805
Differences between expected and actual experience	5,262,761	-	5,262,761
Changes of assumptions	1,853,652	-	1,853,652
Contributions - employer	-	688,835	(688,835)
Contributions - employee	293,738	5,061,105	(4,767,367)
Net investment income	-	14,134,655	(14,134,655)
Benefit payments, including refunds of employee contributions	(6,289,974)	(6,289,974)	-
Administrative expense	-	(115,649)	115,649
Net changes	<u>14,115,629</u>	<u>13,478,972</u>	<u>636,657</u>
Balances at 12/31/2020	<u>\$ 165,278,119</u>	<u>\$ 136,804,759</u>	<u>\$ 28,473,360</u>

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 2 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

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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, 2020, the following employees were covered by the benefit terms:

Inactive employees entitled to but not yet receiving benefits	61
Active employees	<u>190</u>
Total employees	<u><u>251</u></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, 2021, the employer contributions for City of Franklin were \$480,423 based on a rate of 6.05 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.

Net Pension Liability (Asset)

Pension liabilities (assets). City of Franklin's net pension liability (asset) was measured as of June 30, 2020, 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, 2020 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 8.72 percent 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, 2020 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:

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<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
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%
		<u>100%</u>

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 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)

	<u>Total Pension Liability (a)</u>	<u>Increase (Decrease) Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at June 30, 2019	<u>\$ 1,005,120</u>	<u>\$ 1,003,317</u>	<u>\$ 1,803</u>
Changes for year:			
Service cost	653,668	-	653,668
Interest	119,330	-	119,330
Differences between expected and actual experience	282,980	-	282,980
Changes of assumptions	-	-	-
Contributions - employer	-	498,785	(498,785)
Contributions - employee	-	422,700	(422,700)
Net investment income	-	71,587	(71,587)
Benefit payments, including refunds of employee contributions	(25,724)	(25,724)	-
Administrative expense	-	(15,947)	15,947
Net changes	<u>1,030,254</u>	<u>951,401</u>	<u>78,853</u>
Balances at June 30, 2020	<u>\$ 2,035,374</u>	<u>\$ 1,954,718</u>	<u>\$ 80,656</u>

CITY OF FRANKLIN, TENNESSEE
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The City reports for the plans the following net pension liability (asset) as of June 30, 2021 in the Statement of Net Position:

Net pension liability	Governmental activities	Business-type activities	Total
Closed Plan	\$ 25,056,557	\$ 3,416,803	\$ 28,473,360
TCRS Plan	70,977	9,679	80,656
	<u>\$ 25,127,534</u>	<u>\$ 3,426,482</u>	<u>\$ 28,554,016</u>

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 (7.2% for the closed plan, 7.25% for the TCRS 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 (6.2% closed plan, 6.25% TCRS plan) or 1-percentage-point higher (8.2% closed plan, 8.25% TCRS plan) than the current rate:

Sensitivity to discount rate	1% Decrease	Current Rate	1% Increase
Closed Plan	\$ 49,031,996	\$ 28,473,360	\$ 11,359,707
TCRS Plan	618,381	80,656	(327,690)
	<u>\$ 49,650,377</u>	<u>\$ 28,554,016</u>	<u>\$ 11,032,017</u>

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

For the year ended June 30, 2021, the City recognized pension (negative pension) expense of \$312,601 as follows:

Pension (negative pension) expense	Governmental activities	Business-type activities	Total
Closed Plan	\$ 354,161	\$ 184,658	\$ 538,819
TCRS Plan	(205,999)	(20,219)	(226,218)
	<u>\$ 148,162</u>	<u>\$ 164,439</u>	<u>\$ 312,601</u>

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At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:		
Closed Plan	\$ 16,450,791	\$ -
TCRS Plan	562,132	-
Changes of assumptions:		
Closed Plan	3,949,693	-
Net difference between projected and actual earnings on pension plan investments:		
Closed Plan		7,757,270
TCRS Plan	24,745	-
Contributions made subsequent to the measurement date:		
Closed Plan	1,000,000	-
TCRS Plan	480,423	-
Total	<u>\$ 22,467,784</u>	<u>\$ 7,757,270</u>

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.

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

Deferred Outflows of Resources	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Closed Plan	\$ 18,952,425	\$ 2,448,059	\$ 21,400,484
TCRS Plan	996,874	70,426	1,067,300
	<u>\$ 19,949,299</u>	<u>\$ 2,518,485</u>	<u>\$ 22,467,784</u>
Deferred Inflows of Resources	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Closed Plan	\$ 6,826,397	\$ 930,873	\$ 7,757,270
TCRS Plan	-	-	-
	<u>\$ 6,826,397</u>	<u>\$ 930,873</u>	<u>\$ 7,757,270</u>

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For the plans, 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:	Closed Plan	TCRS Plan	Total
2022	\$ 2,358,819	\$ 68,680	\$ 2,427,499
2023	2,832,554	68,833	2,901,387
2024	(1,289,280)	69,223	(1,220,057)
2025	186,711	69,473	256,184
2026	1,265,930	62,866	1,328,796
Thereafter	7,288,480	247,802	7,536,282

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, 2021, the City of Franklin had a payable of \$1,000,000 relating to an approved additional contribution to the closed plan and \$480,423 for the outstanding amount of contributions to the TCRS plan required at the year ended June 30, 2021.

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 I 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 inactive 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, 2021, the following employees were covered by the benefit terms:

Retirees	34
Actives	678
Covered spouses of retirees	19
Total	<u>731</u>

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Total OPEB Liability

The City of Franklin's total OPEB liability of \$22,104,047 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Amortization period	For contribution calculations: 20 years (closed) beginning July 1, 2018.
Remaining amortization period	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.
Asset valuation	Not applicable
Inflation	2.18% per annum based on the S&P 500 High Grade 20 Year Rate Index as of June 28, 2021
Salary increases	2.00% per annum
Investment rate of return	Not applicable
Retirement age	Pattern of retirement determined by experience for administrative, general government, and fire and police employees.
Mortality	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.
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.
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.

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Changes in the Total OPEB liability

	Total OPEB Liability (a)	Plan Net Position (b)	OPEB Liability (a) - (b)
Balance at June 30, 2020	\$ 20,873,087	\$ -	\$ 20,873,087
Changes for the year:			
Service cost	574,635	-	574,635
Interest	586,392	-	586,392
Change of benefit terms	-	-	-
Differences between expected and actual experience	(275,901)	-	(275,901)
Changes in assumptions or other inputs	775,904	-	775,904
Contributions - employer	-	430,070	(430,070)
Benefit payments	(430,070)	(430,070)	-
Net changes	<u>1,230,960</u>	<u>-</u>	<u>1,230,960</u>
Balance at June 30, 2021	<u>22,104,047</u>	<u>-</u>	<u>22,104,047</u>

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 (1.18 percent) or 1-percentage-point higher (3.18 percent) than the current discount rate.

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
Total OPEB Liability	\$ 24,592,828	\$ 22,104,047	\$ 19,897,742

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 (5.25 percent decreasing to 4.75 percent) or 1-percentage-point higher (7.25 percent decreasing to 6.75 percent) than the current healthcare cost trend rates:

	1% Decrease (5.25% to 4.75% over 2 year and following the Gertzen model thereafter)	Healthcare Cost Trend Rates (6.25% to 5.75% over 2 year and following the Gertzen model thereafter)	1% Increase (7.25% to 6.75% over 2 year and following the Gertzen model thereafter)
Total OPEB Liability	\$ 19,547,460	\$ 22,104,047	\$ 25,090,915

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

For the year ended June 30, 2021, the City of Franklin recognized OPEB expense of \$3,233,595.

	Governmental activities	Business-type activities	Total
OPEB (negative OPEB) expense	\$ 2,845,562	\$ 388,033	\$ 3,233,595

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The City reports the following total OPEB liability (asset) as of June 30, 2021 in the Statement of Net Position:

	Governmental activities	Business-type activities	Total
Total OPEB liability	\$ 19,451,564	\$ 2,652,483	\$ 22,104,047

At June 30, 2021, 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:	\$ -	\$ 1,189,081
Changes of assumptions:	8,863,669	-
Total	\$ 8,863,669	\$ 1,189,081

Deferred outflows of resources 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	\$ 7,800,033	\$ 1,063,636	\$ 8,863,669
	Governmental activities	Business-type activities	Total
Deferred Inflows of Resources	\$ 1,046,393	\$ 142,688	\$ 1,189,081

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

Year ended June 30:	
2022	\$ 2,502,638
2023	2,502,638
2024	2,502,641
2025	83,333
2026	83,338

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 2021, various street, public works and park improvement projects were in process. At June 30, 2021, there was approximately \$24,562,816 in uncompleted contracts for these projects. The projects are funded by the General, Sanitation, Road Impact, Facilities Tax, Stormwater, Hotel/Motel Tax, and the Multi-Purpose Capital Project funds. There were \$40,658,292 of uncompleted contracts for Water and Sewer Fund projects.

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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, 2021. Renewals of the contracts are expected in the normal course of operations. At June 30, 2021, 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>
2022	\$ 46,325
2023	46,325
2024	46,325
2025	46,325
2026	46,325
2027 - 2029	138,975
Total	<u>\$ 370,600</u>

4. Defined Contribution Plans

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

Employees hired February 15, 2010 through December 31, 2016, may select the City of Franklin 2010 Defined Contribution Plan which 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, 2021, totaled \$260,705.

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.

Also, 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. The City's match for the year ended June 30, 2021, totaled \$24,455.

5. Retiree Health Savings (RHS) Program

In 2016, a retiree health savings (RHS) program was adopted to provide reasonable security regarding health needs during retirement. A portion of terminal leave in excess of \$24,000 is required as contribution to the plan at separation of service (with minimum of ten years service). The contribution reduces tax liability in the year of separation and increases the security of the pension plans by decreasing unplanned demands on Plan assets. The plan applies to the City Administrator, Assistant City Administrators, and Department Directors. There is no City match to the plan.

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

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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. Claim liabilities are included in accrued liabilities in the statement of net position. 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
6/30/2021	\$ 1,641,859	\$ 9,578,790	\$ (9,555,003)	\$ 1,665,646
6/30/2020	\$ 1,561,389	\$ 9,491,169	\$ (9,410,699)	\$ 1,641,859

J. Long-term Debt

Long-term debt (excluding unamortized premiums) at June 30, 2021, is comprised of the following:

Governmental Activities:

General Obligation Bonds:

Series 2010 - General Obligation Refunding Bonds, 2.00% to 4.00% interest, final maturity March 1, 2024	4,410,000
Series 2012 - General Obligation Refunding Bonds, 2.13% interest, final maturity May 1, 2027	10,095,000
Series 2013A - General Obligation Bonds, 2.00% to 4.00% interest, final maturity March 1, 2034	5,255,000
Series 2013B - General Obligation Bonds, Pension Plan Funding, 1.00% to 3.50% interest, federally taxable, final maturity March 1, 2024	3,275,000
Series 2015 - General Obligation Bonds, 3.00% to 5.00% interest, final maturity April 1, 2035	11,705,000
Series 2017 - General Obligation Bonds, 2.00% to 5.00% interest, final maturity April 1, 2037	19,795,000
Series 2019A - General Obligation Bonds, 4.00% to 5.00% interest, final maturity March 1, 2039	26,640,000
Series 2019B - General Obligation Refunding Bonds, 5.00% interest, final maturity March 1, 2029	18,995,000

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Series 2019C - General Obligation Bonds, 4.00% to 5.00% interest, final maturity June 1, 2032	29,245,000
Series 2019D - General Obligation Refunding Bonds, 1.00% to 3.50% interest, federally taxable, final maturity June 1, 2027	<u>2,305,000</u>
Total Governmental Activities Long-Term Debt	<u>\$ 131,720,000</u>

The bonds are secured by the full faith and credit of the City. During 2021, 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.

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	\$ 6,735,000
Series 2011 - Truist (formerly SunTrust) Loan Program, 2.48% interest, final maturity May 25, 2026	7,430,000
Series 2017 - Sewer and Water Revenue Bonds, 3.00% to 5.00% interest, final maturity February 1, 2037	10,385,000

Notes payable:

Drinking Water SRF Loan provided through ARRA funding, 2.82% interest; final maturity December 20, 2030	817,659
Clean Water SRF Loan provided through ARRA funding, 2.69% interest; final maturity October 20, 2032	1,192,361
State Revolving Fund Loan (CG2 2016-367) 0.89% interest; final maturity June 20, 2033	1,477,393
State Revolving Fund Loan (SRF 2016-374) 0.89% interest; final maturity June 20, 2033	261,391
State Revolving Fund Loan (CG5 2017-375) 0.89% interest; final maturity August 20, 2049	1,212,152
State Revolving Fund Loan (SRF 2017-376) 1.47% interest; final maturity April 20, 2051	78,152,531
State Revolving Fund Loan (SRF 2017-398) 1.47% interest; final maturity September 20, 2051	20,000,000
Total Business-Type Activities Long-Term Debt	<u>\$ 127,663,487</u>

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 2021, debt service for the debt was provided solely by the Water and Sewer Fund.

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The annual requirements, by type of issue, to amortize outstanding bonds and notes payable at June 30, 2021, are as follows:

Year Ending June 30,	General Obligation Bonds		Revenue and Tax Bonds and Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 10,160,000	\$ 5,572,934	\$ 6,988,144	\$ 2,436,265	\$ 17,148,144	\$ 8,009,199
2023	10,540,000	5,165,461	6,495,946	2,260,945	17,035,946	7,426,406
2024	11,555,000	4,739,016	6,497,075	2,077,533	18,052,075	6,816,549
2025	10,780,000	4,305,603	6,603,937	1,896,522	17,383,937	6,202,125
2026	11,240,000	3,843,002	5,266,561	1,723,493	16,506,561	5,566,495
2027-2031	48,065,000	11,798,563	19,654,998	7,268,997	67,719,998	19,067,560
2032-2036	23,110,000	3,607,235	20,271,305	5,303,817	43,381,305	8,911,052
2037-2041	6,270,000	439,800	18,012,744	3,466,656	24,282,744	3,906,456
2042-2046	-	-	18,449,352	2,125,248	18,449,352	2,125,248
2047-2051	-	-	19,217,911	720,607	19,217,911	720,607
2052	-	-	205,514	504	205,514	504
Totals	<u>\$ 131,720,000</u>	<u>\$ 39,471,614</u>	<u>\$ 127,663,487</u>	<u>\$ 29,280,587</u>	<u>\$ 259,383,487</u>	<u>\$ 68,752,201</u>

Interest on variable rate debt with an associated interest rate swap 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, 2021.

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

The above bonds and notes payable contain provisions that in the event of default, the lenders can exercise one or more of the following options: 1) make the outstanding bond and/or note payable with accrued interest due and payable, 2) use any remedy allowed by state or federal law.

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Long-term liability activity for the year ended June 30, 2021, 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	\$ 136,800,000	\$ -	\$ 8,355,000	\$ 128,445,000	\$ 9,100,000
Premium-GO bonds-capital	19,253,676	-	939,497	18,314,179	939,497
Total GO bonds-capital	156,053,676	-	9,294,497	146,759,179	10,039,497
General obligation bonds-pension	4,305,000	-	1,030,000	3,275,000	1,060,000
Total bonds payable	160,358,676	-	10,324,497	150,034,179	11,099,497
Park acquisition agreement	428,570	-	214,286	214,284	214,284
Compensated absences	9,942,625	5,103,747	3,781,405	11,264,967	3,781,405
Derivatives-interest rate swaps	1,070	-	1,070	-	-
Net pension liability	24,497,886	629,648	-	25,127,534	-
Total OPEB liability	18,368,316	1,083,248	-	19,451,564	-
Total long-term liabilities	<u>\$ 213,597,143</u>	<u>\$ 6,816,643</u>	<u>\$ 14,321,258</u>	<u>\$ 206,092,528</u>	<u>\$ 15,095,186</u>
Business-type activities:					
Revenue and tax bonds	\$ 19,805,000	\$ -	\$ 2,685,000	\$ 17,120,000	\$ 2,730,000
Bank debt-capital	8,810,000	-	1,380,000	7,430,000	1,415,000
State revolving loans-capital	55,147,025	48,647,933	681,471	103,113,487	2,843,144
Premium	1,513,938	-	172,195	1,341,743	172,198
Total bonds payable	85,275,963	48,647,933	4,918,666	129,005,230	7,160,342
Compensated absences	1,033,092	544,929	421,354	1,156,667	421,354
Net pension liability	3,340,620	85,862	-	3,426,482	-
Total OPEB liability	2,504,771	147,712	-	2,652,483	-
Total long-term liabilities	<u>\$ 92,154,446</u>	<u>\$ 49,426,436</u>	<u>\$ 5,340,020</u>	<u>\$ 136,240,862</u>	<u>\$ 7,581,696</u>

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

Park acquisition agreement

The City of Franklin entered into an agreement with the battlefield organizations to create the Carter Hill Battlefield Park, which includes interpretative signage. The City's financial obligation of \$1.5 million paid annually over 7 years of \$214,286 will end in FY 2022.

Issuance of Long-term Debt

The proprietary fund added \$48,647,933 of state revolving loan funds in FY 2021. There was no new debt in the governmental funds.

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 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, 2020, expected development in the area is proceeding as projected in the debt repayment plan. Through June 30, 2021, the City has lent \$2,304,427 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.

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Swap Agreement

The City has one interest rate swap agreement which is a 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.

2005 Swap Agreement

In 2005, the City entered into an interest rate swap agreement with Truist (formerly 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 had a notional amount of \$4,500,000 that was paid on July 1, 2020.

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

Swap Agreement	2005 Swap Agreement with Truist (Formerly SunTrust) Bank
Original Notional Amount	\$ 4,500,000
Less Amount Retired	(4,500,000)
Current Notional Amount	<u>\$ -</u>
Effective Date	9/1/2005
Termination Date	7/1/2020
Final Bond Maturity	7/1/2020
City Pays	3.65% Fixed
Payments made by the City*	\$ 1,171
	LIBOR x 75%
City Receives*	+ 0.18%
Payments received by the City*	\$ 101
Net receipts/(disbursements)*	(1,070)
Fair Value of Swap Agreements	-

* Swap ended on July 1, 2020 with final payment.

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K. Fund Balances

Fund balances:	General Fund	Multi-Purpose Capital Project Fund	Road Impact Fee Fund	Debt Service Fund	State Street Aid Fund	Sanitation 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
Non-Spendable	\$ 1,484,303	\$ -	\$ -	\$ -	\$ -	\$ 58,332	\$ -	\$ -	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,548,635
Restricted	-	25,520,920	-	-	771,402	1,992,796	-	4,498,831	-	602,402	-	-	-	114,745	33,501,096
Committed	-	-	25,741,274	937,169	-	-	11,022,953	-	2,945,003	-	2,713,600	-	807,254	-	44,167,253
Assigned	-	-	-	-	-	-	-	-	-	-	3,213,771	7,550,661	-	-	10,764,432
Unassigned	63,997,207	-	-	-	-	-	-	-	-	-	-	-	-	-	63,997,207
Total fund balances	\$ 65,481,510	\$ 25,520,920	\$ 25,741,274	\$ 937,169	\$ 771,402	\$ 2,051,128	\$ 11,022,953	\$ 4,498,831	\$ 2,951,003	\$ 602,402	\$ 5,927,371	\$ 7,550,661	\$ 807,254	\$ 114,745	\$ 153,978,623

Reason for Restriction/Commitment:

Non-spendable inventory prepaids	\$ 1,484,303	\$ -	\$ -	\$ -	\$ -	\$ 58,332	\$ -	\$ -	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,548,635
Restricted by state law	-	25,520,920	-	-	771,402	1,992,796	-	4,498,831	-	602,402	-	-	-	-	33,386,351
Restricted by federal regulations for fund purpose	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed by Board ordinance for fund purpose	-	-	25,741,274	937,169	-	-	11,022,953	-	2,945,003	-	2,713,600	-	807,254	-	44,167,253
Assigned by Board resolutions	-	-	-	-	-	-	-	-	-	-	3,213,771	7,550,661	-	-	10,764,432
Unassigned*	63,997,207	-	-	-	-	-	-	-	-	-	-	-	-	-	63,997,207
Total fund balances	\$ 65,481,510	\$ 25,520,920	\$ 25,741,274	\$ 937,169	\$ 771,402	\$ 2,051,128	\$ 11,022,953	\$ 4,498,831	\$ 2,951,003	\$ 602,402	\$ 5,927,371	\$ 7,550,661	\$ 807,254	\$ 114,745	\$ 153,978,623

Fund Balance Policy - General Fund

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

Amount
Contingency Commitment
Emergency Commitment
Cash Flow Commitment
Debt Service Commitment
Property/Casualty/Health Insurance Commitment
Retiree Health Benefits Commitment
Supplemental Reserve
Capital Outlay Reserve
Total Reserves

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

L. 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, 2021:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Street Aid	\$ 250,000
General	Sanitation	900,000
General	Transit	777,341
General	Debt service	94,896
General	Capital projects	1,404,884
Sanitation	Debt service	209,081
Road impact	Debt service	2,730,454
Road impact	Capital projects	100,000
County facilities tax	Capital projects	125,000
Hotel/motel	Debt service	1,281,521
Hotel/motel	Capital projects	1,466,850
Parkland Dedication	Capital projects	1,511,850
Water/Sewer	Debt service	200,000
Total		<u>\$ 11,051,877</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 Sanitation fund is for \$150,000 partial funding of a replacement sideloader and \$750,000 toward cash balances at fiscal year end.
- The transfer from the General Fund to the Transit System fund is for providing the annual operating subsidy.
- The transfer from the General, Sanitation, Road Impact, Hotel/Motel funds to the Debt Service Fund are for the purpose of transferring funds to cover annual debt service requirements.
- The transfer from the General Fund to the Capital Projects Fund was to provide funds for the Long Lane/Peytonsville Connector, East McEwen Phase 5, and West Main Bridge.
- The transfer from the Road Impact Fund to the Capital Projects Fund was to provide funds for the Jordan Road project.
- The transfer from the County Facilities Tax Fund to the the Capital Projects Fund was to provide funds for the FSSD sidewalk project
- The transfer from the Hotel/Motel fund to the Capital Projects Fund was to provide additional funds for tourism projects, including Harlinsdale Fram Park.
- The transfer from the Parkland Dedication fund to the Capital Projects Fund was to provide additional funds for costs on Bicentennial Park and FSSD athletic fields.
- 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.

M. 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, 2021

N. Tax abatements

In accordance with GASB Statement No. 77, *Tax Abatement Disclosures*, City property tax revenues were increased by \$142,304 in fiscal year 2021 under five (5) in lieu of property tax agreements. The first three are agreements with the City only. The Nissan and Ramsey Solution agreements are with the City, County, and the Industrial Development Board. The last agreement is a refund to Community Health Systems from a prior year.

The amount is comprised of:

	<u>Estimated Property Tax</u>		<u>In Lieu of Tax Payment</u>	<u>Difference</u>
1. Franklin Housing Authority (1967)	\$ 39,907 ^A	\$	17,958	\$ 21,949
2. Franklin Housing Authority (2018)	144,490 ^B		83,087	61,403
3. Franklin Housing Authority (2019)	34,243 ^C		-	34,243
4. Nissan	202,118 ^D		197,962	4,156
5. Ramsey Solutions	84,442 ^E		54,962	29,480
Totals	<u>\$ 505,200</u>	<u>\$</u>	<u>353,969</u>	<u>\$ 151,231</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 completed in December 2019) at an assessed residential rate of 25%. The agreement began in 2018 and has no specific end date.
- ^C The estimated property tax amount for the Franklin Housing Authority-2019 developed from total cost of 64 renovated units at Spring Street/Johnson Circle. The PILOT agreement was approved on September 10, 2019.
- ^D The estimated property tax amount is based on the value calculated by the Williamson County property tax assessor. The in lieu of funds are 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.
- ^E The estimated property tax amount is based on the cost of land and building improvements for the Ramsey Solutions facility. The Industrial Development Board owns the facility and leases to Ramsey Solutions. The City passed the tax abatements on October 13, 2015.

O. Risks and Uncertainties

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the pandemic continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and contributed to significant deterioration and instability in financial markets. The pandemic may have a continued material adverse impact on economic and market conditions, triggering a period of economic slowdown.

Although the City cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the City's results of future operations, financial position, and liquidity in fiscal year 2022.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

P. Subsequent events

On July 13, 2021, the Board of Mayor and Aldermen (BOMA) approved the issuance of \$22,000,000 of Water and Sewer bonds to fund in part the expansion and upgrade of the City's wastewater treatment plant.

On September 15, 2021, the City of Franklin issued \$10,660,000 Series 2021, Water & Sewer Revenue Bonds for the purpose of funding, in part, the upgrade and expansion to the City's wastewater treatment plant. Total project budget is \$153 million, with completion expected in summer 2022. In preparation for issuance of the bonds, on August 16, 2021, Moody's Investors Service upgraded the City's water and sewer revenue credit from Aa3 to Aa2.

On October 25, 2021, the Tennessee Local Development Authority (TLDA) and Tennessee Department of Environment and Conservation (TDEC) approved the City to receive a State Revolving Loan (SRF Loan) of \$19,500,000. The SRF Loan bears interest at a rate of 1.28% and has an administrative fee of 0.08%. The loan will be used for funding, in part, the upgrade and expansion for the City's wastewater treatment plant. With the newest loan approval, the City will have borrowed \$119.5 million through the state program for purposes of funding the \$153 million project.

On October 26, 2021, voters elected 4 new aldermen (Matt Brown, Jason Potts, Patrick Baggett, and Gabrielle Hanson) to BOMA. Beverly Burger won re-election. The administration of the oath of office was done at the November 9, 2021 BOMA meeting.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 2,344,647	\$ 2,438,659	\$ 2,017,416	\$ 1,894,635	\$ 1,911,994	\$ 2,093,993	\$ 1,977,349
Interest	10,650,805	10,165,977	9,572,072	8,725,546	7,983,916	7,209,696	6,583,224
Cash balance increase	293,738	291,703	289,162	270,241	273,366	-	-
Changes of benefit items	-	-	-	-	-	-	-
Differences between expected and actual experience	5,262,761	622,830	2,887,307	5,623,929	3,597,048	3,542,156	3,336,925
Changes of assumptions	1,853,652	1,706,426	1,191,865	1,530,808	771,750	1,852,274	-
Benefit payments, including refunds of employee contributions	(6,289,974)	(6,812,691)	(5,310,361)	(4,668,158)	(4,238,026)	(3,699,996)	(3,234,121)
Net change in total pension liability	14,115,629	8,412,904	10,647,461	13,377,001	10,300,048	10,998,123	8,663,377
Total pension liability-beginning	151,162,490	142,749,586	132,102,125	118,725,124	108,425,076	97,426,953	88,763,576
Total pension liability-ending (a)	\$ 165,278,119	\$ 151,162,490	\$ 142,749,586	\$ 132,102,125	\$ 118,725,124	\$ 108,426,076	\$ 97,426,953
Plan fiduciary net position							
Contributions-employer	\$ 5,061,105	\$ 5,988,709	\$ 4,254,456	\$ 4,471,922	\$ 3,888,628	\$ 2,846,724	\$ 2,354,417
Contributions-employee	688,835	702,598	831,941	593,845	548,163	525,364	419,334
Net investment income (loss)	14,134,655	18,743,979	(3,237,304)	14,823,429	6,452,638	(1,678,689)	5,973,819
Benefit payments, including refunds of employee contributions	(6,289,974)	(6,812,691)	(5,310,361)	(4,668,158)	(4,238,026)	(3,699,996)	(3,234,121)
Administrative expenses	(115,649)	(142,565)	(114,344)	(112,112)	(171,371)	(584,138)	(561,992)
Net change in plan fiduciary net position	13,478,972	18,480,030	(3,575,612)	15,108,926	6,480,032	(2,590,735)	4,951,457
Plan fiduciary net position-beginning	123,325,787	104,845,757	108,421,369	93,312,413	86,832,411	89,423,146	84,471,689
Plan fiduciary net position-ending (b)	\$ 136,804,759	\$ 123,325,787	\$ 104,845,757	\$ 108,421,369	\$ 93,312,443	\$ 86,832,411	\$ 89,423,146
Net pension liability-ending (a) - (b)	\$ 28,473,360	\$ 27,836,703	\$ 37,903,829	\$ 23,680,756	\$ 25,412,681	\$ 21,592,665	\$ 8,003,807
Plan fiduciary net position as a percentage of the total pension liability	82.8%	81.6%	73.4%	82.1%	79.1%	80.1%	91.8%
Covered payroll							
	\$ 29,868,272	\$ 30,013,785	\$ 31,795,391	\$ 31,118,096	\$ 30,832,419	\$ 30,362,659	\$ 28,205,179
Net Pension liability as a percentage of covered payroll	95.3%	92.7%	119.2%	76.1%	82.4%	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 EMPLOYER CONTRIBUTIONS
CITY OF FRANKLIN EMPLOYEES' PENSION PLAN
(Unaudited)

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 5,061,105	\$ 5,988,709	\$ 4,254,456	\$ 4,205,916	\$ 3,888,628	\$ 2,846,724	\$ 2,417,920
Contributions in relation to the actuarially determined contribution	5,061,105	5,988,709	4,254,456	4,471,922	3,888,628	2,846,724	2,354,417
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (266,006)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,503</u>
Covered payroll	<u>\$ 29,868,272</u>	<u>\$ 30,013,785</u>	<u>\$ 31,795,391</u>	<u>\$ 31,118,096</u>	<u>\$ 30,832,419</u>	<u>\$ 30,362,658</u>	<u>\$ 28,366,470</u>
Contributions as a percentage of covered payroll	16.9%	20.0%	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 closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	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, 7.3%. Beginning December 31, 2019, 7.2%
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 INVESTMENT RETURNS
 CITY OF FRANKLIN EMPLOYEES' PENSION PLAN
 (Unaudited)

	<u>2021</u>	<u>2020</u>	<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	11.3%	18.1%	-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.

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

	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 653,668	\$ 372,276	\$ 124,730	\$ -
Interest	119,330	51,291	12,799	-
Changes of benefit items	-	-	-	52,267
Differences between expected and actual experience	282,980	246,960	146,886	-
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	(25,724)	(1,183)	(906)	-
Net change in total pension liability	<u>1,030,254</u>	<u>669,344</u>	<u>283,509</u>	<u>52,267</u>
Total pension liability-beginning	<u>1,005,120</u>	<u>335,776</u>	<u>52,267</u>	<u>-</u>
Total pension liability-ending (a)	<u>\$ 2,035,374</u>	<u>\$ 1,005,120</u>	<u>\$ 335,776</u>	<u>\$ 52,267</u>
Plan fiduciary net position				
Contributions-employer	\$ 498,785	\$ 344,345	\$ 166,897	\$ 23,007
Contributions-employee	422,700	278,151	128,382	17,698
Net investment income (loss)	71,587	48,394	15,395	2,220
Benefit payments, including refunds of employee contributions	(25,724)	(1,183)	(906)	-
Administrative expenses	(15,947)	(11,344)	(6,220)	(1,519)
Net change in plan fiduciary net position	<u>951,401</u>	<u>658,363</u>	<u>303,548</u>	<u>41,406</u>
Plan fiduciary net position-beginning	<u>1,003,317</u>	<u>344,954</u>	<u>41,406</u>	<u>-</u>
Plan fiduciary net position-ending (b)	<u>\$ 1,954,718</u>	<u>\$ 1,003,317</u>	<u>\$ 344,954</u>	<u>\$ 41,406</u>
Net pension (asset) liability-ending (a) - (b)	<u>\$ 80,656</u>	<u>\$ 1,803</u>	<u>\$ (9,178)</u>	<u>\$ 10,861</u>
Plan fiduciary net position as a percentage of the total pension (asset) liability	96.04%	99.82%	102.73%	79.22%
Covered payroll	\$ 8,453,990	\$ 5,563,006	\$ 2,567,642	\$ 353,953
Net pension (asset) liability as a percentage of covered payroll	0.95%	0.03%	-0.36%	3.07%

Notes to Schedule:

Changes of assumptions - In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent, decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

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
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
(Unaudited)

	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 498,785	\$ 422,700	\$ 344,345	\$ 166,897	\$ 172,503	\$ 23,007
Contributions in relation to the actuarially determined contribution	498,785	422,700	344,345	166,897	172,503	23,007
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 8,453,990	\$ 8,453,990	\$ 5,564,163	\$ 2,567,642	\$ 2,653,892	\$ 353,953
Contributions as a percentage of covered payroll	5.9%	5.0%	6.2%	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 2021 were calculated based on the June 30, 2019 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	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
Retirement age	Pattern of retirement determined by experience study.
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 CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
(Unaudited)

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 574,635	\$ 559,038	\$ 532,417	\$ 142,900
Interest	586,392	566,552	155,371	158,282
Changes of benefit items	-	-	(6,939)	-
Differences between expected and actual experience	(275,901)	-	(1,918,330)	-
Changes of assumptions or other inputs	775,904	-	16,434,163	-
Benefit payments	(430,070)	(485,623)	(451,742)	(645,902)
Net change in total OPEB liability	1,230,960	639,967	14,744,940	(344,720)
Total OPEB liability-beginning	20,873,087	20,233,120	5,488,180	5,832,900
Total OPEB liability-ending	<u>\$ 22,104,047</u>	<u>\$ 20,873,087</u>	<u>\$ 20,233,120</u>	<u>\$ 5,488,180</u>
Plan net position				
Contributions - employer	\$ 430,070	\$ 485,623	\$ 451,742	\$ -
Benefit payments	(430,070)	(485,623)	(451,742)	-
Net change in net position	-	-	-	-
Net OPEB liability-beginning	20,873,087	20,233,120	5,488,180	5,832,900
Net OPEB liability-ending	<u>\$ 22,104,047</u>	<u>\$ 20,873,087</u>	<u>\$ 20,233,120</u>	<u>\$ 5,488,180</u>
Plan net position as a percentage of total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 19,339,860	\$ 40,104,752	\$ 39,318,384	n/a
Net OPEB liability as a percentage of covered-employee payroll	114.3%	52.0%	51.5%	n/a

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.

Changes of assumptions and methods - In 2021, the discount rate is 2.18% based on the S&P Municipal Bond 20 Year High Grad Rate Index as of June 30, 2021 under Statement No. 75, compared to the prior discount rate of 2.70%. Also, the assumed trend rate for the medical claims was changed to 6.25% grading uniformly to 5.75% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075, compared to the prior year assumed trend of 7.5% grading uniformly to 6.75% over 3 years, and following the Getzen model thereafter until reaching an ultimate rate of 3.9% in the year 2075.

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 EMPLOYER CONTRIBUTIONS
OPEB
(Unaudited)

	2021	2020	2019	2018
Actuarially determined contribution	\$ 2,053,063	\$ 1,934,262	\$ 1,814,333	N/A
Contributions in relation to the actuarially determined contribution	430,070	485,623	451,742	93,323
Contribution deficiency (excess)	\$ 1,622,993	\$ 1,448,639	\$ 1,362,591	N/A
Covered payroll	\$ 19,339,860	\$ 40,104,752	\$ 39,318,384	N/A
Contributions as a percentage of covered payroll	2.2%	1.2%	1.1%	N/A

*GASB 75 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 75. 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 2021 were calculated based on the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry age normal

Amortization method

20 years closed beginning July 1, 2018.

Remaining amortization period

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 period of 5 years. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.

Funding policy

The benefits of the City of Franklin Post-Employment Medical Benefits other than Pensions are 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 medical coverage.

Asset valuation method

Not applicable

Investment rate of return

Not applicable

Plan participation

100% of future eligible retirees are assumed to elect the medical coverage upon retirement.

Disability rate

100% UAW Table - Unisex Male

Inflation rate

2.18% per annum based on the S&P 500 High Grade 20 Year Rate Index as of June 30, 2021

Salary increases

2.00% per annum

Marital status

64% of future eligible retirees are assumed to elect the medical coverage upon retirement. Actual spouse participation of dates of birth were used for retirees.

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



**HISTORIC
FRANKLIN
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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 sanitation collection, fleet maintenance, and disposal operations.

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 decennial census. All funds are to be used for the purpose of providing public facilities, the need for which is reasonably related to new development.

Stormwater Fund - To account for the City's stormwater 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 transfers to the debt service fund to pay parks/tourism related debt service, capital outlay including parks related improvements, and support toward the Williamson County Convention and Visitors Bureau.

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.

CITY OF FRANKLIN, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021
With Comparative Totals as of June 30, 2020

	Special Revenue Funds										
	State Street Aid Fund	Sanitation 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	
ASSETS											
Cash and cash equivalents	\$ 213,574	\$ 93,024	\$ 1,314,906	\$ 563,305	\$ 312,910	\$ 405,311	\$ 691,049	\$ 945,429	\$ 236,151	\$ 49,766	\$ 4,825,425
Investments	222,422	852,493	9,157,822	3,923,209	2,191,306	193,180	4,812,895	6,584,559	708,129	346,601	28,992,616
Receivables (net of allowance for uncollectibles)	1,592,286	1,534,111	668,752	12,317	451,865	3,911	544,016	20,673	367,223	2,930	5,198,084
Inventory and prepaids	-	56,332	-	-	-	-	-	-	-	-	56,332
Prepaid items	-	2,000	-	-	6,000	-	-	-	-	-	8,000
Total assets	\$ 2,028,282	\$ 2,537,960	\$ 11,141,480	\$ 4,498,831	\$ 2,962,081	\$ 602,402	\$ 6,047,960	\$ 7,550,661	\$ 1,311,503	\$ 399,297	\$ 39,080,457
LIABILITIES											
Accounts payable	\$ 161,289	\$ 486,832	\$ 118,527	\$ -	\$ 11,078	\$ -	\$ 43,249	\$ -	\$ 493,591	\$ -	\$ 1,314,566
Unearned revenue	-	-	-	-	-	-	-	-	-	284,552	284,552
Total liabilities	161,289	486,832	118,527	-	11,078	-	43,249	-	493,591	284,552	1,599,118
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue-property tax-Jan 1 levy	1,095,591	-	-	-	-	-	-	-	-	-	1,095,591
Unavailable revenue-grant proceeds	-	-	-	-	-	-	-	-	10,658	-	10,658
Unavailable revenue-hotel/motel Tax	-	-	-	-	-	-	77,340	-	-	-	77,340
Total deferred inflows of resources	1,095,591	-	-	-	-	-	77,340	-	10,658	-	1,183,589
FUND BALANCES											
Non-spendable	-	58,332	-	-	6,000	-	-	-	-	-	64,332
Restricted	771,402	1,992,796	-	4,498,831	-	602,402	-	-	-	114,745	7,980,176
Committed	-	-	11,022,953	-	2,945,003	-	2,713,000	-	807,254	-	17,488,810
Assigned	-	-	-	-	-	-	3,213,771	7,550,661	-	-	10,764,432
Total fund balances	771,402	2,051,128	11,022,953	4,498,831	2,951,003	602,402	5,927,371	7,550,661	807,254	114,745	36,297,750
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,028,282	\$ 2,537,960	\$ 11,141,480	\$ 4,498,831	\$ 2,962,081	\$ 602,402	\$ 6,047,960	\$ 7,550,661	\$ 1,311,503	\$ 399,297	\$ 39,080,457
											\$ 39,166,123

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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Special Revenue Funds											2021	2020
	State Street Aid Fund	Sanitation 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	\$ 809,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 809,178	\$ 779,036	
Hotel/ motel tax	-	-	-	-	-	-	2,575,830	-	-	-	2,575,830	3,138,814	
Facilities tax	-	-	2,682,395	935,555	-	-	-	-	-	-	3,617,950	3,940,537	
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	1,464,200	
Fines and fees	-	-	-	-	-	133,930	-	-	-	-	133,930	172,111	
Intergovernmental:													
Gas & motor fuel	1,317,475	-	-	-	-	-	-	-	-	-	1,317,475	1,290,479	
Petroleum special	140,774	-	-	-	-	-	-	-	-	-	140,774	140,774	
Gas 1989	205,398	-	-	-	-	-	-	-	-	-	205,398	204,037	
Gas 3 cent	380,588	-	-	-	-	-	-	-	-	-	380,588	378,067	
Gas 2018	662,660	-	-	-	-	-	-	-	-	-	662,660	647,388	
Short term vacation rental tax	-	-	-	-	-	-	133,521	-	-	-	133,521	-	
Grants	-	14,327	-	-	1,107	-	-	-	2,065,711	330,407	2,411,752	2,402,099	
Charges for services	-	10,198,236	-	-	2,658,693	-	-	-	33,080	-	12,890,009	12,093,480	
Use of money and property	1,207	84,902	36,408	14,292	76,221	39,336	(277,153)	25,414	12,023	1,679	14,329	1,704,530	
Miscellaneous and other	-	-	640,000	-	-	-	-	-	-	-	640,000	-	
Total revenues	3,517,280	10,297,465	3,358,803	949,847	2,736,221	173,266	2,432,198	825,958	2,110,814	332,086	26,733,938	28,355,552	
Expenditures:													
Current:													
Police	-	-	364	-	-	91,336	-	-	-	-	91,700	100,672	
Fire	-	-	287,578	-	-	-	-	-	-	-	287,578	355,701	
Parks	-	-	9,554	-	-	-	-	-	-	-	9,554	6,005	
Highways and streets	3,597,697	-	-	-	-	-	-	-	-	-	3,597,697	3,634,540	
General government	-	-	-	-	-	-	1,045,999	-	-	330,407	1,376,406	1,379,810	
Storm water	-	-	-	-	2,408,374	-	-	-	-	-	2,408,374	2,555,688	
Sanitation	-	9,368,173	-	-	-	-	-	-	-	-	9,368,173	9,207,309	
Transit	-	-	-	-	-	-	-	-	2,693,184	-	2,693,184	2,446,053	
Debt Service Fees	-	635,165	2,733,203	-	72,245	-	214,286	-	205,629	-	3,860,528	12,799	
Capital outlay	-	10,003,338	3,030,699	-	2,480,619	91,336	1,260,285	-	2,898,813	330,407	23,693,194	9,041,310	
Total expenditures	3,597,697	10,003,338	3,030,699	-	2,480,619	91,336	1,260,285	-	2,898,813	330,407	23,693,194	28,739,887	
Excess (deficiency) of revenues over (under) expenditures	(80,417)	294,127	328,104	949,847	255,602	81,930	1,171,913	825,958	(787,999)	1,679	3,040,744	(384,335)	
Other financing sources (uses):													
Transfers in	250,000	900,000	-	-	-	-	-	-	777,341	-	1,927,341	621,653	
Transfers out	-	(209,080)	-	(125,000)	-	-	(2,748,371)	(1,511,850)	-	-	(4,594,301)	(6,650,790)	
Total other financing sources (uses)	250,000	690,920	-	(125,000)	-	-	(2,748,371)	(1,511,850)	777,341	-	(2,666,960)	(6,029,137)	
Net changes in fund balances	169,583	985,047	328,104	824,847	255,602	81,930	(1,576,458)	(685,892)	(10,658)	1,679	373,784	(6,413,472)	
Fund balances - beginning	601,819	1,066,081	10,694,849	3,673,984	2,695,401	520,472	7,503,829	8,236,553	817,912	113,066	35,923,966	42,337,438	
Fund balances - ending	\$ 771,402	\$ 2,051,128	\$ 11,022,953	\$ 4,498,831	\$ 2,951,003	\$ 602,402	\$ 5,927,371	\$ 7,550,661	\$ 807,254	\$ 114,745	\$ 36,297,750	\$ 35,923,966	

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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Revenues:					
Taxes:					
Property tax	\$ 786,314	\$ 786,314	\$ 809,178	\$ 22,864	\$ 779,036
Intergovernmental:					
Gasoline tax, State of Tennessee:					
Gas & motor fuel	1,209,871	1,209,871	1,317,475	107,604	1,290,479
Petroleum special	129,276	129,276	140,774	11,498	140,774
Gas 1989	188,622	188,622	205,398	16,776	204,037
Gas 3 cent	349,504	349,504	380,588	31,084	378,067
Gas 2018	608,538	608,538	662,660	54,122	647,388
Use of money and property:					
Interest earned	7,500	7,500	1,207	(6,293)	50,168
Total revenues	<u>3,279,625</u>	<u>3,279,625</u>	<u>3,517,280</u>	<u>237,655</u>	<u>3,489,949</u>
Expenditures:					
Current:					
Highways and streets:					
Street maintenance and improvement	3,619,749	3,619,749	3,597,697	22,052	3,633,541
Supplies	-	-	-	-	999
Total current	<u>3,619,749</u>	<u>3,619,749</u>	<u>3,597,697</u>	<u>22,052</u>	<u>3,634,540</u>
Total expenditures	<u>3,619,749</u>	<u>3,619,749</u>	<u>3,597,697</u>	<u>22,052</u>	<u>3,634,540</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(340,124)</u>	<u>(340,124)</u>	<u>(80,417)</u>	<u>259,707</u>	<u>(144,591)</u>
Other financing sources (uses):					
Transfers from other funds	250,000	250,000	250,000	-	250,000
Total other financing sources (uses)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Net changes in fund balances	<u>\$ (90,124)</u>	<u>\$ (90,124)</u>	<u>169,583</u>	<u>\$ 259,707</u>	<u>105,409</u>
Fund balance - beginning			<u>601,819</u>		<u>496,410</u>
Fund balance - ending			<u>\$ 771,402</u>		<u>\$ 601,819</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, 2021
 With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget	2020
	Original	Final			
Revenues:					
Grants	\$ -	\$ -	\$ 14,327	\$ 14,327	\$ -
Special event services fee	5,491	5,491	606	(4,885)	-
Charges for services:					
Garbage fees	9,704,653	9,721,936	10,083,376	361,440	9,310,396
Customer service	150,000	150,000	60,165	(89,835)	97,775
Use of money and property:					
Interest earned	-	-	751	751	10,608
Sale of surplus property	150,000	450,000	84,151	(365,849)	243,145
Miscellaneous income	132,350	132,350	54,089	(78,261)	71,001
Total revenues	<u>10,142,494</u>	<u>10,459,777</u>	<u>10,297,465</u>	<u>(162,312)</u>	<u>9,732,925</u>
Expenditures:					
Sanitation:					
Personnel	3,310,732	3,359,572	3,352,325	7,247	3,450,069
Services	3,932,328	4,032,328	4,587,695	(555,367)	4,115,587
Supplies	619,313	1,369,313	515,248	854,065	783,506
Operational units	821,593	810,917	821,593	(10,676)	752,529
Business expenses	118,804	118,804	91,312	27,492	105,618
	<u>8,802,770</u>	<u>9,690,934</u>	<u>9,368,173</u>	<u>322,761</u>	<u>9,207,309</u>
Capital outlay:					
Capital outlay - Sanitation	470,000	785,000	635,165	149,835	1,208,781
	<u>470,000</u>	<u>785,000</u>	<u>635,165</u>	<u>149,835</u>	<u>1,208,781</u>
Total expenditures	<u>9,272,770</u>	<u>10,475,934</u>	<u>10,003,338</u>	<u>472,596</u>	<u>10,416,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>869,724</u>	<u>(16,157)</u>	<u>294,127</u>	<u>310,284</u>	<u>(683,165)</u>
Other financing sources (uses):					
Transfers to other funds	(346,684)	(209,064)	(209,080)	(16)	(208,317)
Transfers from other funds	-	900,000	900,000	-	-
Total other financing sources (uses)	<u>(346,684)</u>	<u>690,936</u>	<u>690,920</u>	<u>(16)</u>	<u>(208,317)</u>
Net changes in fund balances	<u>\$ 523,040</u>	<u>\$ 674,779</u>	<u>985,047</u>	<u>\$ 310,268</u>	<u>(891,482)</u>
Fund balance - beginning			<u>1,066,081</u>		<u>1,957,563</u>
Fund balance - ending			<u>\$ 2,051,128</u>		<u>\$ 1,066,081</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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Revenues:					
Licenses and permits:					
Facilities tax	\$ 1,250,000	\$ 1,250,000	\$ 2,682,395	\$ 1,432,395	\$ 3,051,110
Use of money and property:					
Interest earned	50,000	50,000	36,408	(13,592)	434,377
Contributions from Others	-	-	640,000	640,000	-
Total revenues	<u>1,300,000</u>	<u>1,300,000</u>	<u>3,358,803</u>	<u>2,058,803</u>	<u>3,485,487</u>
Expenditures:					
Police:					
Services	-	-	343	(343)	-
Supplies	-	-	21	(21)	1,576
	-	-	364	(364)	1,576
Fire:					
Services	-	-	15,142	(15,142)	23,617
Supplies	44,480	338,480	272,311	66,169	331,959
Business expenses	-	-	125	(125)	125
	<u>44,480</u>	<u>338,480</u>	<u>287,578</u>	<u>50,902</u>	<u>355,701</u>
Parks:					
Services	-	-	10,076	(10,076)	5,980
Supplies	-	-	(695)	695	25
Business expenses	-	-	173	(173)	-
	-	-	9,554	(9,554)	6,005
Sanitation:					
	-	-	-	-	-
Capital outlay:					
Capital outlay - Fire	1,500,000	2,700,000	2,689,466	10,534	5,828,280
Capital outlay - Parks	-	32,000	43,737	(11,737)	25,871
Capital outlay - Sanitation	-	-	-	-	180,540
	<u>1,500,000</u>	<u>2,732,000</u>	<u>2,733,203</u>	<u>(1,203)</u>	<u>6,034,691</u>
Total expenditures	<u>1,544,480</u>	<u>3,070,480</u>	<u>3,030,699</u>	<u>39,781</u>	<u>6,397,973</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(244,480)</u>	<u>(1,770,480)</u>	<u>328,104</u>	<u>2,098,584</u>	<u>(2,912,486)</u>
Other financing sources (uses):					
Transfers to other funds	-	-	-	-	(1,483,942)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,483,942)</u>
Net changes in fund balances	<u>\$ (244,480)</u>	<u>\$ (1,770,480)</u>	<u>328,104</u>	<u>\$ 2,098,584</u>	<u>(4,396,428)</u>
Fund balance - beginning			<u>10,694,849</u>		<u>15,091,277</u>
Fund balance - ending			<u>\$ 11,022,953</u>		<u>\$ 10,694,849</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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Revenues:					
Licenses and permits:					
Facilities tax	\$ 625,000	\$ 625,000	\$ 935,555	\$ 310,555	\$ 889,427
Use of money and property:					
Interest earned	15,000	15,000	14,292	(708)	110,599
Total revenues	<u>640,000</u>	<u>640,000</u>	<u>949,847</u>	<u>309,847</u>	<u>1,000,026</u>
Other financing sources (uses):					
Transfers to other funds	(125,000)	(125,000)	(125,000)	-	-
Operating transfers to other funds	-	-	-	-	(1,285,000)
Total other financing sources (uses)	<u>(125,000)</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>	<u>(1,285,000)</u>
Net changes in fund balances	<u>\$ 515,000</u>	<u>\$ 515,000</u>	824,847	<u>\$ 309,847</u>	(284,974)
Fund balance - beginning			<u>3,673,984</u>		<u>3,958,958</u>
Fund balance - ending			<u>\$ 4,498,831</u>		<u>\$ 3,673,984</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
STORMWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Revenues:					
Inspection fees	\$ 125,000	\$ 125,000	\$ 191,770	\$ 66,770	\$ 22,300
Grants	-	-	1,307	1,307	-
Charges for services:					
Customer service	2,485,000	2,485,000	2,501,123	16,123	2,550,332
Use of money and property:					
Interest earned	37,500	37,500	8,282	(29,218)	89,204
Sale of surplus property	-	-	33,739	33,739	(29)
Total revenues	<u>2,647,500</u>	<u>2,647,500</u>	<u>2,736,221</u>	<u>88,721</u>	<u>2,661,807</u>
Expenditures:					
Storm water:					
Personnel	1,714,431	1,754,703	1,688,289	66,414	1,709,489
Services	376,492	376,492	230,933	145,559	348,656
Supplies	211,093	211,093	123,415	87,678	129,629
Operational units	328,639	330,369	328,639	1,730	301,012
Business expenses	68,231	68,231	37,098	31,133	66,902
	<u>2,698,886</u>	<u>2,740,888</u>	<u>2,408,374</u>	<u>332,514</u>	<u>2,555,688</u>
Capital outlay:					
Capital outlay	1,200,000	1,273,500	72,245	1,201,255	1,210,728
	<u>1,200,000</u>	<u>1,273,500</u>	<u>72,245</u>	<u>1,201,255</u>	<u>1,210,728</u>
Total expenditures	<u>3,898,886</u>	<u>4,014,388</u>	<u>2,480,619</u>	<u>1,533,769</u>	<u>3,766,416</u>
Net changes in fund balances	<u>\$ (1,251,386)</u>	<u>\$ (1,366,888)</u>	255,602	<u>\$ 1,622,490</u>	(1,104,609)
Fund balance - beginning			<u>2,695,401</u>		<u>3,800,010</u>
Fund balance - ending			<u>\$ 2,951,003</u>		<u>\$ 2,695,401</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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Revenues:					
Confiscated goods - state	\$ 23,966	\$ 23,966	\$ 50,398	\$ 26,432	\$ -
Fines and fees:					
Drug fines	112,354	112,354	79,877	(32,477)	76,687
Seized assets/unclaimed evidence	61,785	61,785	3,655	(58,130)	95,424
Use of money and property:					
Interest earned	5,995	5,995	4,923	(1,072)	8,825
Sale of surplus property	17,855	17,855	34,413	16,558	448
Total revenues	<u>221,955</u>	<u>221,955</u>	<u>173,266</u>	<u>(48,689)</u>	<u>181,384</u>
Expenditures:					
Police:					
Supplies	-	-	37,728	(37,728)	64,530
Operational units	55,000	55,000	46,976	8,024	31,323
Business expenses	2,500	2,500	6,632	(4,132)	3,243
	<u>57,500</u>	<u>57,500</u>	<u>91,336</u>	<u>(33,836)</u>	<u>99,096</u>
Capital outlay:					
Capital outlay - Police	60,000	60,000	-	60,000	-
	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>-</u>
Total expenditures	<u>117,500</u>	<u>117,500</u>	<u>91,336</u>	<u>26,164</u>	<u>99,096</u>
Net changes in fund balances	<u>\$ 104,455</u>	<u>\$ 104,455</u>	81,930	<u>\$ (22,525)</u>	82,288
Fund balance - beginning			520,472		438,184
Fund balance - ending			<u>\$ 602,402</u>		<u>\$ 520,472</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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>	<u>2020</u>
Revenues:					
Taxes:					
Hotel/Motel tax	\$ 1,960,259	\$ 1,960,259	\$ 2,575,830	\$ 615,571	\$ 3,138,814
Short term vacation rental tax	-	-	133,521	133,521	-
Use of money and property:					
Interest earned	25,000	25,000	19,514	(5,486)	251,991
Distributions from conference center	-	(500,000)	(296,667)	203,333	133,558
Total revenues	<u>1,985,259</u>	<u>1,485,259</u>	<u>2,432,198</u>	<u>946,939</u>	<u>3,524,363</u>
Expenditures:					
General:					
Services	-	-	676	(676)	32,970
Supplies	-	-	-	-	85,431
Miscellaneous	-	-	(3,254)	3,254	-
Appropriations	1,080,243	1,080,243	1,048,577	31,666	1,004,428
	<u>1,080,243</u>	<u>1,080,243</u>	<u>1,045,999</u>	<u>34,244</u>	<u>1,122,829</u>
Capital outlay:					
Capital outlay - Parks	214,286	214,286	214,286	-	421,740
	<u>214,286</u>	<u>214,286</u>	<u>214,286</u>	<u>-</u>	<u>421,740</u>
Total expenditures	<u>1,294,529</u>	<u>1,294,529</u>	<u>1,260,285</u>	<u>34,244</u>	<u>1,544,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>690,730</u>	<u>190,730</u>	<u>1,171,913</u>	<u>981,183</u>	<u>1,979,794</u>
Other financing sources (uses):					
Transfers to other funds	(2,505,653)	(2,748,454)	(2,748,371)	83	(2,147,023)
Total other financing sources (uses)	<u>(2,505,653)</u>	<u>(2,748,454)</u>	<u>(2,748,371)</u>	<u>83</u>	<u>(2,147,023)</u>
Net changes in fund balances	<u>\$ (1,814,923)</u>	<u>\$ (2,557,724)</u>	<u>(1,576,458)</u>	<u>\$ 981,266</u>	<u>(167,229)</u>
Fund balance - beginning			<u>7,503,829</u>		<u>7,671,058</u>
Fund balance - ending			<u>\$ 5,927,371</u>		<u>\$ 7,503,829</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, 2021
 With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget	2020
	Original	Final			
Revenues:					
Parkland dedication fees	\$ 750,000	\$ 750,000	\$ 800,544	\$ 50,544	\$ 1,464,200
Interest earned	18,750	18,750	25,414	6,664	292,983
Total revenues	<u>768,750</u>	<u>768,750</u>	<u>825,958</u>	<u>57,208</u>	<u>1,757,183</u>
Other financing sources (uses):					
Transfers to other funds	(1,361,850)	(1,511,850)	(1,511,850)	-	(1,526,508)
Total other financing sources (uses)	<u>(1,361,850)</u>	<u>(1,511,850)</u>	<u>(1,511,850)</u>	<u>-</u>	<u>(1,526,508)</u>
Net changes in fund balances	\$ (593,100)	\$ (743,100)	(685,892)	\$ 57,208	230,675
Fund balance - beginning			<u>8,236,553</u>		<u>8,005,878</u>
Fund balance - ending			<u>\$ 7,550,661</u>		<u>\$ 8,236,553</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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Revenues:					
Intergovernmental:					
Grants	\$ 2,025,152	\$ 2,025,152	\$ 2,065,711	\$ 40,559	\$ 2,132,319
Charges for services:					
Transit fares	140,000	140,000	33,080	(106,920)	63,426
Use of money and property:					
Interest earned	-	-	3,123	3,123	33,788
Rental income	9,700	9,700	8,900	(800)	10,500
Total revenues	<u>2,174,852</u>	<u>2,174,852</u>	<u>2,110,814</u>	<u>(64,038)</u>	<u>2,240,033</u>
Expenditures:					
Transit:					
Services	-	-	-	-	27
Operational units	2,740,679	2,740,679	2,693,184	47,495	2,446,026
	<u>2,740,679</u>	<u>2,740,679</u>	<u>2,693,184</u>	<u>47,495</u>	<u>2,446,053</u>
Capital outlay:					
Capital outlay	510,000	510,000	205,629	304,371	165,370
	<u>510,000</u>	<u>510,000</u>	<u>205,629</u>	<u>304,371</u>	<u>165,370</u>
Total expenditures	<u>3,250,679</u>	<u>3,250,679</u>	<u>2,898,813</u>	<u>351,866</u>	<u>2,611,423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,075,827)</u>	<u>(1,075,827)</u>	<u>(787,999)</u>	<u>287,828</u>	<u>(371,390)</u>
Other financing sources (uses):					
Transfers from other funds	903,034	903,034	777,341	(125,693)	371,653
Total other financing sources (uses)	<u>903,034</u>	<u>903,034</u>	<u>777,341</u>	<u>(125,693)</u>	<u>371,653</u>
Net changes in fund balances	<u>\$ (172,793)</u>	<u>\$ (172,793)</u>	<u>(10,658)</u>	<u>\$ 162,135</u>	<u>263</u>
Fund balance - beginning			<u>817,912</u>		<u>817,649</u>
Fund balance - ending			<u>\$ 807,254</u>		<u>\$ 817,912</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, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Revenues:					
Intergovernmental:					
Grants	\$ 513,000	\$ 826,000	\$ 330,407	\$ (495,593)	\$ 269,780
Use of money and property:					
Interest earned	312	312	1,679	1,367	12,615
Total revenues	<u>513,312</u>	<u>826,312</u>	<u>332,086</u>	<u>(494,226)</u>	<u>282,395</u>
Expenditures:					
General:					
Services	300,000	300,000	64,736	235,264	239,316
Operational units	213,000	526,000	265,671	260,329	30,464
	<u>513,000</u>	<u>826,000</u>	<u>330,407</u>	<u>495,593</u>	<u>269,780</u>
Total expenditures	<u>513,000</u>	<u>826,000</u>	<u>330,407</u>	<u>495,593</u>	<u>269,780</u>
Net changes in fund balances	\$ <u>312</u>	\$ <u>312</u>	1,679	\$ <u>1,367</u>	12,615
Fund balance - beginning			113,066		100,451
Fund balance - ending			\$ <u>114,745</u>		\$ <u>113,066</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
With Comparative Totals for the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2020
Revenues:					
Taxes:					
Property tax apportionment	\$ 10,714,755	\$ 10,714,755	\$ 10,918,504	\$ 203,749	\$ 10,958,447
Intergovernmental:					
Rebates on BAB / RZEDB bonds	358,077	-	-	-	333,953
Use of money and property:					
Interest earned	25,000	25,000	17,914	(7,086)	142,438
Total revenues	<u>11,097,832</u>	<u>10,739,755</u>	<u>10,936,418</u>	<u>196,663</u>	<u>11,434,838</u>
Expenditures:					
Debt service:					
Principal	9,385,000	9,385,000	9,385,000	-	9,520,000
Interest	6,079,651	5,932,143	5,932,143	-	5,720,563
Debt Service Fees	14,001	14,001	2,665	11,336	2,712,852
Total expenditures	<u>15,478,652</u>	<u>15,331,144</u>	<u>15,319,808</u>	<u>11,336</u>	<u>17,953,415</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,380,820)</u>	<u>(4,591,389)</u>	<u>(4,383,390)</u>	<u>207,999</u>	<u>(6,518,577)</u>
Other financing sources (uses):					
Issuance of debt	-	-	-	-	31,550,000
Premium on debt issuance	-	-	-	-	7,080,224
Transfers in	-	94,896	94,896	-	2,500,000
From Water & Sewer	200,000	200,000	200,000	-	200,000
From Sanitation	346,684	209,064	209,081	17	208,317
From Road Impact	2,641,533	2,730,825	2,730,454	(371)	2,636,421
From Hotel/Motel	1,117,603	1,281,604	1,281,521	(83)	1,092,153
Other financing sources-issuance of refunding debt:					
Refunding of debt	-	-	-	-	(35,725,000)
Refunding of debt-additional to escrow agent	-	-	-	-	(328,518)
Payment to swap	-	-	-	-	(2,263,300)
Total other financing sources (uses)	<u>4,305,820</u>	<u>4,516,389</u>	<u>4,515,952</u>	<u>(437)</u>	<u>6,950,297</u>
Net change in fund balances	<u>\$ (75,000)</u>	<u>\$ (75,000)</u>	<u>132,562</u>	<u>\$ 207,562</u>	<u>431,720</u>
Fund balance - beginning			<u>804,607</u>		<u>372,887</u>
Fund balance - ending			<u>\$ 937,169</u>		<u>\$ 804,607</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Source/Grant Name	CFDA Number	Grant Number	Pass-through Entity Number	Amount Pass-through to Subrecipients	Expenditures
U.S. DEPARTMENT OF JUSTICE					
CESF, Local Law Enforcement Competitive COVID Response (a)	16 034	2020-YD-BX-0393		\$ -	\$ 4,308
TOTAL U.S. DEPARTMENT OF JUSTICE				-	4,308
U.S. DEPARTMENT OF TRANSPORTATION					
<i>Federal Transit Cluster:</i>					
Transit Capital Grant-FY12 5307 Allocation	20 507	TN-90-X352-00		-	83,738
Transit Capital Grant-FY14 5307 Allocation	20 507	TN-90-X384-00		-	178,337
5307 Capital and Operating Assistance	20 507	TN-2019-021-00		-	61,016
5307 Operating and Capital	20 507	TN-2020-008-00		-	47,030
5307 FY 21 Operating Assistance	20 507	TN-2021-012-00		-	407,458
CARES Act 5307 Funding	20 507	TN-2020-018-00		-	941,983
FY16 5307 Allocation	20 507	TN-2017-020-00		-	24,475
FY2015 5339 - Capital Cost of Leasing (b)	20 526	TN-2017-059-00	n/a	6,064	6,064
Total Federal Transit Cluster				6,064	1,750,101
<i>Highway Planning and Construction Cluster:</i>					
SR-96 (Murfreesboro Rd) Traffic Signal Improvements (c)	20 205	127913.00 / CM-NH-96(59)		-	88,538
Mack Hatcher Parkway NW Quad (c)	20 205	101454.01 / R-STP/HPP-NH-397(10)		-	340,252
Columbia Ave to Downs Blvd (c)	20 205	121454.00 / STP-M-6(110)		-	32,502
SR-96 Multi-Use Trail (c)	20 205	123098.00 / TAP-96(49)		-	363,065
Franklin ITS Infrastructure (c)	20 205	116144.00 / STP-M-9305(26)		-	1,115
Franklin ITS Infrastructure (c)	20 205	116144.00 / STP-M-9305(30)		-	879,774
Total Highway Planning and Construction Cluster:				-	1,705,246
<i>Highway Safety Cluster:</i>					
Community Based Traffic Safety Enforcement and Education - FY 20 (d)	20 600	220THS342		-	7,364
Community Based Traffic Safety Enforcement and Education - FY 21 (d)	20 600	221THS102		-	19,768
Total Highway Safety Cluster				-	27,132
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				6,064	3,482,479
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
<i>CDBG - Entitlement Grants Cluster:</i>					
CDBG	14 218	B-18-MC-47-0014		-	42,265
CDBG	14 218	B-19-MC-47-0014		-	101,503
CDBG - CARES Act	14 218	B-20-MW-47-0014		-	186,639
Total CDBG - Entitlement Grants Cluster				-	330,407
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				-	330,407
U.S. DEPARTMENT OF THE TREASURY					
TN CARES Act (a)	21 019	N/A		-	1,213,710
American Rescue Plan Act	21 027	N/A		-	-
TOTAL U.S. DEPARTMENT OF THE TREASURY				-	1,213,710
FEDERAL EMERGENCY MANAGEMENT AGENCY					
Hurricane Delta (LA) - Major Disaster Declaration (f)	97 036	1907-RSA-10138-0-1		-	14,565
Hurricane Sally (LA) - Major Disaster Declaration (f)	97 036	1883-RSA-10022-0-1		-	2,014
Hurricane Sally (FL) - Major Disaster Declaration (f)	97 036	1883-RSA-10042-0-1		-	2,664
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY				-	19,243
LOANS					
ENVIRONMENTAL PROTECTION AGENCY					
State Revolving Fund SRF 2017-376 (e)	66 458	SRF 2017-376		-	28,647,933
State Revolving Fund SRF 2017-398 (e)	66 458	SRF 2017-398		-	20,000,000
TOTAL ENVIRONMENTAL PROTECTION AGENCY				-	48,647,933
Total Federal Assistance				6,064	\$ 53,698,080

(a) Passed through the TN Department of Finance and Administration
(b) Passed through the Transportation Management Association (TMA) Group
(c) Passed through the TN Department of Transportation
(d) Passed through the TN Department of Safety and Homeland Security
(e) Passed through the TN Department of Environment and Conservation
(f) 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, 2021

Source/Grant Name	Grant Number	Pass-through Entity Number	Amount Pass-through to Subrecipients	Expenditures
GRANTS				
TENNESSEE DEPARTMENT OF TRANSPORTATION				
Transit Capital Grant-FY12 5307 Allocation	TN-90-X352-00	-	\$	10,418
Transit Capital Grant-FY14 5307 Allocation	TN-90-X384-00	-	-	22,292
5307 Capital and Operating Assistance	TN-2019-021-00	-	-	6,801
5307 Operating and Capital	TN-2020-008-00	-	-	5,196
FY16 5307 Allocation	TN-2017-020-00	-	-	3,052
FY2015 5339 Capital Cost of Leasing	TN2017-059-00	-	-	1,006
Mack Hatcher Parkway NW Quad	101454.01 / 94092-3231-14	-	-	85,063
Columbia Ave to Downs Blvd	121454 00 / 941PLM-F0-076	-	-	8,125
FY 2021 Urban Operation Assistance Program (b)	94UROP-S3-017	-	277,500	277,500
Total Tennessee Department of Transportation			277,500	419,453
TENNESSEE DEPARTMENT OF AGRICULTURE				
Tennessee Agricultural Enhancement Program (TAEPP)	32510-02319	-	-	2,453
Total Tennessee Department of Agriculture			-	2,453
TENNESSEE DEPARTMENT OF FINANCE & ADMINISTRATION				
2021 Local Government Direct Appropriation Grant	2020 TN Approp. Act Sec 11	-	-	1,815,648
Total Tennessee Department of Agriculture			-	1,815,648
TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION				
Water Reclamation Biosolids	32701-02803	-	-	250,000
Total Tennessee Department of Environment and Conservation			-	250,000
Total State Financial Assistance			277,500	2,487,554
(b) 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 MINIMIS INDIRECT COST RATE

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

NOTE 4 - STATE REVOLVING LOAN FUND

At June 30, 2021, there was an outstanding balance of \$103,113,487 on loans obtained through the State Revolving Loan Fund. Payments during the current fiscal year totaled \$681,471.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT
JUNE 30, 2021

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	General Improvement Refunding Bonds Series 2010		General Improvement Refunding Bonds Series 2012		General Improvement Refunding Bonds Series 2013A		Pension Obligation Bonds Series 2013B		Public Improvement Bonds Series 2015	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	1,410,000	161,100	1,595,000	215,024	340,000	166,817	1,060,000	106,600	635,000	433,540
2023	1,470,000	104,700	1,630,000	181,050	350,000	158,318	1,090,000	74,800	665,000	401,790
2024	1,530,000	45,900	1,665,000	146,331	355,000	149,567	1,125,000	39,375	700,000	368,540
2025	-	-	1,700,000	110,867	365,000	140,693	-	-	730,000	333,540
2026	-	-	1,735,000	74,656	375,000	131,203	-	-	760,000	304,340
2027	-	-	1,770,000	37,701	385,000	120,890	-	-	790,000	273,940
2028	-	-	-	-	400,000	107,800	-	-	815,000	250,240
2029	-	-	-	-	410,000	94,200	-	-	850,000	217,640
2030	-	-	-	-	425,000	80,260	-	-	880,000	183,640
2031	-	-	-	-	440,000	65,810	-	-	920,000	148,440
2032	-	-	-	-	455,000	50,850	-	-	945,000	120,840
2033	-	-	-	-	470,000	35,380	-	-	975,000	92,490
2034	-	-	-	-	485,000	19,400	-	-	1,005,000	63,240
2035	-	-	-	-	-	-	-	-	1,035,000	32,085
2036	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-	-	-	-
	<u>\$ 4,410,000</u>	<u>\$ 311,700</u>	<u>\$ 10,095,000</u>	<u>\$ 765,629</u>	<u>\$ 5,255,000</u>	<u>\$ 1,321,188</u>	<u>\$ 3,275,000</u>	<u>\$ 220,775</u>	<u>\$ 11,705,000</u>	<u>\$ 3,224,305</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS (Cont.)
GENERAL OBLIGATION DEBT
JUNE 30, 2021

	Public Improvement Bonds Series 2017		Public Improvement Bonds Series 2019A		Public Improvement Refunding Bonds Series 2019B		Public Improvement Bonds Series 2019C		Public Improvement Refunding Bonds Series 2019D		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	875,000	857,150	1,455,000	1,223,850	2,000,000	949,750	425,000	1,412,400	365,000	46,703	10,160,000	5,572,934
2023	915,000	813,400	1,525,000	1,151,100	2,095,000	849,750	425,000	1,391,150	375,000	39,403	10,540,000	5,165,461
2024	960,000	767,650	1,220,000	1,074,850	2,195,000	745,000	1,425,000	1,369,900	380,000	31,903	11,555,000	4,739,016
2025	980,000	748,450	1,275,000	1,013,850	2,305,000	635,250	3,040,000	1,298,650	385,000	24,303	10,780,000	4,305,603
2026	1,030,000	699,450	1,340,000	950,100	2,420,000	520,000	3,185,000	1,146,650	395,000	16,603	11,240,000	3,843,002
2027	1,080,000	647,950	1,405,000	883,100	2,535,000	399,000	3,370,000	987,400	405,000	8,502	11,740,000	3,358,486
2028	1,135,000	593,950	1,485,000	812,350	2,655,000	272,250	3,940,000	818,900	-	-	10,430,000	2,855,990
2029	1,190,000	537,200	1,555,000	738,600	2,790,000	139,500	4,130,000	621,900	-	-	10,925,000	2,349,040
2030	1,250,000	477,700	1,450,000	660,850	-	-	4,320,000	415,400	-	-	8,325,000	1,817,850
2031	1,315,000	415,200	1,520,000	588,350	-	-	2,450,000	199,400	-	-	6,645,000	1,417,200
2032	1,365,000	362,600	1,595,000	512,350	-	-	2,535,000	101,400	-	-	6,895,000	1,148,040
2033	1,420,000	308,000	1,675,000	432,600	-	-	-	-	-	-	4,540,000	868,470
2034	1,480,000	251,200	1,750,000	365,600	-	-	-	-	-	-	4,720,000	699,440
2035	1,535,000	192,000	1,365,000	295,600	-	-	-	-	-	-	3,935,000	519,685
2036	1,600,000	130,600	1,420,000	241,000	-	-	-	-	-	-	3,020,000	371,600
2037	1,665,000	66,600	1,475,000	184,200	-	-	-	-	-	-	3,140,000	250,800
2038	-	-	1,535,000	125,200	-	-	-	-	-	-	1,535,000	125,200
2039	-	-	1,595,000	63,800	-	-	-	-	-	-	1,595,000	63,800
2040	-	-	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 19,795,000</u>	<u>\$ 7,869,100</u>	<u>\$ 26,640,000</u>	<u>\$ 11,317,850</u>	<u>\$ 18,995,000</u>	<u>\$ 4,510,500</u>	<u>\$ 29,245,000</u>	<u>\$ 9,763,150</u>	<u>\$ 2,305,000</u>	<u>\$ 167,415</u>	<u>\$ 131,720,000</u>	<u>\$ 39,471,614</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
PROPRIETARY FUND DEBT
JUNE 30, 2021

	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
2022	2,280,000	325,875	1,415,000	181,340	76,134	22,079	91,220	30,955	117,180	12,672	20,736	2,244
2023	1,555,000	211,875	1,450,000	146,175	78,310	19,904	93,704	28,471	118,224	11,628	20,928	2,052
2024	1,450,000	134,125	1,485,000	110,143	80,546	17,666	96,257	25,919	119,280	10,572	21,108	1,872
2025	1,450,000	61,625	1,520,000	73,243	82,847	15,366	98,878	23,298	120,348	9,504	21,300	1,680
2026	-	-	1,560,000	35,464	85,215	12,998	101,570	20,605	121,428	8,424	21,492	1,488
2027	-	-	-	-	87,648	10,565	104,338	17,838	122,508	7,344	21,684	1,296
2028	-	-	-	-	90,153	8,060	107,178	14,998	123,612	6,240	21,876	1,104
2029	-	-	-	-	92,729	5,485	110,098	12,078	124,704	5,148	22,068	912
2030	-	-	-	-	95,377	2,836	113,097	9,079	125,820	4,032	22,272	708
2031	-	-	-	-	48,700	402	116,176	6,000	126,948	2,904	22,464	516
2032	-	-	-	-	-	-	119,340	2,836	128,088	1,764	22,668	312
2033	-	-	-	-	-	-	40,505	226	129,253	624	22,795	111
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 6,735,000</u>	<u>\$ 733,500</u>	<u>\$ 7,430,000</u>	<u>\$ 546,365</u>	<u>\$ 817,659</u>	<u>\$ 115,361</u>	<u>\$ 1,192,361</u>	<u>\$ 192,303</u>	<u>\$ 1,477,393</u>	<u>\$ 80,856</u>	<u>\$ 261,391</u>	<u>\$ 14,295</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS (cont.)
PROPRIETARY FUND DEBT
JUNE 30, 2021

	Sewer & Water Water Plant		SRF Loan CG5 17-375 (Wastewater Plant)		SRF Loan SRF 17-376 (Wastewater Plant)		SRF Loan SRF 17-398 (Wastewater Plant)		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	450,000	458,200	35,004	17,580	2,102,784	1,134,708	400,086	250,612	6,988,144	2,436,265
2023	470,000	435,700	35,520	17,064	2,133,900	1,103,592	540,360	284,484	6,495,946	2,260,945
2024	495,000	412,200	36,048	16,536	2,165,484	1,072,008	548,352	276,492	6,497,075	2,077,533
2025	520,000	387,450	36,576	16,008	2,197,524	1,039,968	556,464	268,380	6,603,937	1,896,522
2026	545,000	361,450	37,116	15,468	2,230,044	1,007,448	564,696	260,148	5,266,561	1,723,493
2027	570,000	334,200	37,668	14,916	2,263,056	974,436	573,060	251,784	3,779,962	1,612,379
2028	600,000	305,700	38,220	14,364	2,296,548	940,944	581,544	243,300	3,859,131	1,534,710
2029	630,000	275,700	38,796	13,788	2,330,532	906,960	590,148	234,696	3,939,075	1,454,767
2030	665,000	244,200	39,360	13,224	2,365,020	872,472	598,884	225,960	4,024,830	1,372,511
2031	690,000	217,600	39,948	12,636	2,400,024	837,468	607,740	217,104	4,052,000	1,294,630
2032	715,000	190,000	40,536	12,048	2,435,544	801,948	616,740	208,104	4,077,916	1,217,012
2033	745,000	161,400	41,136	11,448	2,471,592	765,900	625,872	198,972	4,076,153	1,138,681
2034	775,000	131,600	41,748	10,836	2,508,168	729,324	635,124	189,720	3,960,040	1,061,480
2035	805,000	100,600	42,360	10,224	2,545,284	692,208	644,532	180,312	4,037,176	983,344
2036	840,000	68,400	42,996	9,588	2,582,952	654,540	654,072	170,772	4,120,020	903,300
2037	870,000	34,800	43,632	8,952	2,621,184	616,308	663,744	161,100	4,198,560	821,160
2038	-	-	44,268	8,316	2,659,968	577,524	673,572	151,272	3,377,808	737,112
2039	-	-	44,928	7,656	2,699,340	538,152	683,544	141,300	3,427,812	687,108
2040	-	-	45,600	6,984	2,739,288	498,204	693,660	131,184	3,478,548	636,372
2041	-	-	46,272	6,312	2,779,824	457,668	703,920	120,924	3,530,016	584,904
2042	-	-	46,956	5,628	2,820,972	416,520	714,336	110,508	3,582,264	532,656
2043	-	-	47,652	4,932	2,862,720	374,772	724,908	99,936	3,635,280	479,640
2044	-	-	48,348	4,236	2,905,080	332,412	735,636	89,208	3,689,064	425,856
2045	-	-	49,068	3,516	2,948,076	289,416	746,520	78,324	3,743,664	371,256
2046	-	-	49,800	2,784	2,991,708	245,784	757,572	67,272	3,799,080	315,840
2047	-	-	50,532	2,052	3,035,988	201,504	768,780	56,064	3,855,300	259,620
2048	-	-	51,276	1,308	3,080,916	156,576	780,168	44,676	3,912,360	202,560
2049	-	-	52,044	540	3,126,504	110,988	791,712	33,132	3,970,260	144,660
2050	-	-	8,744	16	3,172,776	64,716	803,424	21,420	3,984,944	86,152
2051	-	-	-	-	2,679,731	18,087	815,316	9,528	3,495,047	27,615
2052	-	-	-	-	-	-	205,514	504	205,514	504
	\$ 10,385,000	\$ 4,119,200	\$ 1,212,152	\$ 268,960	\$ 78,152,531	\$ 18,432,555	\$ 20,000,000	\$ 4,777,192	\$ 127,663,487	\$ 29,280,587

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, 2021

Government Activities:								
Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2020	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2021
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	\$ 385,000	\$ -	\$ 385,000	\$ -
2010 General Obligation Refunding Bonds	16,590,000	2.000% to 4.000%	10/19/2010	3/1/2024	5,770,000	-	1,360,000	4,410,000
2012 SunTrust Refunding Bond Agreement	22,500,000	2.130%	2/11/2012	5/1/2027	11,655,000	-	1,560,000	10,095,000
2013A General Obligation Public Improvement Bonds	7,405,000	2.000% to 4.000%	12/20/2013	3/1/2034	5,585,000	-	330,000	5,255,000
2013B General Obligation Pension Bonds (taxable)	10,000,000	1.000% to 3.500%	12/20/2013	3/1/2024	4,305,000	-	1,030,000	3,275,000
2015 General Obligation Public Improvement Bonds	15,000,000	3.000% to 5.000%	4/16/2015	4/1/2035	12,310,000	-	605,000	11,705,000
2017 General Obligation Public Improvement Bonds	23,120,000	2.000% to 5.000%	6/27/2017	4/1/2037	20,625,000	-	830,000	19,795,000
2019A General Obligation Public Improvement Bonds	29,585,000	4.000% to 5.000%	5/15/2019	3/1/2039	28,020,000	-	1,380,000	26,640,000
2019B General Obligation Public Improvement Bonds	22,940,000	5.000%	5/15/2019	3/1/2029	20,900,000	-	1,905,000	18,995,000
2019C General Obligation Refunding Bonds	29,245,000	4.000% to 5.000%	11/20/2019	6/1/2032	29,245,000	-	-	29,245,000
2019D General Obligation Refunding Bonds (taxable)	2,305,000	1.000% to 3.500%	11/20/2019	6/1/2027	2,305,000	-	-	2,305,000
Total Bonds Payable through Debt Service Fund					141,105,000	-	9,385,000	131,720,000
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	\$ 8,990,000	\$ -	\$ 2,255,000	\$ 6,735,000
2011 SunTrust Loan Program	19,430,000	2.48%	9/29/2011	5/25/2026	8,810,000	-	1,380,000	7,430,000
2017A Water and Sewer Revenue Bonds	12,000,000	3.000% to 5.000%	2/16/2017	2/1/2037	10,815,000	-	430,000	10,385,000
Total Bonds Payable through Water and Sewer Fund					28,615,000	-	4,065,000	24,550,000
NOTES PAYABLE								
Payable through Water and Sewer Fund								
Drinking Water SRF Loan through ARRA	\$ 1,500,000	2.820%	2/21/2018	12/20/2030	\$ 891,679	\$ -	\$ 74,020	\$ 817,659
Clean Water SRF Loan through ARRA	1,888,200	2.690%	1/1/2011	10/20/2032	1,281,163	-	88,802	1,192,361
State Revolving Fund Loan (CG2 2016-367)	1,822,741	.890%	6/1/2016	6/20/2033	1,593,529	-	116,136	1,477,393
State Revolving Fund Loan (SRF 2016-374)	1,677,259	.890%	6/1/2016	6/20/2033	281,947	-	20,556	261,391
State Revolving Fund Loan (CG5 2017-375)	1,275,000	1.470%	9/28/2017	8/20/2049	1,246,640	-	34,488	1,212,152
State Revolving Fund Loan (SRF 2017-376)	78,500,000	1.470%	9/28/2017	4/20/2051	49,852,067	28,647,933	347,469	78,152,531
State Revolving Fund Loan (SRF 2017-398)	20,000,000	1.470%	9/28/2017	9/20/2051	-	20,000,000	-	20,000,000
Total Bonds Payable through Water and Sewer Fund					55,147,025	48,647,933	681,471	103,113,487
Total Bonds and Notes Payable through Water and Sewer Fund								
					\$ 83,762,025	\$ 48,647,933	\$ 4,746,471	\$ 127,663,487

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, 2021

Tax Year	Balance June 30, 2020	Taxes Levied	Adjustments and Collections	Balance June 30, 2021
2020	\$ -	\$ 22,527,506	\$ (22,328,725)	\$ 198,781
2019	252,056	-	(224,251)	27,805
2018	64,731	-	(49,882)	14,849
2017	10,433	-	(1,841)	8,592
2016	7,136	-	(992)	6,144
2015	5,585	-	(134)	5,451
2014	4,664	-	(273)	4,391
2013	6,574	-	(2)	6,572
2012	8,554	-	(2)	8,552
2011	9,733	-	(1)	9,732
	<u>\$ 369,466</u>	<u>\$ 22,527,506</u>	<u>\$ (22,606,103)</u>	<u>\$ 290,869</u>

The balance at June 30, 2021 is comprised of:

Considered current revenue	\$ 37,155
Allowance for uncollectible accounts: 2011-2020 levies	106,730
Unavailable revenue	146,984
	<u>290,869</u>

Balances not included in the schedule above are from the 2021 tax levy due October 1, 2021 (after the fiscal year). The levy is comprised of:

Due to Industrial Development Board from TIF district	\$ 2,500,000
Unavailable revenue	21,295,283
Allowance for uncollectible accounts	22,865
	<u>23,818,148</u>

Total property tax receivable (as shown on page 57) \$ 24,109,017

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.

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Utility Customers

Water	Sewer	Service Reclaimed	Sanitation	Stormwater
18,237	26,584	99	24,491	25,463

Water and Sewer Rates

The following rates were effective January 1, 2021. A minimum bill of 1,000 gallons per customer is levied.

Water Residential Rates:		Inside City Limits		Outside City Limits	
Gallons					
First 1,000 Gallons		\$	14.11	\$	16.55
Next 9,000 Gallons			5.29		8.01
Next 15,000 Gallons			6.22		8.59
All Additional Gallons			7.15		9.17
Water Commercial Rates:		Inside City Limits		Outside City Limits	
Gallons					
First 1,000 Gallons		\$	20.74	\$	24.46
Next 9,000 Gallons			5.27		7.93
Next 15,000 Gallons			6.20		8.51
All Additional Gallons			7.13		9.09
Sewer Residential Rates:		Inside City Limits		Outside City Limits	
Gallons					
First 1,000 Gallons		\$	20.03	\$	25.11
Next 14,000 Gallons			6.41		9.80
All Additional Gallons			5.62		8.65
Sewer Commercial Rates:		Inside City Limits		Outside City Limits	
Gallons					
First 1,000 Gallons		\$	45.46	\$	48.94
Next 14,000 Gallons			6.96		10.63
All Additional Gallons			5.97		8.74
Irrigation Water Rates:		Inside City Limits		Outside City Limits	
Gallons					
First 1,000 Gallons		\$	20.74	\$	24.46
Next 9,000 Gallons			5.27		7.93
Next 15,000 Gallons			6.20		8.51
All Additional Gallons			7.13		9.09
Reclaimed Water Rate:		Inside City Limits		Outside City Limits	
Gallons					
For each 1,000 Gallons		\$	0.97	\$	0.97

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

Sanitation Rates

Collection Service	
First residential rollout container	\$20.50 per month (one pickup per week)
Second and subsequent rollout container	\$7.50 per month per container
First non-residential rollout container	\$30.00 per month (one pickup per week)
Additional non-residential pickup service	\$30.00 per pick-up

Stormwater Rates

Monthly Rates	
Equivalent residential unit (ERU) rate-Nonresidential	\$3.83 per month
ERU Rate for smaller residential units (less than or equal to 3,350 sq. ft.)	75% of ERU per month
ERU Rate for larger residential units (greater than 3,350 sq. ft.)	120% of ERU per month
ERU Rate for nonresidential properties	ERU Rate times actual sq. ft. of impervious surface divided by ERU Rate

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE (Cont.)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021
 UNAUDITED

Water and Sewer Rates Upcoming

The following rates are effective January 1, 2022. A minimum bill of 1,000 gallons per customer is levied.

Water Residential Rates:		
Gallons	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 16.32	\$ 18.76
Next 9,000 Gallons	5.29	8.01
Next 15,000 Gallons	6.22	8.59
All Additional Gallons	7.15	9.17
Water Commercial Rates:		
Gallons	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 22.95	\$ 26.67
Next 9,000 Gallons	5.27	7.93
Next 15,000 Gallons	6.20	8.51
All Additional Gallons	7.13	9.09
Sewer Residential Rates:		
Gallons	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 22.08	\$ 27.16
Next 14,000 Gallons	6.41	9.80
All Additional Gallons	5.62	8.65
Sewer Commercial Rates:		
Gallons	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 47.51	\$ 48.94
Next 14,000 Gallons	6.96	10.63
All Additional Gallons	5.97	8.74
Reclaimed Water Rate:		
Gallons	Inside City Limits	Outside City Limits
For each 1,000 Gallons	\$ 1.07	\$ 1.07

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, 2021
UNAUDITED

Installation Fees:

Water Meter Size	Installation-Meter Only	Installation-Complete
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

Sewer Meter Size	Installation-Meter Only	Installation-Complete
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

Reclaimed Meter Size	Installation-Meter Only	Installation-Complete
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

Impact Fees*: Meter Size	Water Impact Fee	Sewer Impact Fee
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

Irrigation: Meter Size	Irrigation Meter	Reclaimed Disposal Fee
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, Access and SDF fees were combined for an Impact fee.

CITY OF FRANKLIN, TENNESEE
SCHEDULE OF UTILITY MAJOR CUSTOMERS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

The following table presents information on the ten largest customers of the System during the fiscal year ended June 30, 2021, ranked according to consumption and billings.

Customer	TOP TEN WATER CUSTOMERS			
	Gallons of Water Purchased (1,000)	% of Total Water Consumed	Revenue	% of Total Water Revenues
Williamson Medical (Hospital)	29,760	1.96%	\$ 209,747	1.84%
Carrington Hills (Residential)	15,204	1.00%	\$ 112,904	0.99%
Franklin Housing Authority (Residential)	14,262	0.93%	\$ 73,910	0.65%
Prescott Place (Residential)	11,427	0.75%	\$ 79,412	0.70%
Apcom Inc. (Mfg)	11,227	0.74%	\$ 78,952	0.69%
Franklin Estates (Residential)	10,559	0.69%	\$ 93,682	0.82%
IMI Tennessee Inc (Mfg)	9,567	0.63%	\$ 67,198	0.59%
River Oaks Apartments (Residential)	8,801	0.58%	\$ 65,411	0.57%
Viera Holdings LLC (Residential)	8,302	0.54%	\$ 58,179	0.52%
Williamson County Jail	8,083	0.53%	\$ 56,798	0.50%
TOTAL	127,192	8.35%	\$ 896,193	7.87%

Customer	TOP TEN WASTEWATER CUSTOMERS			
	Gallons Billed (1,000)	% of Total Gallons Billed	Revenue	% of Total Sewer Revenues
IMT Capital REIT IV LLC (Residential)	42,082	1.62%	\$ 249,559	1.15%
Star Brentwood LLC (Residential)	33,510	1.28%	\$ 185,734	0.86%
100 Gillespie Drive LLC (Residential)	31,147	1.19%	\$ 184,302	0.85%
Williamson Medical Center (Hospital)	29,760	1.14%	\$ 176,223	0.82%
Gateway Village (Residential)	18,534	0.71%	\$ 110,217	0.51%
PB One Aspen Grove LLC (Residential)	15,251	0.58%	\$ 90,286	0.42%
Carrington Hills (Residential)	15,204	0.58%	\$ 139,433	0.64%
Franklin Housing Authority (Residential)	14,262	0.55%	\$ 104,646	0.47%
Mid America Apartments LP (Residential)	13,738	0.53%	\$ 81,575	0.38%
Franklin Estates (Residential)	10,559	0.40%	\$ 125,239	0.58%
TOTAL	224,047	8.58%	\$ 1,447,214	6.68%

Customer	TOP TEN RECLAIMED WATER CUSTOMERS			
	Gallons of Water Purchased (1,000)	% of Total Water Consumed	Revenue	% of Total Water Revenues
City of Franklin Parks	38,084	30.66%	\$ 36,941	23.80%
Rural Plains Partnership (Business)	23,882	19.23%	\$ 24,602	15.86%
Boyle Investment (Business/Res)	9,932	8.00%	\$ 9,427	6.07%
John Deere Landscape (Business)	6,411	5.16%	\$ 6,221	4.01%
Harpeth Community Church	5,225	4.21%	\$ 4,318	2.78%
Ramsey Solutions (Business)	4,148	3.34%	\$ 17,581	11.33%
Carlisle HOA (Residential)	3,662	2.95%	\$ 3,564	2.30%
Battle Ground Academy (School)	3,486	2.80%	\$ 3,253	2.10%
Berry Farms (Business/Residential)	3,102	2.50%	\$ 5,072	3.26%
RFA Building LLC (Business)	2,730	2.20%	\$ 415	0.27%
TOTAL	100,662	81.05%	\$ 111,394	71.78%

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 RFA Building LLC, the consumption and billed amount are not in alignment and are currently being addressed. Customer is in the top 10 based on consumption.

CITY OF FRANKLIN, TENNESSEE
AWWA WATER SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0
American Water Works Association
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Water Audit Report for: **City of Franklin Water Management (0000246)**
 Reporting Year: **2021** **7/2020 - 6/2021**

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 (1 to 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 it.

Enter grading in column 'E' and 'J'

WATER SUPPLIED

Volume from own sources:	+	?	8	1,151,050	MG/Yr
Water imported:	+	?	9	1,637,670	MG/Yr
Water exported:	+	?			MG/Yr
WATER SUPPLIED:				2,788,760	MG/Yr

Master Meter and Supply Error Adjustments

Pcnt:	8				MG/Yr
Value:					MG/Yr
Pcnt:	10				MG/Yr
Value:					MG/Yr

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

AUTHORIZED CONSUMPTION

Billed metered:	+	?	8	1,657,280	MG/Yr
Billed unmetered:	+	?	9	0.020	MG/Yr
Unbilled metered:	+	?	9	73.860	MG/Yr
Unbilled unmetered:	+	?	5	6.390	MG/Yr
AUTHORIZED CONSUMPTION:				1,737,550	MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

Apparent Losses

Unauthorized consumption:	+	?	10	6.972	MG/Yr
Unauthorized consumption volume entered is greater than the recommended default value					
Customer metering inaccuracies:	+	?	7	35.329	MG/Yr
Systematic data handling errors:	+	?		4.143	MG/Yr
Default option selected for systematic data handling errors - a grading of 6 is applied but not displayed					
Apparent Losses:				40.445	MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:	?			1,004.765	MG/Yr
WATER LOSSES:				1,051,210	MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER:	1,131,480	MG/Yr
---------------------------	------------------	--------------

SYSTEM DATA

Length of mains:	+	?	9	307.5	miles
Number of active AND inactive service connections:	+	?	8	23,102	
Service connection density:	?			75	connections/mile main

Are customer meters typically located at the curb/lot or property line? **Yes** (length of service line, beyond the property boundary, that is the responsibility of the utility)

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

Average operating pressure: **70.0** psi

COST DATA

Total annual cost of operating water system:	+	?	10	\$17,663,244	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+	?	9	\$12.71	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+	?	8	\$2,500.00	\$/Million gallons

Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 84 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: Systematic data handling errors
- 3: Water imported

CITY OF FRANKLIN, TENNESSEE
AWWA WATER SCHEDULE (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v5.0
 American Water Works Association
 Copyright © 2014. All Rights Reserved.

Water Audit Report for: City of Franklin Water Management (0000246)
 Reporting Year: 2021 7/2020 - 6/2021

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 84 out of 100 ***

System Attributes:

Apparent Losses:	46.445	MG/Yr	
+ Real Losses:	1,004.765	MG/Yr	
= Water Losses:	1,051.210	MG/Yr	

Unavoidable Annual Real Losses (UARL): 131.05 MG/Yr

Annual cost of Apparent Losses: \$590,311

Annual cost of Real Losses: \$2,511,913

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: 40.6%

Non-revenue water as percent by cost of operating system: 18.7% Real Losses valued at Variable Production Cost

Operational Efficiency: { Apparent Losses per service connection per day: 5.51 gallons/connection/day

Real Losses per service connection per day: 119.18 gallons/connection/day

Real Losses per length of main per day*: N/A

Real Losses per service connection per day per psi pressure: 1.70 gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 1,004.77 million gallons/year

Infrastructure Leakage Index (ILI) [CARL/UARL]: 7.67

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

STATISTICAL SECTION



HISTORIC
FRANKLIN
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. 124

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. 128

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. 133

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. 138

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. 140

Except where noted, the information in these schedules is derived from the City's Annual Comprehensive 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

124

(Prepared using the accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 394,771,670	\$ 427,956,937	\$ 473,270,481	\$ 526,598,701	\$ 531,232,432	\$ 528,657,327	\$ 528,661,334	\$ 553,517,545	\$ 581,817,963	\$ 600,239,617
Restricted for:										
Grant program use	-	23,545	23,717	20,212	85,185	86,263	89,691	100,451	113,066	114,745
State street aid	16,563	-	295,259	287,224	373,415	502,481	645,435	496,410	601,819	771,402
Sanitation use	-	-	-	-	767,350	610,969	1,160,474	1,922,723	1,000,240	1,992,796
Drug fund use	144,788	121,781	165,436	295,296	515,642	541,205	508,522	438,184	520,472	602,402
Other projects	-	-	-	-	-	3,488,072	4,804,517	39,890,216	38,165,088	30,019,751
Pensions	-	-	-	-	-	-	-	7,999	-	-
Unrestricted	46,304,057	42,077,735	14,450,363	25,106,842	35,391,194	46,798,463	74,003,922	39,950,296	42,976,500	63,722,583
Total net position	\$ 441,237,078	\$ 470,179,998	\$ 488,205,256	\$ 552,308,275	\$ 568,365,218	\$ 580,684,780	\$ 609,873,895	\$ 636,323,824	\$ 665,195,148	\$ 697,463,296
Business-type activities:										
Net investment in capital assets	\$ 106,880,291	\$ 110,724,957	\$ 119,141,240	\$ 128,272,969	\$ 139,229,139	\$ 144,008,929	\$ 160,464,694	\$ 166,254,831	\$ 176,897,094	\$ 186,313,737
Restricted for:										
Water & Sewer	6,684,374	8,150,100	13,391,806	13,452,592	8,916,035	9,757,361	10,665,267	10,180,317	10,882,442	10,784,987
Pensions	-	-	-	-	-	-	-	1,179	-	-
Unrestricted	14,221,008	15,923,139	13,545,686	15,771,418	25,339,325	30,877,222	25,591,650	32,220,082	34,170,434	33,761,111
Total net position	\$ 127,785,673	\$ 134,798,196	\$ 146,078,732	\$ 157,496,979	\$ 173,484,499	\$ 184,643,512	\$ 196,721,611	\$ 208,656,409	\$ 221,949,970	\$ 230,859,835
Primary government:										
Net investment in capital assets	\$ 501,651,961	\$ 538,681,894	\$ 592,411,721	\$ 654,871,670	\$ 670,461,571	\$ 672,666,256	\$ 689,126,028	\$ 719,772,376	\$ 758,715,057	\$ 786,553,354
Restricted for:										
Grant program use	-	23,545	23,717	20,212	85,185	86,263	89,691	100,451	113,066	114,745
State street aid	16,563	-	295,259	287,224	373,415	502,481	645,435	496,410	601,819	771,402
Sanitation use	-	-	-	-	767,350	610,969	1,160,474	1,922,723	1,000,240	1,992,796
Drug fund use	144,788	121,781	165,436	295,296	515,642	541,205	508,522	438,184	520,472	602,402
Other projects	-	-	-	-	-	3,488,072	4,804,517	39,890,216	38,165,088	30,019,751
Water & Sewer	6,684,374	8,150,100	13,391,806	13,452,592	8,916,035	9,757,361	10,665,267	10,180,317	10,882,442	10,784,987
Pensions	-	-	-	-	-	-	-	9,178	-	-
Unrestricted	60,525,065	58,000,874	27,996,049	40,878,260	60,730,519	76,975,737	99,595,572	72,170,378	77,146,934	97,483,694
Total net position	\$ 569,022,751	\$ 604,978,194	\$ 634,283,988	\$ 709,805,254	\$ 741,849,717	\$ 764,628,344	\$ 806,595,506	\$ 844,980,233	\$ 887,145,118	\$ 928,323,131

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Changes in Net Position

(Prepared using the accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Revenues:										
Program revenues										
Charges for services-Communications	\$ -	\$ -	\$ -	\$ -	\$ 3,600	\$ 2,500	\$ 2,900	\$ 2,000	\$ 2,696	\$ 2,700
Charges for services-Human resources	-	-	-	-	-	49	6	-	-	-
Charges for services-IT	-	-	-	-	2,752	3,682	1,234	4,020	3,560	1,620
Charges for services-Administration	-	-	-	-	-	-	-	-	-	15
Charges for services-BNS	1,839,074	1,878,490	2,332,672	2,005,472	2,921,320	2,999,288	3,169,678	2,369,851	2,482,131	2,574,191
Charges for services-Planning	-	-	-	-	172,185	161,101	227,186	197,199	191,527	212,771
Charges for services-Engineering	-	-	-	-	50	1,650	1,500	1,850	3,700	4,700
Charges for services-Gen Govt	568,711	580,724	608,111	487,716	121,946	158,340	256,860	326,081	134,014	-296,265
Charges for services-Police	1,134,311	1,146,251	784,561	782,681	814,774	703,245	374,937	498,781	583,248	470,956
Charges for services-Streets	6,100	7,160	7,400	10,780	18,400	21,200	302,720	17,555	18,800	21,280
Charges for services-Sanitation	6,888,014	6,855,652	6,084,125	7,384,798	8,346,213	7,709,098	8,359,191	9,341,314	9,479,172	10,198,236
Charges for services-Stormwater	2,151,430	2,363,177	2,328,343	2,658,906	2,461,914	2,565,543	2,531,201	2,590,324	2,572,632	2,692,893
Charges for services-Transit	78,861	87,069	94,314	94,072	88,460	104,649	112,418	84,945	63,426	33,080
Operating grants & contributions	5,572,231	4,489,556	4,317,671	4,130,790	4,863,442	2,729,040	4,333,905	3,193,791	3,810,803	6,733,287
Capital grants & contributions	26,221,640	24,640,622	32,121,297	65,527,923	13,545,685	11,071,103	16,204,360	25,749,867	26,519,429	27,390,120
General revenues:										
Property taxes	11,550,562	11,659,973	11,878,892	13,278,605	13,679,737	18,023,515	18,621,275	19,031,452	20,084,308	20,586,971
Sales taxes	24,197,413	25,995,733	27,254,742	28,943,994	31,309,367	32,694,269	34,151,972	36,168,178	35,453,739	41,999,727
Other taxes and fees	21,811,094	24,254,006	30,286,052	29,044,718	42,283,630	37,168,655	46,850,308	40,728,490	48,662,128	39,216,217
Other	(4,881,649)	4,630,117	(790,266)	(668,516)	(1,956,347)	2,059,244	1,757,971	2,217,556	-	-
Transfers	-	-	-	200,000	200,000	125,000	825,000	200,000	(365,000)	200,000
Total revenues	97,137,792	108,588,530	117,307,914	153,881,939	118,876,768	119,301,171	138,084,622	142,723,254	149,699,953	152,042,499
Expenses:										
General government:										
Elected officials	202,515	183,406	297,496	275,250	343,182	282,123	332,480	290,502	358,690	297,949
Administration	595,811	492,554	456,302	489,702	499,029	561,385	1,231,613	1,074,343	1,313,132	1,279,793
Human resources	1,049,741	787,765	951,829	965,080	1,093,125	1,193,032	1,101,869	1,292,914	1,373,293	1,271,113
Legal	387,283	293,197	466,434	349,276	354,340	491,048	455,753	770,499	560,168	587,620
Communications	324,603	304,243	319,154	314,956	363,446	452,958	366,611	404,136	373,353	401,782
Capital investment planning	208,446	162,049	184,077	179,584	87,490	-	-	-	-	-
Project & facilities management	863,314	710,947	802,988	1,161,760	1,176,182	1,109,682	1,170,752	1,210,030	1,201,740	1,348,841
Revenue management	1,361,604	176,518	304,303	227,607	205,230	273,544	219,961	233,289	164,454	196,001
Finance	893,937	700,548	717,444	802,805	836,283	863,803	804,287	931,609	953,767	946,786
Information technology	3,993,526	4,756,627	4,213,881	4,520,824	4,104,824	4,465,981	4,931,812	4,952,583	4,553,022	4,187,327
Purchasing	159,188	141,705	165,711	176,188	177,659	207,506	213,132	227,691	269,962	243,065
Court	284,907	220,481	214,427	198,857	228,932	388,088	244,404	213,302	287,357	323,406
Building & neighborhood services	1,900,692	2,164,831	2,351,310	2,335,652	2,427,771	2,737,738	2,959,894	3,037,683	3,154,457	2,943,051
Planning	1,223,706	1,235,714	1,125,121	1,383,565	1,680,480	1,067,652	1,405,791	1,549,808	1,429,692	1,498,484
Engineering	768,730	648,601	696,853	763,790	806,847	1,013,726	1,169,263	1,344,905	1,507,041	1,448,597
Traffic operations center	460,102	658,063	723,312	828,501	862,274	1,128,998	1,074,055	922,142	1,085,967	762,937
General government	3,205,578	2,442,032	1,949,204	4,370,952	12,305,479	3,728,463	(700,908)	6,353,001	6,392,927	4,644,218
Public safety:										
Police	15,154,496	14,363,457	14,538,599	14,418,465	15,009,053	15,715,821	17,012,348	17,637,337	18,484,182	18,322,992
Fire	13,197,477	13,540,346	13,089,150	14,864,908	15,873,431	17,431,159	18,887,397	19,239,506	20,499,375	21,150,380
Parks	3,688,466	3,866,135	4,244,661	4,435,890	4,709,152	5,497,455	6,026,047	6,137,924	6,906,698	6,037,842
Streets-maintenance	21,221,774	16,431,675	18,426,769	19,867,157	22,605,118	29,466,122	31,268,410	28,407,101	29,036,523	29,742,109
Street-fleet	592,074	601,240	902,175	1,017,846	881,735	875,366	875,834	849,701	931,275	775,178
Sanitation	7,961,729	7,837,722	7,279,885	7,593,469	8,388,763	7,972,577	8,496,222	9,040,276	10,211,325	10,622,594
Stormwater	1,508,125	1,622,743	2,016,390	1,776,125	2,105,446	2,361,491	2,521,031	2,465,549	2,728,992	2,988,541
Transit	1,398,956	1,623,600	1,736,112	2,372,642	1,705,932	2,035,623	2,240,269	2,405,778	2,566,793	2,839,032
Interest expense on long-term debt	3,730,536	3,479,511	3,742,163	4,087,064	3,988,622	4,074,621	4,587,179	5,281,715	4,484,444	4,914,713
Total expenses	86,336,416	79,645,610	83,065,838	89,778,920	102,819,825	105,895,962	108,895,506	116,273,324	120,828,629	119,774,351
Change in net position	\$ 10,801,376	\$ 28,942,920	\$ 34,242,076	\$ 64,103,019	\$ 16,056,943	\$ 13,405,209	\$ 29,189,115	\$ 26,449,929	\$ 28,871,324	\$ 32,268,148
Business-Type activities:										
Revenues:										
Program revenues										
Charges for services	\$ 21,253,689	\$ 22,116,747	\$ 23,099,351	\$ 25,283,748	\$ 27,749,661	\$ 28,803,497	\$ 30,650,210	\$ 31,626,191	\$ 32,254,195	\$ 35,215,744
Capital grants & contributions	5,307,632	6,728,662	11,263,738	9,517,652	12,429,719	9,382,488	11,005,568	9,269,803	9,027,798	7,527,829
General revenues:										
Other sources	(7,153)	140,371	113,591	170,074	253,837	287,640	424,211	1,085,029	1,349,411	126,669
Transfers	-	-	-	(200,000)	(200,000)	(1,125,000)	(825,000)	(200,000)	365,000	(200,000)
Total revenues	26,554,168	28,985,780	34,476,680	34,771,474	40,233,217	37,348,625	41,254,989	41,781,023	42,996,404	42,670,242
Expenses:										
Water & sewer	21,960,116	21,973,257	22,694,995	23,353,227	24,245,697	26,189,612	28,476,942	29,846,225	29,702,843	33,760,377
Change in net position	\$ 4,594,052	\$ 7,012,523	\$ 11,781,685	\$ 11,418,247	\$ 15,987,520	\$ 11,159,013	\$ 12,778,047	\$ 11,934,798	\$ 13,293,561	\$ 8,909,865
Total change in net position	\$ 15,395,428	\$ 35,955,443	\$ 46,023,761	\$ 75,521,266	\$ 32,044,463	\$ 24,564,222	\$ 41,967,162	\$ 38,384,727	\$ 42,164,885	\$ 41,178,013

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Fund Balances - Governmental Funds

(Prepared using the modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Non-Spendable	\$ 1,423,017	\$ 1,741,675	\$ 1,141,340	\$ 1,712,291	\$ 1,879,610	\$ 2,223,101	\$ 2,061,344	\$ 1,719,567	\$ 1,624,813	\$ 1,484,303
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	24,588,314	27,148,443	31,573,111	33,757,157	37,369,976	41,060,041	47,398,627	51,482,407	51,591,473	63,997,207
Total General Fund	26,011,331	28,890,118	32,714,451	35,469,448	39,249,586	43,283,142	49,459,971	53,201,974	53,216,286	65,481,510
All Other Governmental Funds										
Capital Projects Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	9,266,485	382,419	-	-	-	15,508,919	6,212,614	35,931,258	34,491,104	25,520,920
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(18,878,175)	(10,104,657)	(7,887,886)	-	-	-	-	-
Total Capital Projects Fund	9,266,485	382,419	(18,878,175)	(10,104,657)	(7,887,886)	15,508,919	6,212,614	35,931,258	34,491,104	25,520,920
Road Impact Fee Fund*										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	22,442,977	25,741,274
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Road Impact Fee Fund	-	-	-	-	-	-	-	-	22,442,977	25,741,274
Debt Service Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	318,138	84,729	195,118	709	5,000	90,197	106,587	372,887	804,607	937,169
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Debt Service Fund	318,138	84,729	195,118	709	5,000	90,197	106,587	372,887	804,607	937,169
Special Revenue Funds										
Non-Spendable	-	-	46,013	32,553	57,121	76,130	65,380	34,840	65,841	64,332
Restricted	161,351	145,326	484,412	602,732	1,685,971	5,228,990	7,143,259	6,916,726	5,909,581	7,980,176
Committed	9,524,052	8,762,925	12,524,477	12,674,316	17,243,117	24,451,333	33,796,210	38,800,441	18,008,344	17,488,810
Assigned	-	1,124,507	1,971,048	5,243,672	7,060,075	5,353,767	8,806,157	13,175,194	11,940,200	10,764,432
Unassigned	(1,246,711)	(854,829)	-	-	-	-	-	-	-	-
Total Special Revenue Funds	8,438,692	9,177,929	15,025,950	18,553,273	26,046,284	35,110,220	49,811,006	58,927,201	35,923,966	36,297,750
Total All Other Governmental Funds	18,023,315	9,645,077	(3,657,107)	8,449,325	18,163,398	50,709,336	56,130,207	95,231,346	93,662,654	88,497,113
Total Governmental Funds	\$ 44,034,646	\$ 38,535,195	\$ 29,057,344	\$ 43,918,773	\$ 57,412,984	\$ 93,992,478	\$ 105,590,178	\$ 148,433,320	\$ 146,878,940	\$ 153,978,623

*Prior to FY2020, Road Impact Fee Fund was included in Special Revenue Funds

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -

Changes in Fund Balances - Governmental Funds

(Prepared using the modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 42,985,437	\$ 45,969,516	\$ 49,228,473	\$ 51,595,489	\$ 57,346,463	\$ 63,339,011	\$ 66,814,751	\$ 67,064,451	\$ 67,215,946	\$ 74,080,393
Licenses and permits	5,329,720	7,603,115	11,397,587	8,714,516	14,855,454	12,704,411	19,574,405	14,187,525	18,877,383	13,058,315
Fines and fees	1,084,450	824,280	829,485	758,369	845,422	511,864	583,042	511,864	560,779	442,069
Intergovernmental	25,631,707	15,973,111	16,290,803	19,789,750	23,052,657	19,626,633	21,724,493	21,846,542	21,286,228	24,302,340
Charges for services	9,186,271	9,264,390	8,557,376	10,194,368	10,952,510	10,518,112	11,109,359	12,099,847	12,166,255	12,971,447
Use of money and property	1,319,104	816,950	622,019	792,690	686,672	874,412	4,101,263	4,087,802	4,355,541	4,355,541
Miscellaneous	496,948	1,513,225	648,436	3,301	2,489,638	1,155,394	262,053	797,299	2,809,455	1,099,418
Total revenues	86,033,637	81,964,587	87,574,179	91,848,483	110,521,743	108,783,730	120,942,521	120,608,791	127,003,848	126,389,523
Expenditures										
Elected officials	202,515	183,406	297,496	275,250	343,182	282,124	332,480	290,502	358,690	297,949
Administration	582,714	478,456	445,982	483,622	492,182	535,330	1,043,210	1,043,428	1,261,084	1,208,674
Human resources	1,069,174	823,598	910,719	1,121,520	1,211,867	1,165,049	987,380	1,151,251	1,270,498	1,148,280
Legal	387,358	283,796	463,730	342,493	453,393	498,133	453,393	758,081	548,969	553,316
Communications	318,505	500,211	317,233	313,200	352,429	489,797	362,973	395,004	377,977	390,120
Capital investment planning	206,418	139,152	183,594	176,967	162,466	-	-	-	-	-
Project & facilities management	782,167	634,151	729,970	1,093,598	1,111,055	1,069,858	1,118,898	1,160,709	1,154,390	1,281,459
Revenue management	1,341,821	166,427	359,280	210,378	192,958	261,826	211,611	241,134	135,472	206,308
Public safety:										
Police	14,414,109	13,703,100	13,977,946	13,747,102	14,701,228	15,484,361	16,561,112	16,568,363	16,724,525	16,656,682
Fire	12,460,480	12,817,855	13,268,813	14,129,713	15,753,191	17,003,425	18,106,943	18,067,915	19,251,818	19,436,763
Finance	877,470	687,679	716,542	787,545	824,104	940,697	818,603	917,289	931,572	916,947
Information and technology	2,621,668	3,953,288	3,676,541	4,074,719	3,727,271	4,186,105	4,349,878	4,307,123	3,835,596	3,419,835
Purchasing	156,738	134,412	162,559	173,490	176,129	191,513	222,261	224,772	260,486	232,342
Court	281,966	217,568	239,857	201,815	319,159	444,685	317,866	212,987	276,896	314,530
Building & neighborhood services	1,958,127	2,101,158	2,321,624	2,356,810	2,423,538	2,750,384	2,909,042	2,982,913	3,145,299	2,840,548
Planning	1,220,100	1,216,935	1,419,450	1,406,527	1,637,525	1,560,527	1,471,756	1,557,636	1,395,702	1,467,393
Engineering	761,838	631,300	687,014	759,768	802,701	991,964	1,123,694	1,292,986	1,449,218	1,377,052
Traffic operations center	333,495	459,313	396,044	484,244	498,106	777,609	736,150	704,590	846,202	546,114
Economic Development	42,742	46,313	52,811	32,811	67,277	53,592	67,518	78,327	90,844	71,261
Parks	2,561,137	2,682,797	3,024,341	3,239,260	3,538,547	4,214,304	4,697,744	4,638,144	5,384,004	4,500,115
Streets-maintenance	6,282,477	6,008,306	6,367,667	6,500,001	8,221,079	14,290,794	15,781,445	12,641,002	12,314,445	13,399,834
Streets-traffic	948,377	790,995	1,280,969	1,198,941	1,360,638	1,308,872	1,377,220	1,484,099	1,731,460	1,407,195
Streets-fleet	586,722	596,448	874,303	1,073,512	945,575	940,286	836,861	808,172	942,337	741,051
General government	668,119	1,277,170	1,184,017	1,314,706	3,680,359	672,243	(1,363,747)	1,959,699	(679,827)	653,290
Appropriations	416,624	411,674	429,849	513,599	473,706	964,936	464,073	466,424	486,738	446,247
Sanitation	7,265,672	7,025,547	6,446,791	7,490,571	8,308,687	7,834,537	7,958,336	8,202,439	9,217,636	9,368,226
Stormwater	1,401,563	1,517,703	1,918,130	1,638,451	2,112,676	2,314,747	2,554,078	2,282,043	2,555,688	2,408,374
Transit	1,185,600	1,381,776	1,553,237	2,243,080	1,574,974	1,890,367	2,086,098	2,277,206	2,446,053	2,693,184
Debt service:										
Principal	6,361,000	6,469,000	6,670,000	7,449,000	7,783,000	7,992,000	8,118,000	7,945,000	9,520,000	9,385,000
Interest	4,261,808	4,277,301	4,298,262	4,644,723	4,973,106	4,886,022	5,514,705	5,544,524	5,720,563	5,932,143
Other charges	85,493	199,479	28,317	151,263	16,838	18,726	7,976	142,027	2,804,902	2,665
Capital outlay - capital	16,004,450	16,944,065	32,567,975	16,081,875	12,344,902	5,663,429	11,727,276	11,937,017	22,747,397	16,186,944
Total expenditures	88,048,447	88,939,732	116,911,711	95,710,554	100,463,720	101,878,242	110,975,890	112,282,806	128,506,634	119,489,841
Excess (deficiency) of revenues over (under) expenditures	(2,014,810)	(6,975,145)	(29,337,532)	(3,862,071)	10,058,023	6,905,488	9,966,631	8,325,985	(1,502,786)	6,899,682
Other financing sources (uses):										
Proceeds from issuance of long-term debt	687,562	23,975,694	19,859,681	17,196,020	3,236,188	25,008,840	806,069	52,525,000	31,550,000	-
Premiums from issuance of long-term debt	-	-	-	-	-	-	-	8,462,517	7,080,224	-
Transfer to bond escrow agent	-	(22,500,000)	-	1,327,480	-	3,540,166	-	(26,670,360)	(35,725,000)	-
Operating transfers in	5,794,421	6,740,323	7,767,550	9,242,452	9,303,969	15,285,099	10,496,177	10,265,312	14,168,841	11,051,877
Operating transfers out	(5,794,421)	(6,740,323)	(7,767,550)	(9,242,452)	(9,303,969)	(15,285,099)	(10,496,177)	(10,265,312)	(17,125,659)	(10,851,876)
Total other financing sources (uses)	687,562	1,475,694	19,859,681	18,723,500	3,436,188	29,674,006	1,631,069	34,517,157	(51,594)	200,001
Net changes in fund balances	\$ (1,327,248)	\$ (5,499,451)	\$ (9,477,851)	\$ 14,861,429	\$ 13,494,211	\$ 36,579,494	\$ 11,597,700	\$ 42,843,142	\$ (1,554,380)	\$ 7,099,683
Debt service as a % of noncapital expenditures	14.74%	14.93%	13.00%	15.19%	14.48%	13.38%	13.74%	13.44%	14.41%	14.83%

CITY OF FRANKLIN, TENNESSEE

Revenue Capacity Information
Local Sales Tax Collections

FISCAL YEAR	Estimate of Taxable Sales to Local Sales Tax	Local Sales Tax Rate (City & Williamson County)	Total Local Sales Tax Collected	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
2021	\$ 3,771,019,289	2.75%	\$ 84,847,934	\$ (42,423,967)	\$ (424,240)	\$ 41,999,727	52.1%
2020	3,183,243,914	2.75%	71,622,988	(35,811,494)	(358,115)	35,453,379	50.7%
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%

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 received 1/2 of the 2.25% rate collected within the City through March 2021. With the expiration of the intergovernmental agreement in April 2021, the City began to receive 1/2 of the 2.75% 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			Total Direct Rate
	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	Estimated Actual Taxable Value	Estimated Actual Taxable Value	Estimated Actual Taxable Value	
2021	\$ 2,457,984,895	\$ 2,721,802,980	\$ 212,141,723	\$ 2,400,000	\$ 64,423,153	\$ -	\$ 5,458,752,751	\$ 21,190,144,675	\$ 21,190,144,675	\$ 21,190,144,675	\$ 21,190,144,675	\$ 21,190,144,675	0.4176
2020	2,383,570,565	2,611,168,485	195,053,443	106,128	64,804,129	-	5,254,702,750	18,920,390,435	18,920,390,435	18,920,390,435	18,920,390,435	18,920,390,435	0.4176
2019	2,307,323,295	2,485,463,471	190,862,365	110,259	64,399,468	-	5,048,158,858	18,208,229,470	18,208,229,470	18,208,229,470	18,208,229,470	18,208,229,470	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	15,696,174,389	15,696,174,389	15,696,174,389	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	14,931,225,106	14,931,225,106	14,931,225,106	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	11,591,451,146	11,591,451,146	11,591,451,146	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	11,413,859,405	11,413,859,405	11,413,859,405	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	11,065,624,425	11,065,624,425	11,065,624,425	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	10,442,405,019	10,442,405,019	10,442,405,019	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	10,298,785,436	10,298,785,436	10,298,785,436	0.3765

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 (a)

Fiscal Year	Direct Rate					Overlapping Rate		Total Direct and Overlapping \$
	City of Franklin (a)					Williamson County (b)		
	General Fund	Debt Service Fund	Street Aid Fund	Capital Projects Fund	Total Direct Rate	Total Overlapping Rate		
2021 (g)	\$ 0.2002	\$ 0.2024	\$ 0.0150	---	\$ 0.4176	\$ 2.3951	\$ 2.8127	
2020 (f)	0.1916	0.2110	0.0150	---	0.4176	2.8090	3.2266	
2019 (e)	0.2290	0.1736	0.0150	---	0.4176	2.7390	3.1566	
2018 (d)	0.2137	0.1889	0.0150	---	0.4176	2.6890	3.1066	
2017 (c)	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	

From fiscal years 2011-2014, the direct rate was separated between the General Fund and the Debt Service Fund. From fiscal year 2015-2017, the direct rate was separated between the General Fund, the Debt Service Fund, the Street Aid Fund, and the Capital Projects Fund. Beginning in fiscal year 2019, the direct rate was separated between the General Fund, the Debt Service Fund, and the Street Aid Fund.

(a) Per \$100 of assessed valuation

(b) 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:

2021	1.8300
2020	2.1600
2019	2.0900
2018	2.0700
2017	1.8500
2016	2.0000
2015	2.2000
2014	2.2000
2013	2.2000
2012	2.2000

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

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

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

(f) FY2020 General Fund rate is inclusive of \$.1918 for General Fund operations.

(g) FY2021 County-wide reappraisal year.

CITY OF FRANKLIN, TENNESSEE

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

<u>Taxpayer</u>	<u>2012</u>		<u>2021</u>	
	<u>Assessed</u>	<u>Percent of</u>	<u>Assessed</u>	<u>Percent of</u>
	<u>Valuation</u>	<u>Assessed</u>	<u>Valuation</u>	<u>Assessed</u>
		<u>Valuation</u>		<u>Valuation</u>
<u>Real and Personal Property Tax</u>				
Boyle Investments			\$ 147,768,000	2.71%
Highwood Properties			146,159,000	2.68%
IMT			128,743,000	2.36%
Galleria Associates (CBL Assoc.)	59,953,120	1.89%	97,377,000	1.78%
Northwood Investors			93,713,000	1.72%
Stock Bridge Capital			69,263,000	1.27%
Chartwell Hospitality			56,979,000	1.04%
Nuveen Real Estate			54,952,000	1.01%
Steadfast Apt REIT			54,200,000	0.99%
Public Sect Pension Inv Brd			50,317,000	0.92%
HRLP Cool Springs LLC	37,678,400	1.19%		
Carothers Office ACQ LLC	29,792,480	0.94%		
Landings F C LP	24,381,720	0.77%		
Wyndchase, LLC	24,208,600	0.76%		
Lightman Cool Springs	20,763,520	0.65%		
Williamson Farmers Co-Op	19,126,880	0.60%		
Boyle Cool Springs Joint Venture	18,766,560	0.59%		
Franklin Realco LLC	16,834,200	0.53%		
Alara Franklin Corp	15,710,680	0.49%		
Franklin Cool Springs Corp	15,659,635	0.49%		
AGL/SLC McEwen No 1 LLC	15,176,080	0.48%		
United Dominion Realty LP	14,436,670	0.45%		
Weeks Realty	13,912,760	0.44%		
AGL/SLC McEwen No 2 LLC	13,177,520	0.41%		
Totals	<u>\$ 339,578,825</u>	<u>10.68%</u>	<u>\$ 899,471,000</u>	<u>16.48%</u>

* Total assessed valuation in 2012 (tax year 2011) was \$3,178,038,662

** Total assessed valuation in 2021 (tax year 2020) is \$5,458,752,751.

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
2021	\$ 22,527,506	\$ 22,328,725	99.1%	\$ -	\$ 22,328,725	99.1%	\$ 198,781
2020	21,688,376	21,436,320	98.8%	224,251	21,660,571	99.9%	27,805
2019	20,834,771	20,584,843	98.8%	235,079	20,819,922	99.9%	14,849
2018	20,126,690	19,895,443	98.9%	222,655	20,118,098	100.0%	8,592
2017	19,203,126	19,013,067	99.0%	183,915	19,196,982	100.0%	6,144
2016	14,306,693	14,114,206	98.7%	187,036	14,301,242	100.0%	5,451
2015	13,742,347	13,551,648	98.6%	186,308	13,737,956	100.0%	4,391
2014	12,342,702	12,146,687	98.4%	189,443	12,336,130	99.9%	6,572
2013	11,902,186	11,724,940	98.5%	168,694	11,893,634	99.9%	8,552
2012	11,718,525	11,519,012	98.3%	189,781	11,708,793	99.9%	9,732

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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 (b)	Percentage of Personal Income	Population (c)	Debt Per Capita
	General Obligation	Water & Sewer									
		Bonds (a)	Capital Leases	Revenue & Tax	Bonds (a)	Capital Leases					
2021	\$ 150,034,179	\$ -	\$ 129,005,230	\$ -	\$ -	\$ 279,039,409	\$ 7,932,553,062	3.5%	83,454	3,344	
2020	160,358,676	-	85,275,963	-	-	245,634,639	6,727,183,776	3.7%	70,908	3,464	
2019	167,912,949	-	49,621,380	-	-	217,534,329	6,727,183,776	3.2%	70,908	3,068	
2018	141,697,493	884,974	42,926,581	17,187	-	185,526,235	6,727,183,776	2.8%	70,908	2,616	
2017	150,159,179	2,170,299	45,705,483	30,737	-	198,065,698	6,452,698,908	3.1%	70,908	2,793	
2016	131,675,830	3,428,930	35,463,236	-	-	170,567,996	6,149,445,980	2.8%	66,370	2,570	
2015	139,649,696	3,188,492	38,987,696	-	-	181,825,884	6,090,575,790	3.0%	66,370	2,740	
2014	130,913,402	3,284,692	42,458,312	-	-	176,656,406	5,614,570,150	3.1%	66,370	2,662	
2013	120,136,535	2,357,012	45,875,189	-	-	168,368,736	4,975,089,966	3.4%	62,487	2,694	
2012	126,742,579	1,413,816	48,839,368	77,313	-	177,073,076	4,899,355,722	3.6%	62,487	2,834	

(a) This amount includes unamortized premiums

(b) Personal income is disclosed on page 138. (Values are updated to match income table updates.)

(c) Tennessee Certified Populations reports

Note: 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

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FISCAL YEAR	General Obligation Debt (a)	Less: Amounts Available in Debt Service Fund (b)	Net General Obligation Debt Service	Appraised Value (c)	Ratio of Net General Obligation Debt to Appraised Value	Population (d)	Net General Obligation Debt Per Capita
2021	\$ 150,034,179	\$ 937,169	\$ 149,097,010	\$ 21,190,144,675	0.7%	83,454	\$ 1,787
2020	160,358,676	804,607	159,554,069	18,920,390,435	0.8%	70,908	\$ 2,250
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

- (a) This amount includes unamortized premiums
(b) Fund began in 2010
(c) State of TN Comptroller Division of Property Assessment
(d) Tennessee Certified Populations

CITY OF FRANKLIN, TENNESSEE

Debt Capacity Information -
Direct and Overlapping Governmental Activities Debt
June 30, 2021

Jurisdiction	Debt Outstanding	Percentage Applicable to City	Estimated Share of Overlapping Debt
Williamson County	\$ 818,770,000	40.18% (a)	\$ 328,981,786
Franklin Special School District	71,506,941	100.00% (b)	71,506,941
Subtotal, overlapping debt			400,488,727
City of Franklin direct debt of governmental and business-type activities			150,034,179 (c)
Total direct and overlapping debt			\$ 550,522,906

(a) Based upon Assessed Value of Property
in:
County \$ 13,585,683,435
City \$ 5,458,752,751

(b) All of the Special School District is located within the City of Franklin. Amount shown includes a bond total of \$70,825,000 and a Note Payable total of \$681,941.

(c) This amount includes total governmental debt of \$131,720,000, total business-type debt of \$127,663,487, governmental unamortized premiums of \$18,314,179, and business-type unamortized premiums of \$1,341,743.

CITY OF FRANKLIN, TENNESSEE

Debt Capacity Information -
Legal Debt Margin Information

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed Value	\$ 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	\$ 5,048,158,858	\$ 5,254,702,750	\$ 5,458,752,751
General Obligation Debt (a)	\$ 126,742,579	\$ 120,136,535	\$ 130,913,402	\$ 139,649,696	\$ 131,675,830	\$ 150,159,179	\$ 141,697,493	\$ 167,912,949	\$ 160,358,676	\$ 150,034,179
Debt as % of Assessed Value	4.0%	3.7%	3.9%	4.1%	3.7%	3.2%	2.9%	3.3%	3.1%	2.7%

Note - The City has no legal debt limit.

(a) This amount includes unamortized premiums.

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

Fiscal Year	Gross Revenues (a)	Contributions, Taps, & Access Fees (b)	Direct Operating Expense (c)	Net Revenue Available for Debt Service	Debt Service Requirements (d)		
					Principal	Interest	Total Coverage
2021	\$ 35,354,695	\$ -	\$ 22,420,728	\$ 12,933,967	\$ 6,988,144	\$ 2,436,265	9,424,409 1.37
2020	33,603,606	9,027,798	20,339,783	22,291,621	4,399,002	1,954,291	6,353,293 3.51
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

(a) Includes interest income and gain on sale of assets.

(b) Not included in 2021 and forward to match pledged revenue on bonds and State Revolving Fund (SRF) loans.

(c) Excludes depreciation, interest expense, and loss on sale of assets. Includes transfers.

(d) Includes bonds and loans.

CITY OF FRANKLIN, TENNESSEE

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

Year	Population (a)	Per Capita Personal				Education Level in		Unemployment Rate (f)
		Personal Income (b)	Income (c)	Schooling (d)	School Enrollment (e)			
2021	83,454	\$ 7,932,553,062	\$ 95,053	15.5	14,222			4.6%
2020	70,908	6,740,018,124	95,053	15.5	17,428			6.7%
2019	70,908	6,740,018,124	95,053	15.2	16,754			2.8%
2018	70,908	6,569,200,752	92,644	15.2	16,345			2.8%
2017	70,908	6,500,065,452	91,669	15.2	15,652			2.8%
2016	66,370	6,137,764,860	92,478	15.2	14,245			3.7%
2015	66,370	6,092,367,780	91,794	15.1	13,821			4.3%
2014	66,370	5,612,579,050	84,565	15.1	13,487			4.8%
2013	62,487	4,974,590,070	79,610	15.0	12,037			5.4%
2012	62,487	4,896,981,216	78,368	14.9	11,834			5.3%

(a) Tennessee Certified Population reports

(b) Personal Income is calculation of Population times Per Capita Personal Income. (Values are updated to match per capita personal income updates.)

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

(d) U.S. Census. Educational Attainment for Adults Age 25 or Older for Franklin.

(e) Tennessee Department of Education Annual Reports. Population of Franklin is compared to County's to estimate the enrollment from Franklin. (Values are updated to match school enrollment updates.)

(f) 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	2012			2021 (b)		
	Employees (a)	Rank	Percentage of Total County Employment	Employees (b)	Rank	Percentage of Total City Employment
Fresenius Medical Care				2,020	1	4.29%
HCA Healthcare, Inc.				2,002	2	4.33%
Community Health Systems	2,153	2	3.66%	2,000	3	4.29%
Williamson Medical Center	1,397	3	2.38%	1,896	4	4.07%
Optum				1,600	5	3.43%
Nissan North America	1,200	5	2.04%	1,550	6	3.32%
Cigna				1,500	7	3.22%
Paralon Business Solutions, LLC				1,100	8	2.36%
Mars Petcare	742	8	1.26%	1,000	9	2.14%
Ramsey Solutions				902	10	1.93%
Lee Company	625	9	1.06%			
Cool Spring Galleria	3,500	1	5.95%			
Verizon Wireless	1,300	4	2.21%			
Healthways	900	6	1.53%			
Primus/Ford Credit	800	7	1.36%			
Medsolutions	550	10	0.94%			
Total	13,167		22.39%	15,570		33.38%

(a) City's 2012 Comprehensive Annual Financial Report. Prior to 2013, the ACFR represented Franklin employers by county statistics.

(b) Number of employees (job counts) were provided by Williamson, Inc. and were based on information available at the time of data capture.

CITY OF FRANKLIN, TENNESSEE

Operating Information -
Authorized Full Time Employees by Function

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration	6	5	6	6	6	6	9	10	11	11
Building and Neighborhood Services	28	30	31	32	33	35	36	36	36	36
Capital Investment Planning	2	1	2	2	2	0	0	0	0	0
Communications	3	3	3	3	4	4	4	4	4	4
Court	2	2	2	2	3	3	2	3	3	3
Engineering	8	10	11	12	12	13	13	14	15	16
Finance	9	9	10	10	10	10	9	9	9	9
Fire	158	160	161	171	171	171	172	172	172	172
HR	10	11	11	11	11	11	12	12	12	12
IT	17	19	18	20	20	21	22	23	24	25
Law	4	4	5	4	4	5	5	5	5	5
Parks	31	33	34	31	37	39	41	44	46	46
Planning and Sustainability	18	15	17	16	16	16	15	15	15	15
Police	175	175	176	156	157	142	143	142	145	145
Projects and Facilities Management	6	6	7	7	7	5	6	6	6	6
Purchasing	3	3	3	3	3	3	3	3	4	4
Revenue Management	14	15	14	13	13	13	14	14	14	14
Solid Waste	52	49	48	49	49	45	45	45	45	45
Stormwater	16	16	17	18	19	20	21	22	22	22
Streets	47	49	52	53	53	54	58	59	60	60
Traffic Operations Center	3	4	3	4	3	3	4	4	4	4
Water & Wastewater	83	84	84	85	86	92	94	96	96	96
TOTAL	695	703	715	708	719	711	728	738	748	750

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 authorized, vacant, but unfunded positions are not reflected in the counts.

CITY OF FRANKLIN, TENNESSEE

Operating Information -
Operating Indicators by Function

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Calls for service	75,700	77,964	80,205	77,818	67,533	57,154 (a)	68,966 (b)	60,201	59,138	53,075
Fire										
Number of alarms	5,767	6,115	6,501	6,790	7,039	7,856	9,058	8,879	8,695	8,537
Sanitation										
Landfill usage	59,212	54,190	65,116	81,651	95,393	81,137	87,536	86,120	94,043	101,496
Recycling (tons)	6,209	6,781	8,605	7,897	7,904	8,726	7,875	6,623	4,862 (d)	2472 (d)
Codes										
Single family permits	331	485	519	480	691	636	495	358	348	342
Water										
Average daily usage	5,872,863	5,805,912	5,690,082	5,636,146	5,755,000	5,737,000	5,770,000 (c)	6,314,000	6,994,000	7,426,000
Water storage capacity (gallons)	12,000,000	12,000,000	11,500,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000

Source: City of Franklin departments

(a) 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.

(b) 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.

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

(d) FY20: As a result of COVID-19, recycling service was stopped from 3/17/2020-6/24/2020 causing a reduction. In FY21, the switch to Blue Bins caused an initial drop of recycling. Recent trends show recycling increasing. In part due to Covid-19 and the recycling changes, landfill usage increased year over year.

CITY OF FRANKLIN, TENNESSEE

Operating Information -
Capital Asset Statistics by Function

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Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles (radio equipped)	152	156	136	139	136	150	140	128 (c)	136	142
Fire										
Fire stations	6	6	6	7	7	8	8	8	8	8 (d)
Fire response vehicles	19	22	22	22	22	22	22	23	26	26
Fire hydrants	3,155 (a)	3,325 (a)	3,326 (a)	3,416 (a)	3,576 (a)	3,675 (a)	3,810 (a)	3,921 (a)	3,930	3,983
Street										
Streets (miles)	286	293	304	317	325	347	339 (b)	344	351	357
Parks										
Number of parks	16	16	16	16	16	16	16	17	17	17 (e)
Water										
Water lines (miles)	283	285	288	293	296	301	302	303	306	308
Sewer lines (miles)	352	354	360	371	387	393	408	415	419	421
Reclaimed lines (miles)	--	--	--	--	--	--	28	28	28	29

Source: City of Franklin departments

- (a) Provided by City of Franklin Fire Department (for hydrants within City limits or outside limits but within the 400' buffer & inspected by FFD)
(b) FY18: Improvements in the GIS street layer process removed centerline segments, which caused a street mileage reduction
(c) FY19: Switch to 700mhz radios. Pool cars and special use vehicles were not assigned the new radios (portables are being used in those vehicles).
(d) FY21: The City added 3 to 4 satellite fire stations for a period of 9 months due to the COVID-19 response.
(e) FY21: Southeast Municipal Complex and Robinson Lake are in the construction process and are not included in this total.

INTERNAL CONTROL AND COMPLIANCE SECTION



HISTORIC
FRANKLIN
TENNESSEE

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF HISTORICAL UTILITY SYSTEM GROWTH
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

WATER PRODUCTION

<u>Year</u>	Average Daily Production (MGD)	Maximum Daily Production (MGD)
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
2019	2.40	3.00
2020	2.69	3.69

WATER SYSTEM USAGE

<u>Year</u>	Gallons Sold (000)	Total Revenues
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
2019	1,541,561	\$ 11,692,199
2020	1,578,277	\$ 11,360,773

WASTEWATER SYSTEM USAGE

<u>Year</u>	Gallons Sold (000)	Total Revenues
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
2019	2,558,374	\$ 18,790,102
2020	2,528,764	\$ 20,204,854

RECLAIMED WATER USAGE

<u>Year</u>	Gallons Sold (000)	Total Revenues
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
2019	111,427	\$ 128,937
2020	95,765	\$ 119,023

Notes : The reclaimed water 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. For all years reported, the average daily production and maximum daily production figures are based on a calendar year.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF DEBT
JUNE 30, 2021

General Obligation Bonded Debt

Total Bonded Debt ¹	\$ 145,885,000
Less: Self Supporting Debt	(14,165,000)
Net Bonded Debt	<u>\$ 131,720,000</u>

Overlapping Bonded Debt ²	\$ 890,276,941
Less: Self Supporting Bonded Debt	(70,370,000)
Net Overlapping Bonded Debt	<u>\$ 819,906,941</u>

	<u>City of Franklin</u>	<u>City and Overlapping</u>
Bonded Debt Per Capita	\$ 1,748	\$ 12,416
Net Direct Bonded Debt Per Capita	\$ 1,578	\$ 11,403
 Bonded Debt / Assessed Value	 2.67%	 18.98%
Net Bonded Debt / Assessed Value	2.41%	17.43%
 Bonded Debt / Actual Value	 0.69%	 4.89%
Net Bonded Debt / Actual Value	0.62%	4.49%

	<u>Franklin</u>	<u>Williamson County</u>
FY 2021 Assessed Value	\$ 5,458,752,751	\$ 13,585,683,435
FY 2021 Appraised Value	\$ 21,190,144,675	\$ 57,894,231,089
2020 Population ³	83,454	238,412

Williamson County's Bonded Debt as of June 30, 2021 ⁴

Bonded Debt	\$ 818,770,000
Self Supporting Bonded Debt	(70,370,000)
Net Bonded Debt	<u>\$ 748,400,000</u>

Franklin's Assessed Value as a Percentage of Williamson County's Assessed Value: 40.18%

Franklin Special School District Bonded Debt as of June 30, 2021 ⁵

Bonded Debt	\$ 71,506,941
-------------	---------------

Franklin's Assessed Value as a Percentage of Franklin Special School District's Assessed Value:
100%

Notes:

(1) Includes self-supporting tax-backed water and sewer revenue and tax bonds.

Excludes revenue bonds and loans without GO backing. Excludes unamortized premiums.

(2) Source: Overlapping debt is for Williamson County and Franklin Special School District

(3) Source: U.S. Census April 1, 2020

(4) Source: Williamson County

(5) Source: Franklin Special School District

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF BOND AND NOTE INDEBTEDNESS - WATER AND SEWER FUND
JUNE 30, 2021

Amount Issued	Purpose	Due Date	Interest Rate	Outstanding as of 6/30/2021
\$ 24,670,000	Revenue & Tax Bonds: Series 2005 - Sewer and Water Revenue and Tax Refunding (1) (2)	April 2025	Fixed	\$ 6,735,000
19,430,000	Revenue & Tax Bonds: Series 2011 - Truist (formerly SunTrust) Loan Program (1) (2)	May 2026	Fixed	7,430,000
12,000,000	Revenue Bonds: Series 2017 - Water and Sewer Revenue	February 2037	Fixed	10,385,000
1,500,000	Notes Payable: 2009 - Drinking Water SRF Loan through ARRA (1) (3)	December 2030	Fixed	817,658
1,888,200	Notes Payable: 2009 - Clean Water SRF Loan through ARRA (1) (3)	October 2032	Fixed	1,192,361
1,822,741	Notes Payable: 2016 - SCADA SRF Loan through ARRA (1)	2031	Fixed	1,477,393
1,677,259	Notes Payable: 2016 - SCADA SRF Loan through ARRA (1)	2031	Fixed	261,391
1,275,000	Notes Payable: 2017 - Wastewater Plant SRF Loan	August 2049	Fixed	1,212,152
78,500,000	Notes Payable: 2017 - Wastewater Plant SRF Loan	30 years	Fixed	78,152,532
20,000,000	Notes Payable: 2017 - Wastewater Plant SRF Loan	30 years	Fixed	20,000,000
<u>\$ 162,763,200</u>	Total Bonded Debt			<u>\$ 127,663,487</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.

**CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF GENERAL OBLIGATION DEBT
JUNE 30, 2021**

	<u>Amount of Indebtedness</u>	<u>Per Capita ¹</u>	<u>Percentage Of Assessed Valuation ²</u>	<u>Percentage Of Full Valuation ³</u>
Gross Direct Indebtedness	\$ 145,885,000	\$ 1,748	2.67%	0.69%
Net Direct Indebtedness	\$ 131,720,000	\$ 1,578	2.41%	0.62%
Gross Direct and Gross Overlapping Indebtedness ^{4 5}	\$ 1,035,025,000	\$ 12,416	18.98%	4.89%
Net Direct and Net Overlapping Indebtedness ^{4 5}	\$ 950,490,000	\$ 11,403	17.43%	4.49%

Notes:

(1) The City's certified population as of April 1, 2020 is 83,454.

(2) The City's assessed valuation of taxable property as of June 30, 2021 is \$5,458,752,751.

(3) The City's estimated full valuation of taxable property as of June 30, 2021 is \$21,190,144,675.

(4) The County's debt outstanding is \$818,770,000 as of June 30, 2021. The City's share is \$328,981,786. (40.18%)

Of the County's debt outstanding, \$70,370,000 is self-supporting. The City's share is \$28,274,666. (40.18%)

(5) The Franklin Special School District's debt outstanding is \$71,506,941 as of June 30, 2021. The City's share is \$71,506,941 (100%)

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF INDEBTEDNESS AND DEBT RATIOS (Cont.)
JUNE 30, 2021

DEBT RATIOS	2016	2017	2018	2019	2020	2021
TOTAL DEBT to Actual Value	1.41%	1.26%	0.13%	1.11%	1.19%	1.22%
TOTAL DEBT to Assessed Value	4.58%	4.05%	3.64%	4.05%	4.28%	4.75%
NET DIRECT DEBT to Actual Value	1.39%	1.16%	1.03%	0.97%	0.84%	0.68%
NET DIRECT DEBT to Assessed Value	4.51%	3.72%	3.30%	3.51%	3.01%	2.66%
OVERLAPPING DEBT to Actual Value	2.28%	1.47%	1.94%	1.93%	1.98%	1.89%
OVERLAPPING DEBT to Assessed Value	7.38%	4.71%	6.23%	7.03%	7.14%	7.34%
NET DIRECT & OVERLAPPING DEBT to Actual Value	3.67%	2.62%	2.97%	2.90%	2.82%	2.57%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	11.88%	8.43%	9.53%	10.54%	10.15%	9.99%
PER CAPITA RATIOS						
POPULATION ¹	66,370	70,908	70,908	70,908	70,908	83,454
PER CAPITA PERSONAL INCOME ²	93,028	95,339	95,339	95,339	95,339	95,053
Actual Value to POPULATION	\$ 174,649	\$ 210,572	\$ 221,360	\$ 256,787	\$ 266,830	\$ 253,914
Assessed Value to POPULATION	\$ 53,894	\$ 65,556	\$ 68,865	\$ 70,629	\$ 74,106	\$ 65,410
Total Debt to POPULATION	\$ 2,471	\$ 2,655	\$ 2,504	\$ 2,859	\$ 3,171	\$ 3,108
Net Direct Debt to POPULATION	\$ 2,429	\$ 2,438	\$ 2,275	\$ 2,479	\$ 2,230	\$ 1,737
Overlapping Debt to POPULATION	\$ 3,977	\$ 3,087	\$ 4,291	\$ 4,967	\$ 5,292	\$ 4,799
Net Direct Debt & Overlapping Debt to POPULATION	\$ 6,405	\$ 5,525	\$ 6,565	\$ 7,446	\$ 7,522	\$ 6,536
Total Debt Per Capital as a percent of PER CAPITA PERSONAL INCOME	2.66%	2.79%	2.63%	3.00%	3.33%	3.27%
Net Direct Debt Per Capital as a percent of PER CAPITA PERSONAL INCOME	2.61%	2.56%	2.39%	2.60%	2.34%	1.83%
Overlapping Debt Per Capital as a percent of PER CAPITA PERSONAL INCOME	4.27%	3.24%	4.50%	5.21%	5.55%	5.05%
Net Direct & Overlapping Debt Per Capital as a percent of PER CAPITA PERSONAL INCOME	6.89%	5.79%	6.89%	7.81%	7.89%	6.88%

Notes:

(1) Per Capita computations are based on Tennessee certified population

(2) Per Capita Personal Income is based on data from the Bureau of Economic Analysis for Williamson County

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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, 2021 (except for the Fiduciary Pension Fund, which was as of and for the year ended December 31, 2020), 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 14, 2021.

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) as a basis for designing 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 financial statements. 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*, but one other matter that is required to be reported under the State of Tennessee Audit Manual is referenced as 2021-001 in the accompanying Schedule of Findings and Questioned Costs.

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

City of Franklin, Tennessee's Response to Findings

City of Franklin, Tennessee's response to the finding identified in our audit is described in the accompanying schedule of findings and questions costs. City of Franklin, Tennessee's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

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 14, 2021

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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, 2021. The City's major federal programs are 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 programs 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 programs. 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 each of its major federal programs for the year ended June 30, 2021.

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

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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.

Nashville, Tennessee
December 14, 2021

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**CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 programs:

Federal Transit Cluster – CFDA No. 20.507 and 20.526

Highway Planning and Construction Cluster - CFDA No. 20.205

Coronavirus Relief Fund - CFDA No. 21.019

State Revolving Fund - CFDA No. 66.458

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 COST - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION II - FINANCIAL STATEMENT FINDINGS

None Reported.

SECTION III - FEDERAL AUDIT FINDINGS AND QUESTIONED COSTS

None Reported.

**SECTION IV - FINDINGS AND QUESTIONED COSTS REQUIRED BY THE STATE OF TENNESSEE
AUDIT MANUAL**

ITEM #2021-001

CITY OF FRANKLIN FIRE CHIEF

Criteria, Condition, Context, Cause and Effect

Between February and March 2020, the Fire Chief logged excessive mileage (approximately 3,350 miles) in his City owned vehicle without a business purpose. Also in March 2020, the Fire Chief worked remotely out of State without authorization, as required by City policy. Once discovered, the incidents were reported to the proper City officials, law enforcements, and the State of Tennessee Comptroller's Office. The Fire Chief resigned his position in June 2020, and he was indicted by the Williamson County Grand Jury in August 2021 for misconduct. The City has since taken action to correct deficiencies in controls to ensure compliance with City policies regarding City owned vehicles and authorization of travel.

Recommendation

We recommend management continue to monitor and enforce the City's policies over City-owned vehicles and obtain and retain records authorizing travel for City business. We also recommend management consider further controls that could prevent and/or detect future violations of City travel policies.

Views of Responsible Officials and Planned Corrective Actions

City officials have corrected deficiencies in the report through the following corrective action plan.

SECTION V - SUMMARY OF PRIOR AUDIT FINDINGS

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

The City of Franklin respectfully submits the following corrective action plan for the year ended June 30, 2021.

Contact Persons/Persons Responsible for Implementing Corrective Action:

Eric Stuckey, City Administrator, 615-791-3217
 Mark Hilty, Assistant City Administrator of Public Works, 615-791-3217
 Kristine Brock, Assistant City Administrator/CFO, 615-791-3217

2021-001: City of Franklin Fire Chief

Action Taken/Planned:

Controls for use of City owned vehicles

The City reviewed the policies related to the use of City owned vehicles, particularly with respect to "take-home" vehicles. To ensure adequate data is available in a timely manner, the City evaluated several practices, including expanding the use of a system currently being used by the City that provides GPS data on a limited portion of the City's fleet. Due to limitations of the software, staff started evaluating alternatives. Currently, a system is being piloted in the Fire Department, Water Management Department, and Sanitation and Environmental Services Department. Feedback to date has been positive and is believed that it will provide adequate data to develop sustainable controls to monitor "take-home" vehicles. It is anticipated that deployment of this system, including reporting and review standards, will occur in calendar year 2022.

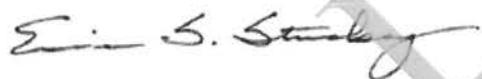
Contact person: Mark Hilty, Assistant City Administrator of Public Works, 615-791-3217

City Travel Policy

During meetings of City leadership, it was emphasized that they have the responsibility to monitor mileage on city owned vehicles and to retain supporting documentation to ensure travel is approved.

Anticipated Completion Date/Date Completed: August 2021

Sincerely,



Eric Stuckey
 City Administrator



File #: 21-02631

DATE: November 14, 2021
TO: Budget & Finance Committee
FROM: Eric Stuckey, City Administrator
Kristine Brock, Asst. City Administrator/CFO
Mike Lowe, Comptroller
Margaret Wilson, Financial Analyst

SUBJECT:

FY 2021 Annual Comprehensive Financial Report (ACFR) For Cool Springs Conference Center.

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Budget and Finance Committee and the Board of Mayor and Aldermen (BOMA) concerning the financial condition of the Cool Springs Conference Center on June 30, 2021.

BACKGROUND/STAFF COMMENTS:

Each year, the Conference Center is required by State law to provide an annual financial report to the State of Tennessee. Jointly owned by the City and Williamson County, the City has been designated to provide for periodic financial reports for the Conference Center.

The report for Fiscal Year 2021 will be delivered at the December 2nd meeting of the Budget & Finance Committee, which is designated as the Audit Committee by the Board of Mayor & Aldermen. Representatives of our CPA firm, Crosslin & Associates, will be present to make a verbal report.

The final version of the FY 2021 Annual Comprehensive Financial Report (ACFR) for the Conference Center will be provided to the Board of Mayor and Aldermen prior to the December 14th meeting of the Board of Mayor and Aldermen.

FINANCIAL IMPACT:

The delivery of the financial report for the Conference Center is for reporting purposes only. There is no financial impact.

RECOMMENDATION:

Staff recommends acknowledgment of the FY 2021 ACFR for the Cool Springs Conference Center.

CONFERENCE CENTER AT COOL SPRINGS

**(A JOINT VENTURE BETWEEN
THE CITY OF FRANKLIN, TENNESSEE AND
WILLIAMSON COUNTY, TENNESSEE)**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

**SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

CONFERENCE CENTER AT COOL SPRINGS

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CONFERENCE CENTER AT COOL SPRINGS
INTRODUCTION
JUNE 30, 2021

The Conference Center at Cool Springs (the “Conference Center”) is pleased to present its Annual Financial Report for the years ended June 30, 2021 and 2020.

Responsibility and Controls

The Conference Center has prepared and is responsible for the financial statements and related information included in this report. A system of internal accounting controls is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

The Conference Center’s system of internal accounting controls is evaluated on an ongoing basis by the Conference Center’s internal financial staff. Crosslin, PLLC, the Conference Center’s external auditors, also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements. However, no audit opinion is expressed on internal controls.

Management believes that its policies and procedures provide guidance and reasonable assurance that the Conference Center’s operations are conducted according to management’s intentions and to a high standard of business ethics. In management’s opinion, the financial statements present fairly, in all material respects, the financial position of the Conference Center as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management and Those Charged with Governance

The Conference Center is owned jointly by the City of Franklin, Tennessee and Williamson County, Tennessee. The Conference Center is managed under a contract with Chartwell Hospitality.

Matthew Lahiff

Chartwell Hospitality
General Manager - Franklin
Marriott Cool Springs

CONFERENCE CENTER AT COOL SPRINGS
INTRODUCTION
JUNE 30, 2021

City of Franklin, Tennessee:

Eric Stuckey

City Administrator

Board of Mayor and Alderman:

Ken Moore

Mayor

Ann Petersen

At Large

Clyde Barnhill

At Large

Brandy Blanton

At Large

John Schroer

At Large

Beverly Burger

Ward 1

Dana McLendon

Ward 2

Scott Speedy

Ward 3

Margaret Martin

Ward 4

Williamson County, Tennessee:

Rogers Anderson

County Mayor

County Commission:

Dwight Jones

District 1

Ricky D. Jones

District 1

Elizabeth C. "Betsy" Hester

District 2

Judy Herbert

District 2

Jennifer Mason

District 3

Keith Hudson

District 3

Chad Story

District 4

Gregg Lawrence

District 4

Beth Lothers

District 5

Thomas W. "Tommy" Little

District 5

Erin Nations

District 6

Paul Webb

District 6

Bert Chalfant

District 7

Tom Tunncliffe

District 7

Jerry W. Rainey

District 8

Barb Sturgeon

District 8

Chas Morton

District 9

Matt Williams

District 9

Meghan Guffee

District 10

David Landrum

District 10

Brian Beathard

District 11

Sean R. Aiello

District 11

Steve Smith

District 12

Dana Ausbrooks

District 12

INDEPENDENT AUDITOR'S REPORT

To the Owners of the
Conference Center at Cool Springs
Franklin, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the Conference Center at Cool Springs (the "Conference Center"), a Joint Venture between the City of Franklin, Tennessee and Williamson County, Tennessee, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Conference Center'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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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.

To the Owners of the
Conference Center at Cool Springs

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Conference Center at Cool Springs as of June 30, 2021 and 2020, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 12, 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 an opinion on the financial statements that collectively comprise the Conference Center's basic financial statements. The introduction and the supplementary schedule, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

To the Owners of the
Conference Center at Cool Springs

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December XX, 2021, on our consideration of the Conference Center'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 Conference Center'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 Conference Center's internal control over financial reporting and compliance.

Nashville, Tennessee
December XX, 2021

**CONFERENCE CENTER AT COOL SPRINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED**

The Management of the Cool Springs Conference Center, on behalf of its joint owners, the City of Franklin, Tennessee and Williamson County, Tennessee, provide the following discussion and analysis of the financial performance of the Conference Center's activities for the fiscal years ended June 30, 2021 and 2020 with comparisons to 2020 and 2019, respectively.

Financial Highlights

- The assets of the Conference Center exceeded its liabilities at the close of the most recent fiscal year by \$10,486,788 compared to \$10,855,797 in 2020. This represents a decrease of \$369,009 in net position from the preceding year. In comparison, net position decreased by \$179,460 from \$10,855,797 in 2020 to \$11,035,257 in 2019.
- The Conference Center's cash decreased by \$164,708 to \$574,269 at the close of fiscal year 2021, primarily due to the result of operations, as banquet and catering revenue decreased 67% year over year. In fiscal year 2020, the Conference Center collected over \$212,000 in cancellation and forfeiture income for groups that cancelled and / or moved dates to the future due to the pandemic. This revenue was highly unusual and will not repeat in future years barring a repeat of the current situation. Reserves are being maintained for anticipated renovations planned to be made to the Center in the near future. The Conference Center's cash increased by \$157,228 from fiscal year 2019 to 2020, totaling \$738,977 at June 30, 2020. A portion of cash is restricted, by agreement, for capital expenditures. Marriott has granted a waiver on all future capital projects that were required by the Property Improvement Plan (PIP). These projects were issued by Marriott at the time of the last hotel sale in November of 2018 and were originally due in November of 2020. The waiver granted an extension of the PIP due dates until November of 2022.
- The Conference Center's capital assets (net of accumulated depreciation) were \$9,827,365 at June 30, 2021, as compared to \$10,157,898 and \$10,444,092 at June 30, 2020 and 2019, respectively. Additions to capital assets during fiscal years 2019 were \$298,998. During fiscal years 2021 and 2020, additions totaled \$137,864 and \$180,520, respectively, and related to the completion of several planned 2019 / 2020 capital projects that were completed in the 2020 / 2021 fiscal year. These projects included, upgrades to the current fire system, replacement of meeting room doors and hardware and design fees for the future renovation of the conference center bathrooms. There were also emergency capital expenditures for air wall repair and boiler exhaust fan replacement. Capital asset balances were reduced by depreciation expense in each year.

**CONFERENCE CENTER AT COOL SPRINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**

- Operating revenues decreased to \$1,844,535 in fiscal year 2021, representing a 67% decrease from 2020. The decrease in operating revenue was primarily a result of a decrease in fiscal Q-1 and Q-2 events due to the COVID-19 pandemic. In fiscal Q-3 as COVID numbers began to decline and vaccines rolled out, the Conference Center began to see an increase in the return of group business. Many of these groups were groups that cancelled their events in 2020 and rescheduled for 2021. Operating revenues decreased to \$5,533,770 in fiscal year 2020, representing a 29% decrease from 2019.
- Operating expenses totaled \$2,949,669 for 2021, which represents a decrease of 48% from 2020. The decrease in operating expense is a direct result of a decrease in overall events throughout the fiscal year due to the COVID-19 pandemic. Because of the decrease in business, the conference center staffing model has changed considerably. Several management and support staff positions that were laid off at the onset of the pandemic have not been brought back while several other positions have been eliminated completely. Operating expenses totaled \$5,658,310 for 2020, which represents a decrease of 23% from 2019.
- The Conference Center's net contributions from the City and County governments amounted to \$593,334 in 2021 as compared to net distributions of \$267,115 in 2020. The net contributions in 2021 was direct result of the cancellation and forfeiture income and the increase in business that occurred in Q-3 and Q-4. Forfeiture and cancellation income in the prior year was pure profit for the conference center and had zero expense associated. Net distributions to the City and County governments amounted to \$609,360 in 2019.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis, Financial Statements and Supplementary Information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

Required financial statements:

The financial statements of the Conference Center use accounting methods similar to private-sector businesses. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of the Conference Center's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligation to creditors (liabilities). The Center had no deferred outflows or deferred inflows of resources at June 30, 2021 or 2020. The statement also provides the basis for computing rate of return, evaluating the capital structure, and assessing the liquidity and financial flexibility of the Conference Center.

CONFERENCE CENTER AT COOL SPRINGS MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Net position presents information on all of the Conference Center's assets and liabilities, 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 Conference Center is improving or deteriorating.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Conference Center's operations over the past year and can be used to determine whether the Conference Center has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Conference Center's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non-capital financing activities and provides answers to such questions as "from where did cash come?" "for what was cash used?" and "what was the change in cash balance during the reporting period?"

Notes to financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 16 of this report. Information regarding the Center's capital assets can be found specifically in Note C.

Financial Analysis of the Conference Center as a Business-type Activity

One of the most important questions asked about the Conference Center's finances is "Is the Conference Center as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Conference Center's activities in a way that will help answer this question. These two statements report the net position of the Conference Center and changes therein. Therefore, the Conference Center's net position - the difference between assets and liabilities - could be considered as one way to measure financial health.

Over time, increases or decreases in the Conference Center's net position is one indicator of whether its financial health is improving or deteriorating. However, the reader will need to also consider other non-financial factors such as changes in economic conditions, population growth, competition and new or changed environmental regulations.

**CONFERENCE CENTER AT COOL SPRINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED**

TABLE 1: FINANCIAL POSITION

	<u>2021</u>	<u>2020</u>	<u>Difference</u>	<u>2019</u>	<u>Difference</u>
CURRENT ASSETS					
Cash and cash equivalents					
Restricted for					
capital expenditure	\$ 442,865	\$ 484,717	\$ (41,852)	\$ 318,392	\$ 166,325
Unrestricted	<u>131,404</u>	<u>254,260</u>	<u>(122,856)</u>	<u>263,357</u>	<u>(9,097)</u>
Total cash and cash equivalents	574,269	738,977	(164,708)	581,749	157,228
Due from hotel operator	58,787	-	58,787	191,476	(191,476)
Due from City/County	84,824	26,408	58,416	-	26,408
Prepaid expenses and other	<u>3,864</u>	<u>3,356</u>	<u>508</u>	<u>6,067</u>	<u>(2,711)</u>
Total current assets	<u>721,744</u>	<u>768,741</u>	<u>(46,997)</u>	<u>779,292</u>	<u>(10,551)</u>
NON-CURRENT ASSET					
Capital assets	17,461,249	17,323,385	137,864	17,142,865	180,520
Less accumulated depreciation	<u>(7,633,884)</u>	<u>(7,165,487)</u>	<u>(468,397)</u>	<u>(6,698,773)</u>	<u>(466,714)</u>
Capital assets, net	<u>9,827,365</u>	<u>10,157,898</u>	<u>(330,533)</u>	<u>10,444,092</u>	<u>(286,194)</u>
Total assets	<u>10,549,109</u>	<u>10,926,639</u>	<u>(377,530)</u>	<u>11,223,384</u>	<u>(296,745)</u>
CURRENT LIABILITIES					
Accounts payable and accrued expenses	30,446	21,290	9,156	129,665	(108,375)
Deferred revenue	31,875	45,938	(14,063)	-	45,938
Due to hotel operator	-	3,614	(3,614)	-	3,614
Due to City/County	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,462</u>	<u>(58,462)</u>
Total liabilities	<u>62,321</u>	<u>70,842</u>	<u>(8,521)</u>	<u>188,127</u>	<u>(117,285)</u>
NET POSITION					
Investment in capital assets	9,827,365	10,157,898	(330,533)	10,444,092	(286,194)
Restricted	442,865	484,717	(41,852)	318,392	166,325
Unrestricted	<u>216,558</u>	<u>213,182</u>	<u>3,376</u>	<u>272,773</u>	<u>(59,591)</u>
TOTAL NET POSITION	<u>\$ 10,486,788</u>	<u>\$ 10,855,797</u>	<u>\$ (369,009)</u>	<u>\$ 11,035,257</u>	<u>\$ (179,460)</u>

CONFERENCE CENTER AT COOL SPRINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

Changes in the Conference Center's net position can be determined by reviewing the details of Revenue, Expenses and Changes in Net Position for the years below.

TABLE 2: CHANGES IN NET POSITION

	<u>2021</u>	<u>2020</u>	<u>Difference</u>	<u>2019</u>	<u>Difference</u>
OPERATING REVENUE					
Banquet and catering	\$ 1,844,535	\$ 5,533,770	\$ (3,689,235)	\$ 7,834,002	\$ (2,300,232)
OPERATING EXPENSES					
Banquet and catering expenses	1,080,759	2,900,866	(1,820,107)	4,216,145	(1,315,279)
Administrative and general	183,907	420,650	(236,743)	540,832	(120,182)
Sales and marketing	452,291	986,617	(534,326)	1,149,585	(162,968)
Utilities	203,419	244,826	(41,407)	287,503	(42,677)
Repairs and maintenance	103,545	194,744	(91,199)	250,455	(55,711)
Catering management fee	226,488	219,887	6,601	142,320	77,567
Management fees	223,234	216,732	6,502	256,245	(39,513)
Insurance and other fixed costs	7,629	7,274	355	18,514	(11,240)
Depreciation	468,397	466,714	1,683	444,693	22,021
Total operating expenses	<u>2,949,669</u>	<u>5,658,310</u>	<u>(2,708,641)</u>	<u>7,306,292</u>	<u>(1,647,982)</u>
Operating (loss) income	(1,105,134)	(124,540)	(980,594)	527,710	(652,250)
OTHER INCOME	142,791	212,195	(69,404)	30,438	181,757
NET DISTRIBUTIONS TO LOCAL GOVERNMENTS	<u>593,334</u>	<u>(267,115)</u>	<u>860,449</u>	<u>(609,360)</u>	<u>342,245</u>
Change in net position	(369,009)	(179,460)	(189,549)	(51,212)	(128,248)
NET POSITION, beginning of year	<u>10,855,797</u>	<u>11,035,257</u>	<u>(179,460)</u>	<u>11,086,469</u>	<u>(51,212)</u>
NET POSITION, end of year	<u>\$ 10,486,788</u>	<u>\$ 10,855,797</u>	<u>\$ (369,009)</u>	<u>\$ 11,035,257</u>	<u>\$ (179,460)</u>

CONFERENCE CENTER AT COOL SPRINGS MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

The Conference Center's net position decreased by \$369,009 during the current fiscal year. Our analysis above focuses on the Conference Center's net position (Table 1) and changes in net position (Table 2) from 2020 to 2021 and from 2019 to 2020.

Conference Center assets exceeded liabilities by \$10,486,788 at the close of the most recent fiscal year. By far, the largest portion of the Conference Center's net position (94%) reflects its investment in capital assets (e.g., land, building, and equipment). The land and building and certain improvements were initially constructed by the City of Franklin and Williamson County and contributed for use as a conference center facility. The Conference Center uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Financial Statement Discussion and Economic Factors:

The Conference Center continues to be one of the premier banquet and meeting facilities in Middle Tennessee. The Conference Center, like other facilities of this type, was opened with the intent in mind for it to be used as a vehicle to bring additional visitors into Franklin and Williamson County. We have been successful in attaining that goal. The Conference Center has continued to evolve as a successful economic catalyst for local businesses and area restaurants and also continues to exceed the initial expectations for revenue actualization from its opening performance. While the economic uncertainty of the recent past has continued to impact the Conference Center's overall revenues, we have mitigated this impact to the extent possible with a very intensive and directed sales and marketing effort by our sales team. With the rebound in the U.S. economy, and particularly the strength of the Franklin and Williamson County economy, the Conference Center has seen increased competition over the past several years. While competition has increased, we have aggressively attacked the local catering market and have secured the business of many specialized events and functions.

As finding qualified applicants remains a challenge for staffing, we will continue to utilize certain contract labor for kitchen, housekeeping, and some conference set-up. This allows us to have the depth needed within our staff to accommodate many short-term bookings that we are continuing to experience. We will continue to utilize and manage our energy conservation program in order to maintain the always-rising utility costs associated with operating a successful conference center.

The current level of guest satisfaction remains in the upper echelon of all Marriott hotels and conference centers. The Marriott "Red Coat" program continues to be an excellent tool to provide exemplary customer service as well as the Marriott "Gold Key" program. Both of these programs have proven to be excellent guest satisfaction tools and will allow us to continue the high level of service above the competition. With the continuation of increasing supply offering newer venues, customer satisfaction will continue to be the deciding factor for many repeat groups and will help us secure the business before they have the option of shopping elsewhere.

**CONFERENCE CENTER AT COOL SPRINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED**

The conference center as well as the hotel saw an uptick in business at the end of fiscal Q-3 and this upward swing has continued into the current fiscal year. While we have had recent inquiries for future cancellations due to the recent increase in COVID cases throughout the country, inquiries and bookings for both short and medium term (within the next 30-90 days) as well as future business (2022 & 2023) far exceed the cancellations.

We anticipate that we will face many challenges as we continue to move out of the pandemic. Staffing is a great concern as it is throughout the country and across every type of business. Wages for all employees have and likely will continue to increase in order to be competitive with other hotels and restaurants as well as other industries such as local retail, online retailers, construction, landscaping, etc.

In addition to staffing related issues, we will also continue to see supply chain issues as well as increased costs for goods. We anticipate that this will continue for the foreseeable future. We will continue to be aggressive with cost controls and take advantage of contingencies and efficiencies that have been in place during the economic downturn of the past several years.

Additional Information:

This financial report is designed to provide citizens, customers, and creditors with a general overview of the Conference Center's finances and to demonstrate the Conference Center's accountability for the money it receives. If you have any questions concerning any of the information provided in this report or need additional information, contact the Conference Center General Manager at:

Marriott Hotel and Conference Center
700 Cool Springs Blvd.
Franklin, Tennessee 37067

CONFERENCE CENTER AT COOL SPRINGS
STATEMENTS OF NET POSITION

ASSETS

	June 30,	
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents		
Restricted for capital expenditure	\$ 442,865	\$ 484,717
Unrestricted	131,404	254,260
Total cash and cash equivalents	<u>574,269</u>	<u>738,977</u>
Receivables		
Due from hotel operator	58,787	-
Due from City/County	84,824	26,408
Prepaid expenses and other	<u>3,864</u>	<u>3,356</u>
Total current assets	721,744	768,741
CAPITAL ASSETS, NET	<u>9,827,365</u>	<u>10,157,898</u>
Total assets	<u>10,549,109</u>	<u>10,926,639</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts payable and accrued expenses	30,446	21,290
Deferred revenue	31,875	45,938
Due to hotel operator	<u>-</u>	<u>3,614</u>
Total liabilities	<u>62,321</u>	<u>70,842</u>
NET POSITION		
Investment in capital assets	9,827,365	10,157,898
Restricted	442,865	484,717
Unrestricted	<u>216,558</u>	<u>213,182</u>
Total net position	<u>\$ 10,486,788</u>	<u>\$ 10,855,797</u>

See accompanying notes to financial statements.

CONFERENCE CENTER AT COOL SPRINGS
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	Year Ended June 30,	
	2021	2020
OPERATING REVENUE		
Food and beverage:		
Banquet and catering	\$ 1,844,535	\$ 5,533,770
OPERATING EXPENSES		
Banquet and catering expenses	1,080,759	2,900,866
Administrative and general	183,907	420,650
Sales and marketing	452,291	986,617
Utilities	203,419	244,826
Repairs and maintenance	103,545	194,744
Catering management fee	226,488	219,887
Management fees	223,234	216,732
Insurance and other fixed costs	7,629	7,274
Depreciation	468,397	466,714
Total operating expenses	2,949,669	5,658,310
Operating loss	(1,105,134)	(124,540)
NON-OPERATING REVENUE AND EXPENSE		
Other income	142,791	212,195
(Loss) income before distributions	(962,343)	87,655
CONTRIBUTIONS (DISTRIBUTIONS) FROM (TO) LOCAL GOVERNMENTS	593,334	(267,115)
Decrease in net position	(369,009)	(179,460)
NET POSITION, AT BEGINNING OF YEAR	10,855,797	11,035,257
NET POSITION, AT END OF YEAR	\$ 10,486,788	\$ 10,855,797

See accompanying notes to financial statements.

CONFERENCE CENTER AT COOL SPRINGS
STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,782,134	\$ 5,728,860
Cash paid to and on behalf of employees	(846,692)	(1,870,302)
Cash paid to suppliers	(1,639,995)	(3,381,020)
Other	142,791	212,195
Net cash (used in) provided by operating activities	<u>(561,762)</u>	<u>689,733</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Contributions from City of Franklin and Williamson County	680,636	397,741
Distributions to City of Franklin and Williamson County	<u>(145,718)</u>	<u>(749,726)</u>
Net cash provided by (used in) non-capital financing activities	<u>534,918</u>	<u>(351,985)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	<u>(137,864)</u>	<u>(180,520)</u>
Net cash used in capital and related financing activities	<u>(137,864)</u>	<u>(180,520)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(164,708)</u>	<u>157,228</u>
CASH AND CASH EQUIVALENTS:		
BEGINNING OF YEAR	<u>738,977</u>	<u>581,749</u>
END OF YEAR	<u><u>\$ 574,269</u></u>	<u><u>\$ 738,977</u></u>
<u>RECONCILIATION OF OPERATING LOSS</u>		
<u>TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</u>		
Operating loss	\$ (1,105,134)	\$ (124,540)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Other	142,791	212,195
Depreciation	468,397	466,714
(Increase) decrease in:		
Receivable from hotel operator, net	(62,401)	195,090
Prepaid expenses and other	(508)	2,711
Increase (decrease) in:		
Accounts payable and accrued expenses	9,156	(108,375)
Deferred revenue	<u>(14,063)</u>	<u>45,938</u>
Net cash (used in) provided by operating activities	<u><u>\$ (561,762)</u></u>	<u><u>\$ 689,733</u></u>

See accompanying notes to financial statements.

CONFERENCE CENTER AT COOL SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The Conference Center at Cool Springs (the “Conference Center”) is a meeting and banquet facility consisting of approximately 55,000 square feet of space, including a grand ballroom and meeting rooms, which adjoins the Franklin Marriott Hotel (the “Hotel”) in Franklin, Tennessee. The Conference Center is a joint venture between the City of Franklin, Tennessee (the “City”) and Williamson County, Tennessee (the “County”, and collectively the “Parties”). An Interlocal Agreement executed between the City and County 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 Conference Center facility was developed to attract conventioners, business travelers, tourists, vacationers, and other visitors, to provide meeting space for residents and groups in the area, and to promote the economic development of the City of Franklin and Williamson County.

The Hotel is owned by a non-related, third party, and is operated under a management agreement with Chartwell Hospitality (the “Hotel Operator”), which commenced on November 1, 2018. Prior to that date, the management agreement was with Davidson Hotel and Resorts. The Conference Center is also managed by the Hotel operator under agreements (See Note D). These agreements were assigned from Davidson Hotel and Resorts to Chartwell Hospitality as of November 1, 2018.

Measurement Focus and Basis of Accounting

The accounting policies of the Conference Center conform to U.S. generally accepted accounting principles applicable to governmental units. The Conference Center is reported as a special-purpose government engaged in only business-type activities. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Significant estimates include the useful lives and valuation of property and equipment, the valuation of accounts receivable, and the appropriateness of the allocations of joint Conference Center and Hotel expenses (see Note E). Actual results could differ from those estimates.

CONFERENCE CENTER AT COOL SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Operating and Non-Operating Revenue and Expense

The Conference Center distinguishes operating revenues and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with the principal ongoing operations. Operating expenses include: cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with financial institutions. The Conference Center considers all highly liquid financial instruments with an original maturity of three months or less to be cash equivalents for purposes of the statement of cash flows.

Capital Assets

Capital assets, which include property and equipment, are reported in the accompanying financial statements at historical cost. Capitalized cost of property and equipment includes improvements that significantly add to utility or extend useful lives. Costs of maintenance and repairs are charged to expense as incurred. The Conference Center generally capitalizes items with a cost greater than \$1,000 and an economic life greater than one year. Depreciation has been provided over estimated useful lives using the straight-line method.

The estimated useful lives of capital assets are as follows:

Building and improvements	20 - 50 years
Equipment	10 - 20 years
Furniture and fixtures	5 - 10 years

Net Position

The Conference Center's net position classifications are as follows:

- Investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation. When applicable, this component would be reported net of any outstanding balances of bonds, mortgages, notes, capital lease obligations or other borrowings that are attributable to the acquisition, construction, or improvement of capital assets; there were no such items at June 30, 2021 or 2020.

CONFERENCE CENTER AT COOL SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- Restricted net position - This component consists of net position restricted by grantors, contributors, or laws and regulations of other governments and restrictions imposed by law or through constitutional provisions or enabling legislation.
- Unrestricted net position - This component consists of net position that do not meet the definition of “restricted” or “investment in capital assets.”

The Conference Center’s policy is to expend any available restricted resources prior to expending unrestricted resources.

B. CASH AND CASH EQUIVALENTS

The Conference Center is authorized to invest funds in, among other things, Federal treasury bills and notes and financial institution demand deposit accounts. During fiscal years 2021 and 2020, the Conference Center invested funds that were not immediately needed in demand deposits and interest bearing accounts of financial institutions.

At June 30, 2021, the bank balances and recorded balances of cash and cash equivalents were \$583,01 and \$574,269, respectively, with the difference due primarily to outstanding checks. At June 30, 2020, the bank balances and recorded balances of cash and cash equivalents were \$749,731 and \$738,977, respectively, with the difference due primarily to outstanding checks.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Conference Center deposits may not be returned or the Conference Center will not be able to recover collateral securities in the possession of an outside party. Consistent with State law, the Conference Center’s policy requires that deposits be either (i) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institution, less the amount protected by federal depository insurance or (ii) that deposits be placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Institutions participating in the collateral pool determine the aggregate balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. At June 30, 2021 and 2020, the Conference Center’s cash deposits were covered by federal depository insurance or held by financial institutions that participate in the State Bank Collateral Pool.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Conference Center policy provides that to the extent practicable, investments are matched with anticipated cash flows.

CONFERENCE CENTER AT COOL SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

B. CASH AND CASH EQUIVALENTS - Continued

At June 30, 2021 and 2020, the Conference Center has cash restricted for capital expenditure totaling \$442,865 and \$484,717, respectively. This amount is presented in current assets as the Conference Center expects current use of these funds for renovations and other capital expenditures. During fiscal years 2021 and 2020, the restricted funds were utilized for equipment replacement as needed (See Note C).

C. CAPITAL ASSETS

A summary of changes in capital assets for fiscal years 2021 and 2020 is as follows:

	Balance <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2021</u>
Cost:				
Land	\$ 892,108	\$ -	\$ -	\$ 892,108
Building	12,328,510	-	-	12,328,510
Equipment, furniture and fixtures, and improvements	4,096,530	114,309	-	4,210,839
Renovations (in progress)	<u>6,237</u>	<u>23,555</u>	<u>-</u>	<u>29,792</u>
	<u>17,323,385</u>	<u>137,864</u>	<u>-</u>	<u>17,461,249</u>
Accumulated Depreciation:				
Building	4,808,137	246,570	-	5,054,707
Equipment, furniture and fixtures, and improvements	<u>2,357,350</u>	<u>221,827</u>	<u>-</u>	<u>2,579,177</u>
	<u>7,165,487</u>	<u>468,397</u>	<u>-</u>	<u>7,633,884</u>
Capital assets, net	<u>\$10,157,898</u>	<u>\$ (330,533)</u>	<u>\$ -</u>	<u>\$ 9,827,365</u>

CONFERENCE CENTER AT COOL SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

C. CAPITAL ASSETS - Continued

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Cost:				
Land	\$ 892,108	\$ -	\$ -	\$ 892,108
Building	12,328,510	-	-	12,328,510
Equipment, furniture and fixtures, and improvements	3,922,247	174,283	-	4,096,530
Renovations (in progress)	<u>-</u>	<u>6,237</u>	<u>-</u>	<u>6,237</u>
	<u>17,142,865</u>	<u>180,520</u>	<u>-</u>	<u>17,323,385</u>
Accumulated Depreciation:				
Building	4,561,567	246,570	-	4,808,137
Equipment, furniture and fixtures, and improvements	<u>2,137,206</u>	<u>220,144</u>	<u>-</u>	<u>2,357,350</u>
	<u>6,698,773</u>	<u>466,714</u>	<u>-</u>	<u>7,165,487</u>
Capital assets, net	<u>\$10,444,092</u>	<u>\$ (286,194)</u>	<u>\$ -</u>	<u>\$10,157,898</u>

Depreciation expense amounted to \$468,397 and \$466,714 for 2021 and 2020, respectively.

D. CONTRACTUAL COMMITMENTS

Franchise Agreement

The Conference Center is operated under a franchise agreement between the Hotel owner and Marriott International, Inc. The term of the franchise agreement is 25 years, unless otherwise extended or terminated. The agreement provides for the Conference Center to pay Marriott International, Inc. a franchise fee equal to \$35,000 per year for the first 60 months of operations and \$75,000 per each additional year that the Conference Center is in operation. The franchise fee for each of the years ended June 30, 2021 and 2020 was \$75,000.

CONFERENCE CENTER AT COOL SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

D. CONTRACTUAL COMMITMENTS - Continued

Operating Agreement

The City and County entered into a 15-year operating agreement for the Conference Center with the Hotel Operator to manage the facility. Under the operating agreement, the Conference Center will pay the Hotel Operator a specified annual management fee. The annual base fee of \$125,000 shall escalate on a fiscal year basis at a rate generally equal to the greater of three percent per year or the Consumer Price Index increase with respect to the prior fiscal year. The management fee for the years ended June 30, 2021 and 2020 was \$223,234 and \$216,732, respectively.

Catering Agreement

The City and County entered into a catering agreement with the Hotel Operator to provide all food and beverage catering services to the Conference Center. The term of this agreement is contemporaneous with the Conference Center operating agreement between the City and County and the Hotel Operator. Under the catering agreement, the Conference Center will pay the Hotel Operator a catering fee of \$10,000 per month during the term of the agreement. This fee will escalate annually at a rate generally equal to the greater of three percent per year or the Consumer Price Index increase with respect to the preceding calendar year. The catering fee for the years ended June 30, 2021 and 2020 was \$226,488 and \$219,887, respectively.

E. RELATED PARTY TRANSACTIONS

Because the Hotel and the Conference Center are operated together, the Hotel allocates certain expenses to the Conference Center, as follows:

Food and beverage costs are allocated to the Conference Center based on the ratio of the Conference Center food and beverage revenue to total food and beverage revenue for the Hotel and Conference Center on a monthly basis.

General and administrative and repair and maintenance expenses are allocated to the Conference Center based on the ratio of total Conference Center revenue to total combined revenue for the Conference Center and the Hotel on a monthly basis.

Advertising and sales expenses are allocated to the Conference Center based on a fixed 50% allocation for each period.

The Conference Center had a balance due from the Hotel of \$58,787 at June 30, 2021 and \$3,614 due to the Hotel at June 30, 2020. These amounts represent primarily revenues and allocated joint costs of the Conference Center, which will be reimbursed in the subsequent month.

CONFERENCE CENTER AT COOL SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

E. RELATED PARTY TRANSACTIONS - Continued

As described above, the Hotel allocates certain joint expenses to the Conference Center. These joint expenses are subject to audit and adjustment at the Hotel level, which could cause additional amounts to be allocated to the Conference Center. In the opinion of management, all allocations have been appropriately made during fiscal years 2021 and 2020, and the result of any adjustments would not be material to the financial position or results of operations of the Conference Center.

Under terms of the operating agreement, the City and County are to share equally in the Conference Center “cash flows,” as defined in the agreement. As a result, aggregate operating deficits were contributed by the local governments in the amount of \$593,334 during 2021 and operating surpluses distributed to local governments in the amounts of \$267,115 were made during 2020. Details of these distributions are as follows:

	<u>2021</u>	<u>2020</u>
Operating assistance contributed from local governments	\$ 680,636	\$ 397,741
Operating surpluses distributed to local governments	<u>(87,302)</u>	<u>(664,856)</u>
Net distributions from (to) local governments	<u>\$ 593,334</u>	<u>\$(267,115)</u>

At June 30, 2021 and 2020, the Conference Center was owed \$42,412 and \$13,204 from both Williamson County and the City of Franklin, respectively.

F. RISK MANAGEMENT

The Conference Center is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets, errors and omissions, personal injuries and natural disasters. Responsibility for risk management is included in the contract operator agreement; each party buys insurance to cover its share of any losses. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Conference Center. Annual reviews of the various exposures are made to keep coverage up to date. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in global exposure.

CONFERENCE CENTER AT COOL SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

F. RISK MANAGEMENT - Continued

The full impact of the pandemic continues to evolve as of the date of this report and has significantly affected the Conference Center's operational and financial performance due to the impact on its customers, employees, and vendors, which is the result of various restrictions put in place to curtail the spread of the coronavirus.

While expected to be temporary, the Conference Center cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time. The Conference Center has unrestricted net position and available reserves, and has implemented cost cutting measures to partially mitigate the impact of the pandemic; however, if the pandemic continues, it will have an adverse effect on the Conference Center's results of future operations, financial position, and liquidity in fiscal year 2022.

DRAFT

SUPPLEMENTARY INFORMATION

DRAFT

CONFERENCE CENTER AT COOL SPRINGS
SUPPLEMENTARY INFORMATION

Schedule of Insurance Coverage - Unaudited
June 30, 2021

The Conference Center was insured under the following policies of Chartwell Hospitality, the Hotel Operator. The following information is provided by representatives of Chartwell Hospitality:

<u>Insurance</u>	<u>Limited</u>
Commercial general liability, occurrence basis	\$2,000,000
Umbrella / excess liability	\$100,000,000

The City of Franklin and Williamson County, Tennessee provide the following policies for their own protection:

Property:	
Building and contents	\$8,550,000
Contents	\$1,000,000

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 Owners of the
Conference Center at Cool Springs
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 Conference Center at Cool Springs (the "Conference Center"), a Joint Venture between the City of Franklin, Tennessee and Williamson County, Tennessee, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Conference Center's basic financial statements, and have issued our report thereon dated December XX, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Conference Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Conference Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Conference Center'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 Conference Center'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 financial statements. 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*.

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 Conference Center'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 Conference Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nashville, Tennessee
December XX, 2021

CONFERENCE CENTER AT COOL SPRINGS
SUMMARY OF PRIOR AUDIT FINDINGS
JUNE 30, 2021

Conference Center at Cool Springs had no audit findings for the year ended June 30, 2020.

DRAFT



File #: 21-02690

DATE: November 23, 2021
TO: Budget & Finance Committee
FROM: Michael Walters Young, Budget and Analytics Manager
Deb Faulkner, Police Chief

SUBJECT:

Consideration Of DRAFT Resolution 2021-166 - An Organizational Chart Change For The Franklin Police Department.

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning a minor organizational chart change to the Franklin Police Department.

BACKGROUND/STAFF COMMENTS:

The City of Franklin endeavors to have the most efficient and functional operations possible. This is done first and foremost through our most important asset - our people. But how our people are organized and how our managers lay out operations is constantly changing. While we try to effect all changes to city departments once a year in the annual budget process, the ever changing labor market and personnel changes occasionally require mid-year changes. This resolution summarizes one such change.

There are several small changes proposed hearing for the Franklin Police Department. They include: a) adjusting the distribution and organization of positions between divisions, b) the removal of (one) Detective position and addition of 1 (one) Police Officer position, and c) the changing of the title of the Parking Enforcement Officer to Parking Ambassador.

FINANCIAL IMPACT:

There is no cost impact related to these minor organizational changes.

RECOMMENDATION:

Staff recommends that Resolution 2021-166 be recommended for approval by the Board of Mayor and Aldermen.

RESOLUTION 2021-166

A RESOLUTION TO REVISE THE ORGANIZATIONAL CHART WITHIN THE POLICE DEPARTMENT

WHEREAS, the current organizational chart for the Police Department no longer meets the needs of the City or the Police Department; and

WHEREAS, with respect to the Police Department the reorganization will provide for more appropriate division of duties to maximize operational effectiveness; and

WHEREAS, with respect to the Parking Enforcement Officer a title change that better reflects the Civilian classification of the position; and

WHEREAS, the Board of Mayor Alderman desires to support the minor reorganizations of the Police Department to include this initiative as there would be no increase in anticipated costs; and

WHEREAS, the Board of Mayor and Alderman believe it is in the best interest of the City to adopt the changes below relative to the organizational chart of the Police Department.

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen for the City of Franklin as follows:

Section 1. The city of Franklin hereby adopts the amended Organization and Personnel Charts for the Police Department by adjusting the distribution and organization of positions between divisions, by removing 1 (one) Detective position and adding 1 (one) Police Officer position, and by changing the title from Parking Enforcement Officer to Parking Ambassador and that these changes are to be incorporated within the FY 2021-22 budget, as shown in Exhibit A, attached.

Section 2. That the Resolution shall be effective upon adoption.

IT IS SO RESOLVED AND DONE on this _____ day of _____ 2021.

ATTEST:

CITY OF FRANKLIN, TENNESSEE:

By: _____
Eric S. Stuckey
City Administrator

By: _____
Dr. Ken Moore
Mayor

Approved as to Form:

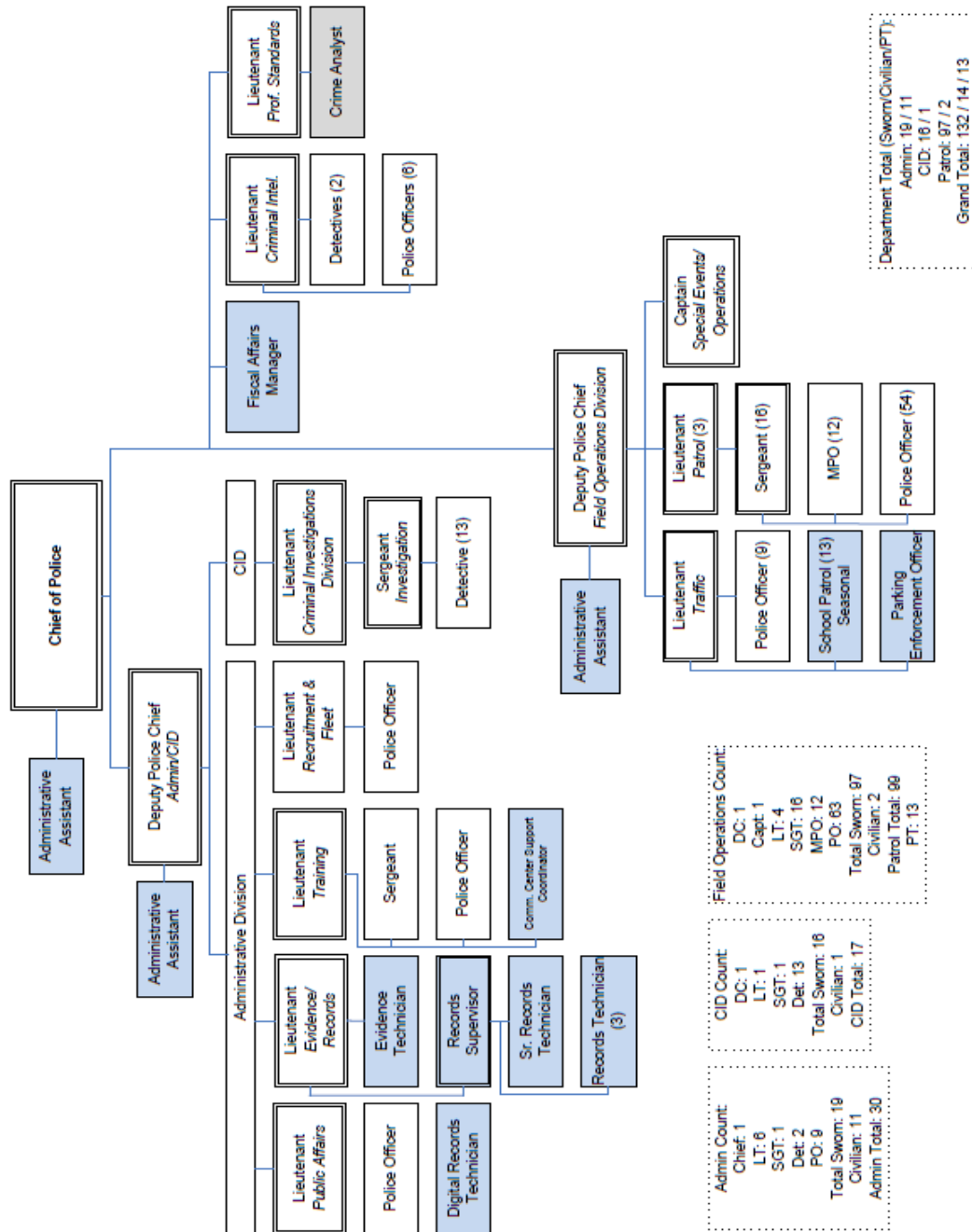
By: _____
Shauna R. Billingsley
City Attorney



City of Franklin, Tennessee

FY 2022 Operating Budget

Organizational Chart (Current)



White: Sworn Positions Authorized and Budgeted in FY 2022

Blue: Civilian Positions Authorized and Budgeted in FY 2022

Gray: Positions Authorized and Unbudgeted in FY 2022

Note: For detailed counts and authorized positions, please see following page entitled "Staffing by Position"



City of Franklin, Tennessee

FY 2022 Operating Budget

Staffing by Position (Current)

Budgeted Positions	Pay Grade	FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T
Sworn Officers											
Police Chief	Grade M	1	0	1	0	1	0	1	0	1	0
Police Deputy Chief	Grade K	2	0	2	0	2	0	2	0	2	0
Police Captain	Grade J	1	0	1	0	1	0	1	0	1	0
Police Lieutenant	Grade I	10	0	10	0	11	0	11	0	11	0
Police Sergeant	Grade H	18	0	18	0	18	0	18	0	18	0
Detective/Master Patrol	Grade G	27	0	27	0	27	0	27	0	27	0
Police Officer I-II	Grades E-F	70	0	70	0	72	0	72	0	72	0
Non-Sworn Personnel											
Fiscal Affairs Manager	Grade H	1	0	1	0	1	0	1	0	1	0
Crime Analyst	Grade F	1	0	1	0	1	0	0	0	0	0
Digital Records Technician	Grade F	1	0	1	0	1	0	1	0	1	0
Asst. Comm. Super.*	Grade E	0	0	0	0	0	0	0	0	0	0
Records Supervisor	Grade E	1	0	1	0	1	0	1	0	1	0
Sr. Communications Officer*	Grade E	0	0	0	0	0	0	0	0	0	0
Admin. Asst.	Grade D	3	0	3	0	3	0	3	0	3	0
Comm. Center Support Coord.	Grade D	1	0	1	0	1	0	1	0	1	0
Evidence Technician	Grade D	1	0	1	0	1	0	1	0	1	0
Sr. Records Technician	Grade D	0	0	0	0	0	0	1	0	1	0
Communications Officer*	Grade D	0	0	0	0	0	0	0	0	0	0
Records Technician	Grade C	0	0	0	0	0	0	3	0	3	0
Records Clerk	Grade B	4	0	4	0	4	0	0	0	0	0
Parking Enforcement Officer	Grade B	1	0	0	0	0	0	0	0	1	0
School Patrol (Part-time)	Grade A	0	11	0	11	0	13	0	13	0	13
Sub-total Budgeted Positions		143	11	142	11	145	13	144	13	145	13

Authorized, Unbudgeted Positions											
Crime Analyst	Grade F	0	0	0	0	0	0	1	0	1	0
Sub-total Unbudgeted Positions		0	0	0	0	0	0	1	0	1	0
Total Authorized Staffing		143	11	142	11	145	13	145	13	146	13

Positions by Division

Administration	17	0	17	0	24	0	24	0	30	0
Patrol	96	11	95	11	95	13	95	13	99	13
CID	30	0	30	0	26	0	26	0	17	0
Total Authorized Staffing	143	11	142	11	145	13	145	13	146	13

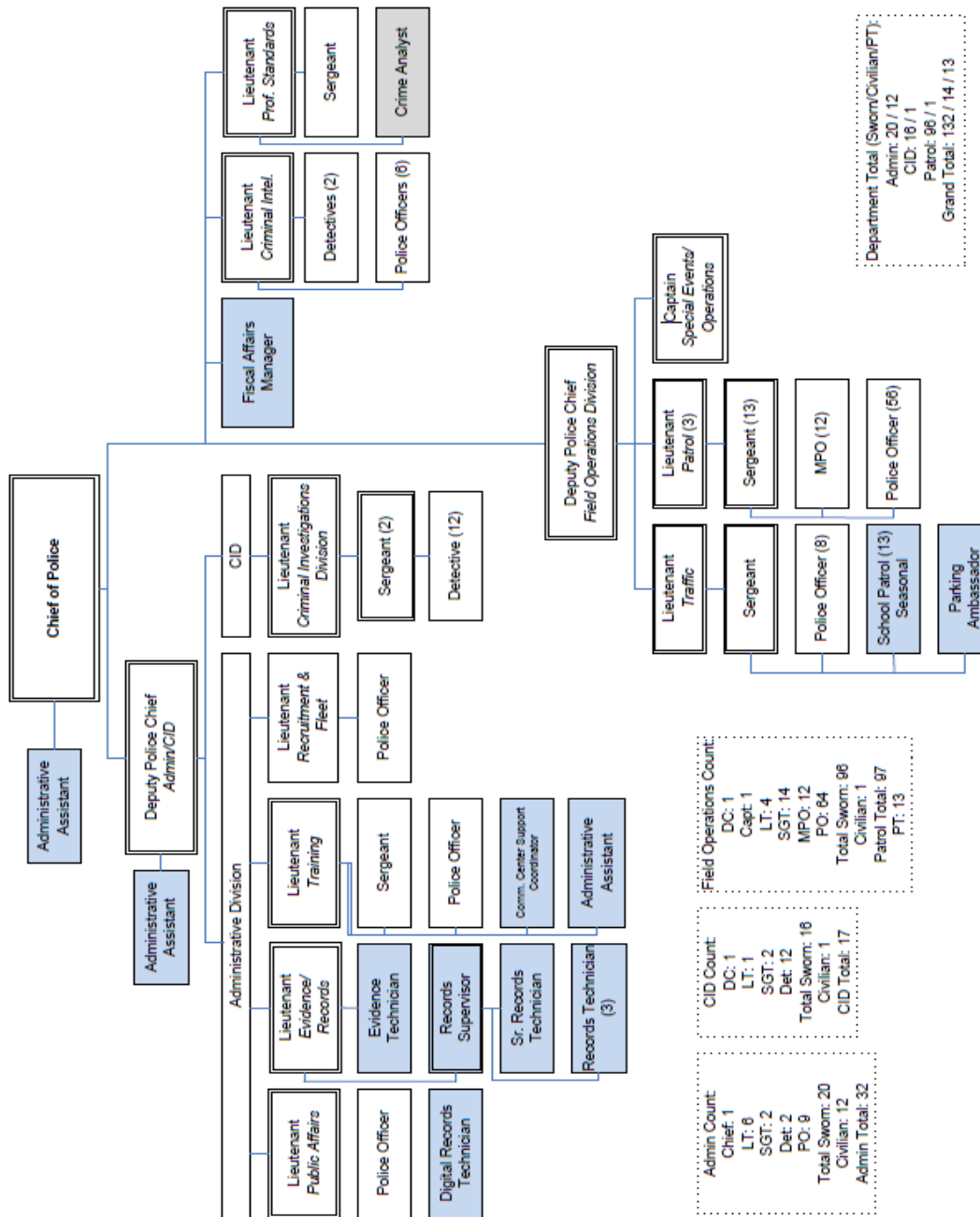
*The City continues to provide for salary costs of 14 communications employees who were transferred to Williamson County in November 2016.



City of Franklin, Tennessee

FY 2022 Operating Budget

Organizational Chart (Proposed)



White: Sworn Positions Authorized and Budgeted in FY 2022
Blue: Civilian Positions Authorized and Budgeted in FY 2022
Gray: Positions Authorized and Unbudgeted in FY 2022

Note: For detailed counts and authorized positions, please see following page entitled "Staffing by Position"



City of Franklin, Tennessee

FY 2022 Operating Budget

Staffing by Position (Proposed)

Budgeted Positions	Pay Grade	FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T
Sworn Officers											
Police Chief	Grade M	1	0	1	0	1	0	1	0	1	0
Police Deputy Chief	Grade K	2	0	2	0	2	0	2	0	2	0
Police Captain	Grade J	1	0	1	0	1	0	1	0	1	0
Police Lieutenant	Grade I	10	0	10	0	11	0	11	0	11	0
Police Sergeant	Grade H	18	0	18	0	18	0	18	0	18	0
Detective/Master Patrol	Grade G	27	0	27	0	27	0	27	0	26	0
Police Officer I-II	Grades E-F	70	0	70	0	72	0	72	0	73	0
Non-Sworn Personnel											
Fiscal Affairs Manager	Grade H	1	0	1	0	1	0	1	0	1	0
Crime Analyst	Grade F	1	0	1	0	1	0	0	0	0	0
Digital Records Technician	Grade F	1	0	1	0	1	0	1	0	1	0
Asst. Comm. Super.*	Grade E	0	0	0	0	0	0	0	0	0	0
Records Supervisor	Grade E	1	0	1	0	1	0	1	0	1	0
Sr. Communications Officer*	Grade E	0	0	0	0	0	0	0	0	0	0
Admin. Asst.	Grade D	3	0	3	0	3	0	3	0	3	0
Comm. Center Support Coord.	Grade D	1	0	1	0	1	0	1	0	1	0
Evidence Technician	Grade D	1	0	1	0	1	0	1	0	1	0
Sr. Records Technician	Grade D	0	0	0	0	0	0	1	0	1	0
Communications Officer*	Grade D	0	0	0	0	0	0	0	0	0	0
Records Technician	Grade C	0	0	0	0	0	0	3	0	3	0
Records Clerk	Grade B	4	0	4	0	4	0	0	0	0	0
Parking Ambassador	Grade B	1	0	0	0	0	0	0	0	1	0
Parking Enforcement Officer	Grade B	1	0	0	0	0	0	0	0	0	0
School Patrol (Part-time)	Grade A	0	11	0	11	0	13	0	13	0	13
Sub-total Budgeted Positions		144	11	142	11	145	13	144	13	145	13
Authorized, Unbudgeted Positions											
Crime Analyst	Grade F	0	0	0	0	0	0	1	0	1	0
Sub-total Unbudgeted Positions		0	0	0	0	0	0	1	0	1	0
Total Authorized Staffing		144	11	142	11	145	13	145	13	146	13

Positions by Division

Administration	17	0	17	0	24	0	24	0	32	0
Patrol	96	11	95	11	95	13	95	13	97	13
CID	30	0	30	0	26	0	26	0	17	0
Total Authorized Staffing	143	11	142	11	145	13	145	13	146	13

*The City continues to provide for salary costs of 14 communications employees who were transferred to Williamson County in November 2016.



File #: 21-02691

DATE: November 23, 2021
TO: Budget & Finance Committee
FROM: Eric Stuckey, City Administrator
Lanaii Benne, Asst. City Recorder
Michael Walters Young, Budget and Analytics Manager

SUBJECT:

Consideration Of DRAFT Resolution 2021-162, A Resolution To Amend The Organizational Chart Of The Administration Department Of The City Of Franklin.

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning an organizational chart change for the Administration Department.

BACKGROUND/STAFF COMMENTS:

The City of Franklin endeavors to have the most efficient and functional operations possible. This is done first and foremost through our most important asset - our people. But how our people are organized and how our managers lay out operations is constantly changing. While we try to effect all changes to city departments once a year in the annual budget process, the ever changing labor market and personnel changes occasionally require mid-year changes. This resolution summarizes one such change.

Resolution 2021-162 proposes two organizational changes for the Administration Department. First, staff proposes the elimination of one (1) existing Board Recording Secretary-BOMA position, and the addition of one (1) Records Technician position. Second, the Deputy City Recorder position will be upgraded from Grade E to Grade ____ and several positions will be restructured to report to that position.

FINANCIAL IMPACT:

While there is no financial impact for the retitling of one position, the increase in Grade for the Deputy City Recorder may have financial impacts. The additional resources for such increase are covered in Ordinance 2021-50 and savings through vacancies in the department during FY 2022.

RECOMMENDATION:

Staff recommends that Resolution 2021-162 be recommended for approval by the Board of Mayor and Aldermen.

RESOLUTION 2021-162

A RESOLUTION TO REVISE THE ORGANIZATIONAL CHART WITHIN THE ADMINISTRATION DEPARTMENT

WHEREAS, the Board of Mayor and Alderman established the annual budget for the City of Franklin for the Fiscal Year 2021-2022 by Ordinance 2021-15, effective July 1, 2021; and

WHEREAS, the City Administrator desires to adjust the Organizational Chart of the Administration Department; and

WHEREAS, with respect to the Administration Department the reorganization will provide for more appropriate division of duties to maximize operational effectiveness; and

WHEREAS, the Board of Mayor Aldermen desires to support the minor reorganizations of the Administration Department to include this initiative; and

WHEREAS, the Board of Mayor Aldermen believes it is in the best interest of the City of Franklin to adopt such change.

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen for the City of Franklin as follows:

Section 1. The City of Franklin hereby adopts the amended Organization and Personnel Charts for the Administration Department to be incorporated within the FY 2021-22 Budget, as shown in Exhibit A, attached, with the elimination of one (1) existing Board Recording Secretary-BOMA position, and the addition of one (1) Records Technician position, without amending the expenditures currently adopted in the FY 2021-22 Budget. In addition, the Deputy City Recorder position will be upgraded from Grade E to Grade F. Additional compensation will be covered through Ordinance 2021-50.

Section 2. That the Resolution shall be effective upon adoption.

IT IS SO RESOLVED AND DONE on this _____ day of _____ 2021.

ATTEST

CITY OF FRANKLIN, TENNESSEE

By: _____
Eric S. Stuckey
City administrator

By: _____
Dr. Ken Moore
Mayor

Approved as to form

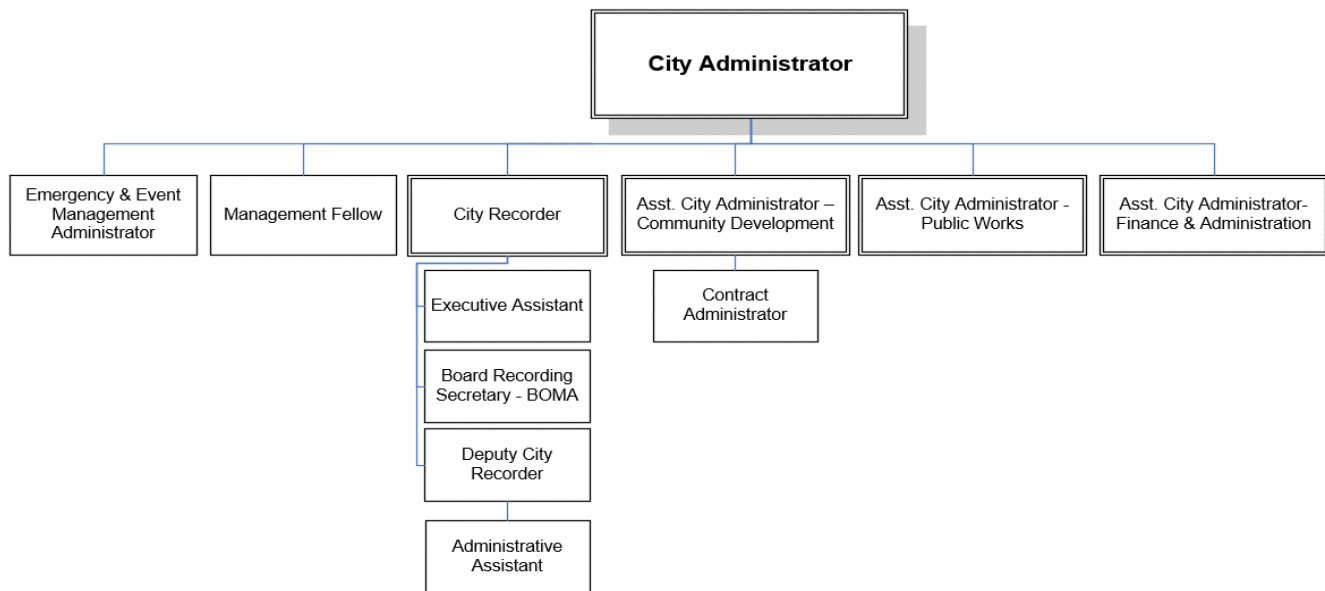
By: _____
Shauna R. Billingsley
City Attorney



City of Franklin, Tennessee

FY 2022 Operating Budget

Organizational Chart (Current)



White: Positions Authorized and budgeted in FY 2022

Note: For detailed counts and authorized positions, please see table below entitled "Staffing by Position"

Staffing by Position (Current)

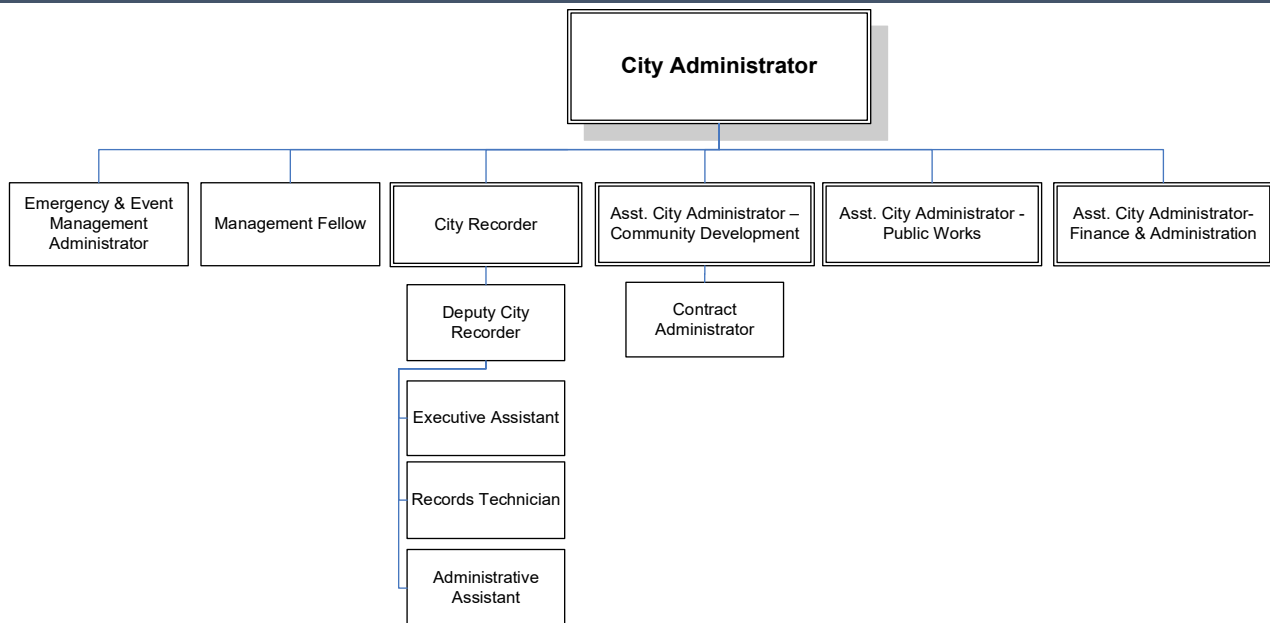
Budgeted Positions	Pay Grade	FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T
City Administrator	Grade P	1	0	1	0	1	0	1	0	1	0
Asst. City Admin-Community Development	Grade N	1	0	1	0	1	0	1	0	1	0
Asst. City Admin-Finance/Admin	Grade N	1	0	1	0	1	0	1	0	1	0
Asst. City Admin-Public Works	Grade N	1	0	1	0	1	0	1	0	1	0
Contract Administrator	Grade H	0	0	0	0	1	0	1	0	1	0
City Recorder	Grade H	0	0	0	0	0	0	0	0	1	0
Assistant City Recorder - Records	Grade G	1	0	1	0	1	0	1	0	0	0
Emergency & Event Management Administrator	Grade G	0	0	0	0	0	0	0	0	1	0
Deputy City Recorder	Grade E	0	0	0	0	0	0	0	0	1	0
Management Fellow	Grade E	0	1	1	0	1	0	0	0	1	0
Executive Assistant	Grade E	1	0	1	0	1	0	1	0	1	0
Deputy Assistant City Recorder	Grade E	0	0	0	0	1	0	1	0	0	0
Administrative Assistant	Grade D	1	0	1	0	0	0	0	0	1	0
Board Recording Secretary - BOMA	Grade C	1	0	1	0	1	0	1	0	1	0
Administrative Secretary	Grade B	1	0	1	0	1	0	1	0	0	0
Sub-Total - Budgeted Positions		9	1	10	0	11	0	10	0	12	0
Authorized, Unbudgeted Positions	Pay Grade	FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T
Management Fellow	Grade E	0	0	0	0	0	0	1	0	0	0
Sub-Total - Unbudgeted Positions		0	0	0	0	0	0	1	0	0	0
Total Authorized Positions		9	1	10	0	11	0	11	0	12	0



City of Franklin, Tennessee

FY 2022 Operating Budget

Organizational Chart (Proposed)



White: Positions Authorized and budgeted in FY 2022

Note: For detailed counts and authorized positions, please see table below entitled "Staffing by Position"

Staffing by Position (Proposed)

Budgeted Positions	Pay Grade	FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T
City Administrator	Grade P	1	0	1	0	1	0	1	0	1	0
Asst. City Admin-Community Development	Grade N	1	0	1	0	1	0	1	0	1	0
Asst. City Admin-Finance/Admin	Grade N	1	0	1	0	1	0	1	0	1	0
Asst. City Admin-Public Works	Grade N	1	0	1	0	1	0	1	0	1	0
Contract Administrator	Grade H	0	0	0	0	1	0	1	0	1	0
City Recorder	Grade H	0	0	0	0	0	0	0	0	1	0
Assistant City Recorder - Records	Grade G	1	0	1	0	1	0	1	0	0	0
Emergency & Event Management Administrator	Grade G	0	0	0	0	0	0	0	0	1	0
Deputy City Recorder	Grade F	0	0	0	0	0	0	0	0	1	0
Management Fellow	Grade E	0	1	1	0	1	0	0	0	1	0
Executive Assistant	Grade E	1	0	1	0	1	0	1	0	1	0
Deputy Assistant City Recorder	Grade E	0	0	0	0	1	0	1	0	0	0
Administrative Assistant	Grade D	1	0	1	0	0	0	0	0	1	0
Records Technician	Grade C	0	0	0	0	0	0	0	0	1	0
Board Recording Secretary - BOMA	Grade C	1	0	1	0	1	0	1	0	0	0
Administrative Secretary	Grade B	1	0	1	0	1	0	1	0	0	0
Sub-Total - Budgeted Positions		9	1	10	0	11	0	10	0	12	0

Authorized, Unbudgeted Positions	Pay Grade	FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T
Management Fellow	Grade E	0	0	0	0	0	0	1	0	0	0
Sub-Total - Unbudgeted Positions		0	0	0	0	0	0	1	0	0	0

Total Authorized Positions		9	1	10	0	11	0	11	0	12	0
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RESOLUTION 2021-162

A RESOLUTION TO REVISE THE ORGANIZATIONAL CHART WITHIN THE ADMINISTRATION DEPARTMENT

WHEREAS, the Board of Mayor and Alderman established the annual budget for the City of Franklin for the Fiscal Year 2021-2022 by Ordinance 2021-15, effective July 1, 2021; and

WHEREAS, the City Administrator desires to adjust the Organizational Chart of the Administration Department; and

WHEREAS, with respect to the Administration Department the reorganization will provide for more appropriate division of duties to maximize operational effectiveness; and

WHEREAS, the Board of Mayor Aldermen desires to support the minor reorganizations of the Administration Department to include this initiative; and

WHEREAS, the Board of Mayor Aldermen believes it is in the best interest of the City of Franklin to adopt such change.

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen for the City of Franklin as follows:

Section 1. The City of Franklin hereby adopts the amended Organization and Personnel Charts for the Administration Department to be incorporated within the FY 2021-22 Budget, as shown in Exhibit A, attached, with the elimination of one (1) existing Board Recording Secretary-BOMA position, and the addition of one (1) Records Technician position, without amending the expenditures currently adopted in the FY 2021-22 Budget. In addition, the Deputy City Recorder position will be upgraded from Grade E to Grade _____. Additional compensation will be covered through Ordinance 2021-50.

Section 2. That the Resolution shall be effective upon adoption.

IT IS SO RESOLVED AND DONE on this _____ day of _____ 2021.

ATTEST

CITY OF FRANKLIN, TENNESSEE

By: _____
Eric S. Stuckey
City administrator

By: _____
Dr. Ken Moore
Mayor

Approved as to form

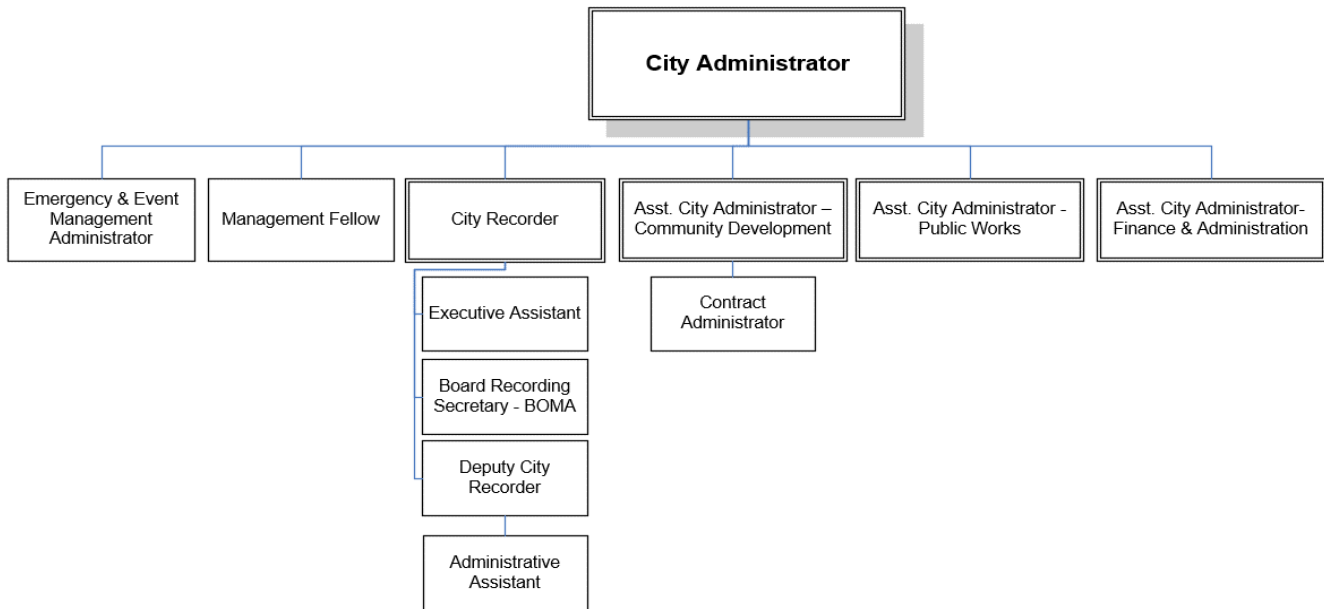
By: _____
Shauna R. Billingsley
City Attorney



City of Franklin, Tennessee

FY 2022 Operating Budget

Organizational Chart (Current)



White: Positions Authorized and budgeted in FY 2022

Note: For detailed counts and authorized positions, please see table below entitled "Staffing by Position"

Staffing by Position (Current)

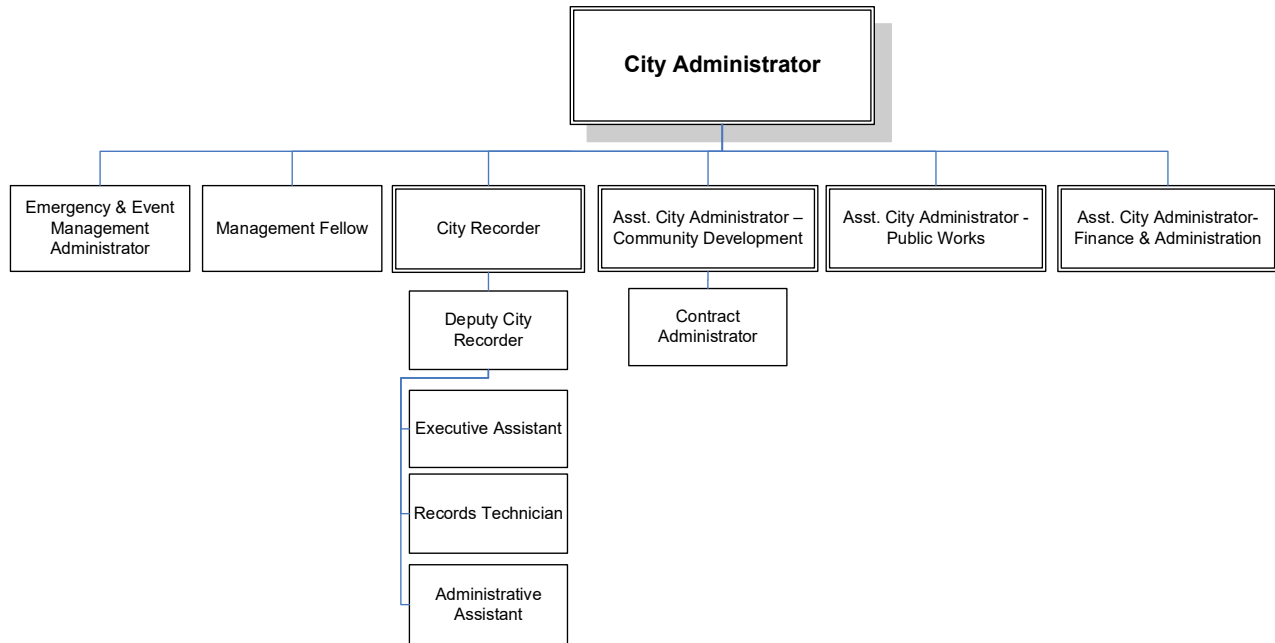
Budgeted Positions	Pay Grade	FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T
City Administrator	Grade P	1	0	1	0	1	0	1	0	1	0
Asst. City Admin-Community Development	Grade N	1	0	1	0	1	0	1	0	1	0
Asst. City Admin-Finance/Admin	Grade N	1	0	1	0	1	0	1	0	1	0
Asst. City Admin-Public Works	Grade N	1	0	1	0	1	0	1	0	1	0
Contract Administrator	Grade H	0	0	0	0	1	0	1	0	1	0
City Recorder	Grade H	0	0	0	0	0	0	0	0	1	0
Assistant City Recorder - Records	Grade G	1	0	1	0	1	0	1	0	0	0
Emergency & Event Management Administrator	Grade G	0	0	0	0	0	0	0	0	1	0
Deputy City Recorder	Grade E	0	0	0	0	0	0	0	0	1	0
Management Fellow	Grade E	0	1	1	0	1	0	0	0	1	0
Executive Assistant	Grade E	1	0	1	0	1	0	1	0	1	0
Deputy Assistant City Recorder	Grade E	0	0	0	0	1	0	1	0	0	0
Administrative Assistant	Grade D	1	0	1	0	0	0	0	0	1	0
Board Recording Secretary - BOMA	Grade C	1	0	1	0	1	0	1	0	1	0
Administrative Secretary	Grade B	1	0	1	0	1	0	1	0	0	0
Sub-Total - Budgeted Positions		9	1	10	0	11	0	10	0	12	0
Authorized, Unbudgeted Positions	Pay Grade	FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T
Management Fellow	Grade E	0	0	0	0	0	0	1	0	0	0
Sub-Total - Unbudgeted Positions		0	0	0	0	0	0	1	0	0	0
Total Authorized Positions		9	1	10	0	11	0	11	0	12	0



City of Franklin, Tennessee

FY 2022 Operating Budget

Organizational Chart (Proposed)



White: Positions Authorized and budgeted in FY 2022

Note: For detailed counts and authorized positions, please see table below entitled "Staffing by Position"

Staffing by Position (Proposed)

Budgeted Positions	Pay Grade	FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T
City Administrator	Grade P	1	0	1	0	1	0	1	0	1	0
Asst. City Admin-Community Development	Grade N	1	0	1	0	1	0	1	0	1	0
Asst. City Admin-Finance/Admin	Grade N	1	0	1	0	1	0	1	0	1	0
Asst. City Admin-Public Works	Grade N	1	0	1	0	1	0	1	0	1	0
Contract Administrator	Grade H	0	0	0	0	1	0	1	0	1	0
City Recorder	Grade H	0	0	0	0	0	0	0	0	1	0
Assistant City Recorder - Records	Grade G	1	0	1	0	1	0	1	0	0	0
Emergency & Event Management Administrator	Grade G	0	0	0	0	0	0	0	0	1	0
Deputy City Recorder	Grade TBD	0	0	0	0	0	0	0	0	1	0
Management Fellow	Grade E	0	1	1	0	1	0	0	0	1	0
Executive Assistant	Grade E	1	0	1	0	1	0	1	0	1	0
Deputy Assistant City Recorder	Grade E	0	0	0	0	1	0	1	0	0	0
Administrative Assistant	Grade D	1	0	1	0	0	0	0	0	1	0
Records Technician	Grade C	0	0	0	0	0	0	0	0	1	0
Board Recording Secretary - BOMA	Grade C	1	0	1	0	1	0	1	0	0	0
Administrative Secretary	Grade B	1	0	1	0	1	0	1	0	0	0
Sub-Total - Budgeted Positions		9	1	10	0	11	0	10	0	12	0
Authorized, Unbudgeted Positions	Pay Grade	FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T	F-T	P-T
Management Fellow	Grade E	0	0	0	0	0	0	1	0	0	0
Sub-Total - Unbudgeted Positions		0	0	0	0	0	0	1	0	0	0
Total Authorized Positions		9	1	10	0	11	0	11	0	12	0



File #: 21-02593

DATE: November 3, 2021
TO: Budget & Finance Committee
FROM: Kristine Brock, Asst. City Administrator/CFO
Jessica Davey, Revenue & Licensing Manager

SUBJECT:

Consideration Of Amendment 2 To COF Contract No. 2021-0317, A Service Termination Agreement Dated November 26, 2008, Between The City Of Franklin, Tennessee, And Mallory Valley Utility District Of Williamson County, Tennessee.

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning a Second Amendment to a service termination agreement between the City of Franklin, Tennessee, and Mallory Valley Utility District.

BACKGROUND/STAFF COMMENTS:

As of November 2021, the City provides sanitary sewer services to approx 3,630 customers who are also water customers of the Mallory Valley Utility District of Williamson County, Tennessee ("MVUD"). These customers are located primarily in the Cool Springs area. MVUD provides to the City monthly water meter usage data for these customers for the purposes of calculating the sewer bill due for each account. (MVUD bills their customers for water services separately from the City's bill for sewer, along with other city services of residential sanitation and stormwater.) As stated in the First Amendment to the Service Termination Agreement executed on December 23, 2009, the City currently provides monthly compensation to MVUD in the amount of \$1,000 for supplying their water meter data. Moreover, MVUD agreed to disconnect water service to customers who are in nonpayment of their City sewer bill.

FINANCIAL IMPACT:

COF Contract 2021-0317 will increase the monthly compensation paid by the City to MVUD by \$350, from \$1,000 per month to \$1,350 per month, beginning July 2022. This additional annual amount of \$4,200 will be requested by the City's Revenue Management Department in their FY 2023 Budget. Moreover, the City shall pay to MVUD a fee of \$30 for each customer for whom the City directs MVUD to disconnect water service for nonpayment of their sewer bill. This fee shall be collected from the customer by the City and remitted to MVUD on or before the 10th day of the following month.

RECOMMENDATION:

Staff recommends that COF Contract No. 2021-0317 be recommended for approval by the Board of Mayor and Aldermen.

**SECOND AMENDMENT TO SERVICE TERMINATION AGREEMENT
BETWEEN THE CITY OF FRANKLIN, TENNESSEE, AND
MALLORY VALLEY UTILITY DISTRICT**

WHEREAS, the City of Franklin, Tennessee (“Franklin”) and Mallory Valley Utility District of Williamson County, Tennessee (“the District”) entered into a Service Termination Agreement on or about November 26, 2008 (“the Agreement”), in which the District agreed to terminate water service to its customers who do not pay Franklin’s charges for sewer, solid waste (landfill trash), and/or stormwater services (“Utility Service”); and

WHEREAS, Franklin and the District executed an Amendment to Service Termination Agreement on or about December 23, 2009, to provide compensation to the District for work to assist Franklin in billing for Utility Service; and

WHEREAS, changes in the District’s operations and labor costs require further amendment of the Service Termination Agreement.

Now, therefore, for and in consideration of the mutual covenants of the parties, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. Paragraph 5 of the Service Termination Agreement is hereby revised and restated as follows:

5. The District will disconnect the District’s water service to Franklin Utility Service customers in accordance with the District’s policies and procedures.

2. Paragraph 7 of the Service Termination Agreement is hereby revised and restated as follows:

7. The District will promptly reconnect the customer’s water service after Franklin notifies the District that the customer paid its Utility Service charge(s) to Franklin or made satisfactory arrangements with Franklin.

3. Paragraph 8 of the Service Termination Agreement is hereby revised and restated as follows:

8. In the event a Franklin Utility Service customer disputes the amount of a Utility Service bill, Franklin shall not notify the District to disconnect water service for nonpayment of the disputed bill until the customer has had the opportunity to discuss the disputed bill with the appropriate Franklin official. Franklin may notify the District to disconnect water service for nonpayment of a disputed bill after Franklin determines that the dispute cannot be resolved and the Utility Service bill remains unpaid. Franklin shall transmit a notification to disconnect to the District by email to Tiffany Saunders at tsaunders@mvud.org or any other employee designated by the District. The District will provide

Franklin notice if designated employee or email address changes. The District will provide Franklin the actual date and time of the disconnection of the District's water service and reconnection of the District's water service under this Agreement.

4. Paragraph 10 of the Service Termination Agreement is hereby revised and restated as follows:

10. The parties will provide each other with the following information and assistance:

- (a) The District will provide Franklin notice of customer changes on a daily basis so that Franklin can update and revise Franklin's current billing database. Notice of customer changes includes: new delivery points, new service agreements, modifications to service agreements due to delivery or mail requirements, change in tenants (e.g. rental units and marital status), and termination agreements. This notification can be by fax, email, or other method necessary to effect changes in a timely manner.
- (b) The District will provide monthly water consumption files necessary to bill sewer. These files provide detailed customer record information along with high and low flow water consumption.
- (c) The District will provide assistance to collect delinquent accounts by sharing disconnection lists and effecting disconnections monthly for those not paying their bills in a timely manner.
- (d) Franklin will support the disconnection effort by providing the District with lists of customers needing disconnection for nonpayment. This support will consist of several data passes to meet both the District's and Franklin's timing requirements.

Franklin shall pay the District \$1,000.00 per month to compensate the District for supplying the information and assistance requested by Franklin for the purpose of Franklin billing its Utility Service bills for the District's water customers and for the estimated higher cost of reconnecting water service to some customers after hours; provided, that the amount of this monthly payment by Franklin to the District shall increase to \$1,350.00 beginning on July 1, 2022. In addition, Franklin shall pay the District \$30.00 for each customer who, as of 11:00 a.m. on the District's disconnection day, is on the District's disconnection list for failure to pay a Franklin Utility Service charge. Franklin shall make a combined payment of the foregoing to the District on or before the 10th day of each month during the term of this Agreement.

In Witness Whereof, the parties have affixed their signatures as of the dates shown below.

CITY OF FRANKLIN, TENNESSEE

By: _____
Dr. Ken Moore, Mayor

Date: _____

Attest:

By: _____
Eric S. Stuckey, City Administrator

Date: _____

Approved as to form by:

Shauna R. Billingsley, City Attorney

**MALLORY VALLEY UTILITY DISTRICT
OF WILLIAMSON COUNTY, TENNESSEE**

By: _____
Ron Coker, President of the Board
of Commissioners

Date: _____



File #: 21-02635

DATE: November 15, 2021
TO: Budget & Finance Committee
FROM: Kristine Brock, Asst. City Administrator/CFO

SUBJECT:

Consideration Of COF Resolution 2021-172, A Resolution Authorizing And Directing The Industrial Development Board Of The City of Franklin To Prepay In Full Its Taxable Tax Increment Revenue Refunding Bonds, Series 2015A (Variable Rate) For The Fiscal Year Ending June 30, 2022.

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning Resolution 2021-172, a resolution authorizing and directing the Industrial Development Board of the City of Franklin to prepay in full its Taxable Tax Increment Revenue Refunding Bonds, Series 2015A (Variable Rate) for the Fiscal Year Ending June 30, 2022.

BACKGROUND/STAFF COMMENTS:

On April 1, 2015, the Industrial Development Board of the City of Franklin issued \$12,350,000 Taxable Tax Increment Revenue Refunding Bonds at the request of the City of Franklin. The 2015 Bonds refinanced a bond issued in 2005 for the purposes of funding capital improvements in a tax increment district encompassing the Cool Springs/I-65/Nissan Headquarters corridor. Incremental property taxes generated within the district were pledged for the payment of interest and principal on the bonds. Final maturity was scheduled for April 2025.

Beginning in FY 2018 and occurring annually since then, property taxes generated within the district have exceeded the debt service requirements of the 2015 Bonds. As a result, the Board of Mayor and Aldermen have annually approved pre-payment of principal totaling \$3,200,000. Below is a summary of pre-payments by year:

FY 2018- \$600,000
FY 2019- \$600,000
FY 2020- \$800,000
FY 2021- \$1,200,000

Property taxes billed for the tax increment district in FY 2022 are \$2,611,894. Debt service expenses for FY 2022 for the first 6 months of the year are \$910,849. The estimated pay in full amount for the 2015 Bonds, assuming the Nov 2021 variable interest rate for the loan of 0.875% and a payoff date of Feb 1, 2022, is \$786,675.81. Staff recommends repaying the 2015 Bonds in their entirety in FY 2022, which is three years earlier than planned at the time of issuance.

FINANCIAL IMPACT:

Staff recommends early redemption, in full and in amount not to exceed \$800,000, of the 2015 Bonds from available proceeds of property taxes paid within the tax increment district as established by the original bond issue in 2005.

RECOMMENDATION:

Staff recommends that Resolution 2021-172 be recommended for approval by the Board of Mayor and Aldermen.

RESOLUTION 2021-172

**A RESOLUTION AUTHORIZING AND DIRECTING THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF FRANKLIN TO PREPAY IN FULL ITS TAXABLE TAX INCREMENT
REVENUE REFUNDING BONDS, SERIES 2015A (VARIABLE RATE) FOR THE FISCAL YEAR
ENDING JUNE 30, 2022.**

WHEREAS, The Industrial Development Board of the City of Franklin (the "Board") has outstanding its Taxable Tax Increment Revenue Refunding Bonds, Series 2015A (Variable Rate) (the "2015A Bonds") payable from certain tax increment and PILOT revenues (the "Revenues"); and

WHEREAS, the Revenues collected by the City for the 2021-2022 fiscal year were in excess of the debt service requirements during such year on the 2015A Bonds; and

WHEREAS, the Board of Mayor and Aldermen of the City of Franklin, Tennessee (the "Municipality") has determined to apply a portion of such excess Revenues to the prepayment of the 2015A Bonds for such purpose; and

WHEREAS, the Board of Mayor and Aldermen wish to direct the Board to apply such funds to the prepayment of the 2015A Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Franklin, Tennessee, that the Board be and hereby is authorized and directed to apply the funds in the amount not to exceed Eight Hundred Thousand and 00/100 Dollars (\$800,000.00) to the prepayment of the 2015A Bonds in full; and

RESOLVED FURTHER, that the officers and agents of the Board are hereby directed to take all such steps as may be necessary to accomplish the foregoing; and

RESOLVED FURTHER, that the officers of the Municipality are hereby authorized and directed to take all such steps as may be necessary to accomplish the foregoing.

Adopted and approved this ____ day of _____, 2021.

Dr. Ken Moore
Mayor

ATTEST:

Eric S. Stuckey
City Administrator

Approved as to form by:

Shauna R. Billingsley
City Attorney

11/12/2021

THE INDUSTRIAL DEVELOPMENT BOARD OF THE
509 NEW HIGHWAY 96 W STE 201
ATTN: JIM OGLESBY
C/O SCHELL & DAVIES, LLC
FRANKLIN, TN, 370642545

RE: Obligor No. 9631687552 - Obligation No. 2

Dear THE INDUSTRIAL DEVELOPMENT BOARD OF THE:

Thank you for banking with Truist Bank. We realize it's a privilege to do business with you and appreciate the opportunity to help you meet your financial goals. The following statement outlines the amount required to repay the loan referenced above as of Feb. 1, 2022. Please note, if the loan is not repaid by Feb. 1, 2022, interest charges will accrue until payment is received.

Principal Balance	as of Nov. 12, 2021	785,823.00 USD
Interest	to Feb. 1, 2022	852.81 USD
Total Due		786,675.81 USD

Per Diem for receipt of funds after Feb. 1, 2022 is 19.10 USD.

These repayment figures will not be valid after Feb. 1, 2022.

Please see the attachment for payment instructions. Once the final payment is received and funds are validated, Truist will release the collateral, which secures the referenced loan (if applicable) as long as the collateral does not secure another active loan.

If a break-funding prepayment fee applies, the prepayment quote is only good for 10 days. If you have questions regarding the repayment of your loan, please contact your local relationship manager.

Please let us know if we may be able to help you with any additional financial needs. And, thank you again for banking with Truist.

Sincerely,

Truist Bank Commercial Credit Operation Services

Enclosure:

IMPORTANT

These figures are subject to final verification upon actual receipt of funds by the note holder. Note holder reserves the right to adjust these figures and (a) negotiate funds as received and request additional funds, (b) refund excess funds remitted or (c) refuse funds as appropriate to the circumstances thereof. These circumstances may be, but are not limited to, an error in the calculation of the payment amount, previously dishonored remittances, rate changes, fee assessments, or additional disbursements made by this note holder between the date of this statement and the actual receipt of funds.

November 15, 2021

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Kristine Brock, Assistant City Administrator/Chief Financial Officer
Kevin Townsel, Human Resources Director
Michael Walters Young, Budget & Strategic Innovation Manager

SUBJECT: Employee Compensation

Purpose

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with information to consider modifications to the City of Franklin's employee compensation plan to address the impact of inflation and to strengthen the City of Franklin's competitive position as an "employer of choice" in the region.

Summary

It has been a core value of City government that people working for the City of Franklin are the City's most important asset. Over the last decade, the Board has directed a significant amount of financial resources to enhance our ability to recruit, develop and retain high-quality employees. Current labor market conditions – record low levels of unemployment, highly competitive offers across all sectors for employees at all levels, the lingering effects of the global COVID-19 pandemic and ever-present inflation – make it harder than ever to protect that asset.

Background

In 2013, the City of Franklin, working with Burris, Thompson and Associates, conducted a comprehensive Classification and Compensation Study. Jobs were indexed and classified and then compared to market data in both public sector (including specific pay information from 23 other cities) and private sector (where applicable). Market values were established for each position with a target of ensuring that the median of each position was at least at the 70th percentile of pay compared to market data. From this information, each position was grouped into one of 15 pay grades. The Classification and Compensation Study, which included recommendations for the establishment of a new Classification and Compensation Plan was approved in August of 2013.

This system has been reviewed and comprehensively modified twice since 2013. In 2015, the City of Franklin completed implementation of a new, market-based classification and compensation plan. The review found the need to increase all pay grades by 10% to keep up with market conditions in the exceedingly tight labor market of middle Tennessee and Williamson County in particular. It also found the need to implement a progression adjustment component to avoid compression within pay grades between established and newer employees. The new plan focused on making the City highly competitive in terms of attracting and retaining talented staff to serve the community. And as part of the FY18 and FY 19 budgets, a full update of the compensation plan was implemented. This update included two components: 1) an evaluation of the City's pay grades compared to market conditions focusing on maintaining compensation targets at a minimum of the 75th percentile of the market and 2) a department-by-department review of positions compared to the market.

The unique challenges of the COVID-19 pandemic and the resulting economic turmoil forced the City to forgo planned raises or modifications to the compensation plan in FY 2021. In addition, to begin the fiscal year, 27 full-time and 11 part-time positions were frozen and unbudgeted. As economic conditions improved during FY 2021, the City was able to restore 10 of those 27 unbudgeted, and another 8 were restored in the current FY 2022 budget. In addition, “normal” pre-COVID-19 compensation increases were budgeted for FY 2022 – a 2.5% Cost-of-Living Adjustment (COLA) and up to a 2.5% merit-based increase. Over the course of the last decade, the City has been able to provide a COLA annually in addition to merit increases and pay adjustments due to the market study. A comprehensive table of annual compensation adjustments is shown below:

Figure 1: Annual Employee Compensation Increases FY 2013-FY 2022

Employee Compensation Increases - last 10 years					
FY	COLA	Merit	Medical Offset	Market Adj.	Medical Increases?
2013	2.5%	N/A		x	Y
2014	2%	N/A			Y
2015	2%	N/A		x	Y
2016	2%	N/A			Y
2017	4%	N/A	\$ 500		Y
2018	2.5%	up to 2.5%		x	Y
2019	2.5%	up to 2.5%		x	Y
2020	2.5%	up to 2.5%			Y
2021*	2%	0%			N
2022	2.5%	up to 2.5%			N

**Adjustment mid-year*

Labor Market

While many sectors of the U.S., Tennessee and local economy were severely impacted by the onset of the COVID-19 pandemic last spring, this impact was in most cases short-lived. Industries that were shutdown have since reopened, in many cases with as many or more jobs than they had before. As a result of this recovery, local unemployment near or at record lows:

Figure 2: Year-Over-Year Unemployment Rates

	September 2020	Revised August 2021	Preliminary September 2021
United States	7.7%	5.3%	4.6%
State of Tennessee	7.6%	4.3%	3.5%
Nashville MSA	7.2%	3.5%	3.0%
Williamson County	4.5%	2.6%	2.3%
City of Franklin	4.5%	2.5%	2.0%

Source: State of Tennessee Department of Labor & Workforce Development – [Labor Market Report - September 2021](https://www.tn.gov/content/dam/tn/workforce/documents/LMR/LMRSep2021.pdf).
<https://www.tn.gov/content/dam/tn/workforce/documents/LMR/LMRSep2021.pdf>

The private sector has rapidly moved to attract people to return to the workforce through incentives such as increasing base wages, offering cash bonuses for both skilled & unskilled workers & offering modified work schedules. All these pressures have made recruiting for vacant positions more difficult of the City of Franklin.

Vacancies

All organizations have vacancies. In fact, it is healthy for an organization to have a degree of employee turnover. While we want to recruit, grow, and keep experienced and talented workers, the best organizations have a healthy mix of less and more experienced employees in their workforce. This mixture of experience adds diversity and encourages innovation throughout the organization.

The City of Franklin has noticed this and monitors vacancy rates throughout all departments. Several years ago, now the City monetized this vacancy rate into the annual operating budget by applying a vacancy rate factor of 3.5% to all department wage budgets. This represented the average amount of the workforce which was budgeted but not employed with the City at any given moment of the year. (It should be noted that this considers seasonality of certain workers as well as retirements).

Unfortunately, the current vacancy rates for the City of Franklin are much higher, as shown in Figure 3 below.

Figure 3: Vacancies City-wide as of November 5, 2021

Vacancies <i>active payroll as of 11/5/2021</i>					
	<u>General</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Water Management</u>	<u>City Wide</u>
A Total Employees	596	46	22	100	764
B (C+D) Total Vacancies	56	3	1	19	79
C Unbudgeted	7	0	0	6	13
D Budgeted	49	3	1	13	66
E Planned Vacancy Rate	3.5%	3.5%	3.5%	3.5%	3.5%
F (B/A) Actual Vacancy Rate	9.4%	6.5%	4.5%	19.0%	10.3%

Current Retirements <i>submitted as of 11/5/2021</i>					
	<u>General</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Water Management</u>	<u>City Wide</u>
Employees	13	0	0	1	14

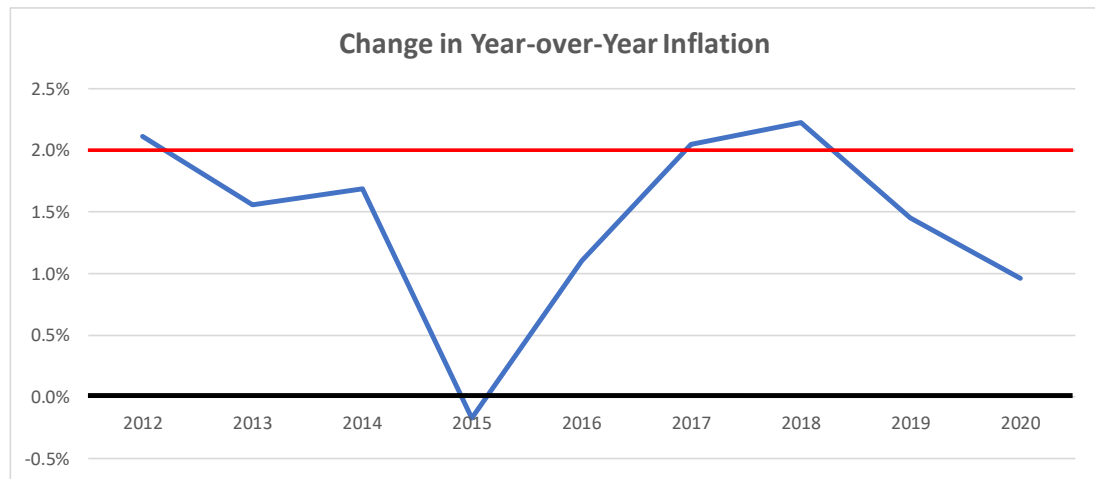
As shown above, the actual vacancy rate for the City of Franklin is nearly 3 times the budgeted amount when including both unbudgeted and budgeted positions. And this number – 79 total vacancies out of 764 authorized employees – **does not** consider an additional 14 retirements which have been announced by the end of calendar year 2021.

Inflation Concerns

Since before the Great Recession, one economic factor which we have not, by in large, had to deal with in a demonstrable way is inflation. The Federal Reserve Bank has long set a basic inflationary target of at or near 2%

annually, meaning simply that the general progressive rise in the cost of goods and services increases in a small amount sufficient that modest wage increases can achieve keeping people's purchasing power at or near where it has been. That has worked – by in large - for the last decade:

Figure 4: Year-Over-Year Inflation 2011-2020 for South Region of United States



Calendar Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
CPI-U - South Region	218.618	223.242	226.721	230.552	230.147	232.692	237.456	242.737	246.265	248.639
Chng. Yr-over-Yr.	N/A	2.1%	1.6%	1.7%	-0.2%	1.1%	2.0%	2.2%	1.5%	1.0%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

https://data.bls.gov/pdq/SurveyOutputServlet?data_tool=dropmap&series_id=CUUR0300SA0,CUUS0300SA0

While inflation was kept in check in the past, in the last six months, however, it has risen dramatically. Some of this is resulting from instability in volatile markets – such as energy – but also is a result of pandemic shortages, supply chain disruptions, record low unemployment and a variety of other factors. The result is the same: prices are higher.

Figure 5: Year-over-Year Inflation for the South Region 2011-2020 vs. 2021 (thus far)

Historic Inflation CPI-U – South Region – last ten years*	
Annual Year-over-year inflation (calendar year)	1.4%
Annual year-over-year inflation (fiscal year)	1.8%
Average increase (year-over-year) last 6 months	5.5%

*Source: U.S. Department of Labor, Bureau of Labor Statistics

As a result, the City's ability to keep pace with inflation through its annual COLA increases is being challenged. A ten-year comparison is shown below:

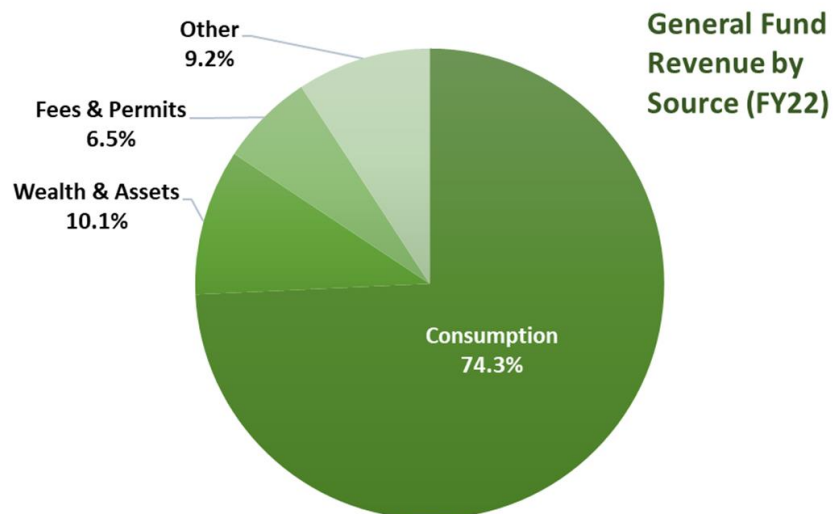
Figure 6: Comparison of City of Franklin Cost of Living Adjustment vs. Annualized Inflation over the last decade – FY 2013-2022

City COLA Offering vs. Inflation - Last 10 Years										
FY	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
COLA	2.5%	2.0%	2.0%	2.0%	4.0%	2.5%	2.5%	2.5%	2.0%	2.5%
Inflation	1.6%	1.8%	0.6%	0.4%	1.7%	2.2%	1.7%	1.2%	2.4%	4.2%
Meet?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No

Source: City of Franklin, Tennessee & U.S. Department of Labor, Bureau of Labor Statistics.

Increasing prices are not all negative for the City, however. While it negatively impacts the City's ability to purchase goods and services and reduces the buying power of City employees, it has thus far resulted in increased revenue collections. This is because the City is heavily dependent upon consumption (such as Sales & Alcohol) taxes to fund its General Fund operations. As shown below in Figure 7, nearly three out of every four dollars in General Fund revenue comes from consumption-based taxes:

Figure 7: General Fund Revenues by Source – FY 2022



Source: City of Franklin, Tennessee

As prices go up, the total sales go up. But the rate of taxation on that sale – 9.75% total in Franklin/Williamson County (2.75% of which is remitted to local government and public schools) - remains the same. The result is that the City has seen increases over budget in Local Option Sales Tax collections every month of the Fiscal Year thus far. Through two months of FY 2022, the City of Franklin has collected \$1,606,149 more in Local Option Sales Taxes than budgeted.

Options

The City of Franklin is currently conducting another compensation study. The results of that study are not complete and will not be until Spring 2022. The goal will be to take the results of that study and recommend any further adjustments to the Board of Mayor and Aldermen during the FY 2023 Budget Process.

In the meantime, inflation continues to rise monthly and is a growing burden on all City staff. One option to alleviate that increase in inflation would be to implement a mid-year Cost of Living Adjustment. The costs of implementing such an adjustment are shown below at the fund level.

Figure 8: Costs of Implementing a Mid-Year COLA Increase by Fund (both annualized and mid-year)

Summary - Mid-Year COLA Increase FY 2022 by Fund					active payroll as of 11/5/2021		
Fund	Annual Budget*	Annualized Cost			6-mo. / remainder FY 2022 Cost		
		1.50%	2.00%	2.50%	1.50%	2.00%	2.50%
General							
Total - General Fund	\$ 47,479,168	\$ 712,188	\$ 949,583	\$ 1,186,979	\$ 356,094	\$ 474,792	\$ 593,490
Sanitation							
Total - Sanitation Fund	\$ 2,844,737	\$ 42,671	\$ 56,895	\$ 71,118	\$ 21,336	\$ 28,447	\$ 35,559
Stormwater							
Total - Stormwater	\$ 1,444,455	\$ 21,667	\$ 28,889	\$ 36,111	\$ 10,833	\$ 14,445	\$ 18,056
Water Management							
Total - Water Management	\$ 5,912,945	\$ 88,694	\$ 118,259	\$ 147,824	\$ 44,347	\$ 59,129	\$ 73,912
Total City-Wide	\$ 57,681,305	\$ 865,220	\$ 1,153,626	\$ 1,442,033	\$ 432,610	\$ 576,813	\$ 721,016

*Annual Budget includes all compensation lines which are impacted via a wage adjustment, including: Regular Wages, Overtime, FICA, Retirement and Workers Compensation.

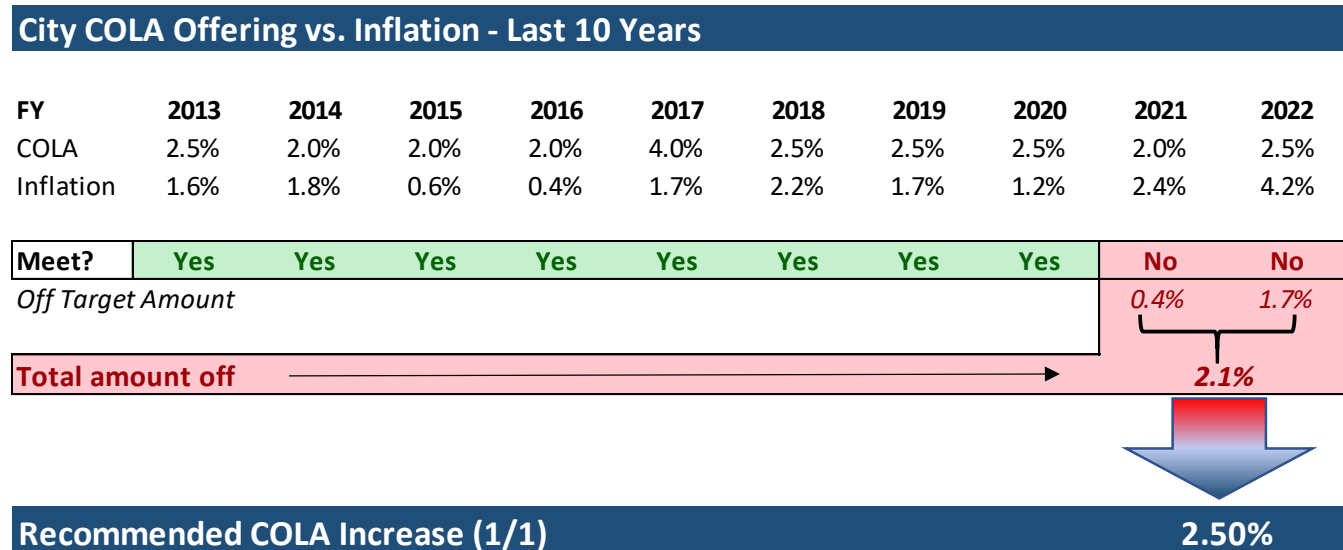
Figure 8 provides a range of costs for a 1.5%, 2.0% and 2.5% Cost of Living Adjustment by fund. It also details the cost for a full fiscal year in the center of the figure and the actual impact on the remainder of FY 2022 on the right. This proposal would be implemented effective the first payroll of January 2022.

There is one additional concern which will need to be addressed. Over 40 employees have “topped out” – meaning that they are at the maximum salary of the pay grade they are assigned to. As a result, any ongoing compensation proposal (such as proposed above) could only be given as a one-time payment to those individuals. As part of the compensation study, it is anticipated that the ranges will need to increase to keep up with market conditions and accommodate future annual pay increases. As part of this proposal, staff would also recommend that the BOMA increase all minimum and maximum pay ranges by 5% to accommodate the wage increase and tackle additional compression issues within certain ranges.

Recommendation

Given the ability to pay for additional compensation with increased revenues and a need to remain competitive in the marketplace and take care of our most important resource (our City team members), staff recommends a 2.5% mid-year across-the-board COLA increase, effective January 1, 2022.

Figure 9: Recommended Cost of Living Adjustment effective January 1, 2022



In addition, staff further recommends the increase of all pay ranges City-wide by 5% to accommodate increases for those employees who have reached top of their respective pay scales.



City of Franklin, Tennessee
FY 2022 Operating Budget

FY 2022 Mid-Year Cost of Living Adjustment

November 23, 2021
Board of Mayor and Aldermen Work
Session

Overview:

- Labor market is incredibly tight and tightening.
- Vacancy rates City-wide significantly higher than normal.
- Inflation is much higher than anticipated.
- Revenues are outpacing expectations.
- City compensation adequate but lagging.

Our Focus is to build a “Stronger Franklin” in the wake of the challenges of the past year by focusing on:



Pandemic - Pandemic response will continue with the guidance of medical, public health, and science experts.



People – Our focus remains on serving the people of Franklin and maintain a strong City team. Also, focused on a healthy community in terms of valuing diversity and inclusion.



Projects – Delivery of infrastructure improvement projects is vital to maintaining quality of life and the needs of our growing community.



Possibilities – Building capacity (financial and otherwise) to respond to community needs and make the most of future opportunities.

Labor Market:

- Recovery continues in earnest from the worst of the pandemic; local unemployment near or at record lows
- Latest unemployment data – State of Tennessee

	<u>September 2020</u>	<u>Revised August 2021</u>	<u>Preliminary September 2021</u>
United States	7.7%	5.3%	4.6%
State of Tennessee	7.6%	4.3%	3.5%
Nashville MSA	7.2%	3.5%	3.0%
Williamson County	4.5%	2.6%	2.3%
City of Franklin	4.5%	2.5%	2.0%

- Private sector increasing base wages & incentives rapidly to attract workers

City of Franklin, Tennessee

FY 2022 Operating Budget

City Vacancies:

- Budgeted 3.5% vacancy rate across departments to account for seasonality and historic trends; actual much higher
- Retirements will increase the number of overall vacancies

Vacancies		active payroll as of 11/5/2021				
	<u>General</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Water Management</u>	<u>City Wide</u>	
<u>A</u> Total Employees	596	46	22	100	764	
<u>B (C+D)</u> Total Vacancies	56	3	1	19	79	
<u>C</u> Unbudgeted	7	0	0	6	13	
<u>D</u> Budgeted	49	3	1	13	66	
<u>E</u> Planned Vacancy Rate	3.5%	3.5%	3.5%	3.5%	3.5%	
<u>F (B/A)</u> Actual Vacancy Rate	9.4%	6.5%	4.5%	19.0%	10.3%	

Current Retirements						submitted as of 11/5/2021
	<u>General</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Water Management</u>	<u>City Wide</u>	
Employees	13	0	0	1	14	

Inflation:

- Historically City has provided cost of living adjustments for City employees annually since the Great Recession.
- For most of the last decade, this has kept pace.

Historic Inflation CPI-U – South Region – last ten years*	
Annual Year-over-year inflation (calendar year)	1.4%
Annual year-over-year inflation (fiscal year)	1.8%
Average increase (year-over-year) last 6 months	5.5%

**Source: U.S. Department of Labor, Bureau of Labor Statistics*

City Compensation:

- City has provided for either a COLA or both COLA/Merit increases along with market adjustments as necessary over the last decade.

Employee Compensation Increases - last 10 years

<u>FY</u>	<u>COLA</u>	<u>Merit</u>	<u>Medical Offset</u>	<u>Market Adj.</u>	<u>Medical Increases?</u>
2013	2.5%	N/A		x	Y
2014	2%	N/A			Y
2015	2%	N/A		x	Y
2016	2%	N/A			Y
2017	4%	N/A	\$ 500		Y
2018	2.5%	up to 2.5%		x	Y
2019	2.5%	up to 2.5%		x	Y
2020	2.5%	up to 2.5%			Y
2021*	2%	0%			N
2022	2.5%	up to 2.5%			N

**Adjustment mid-year*

FY 2022 Budget Included:

- A general pay increase for City team members was effective the first pay period of July 2021. The budget included a general pay increase of 2.5% plus an additional performance-based pay increase of up to 2.5%.
- The budget also included a one-time pay supplement of \$1,000 to all City team members (full-time and permanent part-time employees) partially funded through a portion of the City of Franklin's American Rescue Plan allocation.
- For the second consecutive year, health insurance premiums for City team members remained unchanged in FY22.

City Compensation:

- Historically, City has kept pace with inflation through annual cost of living adjustments; trend is not continuing

City COLA Offering vs. Inflation - Last 10 Years

FY	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
COLA	2.5%	2.0%	2.0%	2.0%	4.0%	2.5%	2.5%	2.5%	2.0%	2.5%
Inflation	1.6%	1.8%	0.6%	0.4%	1.7%	2.2%	1.7%	1.2%	2.4%	4.2%
Meet?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No

Revenues are Exceeding Estimates:

- Primarily in the General Fund, and namely in Local Option Sales Tax.
- As prices have risen, so to have sales tax collections. There is a natural relationality in this case; as inflation hits, consumption based taxes will increase so long as consumer activity does change dramatically.
- Price increases have effected most everything, but certainly the items which the City directly receives sales tax on.
- Local Options Sales Tax estimates for FY 2022 so far have exceeded estimates by over \$1.6 million. The budget will will be revised upward to capture these already received collections in the next budget amendment.

City of Franklin, Tennessee

FY 2022 Operating Budget

Potential Options:

- Provide a mid-year cost of living adjustment for all employees effective January 1, 2022. The costs for potential increases are summarized below by fund:

Summary - Mid-Year COLA Increase FY 2022 by Fund					active payroll as of 11/5/2021		
Fund	Annual Budget*	Annualized Cost			6-mo. / remainder FY 2022 Cost		
		1.50%	2.00%	2.50%	1.50%	2.00%	2.50%
General							
Total - General Fund	\$ 47,479,168	\$ 712,188	\$ 949,583	\$ 1,186,979	\$ 356,094	\$ 474,792	\$ 593,490
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*Annual Budget includes all compensation lines which are impacted via a wage adjustment, including: Regular Wages, Overtime, FICA, Retirement and Workers Compensation.

Recommendation:

- Given the ability to pay for additional compensation with increased revenues and a need to remain competitive in the marketplace and take care of our most important resource, staff recommends a 2.5% mid-year increase, effective 1/1/22.

City COLA Offering vs. Inflation - Last 10 Years

FY	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
COLA	2.5%	2.0%	2.0%	2.0%	4.0%	2.5%	2.5%	2.5%	2.0%	2.5%
Inflation	1.6%	1.8%	0.6%	0.4%	1.7%	2.2%	1.7%	1.2%	2.4%	4.2%
Meet?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
Off Target Amount									0.4%	1.7%
Total amount off									2.1%	
										
Recommended COLA Increase (1/1)									2.50%	

November 15, 2021

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Kristine Brock, Assistant City Administrator/Chief Financial Officer
Kevin Townsel, Human Resources Director
Michael Walters Young, Budget & Strategic Innovation Manager

SUBJECT: Employee Compensation

Purpose

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with information to consider modifications to the City of Franklin's employee compensation plan to address the impact of inflation and to strengthen the City of Franklin's competitive position as an "employer of choice" in the region.

Summary

It has been a core value of City government that people working for the City of Franklin are the City's most important asset. Over the last decade, the Board has directed a significant amount of financial resources to enhance our ability to recruit, develop and retain high-quality employees. Current labor market conditions – record low levels of unemployment, highly competitive offers across all sectors for employees at all levels, the lingering effects of the global COVID-19 pandemic and ever-present inflation – make it harder than ever to protect that asset.

Background

In 2013, the City of Franklin, working with Burris, Thompson and Associates, conducted a comprehensive Classification and Compensation Study. Jobs were indexed and classified and then compared to market data in both public sector (including specific pay information from 23 other cities) and private sector (where applicable). Market values were established for each position with a target of ensuring that the median of each position was at least at the 70th percentile of pay compared to market data. From this information, each position was grouped into one of 15 pay grades. The Classification and Compensation Study, which included recommendations for the establishment of a new Classification and Compensation Plan was approved in August of 2013.

This system has been reviewed and comprehensively modified twice since 2013. In 2015, the City of Franklin completed implementation of a new, market-based classification and compensation plan. The review found the need to increase all pay grades by 10% to keep up with market conditions in the exceedingly tight labor market of middle Tennessee and Williamson County in particular. It also found the need to implement a progression adjustment component to avoid compression within pay grades between established and newer employees. The new plan focused on making the City highly competitive in terms of attracting and retaining talented staff to serve the community. And as part of the FY18 and FY 19 budgets, a full update of the compensation plan was implemented. This update included two components: 1) an evaluation of the City's pay grades compared to market conditions focusing on maintaining compensation targets at a minimum of the 75th percentile of the market and 2) a department-by-department review of positions compared to the market.

The unique challenges of the COVID-19 pandemic and the resulting economic turmoil forced the City to forgo planned raises or modifications to the compensation plan in FY 2021. In addition, to begin the fiscal year, 27 full-time and 11 part-time positions were frozen and unbudgeted. As economic conditions improved during FY 2021, the City was able to restore 10 of those 27 unbudgeted, and another 8 were restored in the current FY 2022 budget. In addition, “normal” pre-COVID-19 compensation increases were budgeted for FY 2022 – a 2.5% Cost-of-Living Adjustment (COLA) and up to a 2.5% merit-based increase. Over the course of the last decade, the City has been able to provide a COLA annually in addition to merit increases and pay adjustments due to the market study. A comprehensive table of annual compensation adjustments is shown below:

Figure 1: Annual Employee Compensation Increases FY 2013-FY 2022

Employee Compensation Increases - last 10 years					
FY	COLA	Merit	Medical Offset	Market Adj.	Medical Increases?
2013	2.5%	N/A		x	Y
2014	2%	N/A			Y
2015	2%	N/A		x	Y
2016	2%	N/A			Y
2017	4%	N/A	\$ 500		Y
2018	2.5%	up to 2.5%		x	Y
2019	2.5%	up to 2.5%		x	Y
2020	2.5%	up to 2.5%			Y
2021*	2%	0%			N
2022	2.5%	up to 2.5%			N

**Adjustment mid-year*

Labor Market

While many sectors of the U.S., Tennessee and local economy were severely impacted by the onset of the COVID-19 pandemic last spring, this impact was in most cases short-lived. Industries that were shutdown have since reopened, in many cases with as many or more jobs than they had before. As a result of this recovery, local unemployment near or at record lows:

Figure 2: Year-Over-Year Unemployment Rates

	September 2020	Revised August 2021	Preliminary September 2021
United States	7.7%	5.3%	4.6%
State of Tennessee	7.6%	4.3%	3.5%
Nashville MSA	7.2%	3.5%	3.0%
Williamson County	4.5%	2.6%	2.3%
City of Franklin	4.5%	2.5%	2.0%

Source: State of Tennessee Department of Labor & Workforce Development – [Labor Market Report - September 2021](https://www.tn.gov/content/dam/tn/workforce/documents/LMR/LMRSep2021.pdf).
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The private sector has rapidly moved to attract people to return to the workforce through incentives such as increasing base wages, offering cash bonuses for both skilled & unskilled workers & offering modified work schedules. All these pressures have made recruiting for vacant positions more difficult of the City of Franklin.

Vacancies

All organizations have vacancies. In fact, it is healthy for an organization to have a degree of employee turnover. While we want to recruit, grow, and keep experienced and talented workers, the best organizations have a healthy mix of less and more experienced employees in their workforce. This mixture of experience adds diversity and encourages innovation throughout the organization.

The City of Franklin has noticed this and monitors vacancy rates throughout all departments. Several years ago, now the City monetized this vacancy rate into the annual operating budget by applying a vacancy rate factor of 3.5% to all department wage budgets. This represented the average amount of the workforce which was budgeted but not employed with the City at any given moment of the year. (It should be noted that this considers seasonality of certain workers as well as retirements).

Unfortunately, the current vacancy rates for the City of Franklin are much higher, as shown in Figure 3 below.

Figure 3: Vacancies City-wide as of November 5, 2021

Vacancies		active payroll as of 11/5/2021				
	<u>General</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Water Management</u>	<u>City Wide</u>	
<u>A</u> Total Employees	596	46	22	100	764	
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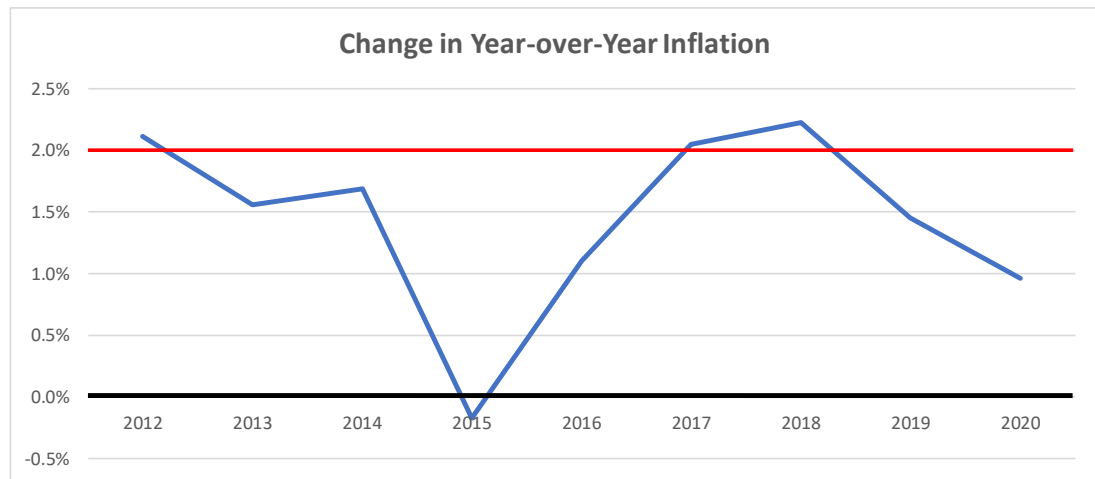
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Since before the Great Recession, one economic factor which we have not, by in large, had to deal with in a demonstrable way is inflation. The Federal Reserve Bank has long set a basic inflationary target of at or near 2%

annually, meaning simply that the general progressive rise in the cost of goods and services increases in a small amount sufficient that modest wage increases can achieve keeping people's purchasing power at or near where it has been. That has worked – by in large - for the last decade:

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Average increase (year-over-year) last 6 months	5.5%

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As a result, the City's ability to keep pace with inflation through its annual COLA increases is being challenged. A ten-year comparison is shown below:

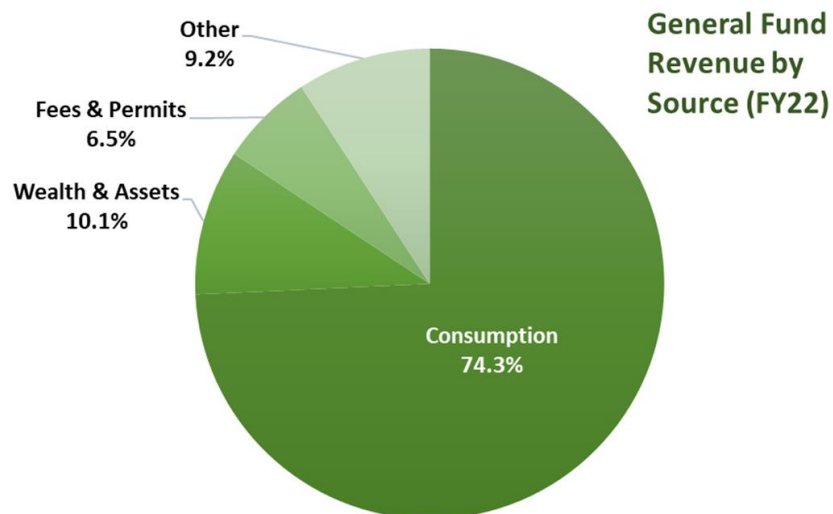
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City COLA Offering vs. Inflation - Last 10 Years										
FY	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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Source: City of Franklin, Tennessee

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Options

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Figure 8: Costs of Implementing a Mid-Year COLA Increase by Fund (both annualized and mid-year)

Summary - Mid-Year COLA Increase FY 2022 by Fund					active payroll as of 11/5/2021		
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Total - Sanitation Fund	\$ 2,844,737	\$ 42,671	\$ 56,895	\$ 71,118	\$ 21,336	\$ 28,447	\$ 35,559
Stormwater							
Total - Stormwater	\$ 1,444,455	\$ 21,667	\$ 28,889	\$ 36,111	\$ 10,833	\$ 14,445	\$ 18,056
Water Management							
Total - Water Management	\$ 5,912,945	\$ 88,694	\$ 118,259	\$ 147,824	\$ 44,347	\$ 59,129	\$ 73,912
Total City-Wide	\$ 57,681,305	\$ 865,220	\$ 1,153,626	\$ 1,442,033	\$ 432,610	\$ 576,813	\$ 721,016

*Annual Budget includes all compensation lines which are impacted via a wage adjustment, including: Regular Wages, Overtime, FICA, Retirement and Workers Compensation.

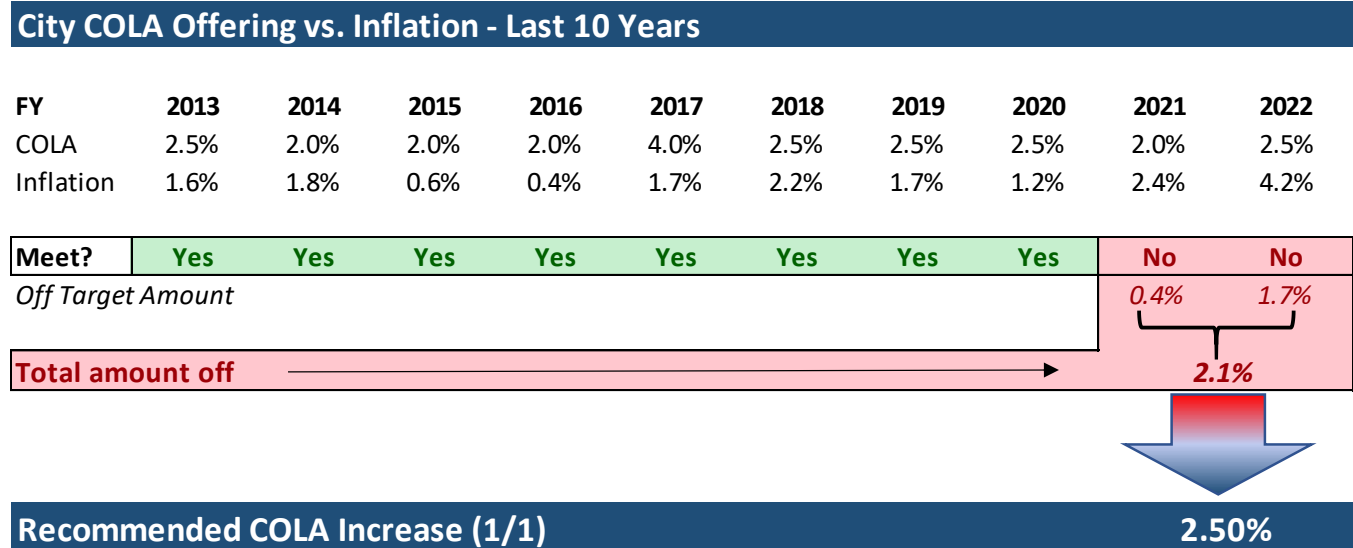
Figure 8 provides a range of costs for a 1.5%, 2.0% and 2.5% Cost of Living Adjustment by fund. It also details the cost for a full fiscal year in the center of the figure and the actual impact on the remainder of FY 2022 on the right. This proposal would be implemented effective the first payroll of January 2022.

There is one additional concern which will need to be addressed. Over 40 employees have “topped out” – meaning that they are at the maximum salary of the pay grade they are assigned to. As a result, any ongoing compensation proposal (such as proposed above) could only be given as a one-time payment to those individuals. As part of the compensation study, it is anticipated that the ranges will need to increase to keep up with market conditions and accommodate future annual pay increases. As part of this proposal, staff would also recommend that the BOMA increase all minimum and maximum pay ranges by 5% to accommodate the wage increase and tackle additional compression issues within certain ranges.

Recommendation

Given the ability to pay for additional compensation with increased revenues and a need to remain competitive in the marketplace and take care of our most important resource (our City team members), staff recommends a 2.5% mid-year across-the-board COLA increase, effective January 1, 2022.

Figure 9: Recommended Cost of Living Adjustment effective January 1, 2022



In addition, staff further recommends the increase of all pay ranges City-wide by 5% to accommodate increases for those employees who have reached top of their respective pay scales.



File #: 21-02689

DATE: November 23, 2021

TO: Budget & Finance Committee

FROM: Kristine Brock, Asst. City Administrator/CFO
Michael Walters Young, Budget and Analytics Manager
Eric Stuckey, City Administrator

SUBJECT:

Consideration of DRAFT Ordinance 2021-50, An Ordinance To Amend The FY 2021-2022 Budget.

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning proposed amendments to the FY 2022 Operating Budget.

BACKGROUND/STAFF COMMENTS:

The State Comptroller has provided guidance that budget amendments are to be on the cash basis and must occur prior to fiscal year end (June 30) to ensure no fund has a deficit fund balance or deficit cash balance at June 30.

In order to stay ahead of this responsibility, staff is proposing four budget amendments. They are split across various funds, but in summary they are:

- 1) Revenue Modifications
- 2) Mid-Year Cost-of-Living Adjustments
- 3) Retirement Payouts
- 4) Vacation Sell-Back
- 5) Various Expense Modifications

By Fund the impacts of these amendments are:

A. General Fund:

i. Revenues: Increase of \$1,834,278. There are three categories of revenue changes in the General Fund.

1. Local Option Sales Tax: Increase of \$1,549,108. As discussed in part at the last meeting of the Board of Mayor and Alderman and during the first budget amendment of FY 2022, local option sales tax collections continue to significantly outperform budgeted estimates over the last six months. While there are a variety of factors for this (continued strong consumer activity, the return of the City's share of the .5% local option sales tax which had previously gone to Williamson County for three years, inflation, etc). the next impact of all of the various economic factors is a healthy

collection in excess of budget. This proposed increase is only to account for necessary planned expenditures included herein and is only to recognize actual collections in excess of estimates thru August and September 2021. Additional adjustments will likely be necessary later in the fiscal year should these trends continue, however staff advises continued prudence and caution and will wait to make further adjustments until additional data on collections can be obtained.

2. Advanced Transportation Controller (ATC) Grants: Increase of \$247,000. As discussed at a previous meeting of the BOMA, this grant allows for the City to replace all of the 75 older traffic signal devices throughout the City with newer ATC devices which will allow greater interoperability and compatibility with existing City infrastructure. A matching expense is budgeted.

3. Insurance Proceeds: Increase of \$38,170. The City has received several amounts of proceeds from settlements of accidents. The majority will be dedicated to replacing a Fire administration vehicle. That expense is also budgeted within this amendment.

ii. Expenses: Increase of \$1,834,278. The expense changes fall in the following categories:

1. Mid-Year Cost-of-Living Adjustments (COLA): Increase of \$628,257. As discussed at the work session of November 23rd, the combination of increased vacancies and retirements, a tight labor market, greatly increased inflation and increased revenues have resulted in conditions where in order to retain and recruit quality employees, staff is recommending consideration of a mid-year COLA for all employees of 2.5%.

2. Retirement Payouts: Increase of \$459,588. 15 individuals in the General Fund have or are set to retire the ranks of the City by the end of 2021. They are eligible to receive a payout of their accrued vacation and up to 120 sick days worth of accrued sick leave. The degree of payout depends upon the wage earned by the individual employee and the amount of accrued time.

3. Vacation Sell-Back: Increase of \$275,718. As a result of the COVID-19 pandemic, a large number of employees in the City accrued vacation time over the last two years and were unable to take it due to various pandemic impacts and restrictions. The City offered a one-time sell-back offer to employees of the City who by November 1st declared they were willing to sell-back 40 hours of accrued vacation time. This one-time benefit will aid in bringing down accrued balances and should aid in managing staffing and overall operations into FY 2022.

4. Various Expense Modifications: Increase of \$470,715. The remainder of the increase in the General Fund includes various other expense increases including: compensation increase to ease compression (\$9,775), resources to support the City of Franklin Mentoring Program (\$5,000), automation of Purchasing card function (\$15,600), additional money to purchase and implement new budget software (\$41,340), additional money for building repair needs, primarily pertaining to City Hall maintenance (\$110,000), the purchase and installation of 75 Advanced Transportation Controllers throughout the City (\$270,000), and the replacement of and administrative vehicle in the Fire Department (\$42,000).

B. Sanitation & Environmental Services Fund:

i. Revenues: Decrease of \$3,763. Decrease is a result of a delay of implementation of rates for certain utility customers. The amounts are negligible and the correct rates have been implemented.

ii. Expenses: Increase of \$64,833. There are three components to this expense increase:

1. Mid-Year Cost-of-Living Adjustments (COLA): Increase of \$39,408.

2. Vacation Sell-Back: Increase of \$13,063.

3. Various Expense Modifications: Increase of \$12,362. After the start of the new year, staff reexamined the various intra-fund transfers used to support services which the General Fund provides to utility and service funds. After that review, staff recommends that an additional \$12,362 comes from the Sanitation & Environmental Services Fund.

C. City Facilities Tax:

i. Revenues: Increase of \$866,444. With the completion of Fire Station 7, this amount is the amount owed to the City of Franklin from Williamson County for the construction of an ambulance bay and the county's share of the driveway apron. This amount should be received by the end of FY 2022.

D. Stormwater Fund:

i. Revenues Decrease of \$18,308. Decrease is a result of a delay of implementation of rates for

certain utility customers. The amounts are negligible and the correct rates have been implemented.

ii. Expenses: Increase of \$64,833. There are two components to this expense increase:

1. Mid-Year Cost-of-Living Adjustments (COLA): Increase of \$20,017.
2. Vacation Sell-Back: Increase of \$5,557.

E. Hotel/Motel Tax Fund:

i. Expenses: Increase of \$305,000 for two projects - \$45,000 for a Wayfinding sign initiative and \$260,000 for new parking controllers/counters for the 2nd and 4th Avenue garages. These will be covered by existing resources already appropriated to the fund from American Rescue Plan Act (ARPA) monies received in May 2022 by the City. A further report on ARPA funds will be presented at the December 2nd Budget & Finance Committee meeting and the December 14th Board of Mayor and Alderman meeting.

F. Water Management Fund:

i. Revenues: Increase of \$112,818. While there were also minor implementation errors within the Water Management Fund as well (estimated reduction of revenue of \$38,221) collections to date have exceeded expectations and the net increase in revenues of \$112,818 covers expenses increases as shown next.

ii. Expenses: Increase of \$112,818. There are three components to this expense increase:

1. Mid-Year Cost-of-Living Adjustments (COLA): Increase of \$82,173.
2. Vacation Sell-Back: Increase of \$21,180.
3. Retiree Payout: Increase of \$58,328.

Offsetting these increases is the balance of \$48,864 in unused allocation of wage adjustments from the beginning of the year from the General Departments of the Water Management.

This is the second budget amendment during this Fiscal Year to the budget. We envision at least one more during the Fiscal Year.

FINANCIAL IMPACT:

The amendments, as proposed, would result in:

1. General Fund: No Change.
2. Sanitation & Environmental Services Fund: Decrease of Fund Balance of \$68,596.
3. City Facilities Tax Fund: Increase of Fund Balance of \$866,444.
4. Stormwater Fund: Decrease of Fund Balance of \$43,613.
5. Hotel/Motel Tax Fund: Decrease of Fund Balance of \$305,000.
6. Water & Wastewater Funds: No change.

RECOMMENDATION:

Staff recommends that Ordinance 2021-50 be recommended for approval by the Board of Mayor and Aldermen.

November 22, 2021

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Kristine Brock, Assistant City Administrator/Chief Financial Officer
Michael Walters Young, Budget & Strategic Innovation Manager

RE: Consideration of Ordinance 2021-50, 2nd Quarter 2022 Budget Amendments

Purpose

The purpose of this item is to amend the Fiscal Year 2022 Budget for compliance with State budgeting guidance regarding:

1. Ensuring authorizations in place to balance each fund's budget on a cash basis on June 30, 2022.

Background

The State Comptroller has provided guidance that budget amendments are to be on the cash basis and must occur prior to fiscal year end (June 30) to ensure no fund has a deficit fund balance or deficit cash balance at June 30.

In order to stay ahead of this responsibility, staff is proposing four budget amendments. They are split across various funds, but in summary they are:

- 1) Revenue Modifications
- 2) Mid-Year Cost-of-Living Adjustments
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healthy collection in excess of budget. This proposed increase is only to account for necessary planned expenditures included herein and is only to recognize actual collections in excess of estimates thru August and September 2021. Additional adjustments will likely be necessary later in the fiscal year should these trends continue, however staff advises continued prudence and caution and will wait to make further adjustments until additional data on collections can be obtained.

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 3. Insurance Proceeds: Increase of \$38,170. The City has received several amounts of proceeds from settlements of accidents. The majority will be dedicated to replacing a Fire administration vehicle. That expense is also budgeted within this amendment.
- ii. Expenses: Increase of \$1,834,278. The expense changes fall in the following categories:
1. Mid-Year Cost-of-Living Adjustments (COLA): Increase of \$628,257. As discussed at the work session of November 23rd, the combination of increased vacancies and retirements, a tight labor market, greatly increased inflation and increased revenues have resulted in conditions where in order to retain and recruit quality employees, staff is recommending consideration of a mid-year COLA for all employees of 2.5%.
 2. Retirement Payouts: Increase of \$459,588. 15 individuals in the General Fund have or are set to retire the ranks of the City by the end of 2021. They are eligible to receive a payout of their accrued vacation and up to 120 sick days worth of accrued sick leave. The degree of payout depends upon the wage earned by the individual employee and the amount of accrued time.
 3. Vacation Sell-Back: Increase of \$275,718. As a result of the COVID-19 pandemic, a large number of employees in the City accrued vacation time over the last two years and were unable to take it due to various pandemic impacts and restrictions. The City offered a one-time sell-back offer to employees of the City who by November 1st declared they were willing to sell-back 40 hours of accrued vacation time. This one-time benefit will aid in bringing down accrued balances and should aid in managing staffing and overall operations into FY 2022.
 4. Various Expense Modifications: Increase of \$470,715. The remainder of the increase in the General Fund includes various other expense increases including: compensation increase to ease compression (\$9,775), resources to support the City of Franklin Mentoring Program (\$5,000), automation of Purchasing card function (\$15,600), additional money to purchase and

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- i. Revenues: Increase of \$866,444. With the completion of Fire Station 7, this amount is the amount owed to the City of Franklin from Williamson County for the construction of an ambulance bay and the county's share of the driveway apron. This amount should be received by the end of FY 2022.

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E. Hotel/Motel Tax Fund:

- i. Expenses: Increase of \$305,000 for two projects - \$45,000 for a Wayfinding sign initiative and \$260,000 for new parking controllers/counters for the 2nd and 4th Avenue garages. These will be covered by existing resources already appropriated to the fund from American Rescue Plan Act (ARPA) monies received in May 2022 by the City. A further report on ARPA funds will be presented at the December 2nd Budget & Finance Committee meeting and the December 14th Board of Mayor and Alderman meeting.

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- i. Revenues: Increase of \$112,818. While there were also minor implementation errors within the Water Management Fund as well (estimated reduction of revenue of \$38,221) collections to date have exceeded expectations and the net increase in revenues of \$112,818 covers expenses increases as shown next.

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3. Retiree Payout: Increase of \$58,328.

Offsetting these increases is the balance of \$48,864 in unused allocation of wage adjustments from the beginning of the year from the General Departments of the Water Management.

This is the second budget amendment during this Fiscal Year to the budget. We envision at least one more during the Fiscal Year.

Financial Impact

The amendments, as proposed, would result in:

1. General Fund: No Change.
2. Sanitation & Environmental Services Fund: Decrease of Fund Balance of \$68,596.
3. City Facilities Tax Fund: Increase of Fund Balance of \$866,444.
4. Stormwater Fund: Decrease of Fund Balance of \$43,613.
5. Hotel/Motel Tax Fund: Decrease of Fund Balance of \$305,000.
6. Water & Wastewater Funds: No change.

Options

1. Approve amendment(s) as proposed.
2. Make changes to the amendment(s) where desired.

Recommendation

Staff recommends approval of the amendments.

ORDINANCE NO. 2021 – 50

TO BE ENTITLED: “AN ORDINANCE TO AMEND THE BUDGET OF THE CITY OF FRANKLIN FOR FISCAL YEAR 2021-2022”

WHEREAS, the City Charter, Article VIII, provides for adoption of an annual budget for departments of the City of Franklin; and

WHEREAS, an annual budget process appropriating funds to the various departments and divisions of the City government for the fiscal year beginning July 1, 2021 has been completed in accordance with state law and local ordinances; and

WHEREAS, the Board of Mayor and Aldermen find it is in the best interests of the citizens of the City of Franklin to modify the annual budget from time to time.

NOW, THEREFORE BE IT ORDAINED, by the Board of Mayor and Aldermen of the City of Franklin, Tennessee:

SECTION I: That the annual budget for the City of Franklin for the Fiscal Year 2021-2022 shall be amended and does allocate and appropriate additional funding as follows:

GENERAL FUND **REVENUE**

[Amendments 1, 2, 3, 4 & 5]

Local Option Sales Tax	Increase	\$ 1,549,108
Advanced Transportation Controller Grant	Increase	\$ 247,000
Insurance Proceeds	Increase	\$ 38,170

EXPENDITURES

Court Personnel	Increase	\$ 27,114
Administration Personnel	Increase	\$ 63,438
Revenue Management Personnel	Increase	\$ 26,420
Facilities Personnel	Increase	\$ 7,664
Facilities Expenses	Increase	\$ 110,000
Communications Personnel	Increase	\$ 6,526
Purchasing Personnel	Increase	\$ 5,667
Purchasing Expenses	Increase	\$ 15,600
Information Technology Personnel	Increase	\$ 44,560
Law Personnel	Increase	\$ 32,774
Finance Personnel	Increase	\$ 31,893
Finance Expenses	Increase	\$ 41,340
Engineering Personnel	Increase	\$ 93,082
Traffic Operations Center Personnel	Increase	\$ 6,117
Traffic Operations Center Expenses	Increase	\$ 247,000
Human Resources Personnel	Increase	\$ 79,657
Human Resources Expenses	Increase	\$ 5,000
Planning & Sustainability Personnel	Increase	\$ 72,220
Building & Neighborhood Services Personnel	Increase	\$ 105,172
Police - Admin Personnel	Increase	\$ 58,454
Police - CID Personnel	Increase	\$ 58,685
Police - Patrol Personnel	Increase	\$ 137,915
Fire Personnel	Increase	\$ 396,181
Fire Expenses	Increase	\$ 42,000
Street - Maintenance Personnel	Increase	\$ 40,359
Street - Traffic Personnel	Increase	\$ 16,508
Street - Fleet Personnel	Increase	\$ 13,616
Parks Personnel	Increase	\$ 48,417

Net Increase (Decrease) to Total General Fund Balance

\$ -

**SANITATION & ENVIRONMENTAL
SERVICES FUND
REVENUE**

[Amendments 1, 2, 3, 4 & 5]

Customer Service Fees	Decrease	\$ (3,763)
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EXPENDITURES

SES Administration Personnel	Increase	\$ 17,090
SES Administration Expenses	Increase	\$ 12,362
SES Collection Personnel	Increase	\$ 30,977
SES Disposal Personnel	Increase	\$ 4,405

Net Increase (Decrease) to Sanitation & Environmental Services Fund Balance		\$ (68,596)
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**CITY FACILITIES TAX FUND
REVENUE**

[Amendment 1]

Contributions from Williamson County	Increase	\$ 866,444
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EXPENDITURES

Net Increase (Decrease) to City Facilities Tax Fund Balance		\$ 866,444
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**STORMWATER FUND
REVENUE**

[Amendments 1, 2 & 4]

Customer Service Fees	Decrease	\$ (18,038)
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EXPENDITURES

Stormwater - Streets Personnel	Increase	\$ 18,158
Stormwater – Engineering Personnel	Increase	\$ 7,417

Net Increase (Decrease) to Stormwater Fund Balance		\$ (43,613)
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**HOTEL MOTEL TAX FUND
REVENUE**

[Amendment 5]

EXPENDITURES

Wayfinding Signage	Increase	\$ 45,000
Parking Controllers	Increase	\$ 260,000

Net Increase (Decrease) to Hotel Motel Tax Fund Balance		(\$ 305,000)
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**WATER & WASTEWATER FUND
REVENUE**

[Amendments 1, 2, 3 & 4]

Customer Service Fees	Increase	\$ 112,818
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EXPENDITURES

Utility Billing Personnel	Increase	\$ 1,784
Water Distribution Personnel	Increase	\$ 17,830
Water Plant Personnel	Increase	\$ 73,794

Water General	Decrease	\$ (27,777)
Utility Administration Personnel	Increase	\$ 24,479
WasteWater Collector Personnel	Increase	\$ 23,586
WasteWater Plant Personnel	Increase	\$ 20,209
WasteWater General	Decrease	\$ (21,087)

Net Increase (Decrease) to Total Water & Sewer Fund Balance \$ -

SECTION II: That each department of the City shall limit its expenditures to the amount appropriated; that any changes or amendments to the appropriations set forth in the budget shall be made in accordance with the City Code, Article VIII.

SECTION III: That this Ordinance shall take effect on after the passage of the Third and Final Reading; the health, safety and welfare of the citizens of the City of Franklin requiring it.

ATTEST:

CITY OF FRANKLIN, TENNESSEE

By: _____
ERIC S. STUCKEY
City Administrator

By: _____
DR. KEN MOORE
Mayor

Approved as to form:

Shauna R. Billingsley, City Attorney

PASSED FIRST READING: _____
PUBLIC HEARING: _____
PASSED SECOND READING: _____
PASSED THIRD READING: _____



File #: 21-02633

DATE: November 14, 2021
TO: Budget & Finance Committee
FROM: Mike Lowe, Comptroller
SUBJECT:

Report Of American Rescue Plan Act (ARPA) Grant Funds To The City Of Franklin.

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning American Rescue Plan grant funding to City of Franklin

BACKGROUND/STAFF COMMENTS:

The American Rescue Plan became law on March 11, 2021. It provided \$350 billion in Coronavirus fiscal recovery funds to state and local governments. Of this amount, \$65.1 billion was allocated to cities. The allocation for the City of Franklin is \$9.2 million. The City received the first payment of \$4.6 million in May 2021 and anticipates receiving the second payment of \$4.6 million in May 2022. We are one of 18 Tennessee cities designated a metropolitan city that receive funds directly from the U.S. Treasury. The law provided four general uses (respond to the emergency, provide premium pay, government services due to lost revenue, and water, sewer or broadband infrastructure).

Additional guidance on the law from the U.S. Treasury in May 2021 showed how to calculate if a city had revenue loss and provided more detail about using the funds for revenue loss or other eligible uses.

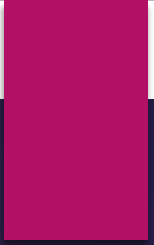
The City included initial uses of the funds in the 2022 original budget. These included funds for premium pay of a \$1,000 net pay amount, street aid services due to fuel tax revenue loss, hotel/motel services due to hotel/motel tax loss, and water/sewer infrastructure.

FINANCIAL IMPACT:

The City is allocated \$9.2 million in grant funds to be obligated (contracted or awarded) by December 31, 2024 and spent by December 31, 2026.

RECOMMENDATION:

This is a report on the grant funds only. Uses of the funds are being determined for approval. (Initial uses have been included in the 2022 original budget.)



AMERICAN RESCUE PLAN GRANT FUNDING TO CITY OF FRANKLIN

American Rescue Plan Act (ARPA)



Coronavirus State and Local Fiscal Recovery Funds

The American Rescue Plan will deliver \$350 billion for eligible state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and bring back jobs.

Became law on March 11, 2021

Of the \$350 billion, \$65.1 billion was allocated to cities, towns, and villages.

**City of Franklin was allocated over \$9.2 million
(to be received in 2 equal payments)**

Payment 1 of \$4.6 million was received in May 2021.

Payment 2 of \$4.6 million is anticipated to be received in May 2022.

Note: We are 1 of 18 Tennessee cities designated as a metropolitan city that receive the funds directly from the U.S. Treasury. (Most cities go through the State.)

The law provided 4 general uses for the funds.

(Additional guidance
would come later
from the U.S.
Treasury):

1. Respond to public health emergency
2. Provide premium pay to eligible workers
3. Government services due to reduction of revenue
4. Water, sewer, or broadband infrastructure

Potential Uses were included in the 2022 Budget

The approved 2022 Budget included 4 uses based on the law:

1. \$1,000 net premium pay funded in part by ARPA.
2. Revenue replacement in the Street Aid Fund.
3. Revenue replacement in the Hotel/Motel Tax Fund.
4. \$1,000,000 for W&S projects.

These uses were developed from best information in the law as the U.S. Treasury did not provide additional guidance until May 2021.

From the U.S. Treasury guidance in May 2021

◆ We learned what the funds could not be used for:

- ◆ Cannot reimburse expenses (for public health emergency or negative economic impacts) prior to March 3, 2021.
- ◆ Cannot make contributions to rainy day funds or other reserve funds. (Has to be spent.)
- ◆ Cannot pay debt.
- ◆ Cannot be deposited into a pension fund.
- ◆ Cannot be used to offset reduction in net tax revenue.
- ◆ Cannot be non-Federal match for federal programs unless specified.

What has been spent so far and when does all need to be spent?

- ◆ We paid the \$1,000 net premium pay on July 23, 2021. For the 432 eligible employees, the grant paid \$661,000. (Remaining employees were paid with budgeted non-grant funds.)
- ◆ We are following the grant's reporting requirements and reported this amount spent on our interim report in August 2021.
- ◆ Of the 1st \$4.6 million funding, just under \$4 million remains unspent.
- ◆ The grant funds must be obligated (contracted or awarded) by December 31, 2024 and spent by December 31, 2026.

Did the City have grant-eligible revenue loss? **Yes.**

- ◆ The U.S. Treasury guidance required a comparison of actual calendar year 2020 revenue to estimated calendar year 2020 revenue if there had not been a pandemic. The difference was calculated revenue loss. (Revenue loss allows the City to use the grant funds on general government services impacted by the lost revenue as were included in the 2022 budget.)
- ◆ The calculation used fiscal year 2019 revenue times a 4.1% growth factor to calculate calendar year 2020 estimated revenue.
- ◆ The calculation returned a revenue loss for the City. We were not sure if we would have revenue loss as development revenue continued to come in during the pandemic.

**Of the \$9.2 million,
up to \$7.5 million
can be used toward
revenue
replacement**

**Excluded in the revenue loss
calculation was:**

- 1. Federal revenue from
transportation grants and
recovery bond subsidies,**
- 2. Water revenue (but not
sewer revenue), and**
- 3. Transit revenue**

ARPA Revenue Replacement Calculator

Background Information

1) Fiscal Year End

June

Base Year Revenue Period

6/30/2019

2) Calculation Date

12/31/2020

Number of Months

18

Notes:

FY used for base year calculation

Months between Base Year and Calculation Date

Estimate Revenue

3) Base Year Revenue

\$ 144,160,655

[Use Worksheet to Calculate](#)

4) Growth Rate

4.1%

[Use Worksheet to Calculate](#)

Counterfactual Revenue

\$ 153,116,799

Estimated Revenue Without Pandemic

5) Actual Revenue

\$ 145,558,528

[Use Worksheet to Calculate](#)

Reduction in Revenue

Revenue Reduction

\$ 7,558,271

Revenue Reduction %

-4.9%

Fiscal Year Ended

12/31/2020

Using Funds for Revenue Replacement (up to \$7.5 million)

- ◆ *Funds [under revenue replacement] are to be used for government services that include, but are not limited to, maintenance or pay-go funded building of infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.*
- ◆ **Original 2022 budget included funds for revenue replacement of:**
 - ◆ A. \$50,000 to Street Aid (for street maintenance) and
 - ◆ B. \$1,000,000 to Hotel/Motel.

Eligible Uses of Funds other than Revenue Replacement

- ◆ **Can use for Water & Sewer projects.**
 - ◆ Original 2022 budget includes \$1 million.
- ◆ **Can use for Premium Pay**
 - ◆ Spent \$600,000 for \$1,000 net pay.
- ◆ **Can use for Public Health**
 - ◆ Covid Sick Pay after March 3, 2021, would be eligible.
- ◆ **Can use for negative economic impacts.**
 - ◆ Use to address an economic harm resulting from or exacerbated by the public health emergency.
- ◆ **Can use for services to disproportionately impacted communities.**
 - ◆ on certain populations, geographies, and economic sectors.



File #: 21-02632

DATE: November 14, 2021
TO: Budget & Finance Committee
FROM: Eric Stuckey, City Administrator
Mike Lowe, Comptroller
Margaret Wilson, Financial Analyst

SUBJECT:

Monthly Reports For December 2021.

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Budget and Finance Committee concerning critical revenue streams that influence performance versus budget.

BACKGROUND/STAFF COMMENTS:

Beginning with the executive summary, the reports include:

- Schedule 1: Local Sales Tax - September 2021
- Schedule 2: Building Permits - October 2021
- Schedule 3: Road Impact Fees - October 2021
- Schedule 4: Facilities Tax (City) - October 2021
- Schedule 5: Facilities Tax (County) - October 2021
- Schedule 6: Gasoline Tax (Street Aid Fund) - September 2021
- Schedule 7: Hotel/Motel Tax - September 2021
- Schedule 8: Conference Center - October 2021

FINANCIAL IMPACT:

There is no financial impact from the reports. Reports are provided to show any variance from budget.

RECOMMENDATION:

There is no staff recommendation. Reports are for information only.



City of Franklin
Monthly Reports for December 2021
EXECUTIVE SUMMARY

Schedule 1: Local Sales Tax (September 2021)

The local sales tax remittance from the State of Tennessee for September 2021 sales (received by the City in November 2021) was \$4,794,161 compared to \$3,022,499 for the same month in FY 2021, a monthly year over year increase of \$1,771,661 or 58.6%. September is the 6th consecutive month over \$4 million. (The City began receiving its portion of additional 0.5% local sales tax rate in April 2021)

The year-to-date increase over last fiscal year is 54.0%.

Schedule 2: Building Permits (October 2021)

2022 year-to-date is less than 2021 by 16.1%, and compared to 2022 budget is less by 8.7%.

Schedule 3: Road Impact Fees * (October 2021)

Combined 2022 year-to-date compared to 2021 is 83.4% more, and compared to 2022 budget is more by 225.8%. By quadrant, Arterial Area 2022 year-to-date compared to 2021 is 98.5% more, and compared to 2022 budget is more by 192.3%. Coll Area 1 2022 year-to-date compared to 2021 is 378.9% more, and compared to 2022 budget is more by 917.9%; Coll Area 2 2022 year-to-date compared to 2021 is 51.6% less, and compared to 2022 budget is more by 23.8%; Coll Area 3 2022 year-to-date compared to 2021 is 9.9% more, and compared to 2022 budget is more by 184.8%; Coll Area 4 2022 year-to-date compared to 2021 is 49.1% more, and compared to 2022 budget is more by 26.2%.

Schedule 4: Facilities Tax (City) * (October 2021)

2022 year-to-date compared to 2021 is 6.5% more, and compared to 2022 budget is more by 3.0%.

Schedule 5: Facilities Tax (County) * (October 2021)

2022 year-to-date compared to 2021 is 19.5% more, and compared to 2022 budget is 43.9% more.

Schedule 6: Gasoline Taxes (State Street Aid Fund) (September 2021)

The gasoline tax remittance from the State of Tennessee for September 2021 sales (received by the City in November 2021) was \$260,944 compared to \$236,657 for the same month in FY 2021, an increase of \$24,288 or 10.3%. For budget comparisons, the City anticipated collections of \$207,151 for September 2021, a difference of \$53,793 more, or 26.0%. The year-to-date increase from last fiscal year is 12.0%.

Schedule 7: Hotel/Motel Tax (September 2021)

2022 year-to-date compared to 2021 is 93.2% more, and compared for 2022 budget is more by 60.8%.

Schedule 8: Conference Center (October 2021)

The City's ½ share of the gain for October 2021 was \$88,432. In October 2020, the City's ½ share of the loss was \$28,058.

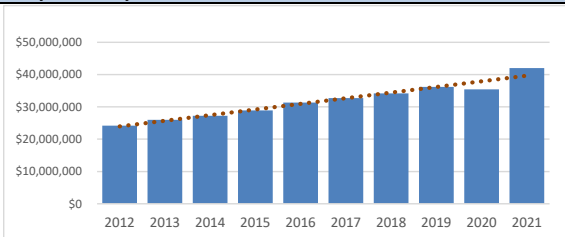
* Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

TENNESSEE					
Schedule 1:	Local Sales Tax	Fund	General	Account:	110-31300-00000

Summary: Tennessee Code Annotated 67-6-702 authorizes the levy of a local sales tax. The maximum rate authorized is 2.75%. The current rate increased from 2.25% to the maximum of 2.75% effective April 1, 2018. The tax is applied only to the first \$1,600 of any single article of personal property. The City receives 1/2 of the 2.75% 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. Beginning with April 2018 taxes, the City contributes its share of the .5% increase to the County's School Debt Service. The County withholds the contribution for school debt service from the amount remitted to the City. The 36 month contribution period ended with March 2021 sales (received in May 2021).

Monthly Report for December 2021: The local sales tax remittance from the State of Tennessee for September 2021 sales (received by the City in November 2021) was \$4,794,161 compared to \$3,022,499 for the same month in 2020, a monthly year over year increase \$1,771,661, or 58.6% more. November receipts (September sales) are the third month of the FY 2022 fiscal year for both the City of Franklin and the State of Tennessee.

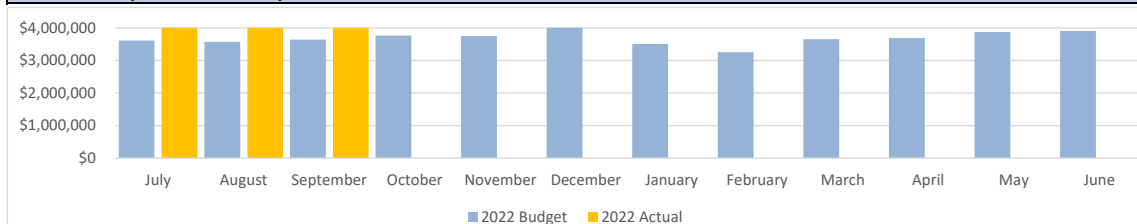
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year	Contribution to County School Debt .5% Apr 2018-Mar 2021
2012	\$24,197,413	\$1,476,747	6.5%	
2013	\$25,995,733	\$1,798,320	7.4%	
2014	\$27,254,742	\$1,259,009	4.8%	
2015	\$28,943,994	\$1,689,252	6.2%	
2016	\$31,309,366	\$2,365,372	8.2%	
2017	\$32,694,268	\$1,384,902	4.4%	
2018	\$34,151,972	\$1,457,704	4.5%	\$1,692,308
2019	\$36,168,178	\$2,016,206	5.9%	\$7,052,013
2020	\$35,453,379	(\$714,799)	-2.0%	\$7,430,205
2021	\$41,999,727	\$6,546,348	18.5%	\$6,298,283

Average Increase (Decrease)	\$ 1,927,906	6.4%	\$ 22,472,809
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FY21 Month by Month Summary



Month	2021 Actual	2022 Budget	2022 Actual	\$ Inc./ (Dec.) from 2021 Actual	% Inc./ (Dec.) from 2021 Actual	\$ Inc./ (Dec.) from 2022 Budget	% Inc./ (Dec.) from 2022 Budget
July	\$3,000,773	\$3,614,963	\$4,616,865	\$1,616,092	53.9%	\$1,001,902	27.7%
August	\$2,915,576	\$3,573,188	\$4,357,269	\$1,441,693	49.4%	\$784,081	21.9%
September	\$3,022,499	\$3,641,883	\$4,794,161	\$1,771,661	58.6%	\$1,152,278	31.6%
October	\$3,186,150	\$3,762,987					
November	\$3,085,542	\$3,750,795					
December	\$4,372,683	\$4,882,701					
January	\$3,007,164	\$3,508,337					
February	\$2,550,960	\$3,257,961					
March	\$3,595,329	\$3,656,909					
April	\$4,323,776	\$3,686,853					
May	\$4,446,675	\$3,876,215					
June	\$4,492,599	\$3,908,774					
	\$41,999,727	\$45,121,566	\$13,768,295	\$1,609,815	54.0%	\$979,420	27.1%
	<i>Total</i>	<i>Total</i>	<i>Total</i>	<i>Average</i>	<i>Average</i>	<i>Average</i>	<i>Average</i>
				\$4,829,446		\$2,938,261	
				<i>Total</i>		<i>Total</i>	



City of Franklin

Finance Department - Monthly Reports

Schedule 2:

Building Permits

Fund

General Fund

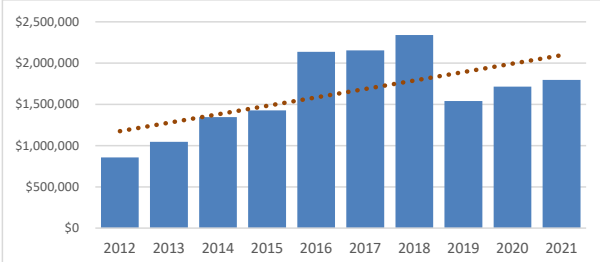
Account:

110-32120-00000

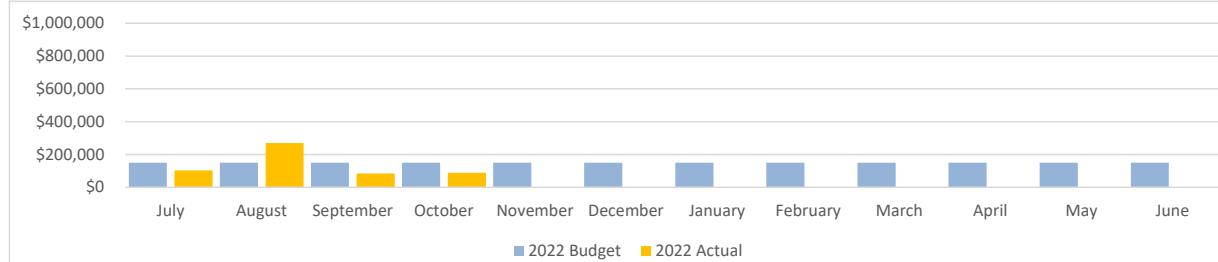
Summary: A part of General Fund Revenues, these fees are paid to the City to offset and pay for the staffing costs borne by the City to extend services due to construction growth. There has been growth in both residential and commercial sides of development. This revenue has been difficult to predict by month because permits are often obtained and fees paid in advance of construction.

Monthly Report for December 2021: 2022 year-to-date is less than 2021 by 16.1%, and compared to 2022 budget is less by 8.7%.

Yearly Summary



FY22 Month by Month Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2012	\$855,409	\$35,298	4.3%
2013	\$1,046,947	\$191,538	22.4%
2014	\$1,343,978	\$297,031	28.4%
2015	\$1,426,188	\$82,210	6.1%
2016	\$2,136,322	\$710,134	49.8%
2017	\$2,153,262	\$16,940	0.8%
2018	\$2,339,364	\$186,102	8.6%
2019	\$1,539,655	(\$799,709)	-34.2%
2020	\$1,714,700	\$175,045	11.4%
2021	\$1,796,670	\$81,970	4.8%

Average Increase (Decrease) \$ 97,656 10.2%

Month	2021 Actual	2022 Budget	2022 Actual	\$ Inc./ (Dec.) from 2021 Actual	% Inc./ (Dec.) from 2021 Actual	\$ Inc./ (Dec.) from 2022 Budget	% Inc./ (Dec.) from 2022 Budget
July	\$117,582	\$149,289	\$103,721	(\$13,861)	-11.8%	(\$45,568)	-30.5%
August	\$220,795	\$149,289	\$269,344	\$48,549	22.0%	\$120,055	80.4%
September	\$148,714	\$149,289	\$84,047	(\$64,667)	-43.5%	(\$65,242)	-43.7%
October	\$163,167	\$149,289	\$88,357	(\$74,810)	-45.8%	(\$60,932)	-40.8%
November	\$152,921	\$149,289					
December	\$192,436	\$149,289					
January	\$192,867	\$149,289					
February	\$83,859	\$149,289					
March	\$125,489	\$149,289					
April	\$128,714	\$149,289					
May	\$124,827	\$149,289					
June	\$145,299	\$149,289					

\$1,796,670	\$1,791,465	\$545,469	(\$26,197)	-16.1%	(\$12,922)	-8.7%
Total	Total	Total	Average	Average	Average	Average
			(\$104,789)		(\$51,686)	
			Total		Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 3:

Road Impact Fees

Fund

Road Impact

Account:

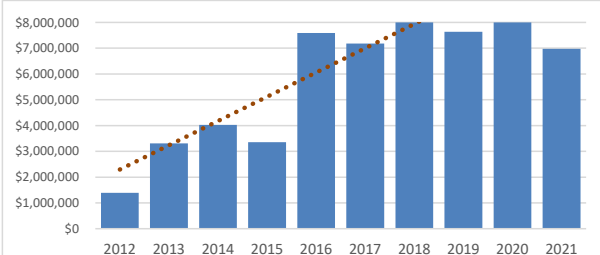
128-(32800-32804)-00000

Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011. Effective 7/1/2017, collections pertaining to collector roads within the 4 quadrants of Franklin began. This report was updated to show those collections when they occur.

Monthly Report for December 2021: 2022 year-to-date compared to 2021 is 83.4% more, and compared to 2022 budget is more by 225.8%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

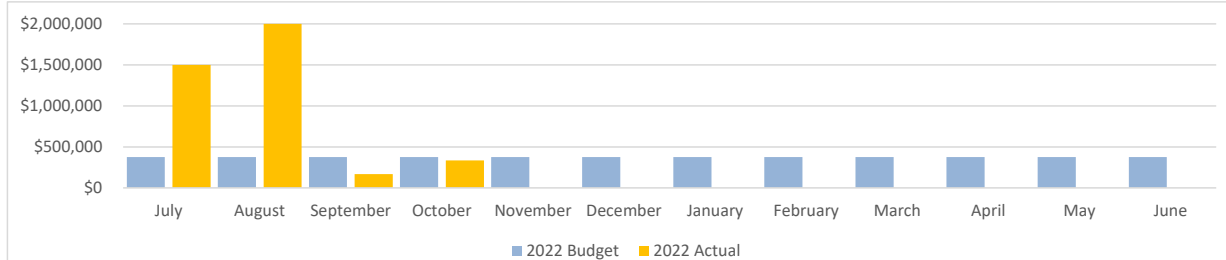
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2012	\$1,391,645	(\$1,075,201)	-43.6%
2013	\$3,306,075	\$1,914,430	137.6%
2014	\$4,021,752	\$715,677	21.6%
2015	\$3,358,431	(\$663,321)	-16.5%
2016	\$7,586,724	\$4,228,293	125.9%
2017	\$7,180,150	(\$406,574)	-5.4%
2018	\$11,585,500	\$4,405,350	61.4%
2019	\$7,638,442	(\$3,947,058)	-34.1%
2020	\$12,251,152	\$4,612,710	60.4%
2021	\$6,975,153	(\$5,275,999)	-43.1%

Average Increase (Decrease) \$ 450,831 26.4%

FY22 Month by Month Summary



Month	2021 Actual	2022 Budget	2022 Actual	\$ Inc./ (Dec.) from 2021 Actual	% Inc./ (Dec.) from 2021 Actual	\$ Inc./ (Dec.) from 2022 Budget	% Inc./ (Dec.) from 2022 Budget
July	\$293,215	\$376,644	\$1,500,963	\$1,207,748	411.9%	\$1,124,319	298.5%
August	\$1,754,297	\$376,644	\$2,906,300	\$1,152,003	65.7%	\$2,529,656	671.6%
September	\$204,516	\$376,644	\$167,232	(\$37,284)	-18.2%	(\$209,412)	-55.6%
October	\$424,492	\$376,644	\$334,640	(\$89,852)	-21.2%	(\$42,004)	-11.2%
November	\$676,229	\$376,644					
December	\$967,922	\$376,644					
January	\$669,382	\$376,644					
February	\$240,025	\$376,644					
March	\$324,314	\$376,644					
April	\$473,171	\$376,644					
May	\$529,120	\$376,644					
June	\$418,470	\$376,644					
	\$6,975,153 Total	\$4,519,728 Total	\$4,909,135 Total	\$558,154 Average	83.4% Average	\$850,640 Average	225.8% Average
				\$2,232,615 Total		\$3,402,559 Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 3A:

Arterial Area

Fund

Road Impact

Account:

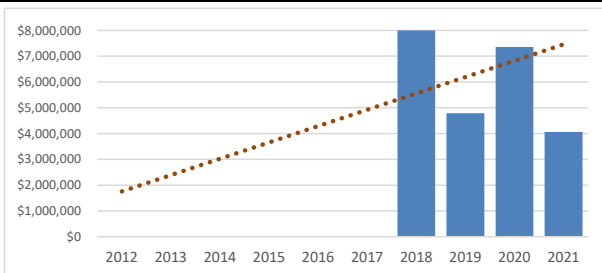
128-32800-00000

Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

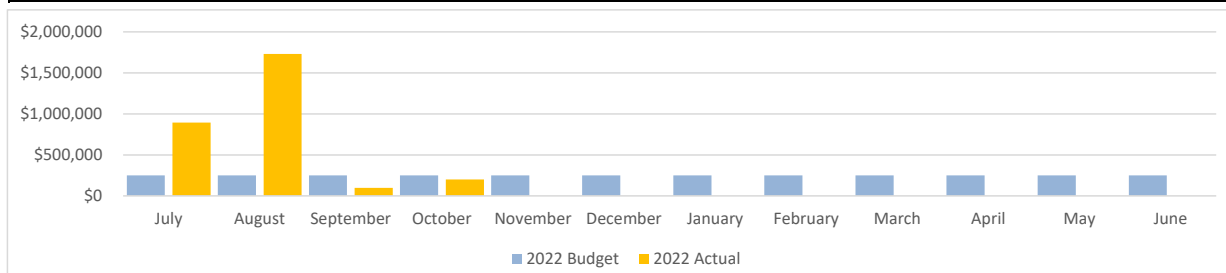
Monthly Report for December 2021: 2022 year-to-date compared to 2021 is 98.5% more, and compared to 2022 budget is more by 192.3%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Yearly Summary



FY22 Month by Month Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2012	Breakdown between Quadrants began in FY 2019.		
2013			
2014			
2015			
2016			
2017			
2018	\$11,585,500	\$11,585,500	100.0%
2019	\$4,785,438	(\$6,800,062)	-58.7%
2020	\$7,359,092	\$2,573,654	53.8%
2021	\$4,061,173	(\$3,297,919)	-44.8%

Average Increase (Decrease) \$ 1,015,293

Month	2021 Actual	2022 Budget	2022 Actual	\$ Inc./ (Dec.) from 2021 Actual	% Inc./ (Dec.) from 2021 Actual	\$ Inc./ (Dec.) from 2022 Budget	% Inc./ (Dec.) from 2022 Budget
July	\$174,511	\$250,000	\$893,993	\$719,482	412.3%	\$643,993	257.6%
August	\$921,741	\$250,000	\$1,731,438	\$809,697	87.8%	\$1,481,438	592.6%
September	\$121,717	\$250,000	\$98,220	(\$23,497)	-19.3%	(\$151,780)	-60.7%
October	\$254,574	\$250,000	\$198,969	(\$55,605)	-21.8%	(\$51,031)	-20.4%
November	\$403,997	\$250,000					
December	\$577,878	\$250,000					
January	\$398,234	\$250,000					
February	\$146,150	\$250,000					
March	\$194,972	\$250,000					
April	\$305,602	\$250,000					
May	\$314,574	\$250,000					
June	\$247,223	\$250,000					
	\$4,061,173	\$3,000,000	\$2,922,620	\$362,519	98.5%	\$480,655	192.3%
	Total	Total	Total	Average	Average	Average	Average
				\$1,450,077		\$1,922,620	
				Total		Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 3B:

Coll Area 1

Fund

Road Impact

Account:

128-32801-00000

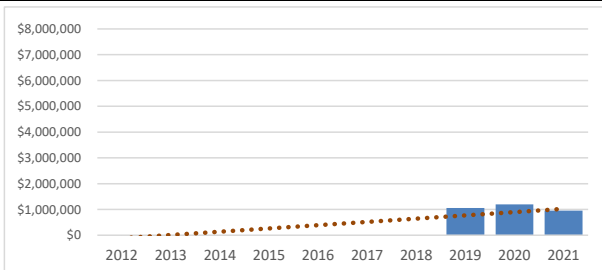
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Coll Area 1 - Area north of Murfreesboro Road/3rd Avenue South and east of East Main Street/Franklin Road and within the corporate boundaries of the city.

Monthly Report for December 2021: 2022 year-to-date compared to 2021 is 378.9% more, and compared to 2022 budget are more by 917.9%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

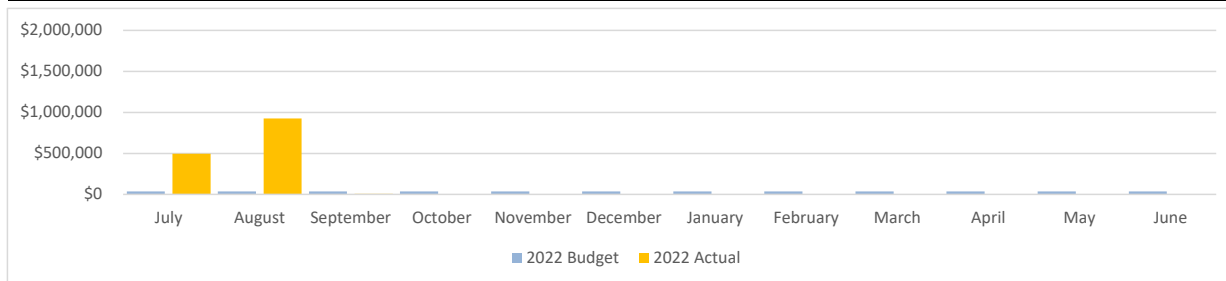
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2012	Breakdown between Quadrants began in FY 2019.		
2013			
2014			
2015			
2016			
2017			
2018			
2019	\$1,057,313	\$1,057,313	100.0%
2020	\$1,200,036	\$142,723	13.5%
2021	\$956,982	(\$243,054)	-20.3%

Average Increase (Decrease) \$ 239,246

FY22 Month by Month Summary



Month	2021 Actual	2022 Budget	2022 Actual	\$ Inc./ (Dec.) from 2021 Actual	% Inc./ (Dec.) from 2021 Actual	\$ Inc./ (Dec.) from 2022 Budget	% Inc./ (Dec.) from 2022 Budget
July	\$8,484	\$35,098	\$494,971	\$486,487	5734.2%	\$459,873	1310.3%
August	\$228,391	\$35,098	\$925,201	\$696,810	305.1%	\$890,103	2536.1%
September	\$20,040	\$35,098	\$5,552	(\$14,488)	-72.3%	(\$29,546)	-84.2%
October	\$41,511	\$35,098	\$3,340	(\$38,171)	-92.0%	(\$31,758)	-90.5%
November	\$154,814	\$35,098					
December	\$230,711	\$35,098					
January	\$23,380	\$35,098					
February	\$42,288	\$35,098					
March	\$31,864	\$35,098					
April	\$82,582	\$35,098					
May	\$83,214	\$35,098					
June	\$9,703	\$35,098					
	\$8,484	\$35,098	\$1,429,064	\$282,660	378.9%	\$322,168	917.9%
	Total	Total	Total	Average	Average	Average	Average
				\$1,130,638		\$1,288,672	
				Total		Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 3C:

Coll Area 2

Fund

Road Impact

Account:

128-32802-00000

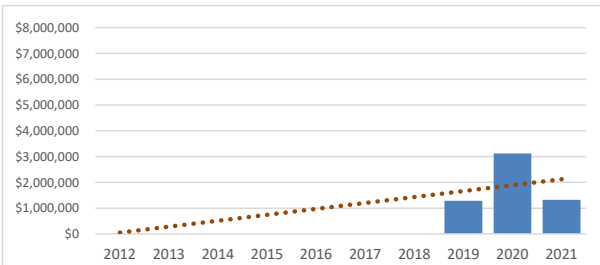
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Coll Area 2 - Area south of Murfreesboro Road/3rd Avenue South and east of Columbia Avenue/Columbia Pike and within the corporate boundaries of the city.

Monthly Report for December 2021: 2022 year-to-date compared to 2021 is 51.6% less, and compared to 2022 budget is more by 23.8%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

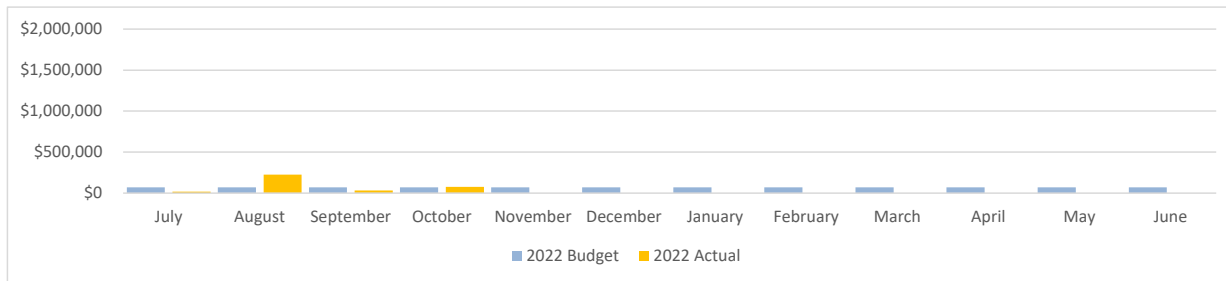
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2012	Breakdown between Quadrants began in FY 2019.		
2013			
2014			
2015			
2016			
2017			
2018			
2019	\$1,282,977	\$1,282,977	100.0%
2020	\$3,118,015	\$1,835,038	143.0%
2021	\$1,326,079	(\$1,791,936)	-57.5%

Average Increase (Decrease) \$ 442,026

FY22 Month by Month Summary



Month	2021 Actual	2022 Budget	2022 Actual	\$ Inc./ (Dec.) from 2021 Actual	% Inc./ (Dec.) from 2021 Actual	\$ Inc./ (Dec.) from 2022 Budget	% Inc./ (Dec.) from 2022 Budget
July	\$70,140	\$70,518	\$16,700	(\$53,440)	-76.2%	(\$53,818)	-76.3%
August	\$540,169	\$70,518	\$224,055	(\$316,114)	-58.5%	\$153,537	217.7%
September	\$45,224	\$70,518	\$33,400	(\$11,824)	-26.1%	(\$37,118)	-52.6%
October	\$66,483	\$70,518	\$75,057	\$8,574	12.9%	\$4,539	6.4%
November	\$66,483	\$70,518					
December	\$139,293	\$70,518					
January	\$190,988	\$70,518					
February	\$33,083	\$70,518					
March	\$46,760	\$70,518					
April	\$46,760	\$70,518					
May	\$23,380	\$70,518					
June	\$57,316	\$70,518					
	\$1,326,079 Total	\$846,216 Total	\$349,212 Total	(\$93,201) Average (\$372,804) Total	-51.6% Average	\$16,785 Average \$67,140 Total	23.8% Average



City of Franklin

Finance Department - Monthly Reports

Schedule 3D:

Coll Area 3

Fund

Road Impact

Account:

128-32803-00000

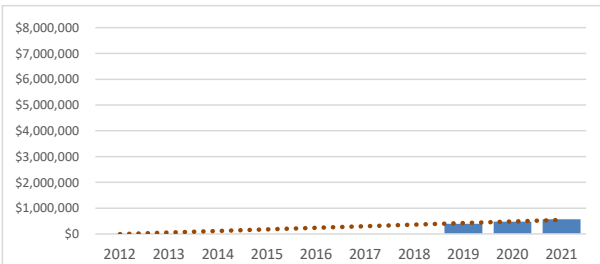
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Coll Area 3 - Area south of New Highway 96W and west of 5th Avenue South and Columbia Avenue/Columbia Pike and within the corporate boundaries of the city.

Monthly Report for December 2021: 2022 year-to-date compared to 2021 is 9.9% more, and compared to 2022 budget are more by 184.8%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

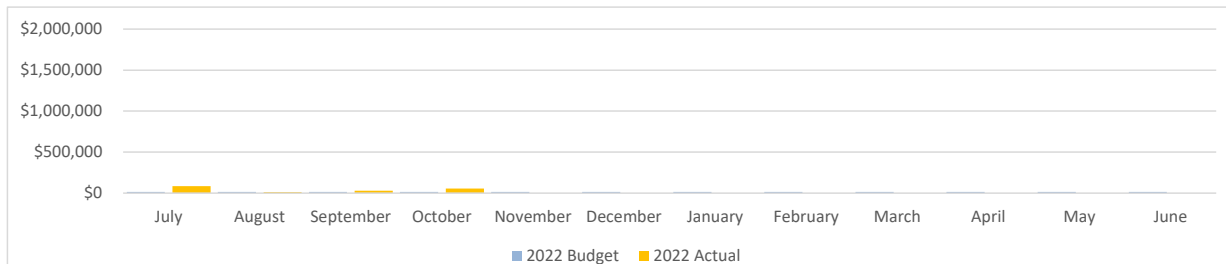
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2012	Breakdown between Quadrants began in FY 2019.		
2013			
2014			
2015			
2016			
2017			
2018			
2019	\$396,897	\$396,897	100.0%
2020	\$472,760	\$75,863	19.1%
2021	\$573,304	\$100,544	21.3%

Average Increase (Decrease) \$ 191,101

FY22 Month by Month Summary



Month	2021 Actual	2022 Budget	2022 Actual	\$ Inc./ (Dec.) from 2021 Actual	% Inc./ (Dec.) from 2021 Actual	\$ Inc./ (Dec.) from 2022 Budget	% Inc./ (Dec.) from 2022 Budget
July	\$33,400	\$16,096	\$84,255	\$50,855	152.3%	\$68,159	423.4%
August	\$57,316	\$16,096	\$12,246	(\$45,070)	-78.6%	(\$3,850)	-23.9%
September	\$17,535	\$16,096	\$30,060	\$12,525	71.4%	\$13,964	86.8%
October	\$58,584	\$16,096	\$56,780	(\$1,804)	-3.1%	\$40,684	252.8%
November	\$47,595	\$16,096					
December	\$20,040	\$16,096					
January	\$53,440	\$16,096					
February	\$15,164	\$16,096					
March	\$37,358	\$16,096					
April	\$31,547	\$16,096					
May	\$104,612	\$16,096					
June	\$96,713	\$16,096					
	\$573,304 Total	\$193,156 Total	\$183,341 Total	\$4,127 Average \$16,506 Total	9.9% Average	\$29,739 Average \$118,956 Total	184.8% Average



City of Franklin

Finance Department - Monthly Reports

Schedule 3E:

Coll Area 4

Fund

Road Impact

Account:

128-32804-00000

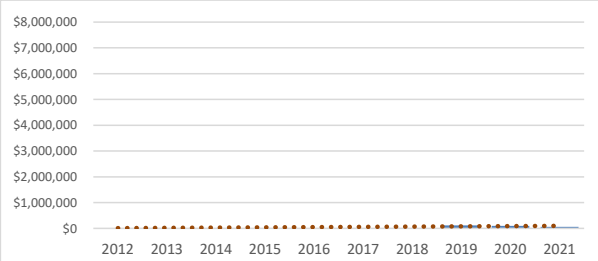
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Coll Area 4 - Area north of New Highway 96W, 5th Avenue North, Main Street and west of East Main Street and Franklin Road and within the corporate boundaries of the city.

Monthly Report for December 2021: 2022 year-to-date compared to 2021 is 49.1% more, and compared to 2022 budget is more by 26.2%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

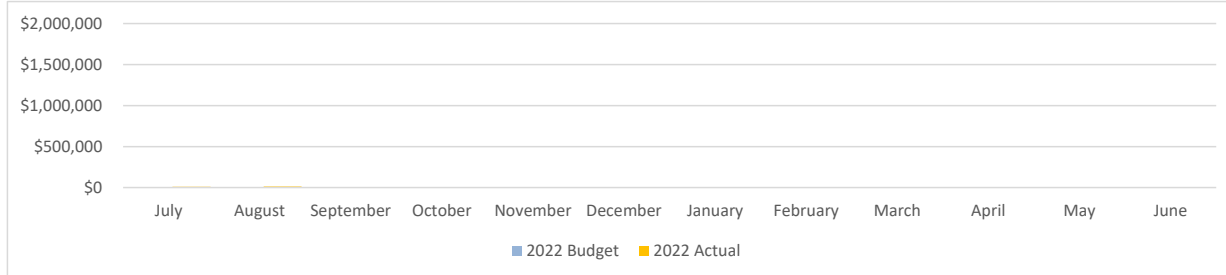
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2012	Breakdown between Quadrants began in FY 2019.		
2013			
2014			
2015			
2016			
2017			
2018			
2019	\$115,817	\$115,817	100.0%
2020	\$101,249	(\$14,568)	-12.6%
2021	\$57,615	(\$43,634)	-43.1%

Average Increase (Decrease) \$ 19,205

FY22 Month by Month Summary



Month	2021 Actual	2022 Budget	2022 Actual	\$ Inc./ (Dec.) from 2021 Actual	% Inc./ (Dec.) from 2021 Actual	\$ Inc./ (Dec.) from 2022 Budget	% Inc./ (Dec.) from 2022 Budget
July	\$6,680	\$4,932	\$11,044	\$4,364	65.3%	\$6,112	123.9%
August	\$6,680	\$4,932	\$13,360	\$6,680	100.0%	\$8,428	170.9%
September		\$4,932				(\$4,932)	-100.0%
October	\$3,340	\$4,932	\$494	(\$2,846)	-85.2%	(\$4,438)	-90.0%
November	\$3,340	\$4,932					
December		\$4,932					
January	\$3,340	\$4,932					
February	\$3,340	\$4,932					
March	\$13,360	\$4,932					
April	\$6,680	\$4,932					
May	\$3,340	\$4,932					
June	\$7,515	\$4,932					
	\$57,615 Total	\$59,179 Total	\$24,898 Total	\$2,050 Average \$8,198 Total	49.1% Average	\$1,293 Average \$5,172 Total	26.2% Average



City of Franklin

Finance Department - Monthly Reports

Schedule 4:

Facilities Tax (City)

Fund

Facilities Tax

Account:

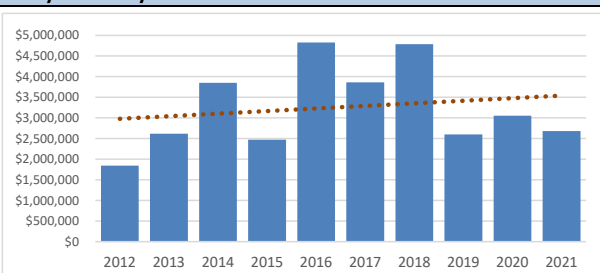
130-31600-00000

Summary: A special revenue fund used to account for the proceeds authorized by a private act of the Tennessee General Assembly of 1987 for the City to levy and collect a privilege tax on new development to provide that new development contribute its fair share of providing new public facilities made necessary by growth. Such taxes may be expended only on police, fire, sanitation, and parks and recreation.

Monthly Report for December 2021: 2022 year-to-date compared to 2021 is 6.5% more, and compared to 2022 budget is more by 3.0%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

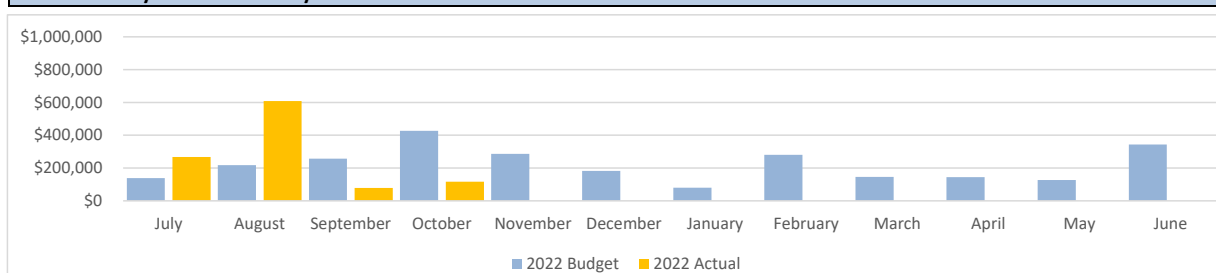
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2012	\$1,845,690	(\$903,237)	-32.9%
2013	\$2,617,339	\$771,649	41.8%
2014	\$3,848,783	\$1,231,444	47.0%
2015	\$2,468,473	(\$1,380,310)	-35.9%
2016	\$4,827,968	\$2,359,495	95.6%
2017	\$3,864,453	(\$963,515)	-20.0%
2018	\$4,788,042	\$923,589	23.9%
2019	\$2,598,810	(\$2,189,232)	-45.7%
2020	\$3,051,110	\$452,300	17.4%
2021	\$2,682,395	(\$368,715)	-12.1%

Average Increase (Decrease) **(\$6,653)** **7.9%**

FY22 Month by Month Summary



Month	2021 Actual	2022 Budget	2022 Actual	\$ Inc./ (Dec.) from 2021 Actual	% Inc./ (Dec.) from 2021 Actual	\$ Inc./ (Dec.) from 2022 Budget	% Inc./ (Dec.) from 2022 Budget
July	\$137,965	\$138,348	\$267,491	\$129,526	93.9%	\$129,143	93.3%
August	\$567,347	\$218,010	\$608,156	\$40,809	7.2%	\$390,146	179.0%
September	\$106,988	\$256,536	\$78,518	(\$28,470)	-26.6%	(\$178,018)	-69.4%
October	\$192,828	\$426,434	\$116,774	(\$76,054)	-39.4%	(\$309,660)	-72.6%
November	\$226,319	\$286,484					
December	\$392,660	\$182,264					
January	\$284,889	\$80,110					
February	\$98,466	\$280,363					
March	\$153,528	\$145,300					
April	\$192,471	\$144,370					
May	\$168,569	\$126,220					
June	\$160,365	\$343,937					
	\$2,682,395	\$2,628,376	\$1,070,939	\$16,453	6.5%	\$7,903	3.0%
	<i>Total</i>	<i>Total</i>	<i>Total</i>	<i>Average</i>	<i>Average</i>	<i>Average</i>	<i>Average</i>
				\$65,811		\$31,611	
				<i>Total</i>		<i>Total</i>	



City of Franklin

Finance Department - Monthly Reports

Schedule 5:

Facilities Tax (County)

Fund

Facilities Tax (County)

Account:

132-31600-00000

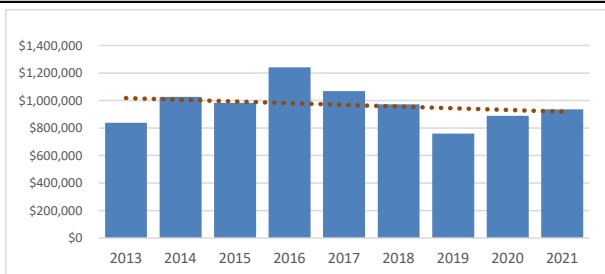
Summary: City's share of Williamson county's Adequate School Facilities Tax. 30% of the proceeds are distributed to the incorporated cities within the county, and an additional 30% is divided pro rata among the incorporated cities based on population in the last decennia census. All funds are to be used for the purpose of providing public facilities, the need for which is reasonably related to new development. The County uses 100% of its amount for public school purposes.

Monthly Report for December 2021: 2022 year-to-date compared to 2021 is 19.5% more, and compared to 2022 budget is 43.9% more.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Note: Recorded in Capital Projects Fund beginning in FY 2011 (as per Resolution 2010-69). In June 2017, the County Facilities Tax Fund was created. Funds remaining in the Capital Projects Fund were transferred to the new fund.

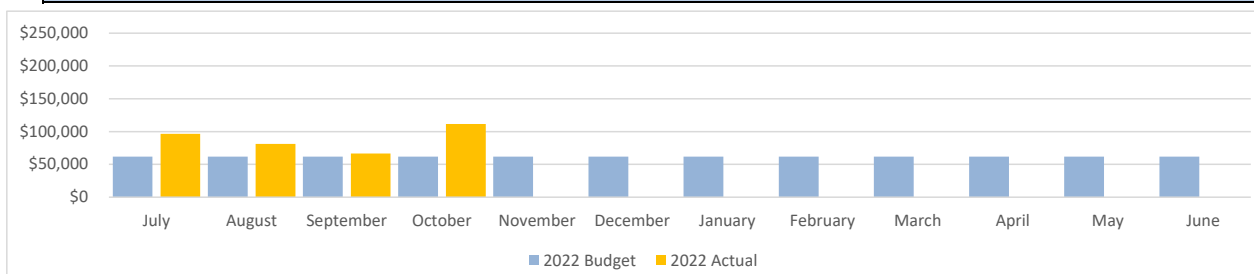
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2012	\$672,961	\$672,961	100.0%
2013	\$838,523	\$165,562	24.6%
2014	\$1,026,933	\$188,410	22.5%
2015	\$982,605	(\$44,328)	-4.3%
2016	\$1,241,241	\$258,636	26.3%
2017	\$1,068,030	(\$173,211)	-14.0%
2018	\$971,814	(\$96,216)	-9.0%
2019	\$759,873	(\$211,941)	-21.8%
2020	\$889,427	\$129,554	17.0%
2021	\$935,555	\$46,128	5.2%

Average Increase (Decrease) \$ 93,556 2.7%

FY22 Month by Month Summary



Month	2021 Actual	2022 Budget	2022 Actual	\$ Inc./ (Dec.) from 2021 Actual	% Inc./ (Dec.) from 2021 Actual	\$ Inc./ (Dec.) from 2022 Budget	% Inc./ (Dec.) from 2022 Budget
July	\$75,154	\$61,887	\$96,643	\$21,490	28.6%	\$34,756	56.2%
August	\$76,068	\$61,887	\$81,278	\$5,210	6.8%	\$19,390	31.3%
September	\$71,681	\$61,887	\$66,755	(\$4,926)	-6.9%	\$4,868	7.9%
October	\$75,341	\$61,887	\$111,605	\$36,264	48.1%	\$49,718	80.3%
November	\$67,124	\$61,887					
December	\$66,672	\$61,887					
January	\$78,759	\$61,887					
February	\$85,447	\$61,887					
March	\$69,059	\$61,887					
April	\$118,831	\$61,887					
May	\$80,941	\$61,887					
June	\$70,479	\$61,887					
	\$935,555	\$742,649	\$356,282	\$14,510	19.5%	\$27,183	43.9%
	Total	Total	Total	Average	Average	Average	Average
				\$58,038		\$108,732	
				Total		Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 6:

Gasoline Tax

Fund

Street Aid

Account:

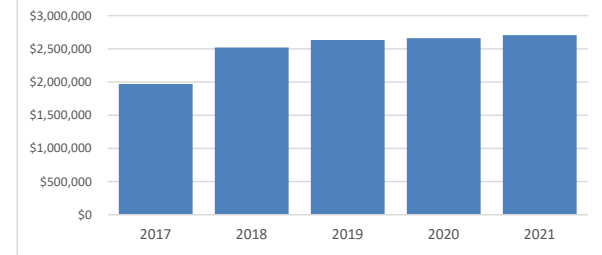
121-33220-00000

Summary: As part of Street Aid Fund Revenues, the City receives a share of the state shared gasoline tax. Gas taxes increased effective July 1, 2017 as part of the IMPROVE Act to help fund state road projects. The tax increased by 4 cents on July 1, and will increase by 1 cent in the next two years. The tax on diesel will increase a total of 10 cents over 3 years.

Monthly Report for December 2021: The gasoline tax remittance from the State of Tennessee for September 2021 sales (received by the City in November 2021) was \$260,944 compared to \$236,657 for the same month in 2020, an increase of \$24,288 or 10.3%.

For budget comparisons, the City anticipated collections of \$207,151 for September 2021, a difference of \$53,793 more, or 26.0%.

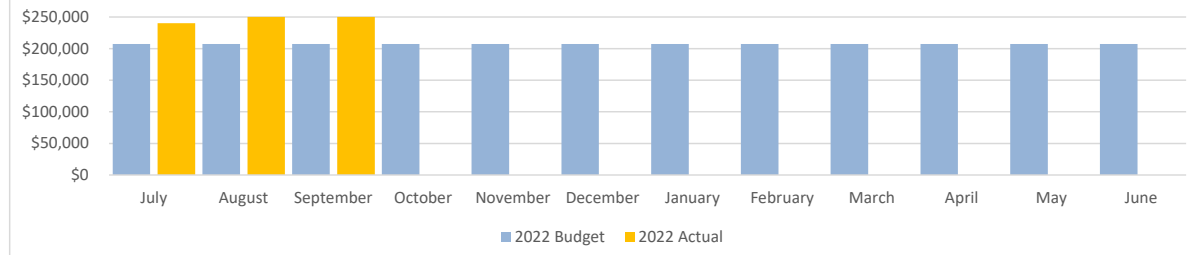
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
	Increase in Gas Tax began July 2017.		
2016	\$1,959,796		
2017	\$1,971,070	\$11,274	0.6%
2018	\$2,520,503	\$549,433	27.9%
2019	\$2,630,997	\$110,494	4.4%
2020	\$2,660,745	\$29,748	1.1%
2021	\$2,706,895	\$46,150	1.7%

Average Increase (Decrease) \$ 149,420 8.8%

FY21 Month by Month Summary



Month	2021 Actual	2022 Budget	2022 Actual	\$ Inc./ (Dec.) from 2021 Actual	% Inc./ (Dec.) from 2021 Actual	\$ Inc./ (Dec.) from 2022 Budget	% Inc./ (Dec.) from 2022 Budget
July	\$224,996	\$207,151	\$240,179	\$15,183	6.7%	\$33,028	15.9%
August	\$227,528	\$207,151	\$270,876	\$43,348	19.1%	\$63,725	30.8%
September	\$236,657	\$207,151	\$260,944	\$24,288	10.3%	\$53,793	26.0%
October	\$224,725	\$207,151					
November	\$213,342	\$207,151					
December	\$227,456	\$207,151					
January	\$209,692	\$207,151					
February	\$181,338	\$207,151					
March	\$222,536	\$207,151					
April	\$242,631	\$207,151					
May	\$244,690	\$207,151					
June	\$251,306	\$207,151					
	\$2,706,895 Total	\$2,485,811 Total	\$771,999 Total	\$27,606 Average \$82,819 Total	12.0% Average	\$50,182 Average \$150,546 Total	24.2% Average



City of Franklin

Finance Department - Monthly Reports

Schedule 7:

Hotel/Motel Tax

Fund

Hotel/Motel Fund

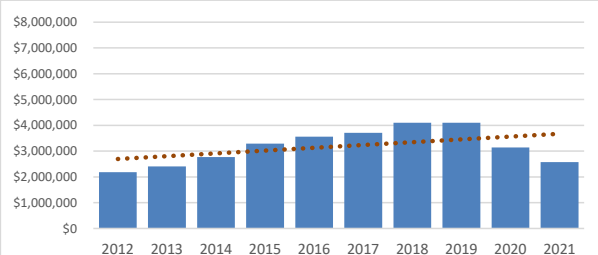
Account:

150-31700-00000

Summary: The Hotel/Motel Fund is a special revenue fund used to account for the locally administered tax levied on the occupancy of hotel and motel rooms, in addition to sales tax. The City of Franklin Hotel/Motel Tax is 4%. During FY 2020, the fund is used to pay debt service on Harlinsdale Farm, Eastern Flank Battlefield and Carter Hill Parks.

Monthly Report for December 2021: 2022 year-to-date compared to 2021 is 93.2% more, and compared to 2022 budget is more by 60.8%.

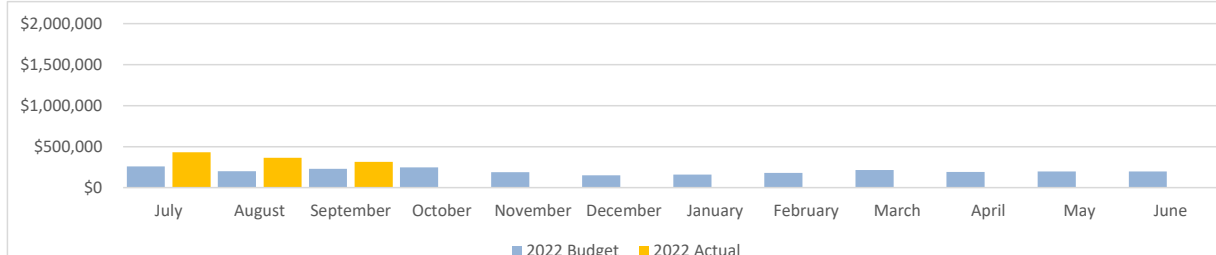
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2012	\$2,185,953	\$268,757	14.0%
2013	\$2,403,775	\$217,822	10.0%
2014	\$2,764,802	\$361,027	15.0%
2015	\$3,291,019	\$526,217	19.0%
2016	\$3,557,971	\$266,952	8.1%
2017	\$3,710,589	\$152,618	4.3%
2018	\$4,097,695	\$387,106	10.4%
2019	\$4,103,235	\$5,540	0.1%
2020	\$3,138,814	(\$964,421)	-23.5%
2021	\$2,575,830	(\$562,984)	-17.9%

Average Increase (Decrease) \$ 65,863 4.0%

FY21 Month by Month Summary



Month	2021 Actual	2022 Budget	2022 Actual	\$ Inc./ (Dec.) from 2021 Actual	% Inc./ (Dec.) from 2021 Actual	\$ Inc./ (Dec.) from 2022 Budget	% Inc./ (Dec.) from 2022 Budget
July	\$269,777	\$259,403	\$431,234	\$161,456	59.8%	\$171,831	66.2%
August	\$138,563	\$201,402	\$362,711	\$224,148	161.8%	\$161,309	80.1%
September	\$165,973	\$229,330	\$315,531	\$149,558	90.1%	\$86,201	37.6%
October	\$209,657	\$246,292					
November	\$138,935	\$189,816					
December	\$139,075	\$151,621					
January	\$136,507	\$158,569					
February	\$145,247	\$180,755					
March	\$228,613	\$216,008					
April	\$270,729	\$191,895					
May	\$335,339	\$196,860					
June	\$397,414	\$197,129					
	\$2,575,830 Total	\$2,419,080 Total	\$1,109,476 Total	\$178,388 Average	93.2% Average	\$139,780 Average	60.8% Average
				\$535,163 Total		\$419,341 Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 8:

Conference Center Profit/(Loss)

Fund

Hotel/Motel

Account:

150-84910-47100

Summary: As part of Hotel/Motel, the City receives half of the profit/(loss) from the Conference Center.

Monthly Report for December 2021: The gain for October 2021 was \$88,432 compared to a loss of \$28,058 for the same month in 2020, an increase of \$116,490.

MONTHLY - Conference Center Financials Jul 20-Jun 21

	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Total
Gross Revenue	311,453	560,162	478,316	699,036									2,048,967
House Profit	40,413	201,472	155,509	280,477									677,871
Less: Fixed Expenses	66,843	68,807	68,561	68,390									272,601
Net Income	(26,430)	132,665	86,948	212,087									405,270
Less: FF&E Reserve 5%	15,573	28,008	23,916	35,224									102,721
Net Cash Flow	(42,003)	104,657	63,032	176,863									302,549
City 1/2	(21,002)	52,329	31,516	88,432									151,275

MONTHLY - Conference Center Financials Jul 19-Jun 20

	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Total
Gross Revenue	145,334	142,794	164,219	140,096	138,304	67,968	52,176	93,151	124,208	424,060	170,891	32,425	1,695,626
House Profit	29,777	30,100	6,206	5,047	(2,455)	(51,305)	(33,054)	(25,387)	(17,563)	166,024	(19,029)	81,118	169,479
Less: Fixed Expenses	53,048	52,547	53,713	54,092	56,446	53,602	52,164	53,082	54,741	57,846	57,575	64,587	663,443
Net Income	(23,271)	(22,447)	(47,507)	(49,045)	(58,901)	(104,907)	(85,218)	(78,469)	(72,304)	108,178	(76,604)	16,531	(493,964)
Less: FF&E Reserve 5%	7,267	7,140	8,211	7,071	6,915	3,332	2,609	4,658	6,210	21,203	8,545	16,206	99,367
Net Cash Flow	(30,538)	(29,587)	(55,718)	(56,116)	(65,816)	(108,239)	(87,827)	(83,127)	(78,514)	86,975	(85,149)	325	(593,331)
City 1/2	(15,269)	(14,794)	(27,859)	(28,058)	(32,908)	(54,120)	(43,914)	(41,564)	(39,257)	43,488	(42,575)	163	(296,666)

MONTHLY Differences - Conference Center Financials

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
City 1/2 Difference	(5,733)	67,122	59,375	116,490								



File #: 21-02692

DATE: November 24, 2021
TO: Budget & Finance Committee
FROM: Kristine Brock, Asst. City Administrator/CFO
SUBJECT:

Proposed Calendar For 2022 Committee Meetings.

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning a proposed calendar for 2022 meetings of the Budget and Finance Committee.

BACKGROUND/STAFF COMMENTS:

In recent years, the Budget & Finance Committee has met on the 2nd Thursday of each month. Exceptions have included July, when the Committee has taken a summer break, November & December, when the meetings are combined into one, and other occasional adjustments primarily due to training dates for City finance staff. The attached proposed 2022 calendar is prepared for your review and consideration. The other decision item for the committee is the preferred start time for the meetings.

FINANCIAL IMPACT:

None.

RECOMMENDATION:

Staff recommends consideration of a proposed schedule for 2022 committee meetings.

City of Franklin, Tennessee
2022 Budget & Finance Committee Meetings

All meetings are scheduled for the 2nd Thursday of each month unless noted below. There is no meeting scheduled for July.

January 13th

February 10th- Departmental Budget Presentations

March 10th- Departmental Budget Presentations

April 14th- Departmental Budget Presentations

May 12th- Presentation of City Administrator's Proposed FY 2023 Budget

June 16th- Request 3rd Thursday due to GFOA conference the prior week

August 11th

September 8th

October 13th

December 1st (combined Nov/Dec meeting)- Report of the External Auditor