



City of Franklin

109 3rd Ave S
Franklin, TN 37064
(615)791-3217

Meeting Agenda Budget & Finance Committee

Thursday, November 29, 2018

2:00 PM

Board Room

Call To Order

1. [18-1224](#) Approval of Minutes from the September 13, 2018 Finance Committee meeting.
2. [18-1213](#) Election of Chairman and Vice-Chairman for 2019
3. [18-1214](#) Consideration of 2019 Meeting Schedule

Sponsors: Kristine Brock
Attachments: [Budget and Finance Committee Schedule 2019](#)
4. [18-1222](#) Consideration of Ordinance 2018-60, 2nd Quarter 2019 Budget Amendments. (11/29/18 Finance 4-0; 12/11/18 BOMA 8-0; 01/08/19 BOMA 7-0) THIRD AND FINAL READING

Sponsors: Eric Stuckey and Michael Walters Young
Attachments: [18-1222 Ord 2018-60 FY 2019 Budget Amendment with Exhibit.Law Approved.](#)
[FY 2019 Budget Amendment #3 Memo](#)
[Impact of 2018-60 - FY 2019 Budget Amendment](#)
5. [18-1188](#) Acknowledge Receipt of 2018 Comprehensive Annual Financial Report (CAFR) for City of Franklin (11/29/18 Finance 4-0)

Sponsors: Eric Stuckey, Kristine Brock and Mike Lowe
Attachments: [DRAFT 11.26.18 City of Franklin Annual Financial Report June 2018](#)
6. [18-1189](#) Acknowledge Receipt of 2018 Comprehensive Annual Financial Report (CAFR) for Cool Springs Conference Center (11/29/18 Finance 4-0)

Sponsors: Eric Stuckey, Kristine Brock and Mike Lowe
Attachments: [DRAFT 1242018 Conference Center at Cool Springs Finstmt June 20182017](#)
7. [18-1221](#) Report in Regards to \$20 million 2007 Series 101-A-1 Local Government Public Improvement Bond Issued by the Public Building Authority

Sponsors: Eric Stuckey and Kristine Brock
Attachments: [2007 Series 101-A-1 Franklin PPT November 2019_Final](#)

8. [18-1050](#) Monthly Reports for November 2018

Sponsors: Eric Stuckey, Kristine Brock and Mike Lowe

Attachments: [Monthly Reports - November 2018.pdf](#)

Other Business

Adjournment

ANYONE REQUESTING ACCOMMODATIONS DUE TO DISABILITIES SHOULD CONTACT A.D.A. COORDINATOR, AT 791-3277 AT LEAST 10 DAYS PRIOR TO THE MEETING, IF POSSIBLE.

City of Franklin, Tennessee
2019 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. Time for Budget Meetings is one hour earlier than the usual 2pm.

January 10th- 2pm

February 14th- 1pm

March 21st (moved from 14th due to TGFOA Spring Institute)- 1pm

April 11th- 1pm

May 9th- 1pm

June 13th- 2pm

August 8th- 2pm

September 12th- 2pm

October 17th (moved from 10th due to TGFOA Fall Conference)- 2pm

November 21st (combined Nov/Dec meeting)- 2pm

November 21, 2018

TO: Members of the Board of Mayor and Aldermen
Members of Budget and Finance Committee

FROM: Eric Stuckey, City Administrator
Kristine Tallent, Assistant City Administrator/Chief Financial Officer
Michael Walters Young, Budget & Strategic Innovation Manager

RE: Consideration of Ordinance 2018-60, 2nd Quarter 2019 Budget Amendments

Purpose

The purpose of this item is to amend the Fiscal Year 2019 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, 2019.

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.

To stay ahead of this responsibility, staff is proposing four budget amendments.

The amendments are as follows:

1. Mack Hatcher Trail: Increase transfers to the Multi-Purpose Capital Projects Fund by \$625,000. This action is to budget the already approved contribution to the State of \$1,250,000 for the multi-use trail to be built along the new Mack Hatcher NW. (The BOMA acted to approve this payment through approval of Amendment #7 to COF Contract 2009-0051.) The resources to pay this contribution will be received from a contribution from Southern Land Corporation and passed through to the State. This is one of two increases to the budget planned – a second contribution will be made in FY 2020 and built into the FY 2020 budget for another \$625,000.
2. State Route 96W Multiuse Trail: Increase Transfers to the Multi-Purpose Capital Projects Fund by \$3,500,000. The total project is forecast to be approximately \$5.3 million, with \$1,800,000 coming to the City through State Transportation grants. Because this route directly connects multiple school facilities, the recommended funding sources for this transfer are \$1,750,000 from the County Facilities Tax Fund (Fund 132 – ending FY 2018 balance totals \$4,804,517) and \$1,750,000 from the General Fund Capital Funding Account (the amount of General Fund Fund balance over 45% totals \$9,462,024).
3. Air Curtain Burner: Increase expenses in the Sanitation and Environmental Services by \$150,000 for purchasing a firebox/air curtain burner. A self-contained, completely assembled above ground Air Curtain Burner (air curtain incinerator or FireBox) with a

refractory lined burn-container for portable and permanent (stationary) applications. Designed for the high temperature burning of forest slash, land clearing debris, green waste, storm debris, and other waste streams in compliance with the requirements of US EPA 40CFR60. This device will be used in lieu of the grinder currently used to chip yard waste, which then after chipping must be hauled away and separately disposed of. Staff has researched a replacement chipper and found it less efficient and more expensive in terms of cost and space taken with materials on site than this solution. Fund balance will be reduced in this fund by \$150,000.

4. Administrative Analyst (Management Intern): Increase Administration budget by \$15,000. This is a request to begin funding an existing authorized part-time position within the Administration department. As the City has continued to grow, the burden placed upon administrative and finance functions to perform ever increasing analytical and organizational studies continues to increase. The City has long considered adding this position under the supervision of the City Administrator through employing a management intern or possibly management fellow through the International City / County Management Association. This position will likely be filled by a recent graduate of a MPA program and provide affordable and professional, research and analytical service to the City. This position would not start until the 4th quarter of FY 2019 (April 2019) at the earliest, but to take advantage of recruiting the best candidates from MPW programs nationally, the City needs to ensure the position will be available as soon as possible to notify those programs candidates of the opportunity. It will be paid via a reduction of expenses within General Expenses.

This is the third budget amendment during this Fiscal Year to the budget. We envision more during the Fiscal Year.

Financial Impact

The amendments, as proposed, would result in:

1. General Fund: Decrease of Fund Balance of \$1,750,000. Budgetarily, this will be a net zero as fund balance will be recognized as a revenue and transfers will increase to the Multi-Purpose Capital Projects Fund.
2. Sanitation and Environmental Services Fund: Decrease of Fund Balance of \$150,000.
3. County Facilities Tax Fund: Decrease of Fund Balance of \$1,750,000.
4. Multi-Purpose Capital Projects Fund: No change.

Options

1. Approve amendment(s) as proposed and forward to BOMA.
2. Make changes to the amendment(s) where desired and forward to BOMA.



MEMORANDUM

Recommendation

Staff recommends approval of the amendments.



City of Franklin, Tennessee

FY 2019 Operating Budget

Impact of Ordinance 2018-60 on Budgets

The following demonstrates the impact of Ordinance 2018-60 on four separate funds: the General Fund, The Sanitation & Environmental Services Fund, the County Facilities Tax Fund & the Multi-Purpose Capital Projects Fund. It is important to note:

- a) The General Fund budget has no impact on the bottom line by these transfers as a result of this amendment. Overall, the Fund Balance will decrease by \$1,750,000.
- b) The Sanitation & Environmental Services Fund will decrease by \$159,195 on the bottom line.
- c) The County Facilities Tax Fund will decrease by \$1,750,000 as a result of this amendment.
- d) The Multi-Purpose Capital Projects Fund has no impact on the bottom line by these transfers as a result of this amendment.

Fund 110 - General Fund

	<u>A</u>	<u>B</u>	<u>C(B-A)</u>	<u>D (B/A)</u>
	2019 Budget	2019 Amended	Difference \$	%
Beginning Estimated Fund Balance*	\$ 49,459,971	\$ 49,459,971	\$ -	0.00%
Revenues	\$ 71,611,784	\$ 73,361,784	\$ 1,750,000	2.44%
Expenses				
Personnel	\$ 51,265,305	\$ 51,265,305	\$ -	0.00%
Operations	\$ 16,371,563	\$ 18,121,563	\$ 1,750,000	10.69%
Capital	\$ 3,974,916	\$ 3,974,916	\$ -	0.00%
Expenses	\$ 71,611,784	\$ 73,361,784	\$ 1,750,000	2.44%
Ending Balance	\$ 49,459,971	\$ 49,459,971	\$ -	0.00%

Fund 124 - Sanitation & Environmental Services Fund

	<u>A</u>	<u>B</u>	<u>C(B-A)</u>	<u>D (B/A)</u>
	2019 Budget	2019 Amended	Difference \$	%
Beginning Estimated Fund Balance*	\$ 1,160,474	\$ 1,160,474	\$ -	0.00%
Revenues	\$ 9,253,111	\$ 9,253,111	\$ -	0.00%
Expenses				
Personnel	\$ 3,334,622	\$ 3,334,622	\$ -	0.00%
Operations	\$ 5,562,538	\$ 5,562,538	\$ -	0.00%
Capital	\$ 439,050	\$ 589,050	\$ 150,000	0.00%
Expenses	\$ 9,336,210	\$ 9,486,210	\$ 150,000	1.61%
Ending Balance	\$ 1,077,375	\$ 927,375	\$ (150,000)	-13.92%



City of Franklin, Tennessee

FY 2019 Operating Budget

Impact of Ordinance 2018-60 on Budgets

Funds 132 - County Facilities Tax

	<u>A</u>	<u>B</u>	<u>C(B-A)</u>	<u>D (B/A)</u>
	2019 Budget	2019 Amended	Difference \$	%
Beginning Estimated Balance*	\$ 4,804,517	\$ 4,804,517	\$ -	0.00%
Revenues	\$ -	\$ -	\$ -	0.00%
Expenses				
Personnel	\$ -	\$ -	\$ -	0.00%
Operations	\$ -	\$ 1,750,000	\$ 1,750,000	100.00%
Capital	\$ -	\$ -	\$ -	0.00%
Expenses	\$ -	\$ 1,750,000	\$ 1,750,000	0.00%
Ending Balance	\$ 4,804,517	\$ 3,054,517	\$ (1,750,000)	-36.42%

Funds 310 & 311 - Multi Purpose Capital Projects Fund

	<u>A</u>	<u>B</u>	<u>C(B-A)</u>	<u>D (B/A)</u>
	2019 Budget	2019 Amended	Difference \$	%
Beginning Estimated Fund Balance*	\$ 6,262,614	\$ 6,262,614	\$ -	0.00%
Revenues	\$ 245,000	\$ 4,370,000	\$ 4,125,000	1683.67%
Expenses				
Personnel	\$ -	\$ -	\$ -	0.00%
Operations	\$ -	\$ -	\$ -	0.00%
Capital	\$ -	\$ 4,125,000	\$ 4,125,000	100.00%
Expenses	\$ -	\$ 4,125,000	\$ 4,125,000	100.00%
Ending Balance	\$ 6,507,614	\$ 6,507,614	\$ -	0.00%

*Estimated starting fund balances from DRAFT FY 2018 Audit.

City of Franklin, Tennessee Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2018

CITY OF FRANKLIN, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

DRAFT

Prepared by:
City of Franklin
Department of Finance

CITY OF FRANKLIN, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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CITY OF FRANKLIN, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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INTRODUCTORY SECTION



HISTORIC
FRANKLIN
TENNESSEE

ADMINISTRATION

Dr. Ken Moore
MayorEric S. Stuckey
City AdministratorHISTORIC
FRANKLIN
TENNESSEE

November 29, 2018

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP). Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Franklin, Tennessee for the fiscal year ended June 30, 2018.

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, have 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, 2018, 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, 2018 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 41 square miles, and serves a population of 70,908 according to the 2017 special census. The City is one of the fastest growing municipalities in the State of Tennessee, with the population increasing by 13% since the 2010 census. The City is empowered to levy both real and personal properties located within its boundaries. In addition, it is empowered by State statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing board and upon request of the property owner.

The City has operated under a Mayor/Board of Aldermen form of government under state charter since 1903. Policy-making and legislative authority are vested in a governing board consisting of the Mayor and eight other members (Aldermen). The Board is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the government's Administrator. The Administrator's responsibilities include carrying out the policies and ordinances of the governing board, preparing an annual budget, and overseeing the day-to-day operations of the government. The Board is elected on a non-partisan basis. Board members serve four year staggered terms, with four Aldermen elected at large and the remaining four elected by ward two years later. The Aldermen elected by wards must live within the ward they represent. The Mayor also serves a term of four years.

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

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

Three meetings of the full board and a public hearing are necessary for approving the budget. Although the legal level of budgetary control is at the fund level, the budget is prepared by fund, function, and department. Additional appropriations in a fund require two readings by the Board, one of which is a public hearing. Budget-to-actual comparisons are provided within this report for each individual governmental fund for which a budget has been adopted. For the General Fund, this comparison is presented beginning on page 21 as part of the basic financial statements. For the other governmental funds with appropriated annual budgets, the comparisons are presented beginning on page 79.

Local economy

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

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

Sufficient vacant property, zoned for retail use, is available for further development. According to the Williamson County Economic Dashboard – July 2018, the area has a low commercial vacancy rate of 7.3% with new "Class A" office space continuing to be developed. The surrounding road network has been vastly improved with many of the upgrades at developer cost.

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

In 2018, Schneider Electric opened new office space of 158,000 square feet to house 900 employees in Franklin. Ramsey Solutions, a financial and personal development corporation, is moving its headquarters and 1,000 employees to Franklin in August 2019.

Long-term financial planning and major initiatives

During FY 2017, the governing body created its first ten-year capital plan. The ultimate intent of this 10-year CIP (FY 2017-2026) 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 to reflect the Board's final decisions. The priorities approved for funding in Phase I of the FY 2017-2026 Capital Investment Program (CIP) are:

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

Phase II of the FY 2019-2028 CIP will be discussed and decided during FY 2019.

In addition, the City received notification from the State of Tennessee in late summer 2018 that the third leg of the loop around Franklin, Mack Hatcher NW, will be bid and construction will proceed in early 2019.

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 \$22.4 million in 2018). 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 \$10.1 million in 2018). 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 FY 2018, policies relating to Travel, Purchasing, Disbursements and Human Resources were updated.

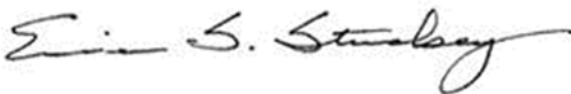
The City continues to explore adopting additional best practice financial policies including budgeting, revenues, economic development, enterprise risk management, capital improvements, and reserves for funds other than the General Fund.

Awards and acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Finance Reporting to the City of Franklin for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the twenty-seventh (27th) consecutive year that the government received this prestigious award. In order to be awarded a Certificate of Achievement, the government is required to publish an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectively submitted,



Eric S. Stuckey
City Administrator

CITY OF FRANKLIN, TENNESSEE
GFOA CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Franklin
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

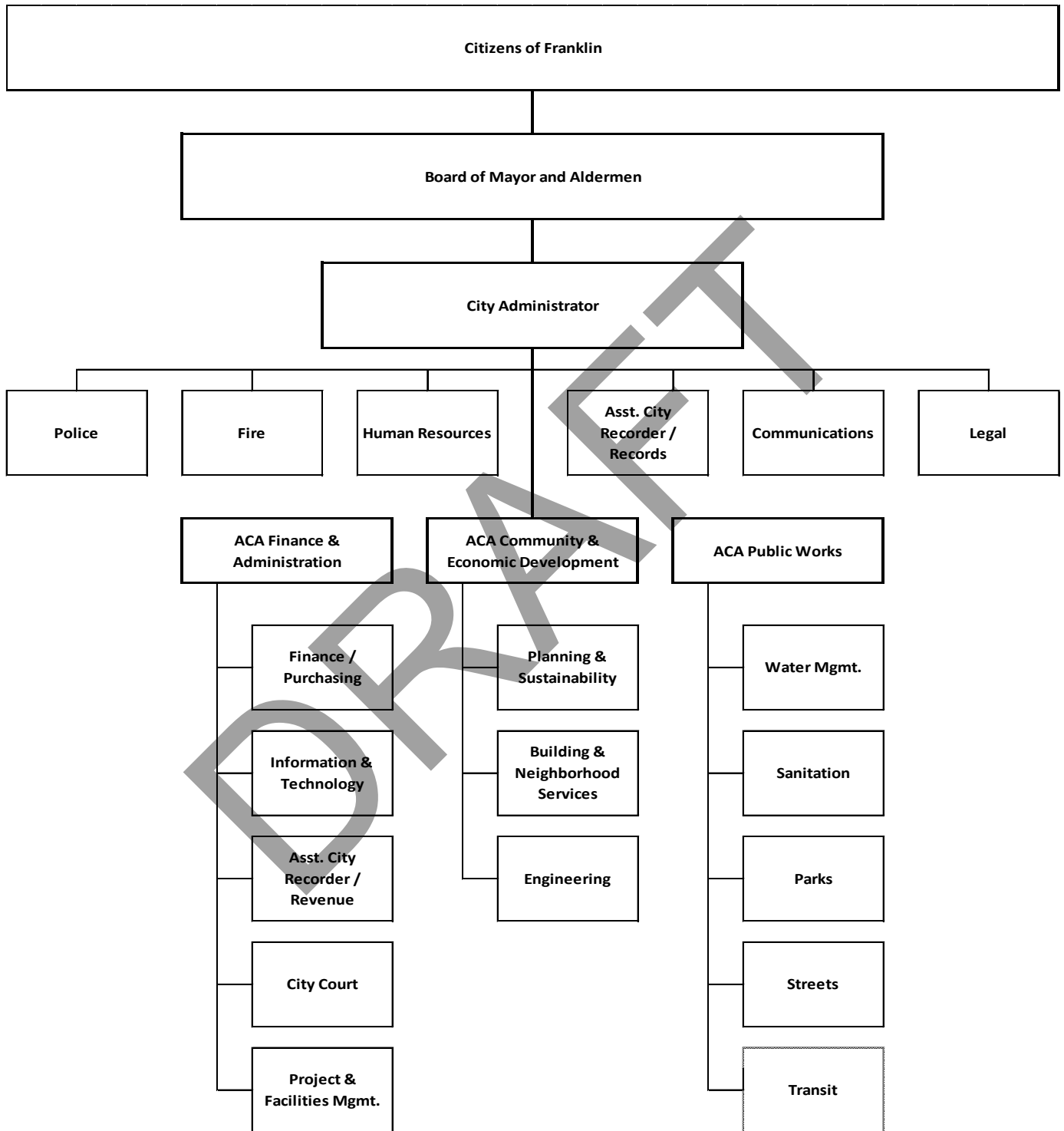
June 30, 2017

Christopher P. Morill

Executive Director/CEO

**CITY OF FRANKLIN, TENNESSEE
ORGANIZATIONAL CHART**

FOR THE FISCAL YEAR ENDED JUNE 30, 2018



**CITY OF FRANKLIN, TENNESSEE
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2018**

Elected Officials

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

Appointed Officials

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

FINANCIAL SECTION



HISTORIC
FRANKLIN
TENNESSEE

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, 2018, (except for the Fiduciary Pension Fund, which is as of December 31, 2017 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, 2018 (except for the Fiduciary Pension Fund which is as of December 31, 2017), and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended (except for the Fiduciary Pension Fund, which is for the year ended December 31, 2017), in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 P to the financial statements, the City adopted Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in fiscal year 2018. Our opinion is not modified with respect to that matter.

Also as discussed in Note 3 P to the financial statements, the City recorded a prior period adjustment to its capital assets in the governmental activities in fiscal year 2018. Our opinion is not modified with respect to that matter.

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, 2017, from which the summarized information was derived. We have previously audited the City's 2017 financial statements, and we expressed an unmodified opinion on those statements in our report, dated December 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year end June 30, 2017, 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 4 through 12, the schedule of changes in total OPEB liability and related ratios on page 70, the schedule of changes in the net pension liability and related ratios – pension plan on pages 71 and 72, the schedule of employer contributions - pension plan on pages 73 and 74, the schedule of investment returns - pension plan on page 75 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 93 through 97 and 118 through 124, 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 93 through 97, 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 93 through 97, and the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, the schedules on pages 118 through 124, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018, 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
November 29, 2018

DRAFT

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

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, 2018. 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 i through iii of this report, and in conjunction with the basic financial statements, starting on page 13 of this report.

Financial Highlights

- **Net Position.** The assets and deferred outflows of resources of the City of Franklin exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$787,031,722, compared to \$746,854,831 in the previous fiscal year. Of this amount, \$99,595,572 (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 \$105,590,178. In the prior year, this amount was \$93,992,478. The increase of \$11,597,700 is due primarily to development-related activity.
- **General Fund – Fund Balance.** At the end of the current fiscal year, fund balance in the General Fund is \$49,459,971, or almost 79% of General Fund expenditures (including transfers to other funds) of \$62,923,226. The fund balance increased \$6,176,829 from the prior year. The primary impacts on the fund balance in 2018 are increased revenue, cost containment measures implemented by the City to stay within current revenues, and budgeted capital costs in the Traffic Operations Center department that were not incurred.
- **Budget.** The City's 2018 original General Fund budget had a draw of \$1,607,887 from accumulated fund balance. Although the final budget anticipated a draw of \$3.0 million, actual results showed an increase in fund balance by \$6.2 million.
- **Capital Assets.** The City has undertaken several infrastructure projects including improvements to Hillsboro Road, 3rd Avenue North Trail/Greenway, and water plant improvements.
- **Debt.** The City's debt (bonds, bond premiums, and capital leases) decreased by \$12,539,463 (from \$198,065,698 to \$185,526,235) during the current fiscal year. There was \$2,149,310 in new bonds, loans, leases, and premiums. A total of \$14,172,891 (\$10,209,394 governmental and \$3,963,497 business-type) debt was repaid and \$515,882 premium 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.

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 13 through 15 of this report.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

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

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

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

The City maintains fourteen (14) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and the Multi-Purpose Capital Project Fund, which are considered to be major funds. Data from the other nonmajor governmental funds is combined into a single, aggregated presentation in the form of combining statements on pages 76 and 77 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 21 through 28, the Special Revenue Funds on pages 79 through 89, and the Debt Service Fund on page 89 to demonstrate compliance.

The *basic governmental fund financial statements* can be found on pages 16 through 20 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 29 through 32 of this report.

Fiduciary Funds. A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The City uses a fiduciary fund to account for its pension 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 33 through 34 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 35 through 69 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 70 through 75 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 76 through 90 of this report.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

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 \$787,031,722 at the close of the most recent fiscal year.

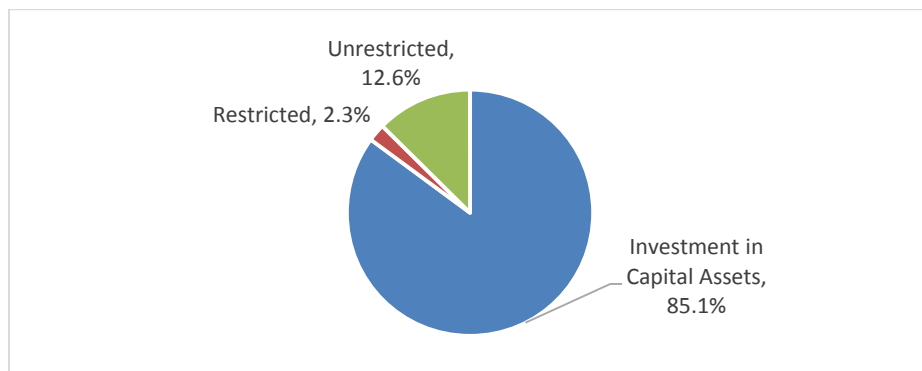
City of Franklin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 149,934,809	\$ 135,715,446	\$ 41,920,390	\$ 45,680,047	\$ 191,855,199	\$ 181,395,493
Capital assets, net of accumulated depreciation	645,865,185	641,670,687	202,651,517	188,876,677	848,516,702	830,547,364
Total assets	795,799,994	777,386,133	244,571,907	234,556,724	1,040,371,901	1,011,942,857
Deferred outflows of resources	15,738,634	14,617,239	2,808,291	2,791,505	18,546,925	17,408,744
Current and other liabilities	18,444,198	18,206,836	3,139,040	3,276,116	21,583,238	21,482,952
Long-term liabilities outstanding	181,085,056	192,441,380	47,158,011	50,128,549	228,243,067	242,569,929
Total liabilities	199,529,254	210,648,216	50,297,051	53,404,665	249,826,305	264,052,881
Deferred inflows of resources	21,699,263	18,443,889	361,536	-	22,060,799	18,443,889
Net position:						
Net investment in capital assets	509,097,550	510,883,814	160,464,694	144,008,929	669,562,244	654,892,743
Restricted	7,208,639	5,228,990	10,665,267	9,757,361	17,873,906	14,986,351
Unrestricted	74,003,922	46,798,463	25,591,650	30,177,274	99,595,572	76,975,737
Total net position	\$ 590,310,111	\$ 562,911,267	\$ 196,721,611	\$ 183,943,564	\$ 787,031,722	\$ 746,854,831

The government's net position increased by \$40,176,891. A portion of the increase is attributed to the acquisition of capital assets (less depreciation and new debt). A significant portion of the remaining increase is from development-related activity revenues and controlled spending through efforts by the City's Board and departments to contain expenses without reducing service levels.

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, \$669,562,244, or 85.1%, 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, \$17,873,906, or 2.3%, represents resources that are subject to external restriction on how they may be used. The remaining balance of \$99,595,572, or 12.6%, is unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors.



**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Governmental and business-type activities increased the City's net position by \$27,398,844 and \$12,778,047, respectively. Key elements of this increase are as follows:

City of Franklin's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 15,339,831	\$ 14,430,345	\$ 30,650,210	\$ 28,803,497	\$ 45,990,041	\$ 43,233,842
Operating grants & contributions	4,333,905	2,729,040	-	-	4,333,905	2,729,040
Capital grants & contributions	13,978,178	10,976,064	11,005,568	9,382,488	24,983,746	20,358,552
General revenues:						
Property taxes	18,621,275	18,023,515	-	-	18,621,275	18,023,515
Sales taxes	34,151,972	32,694,269	-	-	34,151,972	32,694,269
Other taxes and fees	46,850,308	37,168,655	383,165	-	47,233,473	37,168,655
Other	1,757,971	2,059,244	41,046	287,640	1,799,017	2,346,884
Total revenues	135,033,440	118,081,132	42,079,989	38,473,625	177,113,429	156,554,757
Expenses:						
General government:						
Elected officials	332,480	282,123	-	-	332,480	282,123
Administration	1,231,613	561,385	-	-	1,231,613	561,385
Human resources	1,101,869	1,193,032	-	-	1,101,869	1,193,032
Legal	455,753	491,048	-	-	455,753	491,048
Communications	366,611	452,958	-	-	366,611	452,958
Project & facilities management	1,170,752	1,109,682	-	-	1,170,752	1,109,682
Revenue management	219,961	273,544	-	-	219,961	273,544
Finance	804,287	863,803	-	-	804,287	863,803
Information & technology	4,931,812	4,465,981	-	-	4,931,812	4,465,981
Purchasing	213,132	207,506	-	-	213,132	207,506
Court	244,404	388,088	-	-	244,404	388,088
Building & neighborhood services	2,959,894	2,737,738	-	-	2,959,894	2,737,738
Planning	1,405,791	1,567,652	-	-	1,405,791	1,567,652
Engineering	1,169,263	1,013,726	-	-	1,169,263	1,013,726
Traffic operations center	1,074,055	1,128,998	-	-	1,074,055	1,128,998
General	(700,908)	3,728,463	-	-	(700,908)	3,728,463
Police	17,012,348	15,715,821	-	-	17,012,348	15,715,821
Fire	18,887,397	17,431,159	-	-	18,887,397	17,431,159
Parks	6,026,047	5,497,455	-	-	6,026,047	5,497,455
Streets-maintenance	29,434,920	27,553,529	-	-	29,434,920	27,553,529
Streets-traffic	1,397,580	1,494,982	-	-	1,397,580	1,494,982
Streets-fleet	875,834	875,366	-	-	875,834	875,366
Sanitation	8,496,222	7,972,577	-	-	8,496,222	7,972,577
Storm water	2,521,031	2,361,491	-	-	2,521,031	2,361,491
Transit	2,240,269	2,035,623	-	-	2,240,269	2,035,623
Interest expense on long-term debt:	4,587,179	4,074,621	-	-	4,587,179	4,074,621
Water & sewer:	-	-	28,476,942	26,189,612	28,476,942	26,189,612
Total expenses	108,459,596	105,478,351	28,476,942	26,189,612	136,936,538	131,667,963
Transfers	825,000	1,125,000	(825,000)	(1,125,000)	-	-
Changes in net position	27,398,844	13,727,781	12,778,047	11,159,013	40,176,891	24,886,794
Net position, beginning of year	562,911,267	568,365,218	183,943,564	173,484,499	746,854,831	741,849,717
Prior period Adjustment	-	(19,181,732)	-	(699,948)	-	(19,881,680)
Net position - beginning of year, as restated	562,911,267	549,183,486	183,943,564	172,784,551	746,854,831	721,968,037
Net position, end of year	\$ 590,310,111	\$ 562,911,267	\$ 196,721,611	\$ 183,943,564	\$ 787,031,722	\$ 746,854,831

Governmental Activities

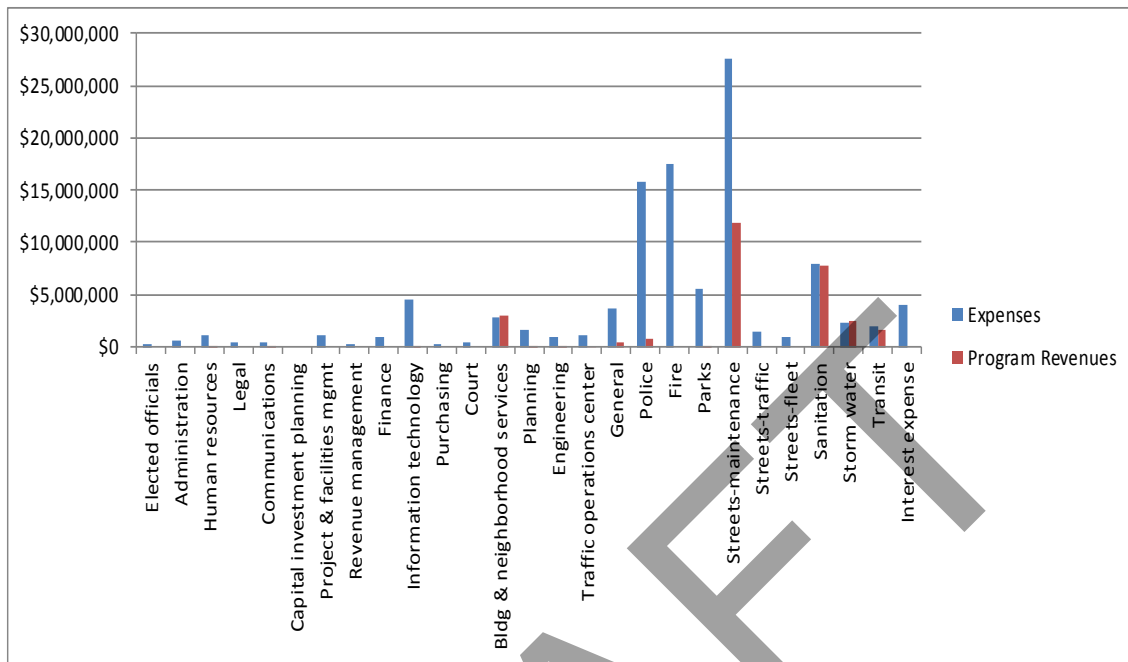
Revenues for governmental activities increased approximately 14.4% due to several factors in the sanitation fund (sanitation residential rates increased, additional grants, property tax, sales tax, and development fees). The overall increase in current expenses of governmental activities amounted to approximately 2.8%. A significant portion of the increase is due to increased street-related activity in 2018.

Business-Type Activities

Revenues for business-type activities increased 9.4%. The primary factor underlying the increase was additional development related revenue in 2018 compared to 2017. Expenses of the business type-activities increased approximately 7.2%.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

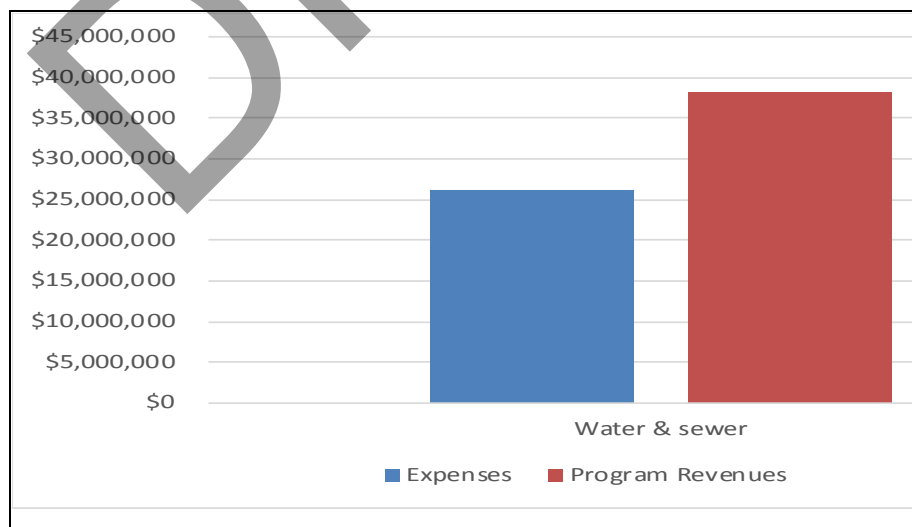
Expenses and Program Revenues – Governmental Activities



Governmental Activities

Expenses for governmental activities was \$108,459,596. Expenses were offset by \$33,651,914 in program revenues. The remainder of \$74,807,682 was covered by \$101,381,526 in general revenues such as property, sales, and other taxes and \$1,125,000 net from the Water and Sewer fund for its portion of the public works facility and water and sewer elements within road projects and \$300,000 from the County Facilities Tax for extension of wastewater service along Henpeck Lane for a future school south of Franklin. The amount of \$27,398,844 represents the improvement in net position in 2018.

Expenses and Program Revenues – Business-type Activities



Business-Type Activities

Expenses for business-type activities was \$28,476,942. Expenses were offset by \$41,655,778 in program and general revenues. (Program revenues include \$30.6 million in charges for services). There is also the net \$825,000 transfer mentioned above and \$424,211 in other income. The amount of \$12,778,047 represents the improvement in net position in 2018.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Financial Analysis of Governmental Funds

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

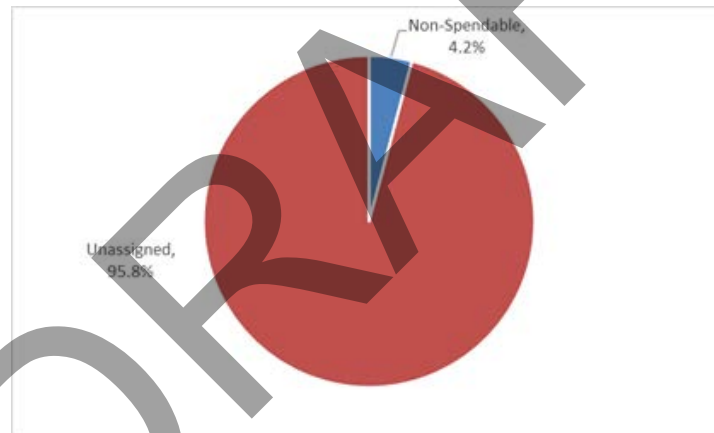
Governmental Funds

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, 2018, the City's governmental funds reported combined ending fund balances of \$105,590,178, an increase of \$11,597,700 in comparison with the prior year of \$93,992,478. The increase is due primarily to development-related revenue.

The General Fund is the chief operating fund of the City. The 2018 ending fund balance of \$49,459,971 has the following composition: An amount of \$2,061,344, or 4.2%, is non-spendable for inventory and prepaid items. The remainder of \$47,398,627, or 95.8%, is unassigned. (Additional information on fund balance can be found in the notes to the financial statements on page 62).

General Fund - Fund Balance Composition – 2018



The most significant continuing revenue sources in the General Fund are derived from taxes. Of total General Fund revenues, \$47,728,310, or 69.1%, was from taxes. Local option sales tax increased by \$1,457,703 (from \$32,694,269 to \$34,151,972). The increase in local option sales tax is a positive sign of economic growth in the region. This revenue has been the City's most significant due to the retail success in the Cool Springs area and continued growth of commercial properties, including new corporate and regional headquarters in the area. Property taxes for the General Fund decreased by \$611,662 (from \$9,687,337 to \$9,075,675) as more was allocated to the debt service fund.

The Debt Service Fund, which receives property taxes for debt previously paid by the General Fund, and transfers from the Sanitation Fund, Road Impact Fund, and Hotel/Motel Tax Fund for their portion of debt, had a fund balance of \$106,587. This amount is consistent with the City's goal for a minimal year-end balance after paying annual debt service.

The Road Impact Fee Fund, due to another strong year of collection, had a fund balance of \$11,339,848. Also, due to strong collections, the Facilities Tax Fund saw its fund balance increase from \$10,441,436 to \$14,410,218. Approximately \$916,000 was spent from the fund for growth-related expenditures in the fire (\$166,000), parks (\$463,000), and police (\$287,000) departments. Funding of construction on the new fire station in the Goose Creek area is anticipated during 2019 from this fund.

In the Hotel/Motel Tax Fund, the fund balance increased due primarily due to collections in excess of budgeted tourism/parks/streetscape project expenditures. The fund balance increased from \$3,827,284 to \$5,722,086. 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 \$3,488,072 to \$4,804,517.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

Budgetary Highlights

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

Original budget compared to final budget

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

Fund	Original Budget	Final Budget	Change
General	\$68,942,027	\$70,377,660	\$1,435,633
Street Aid	\$3,145,600	\$3,291,452	\$145,852
Sanitation	\$8,532,870	\$8,532,870	\$0
Road Impact	\$7,793,080	\$9,293,080	\$1,500,000
Facilities Tax	\$4,049,100	\$5,239,100	\$1,190,000
County Facilities Tax	\$500,000	\$900,000	\$400,000
Storm water	\$6,219,665	\$6,219,665	\$0
Drug	\$259,646	\$259,646	\$0
Hotel/Motel	\$2,557,655	\$2,707,655	\$150,000
In Lieu of Parkland	\$500,000	\$505,402	\$5,402
Transit	\$2,690,829	\$3,690,829	\$1,000,000
CDBG	\$274,000	\$274,000	\$0
Debt Service	\$14,056,253	\$13,965,998	(\$90,255)
	\$119,520,725	\$125,257,357	\$5,736,632

The original General Fund budget was \$68,942,027. The final budget (including transfers) was increased by \$1,435,633 to \$70,377,660. During the year, the budget was amended to include \$185,633 for intersection improvements at Meridian Boulevard and Carothers Parkway and \$1,250,000 to ensure the Sanitation and Transit funds were not in a deficit fund balance or cash balance position.

Other amendments during the year affected the special revenue funds. The Street Aid Fund was amended for additional milling/resurfacing at Meridian Boulevard and Carothers Parkway. The Road Impact Fee Fund was amended by \$1,500,000 to reimburse the Capital Projects Fund for roadway expenditures. The City Facilities Tax Fund was amended for fire vehicles (\$600,000) and evaluation and planning (\$590,000) for the new Southeast Park Complex. The County Facilities Tax Fund was amended to provide improvements to the Long Lane/Goose Creek interchange (\$100,000) and a transfer to Water and Wastewater for the extension of wastewater service along Henpeck Lane for a future school south of Franklin. The Hotel/Motel Tax Fund was amended for garage counting systems at the 2nd and 4th Avenue garages. The In Lieu of Parkland Fund was amended to cover the remaining cost of land for the new Southeast Park Complex. The Transit Fund amendment was to ensure sufficient operating costs were in place to close the fiscal year. (The amount was not needed.) The Debt Service Fund amendment was to reduce debt service expenditures paid by the Sanitation Fund.

There were no amendments to the Storm Water, Drug, and CDBG funds.

Final budget compared to actual results

In the General Fund, the final budget (including transfers) of \$70.4 million anticipated \$67.4 million in current revenues and a \$3.0 million allocation from fund balance. Actual results showed an increase in fund balance of \$6.1 million.

Actual revenues were over \$69.1 million. This was \$1.8 million more than anticipated current revenues. The additional revenue was due primarily to increased sales tax and property taxes.

In conjunction with the additional revenue, cost containment measures allowed the City to finish the year with \$63.0 million in expenditures (including transfers), or \$5.9 million less than the final budget of \$68.9 million to be paid from current revenues. The primary cost reductions were from less than anticipated employee insurance costs and unused capital budgeted in the Traffic Operations Center department.

Due to increased building activity, development-related revenue in the Road Impact Fee and Facilities Tax Fund was greater than anticipated in the final budget. Road Impact Fees were budgeted at \$8.5 million. The actual amount was almost \$11.6 million. City Facilities Taxes were budgeted at \$3.8 million. Actual collections were almost \$4.8 million.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

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, 2018, is \$848,516,702 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads, highways and bridges.

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

	Governmental	Business-Type	Total
	Activities	Activities	
Land	\$ 57,640,538	\$ 5,644,399	\$ 63,284,937
Construction in progress	15,700,892	19,172,357	34,873,249
Buildings and improvements	56,539,496	18,064,967	74,604,463
Improvements other than buildings	14,805,402	-	14,805,402
Utility plant in service	-	158,376,307	158,376,307
Infrastructure	484,580,819	-	484,580,819
Machinery & equipment	16,598,038	1,393,487	17,991,525
Total capital assets	<u>\$ 645,865,185</u>	<u>\$ 202,651,517</u>	<u>\$ 848,516,702</u>

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

- The City's governmental activities received \$13,205,364 in developer-contributed assets.
- \$806,069 in leases permitted acquisition of vehicles for the police department.
- Construction was completed on Phase 2 of the three-lane widening of Hillsboro Road.
- Construction was approved on sidewalk along State Route 96 (Murfreesboro Road) West.
- Construction was completed for the sidewalk along State Route 96 (Murfreesboro Road) East.
- Modifications to the City's Water Treatment Plant were completed.
- Planning for the Columbia Avenue widening was underway.
- Curd Branch and Watson Branch Sewer Interceptor was completed.
- Progress on Goose Creek Sanitary Sewer west of I-65 to east of I-65 was underway.
- SCADA (supervisory control and data acquisition) improvements were completed.
- Lighting for safe routes to school at Hunters Bend Elementary was completed.
- Ladd Park Sewer Interceptor was completed.
- A new utility billing and cashiering system 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 46.

Long-term Debt

At the end of the current year, the City of Franklin had bonded debt (including premiums) and capital leases of \$185,526,235. Of this amount, \$142,582,467 comprises general obligation bonds backed by the full faith and credit of the government. Of the \$42,943,768 of business-type activities debt, \$30,202,415 is Revenue and Tax Bonds secured by both the taxing power of the City and specific revenue sources (i.e., revenue and tax bonds) of the Water & Sewer fund, and \$12,741,353 is secured by Water and Sewer fund revenues, and \$17,187 represents capital leases.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

City of Franklin's Outstanding Debt

	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
General Obligation Bonds-Capital *	\$ 135,422,493	\$ -	\$ 135,422,493
General Obligation Bonds-Pension *	6,275,000	-	6,275,000
Revenue and Tax Bonds *	-	42,926,581	42,926,581
Capital Leases	884,974	17,187	902,161
Total Outstanding Debt	\$ 142,582,467	\$ 42,943,768	\$ 185,526,235

* Includes unamortized premiums.

The City's debt (bonds, bond premiums, and capital leases) decreased by \$12,539,463 (from \$198,065,698 to \$185,526,235) during the current fiscal year.

There was \$806,069 in new governmental debt (in new capital leases). Water and sewer had \$1,343,241 in new debt (in state revolving fund loans). A total of \$14,172,891 (\$7,163,000 GO bonds-capital, \$955,000 GO bonds-pension, \$2,091,394 governmental leases, and \$3,963,497 business-type bonds and leases) was repaid during the year. A total of \$515,882 (\$288,634 GO bonds-capital, \$55,052 GO bonds-pension, and \$172,196 business-type bonds) in premiums were amortized during the year.

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

Additional information on the City of Franklin's long-term debt can be found in the notes to the financial statements section of this report beginning on page 60.

Economic Factors and Next Year's Budget and Rates

The unemployment rate (not seasonally adjusted) for June 2018 for the City of Franklin was 2.8%, compared to the State of Tennessee's rate of 4.0% and a national average of 4.1%. In addition to the unemployment rate, factors considered in preparing the City's budget for fiscal year 2019 included:

1. Reduction by the State of the Hall income tax from 4% to 3%. The rate will reduce an additional 1% each year until eliminated. The 2019 budget includes \$750,000 for this revenue, a reduction from \$1,000,000 in the 2018 budget). This limitation may significantly affect the availability of fund resources for future use.
2. The property tax rate for fiscal year 2019 of 41.76 cents per \$100 of assessed value allows payment of debt service, streets maintenance, and funding for capital projects. The property tax rate remains unchanged from the previous year.
3. On February 6, 2018, voters in Williamson County approved by referendum an increase in the county-wide local option sales tax of 0.50%, from 2.25% to 2.75%. The tax became effective April 1, 2018. The City of Franklin entered into an interlocal agreement with Williamson County to contribute the City's portion of this tax increase for the purposes of funding school debt service for a period of three years. The City's General Fund will receive funds from the tax increase beginning May 2021.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS



HISTORIC
FRANKLIN
TENNESSEE

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	Governmental Activities	Business-type Activities	Total	2017
ASSETS				
Cash and cash equivalents	\$ 18,573,577	\$ 8,220,764	\$ 26,794,341	\$ 32,552,849
Cash and cash equivalents-restricted	8,551,356	5,301,559	13,852,915	21,151,116
Investments	74,885,048	14,866,937	89,751,985	69,429,298
Investments-restricted	-	5,363,708	5,363,708	6,759,607
Receivables (net of allowance for uncollectibles)	40,254,869	7,711,463	47,966,332	43,179,183
Inventory	1,391,757	455,959	1,847,716	1,752,883
Prepaid items and other assets	734,967	-	734,967	1,005,459
Net investment in joint venture - Conference Center	5,543,235	-	5,543,235	5,565,098
Capital assets, not being depreciated:				
Land	57,640,538	5,644,399	63,284,937	62,678,185
Construction in progress	15,700,892	19,172,357	34,873,249	39,715,617
Capital assets, net of accumulated depreciation:				
Buildings and improvements	56,539,496	18,064,967	74,604,463	59,336,168
Improvements other than buildings	14,805,402	-	14,805,402	16,139,145
Utility plant in service	-	158,376,307	158,376,307	153,369,616
Infrastructure	484,580,819	-	484,580,819	480,489,421
Machinery and equipment	16,598,038	1,393,487	17,991,525	18,819,212
Total assets	795,799,994	244,571,907	1,040,371,901	1,011,942,857
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refundings	201,547	756,945	958,492	1,105,071
Pensions	15,537,087	2,051,346	17,588,433	16,303,673
Total deferred outflows of resources	15,738,634	2,808,291	18,546,925	17,408,744

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION (Cont.)
JUNE 30, 2018

With Comparative Totals for the Fiscal Year Ended June 30, 2017

	Governmental Activities	Business-type Activities	Total	2017
LIABILITIES				
Accounts payable	\$ 13,170,176	\$ 2,757,229	\$ 15,927,405	\$ 14,798,259
Accrued liabilities	3,047,400	-	3,047,400	4,340,769
Accrued interest payable	1,463,430	381,811	1,845,241	1,660,227
Unearned revenue	763,192	-	763,192	683,697
Long-term liabilities:				
Due within one year	12,373,646	4,817,446	17,191,092	18,173,403
Due in more than one year	139,323,343	38,915,423	178,238,766	189,249,656
Total OPEB liability	4,829,598	658,581	5,488,179	5,832,900
Derivatives - interest rate swap	3,642,169	-	3,642,169	4,677,019
Net pension liability	20,916,300	2,766,561	23,682,861	24,636,951
Total liabilities	<u>199,529,254</u>	<u>50,297,051</u>	<u>249,826,305</u>	<u>264,052,881</u>
DEFERRED INFLOWS OF RESOURCES				
January 1, 2018 property tax levy	19,055,830	-	19,055,830	18,443,889
Pensions	2,643,433	361,536	3,004,969	-
Total deferred inflows of resources	<u>21,699,263</u>	<u>361,536</u>	<u>22,060,799</u>	<u>18,443,889</u>
NET POSITION				
Net investment in capital assets	509,097,550	160,464,694	669,562,244	654,892,743
Restricted for:				
Grant program use	89,691	-	89,691	86,263
State street aid	645,435	-	645,435	502,481
Sanitation use	1,160,474	-	1,160,474	610,969
Drug fund use	508,522	-	508,522	541,205
Development	4,804,517	-	4,804,517	3,488,072
Water and sewer	-	10,665,267	10,665,267	9,757,361
Unrestricted	74,003,922	25,591,650	99,595,572	76,975,737
Total net position	<u>\$ 590,310,111</u>	<u>\$ 196,721,611</u>	<u>\$ 787,031,722</u>	<u>\$ 746,854,831</u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

15

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total	2017
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		
Primary government								
Governmental activities:								
Elected officials	\$ 332,480	\$ -	\$ -	\$ -	\$ (332,480)	\$ -	\$ (332,480)	\$ (282,123)
Administration	1,231,613	-	-	-	(1,231,613)	-	(1,231,613)	(561,385)
Human resources	1,101,869	6	-	-	(1,101,863)	-	(1,101,863)	(1,192,983)
Legal	455,753	-	-	-	(455,753)	-	(455,753)	(491,048)
Communications	366,611	2,900	-	-	(363,711)	-	(363,711)	(450,458)
Project & facilities management	1,170,752	-	-	-	(1,170,752)	-	(1,170,752)	(1,109,682)
Revenue management	219,961	-	-	-	(219,961)	-	(219,961)	(273,544)
Finance	804,287	-	-	-	(804,287)	-	(804,287)	(863,803)
Information technology	4,931,812	1,234	-	-	(4,930,578)	-	(4,930,578)	(4,462,299)
Purchasing	213,132	-	-	-	(213,132)	-	(213,132)	(207,506)
Court	244,404	-	-	-	(244,404)	-	(244,404)	(388,088)
Building & neighborhood services	2,959,894	3,169,678	36,393	-	246,177	-	246,177	312,806
Planning	1,405,791	227,186	14,354	-	(1,164,251)	-	(1,164,251)	(1,406,551)
Engineering	1,169,263	1,500	-	-	(1,167,763)	-	(1,167,763)	(1,012,076)
Traffic operations center	1,074,055	-	50,648	-	(1,023,407)	-	(1,023,407)	(1,161,423)
General government	(700,908)	256,860	257,808	-	1,215,576	-	1,215,576	(3,339,749)
Public safety:								
Police	17,012,348	374,937	44,728	-	(16,592,683)	-	(16,592,683)	(14,965,473)
Fire	18,887,397	-	91,957	-	(18,795,440)	-	(18,795,440)	(17,431,159)
Parks	6,026,047	-	495,012	-	(5,531,035)	-	(5,531,035)	(5,343,747)
Streets-maintenance	29,434,920	302,720	2,359,902	13,685,193	(13,087,105)	-	(13,087,105)	(15,753,809)
Streets-traffic	1,397,580	-	-	-	(1,397,580)	-	(1,397,580)	(1,494,982)
Streets-fleet	875,834	-	-	-	(875,834)	-	(875,834)	(875,366)
Sanitation	8,496,222	8,359,191	-	-	(137,031)	-	(137,031)	(263,479)
Storm water	2,521,031	2,531,201	-	-	10,170	-	10,170	204,052
Transit	2,240,269	112,418	983,103	292,985	(851,763)	-	(851,763)	(454,406)
Interest and amortization on long-term debt	4,587,179	-	-	-	(4,587,179)	-	(4,587,179)	(4,074,621)
	108,459,596	15,339,831	4,333,905	13,978,178	(74,807,682)	-	(74,807,682)	(77,342,902)
Business-type activities:								
Water and sewer	28,476,942	30,650,210	-	11,005,568	-	13,178,836	13,178,836	11,996,373
Total primary government	\$ 136,936,538	\$ 45,990,041	\$ 4,333,905	\$ 24,983,746	\$ (74,807,682)	\$ 13,178,836	\$ (61,628,846)	\$ (65,346,529)
General revenues:								
Property taxes					18,621,275	-	18,621,275	18,023,515
Sales taxes					34,151,972	-	34,151,972	32,694,269
Wholesale privilege tax					1,691,204	-	1,691,204	1,655,448
Beer privilege tax					23,049	-	23,049	23,306
Wholesale liquor tax					1,400,552	-	1,400,552	1,343,791
Liquor privilege tax					92,541	-	92,541	103,800
Hotel/motel tax					4,225,990	-	4,225,990	3,710,589
Intergovernmental					17,460,926	-	17,460,926	15,842,220
Impact Fees and taxes					19,355,412	-	19,355,412	12,250,087
Franchise taxes					2,600,634	-	2,600,634	2,239,414
Investment earnings (loss)					1,757,971	383,165	2,141,136	2,291,931
Other					-	41,046	41,046	54,953
Total general revenues					101,381,526	424,211	101,805,737	90,233,323
Transfers					825,000	(825,000)	-	-
Total general revenues and transfers					102,206,526	(400,789)	101,805,737	90,233,323
Change in net position					27,398,844	12,778,047	40,176,891	24,886,794
Net position - beginning of year					562,911,267	183,943,564	746,854,831	741,849,717
Prior period adjustment					-	-	-	(19,881,680)
Net position - beginning of year, as restated					562,911,267	183,943,564	746,854,831	721,968,037
Net position - end of year					<u>\$ 590,310,111</u>	<u>\$ 196,721,611</u>	<u>\$ 787,031,722</u>	<u>\$ 746,854,831</u>

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

CITY OF FRANKLIN, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	<u>General</u>	<u>Multi-Purpose Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
					<u>2018</u>	<u>2017</u>
ASSETS						
Cash and cash equivalents	\$ 13,484,654	\$ 1,983,176	\$ 106,587	\$ 11,550,516	\$ 27,124,933	\$ 49,488,757
Investments	32,670,960	5,983,818	-	36,230,270	74,885,048	40,504,433
Receivables (net of allowance for uncollectibles)	25,461,209	1,298,342	8,779,809	4,715,509	40,254,869	37,857,927
Due from other funds	-	-	-	-	-	-
Inventory	1,340,345	-	-	51,412	1,391,757	1,293,772
Prepaid items	720,999	-	-	13,968	734,967	1,005,459
Total assets	<u>\$ 73,678,167</u>	<u>\$ 9,265,336</u>	<u>\$ 8,886,396</u>	<u>\$ 52,561,675</u>	<u>\$ 144,391,574</u>	<u>\$ 130,150,348</u>
LIABILITIES						
Accounts payable	\$ 9,811,507	\$ 1,787,749	\$ -	\$ 1,570,920	\$ 13,170,176	\$ 11,898,133
Accrued liabilities	3,047,400	-	-	-	3,047,400	2,978,225
Due to other funds	-	-	-	-	-	-
Unearned revenue	511,226	-	-	251,966	763,192	683,697
Total liabilities	<u>13,370,133</u>	<u>1,787,749</u>	<u>-</u>	<u>1,822,886</u>	<u>16,980,768</u>	<u>15,560,055</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property tax-Jan. 1, 2018 levy	9,509,956	-	8,779,809	766,065	19,055,830	18,443,889
Unavailable revenue-property taxes	184,951	-	-	-	184,951	168,619
Unavailable revenue-assessments	53,762	-	-	-	53,762	53,762
Unavailable revenue-grant proceeds	334,674	1,264,973	-	33,423	1,633,070	939,830
Unavailable revenue-court fines	252,398	-	-	-	252,398	493,935
Unavailable revenue-franchise fees	512,322	-	-	-	512,322	497,780
Unavailable revenue-hotel/motel Tax	-	-	-	128,295	128,295	-
Total deferred inflows of resources	<u>10,848,063</u>	<u>1,264,973</u>	<u>8,779,809</u>	<u>927,783</u>	<u>21,820,628</u>	<u>20,597,815</u>
FUND BALANCES						
Non-Spendable	2,061,344	-	-	65,380	2,126,724	2,299,231
Restricted	-	6,212,614	-	7,143,259	13,355,873	20,737,909
Committed	-	-	106,587	33,796,210	33,902,797	24,541,530
Assigned	-	-	-	8,806,157	8,806,157	5,353,767
Unassigned	47,398,627	-	-	-	47,398,627	41,060,041
Total fund balances	<u>49,459,971</u>	<u>6,212,614</u>	<u>106,587</u>	<u>49,811,006</u>	<u>105,590,178</u>	<u>93,992,478</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 73,678,167</u>	<u>\$ 9,265,336</u>	<u>\$ 8,886,396</u>	<u>\$ 52,561,675</u>	<u>\$ 144,391,574</u>	<u>\$ 130,150,348</u>

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

CITY OF FRANKLIN, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

With Comparative Totals for the Fiscal Year Ended June 30, 2017

Amounts reported for the governmental activities in the Statement of Net Position (Pages 12 and 13) are different because:

	<u>2018</u>		<u>2017</u>
Fund balance - total governmental funds (Page 15)	\$ 105,590,178		\$ 93,992,478
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	894,328,127		870,652,610
Less related accumulated depreciation	(248,462,942)		(228,981,923)
Investment in joint venture - conference center	<u>5,543,235</u>	651,408,420	<u>5,565,098</u>
			647,235,785
Receivables not available to pay for current expenditures and, therefore, are unavailable in the funds			
Property taxes	184,951		168,619
Assessments	53,762		53,762
Franchise fees	512,322		497,780
Court fines	252,398		493,935
Hotel/motel tax	128,295		-
Grant revenues	<u>1,633,070</u>	2,764,798	<u>939,830</u>
			2,153,926
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	(136,500,000)		(144,618,000)
Bond premiums	(5,197,493)		(5,541,179)
Deferred loss on refunding	201,547		236,599
Derivative instruments	(3,642,169)		(4,677,019)
Leases outstanding	(884,974)		(2,170,299)
Net pension liability	(20,916,300)		(21,757,454)
Deferred outflows of resources - pensions	15,537,087		14,380,640
Deferred inflows of resources - pensions	(2,643,433)		-
OPEB liability	(4,829,598)		(5,132,952)
Compensated absences	<u>(8,257,380)</u>	(167,132,713)	<u>(9,907,021)</u>
			(179,186,685)
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		<u>(2,320,572)</u>	<u>(1,284,237)</u>
Net position - governmental activities (Page 13)	<u>\$ 590,310,111</u>		<u>\$ 562,911,267</u>

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	General Fund	Multi-Purpose Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds 2018	2017
Revenues:						
Taxes	\$ 47,728,310	\$ -	\$ 8,505,949	\$ 10,580,492	\$ 66,814,751	\$ 63,339,011
Licenses and permits	5,978,849	-	-	13,595,556	19,574,405	12,704,411
Fines and fees	384,762	-	-	198,286	583,048	753,497
Charges for services	117,299	-	-	10,992,060	11,109,359	10,518,112
Intergovernmental	14,411,803	2,436,244	843,028	4,033,418	21,724,493	19,626,633
Use of money and property	443,051	-	16,390	414,971	874,412	686,672
Miscellaneous and other	35,981	226,072	-	-	262,053	1,155,394
Total revenues	69,100,055	2,662,316	9,365,367	39,814,783	120,942,521	108,783,730
Expenditures:						
Governance and Management:						
Elected officials	332,480	-	-	-	332,480	282,124
Administration	1,064,210	-	-	-	1,064,210	535,330
Human resources	987,380	-	-	-	987,380	1,165,049
Legal	453,393	-	-	-	453,393	498,133
Communications	362,973	-	-	-	362,973	489,797
Public safety:						
Police	16,456,452	-	-	104,660	16,561,112	15,484,361
Fire	18,099,788	-	-	7,155	18,106,943	17,003,425
Finance and Administration:						
Finance	818,603	-	-	-	818,603	940,697
Purchasing	222,261	-	-	-	222,261	191,513
Information and technology	4,317,438	32,440	-	-	4,349,878	4,186,105
Revenue management	211,611	-	-	-	211,611	261,826
Court	317,866	-	-	-	317,866	444,685
Project & facilities management	1,118,898	-	-	-	1,118,898	1,069,858
Community & Economic Development:						
Building & neighborhood services	2,909,042	-	-	-	2,909,042	2,750,384
Planning	1,471,756	-	-	-	1,471,756	1,560,527
Engineering	1,123,694	-	-	-	1,123,694	991,964
Traffic operations center	736,150	-	-	-	736,150	777,609
Economic development	67,518	-	-	-	67,518	53,592
Public Works:						
Streets-maintenance	3,732,487	8,384,974	-	3,664,041	15,781,502	14,290,794
Streets-traffic	1,220,751	156,469	-	-	1,377,220	1,508,872
Streets-fleet	836,861	-	-	-	836,861	940,286
Parks	4,234,709	-	-	463,035	4,697,744	4,214,304
Other General Government:						
General expenses	(2,420,117)	1,250	-	1,055,120	(1,363,747)	672,243
Appropriations	464,073	-	-	-	464,073	964,936
Sanitation	-	-	-	7,958,336	7,958,336	7,834,536
Storm water	-	-	-	2,554,078	2,554,078	2,314,747
Transit	-	-	-	2,086,098	2,086,098	1,890,367
Debt service	-	-	13,640,681	-	13,640,681	12,896,749
Capital outlay	2,138,550	7,479,483	-	2,109,243	11,727,276	5,663,429
Total expenditures	61,278,827	16,054,616	13,640,681	20,001,766	110,975,890	101,878,242

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 With Comparative Totals for the Fiscal Year Ended June 30, 2017

	General Fund	Multi-Purpose Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds 2018	Total Governmental Funds 2017
Excess (deficiency) of revenues over (under) expenditures	\$ 7,821,228	\$ (13,392,300)	\$ (4,275,314)	\$ 19,813,017	\$ 9,966,631	\$ 6,905,488
Other financing sources (uses):						
Issuance of debt	-	806,069	-	-	806,069	25,008,840
Premium on debt issuance	-	-	-	-	-	3,540,166
Transfers from other funds	-	3,925,000	4,291,704	2,279,473	10,496,177	15,285,099
Transfers to other funds	(1,644,399)	(635,074)	-	(7,391,704)	(9,671,177)	(14,160,099)
Total other financing sources (uses)	<u>(1,644,399)</u>	<u>4,095,995</u>	<u>4,291,704</u>	<u>(5,112,231)</u>	<u>1,631,069</u>	<u>29,674,006</u>
Net changes in fund balances	6,176,829	(9,296,305)	16,390	14,700,786	11,597,700	36,579,494
Fund balances (deficits) - beginning	<u>43,283,142</u>	<u>15,508,919</u>	<u>90,197</u>	<u>35,110,220</u>	<u>93,992,478</u>	<u>57,412,984</u>
Fund balances (deficits) - ending	<u>\$ 49,459,971</u>	<u>\$ 6,212,614</u>	<u>\$ 106,587</u>	<u>\$ 49,811,006</u>	<u>\$ 105,590,178</u>	<u>\$ 93,992,478</u>

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

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, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

Amounts reported for the governmental activities in the Statement of Net Activities (Page 15) are different because:

	<u>2018</u>		<u>2017</u>
Net changes in fund balances - total governmental funds (Page 19)	\$ 11,597,700		\$ 36,579,494
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. Specifically these items are as follows:			
Acquisition of capital assets	\$ 11,727,322		\$ 5,476,144
Disposals, adjustments and reclassifications of capital assets	(\$900,000)		(\$1,246,262)
Depreciation expense	(\$19,623,858)		(\$19,106,384)
Change in investment in joint venture - Conference Center	(\$21,863)	(8,818,399)	(\$63,637)
			(14,940,139)
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	\$16,332		\$42,934
Franchise fees	\$14,542		\$8,632
Court fines	(\$241,537)		\$5,314
Hotel/Motel Tax	\$128,295		\$0
Grant revenues and reimbursements	\$693,240		(\$935,058)
Contributed capital assets	13,205,364	13,816,236	10,206,079
			\$9,327,901
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	-		(23,120,000)
Bond payments	8,118,000		7,992,000
Change in fair value of derivative instruments	1,034,850		1,954,127
Lease issuance, including prior year unavailable proceeds	(806,069)		(1,888,840)
Lease payments	2,091,394	10,438,175	3,123,119
			(11,939,594)
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	-		(3,540,166)
Amortization of bond premiums	343,686		184,817
Deferred refunding amounts	(35,052)	308,634	(36,650)
			(3,391,999)
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	(784,331)		40,538
Accrued interest	(179,193)		43,618
Pension and OPEB expense	1,020,022	56,498	(1,992,038)
			(1,907,882)
Change in net position of governmental activities (Page 15)	\$ 27,398,844		13,727,781

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, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	June 30, 2018				
	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Over (Under)	2017
Revenues:					
Taxes:					
Real and personal property taxes	\$ 6,705,514	\$ 6,782,818	\$ 9,075,675	\$ 2,292,857	\$ 9,687,337
Penalty and interest	26,909	26,909	39,771	12,862	36,671
In lieu of tax	288,934	211,630	260,607	48,977	298,347
Sales tax	34,722,480	34,722,480	34,151,972	(570,508)	32,694,269
Wholesale beer tax	1,708,280	1,708,280	1,691,204	(17,076)	1,655,448
Beer privilege tax	23,665	23,665	23,049	(616)	23,306
Wholesale liquor tax	1,397,114	1,397,114	1,400,552	3,438	1,343,791
Liquor privilege tax	106,401	106,401	92,541	(13,860)	103,800
Mixed drink tax	912,229	912,229	992,939	80,710	894,745
	45,891,526	45,891,526	47,728,310	1,836,784	46,737,714
Licenses and permits:					
Mechanical licenses	3,060	3,060	5,400	2,340	2,931
Mechanical permits	119,176	119,176	112,051	(7,125)	87,549
Building permits	2,164,796	2,164,796	2,339,364	174,568	2,153,262
Technology fee	79,969	79,969	69,230	(10,739)	80,630
Plumbing licenses	3,163	3,163	475	(2,688)	3,359
Plumbing permits	106,498	106,498	73,884	(32,614)	58,624
Electric permits	266,078	266,078	276,013	9,935	239,084
Inspection fees	651,153	651,153	209,391	(441,762)	308,305
Site review, rezoning and submittal fees	175,666	175,666	223,635	47,969	161,101
Beer permits and licenses	13,852	13,852	16,500	2,648	13,750
Yard sale permits	3,996	3,996	6,220	2,224	7,010
Business license	12,723	12,723	18,792	6,069	12,330
Alarm permits	23,159	23,159	24,190	1,031	23,990
Miscellaneous permits	4,970	4,970	17,612	12,642	4,100
Franchise fees	2,323,232	2,323,232	2,586,092	262,860	2,230,782
	5,951,491	5,951,491	5,978,849	27,358	5,386,807
Intergovernmental:					
State income tax	1,000,000	1,000,000	1,646,124	646,124	1,468,649
Sales tax	5,695,750	5,695,750	6,066,018	370,268	5,505,573
State beer tax	35,921	35,921	33,080	(2,841)	32,046
State excise tax	239,752	239,752	213,295	(26,457)	230,531
In lieu of tax - TVA	778,951	778,951	804,202	25,251	748,991
Business tax from state	3,486,664	3,486,664	4,739,599	1,252,935	4,537,922
Business tax recording fee	415,282	415,282	445,166	29,884	452,693
Interest in State Shared taxes	510,000	510,000	-	(510,000)	-
Federal & state grants	1,949,098	1,949,098	464,319	(1,484,779)	263,231
	14,111,418	14,111,418	14,411,803	300,385	13,239,636

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	June 30, 2018				
	Budgeted Amounts			Variance with Final Budget	
Revenues:	Original	Final	Actual	Over (Under)	2017
Charges for services:					
City Sponsored Training	-	-	3,505	3,505	-
Regional fire training	-	-	2,500	2,500	-
Maps sold	2,674	2,674	1,234	(1,440)	3,682
Plans sold	2,652	2,652	1,500	(1,152)	1,650
Records sold	1,305	1,305	52	(1,253)	49
Special event services fee	1,648	1,648	2,900	1,252	2,500
Traffic impact analysis review fee	-	-	35,000	35,000	65,548
Accident reports	1,552	1,552	743	(809)	1,514
Offender registry	1,545	1,545	1,950	405	1,800
License seizure fees	798	798	715	(83)	1,150
3rd party billable overtime	45,394	45,394	43,480	(1,914)	39,941
Compost vouchers	13,081	13,081	23,720	10,639	21,200
	<u>70,649</u>	<u>70,649</u>	<u>117,299</u>	<u>46,650</u>	<u>139,034</u>
Fines and fees:					
Fines - city court	336,531	336,531	129,210	(207,321)	239,364
Fines - general sessions/circuit court	165,703	165,703	199,856	34,153	184,110
Parking fines	100,675	100,675	42,234	(58,441)	95,349
Beer board violations	1,000	1,000	-	(1,000)	-
Building & street standards appeals fees	1,000	1,000	-	(1,000)	-
Business tax fees	4,392	4,392	556	(3,836)	4,364
Tree bank fees	57,892	57,892	12,906	(44,986)	12,767
Sidewalk reserve fees	-	-	-	-	82,840
	<u>667,193</u>	<u>667,193</u>	<u>384,762</u>	<u>(282,431)</u>	<u>618,794</u>
Use of money and property:					
Interest income	321,877	321,877	198,953	(122,924)	108,152
Rebates on purchases	65,210	65,210	68,125	2,915	64,081
Rent - mall and other	12,001	12,001	15,001	3,000	12,001
Park concessions and rentals	78,574	78,574	100,952	22,378	78,049
Sale of surplus assets	91,915	91,915	60,019	(31,896)	134,694
Total Use of money and property	<u>569,577</u>	<u>569,577</u>	<u>443,051</u>	<u>(126,526)</u>	<u>396,977</u>
Miscellaneous:					
Miscellaneous income	72,286	72,286	35,981	(36,305)	21,387
Allocation from fund balance	1,607,887	3,043,520	-	(3,043,520)	-
Total Miscellaneous	<u>1,680,173</u>	<u>3,115,806</u>	<u>35,981</u>	<u>(3,079,825)</u>	<u>21,387</u>
Total revenues	<u>\$ 68,942,027</u>	<u>\$ 70,377,660</u>	<u>\$ 69,100,055</u>	<u>\$ (1,277,605)</u>	<u>\$ 66,540,349</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	June 30, 2018				
	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Over (Under)	2017
Expenditures:					
Governance & Management:					
Elected officials:					
Personnel	\$ 243,619	\$ 243,619	\$ 245,042	\$ 1,423	\$ 230,168
Services	106,580	106,580	80,132	(26,448)	38,353
Supplies	29,410	29,410	6,122	(23,288)	12,157
Business expenses	1,557	1,557	1,184	(373)	1,446
	381,166	381,166	332,480	(48,686)	282,124
Administration:					
Personnel	995,332	1,030,110	1,057,174	27,064	530,330
Services	99,410	99,410	107,459	8,049	86,090
Supplies	63,665	63,665	45,491	(18,174)	55,283
Business expenses	15,965	15,965	9,535	(6,430)	10,251
Payments on capital leases	-	-	-	-	(7,641)
Reimbursement of interfund services	(155,449)	(155,449)	(155,449)	-	(138,983)
	1,018,923	1,053,701	1,064,210	10,509	535,330
Human resources:					
Personnel	941,514	975,073	913,585	(61,488)	1,024,588
Services	451,380	451,380	361,922	(89,458)	379,255
Supplies	39,850	39,850	22,419	(17,431)	65,695
Business expenses	10,806	10,806	11,311	505	9,788
Payments on capital leases	12,708	12,708	2,493	(10,215)	19,658
Reimbursement of interfund services	(324,351)	(324,351)	(324,350)	1	(333,935)
	1,131,907	1,165,466	987,380	(178,086)	1,165,049
Legal:					
Personnel	487,703	509,448	501,025	(8,423)	492,368
Services	154,920	154,920	66,158	(88,762)	96,574
Supplies	22,810	22,810	11,650	(11,160)	26,651
Business expenses	10,436	10,436	4,321	(6,115)	5,806
Reimbursement of interfund services	(129,761)	(129,761)	(129,761)	-	(123,266)
	546,108	567,853	453,393	(114,460)	498,133
Communications:					
Personnel	383,768	395,926	402,368	6,442	426,722
Services	62,460	62,460	50,009	(12,451)	50,189
Supplies	34,535	34,535	23,935	(10,600)	123,976
Operational units	4,400	4,400	3,082	(1,318)	2,895
Business expenses	5,484	5,484	5,179	(305)	4,964
Reimbursement of interfund services	(121,600)	(121,600)	(121,600)	-	(118,949)
	369,047	381,205	362,973	(18,232)	489,797
Total Governance & Management	3,447,151	3,549,391	3,200,436	(348,955)	2,970,433

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	June 30, 2018				
	Budgeted Amounts			Variance with Final Budget	Total
	Original	Final	Actual	Over (Under)	2017
Expenditures:					
Public Safety:					
Police department-administration:					
Personnel	1,474,311	1,521,369	1,442,628	(78,741)	1,377,409
Services	1,357,612	1,357,612	1,670,877	313,265	1,105,095
Supplies	992,967	992,967	1,095,136	102,169	907,186
Operational units	10,508	10,508	16,505	5,997	36,203
Business expenses	146,514	146,514	105,926	(40,588)	154,076
Payments on capital leases	979,492	979,492	747,651	(231,841)	697,641
	4,961,404	5,008,462	5,078,723	70,261	4,277,610
Police department-criminal investigations:					
Personnel	2,671,651	2,747,701	2,905,671	157,970	2,744,925
Services	44,116	44,116	60,128	16,012	552,698
Supplies	-	-	9,648	9,648	4,643
Operational units	11,979	11,979	14,127	2,148	8,669
Business expenses	93,612	93,612	120,808	27,196	89,154
	2,821,358	2,897,408	3,110,382	212,974	3,400,089
Police department-patrol:					
Personnel	7,572,297	7,876,981	7,777,160	(99,821)	7,259,582
Services	80,814	80,814	117,699	36,885	96,965
Supplies	82,530	82,530	56,365	(26,165)	88,629
Operational units	52,140	52,140	57,437	5,297	57,292
Business expenses	177,475	177,475	258,686	81,211	172,898
	7,965,256	8,269,940	8,267,347	(2,593)	7,675,366
Fire department:					
Personnel	14,216,332	14,738,513	15,827,329	1,088,816	14,536,117
Services	1,192,043	1,192,043	1,086,542	(105,501)	886,873
Supplies	729,188	729,188	684,749	(44,439)	806,106
Operational units	10,000	10,000	1,211	(8,789)	4,224
Business expenses	143,706	143,706	119,361	(24,345)	139,425
Payments on capital leases	410,298	410,298	380,596	(29,702)	489,227
	16,701,567	17,223,748	18,099,788	876,040	16,861,972
Total Public Safety	32,449,585	33,399,558	34,556,240	1,156,682	32,215,037

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	June 30, 2018				
	Budgeted Amounts			Variance with Final Budget Over (Under)	Total
	Original	Final	Actual		2017
Expenditures:					
Finance & Administration:					
Finance:					
Personnel	805,339	850,795	896,292	45,497	1,009,072
Services	57,325	57,325	37,199	(20,126)	44,955
Supplies	17,550	17,550	19,683	2,133	24,335
Business expenses	71,474	71,474	82,442	10,968	73,245
Reimbursement of interfund services	(217,013)	(217,013)	(217,013)	-	(210,910)
	734,675	780,131	818,603	38,472	940,697
Purchasing:					
Personnel	226,273	233,943	242,492	8,549	209,893
Services	36,179	36,179	22,776	(13,403)	19,329
Supplies	11,615	11,615	7,133	(4,482)	11,127
Business expenses	1,861	1,861	1,693	(168)	1,775
Reimbursement of interfund services	(51,833)	(51,833)	(51,833)	-	(50,611)
	224,095	231,765	222,261	(9,504)	191,513
Information technology:					
Personnel	1,857,381	1,975,249	2,114,164	138,915	1,834,133
Services	1,738,875	1,711,375	1,627,730	(83,645)	1,401,942
Supplies	401,300	401,300	359,773	(41,527)	330,929
Business expenses	43,208	43,208	35,829	(7,379)	40,567
Payments on capital leases	213,564	213,564	179,942	(33,622)	469,256
	4,254,328	4,344,696	4,317,438	(27,258)	4,076,827
Revenue management:					
Personnel	995,494	1,028,410	1,016,116	(12,294)	994,343
Services	30,045	30,045	15,324	(14,721)	16,417
Supplies	33,985	33,985	24,586	(9,399)	28,061
Business expenses	437,867	437,867	377,156	(60,711)	381,293
Reimbursement of interfund services	(1,221,571)	(1,221,571)	(1,221,571)	-	(1,158,288)
	275,820	308,736	211,611	(97,125)	261,826
Court:					
Personnel	207,471	212,572	194,579	(17,993)	206,181
Services	20,575	20,575	39,907	19,332	65,525
Supplies	3,725	3,725	3,420	(305)	3,718
Business expenses	6,805	6,805	3,855	(2,950)	5,798
Payments on capital leases	86,245	86,245	76,105	(10,140)	70,311
	324,821	329,922	317,866	(12,056)	351,533

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	June 30, 2018				
	Budgeted Amounts			Variance with Final Budget Over (Under)	Total
	Original	Final	Actual		2017
Expenditures:					
Project & facilities management:					
Personnel	414,395	426,340	427,086	746	420,044
Services	772,957	772,957	867,620	94,663	842,345
Supplies	83,240	83,240	102,688	19,448	104,745
Business expenses	25,233	25,233	21,761	(3,472)	21,008
Reimbursement of interfund services	(300,257)	(300,256)	(300,257)	(1)	(318,284)
	995,568	1,007,514	1,118,898	111,384	1,069,858
Total Finance & Administration	6,809,307	7,002,764	7,006,677	3,913	6,892,254
Community & Economic Development:					
Building & neighborhood services:					
Personnel	2,622,481	2,726,439	2,584,516	(141,923)	2,381,547
Services	266,292	238,792	178,332	(60,460)	165,793
Supplies	112,880	112,880	107,030	(5,850)	83,922
Operational units	59,515	59,515	-	(59,515)	51,443
Business expenses	25,185	25,185	31,568	6,383	25,979
Payments on capital leases	8,085	8,085	7,596	(489)	19,384
	3,094,438	3,170,896	2,909,042	(261,854)	2,728,068
Planning & sustainability:					
Personnel	1,215,983	1,264,501	1,270,629	6,128	1,407,954
Services	139,500	139,500	106,890	(32,610)	96,816
Supplies	73,885	73,885	77,483	3,598	47,378
Operational units	4,000	4,000	9,823	-	-
Business expenses	9,386	9,386	6,931	(2,455)	8,379
	1,442,754	1,491,272	1,471,756	(25,339)	1,560,527
Engineering:					
Personnel	1,207,063	1,249,008	1,276,689	27,681	1,124,690
Services	151,449	151,449	71,327	(80,122)	77,100
Supplies	45,476	45,476	26,904	(18,572)	19,600
Business expenses	18,017	18,017	14,740	(3,277)	19,120
Payments on capital leases	-	-	-	-	5,413
Reimbursement of interfund services	(265,966)	(265,966)	(265,966)	-	(253,959)
	1,156,039	1,197,984	1,123,694	(74,290)	991,964
Traffic operations center:					
Personnel	349,154	545,813	340,475	(205,338)	284,756
Services	490,919	490,919	155,892	(335,027)	399,927
Supplies	36,340	36,340	196,711	160,371	78,322
Business expenses	18,053	18,053	43,072	25,019	14,604
	894,466	1,091,125	736,150	(354,975)	777,609

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	June 30, 2018				
	Budgeted Amounts			Variance with Final Budget	Total
	Original	Final	Actual	Over (Under)	2017
Expenditures:					
Economic Development:					
Appropriations	79,518	79,518	67,518	(12,000)	53,592
Total Contributions	79,518	79,518	67,518	(12,000)	53,592
Total Community & Economic Development	6,667,215	7,030,795	6,308,160	(728,458)	6,111,760
Public Works:					
Streets-Maintenance:					
Personnel	2,538,321	2,611,904	2,481,898	(130,006)	2,419,980
Services	1,031,241	1,031,241	730,082	(301,159)	800,928
Supplies	350,855	350,855	269,790	(81,065)	318,628
Operational units	750	750	-	(750)	106
Business expenses	73,030	73,030	94,074	21,044	95,837
Payments on capital leases	169,930	169,930	156,643	(13,287)	191,285
	4,164,127	4,237,710	3,732,487	(505,223)	3,826,764
Streets-Traffic:					
Personnel	801,018	823,144	810,363	(12,781)	779,552
Services	166,478	166,478	146,945	(19,533)	120,302
Supplies	355,616	355,616	209,500	(146,116)	489,619
Business expenses	74,356	74,356	39,069	(35,287)	69,198
Payments on capital leases	23,089	23,089	14,874	(8,215)	50,201
	1,420,557	1,442,683	1,220,751	(221,932)	1,508,872
Streets-Fleet:					
Personnel	706,152	726,839	739,679	12,840	697,654
Services	496,001	496,001	396,493	(99,508)	412,690
Supplies	(169,807)	(169,807)	(313,445)	(143,638)	(283,369)
Business expenses	9,060	9,060	8,502	(558)	8,780
Payments on capital leases	11,398	11,398	5,632	(5,766)	87,122
	1,052,804	1,073,491	836,861	(236,630)	922,877
Parks:					
Personnel	2,807,449	2,903,252	2,544,989	(358,263)	2,422,685
Services	816,969	816,969	901,874	84,905	769,558
Supplies	675,428	675,428	545,292	(130,136)	643,883
Operational units	260,000	260,000	43,006	(216,994)	48,572
Business expenses	110,119	110,119	87,760	(22,359)	91,741
Payments on capital leases	120,097	120,097	111,788	(8,309)	171,689
	4,790,062	4,885,865	4,234,709	(651,156)	4,148,128
Total Public Works	11,427,550	11,639,749	10,024,808	(1,614,941)	10,406,641

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	June 30, 2018				
	Budgeted Amounts			Variance with Final Budget Over (Under)	Total
	Original	Final	Actual		2017
Expenditures:					
Other General Fund:					
General expenses:					
Personnel	2,326,426	690,610	(2,487,379)	(3,177,989)	(831,130)
Services	267,050	267,050	125,051	(141,999)	142,369
Supplies	2,000	2,000	(61,719)	(63,719)	(58,195)
Business expenses	1,950	1,950	291	(1,659)	592
Payments on capital leases	-	-	3,639	3,639	2,729
	2,597,426	961,610	(2,420,117)	(3,381,727)	(743,635)
Contributions:					
Appropriations	461,056	461,056	464,073	3,017	464,936
Total Contributions	461,056	461,056	464,073	3,017	464,936
Total Other General Fund	3,058,482	1,422,666	(1,956,044)	(3,378,710)	(278,699)
Capital Outlay:					
Police - administration	627,000	627,000	395,822	(231,178)	30,649
Fire	25,000	25,000	-	(25,000)	16,194
Information technology	146,000	146,000	160,978	14,978	(27,835)
Project & Facilities management	513,261	513,261	198,960	(314,301)	-
Building & neighborhood services	-	-	-	-	63,300
Traffic operations center	2,150,000	2,150,000	432,053	(1,717,947)	31,951
Streets-Maintenance	40,000	40,000	55,144	15,144	-
Streets-Traffic	112,500	112,500	-	(112,500)	-
Parks	325,983	325,983	895,593	569,610	74,528
Total Capital Outlay	3,939,744	3,939,744	2,138,550	(1,801,194)	188,787
Total expenditures	67,799,034	67,984,667	61,278,827	(6,711,663)	58,506,213
Excess of revenues over expenditures	1,142,993	2,392,993	7,821,228	5,434,058	8,034,136
Other financing sources (uses):					
Transfers to other funds	(1,142,993)	(2,392,993)	(1,644,399)	748,594	(4,000,580)
Total other financing sources (uses)	(1,142,993)	(2,392,993)	(1,644,399)	748,594	(4,000,580)
Net changes in fund balances	\$ -	\$ -	\$ 6,176,829	\$ 6,182,652	\$ 4,033,556
Fund balance - beginning of year			43,283,142		39,249,586
Fund balance - end of year			\$ 49,459,971		\$ 43,283,142

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

(Continued)

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

JUNE 30, 2018

With Comparative Totals for the Fiscal Year Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,220,764	\$ 1,217,454
Cash and cash equivalents-restricted	5,301,559	2,997,754
Investments	14,866,937	28,924,865
Investments-restricted	5,363,708	6,759,607
Receivables (net of allowance for uncollectibles)	7,711,463	5,321,256
Inventory and prepaids	455,959	459,111
Total current assets	<u>41,920,390</u>	<u>45,680,047</u>
Noncurrent assets:		
Capital assets (net of accumulated depreciation):		
Land	5,644,399	5,543,049
Construction in progress	19,172,357	26,727,324
Buildings and improvements	18,064,967	1,765,740
Utility plant in service	158,376,307	153,369,616
Machinery and equipment	1,393,487	1,470,948
Total capital assets (net of accumulated depreciation):	<u>202,651,517</u>	<u>188,876,677</u>
Total assets	<u>244,571,907</u>	<u>234,556,724</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refundings	756,945	868,472
Pensions	<u>2,051,346</u>	<u>1,923,033</u>
	<u>2,808,291</u>	<u>2,791,505</u>
LIABILITIES		
Current liabilities:		
Accounts payable	2,757,229	2,900,126
Accrued interest payable	381,811	375,990
Total current liabilities	<u>3,139,040</u>	<u>3,276,116</u>
Long-term liabilities:		
Due within one year	4,817,446	4,504,363
Due in more than one year	38,915,423	42,044,741
Total OPEB liability	658,581	699,948
Net pension liability	2,766,561	2,879,497
Total long-term liabilities	<u>47,158,011</u>	<u>50,128,549</u>
Total liabilities	<u>50,297,051</u>	<u>53,404,665</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	<u>361,536</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	160,464,694	144,008,929
Restricted-system improvements	10,665,267	9,757,361
Unrestricted	<u>25,591,650</u>	<u>30,177,274</u>
Total net position	<u>\$ 196,721,611</u>	<u>\$ 183,943,564</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, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Metered water sales	\$ 11,034,782	\$ 10,556,568
Sewer service charges	18,430,468	17,022,240
Reclaimed water sales	135,473	133,598
Other revenues from operations	1,049,487	1,091,091
Total operating revenues	<u>30,650,210</u>	<u>28,803,497</u>
Operating expenses:		
Water and sewer billing expenses	135,220	186,883
Water distribution expenses	2,416,464	2,082,477
Water plant expenses	6,111,964	6,177,217
Water administration	1,280,588	1,606,642
Sewer administration	2,324,575	1,635,126
General administration	1,224,886	1,089,440
Sewer collection expenses	2,939,555	2,470,827
Sewer plant expenses	3,876,165	3,657,971
Reclaimed water expenses	85,197	91,632
Depreciation	6,552,846	5,839,183
Total operating expenses	<u>26,947,460</u>	<u>24,837,398</u>
Operating income	<u>3,702,750</u>	<u>3,966,099</u>
Nonoperating revenues (expenses):		
Interest income	383,165	232,687
Gain (loss) on sale of assets	41,046	54,953
Interest expense	(1,529,482)	(1,352,214)
Total nonoperating revenues (expenses)	<u>(1,105,271)</u>	<u>(1,064,574)</u>
Income before contributions and transfers	<u>2,597,479</u>	<u>2,901,525</u>
Contributions and transfers:		
Impact fees	5,806,279	4,468,223
Capital contributions	(5,709)	11,315
Developer contributions	5,204,998	4,902,950
Transfer from county facilities tax	300,000	-
Transfer to debt service fund	(200,000)	(200,000)
Transfer to capital projects fund	(925,000)	(925,000)
Total contributions and transfers	<u>10,180,568</u>	<u>8,257,488</u>
Change in position	<u>12,778,047</u>	<u>11,159,013</u>
Net position, beginning of year	<u>183,943,564</u>	<u>173,484,499</u>
Prior period adjustment	<u>-</u>	<u>(699,948)</u>
Net position, beginning of year as restated	<u>183,943,564</u>	<u>172,784,551</u>
Net position, end of year	<u>\$ 196,721,611</u>	<u>\$ 183,943,564</u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (WATER AND SEWER FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received from customers	\$ 28,260,003	\$ 28,522,662
Cash paid to employees for services	(4,330,961)	(3,928,221)
Cash paid to suppliers of goods and services	(16,148,261)	(13,298,651)
Net cash provided by operating activities	<u>7,780,781</u>	<u>11,295,790</u>
Cash flows from noncapital financing activities:		
Transfer to debt service fund	(200,000)	(200,000)
Net cash used in noncapital financing activities	<u>(200,000)</u>	<u>(200,000)</u>
Cash flows from capital and related financing activities:		
Purchases of property, plant and equipment	(15,122,688)	(16,069,792)
Contributions from access and tap fees and grant funds	5,800,570	4,479,538
Sales of property, plant and equipment	41,046	54,953
Transfer from County Facilities Tax Fund	300,000	-
Transfer to capital projects fund	(925,000)	(925,000)
Interest paid on long-term debt	(1,597,882)	(1,224,102)
Proceeds from issuance of long-term debt	1,343,241	12,694,634
Premium from issuance of long-term debt	-	1,193,400
Payments on long-term debt	(3,949,947)	(3,510,885)
Net cash used in capital and related financing activities	<u>(14,110,660)</u>	<u>(3,307,254)</u>
Cash flows from investing activities:		
Purchases of investments, net	15,453,827	(17,605,681)
Interest received from investments	383,167	232,687
Net cash used in investing activities	<u>15,836,994</u>	<u>(17,372,994)</u>
Net change in cash and restricted cash	9,307,115	(9,584,458)
Cash and restricted cash, beginning of year	<u>4,215,208</u>	<u>13,799,666</u>
Cash and restricted cash, end of year	<u>\$ 13,522,323</u>	<u>\$ 4,215,208</u>
Cash and cash equivalents consist of:		
Unrestricted cash and cash equivalents	\$ 8,220,764	\$ 1,217,454
Restricted cash and cash equivalents	5,301,559	2,997,754
Total cash and cash equivalents	<u>\$ 13,522,323</u>	<u>\$ 4,215,208</u>

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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, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of operating income to net cash provided by operations:		
Operating income	\$ 3,702,750	\$ 3,966,099
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	6,552,846	5,839,178
Net pension liability and related amounts	120,287	158,792
OPEB and related amounts	(41,367)	-
Change in:		
Accounts receivable	(2,390,207)	(280,835)
Inventory	3,152	(119,879)
Compensated absences	(23,783)	58,171
Accounts payable	(142,897)	1,674,264
Net cash provided by operating activities	<u>\$ 7,780,781</u>	<u>\$ 11,295,790</u>
Supplemental schedule of non-cash capital and related financing activities:		
Capital assets added as developer contributions	<u>\$ 5,204,998</u>	<u>\$ 4,902,950</u>
Issuance of capital lease	<u>\$ -</u>	<u>\$ 30,737</u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND (PENSION FUND)
FOR THE YEAR ENDED DECEMBER 31, 2017
With Comparative Totals for the Fiscal Year Ended December 31, 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 1,285,118	\$ 16,017,985
Investments:		
Domestic fixed income securities	33,256,541	19,478,491
Domestic equities	39,581,503	25,362,933
International equities	22,865,880	18,668,884
Real estate	7,576,194	7,961,758
Timber	<u>3,856,133</u>	<u>3,878,079</u>
Total investments	107,136,251	75,350,145
Receivable from employer	<u>-</u>	<u>1,944,313</u>
Total assets	<u>108,421,369</u>	<u>93,312,443</u>
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 108,421,369</u>	<u>\$ 93,312,443</u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND (PENSION FUND)
FOR THE YEAR ENDED DECEMBER 31, 2017
With Comparative Totals for the Fiscal Year Ended December 31, 2016

	<u>2017</u>	<u>2016</u>
Additions:		
Contributions:		
Employer contributions	\$ 4,471,922	\$ 3,888,628
Employee contributions	593,845	548,163
Total contributions	<u>5,065,767</u>	<u>4,436,791</u>
Investment income:		
Investment earnings	14,823,429	6,452,638
Total investment income	<u>14,823,429</u>	<u>6,452,638</u>
Total additions	<u>19,889,196</u>	<u>10,889,429</u>
Deductions:		
Pension benefits	4,668,158	4,238,026
Administration expense	112,112	171,371
Total deductions	<u>4,780,270</u>	<u>4,409,397</u>
Net increase	15,108,926	6,480,032
Net position restricted for pension benefits - beginning	<u>93,312,443</u>	<u>86,832,411</u>
Net position restricted for pension benefits - ending	<u>\$ 108,421,369</u>	<u>\$ 93,312,443</u>

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

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018, 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 \$5,543,235 at June 30, 2018, 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 proceeding categories.

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

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

D. Basis of presentation - fund financial statements

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fiduciary fund type:

The *Pension Fund* accounts for the activities of the pension plan maintained for employees of the City, which accumulates resources for pension payments to qualified employees.

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

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

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

E. Measurement focus and basis of accounting

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

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

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

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

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

F. Budgetary information

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

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

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

1. Cash and cash equivalents

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

2. Investments

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

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

3. Inventories and prepaid items

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

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

4. Capital assets

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

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

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

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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.

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, 2018, will not be available for collection until fiscal year 2019, beginning October 2018; (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.

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:

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.

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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 2018, taxes were levied at a rate of .4176 per \$100 of assessed valuation.

3. Compensated absences

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

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

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

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

5. *Bond premiums and discounts*

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

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

I. *Estimates*

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

J. *Recent accounting pronouncements*

The City has included the applicable accounting and reporting requirements of Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* that were effective for fiscal year 2018 in this report. See Note 3 P for effects of adopting new pronouncements on beginning net position.

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. 83, *Certain Asset Retirement Obligations*, required for the fiscal period ending June 30, 2019. This Statement improves financial reporting by establishing uniform criteria for governments to recognize and measure certain Asset Retirement Obligations (AROs) and required disclosures.

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

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

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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, 2018, 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 2018, the City, except for the Pension Fund, invested in certificates of deposit, money market accounts, and government sponsored agency securities. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

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

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

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As of June 30, 2018, the City had the following investments measured at fair value per GASB Statement 72 and the noted weighted average maturities:

	<u>6/30/2018</u>	<u>Fair Value Measurements Using</u>			<u>Weighted Average Maturity (Years)</u>
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
Investments by fair value level					
Certificates of Deposit	\$ 3,048,153	\$ 3,048,153	\$ -	\$ -	0.93
Money Market Accounts	3,289,649	3,289,649	-	-	-
Debt securities					
U.S. Treasury securities	38,196,377	38,196,377	-	-	0.98
Federal Home Loan Bank	15,423,828	-	15,423,828	-	1.25
Federal Home Loan Mortgage Corp.	12,383,629	-	12,383,629	-	0.73
Federal National Mortgage Association	12,446,196	-	12,446,196	-	0.62
Federal Farm Credit Bank	10,327,861	-	10,327,861	-	1.07
Total Investments at Fair Value	<u>\$ 95,115,693</u>	<u>\$ 44,534,179</u>	<u>\$ 30,581,514</u>	<u>\$ -</u>	
Portfolio Weighted Avg. Maturity					<u>0.95</u>
Investment derivative instruments					
Interest rate swaps (liability)	\$ (3,642,169)		\$ (3,642,169)		
Total Investment derivative instruments	<u>\$ (3,642,169)</u>		<u>\$ (3,642,169)</u>		

The certificates of deposit and money market accounts are in banks covered by the State collateral pool or under FDIC. All federal securities, guaranteed by or linked to the U.S. government, are rated Aaa by Moody's and AA+ by Standard & Poor's. (Treasury securities and Federal Home Loan Mortgage Company also have a AAA rating from Fitch). As of June 30, 2018, the investments that constituted a concentration risk due to the investments exceeding 5% of the portfolio balance were the certificates of deposit, the money market accounts, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, and U.S. Treasury Securities.

Interest Rate Risk: Investments held for longer periods are subject to increased risk for adverse interest rate changes. City policy provides that to the extent practicable, investments are matched with anticipated cash flows. Typically, certificates of deposit are issued for periods less than one year and investments in the Local Government Investment Pool are available daily. At June 30, 2018, investments of the City had average weighted maturities as noted above.

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

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As of December 31, 2017, the City of Franklin's closed Pension Plan had the following investments measured at fair value per GASB Statement 72:

		Fair Value Measurements Using		
	12/31/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Local managed investments				
Money market accounts ⁽¹⁾	\$ 694,765	\$ 694,765	\$ -	\$ -
Domestic equities ⁽²⁾	2,684,454	2,684,454	-	-
International equities ⁽⁵⁾	2,793,885	-	2,793,885	-
	<u>6,173,104</u>			
State managed investments (TCRS)				
Money market accounts ⁽⁶⁾	\$ 590,353	590,353	-	-
Fixed income securities ⁽⁶⁾	33,256,541	-	33,256,541	-
Domestic equities ⁽⁶⁾	36,897,049	36,897,049	-	-
International equities ⁽⁶⁾	20,071,995	-	20,071,995	-
	<u>90,815,938</u>			
Total investments at fair value level	<u>96,989,042</u>	<u>\$ 40,866,621</u>	<u>\$ 56,122,421</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Local managed investments				
Timber funds ⁽³⁾	<u>3,856,133</u>			
	<u>3,856,133</u>			
State managed investments (TCRS)				
Real estate funds ⁽⁵⁾	<u>7,576,194</u>			
Total investments at the NAV	<u>11,432,327</u>			
Total investments measured at fair value	<u>\$ 108,421,369</u>			
Investments measured at the net asset value (NAV)				
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Local managed investments				
Timber funds ⁽³⁾	<u>3,856,133</u>	-	-	-
	<u>3,856,133</u>			
State managed investments (TCRS)				
Real estate funds ⁽⁵⁾	<u>7,576,194</u>	-	-	-
Total investments measured at the NAV	<u>\$ 11,432,327</u>			

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

⁽²⁾ Invested in Landmark private equity and Hamilton private equity.

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

⁽⁴⁾ Invested in Vanguard International and Schwab Emerging Market.

⁽⁵⁾ Investments managed per agreement with the State by Tennessee Consolidated Retirement System (TCRS) money managers. Allocation was developed from TCRS Asset Allocation Analysis Report for period ending December 31, 2017.

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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C. Receivables

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

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

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

	General Fund	Multi-Purpose Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total
Receivables:					
Accounts	\$ 1,128,036	\$ -	\$ -	\$ 2,432,846	\$ 3,560,882
Property taxes	11,948,111	-	8,779,809	766,065	21,493,985
Due from IDB	2,546,557	-	-	-	2,546,557
Local option sales tax	5,828,981	-	-	-	5,828,981
Special assessments	53,762	-	-	-	53,762
Due from County	36,185	-	-	-	36,185
State shared revenue	3,299,832	-	-	441,283	3,741,115
Grants	413,352	1,281,909	-	962,034	2,657,295
Fines	733,222	-	-	-	733,222
Interest	96,804	16,433	-	113,281	226,518
Gross receivables	26,084,842	1,298,342	8,779,809	4,715,509	40,878,502
Less: Allowance for uncollectibles	(623,633)	-	-	-	(623,633)
Net receivables	\$ 25,461,209	\$ 1,298,342	\$ 8,779,809	\$ 4,715,509	\$ 40,254,869

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

	Unearned
Confiscated funds	\$ 193,644
Tree bank reserve	271,707
Sidewalk reserve	44,375
Affordable housing reserves	251,966
Sponsorship reserve	1,500
Total unearned revenue for fund financial statements	\$ 763,192

Receivables in the Water and Sewer Fund, totaling \$7,771,463 at June 30, 2018, represent accounts due from customers for services provided. The receivables are presented net of an allowance of \$796,268.

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D. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2018
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 57,135,136	\$ -	\$ 505,402	\$ -	\$ 57,640,538
Construction in process	12,988,293	(2,238,577)	4,951,176	-	15,700,892
Total capital assets, not being depreciated	<u>70,123,429</u>	<u>(2,238,577)</u>	<u>5,456,578</u>	<u>-</u>	<u>73,341,430</u>
Capital assets, being depreciated:					
Buildings and improvements	74,069,785	235,727	198,960	-	74,504,472
Improvements other than buildings	27,248,776	-	-	-	27,248,776
Machinery and equipment	56,166,219	376,940	2,319,255	-	58,862,414
Infrastructure	642,901,562	1,625,910	16,743,563	900,000	660,371,035
Total capital assets, being depreciated	<u>800,386,342</u>	<u>2,238,577</u>	<u>19,261,778</u>	<u>900,000</u>	<u>820,986,697</u>
Accumulated depreciation					
Buildings and improvements	16,499,357	-	1,465,617	-	17,964,974
Improvements other than buildings	11,109,631	-	1,333,744	-	12,443,375
Machinery and equipment	38,817,955	-	3,446,422	-	42,264,377
Infrastructure	162,412,141	-	13,378,075	-	175,790,216
Total accumulated depreciation	<u>228,839,084</u>	<u>-</u>	<u>19,623,858</u>	<u>-</u>	<u>248,462,942</u>
Total capital assets being depreciated, net	<u>571,547,258</u>	<u>2,238,577</u>	<u>(362,080)</u>	<u>900,000</u>	<u>572,523,755</u>
Total governmental activities capital assets, net	<u>641,670,687</u>	<u>-</u>	<u>5,094,498</u>	<u>900,000</u>	<u>645,865,185</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	5,543,049	-	101,350	-	5,644,399
Construction in process	26,727,324	(14,238,725)	6,683,759	-	19,172,358
Total capital assets, not being depreciated	<u>32,270,373</u>	<u>(14,238,725)</u>	<u>6,785,109</u>	<u>-</u>	<u>24,816,757</u>
Capital assets, being depreciated:					
Buildings and improvements	11,291,016	12,430,625	4,418,356	-	28,139,997
Utility plant in service	226,680,102	1,808,100	8,812,242	-	237,300,444
Machinery and equipment	5,686,146	-	311,980	140,214	5,857,912
Total capital assets, being depreciated	<u>243,657,264</u>	<u>14,238,725</u>	<u>13,542,578</u>	<u>140,214</u>	<u>271,298,353</u>
Accumulated depreciation					
Buildings and improvements	9,525,276	-	549,755	-	10,075,031
Utility plant in service	73,310,486	-	5,613,651	-	78,924,137
Machinery and equipment	4,215,198	-	389,441	140,214	4,464,425
Total accumulated depreciation	<u>87,050,960</u>	<u>-</u>	<u>6,552,847</u>	<u>140,214</u>	<u>93,463,593</u>
Total capital assets being depreciated, net	<u>156,606,304</u>	<u>14,238,725</u>	<u>6,989,731</u>	<u>-</u>	<u>177,834,760</u>
Business-type activities capital assets, net	<u>188,876,677</u>	<u>-</u>	<u>13,774,840</u>	<u>-</u>	<u>202,651,517</u>
Total capital assets, net	<u>\$ 830,547,364</u>	<u>\$ -</u>	<u>\$ 18,869,338</u>	<u>\$ 900,000</u>	<u>\$ 848,516,702</u>

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Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2018, as follows:

Governmental activities:

Project & facilities management	\$ 41,752
Building and neighborhood services	10,550
Information and technology	719,312
Traffic operations center	323,155
Human resources	91,269
Police department	1,120,991
Fire department	800,969
Highways and streets	13,761,481
Fleet management	21,795
Parks	1,458,471
General government	128,327
Sanitation	839,580
Stormwater	152,035
Transit	<u>154,171</u>
Total depreciation expense – governmental activities	19,623,858
Business-type activities:	
Water and sewer	<u>6,552,847</u>
Total depreciation expense	<u>\$ 26,176,705</u>

E. Accrued Liabilities

Accrued liabilities reported by governmental funds at June 30, 2018, were as follows:

Accrued employee payroll	\$ 1,616,816
Accrued employee insurance claims	<u>1,430,584</u>
Total accrued liabilities	<u>\$ 3,047,400</u>

F. Pension Plan

City of Franklin Employees' Pension Plan and Trust

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 34.

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 plan in the Fiduciary Pension Fund. 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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General Information about the Pension Plan

Plan Description

The City of Franklin administers the City of Franklin Employees' Pension Plan and Trust (the "Plan"), a single employer defined benefit pension plan. The assets of the Plan are held for investment and may be used only for the payment of benefits to members of the Plan. The Plan's fiscal year ends on December 31. It was deemed impractical to report the financial activity of the Plan as of and for the year ended June 30, 2018. Accordingly, all financial statement information regarding the Plan is as of December 31, 2017 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 eight members: City Mayor, Alderman, Employee Representatives (2), Citizens (2), Human Resources Director and Assistant City Administrator – Finance.

The plan was closed to new employees effective December 31, 2016. All new hires beginning January 1, 2017 are enrolled in the Tennessee Consolidated Retirements System (TCRS), a multiple employer defined benefit pension plan administered by the State of Tennessee Department of the Treasury. The TCRS issues a publicly available financial report that can be obtained at www.treasury.gov/tcrs.

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, 2018, the date of the latest actuarial valuation:

Retiree participants and beneficiaries	207
Disabled participants	3
Vested terminated participants	172
Active plan members	<u>519</u>
Total	<u><u>901</u></u>

Contributions

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

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

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

Net Pension Liability

The City's net pension liability was measured as of January 1, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Inflation	2.0%
Mortality	RP-2000 healthy annuitant mortality table, as appropriate, with blue-collar adjustment.
Projected salary increases	4.0%
Investment rate of return	7.4%

The actuarial assumptions used in the January 1, 2018 valuation were based on a limited update of an actuarial experience study for the 10-year period ending December 31, 2014.

In 2018, the following assumptions were changed: projected salary increases were increased from 3.5% to 4.0%, and the investment rate of return was decreased from 7.5% to 7.4%.

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

For pension investments that were locally managed during 2017:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	25%	14.3%
International equity	25%	8.7%
Timber	45%	6.2%
Short term securities	<u>5%</u>	0.0%
Total	<u>100%</u>	

The annual money-weighted rate of return, net of investment expenses, was 16.1% for the one month of the year ended December 31, 2017. 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 74.

Discount rate

The discount rate used to measure the total pension liability was 7.4%. 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.

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Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 1/1/2017	\$ 117,949,394	\$ 93,312,443	\$ 24,636,951
Changes for the year:			
Service cost	\$ 1,894,635		\$ 1,894,635
Interest	9,269,153	-	9,269,153
Differences between expected and actual experience	5,354,543	-	5,354,543
Changes of assumptions	2,293,802	-	2,293,802
Contributions - employer	-	4,471,922	(4,471,922)
Contributions - employee	-	593,845	(593,845)
Net investment income	-	14,823,429	(14,823,429)
Benefit payments, including refunds of employee contributions	(4,668,158)	(4,668,158)	-
Administrative expense	-	(112,112)	112,112
Net changes	14,143,975	15,108,926	(964,951)
Balances at 12/31/2017	\$ 132,093,369	\$ 108,421,369	\$ 23,672,000

The net pension liability is reported in the statement of net position as follows:

Governmental activities	\$ 20,906,746
Business-type activities	2,765,254
Net pension liability	\$ 23,672,000

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 discount rate of 7.4%, 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 (6.4%) or 1-percentage-point higher (8.4%) than the current rate:

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
City's net pension liability	\$40,743,095	\$23,672,000	\$9,589,251

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available within the City's annual report as no separate report is issued for the Plan.

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

For the year ended June 30, 2018, the City recognized pension expense of \$200,186, which included \$176,101 for governmental activities and \$24,085 for business-type activities. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF FRANKLIN, TENNESSEE
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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,305,516	\$ -
Changes of Assumptions	2,110,414	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>(3,004,368)</u>
Total	<u>\$ 17,415,930</u>	<u>\$ (3,004,368)</u>

Amounts reported as deferred outflows of resources or deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 1,392,636
2020	1,327,991
2021	(333,926)
2022	(327,341)
2023	1,265,932
Thereafter	11,086,270

Payable to the Pension Plan

As of June 30, 2018, the City did not have a payable relating to required contributions to the plan.

Tennessee Consolidate Retirement System (TCRS)

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 City of Franklin's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from City of Franklin's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of the TCRS. Investments are reported at fair value.

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 www.treasury.state.tn.us/tcrs.

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 years of 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.

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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 the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>31</u>
Total Employees	<u>32</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, 2018, the employer contributions for City of Franklin were \$23,007 based on a rate of 6.5 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)

City of Franklin's net pension liability (asset) was measured as of June 30, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.75 to 3.45 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, 2017 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.

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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.

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

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

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

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

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Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability (Asset)
	(a)	(b)	(a) – (b)
Balance at June 30, 2016	\$-	\$-	\$-
Changes for the year:			
Service cost	-	-	-
Interest	-	-	-
Change of benefit terms	52,267	-	52,267
Differences between expected and actual experience	-	-	-
Changes in Assumptions	-	-	-
Contributions-employer	-	23,007	(23,007)
Contributions-employees	-	17,698	(17,698)
Net investment income	-	2,220	(2,220)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	(1,519)	1,519
Other changes	-	-	-
Net changes	52,267	41,406	10,861
Balance at June 30, 2017	\$52,267	\$41,406	\$10,861

The net pension liability (asset) is reported in the statement of net position for the TCRS plan as follows:

Governmental activities	\$ 9,554
Business-type activities	<u>1,307</u>
	<u>\$ 10,861</u>

Changes of benefit terms. The June 30, 2017 actuarial valuation is the first actuarial valuation since City of Franklin's participation in the Public Employee Retirement Plan of the TCRS. Change of benefits reflects the initial establishment of City of Franklin's benefit terms.

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

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	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City of Franklin's net pension liability (asset)	\$24,697	\$10,861	\$300

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

Pension expense (negative pension expense). For the year ended June 30, 2018, City of Franklin recognized pension expense (negative pension expense) of \$34,469.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2018, City of Franklin reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in Assumptions	-	\$ 601
Contributions made subsequent to the measurement date	172,503	-
Total	<u>\$ 172,503</u>	<u>\$ 601</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2017," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2019	\$ (150)
2020	(150)
2021	(150)
2022	(150)
2023	-
Thereafter	-

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

Payable to the Pension Plan

As of June 30, 2018, the City of Franklin did not have a payable relating to required contributions to the plan.

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G. Other Post Employment Benefits (OPEB)

Plan Description and Benefits Provided

The City of Franklin self-insures its retired employees for healthcare benefits (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 single coverage and 20% of the Cobra rate for family coverage. For retirees after 30 years and at least age 55, retirees pay Cobra rates less \$275.00/month for single coverage or less \$535.50/month for family coverage. 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 per month for single coverage or \$500.00 per month for family coverage. 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. The plan does not have vested inactives as health insurance is not available at normal retirement age of 65. Active employees are eligible if they retire prior to age 65.

The OPEB Plan does not issue separate financial statements, and as such, all required disclosures and supplementary information are included as part of the City's annual financial report.

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 July 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to but not yet receiving benefits	-
Active plan members	<u>531</u>
Total	<u><u>570</u></u>

Total OPEB Liability

The City of Franklin's total OPEB liability of \$5,488,180 was measured as of July 1, 2017, and was determined by an actuarial valuation as of that date. \$4,829,598 of the total OPEB liability is included in governmental activities and \$658, 581 is included in business-type activities.

Actuarial assumptions and other inputs. The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0 percent, compounded annually, net of expenses
Salary increases	2.0 percent, compounded annually
Discount Rate	3.0 percent
Healthcare cost trend rates	7.25 percent for the Year beginning July 1, 2016 reduced by 0.25% for each year until 3.0% is reached. The trend rate is applied to both expected claims and COBRA rates.
Retirees' share of benefit-related costs	Shown above under Plan Description

The discount rate was based on CPI.

Mortality rates were based on the RP-2000 Healthy Annuitant mortality Table for Males or Females, as appropriate, with blue collar adjustments.

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Changes in the Total OPEB liability

	Total OPEB Liability (a)
Balance at June 30, 2017	<u>\$5,832,900</u>
Changes for the year:	
Service cost	142,900
Interest	158,282
Change of benefit terms	-
Differences between expected and actual experience	-
Changes in Assumptions or other inputs	-
Benefit payments	<u>(645,902)</u>
Net changes	<u>(344,720)</u>
Balance at June 30, 2018	<u><u>5,488,180</u></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 (2.0 percent) or 1-percentage-point higher (4.0 percent) than the current discount rate.

	1% Decrease (2.0%)	Current Discount Rate (3.0%)	1% Increase (4.0%)
Total OPEB Liability	\$6,075,188	\$5,488,180	\$4,985,118

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City of Franklin, as well as what the City of Franklin's total OPEB liability would be if it were calculated using healthcare costs trend rates that are 1-percentage-point lower (6.25 percent decreasing to 2.0 percent) or 1-percentage-point higher (8.25 percent decreasing to 4.0 percent) than the current healthcare cost trend rates:

	1% Decrease (6.25% decreasing to 2.0%)	Healthcare Cost Trend Rates (7.25% decreasing to 3.0%)	1% Increase (8.25% decreasing to 4.0%)
Total OPEB Liability	\$5,117,857	\$5,488,180	\$5,941,359

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

For the year ended June 30, 2018, the City of Franklin Recognized negative OPEB expense of \$(344,720). There is no deferred outflows or deferred inflows related to the plan for the fiscal year ended June 30, 2018

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H. Construction and Other Significant Commitments

1. Construction Contracts

As of June 30, 2018, there was \$1,755,332 of uncompleted construction projects of the Water and Sewer Fund.

During 2018, various street, public works and park improvement projects were in process. At June 30, 2018, there was approximately \$6,076,826 in uncompleted construction projects. These projects are funded by the General, Road Impact, Facilities Tax, Storm Water, Hotel/Motel Tax, and the Multi-Purpose Capital Project funds.

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, 2018. Renewals of the contracts are expected in the normal course of operations. At June 30, 2018, 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>
2019	\$ 46,325
2020	46,325
2021	46,325
2022	46,325
2023	46,325
2024 - 2029	<u>277,950</u>
Total	<u>\$ 509,575</u>

4. Defined Contribution Plans

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

Employees hired on or after February 15, 2010, may select the City of Franklin 2010 Defined Contribution Plan which also requires a 5% contribution but includes a 5% employer match. An additional 3% may be contributed that would be matched by the City. The City's match for the year ended June 30, 2018, totaled \$557,876.

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

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. 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
6/30/2018	\$ 1,505,518	\$ 8,447,710	\$ (8,522,644)	\$ 1,430,584
6/30/2017	\$ 1,822,710	\$ 10,186,236	\$ (10,503,428)	\$ 1,505,518

J. Capital Leases

The City has entered into one (1) capital lease agreement as lessee for financing the acquisition of equipment:

Lessor	Amount	Used	Unused	Principal Due	Interest Rate
U.S. Bancorp Govt Leasing	<u>2,250,000</u>	<u>2,220,378</u>	<u>29,622</u>	<u>902,161</u>	1.29%
Totals	<u><u>\$ 2,250,000</u></u>	<u><u>\$ 2,220,378</u></u>	<u><u>\$ 29,622</u></u>	<u><u>\$ 902,161</u></u>	

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The expenditures made through capital leases, including capital assets and items not meeting the definition of capital assets, are as follows:

Information & technology hardware	\$ 241,427
Police Vehicles & Equipment	1,263,424
Vehicles & Equipment for Street Departments	274,647
Parks Vehicles & Equipment	40,096
Sanitation Vehicles & Equipment	164,899
Fire Station Alerting System	141,131
Traffic Vehicle	31,650
Building & Neighborhood Services	22,316
Wastewater Vehicle	40,788
	<u><u>\$ 2,220,378</u></u>

Of the expenditures above, \$806,069 have been capitalized. Accumulated amortization related to such capital assets totaled \$66,506 at June 30, 2018.

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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018, were as follows:

Year Ending June 30,	
2018	\$ 733,324
2019	191,466
Total minimum lease payments	924,790
Less: Amount representing interest	(22,629)
Present value of minimum lease payments	902,161
Amount due within one year	741,366
Long-term portion	<u>\$ 160,795</u>

K. Long-term Debt

Long-term debt (excluding unamortized premiums) at June 30, 2018, is comprised of the following:

Governmental Activities:

General obligation bonds:

City of Lawrenceburg, TN Loan Agreement 2005 variable rate of interest, final maturity July 1, 2020	1,110,000
Series 2007 - General Obligation Public Improvement Bonds - 101-A-1, variable rate of interest, final maturity June 1, 2037	20,000,000
Series 2009B - General Obligation Build America Bonds (BAB), 4.45% to 5.70% interest, federally taxable, final maturity March 1, 2029	28,485,000
Series 2010 - General Obligation Recovery Zone Economic Development Bonds (RZEDB), 4.625% to 5.375% interest, federally taxable, final maturity March 1, 2030	15,725,000
Series 2010 - General Obligation Refunding Bonds, 2.00% to 4.00% interest, final maturity March 1, 2024	8,365,000
Series 2012 - General Obligation Refunding Bonds, 2.13% interest, final maturity May 1, 2027	14,680,000
Series 2013A - General Obligation Bonds, 2.00% to 4.00% interest, final maturity March 1, 2034	6,230,000
Series 2013B - General Obligation Bonds, Pension Plan Funding, 1.00% to 3.50% interest, federally taxable, final maturity March 1, 2024	6,275,000
Series 2015 - General Obligation Bonds, 3.00% to 5.00% interest, final maturity April 1, 2035	13,460,000
Series 2017 - General Obligation Bonds, 2.00% to 5.00% interest, final maturity April 1, 2037	<u>22,170,000</u>
Total Governmental Activities Long-Term Debt	<u>\$ 136,500,000</u>

The bonds are secured by the full faith and credit of the City. During 2018, debt service for the debt was provided by the Debt Service Fund through property tax collections as well as transfers from the Sanitation Fund, Road Impact Fund and the Hotel/Motel Tax Fund.

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Business - Type Activities:

Revenue and tax bonds:

Series 2005 - Sewer and Water Revenue and Tax Refunding Bonds, 3.00% to 5.00% interest, final maturity April 1, 2025	\$ 13,450,000
Series 2011 - SunTrust Loan Program, 2.48% interest, final maturity May 25, 2026	11,465,000
Series 2017 - Sewer and Water Revenue Bonds, 3.00% to 5.00% interest, final maturity February 1, 2037	11,630,000

Notes payable:

Drinking Water SRF Loan provided through ARRA funding, 2.82% interest; final maturity December 20, 2030	1,033,610
Clean Water SRF Loan provided through ARRA funding, 2.69% interest; final maturity October 20, 2032	1,451,766
State Revolving Fund Loan (CG2 2016-367) 0.89% interest; loan term to be 15 years	1,665,801
State Revolving Fund Loan (SRF 2016-374) 0.89% interest; loan term to be 15 years	<u>372,074</u>

Total Business-Type Activities Long-Term Debt \$ 41,068,251

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 2018, debt service for the debt was provided solely by the Water and Sewer Fund.

The annual requirements, by type of issue, to amortize outstanding bonds and notes payable at June 30, 2018, are as follows:

Year Ending	Revenue and Tax Bonds					
	General Obligation Bonds		and Notes		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 7,945,000	\$ 5,484,641	\$ 4,303,193	\$ 1,547,782	\$ 12,248,193	\$ 7,032,423
2020	8,185,000	5,205,262	4,379,452	1,381,963	12,564,452	6,587,225
2021	8,440,000	4,920,614	4,450,830	1,213,555	12,890,830	6,134,169
2022	8,325,000	4,600,452	4,483,836	1,036,997	12,808,836	5,637,449
2023	8,610,000	4,274,985	3,765,238	853,753	12,375,238	5,128,738
2024-2028	50,050,000	15,554,338	11,736,807	2,425,000	61,786,807	17,979,338
2029-2033	28,790,000	5,915,932	4,658,895	1,141,311	33,448,895	7,057,243
2034-2037	16,155,000	1,428,251	3,290,000	335,400	19,445,000	1,763,651
Totals	<u><u>\$ 136,500,000</u></u>	<u><u>\$ 47,384,475</u></u>	<u><u>\$ 41,068,251</u></u>	<u><u>\$ 9,935,761</u></u>	<u><u>\$ 177,568,251</u></u>	<u><u>\$ 57,320,236</u></u>

Interest on variable rate debt with associated interest rate swaps has been calculated at the fixed swap rate. Interest on variable rate debt without interest rate swaps has been calculated at the interest rate in effect at June 30, 2018.

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

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Long-term liability activity for the year ended June 30, 2018, 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	\$ 137,388,000	\$ -	\$ 7,163,000	\$ 130,225,000	\$ 6,975,000
Premium-GO bonds-capital	5,486,127	-	288,634	5,197,493	335,217
Total GO bonds-capital	142,874,127	-	7,451,634	135,422,493	7,310,217
General obligation bonds-pension	7,230,000	-	955,000	6,275,000	970,000
Premium-GO bonds-pension	55,052	-	55,052	-	-
Total GO bonds-pension	7,285,052	-	1,010,052	6,275,000	970,000
Capital leases	2,170,299	806,069	2,091,394	884,974	727,638
Total bonds and leases payable	152,329,478	806,069	10,553,080	142,582,467	9,007,855
Park acquisition agreement	1,071,428	-	214,286	857,142	214,286
Compensated absences	7,473,049	3,935,836	3,151,505	8,257,380	3,151,505
Derivatives-interest rate swaps	4,677,019	-	1,034,850	3,642,169	-
Net pension liability	21,757,454	-	841,154	20,916,300	-
Total OPEB liability	5,132,952	-	303,354	4,829,598	-
Total long-term liabilities	<u>\$ 192,441,380</u>	<u>\$ 4,741,905</u>	<u>\$ 16,098,229</u>	<u>\$ 181,085,056</u>	<u>\$ 12,373,646</u>
Business-type activities:					
Revenue and tax bonds	\$ 43,674,957	\$ 1,343,241	\$ 3,949,947	\$ 41,068,251	\$ 4,303,193
Premium	2,030,526	-	172,196	1,858,330	172,196
Total bonds payable	45,705,483	1,343,241	4,122,143	42,926,581	4,475,389
Capital leases	30,737	-	13,550	17,187	13,728
Total bonds and leases payable	45,736,220	1,343,241	4,135,693	42,943,768	4,489,117
Compensated absences	812,884	304,546	328,329	789,101	328,329
Net pension liability	2,879,497	-	112,936	2,766,561	-
Total OPEB liability	699,948	-	41,367	658,581	-
Total long-term liabilities	<u>\$ 50,128,549</u>	<u>\$ 1,647,787</u>	<u>\$ 4,618,325</u>	<u>\$ 47,158,011</u>	<u>\$ 4,817,446</u>

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

Issuance of Long-term Debt

The City added \$806,069 of capital leases and \$1,343,241 of state revolving loan funds in FY 2018.

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, 2018, expected development in the area is proceeding as projected in the debt repayment plan. Through June 30, 2018, the City has lent \$2,546,557 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 Agreements

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

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

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

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

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

2007 Swap Agreement

Effective March 1, 2007, the City entered into an interest rate swap agreement with Depfa Bank in connection with its \$20,000,000 Local Government Public Improvement Bonds, Series 101-A-1 variable rate revenue bonds. In 2015, the swap agreement was changed to FMS Wertmanagement, as Depfa's new owner operated by the German government. The terms of the swap did not change.

Under the swap, the City pays a fixed rate of 3.59% and receives a variable payment of 63% of the 5-year London Interbank Offering Rate (LIBOR) (commonly referred to as a constant maturity swap). The swap has an original notional amount of \$20,000,000 equal to the outstanding principal balance on the bonds issued. The notional value of the swap decreases on the same schedule as the bond principal payments until termination on June 1, 2037. As of June 30, 2018, none of the original notional amount has been retired.

2005 Swap Agreement

In 2005, the City entered into an interest rate swap agreement with SunTrust Bank in connection with its \$4,500,000

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variable rate loan from the City of Lawrenceburg Public Building Authority. Under the swap the City makes monthly payments based on a fixed rate of 3.65% and receives monthly payments based on 75% of the one-month LIBOR plus 18 basis points. The swap has a notional amount of \$4,500,000 and expires on July 1, 2020. Of the original notional amount, \$3,390,000 has been retired as of June 30, 2018. SunTrust may terminate the agreement at any time in the event of a default and the City may terminate the agreement at any time by paying a termination payment in an amount equal to the market value at the date of termination.

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

Swap Agreement	2007 Swap Agreement with FMS Wertmanagement Bank	2005 Swap Agreement with SunTrust Bank
Original Notional Amount	\$ 20,000,000	\$ 4,500,000
Less Amount Retired	-	(3,390,000)
Current Notional Amount	<u>\$ 20,000,000</u>	<u>\$ 1,110,000</u>
Effective Date	3/1/2007	9/1/2005
Termination Date	6/1/2037	7/1/2020
Final Bond Maturity	6/1/2037	7/1/2020
City pays	3.59% Fixed	3.65% Fixed
Payments made by the City*	\$ 718,000	\$ 42,127
City Receives*	63% of 5 Year LIBOR CMS	LIBOR x 75% + 0.18%
Payments received by the City*	\$ 282,870	\$ 14,483
Net receipts/(disbursements)*	(435,130)	(27,644)
Fair Value of Swap Agreement	(3,622,487)	(19,682)

* Based on the period July 1, 2017 to June 30, 2018.

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

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

Tax Risk

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

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Basis Risk

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

Termination Risk

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

Credit Risk

The City at June 30, 2018 had no credit risk since the swaps had negative values. If the value were a positive amount, then the City would be exposed to risk with FMS Wertmanagement Bank, with a rating by Moody's/Standard & Poor's/Fitch as of June 30, 2018 of Aaa/AAA/rating withdrawn, or SunTrust, with ratings of Baa1/A-/A-.

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L. Fund Balances

	General Fund	Multi-Purpose Capital Project Fund	Debt Service Fund	State Street Aid Fund	Sanitation Fund	Road Impact Fee Fund	Facilities Tax Fund	County Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel / Motel Tax Fund	In Lieu of Parkland Fund	Transit Authority Fund	CDBG Fund	Other Governmental Funds Totals
Fund balances:															
Non-Spendable	\$ 2,061,344	\$ -	\$ -	\$ -	\$ 65,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,126,724
Restricted	-	6,212,614	-	645,435	1,095,094	-	-	4,804,517	-	508,522	-	-	-	89,691	13,355,873
Committed	-	-	106,587	-	-	11,339,848	14,410,218	-	4,171,436	-	2,557,059	500,000	817,649	-	33,902,797
Assigned	-	-	-	-	-	-	-	-	-	-	3,165,027	5,641,130	-	-	8,806,157
Unassigned	47,398,627	-	-	-	-	-	-	-	-	-	-	-	-	-	47,398,627
Total fund balances	\$ 49,459,971	\$ 6,212,614	\$ 106,587	\$ 645,435	\$ 1,160,474	\$ 11,339,848	\$ 14,410,218	\$ 4,804,517	\$ 4,171,436	\$ 508,522	\$ 5,722,086	\$ 6,141,130	\$ 817,649	\$ 89,691	\$ 105,590,178
Reason for Restriction/Commitment:															
Non-spendable inventory/prepays	\$ 2,061,344	\$ -	\$ -	\$ -	\$ 65,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,126,724
Restricted by state law	-	6,212,614	-	645,435	1,095,094	-	-	4,804,517	-	508,522	-	-	-	-	13,266,182
Restricted by federal regulations for fund purpose	-	-	-	-	-	-	-	-	-	-	-	-	-	89,691	89,691
Committed by Board ordinance for fund purpose	-	-	106,587	-	-	11,339,848	14,410,218	-	4,171,436	-	2,557,059	500,000	817,649	-	33,902,797
Assigned by Board resolution	-	-	-	-	-	-	-	-	-	-	3,165,027	5,641,130	-	-	8,806,157
Unassigned *	47,398,627	-	-	-	-	-	-	-	-	-	-	-	-	-	47,398,627
Unassigned - negative fund balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	\$ 49,459,971	\$ 6,212,614	\$ 106,587	\$ 645,435	\$ 1,160,474	\$ 11,339,848	\$ 14,410,218	\$ 4,804,517	\$ 4,171,436	\$ 508,522	\$ 5,722,086	\$ 6,141,130	\$ 817,649	\$ 89,691	\$ 105,590,178

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	\$ 3,406,358
Emergency Commitment	3,406,358
Cash Flow Commitment	9,537,804
Debt Service Commitment	2,043,815
Property/Casualty/Health Insurance Commitment	2,725,087
Retiree Health Benefits Commitment	1,362,543
Supplemental Reserve	8,175,260
Capital Outlay Reserve	16,741,401
Total Reserves	\$ 47,398,627

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

M. Interfund Receivables, Payables and Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The following is a summary of transfers during the year ended June 30, 2018:

Transfer from	Transfer to	Amount
General	Sanitation	\$ 500,000
General	Transit	1,144,399
Sanitation	Debt service	273,390
Road impact	Debt service	2,699,646
Road impact	Capital projects	3,000,000
Hotel/motel	Debt service	1,118,668
County facilities tax	Water & Sewer	300,000
Capital projects	County facilities tax	635,074
Water/Sewer	Debt service	200,000
Water/Sewer	Capital projects	925,000
Total		<u>\$ 10,796,177</u>

The purposes of the transfers are:

- The transfers from the General Fund to the Sanitation and Transit System funds are for providing the annual operating subsidy.
- The transfers from the Sanitation and Road Impact funds to the Debt Service Fund are for the purpose of transferring funds to cover annual debt service requirements.
- The transfer from the Road Impact Fund to the Capital Projects Fund was to provide funds for arterial road related capital expenditures.
- The transfer from the Hotel/Motel Fund to the Debt Service Fund is for the purpose of transferring funds to cover annual debt service requirements.
- The transfer from County Facilities Tax to Water/Sewer is to provide funds for extension of wastewater service along Henpeck Lane for a future school south of Franklin.
- The transfer from the Capital Projects Fund to the County Facilities Tax Fund was to establish the beginning balance in the new fund.
- The transfer from Water/Sewer to the Debt Service fund is to provide funds for a portion of costs in the consolidated public works building.
- The transfer from Water/Sewer to the Capital Projects Fund is to provide funds for water/sewer related capital expenditures.

N. Contingencies

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

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

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

O. Tax abatements

In accordance with GASB Statement No. 77, *Tax Abatement Disclosures*, City property tax revenues were reduced by \$211,742 in fiscal year 2018 under two (2) in lieu of property tax agreements. The first is an agreement with the City only. The second agreement is with the City, County, and the Industrial Development Board.

The amount is comprised of:

	<u>Estimated Property Tax</u>	<u>In Lieu of Tax Payment</u>	<u>Difference</u>
1. Franklin Housing Authority	\$ 59,359 ^A	\$ 25,695	\$ 33,664
2. Nissan	<u>234,912</u> ^B	<u>234,912</u>	<u>0</u>
Totals	<u>\$294,271</u>	<u>\$260,607</u>	<u>\$ 33,664</u>

^A The estimated property tax amount for the Franklin Housing Authority was developed from total cost of all 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.

^B Although the City receives the full property tax amount, it is part of an in lieu of agreement that provides funds to be used toward paying the Industrial Development Board's outstanding debt on the land where the Nissan headquarters is located. The agreement began in 2005 and continues as part of the City's Tax Increment Financing (TIF) District provisions.

P. Prior period adjustments

In fiscal year 2018, the City undertook an initiative to simplify measurements for City streets within its GIS system. This simplification impacted the financials by \$14,141,136 (\$14,283,976 in infrastructure and \$142,840 in accumulated depreciation) as street length was reduced by 76,837 feet, or 14.6 miles. The primary reductions were for lengths of divided roadways. The adjustment relates to additions to infrastructure prior to fiscal year 2017.

In fiscal year 2018, the City adopted adopted Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This implementation resulted in a restatement of beginning net position as of July 1, 2016 totaling \$5,740,544.

Q. Subsequent events

On July 10, 2018, the Board of Mayor and Aldermen awarded the construction contract for Water Reclamation Facility modifications and expansion. The award was to Kiewit Infrastructure for \$132,380,000. The City has secured loans through the State Revolving Fund program for \$100,000,000 with principal forgiveness of \$225,000 for this project.

On September 25, 2018, the Board of Mayor and Aldermen adopted Resolution 2018-71 declaring their intent to issue general obligation bonds in an amount not to exceed \$41.3 million. The purpose of the bond issue will be to fund governmental facilities, equipment, roads, parks and other related uses. It is expected that the Board of Mayor and Aldermen will consider an authorizing resolution for General Obligation Bonds in the first quarter of 2019.

On October 23, 2018, the Board of Mayor and Aldermen approved two contracts relating to transfer of the operating agreement for the Cool Springs Conference Center to the purchaser of the adjoining Marriott Hotel. Through an Operating Agreement adopted in 1997 and in effect through October 15, 2027, the joint owners of the Conference Center- City of Franklin and Williamson County- agree for operation of the conference center by the owner of the hotel. The sale of the Marriott Cool Springs Hotel from Crowe Holdings to Chartwell Hospitality of Franklin, Tennessee, is expected to close November 1, 2018.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

On October 23, 2018, the Board of Mayor and Aldermen adopted an ordinance establishing Water and Sewer Rates to be effective January 1, 2019 and January 1, 2020. Water rates are increasing 2.9% each of the next two years (2019 and 2020). Of this 2.9% overall increase, a portion of the additional revenue will be generated by an increase in the monthly customer charge by 75 cents each of the next two years. The remainder of the additional revenue is generated by small increases in volumetric rates. Sewer rates are increasing 3.5% annually each of the next two years (2019 and 2020). Of the 3.5% overall increase, a portion of the additional revenue will be generated by an increase in the monthly customer charge by \$1.16 each of the next two years. The remainder of the additional revenue is generated by small increases in volumetric rates.

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REQUIRED SUPPLEMENTARY INFORMATION



HISTORIC
FRANKLIN
TENNESSEE

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

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 142,900
Interest	158,282
Changes of benefit items	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	(645,902)
Net change in total OPEB liability	(344,720)
Total OPEB liability-beginning	5,832,900
Total OPEB liability-ending	<u>\$ 5,488,180</u>
 Covered-employee payroll	 <u>\$ 31,118,096</u>
 Total OPEB liability as a percentage of covered-employee payroll	 17.6%

Notes to Schedule

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

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

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

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

Fiscal Year ended January 1,	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 1,894,635	\$ 1,911,994	\$ 2,093,993	\$ 1,977,349
Interest	9,269,153	7,983,916	7,209,696	6,583,224
Changes of benefit items	-	-	-	-
Differences between expected and actual experience	5,354,543	3,866,434	5,394,430	3,336,925
Changes of assumptions	2,293,802	-	-	-
Benefit payments, including refunds of employee contributions	(4,668,158)	(4,238,026)	(3,699,996)	(3,234,121)
Net change in total pension liability	14,143,975	9,524,318	10,998,123	8,663,377
Total pension liability-beginning	117,949,394	108,425,076	97,426,953	88,763,576
Total pension liability-ending (a)	\$ 132,093,369	\$ 117,949,394	\$ 108,425,076	\$ 97,426,953
Plan fiduciary net position				
Contributions-employer	\$ 4,471,922	\$ 3,888,628	\$ 2,846,724	\$ 2,354,417
Contributions-employee	593,845	548,163	525,364	419,334
Net investment income (loss)	14,823,429	6,452,638	(1,678,689)	5,973,819
Benefit payments, including refunds of employee contributions	(4,668,158)	(4,238,026)	(3,699,996)	(3,234,121)
Administrative expenses	(112,112)	(171,371)	(584,138)	(561,992)
Net change in plan fiduciary net position	15,108,926	6,480,032	(2,590,735)	4,951,457
Plan fiduciary net position-beginning	93,312,443	86,832,411	89,423,146	84,471,689
Plan fiduciary net position-ending (b)	\$ 108,421,369	\$ 93,312,443	\$ 86,832,411	\$ 89,423,146
Net pension liability-ending (a) - (b)	\$ 23,672,000	\$ 24,636,951	\$ 21,592,665	\$ 8,003,807
Plan fiduciary net position as a percentage of the total pension liability	82.1%	79.1%	80.1%	91.8%
Covered payroll	\$ 31,118,096	\$ 30,832,419	\$ 30,362,659	\$ 28,205,179
Pension liability as a percentage of covered payroll	76.1%	79.9%	71.1%	28.4%

Notes to Schedule:

Changes of assumptions - In 2018, amounts reported as changes of assumptions resulted from changes to the inflation rate and investment rate of return.

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

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

Fiscal Year ended June 30,	<u>2017</u>
Total pension liability	
Service cost	\$ -
Interest	-
Changes of benefit items	52,267
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	-
	<u>52,267</u>
Net change in total pension liability	52,267
Total pension liability-beginning	-
Total pension liability-ending (a)	<u><u>\$ 52,267</u></u>
 Plan fiduciary net position	
Contributions-employer	\$ 23,007
Contributions-employee	17,698
Net investment income (loss)	2,220
Benefit payments, including refunds of employee contributions	-
Administrative expenses	(1,519)
	<u>41,406</u>
Net change in plan fiduciary net position	41,406
Plan fiduciary net position-beginning	-
Plan fiduciary net position-ending (b)	<u><u>\$ 41,406</u></u>
 Net pension liability-ending (a) - (b)	<u><u>\$ 10,861</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	79.22%
 Covered payroll	\$ 353,953
 Pension liability as a percentage of covered payroll	3.07%

Notes to Schedule:

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

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

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

For fiscal year ending January 1,	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,471,922	\$ 3,888,628	\$ 2,846,724	\$ 2,417,920
Contributions in relation to the actuarially determined contribution	<u>4,471,922</u>	<u>3,888,628</u>	<u>2,846,724</u>	<u>2,354,417</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,503</u>
Covered payroll	\$ 31,118,096	\$ 30,904,891	\$ 30,410,847	\$ 28,205,179
Contributions as a percentage of covered payroll	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
Remaining amortization period	15 years
Inflation rate	2.0%
Mortality	RP-2000 mortality with blue collar adjustments
Asset valuation method	Market value
Projected salary increases	3.5%, average, including inflation
Investment rate of return	7.40%
Retirement age	Based on a table starting at 55, increasing to 100% by age 70

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
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF THE TCRS
(Unaudited)

Fiscal year ending June 30,	2017	2018
Actuarially determined contribution	\$ 23,007	\$ 172,503
Contributions in relation to the actuarially determined contribution	<u>23,007</u>	<u>172,503</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 353,953	\$ 2,653,892
Contributions as a percentage of covered payroll	6.5%	6.5%

Notes to Schedule

Valuation date: Actuarially determined contribution rates and covered payroll are calculated for fiscal year 2018 were calculated based on the June 30, 2017 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation rate	3.0%
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation
Investment rate of return	7.50 percent, net of investment expense, including inflation
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.50%

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expenses	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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**COMBINING AND INDIVIDUAL
FUND STATEMENTS
AND SCHEDULES
AND SUPPLEMENTARY
SCHEDULES**



HISTORIC
F R A N K L I N
T E N N E S S E E

NONMAJOR GOVERNMENTAL FUNDS SUMMARY PAGE:

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

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

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

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

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

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

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

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

In Lieu of Parkland 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, 2018

With Comparative Totals for the Fiscal Year Ended June 30, 2017

Special Revenue Funds													
	State Street Aid Fund	Sanitation Fund	Road Impact Fee Fund	Facilities Tax Fund	County Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel / Motel Tax Fund	In Lieu of Parkland Fund	Transit Authority Fund	CDBG Fund	2018	2017
ASSETS													
Cash and cash equivalents	\$ 402,156	\$ 220,353	\$ 1,354,033	\$ 1,520,400	\$ 846,801	\$ 1,472,106	\$ 504,618	\$ 2,320,583	\$ 2,153,849	\$ 415,439	\$ 340,178	\$ 11,550,516	\$ 14,140,058
Investments	-	-	9,968,489	12,847,336	3,936,167	2,489,479	-	3,003,567	3,985,232	-	-	36,230,270	19,428,477
Receivables (net of uncollectible accounts)	1,207,348	1,427,901	17,326	45,366	21,549	438,344	4,036	588,077	2,049	962,034	1,479	4,715,509	3,448,779
Inventory and prepaids	-	65,380	-	-	-	-	-	-	-	-	-	65,380	76,130
Total assets	<u>\$ 1,609,504</u>	<u>\$ 1,713,634</u>	<u>\$ 11,339,848</u>	<u>\$ 14,413,102</u>	<u>\$ 4,804,517</u>	<u>\$ 4,399,929</u>	<u>\$ 508,654</u>	<u>\$ 5,912,227</u>	<u>\$ 6,141,130</u>	<u>\$ 1,377,473</u>	<u>\$ 341,657</u>	<u>\$ 52,561,675</u>	<u>\$ 37,093,444</u>
LIABILITIES													
Accounts payable	\$ 198,004	\$ 553,160	\$ -	\$ 2,884	\$ -	\$ 228,493	\$ 132	\$ 61,846	\$ -	\$ 526,401	\$ -	\$ 1,570,920	\$ 998,441
Unearned revenue	-	-	-	-	-	-	-	-	-	-	251,966	251,966	242,400
Total liabilities	<u>198,004</u>	<u>553,160</u>	<u>-</u>	<u>2,884</u>	<u>-</u>	<u>228,493</u>	<u>132</u>	<u>61,846</u>	<u>-</u>	<u>526,401</u>	<u>251,966</u>	<u>1,822,886</u>	<u>1,240,841</u>
DEFERRED INFLOWS OF RESOURCES													
Unavailable revenues	766,065	-	-	-	-	-	-	128,295	-	33,423	-	927,783	742,383
Total deferred inflows of resources	<u>766,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,295</u>	<u>-</u>	<u>33,423</u>	<u>-</u>	<u>927,783</u>	<u>742,383</u>
FUND BALANCES													
Non-spendable	-	65,380	-	-	-	-	-	-	-	-	-	65,380	76,130
Restricted	645,435	1,095,094	-	-	4,804,517	-	508,522	-	-	-	89,691	7,143,259	5,228,990
Committed	-	-	11,339,848	14,410,218	-	4,171,436	-	2,557,059	500,000	817,649	-	33,796,210	24,451,333
Assigned	-	-	-	-	-	-	-	3,165,027	5,641,130	-	-	8,806,157	5,353,767
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>645,435</u>	<u>1,160,474</u>	<u>11,339,848</u>	<u>14,410,218</u>	<u>4,804,517</u>	<u>4,171,436</u>	<u>508,522</u>	<u>5,722,086</u>	<u>6,141,130</u>	<u>817,649</u>	<u>89,691</u>	<u>49,811,006</u>	<u>35,110,220</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,609,504</u>	<u>\$ 1,713,634</u>	<u>\$ 11,339,848</u>	<u>\$ 14,413,102</u>	<u>\$ 4,804,517</u>	<u>\$ 4,399,929</u>	<u>\$ 508,654</u>	<u>\$ 5,912,227</u>	<u>\$ 6,141,130</u>	<u>\$ 1,377,473</u>	<u>\$ 341,657</u>	<u>\$ 52,561,675</u>	<u>\$ 37,093,444</u>

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, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	Special Revenue Funds											Funds Totals	
	State Street Aid Fund	Sanitation Fund	Road Impact Fee Fund	Facilities Tax Fund	County Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel / Motel Tax Fund	In Lieu of Parkland Fund	Transit Authority Fund	CDBG Fund	2018	2017
Revenues:													
Taxes													
Property tax	\$ 722,941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 722,941	\$ 623,685
Hotel / motel tax	-	-	-	-	-	-	-	4,097,695	-	-	-	4,097,695	3,710,589
Facilities tax	-	-	-	4,788,042	971,814	-	-	-	-	-	-	5,759,856	3,864,453
Licenses and permits	-	-	11,585,500	-	-	-	-	-	2,010,056	-	-	13,595,556	7,317,604
Fines and fees	-	-	-	-	-	-	198,286	-	-	-	-	198,286	134,703
Intergovernmental													
Gas & motor fuel	1,597,999	-	-	-	-	-	-	-	-	-	-	1,597,999	1,260,229
Petroleum special	186,517	-	-	-	-	-	-	-	-	-	-	186,517	134,055
Gas 1989	257,091	-	-	-	-	-	-	-	-	-	-	257,091	201,956
Gas 3 cent	478,896	-	-	-	-	-	-	-	-	-	-	478,896	374,830
Grants	-	-	-	-	-	-	-	-	-	1,255,107	257,808	1,512,915	1,774,413
Charges for services	-	8,359,191	-	-	-	2,520,451	-	-	-	112,418	-	10,992,060	10,379,078
Use of money and property	6,720	2,215	121,036	97,135	9,557	39,038	27,814	38,626	52,338	17,065	3,427	414,971	285,340
Other revenues:	-	-	-	-	-	-	-	-	-	-	-	-	10,312
Total revenues	<u>3,250,164</u>	<u>8,361,406</u>	<u>11,706,536</u>	<u>4,885,177</u>	<u>981,371</u>	<u>2,559,489</u>	<u>226,100</u>	<u>4,136,321</u>	<u>2,062,394</u>	<u>1,384,590</u>	<u>261,235</u>	<u>39,814,783</u>	<u>30,071,247</u>
Expenditures:													
Current:													
General government	-	-	-	-	-	-	-	797,313	-	-	257,807	1,055,120	1,215,205
Police	-	-	-	5,000	-	-	99,660	-	-	-	-	104,660	122,177
Fire	-	-	-	7,155	-	-	-	-	-	-	-	7,155	122,553
Parks	-	-	-	463,035	-	-	-	-	-	-	-	463,035	44,579
Highways and streets	3,107,210	-	556,831	-	-	-	-	-	-	-	-	3,664,041	4,457,909
Storm water	-	-	-	-	-	2,554,078	-	-	-	-	-	2,554,078	2,314,747
Sanitation	-	7,958,336	-	-	-	-	-	-	-	-	-	7,958,336	7,834,536
Transit	-	-	-	-	-	-	-	-	-	2,086,098	-	2,086,098	1,890,367
Capital outlay	-	156,305	-	441,205	-	521,670	159,123	325,538	505,402	-	-	2,109,243	1,361,426
Total expenditures	<u>3,107,210</u>	<u>8,114,641</u>	<u>556,831</u>	<u>916,395</u>	<u>-</u>	<u>3,075,748</u>	<u>258,783</u>	<u>1,122,851</u>	<u>505,402</u>	<u>2,086,098</u>	<u>257,807</u>	<u>20,001,766</u>	<u>19,363,499</u>
Excess (deficiency) of revenues over (under) expenditures	142,954	246,765	11,149,705	3,968,782	981,371	(516,259)	(32,683)	3,013,470	1,556,992	(701,508)	3,428	19,813,017	10,707,748
Other financing sources (uses):													
Transfers in	-	500,000	-	-	635,074	-	-	-	-	1,144,399	-	2,279,473	5,028,651
Transfers out	-	(273,390)	(5,699,646)	-	(300,000)	-	-	(1,118,668)	-	-	-	(7,391,704)	(6,672,463)
Total other financing sources (uses)	<u>-</u>	<u>226,610</u>	<u>(5,699,646)</u>	<u>-</u>	<u>335,074</u>	<u>-</u>	<u>-</u>	<u>(1,118,668)</u>	<u>-</u>	<u>1,144,399</u>	<u>-</u>	<u>(5,112,231)</u>	<u>(1,643,812)</u>
Net changes in fund balances	<u>142,954</u>	<u>473,375</u>	<u>5,450,059</u>	<u>3,968,782</u>	<u>1,316,445</u>	<u>(516,259)</u>	<u>(32,683)</u>	<u>1,894,802</u>	<u>1,556,992</u>	<u>442,891</u>	<u>3,428</u>	<u>14,700,786</u>	<u>9,063,936</u>
Fund balances - beginning	<u>502,481</u>	<u>687,099</u>	<u>5,889,789</u>	<u>10,441,436</u>	<u>3,488,072</u>	<u>4,687,695</u>	<u>541,205</u>	<u>3,827,284</u>	<u>4,584,138</u>	<u>374,758</u>	<u>86,263</u>	<u>35,110,220</u>	<u>26,046,284</u>
Fund balances - ending	<u>\$ 645,435</u>	<u>\$ 1,160,474</u>	<u>\$ 11,339,848</u>	<u>\$ 14,410,218</u>	<u>\$ 4,804,517</u>	<u>\$ 4,171,436</u>	<u>\$ 508,522</u>	<u>\$ 5,722,086</u>	<u>\$ 6,141,130</u>	<u>\$ 817,649</u>	<u>\$ 89,691</u>	<u>\$ 49,811,006</u>	<u>\$ 35,110,220</u>

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, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2017
				Over (Under)	
Revenues:					
Taxes:					
Property tax	\$ 946,516	\$ 946,516	\$ 722,941	\$ (223,575)	\$ 623,685
Intergovernmental:					
Gasoline tax, State of Tennessee:					
Gas & motor fuel	1,426,502	1,518,973	1,597,999	79,026	1,260,229
Petroleum special	166,500	177,293	186,517	9,224	134,055
Gas 1989	229,500	244,377	257,091	12,714	201,956
Gas 3 cent	427,501	455,212	478,896	23,684	374,830
Use of money and property:					
Interest earned	204	204	6,720	6,516	1,201
Total revenues	3,196,723	3,342,575	3,250,164	(92,411)	2,595,956
Expenditures:					
Current:					
Highways and streets:					
Street maintenance and improvement	3,145,000	3,290,852	3,106,254	(184,598)	2,799,093
Supplies	600	600	956	356	637
Total current	3,145,600	3,291,452	3,107,210	(184,242)	2,799,730
Total expenditures	3,145,600	3,291,452	3,107,210	(184,242)	2,799,730
Excess (deficiency) of revenues over (under) expenditures	51,123	51,123	142,954	91,831	(203,774)
Other financing sources (uses):					
Operating transfers from other funds	-	-	-	-	332,840
Total other financing sources (uses)	-	-	-	-	332,840
Net changes in fund balances	\$ 51,123	\$ 51,123	142,954	\$ 91,831	129,066
Fund balance - beginning			502,481		373,415
Fund balance - ending			<u>\$ 645,435</u>		<u>\$ 502,481</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, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2017
				Over (Under)	
Revenues:					
Charges for services:					
Garbage fees	\$ 8,102,429	\$ 8,102,429	\$ 8,359,191	\$ 256,762	\$ 7,708,886
Intergovernmental:					
Grants	-	-	-	-	-
Use of money and property:					
Interest earned	196	196	2,215	2,019	113
Sale of surplus property	43,532	43,532	-	(43,532)	78,027
Other revenues:	148,183	148,183	-	(148,183)	212
Total revenues	<u>8,294,340</u>	<u>8,294,340</u>	<u>8,361,406</u>	<u>215,249</u>	<u>7,787,238</u>
Expenditures:					
Sanitation:					
Personnel	3,167,493	3,159,605	3,237,192	77,587	3,017,836
Services	3,656,069	3,686,713	3,652,196	(34,517)	3,387,201
Supplies	488,453	488,453	439,079	(49,374)	390,953
Operational units	222,782	222,782	223,024	242	218,414
Business expenses	107,441	107,441	103,037	(4,404)	111,310
Payments on capital leases	295,484	295,484	303,808	8,324	708,822
	<u>7,937,722</u>	<u>7,960,478</u>	<u>7,958,336</u>	<u>(2,142)</u>	<u>7,834,536</u>
Capital outlay:	266,590	266,590	156,305	(110,285)	164,900
Total expenditures	<u>8,204,312</u>	<u>8,227,068</u>	<u>8,114,641</u>	<u>(112,427)</u>	<u>7,999,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90,028</u>	<u>67,272</u>	<u>246,765</u>	<u>179,493</u>	<u>(212,197)</u>
Other financing sources (uses):					
Operating transfers from other funds	250,000	500,000	500,000	-	750,000
Operating transfers to other funds	(328,558)	(305,802)	(273,390)	(32,412)	(618,054)
Total other financing sources (uses)	<u>(78,558)</u>	<u>194,198</u>	<u>226,610</u>	<u>(32,412)</u>	<u>131,946</u>
Net changes in fund balances	<u>\$ 11,470</u>	<u>\$ 261,470</u>	<u>473,375</u>	<u>\$ 147,081</u>	<u>(80,251)</u>
Fund balance - beginning			<u>687,099</u>		<u>767,350</u>
Fund balance - ending			<u>\$ 1,160,474</u>		<u>\$ 687,099</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
ROAD IMPACT FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2017
				Over (Under)	
Revenues:					
Licenses and permits:					
Road impact fee	\$ 8,498,560	\$ 8,498,560	\$ 11,585,500	\$ 3,086,940	\$ 7,180,150
Use of money and property:					
Interest earned	10,000	10,000	121,036	111,036	27,363
Other revenue	-	-	-	-	10,100
Total revenues	<u>8,508,560</u>	<u>8,508,560</u>	<u>11,706,536</u>	<u>3,197,976</u>	<u>7,217,613</u>
Expenditures:					
Highways and streets:					
Services	3,583,528	3,583,528	556,831	(3,026,697)	1,631,179
	<u>3,583,528</u>	<u>3,583,528</u>	<u>556,831</u>	<u>(3,026,697)</u>	<u>1,631,179</u>
Capital outlay:					
Total expenditures	<u>3,583,528</u>	<u>3,583,528</u>	<u>556,831</u>	<u>(3,026,697)</u>	<u>1,658,179</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,925,032</u>	<u>4,925,032</u>	<u>11,149,705</u>	<u>6,224,673</u>	<u>5,559,434</u>
Other financing sources (uses):					
Operating transfers to other funds	<u>(4,209,552)</u>	<u>(5,709,552)</u>	<u>(5,699,646)</u>	<u>9,906</u>	<u>(4,689,493)</u>
Net changes in fund balances	<u>\$ 715,480</u>	<u>\$ (784,520)</u>	<u>5,450,059</u>	<u>\$ 6,234,579</u>	<u>869,941</u>
Fund balance - beginning			<u>5,889,789</u>		<u>5,019,848</u>
Fund balance - ending			<u>\$ 11,339,848</u>		<u>\$ 5,889,789</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, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2017
				Over (Under)	
Revenues:					
Licenses and permits:					
Facilities tax	\$ 3,833,871	\$ 3,833,871	\$ 4,788,042	\$ 954,171	\$ 3,864,453
Use of money and property:					
Interest earned	18,821	18,821	97,135	78,314	(13,900)
Total revenues	<u>3,852,692</u>	<u>3,852,692</u>	<u>4,885,177</u>	<u>1,032,485</u>	<u>3,850,553</u>
Expenditures:					
Police:					
Services	-	-	5,000	5,000	-
	-	-	5,000	5,000	-
Capital outlay:	1,788,000	2,388,000	282,656	(2,105,344)	-
	<u>1,788,000</u>	<u>2,388,000</u>	<u>287,656</u>	<u>(2,100,344)</u>	<u>-</u>
Fire:					
Services	20,000	20,000	6,926	(13,074)	40,071
Supplies	151,600	151,600	229	(151,371)	81,685
Business expenses	5,000	5,000	-	(5,000)	797
	<u>176,600</u>	<u>176,600</u>	<u>7,155</u>	<u>(169,445)</u>	<u>122,553</u>
Capital outlay:	2,052,500	2,052,500	158,549	(1,893,951)	91,568
	<u>2,229,100</u>	<u>2,229,100</u>	<u>165,704</u>	<u>(2,063,396)</u>	<u>214,121</u>
Parks:					
Services	-	-	463,035	463,035	-
Supplies	32,000	32,000	-	(32,000)	44,579
	<u>32,000</u>	<u>32,000</u>	<u>463,035</u>	<u>431,035</u>	<u>44,579</u>
Capital outlay:	-	590,000	-	(590,000)	-
	<u>32,000</u>	<u>622,000</u>	<u>463,035</u>	<u>(158,965)</u>	<u>44,579</u>
Sanitation:					
Capital outlay:	-	-	-	-	126,693
Total sanitation	-	-	-	-	126,693
Total expenditures	<u>4,049,100</u>	<u>5,239,100</u>	<u>916,395</u>	<u>(4,322,705)</u>	<u>385,393</u>
Net changes in fund balances	\$ <u>(196,408)</u>	\$ <u>(1,386,408)</u>	3,968,782	\$ <u>5,355,190</u>	3,465,160
Fund balance - beginning			10,441,436		6,976,276
Fund balance - ending			\$ <u>14,410,218</u>		\$ <u>10,441,436</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, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>	<u>2017</u>
				<u>Over (Under)</u>	
Revenues:					
Licenses and permits:					
Facilities tax	\$ 1,250,000	\$ 1,250,000	\$ 971,814	\$ (278,186)	\$ -
Use of money and property:					
Interest earned	-	-	9,557	9,557	1,016
Total revenues	<u>1,250,000</u>	<u>1,250,000</u>	<u>981,371</u>	<u>(268,629)</u>	<u>1,016</u>
Expenditures:					
Capital outlay:					
Total expenditures	<u>(500,000)</u>	<u>(600,000)</u>	<u>-</u>	<u>600,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>750,000</u>	<u>650,000</u>	<u>981,371</u>	<u>331,371</u>	<u>1,016</u>
Other financing sources (uses):					
Operating transfers from other funds	-	635,074	635,074	-	3,487,056
Operating transfers to other funds	-	(300,000)	(300,000)	-	-
Net changes in fund balances	<u>\$ 750,000</u>	<u>\$ 985,074</u>	<u>\$ 1,316,445</u>	<u>\$ 331,371</u>	<u>\$ 3,488,072</u>
Fund balance - beginning			<u>3,488,072</u>		<u>-</u>
Fund balance - ending			<u>\$ 4,804,517</u>		<u>\$ 3,488,072</u>

CITY OF FRANKLIN, TENNESSEE
STORM WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>	<u>2017</u>
				<u>Over (Under)</u>	
Revenues:					
Charges for services:					
Customer service	\$ 2,767,639	\$ 2,767,639	\$ 2,520,451	\$ (247,188)	\$ 2,565,543
Use of money and property:					
Interest earnings	10,200	10,200	39,038	28,838	(8,864)
Sale of surplus property	-	-	-	-	33,508
Total revenues	<u>2,777,839</u>	<u>2,777,839</u>	<u>2,559,489</u>	<u>(218,350)</u>	<u>2,590,187</u>
Expenditures:					
Storm water:					
Personnel	1,552,345	1,552,345	1,536,864	(15,481)	1,345,212
Services	405,433	405,433	454,791	49,358	411,596
Supplies	232,270	232,270	167,847	(64,423)	146,231
Operational units	196,569	196,569	195,146	(1,423)	189,677
Business expenses	57,682	57,682	39,933	(17,749)	71,205
Payments on capital leases	170,366	170,366	159,497	(10,869)	150,826
	<u>2,614,665</u>	<u>2,614,665</u>	<u>2,554,078</u>	<u>(60,587)</u>	<u>2,314,747</u>
Capital outlay	<u>3,605,000</u>	<u>3,605,000</u>	<u>521,670</u>	<u>(3,083,330)</u>	<u>411,480</u>
Total expenditures	<u>6,219,665</u>	<u>6,219,665</u>	<u>3,075,748</u>	<u>(3,143,917)</u>	<u>2,726,227</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,441,826)</u>	<u>(3,441,826)</u>	<u>(516,259)</u>	<u>2,925,567</u>	<u>(136,040)</u>
Other financing sources (uses):					
Operating transfers to other funds	-	-	-	-	(50,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
Net changes in fund balances	<u>\$ (3,441,826)</u>	<u>\$ (3,441,826)</u>	<u>\$ (516,259)</u>	<u>\$ 2,925,567</u>	<u>\$ (186,040)</u>
Fund balance - beginning			<u>4,687,695</u>		<u>4,873,735</u>
Fund balance - ending			<u>\$ 4,171,436</u>		<u>\$ 4,687,695</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, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>	<u>2017</u>
				<u>Over (Under)</u>	
Revenues:					
Fines and fees:					
Drug fines	\$ 110,907	\$ 110,907	\$ 104,471	\$ (6,436)	\$ 89,633
Seized assets/unclaimed evidence	99,217	99,217	93,815	(5,402)	45,070
Use of money and property:					
Interest earned	2,265	2,265	8,318	6,053	3,407
Sale of surplus property	12,779	12,779	19,496	6,717	9,630
Total revenues	<u>225,168</u>	<u>225,168</u>	<u>226,100</u>	<u>932</u>	<u>147,740</u>
Expenditures:					
Police:					
Supplies	36,000	36,000	59,386	23,386	96,700
Operational units	72,500	72,500	38,039	(34,461)	23,066
Business expenses	-	-	2,235	2,235	2,411
	<u>108,500</u>	<u>108,500</u>	<u>99,660</u>	<u>(8,840)</u>	<u>122,177</u>
Capital outlay	151,146	151,146	159,123	7,977	-
Total expenditures	<u>259,646</u>	<u>259,646</u>	<u>258,783</u>	<u>(863)</u>	<u>122,177</u>
Net changes in fund balances	<u>\$ (34,478)</u>	<u>\$ (34,478)</u>	<u>(32,683)</u>	<u>\$ 1,795</u>	<u>25,563</u>
Fund balance - beginning			<u>541,205</u>		<u>515,642</u>
Fund balance - ending			<u>\$ 508,522</u>		<u>\$ 541,205</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, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>	<u>2017</u>
				<u>Over (Under)</u>	
Revenues:					
Taxes:					
Hotel / Motel tax	\$ 3,594,227	\$ 3,594,227	\$ 4,097,695	\$ 503,468	\$ 3,710,589
Use of money and property:					
Distributions from conference center	-	-	221,860	221,860	92,792
Interest earned	4,000	4,000	38,626	34,626	10,466
Total revenues	<u>3,598,227</u>	<u>3,598,227</u>	<u>4,358,181</u>	<u>759,954</u>	<u>3,813,847</u>
Expenditures:					
General:					
Services	140,000	140,000	37,210	(102,790)	42,545
Supplies	-	-	55,360	55,360	93,015
Appropriations	895,557	895,557	926,602	31,045	849,271
	<u>1,035,557</u>	<u>1,035,557</u>	<u>1,019,172</u>	<u>(16,385)</u>	<u>984,831</u>
Capital outlay	409,286	559,286	325,539	(233,747)	320,925
Total expenditures	<u>1,444,843</u>	<u>1,594,843</u>	<u>1,344,711</u>	<u>(250,132)</u>	<u>1,305,756</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,153,384</u>	<u>2,003,384</u>	<u>3,013,470</u>	<u>1,010,086</u>	<u>2,508,091</u>
Other financing sources (uses):					
Operating transfers to other funds	<u>(1,112,812)</u>	<u>(1,112,812)</u>	<u>(1,118,668)</u>	<u>5,856</u>	<u>(1,314,916)</u>
Net changes in fund balances	<u>\$ 1,040,572</u>	<u>\$ 890,572</u>	<u>1,894,802</u>	<u>\$ 1,004,230</u>	<u>1,193,175</u>
Fund balance - beginning			<u>3,827,284</u>		<u>2,634,109</u>
Fund balance - ending			<u>\$ 5,722,086</u>		<u>\$ 3,827,284</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
 IN LIEU OF PARKLAND FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 With Comparative Totals for the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>	<u>2017</u>
				<u>Over (Under)</u>	
Revenues:					
Licenses and permits:					
In lieu of parkland fees	\$ 2,387,178	\$ 2,387,178	\$ 2,010,056	\$ (377,122)	\$ 137,454
Use of money and property:					
Interest earned	20,000	20,000	52,338	32,338	20,718
Total revenues	<u>2,407,178</u>	<u>2,407,178</u>	<u>2,062,394</u>	<u>(344,784)</u>	<u>158,172</u>
Expenditures:					
Parks:	500,000	505,402	505,402	-	-
Total expenditures	<u>500,000</u>	<u>505,402</u>	<u>505,402</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ 1,907,178</u>	<u>\$ 1,901,776</u>	1,556,992	<u>\$ (344,784)</u>	158,172
Fund balance - beginning			<u>4,584,138</u>		<u>4,425,966</u>
Fund balance - ending			<u>\$ 6,141,130</u>		<u>\$ 4,584,138</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, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	2017
				Over (Under)	
Revenues:					
Intergovernmental:					
Grants	\$ 1,640,436	\$ 1,640,436	\$ 1,255,107	\$ (385,329)	\$ 1,544,039
Charges for services:					
Transit fares	144,500	144,500	112,418	(32,082)	104,649
Use of money and property:					
Rental income	9,700	9,700	9,600	(100)	9,700
Interest earnings	3,200	3,200	7,465	4,265	7,610
Sale of surplus property	-	-	-	-	11,475
Total revenues	<u>1,797,836</u>	<u>1,797,836</u>	<u>1,384,590</u>	<u>(413,246)</u>	<u>1,677,473</u>
Expenditures:					
Transit:					
Services	-	-	162	162	-
Supplies	-	-	-	-	-
Operational units	<u>2,360,829</u>	<u>3,360,829</u>	<u>2,085,936</u>	<u>(1,274,893)</u>	<u>1,890,367</u>
	<u>2,360,829</u>	<u>3,360,829</u>	<u>2,086,098</u>	<u>(1,274,731)</u>	<u>1,890,367</u>
Capital outlay	<u>330,000</u>	<u>330,000</u>	-	<u>(330,000)</u>	<u>245,861</u>
Total expenditures	<u>2,690,829</u>	<u>3,690,829</u>	<u>2,086,098</u>	<u>(1,604,731)</u>	<u>2,136,228</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(892,993)</u>	<u>(1,892,993)</u>	<u>(701,508)</u>	<u>1,191,485</u>	<u>(458,755)</u>
Other financing sources (uses):					
Operating transfers from other funds	<u>892,993</u>	<u>1,892,993</u>	<u>1,144,399</u>	<u>(748,594)</u>	<u>458,755</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 442,891</u>	<u>\$ 442,891</u>	<u>-</u>
Fund balance - beginning			<u>374,758</u>		<u>374,758</u>
Fund balance - ending			<u>\$ 817,649</u>		<u>\$ 374,758</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, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	<u>Budgeted Amounts</u>			<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>	<u>2017</u>
				<u>Over (Under)</u>	
Revenues:					
Intergovernmental:					
Grants	\$ 250,000	\$ 250,000	\$ 257,808	\$ 7,808	\$ 230,374
Use of money and property:					
Interest	300	300	3,427	3,127	1,078
Total revenues	<u>250,300</u>	<u>250,300</u>	<u>261,235</u>	<u>10,935</u>	<u>231,452</u>
Expenditures:					
General:					
Services	274,000	274,000	257,807	(16,193)	180,475
Operational units	-	-	-	-	49,899
	<u>274,000</u>	<u>274,000</u>	<u>257,807</u>	<u>(16,193)</u>	<u>230,374</u>
Total expenditures	<u>274,000</u>	<u>274,000</u>	<u>257,807</u>	<u>(16,193)</u>	<u>230,374</u>
Net changes in fund balances	<u>\$ (23,700)</u>	<u>\$ (23,700)</u>	\$ 3,428	<u>\$ 27,128</u>	<u>\$ 1,078</u>
Fund balance - beginning			<u>86,263</u>		<u>85,185</u>
Fund balance - ending			<u>\$ 89,691</u>		<u>\$ 86,263</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
With Comparative Totals for the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with	
	Original	Final	Actual	Final Budget	
				Over (Under)	2017
Revenues:					
Taxes:					
Property tax apportionment	\$ 8,733,490	\$ 8,733,490	\$ 8,505,949	\$ (227,541)	\$ 6,710,855
Intergovernmental:					
Rebates on BAB / RZEDB bonds	904,051	904,051	843,028	(61,023)	846,359
Use of money and property:					
Interest earned	5,000	5,000	16,390	11,390	4,354
Total revenues	<u>9,642,541</u>	<u>9,642,541</u>	<u>9,365,367</u>	<u>(277,174)</u>	<u>7,561,568</u>
Expenditures:					
Debt service:					
Principal	8,168,000	8,099,340	8,118,000	18,660	7,992,000
Interest	5,619,171	5,597,576	5,514,705	(82,871)	4,886,022
Debt service fees	269,082	269,082	7,976	(261,106)	18,726
Total expenditures	<u>14,056,253</u>	<u>13,965,998</u>	<u>13,640,681</u>	<u>(325,317)</u>	<u>12,896,748</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,413,712)</u>	<u>(4,323,457)</u>	<u>(4,275,314)</u>	<u>48,143</u>	<u>(5,335,180)</u>
Other financing sources (uses):					
Operating transfers from other funds:					
From General	-	-	-	-	792,914
From Water & Sewer	200,000	200,000	200,000	-	200,000
From Sanitation	396,057	305,802	273,390	(32,412)	618,054
From Road Impact	2,709,552	2,709,552	2,699,646	(9,906)	2,689,493
From Hotel/Motel	1,113,103	1,113,103	1,118,668	5,565	1,119,916
Total other financing sources (uses)	<u>4,418,712</u>	<u>4,328,457</u>	<u>4,291,704</u>	<u>(36,753)</u>	<u>5,420,377</u>
Net changes in fund balances	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>16,390</u>	<u>\$ 11,390</u>	<u>85,197</u>
Fund balance - beginning			<u>90,197</u>		<u>5,000</u>
Fund balance - ending			<u>\$ 106,587</u>		<u>\$ 90,197</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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Source/Grant Name	CFDA Number	Grant Number Pass-through Entity Identifying Number	Balance 6/30/2017 (Receivable) Unearned	Adjustments	Cash Receipts	Total Federal Expenditures	Balance 6/30/2018 (Receivable) Unearned	Passed through to Subrecipients
U.S. DEPARTMENT OF JUSTICE								
Bulletproof Vest Partnership Program	16.607	N/A	\$ -	\$ -	\$ 14,711	\$ (14,711)	\$ -	\$ -
TOTAL U.S. DEPARTMENT OF JUSTICE			-	-	14,711	(14,711)	-	-
U.S. DEPARTMENT OF TRANSPORTATION								
<i>Federal Transit Cluster:</i>								
Federal Transit Formula Grant (Transit Capital Grant-FY2009 5307 Allocation for Franklin Transit) *	20.507	TN-90-X303-00	-	-	1,378	(1,378)	-	(1,378)
Federal Transit Formula Grant (Transit Capital Grant-Allocation for 5307 FY2012) *	20.507	TN-90-X352-00	(11,684)	-	38,587	(63,315)	(36,412)	(99,727)
Federal Transit Formula Grant (Replacement Vehicle-PM-Planning & Equipment) *	20.507	TN-90-X328-00	-	-	3,535	(3,535)	-	(3,535)
Federal Transit Formula Grant (PM& Transit Operating Assistance Grant for 5307 FY2018) *	20.507	TN-2018-026-00	-	-	-	(891,116)	(891,116)	(1,782,232)
			(11,684)	-	43,500	(959,344)	(927,528)	(1,886,872)
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY14 Bus & Bus Facilities) *	20.526	TN-2016-019-00	-	-	591	(591)	-	(591)
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY16 5307 Allocation) *	20.526	TN-2017-020-00	(84,413)	-	84,413	-	-	-
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY2015 5339) *	20.526	TN-2017-059-00	-	-	29,517	(29,517)	-	(29,517)
			(84,413)	-	114,521	(30,108)	-	(30,108)
Total Federal Transit Cluster			(96,097)	-	158,021	(989,452)	(927,528)	(1,916,980)
<i>Highway Planning and Construction Cluster:</i>								
Hillsboro Rd at Claude Yates Drive	20.205	108409.00	(57,175)	-	479,829	(422,654)	-	-
Highway Planning and Construction (Mack Hatcher Parkway NW Quad) ***	20.205	101454.01	(646,790)	(34,379)	1,490,824	(1,790,821)	(981,166)	-
Highway Planning and Construction (Columbia Ave to Downs Blvd) ***	20.205	121454.00	(175,309)	-	273,788	(142,841)	(44,362)	-
Highway Planning and Construction (Safe Route to Schools - Hunters Bend Elem) ***	20.205	118151.00	(55,247)	-	194,911	(479,011)	(339,348)	-
Franklin ITS Infrastructure	20.205	116144.00	-	-	10,573	(45,062)	(34,490)	-
Franklin ITS Infrastructure	20.205	116144.01	(19,981)	-	13,592	(5,586)	(11,975)	-
			(954,502)	(34,379)	2,463,516	(2,885,975)	(1,411,340)	-
Recreational Trails Program ****	20.219	32701-02182	(33,888)	-	33,888	-	-	-
Total Highway Planning and Construction Cluster:			(988,390)	(34,379)	2,497,404	(2,885,975)	(1,411,340)	-
Alcohol Open Container Requirements (Franklin Fight Against Impaired Driving) **	20.607	154AL-17-78	(550)	-	16,731	(16,181)	-	-
Alcohol Open Container Requirements (Franklin Fight Against Impaired Driving) **	20.607	154AL-18-018	-	-	2,884	(2,884)	-	-
			(550)	-	19,615	(19,065)	-	-
Alcohol Open Container Requirements (Franklin Fight Against Impaired Driving) **	20.600	PT-18-23/402	-	-	8,260	(10,952)	(2,692)	-
Total Alcohol Open Container Requirements			(550)	-	27,874	(30,016)	(2,692)	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			(1,085,037)	(34,379)	2,683,300	(3,905,443)	(2,341,560)	(1,916,980)
U.S. DEPARTMENT OF THE INTERIOR								
Virginia Civil War Trails via Middle Tennessee State University	15.939	N/A	-	-	16,000	(16,000)	-	(16,000)
Franklin Historic District National Register nomination	15.904	32701-02861	-	-	5,894	(5,894)	-	(5,894)
Tennessee Historical Commission	15.904	32701-02853	-	-	8,460	(8,460)	-	(8,460)
			-	-	14,354	(14,354)	-	(14,354)
TOTAL U.S. DEPARTMENT OF THE INTERIOR			-	-	30,354	(30,354)	-	(30,354)
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
<i>CDBG - Entitlement Grants Cluster:</i>								
Community Development Block Grants/Entitlement Grants *****	14.218	B-MC-47-0014	(993)	-	295,081	(294,088)	-	-
Total CDBG - Entitlement Grants Cluster			(993)	-	295,081	(294,088)	-	-
Emergency Solutions Grant Program (Emergency Shelter Grant)	14.231	ESG-16-47	(6,801)	-	6,801	-	-	-
Total Emergency Solutions Grant Program			(6,801)	-	6,801	-	-	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			(7,794)	-	301,882	(294,088)	-	-
FEDERAL EMERGENCY MANAGEMENT AGENCY								
Administration and Completion of Flood Mitigation Assistance	97.029	FMA-PJ-04-2013-003	-	(112)	112	-	-	-
Fire Gatlinburg (Tennessee) - Major Disaster Declaration	97.036	FEMA-DR-4293-TN	-	-	-	(31,161)	(31,161)	-
Hurricane HARVEY (Texas) - Major Disaster Declaration	97.036	EMAC 1262-RR-6397	-	-	41,347	(34,622)	6,725	-
Hurricane IRMA (Florida) - Major Disaster Declaration	97.036	EMAC 1271-RR-6479	-	-	25,761	(26,173)	(412)	-
			-	-	67,108	(91,956)	(24,848)	-
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			-	(112)	67,220	(91,956)	(24,848)	-
Total Federal Assistance			\$ (1,092,831)	\$ (34,491)	\$ 3,097,467	\$ (4,336,553)	\$ (2,366,408)	\$ (1,947,334)

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

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Source/Grant Name	State Grant Number	Balance 6/30/2017 (Receivable) Unearned	Adjustments	Cash Receipts	Expenditures	Balance 6/30/2018 (Receivable) Unearned
TENNESSEE DEPARTMENT OF TRANSPORTATION						
Federal Transit Formula Grant (Transit Capital Grant-FY2009 5307 Allocation for Franklin Transit) *	TN-90-0303-00	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Transit Formula Grant (Transit Capital Grant-Allocation for 5307 FY2012) *	TN-90-X352-00	(2,052)	-	3,354	(7,121)	(5,819)
Federal Transit Formula Grant (Replacement Vehicle-PM-Planning & Equipment) *	TN-90-X328-00	-	-	-	-	-
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY14 Bus & Bus Facilities) *	TN-2016-019-00	(1,006)	-	1,080	(74)	-
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY2015 5339)	TN-2017-059-00	-	-	-	(3,690)	(3,690)
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY2018 5307)	TN-2018-026-00	-	-	-	(25,000)	(25,000)
New Freedom Program *	TN-57-X002	(10,982)	-	10,982	-	-
Transit Operating Assistance Grant *	Z-18-UROP10-00	-	-	257,100	(257,100)	-
Mack Hatcher Parkway NW Quad	101454.01	(204,673)	34,381	372,706	(447,705)	(245,291)
Columbia Ave to Downs Blvd	121454.00	(43,827)	-	68,447	(35,710)	(11,090)
Hillsboro Rd at Claude Yates Drive	108409.00	-	-	-	-	-
Franklin ITS Infrastructure	116144.00	-	-	-	-	-
Franklin ITS Infrastructure	116144.01	-	-	-	-	-
Total Tennessee Department of Transportation		(262,540)	34,381	713,669	(776,400)	(290,891)
Total State Financial Assistance		\$ (262,540)	\$ 34,381	\$ 713,669	\$ (776,400)	\$ (290,891)

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - DE MINIMUS INDIRECT COST RATE

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

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS (Cont.)
GENERAL OBLIGATION DEBT
JUNE 30, 2018

	Public Building Authority of the City of Lawrenceburg, TN Loan Agreement 2005 (1)		Public Building Authority of the City of Franklin, TN Loan Agreement 2007 (2)		Federally Taxable Build America Bonds Series 2009 (3)		Federally Taxable Recovery Zone Bonds Series 2010 (4)		General Improvement Refunding Bonds Series 2010	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	355,000	40,515	-	718,000	2,205,000	1,464,695	-	795,729	1,280,000	293,350
2020	370,000	27,558	-	718,000	2,270,000	1,364,368	-	795,729	1,315,000	254,950
2021	385,000	14,053	-	718,000	2,340,000	1,258,813	-	795,729	1,360,000	215,500
2022	-	-	-	718,000	2,410,000	1,146,493	-	795,729	1,410,000	161,100
2023	-	-	-	718,000	2,490,000	1,027,198	-	795,729	1,470,000	104,700
2024	-	-	-	718,000	2,565,000	905,188	1,985,000	795,729	1,530,000	45,900
2025	-	-	1,175,000	718,000	2,650,000	776,938	2,140,000	703,923	-	-
2026	-	-	1,225,000	675,818	2,740,000	641,125	2,195,000	602,273	-	-
2027	-	-	1,300,000	631,840	2,835,000	493,850	2,255,000	495,266	-	-
2028	-	-	1,350,000	585,170	2,935,000	337,925	2,315,000	380,261	-	-
2029	-	-	1,400,000	536,705	3,045,000	173,562	2,380,000	259,881	-	-
2030	-	-	1,450,000	486,445	-	-	2,455,000	131,956	-	-
2031	-	-	1,525,000	434,390	-	-	-	-	-	-
2032	-	-	1,575,000	379,643	-	-	-	-	-	-
2033	-	-	1,650,000	323,100	-	-	-	-	-	-
2034	-	-	1,725,000	263,865	-	-	-	-	-	-
2035	-	-	1,800,000	201,938	-	-	-	-	-	-
2036	-	-	1,875,000	137,318	-	-	-	-	-	-
2037	-	-	1,950,000	70,006	-	-	-	-	-	-
	<u>\$ 1,110,000</u>	<u>\$ 82,126</u>	<u>\$ 20,000,000</u>	<u>\$ 9,752,238</u>	<u>\$ 28,485,000</u>	<u>\$ 9,590,152</u>	<u>\$ 15,725,000</u>	<u>\$ 7,347,934</u>	<u>\$ 8,365,000</u>	<u>\$ 1,075,500</u>

Notes:

- (1) The City has an interest rate swap (variable to fixed) agreement with SunTrust Bank.
- (2) The City has an interest rate swap (variable to fixed) agreement with Wertmanagement Bank.
- (3) The City receives a 35% direct payment interest rebate on this issue, subject to reduction by the annually adjusted sequestration rate. The sequestration rate for July-September 2017 was 6.9%; October 2017-June 2018 was 6.6%.
- (4) The City receives a 45% direct payment interest rebate on this issue, subject to reduction by the annually adjusted sequestration rate. The sequestration rate for July-September 2017 was 6.9%; October 2017-June 2018 was 6.6%.

(Continued)

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS (Cont.)
GENERAL OBLIGATION DEBT
JUNE 30, 2018

	General Improvement Refunding Bonds Series 2012		Public Improvement Bonds Series 2013A		Pension Obligation Bonds Series 2013B		Public Improvement Bonds Series 2015		Public Improvement Bonds Series 2017		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	1,495,000	312,684	320,000	186,318	970,000	193,510	565,000	503,940	755,000	975,900	7,945,000	5,484,641
2020	1,530,000	280,840	325,000	179,917	1,000,000	164,410	585,000	481,340	790,000	938,150	8,185,000	5,205,262
2021	1,560,000	248,252	330,000	173,418	1,030,000	134,410	605,000	463,790	830,000	898,650	8,440,000	4,920,614
2022	1,595,000	215,023	340,000	166,817	1,060,000	106,600	635,000	433,540	875,000	857,150	8,325,000	4,600,452
2023	1,630,000	181,050	350,000	158,318	1,090,000	74,800	665,000	401,790	915,000	813,400	8,610,000	4,274,985
2024	1,665,000	146,331	355,000	149,567	1,125,000	39,375	700,000	368,540	960,000	767,650	10,885,000	3,936,280
2025	1,700,000	110,867	365,000	140,693	-	-	730,000	333,540	980,000	748,450	9,740,000	3,532,411
2026	1,735,000	74,656	375,000	131,203	-	-	760,000	304,340	1,030,000	699,450	10,060,000	3,128,865
2027	1,770,000	37,701	385,000	120,890	-	-	790,000	273,940	1,080,000	647,950	10,415,000	2,701,437
2028	-	-	400,000	107,800	-	-	815,000	250,240	1,135,000	593,950	8,950,000	2,255,346
2029	-	-	410,000	94,200	-	-	850,000	217,640	1,190,000	537,200	9,275,000	1,819,188
2030	-	-	425,000	80,260	-	-	880,000	183,640	1,250,000	477,700	6,460,000	1,360,001
2031	-	-	440,000	65,810	-	-	920,000	148,440	1,315,000	415,200	4,200,000	1,063,840
2032	-	-	455,000	50,850	-	-	945,000	120,840	1,365,000	362,600	4,340,000	913,933
2033	-	-	470,000	35,380	-	-	975,000	92,490	1,420,000	308,000	4,515,000	758,970
2034	-	-	485,000	19,400	-	-	1,005,000	63,240	1,480,000	251,200	4,695,000	597,705
2035	-	-	-	-	-	-	1,035,000	32,085	1,535,000	192,000	4,370,000	426,023
2036	-	-	-	-	-	-	-	-	1,600,000	130,600	3,475,000	267,918
2037	-	-	-	-	-	-	-	-	1,665,000	66,600	3,615,000	136,606
	<u>\$ 14,680,000</u>	<u>\$ 1,607,404</u>	<u>\$ 6,230,000</u>	<u>\$ 1,860,841</u>	<u>\$ 6,275,000</u>	<u>\$ 713,105</u>	<u>\$ 13,460,000</u>	<u>\$ 4,673,375</u>	<u>\$ 22,170,000</u>	<u>\$ 10,681,800</u>	<u>\$ 136,500,000</u>	<u>\$ 47,384,475</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
PROPRIETARY FUND DEBT
JUNE 30, 2018

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	Sewer & Water Revenue & Tax refunding Bonds-Series 2005		Sewer & Water Refunding SunTrust Loan 2011		Sewer & Water Water Plant Bonds-Series 2017		Drinking Water SRF & ARRA Loan		Clean Water SRF & ARRA Loan		Clean Water SRF		SRF (CDM)		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	2,220,000	661,625	1,310,000	281,625	400,000	508,000	69,965	28,248	84,156	38,020	114,096	15,756	104,976	14,508	4,303,193	1,547,782
2020	2,240,000	550,625	1,345,000	249,064	415,000	492,000	71,964	26,250	86,448	35,728	115,116	14,736	105,924	13,560	4,379,452	1,381,963
2021	2,255,000	438,625	1,380,000	215,636	430,000	475,400	74,020	24,193	88,802	33,373	116,136	13,716	106,872	12,612	4,450,830	1,213,555
2022	2,280,000	325,875	1,415,000	181,340	450,000	458,200	76,134	22,080	91,220	30,955	117,180	12,672	54,302	5,875	4,483,836	1,036,997
2023	1,555,000	211,875	1,450,000	146,175	470,000	435,700	78,310	19,904	93,704	28,471	118,224	11,628	-	-	3,765,238	853,753
2024	1,450,000	134,125	1,485,000	110,143	495,000	412,200	80,546	17,667	96,257	25,919	119,280	10,572	-	-	3,726,083	710,626
2025	1,450,000	61,625	1,520,000	73,243	520,000	387,450	82,848	15,366	98,878	23,298	120,348	9,504	-	-	3,792,074	570,486
2026	-	-	1,560,000	35,464	545,000	361,450	85,215	12,999	101,570	20,605	121,428	8,424	-	-	2,413,213	438,942
2027	-	-	-	-	570,000	334,200	87,648	10,565	104,338	17,838	122,508	7,344	-	-	884,494	369,947
2028	-	-	-	-	600,000	305,700	90,153	8,061	107,178	14,998	123,612	6,240	-	-	920,943	334,999
2029	-	-	-	-	630,000	275,700	92,729	5,485	110,098	12,078	124,704	5,148	-	-	957,531	298,411
2030	-	-	-	-	665,000	244,200	95,377	2,837	113,096	9,079	125,820	4,032	-	-	999,293	260,148
2031	-	-	-	-	690,000	217,600	48,701	403	116,176	6,000	126,948	2,904	-	-	981,825	226,907
2032	-	-	-	-	715,000	190,000	-	-	119,340	2,836	100,401	1,383	-	-	934,741	194,219
2033	-	-	-	-	745,000	161,400	-	-	40,505	226	-	-	-	-	785,505	161,626
2034	-	-	-	-	775,000	131,600	-	-	-	-	-	-	-	-	775,000	131,600
2035	-	-	-	-	805,000	100,600	-	-	-	-	-	-	-	-	805,000	100,600
2036	-	-	-	-	840,000	68,400	-	-	-	-	-	-	-	-	840,000	68,400
2037	-	-	-	-	870,000	34,800	-	-	-	-	-	-	-	-	870,000	34,800
	<u>\$ 13,450,000</u>	<u>\$ 2,384,375</u>	<u>\$ 11,465,000</u>	<u>\$ 1,292,690</u>	<u>\$ 11,630,000</u>	<u>\$ 5,594,600</u>	<u>\$ 1,033,610</u>	<u>\$ 194,058</u>	<u>\$ 1,451,766</u>	<u>\$ 299,424</u>	<u>\$ 1,665,801</u>	<u>\$ 124,059</u>	<u>\$ 372,074</u>	<u>\$ 46,555</u>	<u>\$ 41,068,251</u>	<u>\$ 9,935,761</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF BOND INDEBTEDNESS
JUNE 30, 2018

Amount Issued	Purpose	Due Date	Interest Rate	Outstanding as of 6/30/2018
\$ 24,670,000	Revenue & Tax Bonds: Series 2005- Sewer and Water Revenue and Tax Refunding ^{(1) (2)}	April 2025	Fixed	\$ 13,450,000
19,430,000	Revenue & Tax Bonds: Series 2011- SunTrust Loan Program ^{(1) (2)}	May 2026	Fixed	11,465,000
1,500,000	Notes Payable: 2009- Drinking Water SRF Loan through ARRA ^{(1) (3)}	December 2030	Fixed	1,033,610
1,888,200	Notes Payable: 2009- Clean Water SRF Loan through ARRA ^{(1) (3)}	October 2032	Fixed	1,451,766
1,677,259	Notes Payable: 2016- SCADA SRF Loan through ARRA ⁽¹⁾	2031	Fixed	1,665,801
1,822,741	Notes Payable: 2016- SCADA SRF Loan through ARRA ⁽¹⁾	2031	Fixed	372,074
\$ 12,000,000	Plus: Revenue Bonds: Series 2017- Water and Sewer Revenue	February 2037	Fixed	\$ 11,630,000
<u>\$ 62,988,200</u>	Total Bonded Debt			<u>\$ 41,068,251</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 CHANGES IN PROPERTY TAXES RECEIVABLE - BY LEVY YEAR
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Tax Year	Balance June 30, 2017	Taxes Levied	Adjustments and Collections	Balance June 30, 2018
2017	\$ -	\$ 20,126,690	\$ (19,895,443)	\$ 231,247
2016	190,059	-	(119,598)	70,461
2015	42,353	-	(35,694)	6,659
2014	8,510	-	(3,349)	5,161
2013	9,660	-	(2,891)	6,769
2012	9,709	-	(1,103)	8,606
2011	10,200	-	(305)	9,895
2010	15,568	-	(227)	15,341
2009	17,202	-	(21)	17,181
2008	8,131	-	(36)	8,095
	<u>\$ 311,392</u>	<u>\$ 20,126,690</u>	<u>\$ (20,058,667)</u>	<u>379,415</u>

The balance June 30, 2018 is comprised of:

Considered current revenue	\$ -
Allowance for uncollectible accounts: 2008-2017 levies	194,464
Unavailable revenue	184,951
	<u>379,415</u>

Balances not included in the schedule above are:

2017 tax levy due October 1, 2017 considered unavailable revenue and amounts payable to others and amounts due from years prior to 2007 (fully reserved)	<u>21,114,570</u>
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Total property tax receivable (as shown on page 45)	<u><u>\$ 21,493,985</u></u>
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Note: Taxes become delinquent in March of the year following the tax year of levy. Delinquent taxes are turned over to the County Clerk and Master for collection proceedings.

STATISTICAL SECTION



HISTORIC
FRANKLIN
TENNESSEE

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. 99

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. 103

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. 108

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. 113

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. 115

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

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Net Position By Component

(Prepared using the accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net investment in capital assets	\$ 398,721,876	\$ 391,009,711	\$ 393,091,861	\$ 394,771,670	\$ 427,956,937	\$ 473,270,481	\$ 526,598,701	\$ 531,232,432	\$ 510,883,814	\$ 509,097,550
Restricted for:										
Grant program use	-	19,138	19,266	-	23,545	23,717	20,212	85,185	86,263	89,691
State street aid	31,817	-	-	16,563	-	295,259	287,224	373,415	502,481	645,435
Sanitation use	-	-	-	-	-	-	-	767,350	610,969	1,160,474
Drug fund use	335,343	253,229	269,691	144,788	121,781	165,436	295,296	515,642	541,205	508,522
Other projects	-	1,895,996	-	-	-	-	-	-	3,488,072	4,804,517
Unrestricted	23,793,595	31,620,382	37,054,884	46,304,057	42,077,735	14,450,363	25,106,842	35,391,194	46,098,515	74,003,922
Total net position	<u>\$ 422,882,631</u>	<u>\$ 424,798,456</u>	<u>\$ 430,435,702</u>	<u>\$ 441,237,078</u>	<u>\$ 470,179,998</u>	<u>\$ 488,205,256</u>	<u>\$ 552,308,275</u>	<u>\$ 568,365,218</u>	<u>\$ 562,211,319</u>	<u>\$ 590,310,111</u>
Business-type activities:										
Net investment in capital assets	\$ 107,235,256	\$ 102,547,138	\$ 105,910,754	\$ 106,880,291	\$ 110,724,957	\$ 119,141,240	\$ 128,272,969	\$ 139,229,139	\$ 144,008,929	\$ 160,464,694
Restricted for:										
Water & Sewer	-	13,376,540	9,975,225	6,684,374	8,150,100	13,391,806	13,452,592	8,916,035	9,757,361	10,665,267
Unrestricted	13,428,223	5,230,958	7,305,642	14,221,008	15,923,139	13,545,686	15,771,418	25,339,325	30,877,222	25,591,650
Total net position	<u>\$ 120,663,479</u>	<u>\$ 121,154,636</u>	<u>\$ 123,191,621</u>	<u>\$ 127,785,673</u>	<u>\$ 134,798,196</u>	<u>\$ 146,078,732</u>	<u>\$ 157,496,979</u>	<u>\$ 173,484,499</u>	<u>\$ 184,643,512</u>	<u>\$ 196,721,611</u>
Primary government:										
Net investment in capital assets	\$ 505,957,132	\$ 493,556,849	\$ 499,002,615	\$ 501,651,961	\$ 538,681,894	\$ 592,411,721	\$ 654,871,670	\$ 670,461,571	\$ 654,892,743	\$ 669,562,244
Restricted for:										
Grant program use	-	19,138	19,266	-	23,545	23,717	20,212	85,185	86,263	89,691
State street aid	31,817	-	-	16,563	-	295,259	287,224	373,415	502,481	645,435
Sanitation use	-	-	-	-	-	-	-	767,350	610,969	1,160,474
Drug fund use	335,343	253,229	269,691	144,788	121,781	165,436	295,296	515,642	541,205	508,522
Other projects	-	1,895,996	-	-	-	-	-	-	3,488,072	4,804,517
Water & Sewer	-	13,376,540	9,975,225	6,684,374	8,150,100	13,391,806	13,452,592	8,916,035	9,757,361	10,665,267
Unrestricted	37,221,818	36,851,340	44,360,526	60,525,065	58,000,874	27,996,049	40,878,260	60,730,519	76,975,737	99,595,572
Total net position	<u>\$ 543,546,110</u>	<u>\$ 545,953,092</u>	<u>\$ 553,627,323</u>	<u>\$ 569,022,751</u>	<u>\$ 604,978,194</u>	<u>\$ 634,283,988</u>	<u>\$ 709,805,254</u>	<u>\$ 741,849,717</u>	<u>\$ 746,854,831</u>	<u>\$ 787,031,722</u>

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Changes in Net Position

(Prepared using the accrual basis of accounting)

	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017	2018
Governmental activities:										
Revenues:										
Program revenues:										
Charges for services-Communications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,600	\$ 2,500	\$ 2,900
Charges for services-Human resources	-	-	-	-	-	-	-	-	49	6
Charges for services-IT	-	-	-	-	-	-	-	2,752	3,682	1,234
Charges for services-BNS	1,026,457	767,764	1,521,266	1,839,074	1,878,490	2,332,672	2,005,472	2,921,320	2,999,288	3,169,678
Charges for services-Planning	-	-	-	-	-	-	-	172,185	161,101	227,186
Charges for services-Engineering	-	-	-	-	-	-	-	50	1,650	1,500
Charges for services-Gen Govt	490,710	65,706	385,558	568,711	580,724	608,111	487,716	121,946	158,340	256,860
Charges for services-Police	1,267,107	1,245,405	990,092	1,134,311	1,146,251	784,561	782,681	814,774	703,245	374,937
Charges for services-Streets	-	-	940	6,100	7,160	7,400	10,780	18,040	21,200	302,720
Charges for services-Sanitation	4,554,150	4,753,448	6,673,158	6,888,014	6,855,652	6,084,125	7,384,798	8,346,213	7,709,098	8,359,191
Charges for services-Storm water	2,009,142	2,088,080	2,108,109	2,151,430	2,363,177	2,328,343	2,658,906	2,461,914	2,565,543	2,531,201
Charges for services-Transit	64,492	61,786	64,594	78,861	87,069	94,314	94,072	88,640	104,649	112,418
Operating grants & contributions	2,836,769	3,358,092	4,217,716	5,572,231	4,489,556	4,317,671	4,130,790	4,863,442	2,729,040	4,333,905
Capital grants & contributions	12,760,014	12,129,244	11,893,536	26,221,640	24,640,622	32,121,297	65,527,923	13,545,685	10,976,064	13,978,178
General revenues:										
Property taxes	10,936,742	11,415,775	11,728,305	11,550,562	11,659,973	11,878,892	13,278,605	13,679,737	18,023,515	18,621,275
Sales taxes	21,152,554	20,969,821	22,720,666	24,197,413	25,995,733	27,254,742	28,943,994	31,309,367	32,694,269	34,151,972
Other taxes and fees	17,214,042	16,182,779	22,723,385	21,811,094	24,254,006	30,286,052	29,044,718	42,283,630	37,168,655	46,850,308
Other	1,327,007	1,188,770	(173,794)	(4,881,649)	4,630,117	(790,266)	(668,516)	(1,956,347)	2,059,244	1,757,971
Transfers	(45,000)	(45,000)	-	-	-	-	200,000	200,000	1,125,000	825,000
Total revenues	75,594,186	74,181,670	84,853,531	97,137,792	108,588,530	117,307,914	153,881,939	118,876,768	119,206,132	135,858,440
Expenses:										
General government:										
Elected officials	161,495	193,640	133,300	202,515	183,406	297,496	275,250	343,182	282,123	332,480
Administration	882,070	390,182	507,073	595,811	492,554	456,302	489,702	499,029	561,385	1,231,613
Human resources	845,231	689,024	952,403	1,049,741	787,765	951,829	965,080	1,093,125	1,193,032	1,101,869
Legal	217,008	239,619	344,610	387,283	293,197	466,434	349,276	354,340	491,048	455,753
Communications	151,468	261,568	315,291	324,603	304,243	319,154	314,956	363,446	452,958	366,611
Capital investment planning	-	193,505	233,651	208,446	162,049	184,077	179,584	87,490	-	-
Project & facilities management	595,609	523,339	747,101	863,314	710,947	802,988	1,161,760	1,176,182	1,109,682	1,170,752
Revenue management	1,177,821	395,054	1,295,430	1,361,604	176,518	304,303	227,607	205,230	273,544	219,961
Finance	1,032,382	793,781	865,832	893,037	700,548	717,444	802,805	836,283	863,803	804,287
Information technology	3,509,093	3,354,101	3,468,124	3,993,526	4,756,627	4,213,881	4,520,824	4,104,824	4,465,981	4,931,812
Purchasing	123,527	131,633	145,891	159,188	141,705	165,711	176,188	177,659	207,506	213,132
Court	242,314	265,380	249,454	284,907	220,481	214,427	199,857	228,932	388,088	244,404
Building & neighborhood services	1,941,663	2,005,803	1,852,075	1,900,692	2,164,831	2,351,310	2,335,652	2,427,771	2,737,738	2,959,894
Planning	1,436,862	1,372,885	1,408,303	1,223,706	1,235,714	1,425,121	1,383,565	1,680,480	1,567,652	1,405,791
Engineering	1,239,061	797,691	1,012,030	768,730	648,601	696,853	763,790	806,847	1,013,726	1,169,263
Traffic operations center	-	-	395,448	460,102	658,063	723,312	828,506	862,274	1,128,998	1,074,055
General government	1,729,144	3,464,483	1,294,801	3,205,578	2,442,032	1,949,294	4,370,952	12,305,479	3,728,463	(700,908)
Public safety:										
Police	13,737,798	14,744,499	15,461,749	15,154,496	14,363,457	14,538,599	14,418,465	15,009,053	15,715,821	17,012,348
Fire	13,072,914	13,044,366	13,197,463	13,197,477	13,540,246	13,939,150	14,864,908	15,873,431	17,431,159	18,887,397
Parks	3,068,887	3,306,523	3,801,959	3,688,466	3,866,135	4,244,661	4,435,890	4,709,152	5,497,455	6,026,047
Streets-maintenance	15,346,785	15,873,886	16,734,751	21,221,774	16,431,675	18,426,769	19,867,157	22,605,118	29,048,511	30,832,500
Street-fleet	-	662,683	523,234	592,074	601,240	902,173	1,017,846	881,735	875,366	875,834
Sanitation	6,906,679	6,344,279	8,180,396	7,961,729	7,837,722	7,279,885	7,593,469	8,388,763	7,972,577	8,496,222
Storm water	744,156	1,126,529	1,319,328	1,508,125	1,622,743	2,016,390	1,776,125	2,105,446	2,361,491	2,521,031
Transit	1,210,274	1,030,107	1,257,352	1,398,956	1,623,600	1,736,112	2,372,642	1,705,932	2,035,623	2,240,269
Interest expense on long-term debt	2,505,069	1,061,285	3,919,236	3,730,536	3,679,511	3,742,163	4,087,064	3,988,622	4,074,621	4,587,179
Total expenses	71,877,310	72,265,845	79,216,285	86,336,416	79,645,610	83,065,838	89,778,920	102,819,825	105,478,351	108,459,596
Change in net position	\$ 3,716,876	\$ 1,915,825	\$ 5,637,246	\$ 10,801,376	\$ 28,942,920	\$ 34,242,076	\$ 64,103,019	\$ 16,056,943	\$ 13,727,781	\$ 27,398,844
Business-Type activities:										
Revenues:										
Program revenues:										
Charges for services	\$ 16,635,455	\$ 16,260,341	\$ 19,411,483	\$ 21,253,689	\$ 22,116,747	\$ 23,099,351	\$ 25,283,748	\$ 27,749,661	\$ 28,803,497	\$ 30,650,210
Capital grants & contributions	8,613,893	3,881,605	3,841,390	5,307,632	6,728,662	11,263,738	9,517,652	12,429,719	9,382,488	11,005,568
General revenues:										
Other sources	38,719	68,934	180,868	(7,153)	140,371	113,591	170,074	253,837	287,640	424,211
Transfers	45,000	45,000	-	-	-	-	(200,000)	(200,000)	(1,125,000)	(825,000)
Total revenues	25,333,067	20,255,880	23,433,741	26,554,168	28,985,780	34,476,680	34,771,474	40,233,217	37,348,625	41,254,989
Expenses:										
Water & sewer	19,755,205	19,764,723	21,396,756	21,960,116	21,973,257	22,694,995	23,353,227	24,245,697	26,189,612	28,476,942
Change in net position	\$ 5,577,862	\$ 491,157	\$ 2,036,985	\$ 4,594,052	\$ 7,012,523	\$ 11,781,685	\$ 11,418,247	\$ 15,987,520	\$ 11,159,013	\$ 12,778,047
Total change in net position	\$ 9,294,738	\$ 2,406,982	\$ 7,674,231	\$ 15,395,428	\$ 35,955,443	\$ 46,023,761	\$ 75,521,266	\$ 32,044,463	\$ 24,886,794	\$ 40,176,891

(1) - The change in net position for 2014 is prior to the GASB Statement No. 68 restatement (\$16,216,818 for governmental activities and \$501,149 for business-type activities).

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Fund Balances - Governmental Funds

(Prepared using the modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Non-Spendable	\$ 513,119	\$ 489,453	\$ 522,733	\$ 1,423,017	\$ 1,741,675	\$ 1,141,340	\$ 1,712,291	\$ 1,879,610	\$ 2,223,101	\$ 2,061,344
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	28,249,674	25,424,920	24,439,033	24,588,314	27,148,443	31,573,111	33,757,157	37,369,976	41,060,041	47,398,627
Total General Fund	28,762,793	25,914,373	24,961,766	26,011,331	28,890,118	32,714,451	35,469,448	39,249,586	43,283,142	49,459,971
All Other Governmental Funds										
Special Revenue Funds										
Non-Spendable	-	-	-	-	-	46,013	32,553	57,121	76,130	65,380
Restricted	3,761,542	272,367	288,957	161,351	145,326	484,412	602,732	1,685,971	5,228,990	7,143,259
Committed	4,754,751	7,303,746	8,040,949	9,524,052	8,762,925	12,524,477	12,674,316	17,243,117	24,451,333	33,796,210
Assigned	-	-	-	-	1,124,507	1,971,048	5,243,672	7,060,075	5,353,767	8,806,157
Unassigned	(3,838,212)	(3,561,327)	(1,088,155)	(1,246,711)	(854,829)	-	-	-	-	-
Total Special Revenue Funds	4,678,081	4,014,786	7,241,751	8,438,692	9,177,929	15,025,950	18,553,273	26,046,284	35,110,220	49,811,006
Debt Service Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	465,190	1,099,568	318,138	84,729	195,118	709	5,000	90,197	106,587
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Debt Service Fund	-	465,190	1,099,568	318,138	84,729	195,118	709	5,000	90,197	106,587
Capital Projects Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	15,508,919	6,212,614
Committed	-	12,691,653	12,058,809	9,266,485	382,419	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(11,992,169)	-	-	-	-	(18,878,175)	(10,104,657)	(7,887,886)	-	-
Total Capital Projects Fund	(11,992,169)	12,691,653	12,058,809	9,266,485	382,419	(18,878,175)	(10,104,657)	(7,887,886)	15,508,919	6,212,614
Total All Other Governmental Funds	(7,314,088)	17,171,629	20,400,128	18,023,315	9,645,077	(3,657,107)	8,449,325	18,163,398	50,709,336	56,130,207
Total Governmental Funds	\$ 21,448,705	\$ 43,086,002	\$ 45,361,894	\$ 44,034,646	\$ 38,535,195	\$ 29,057,344	\$ 43,918,773	\$ 57,412,984	\$ 93,992,478	\$ 105,590,178

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Changes in Fund Balances - Governmental Funds

(Prepared using the modified accrual basis of accounting)

Revenues	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Taxes	\$ 40,086,682	\$ 41,242,751	\$ 42,519,192	\$ 42,985,437	\$ 45,969,516	\$ 49,228,473	\$ 51,595,489	\$ 57,346,463	\$ 63,339,011	\$ 66,814,751
Licenses and permits	3,765,669	3,266,126	6,198,399	5,329,720	7,603,115	11,397,587	8,714,516	14,855,454	12,704,411	19,574,405
Fines and fees	1,213,327	1,213,643	945,045	1,084,450	824,280	829,485	758,369	845,422	753,497	583,048
Intergovernmental	15,100,893	8,155,250	16,698,318	25,631,707	15,973,111	16,290,803	19,789,750	23,052,657	19,626,633	21,724,493
Charges for services	6,676,550	6,941,540	8,908,640	9,186,271	9,264,390	8,557,376	10,194,368	10,952,510	10,518,112	11,109,359
Use of money and property	1,593,380	1,313,866	1,394,821	1,319,104	816,950	622,019	792,690	979,599	686,672	874,412
Miscellaneous	387,919	331,740	215,110	496,948	1,513,225	648,436	3,301	2,489,638	1,155,394	262,053
Total revenues	68,824,420	62,464,916	76,879,525	86,033,637	81,964,587	87,574,179	91,848,483	110,521,743	108,783,730	120,942,521
Expenditures										
Elected officials	161,435	193,640	136,692	202,515	183,406	297,496	275,250	343,182	282,124	332,480
Administration	861,498	379,780	495,904	582,714	478,456	445,982	483,622	492,182	535,330	1,064,210
Human resources	802,800	689,703	889,713	1,069,174	823,598	910,719	1,121,520	1,211,867	1,165,049	987,380
Legal	218,523	234,653	334,594	387,358	283,786	463,730	342,493	333,265	498,133	453,393
Communications	110,511	250,304	305,346	318,505	300,211	317,233	313,200	352,429	489,797	362,973
Capital investment planning	-	193,505	236,110	206,418	159,152	183,594	176,967	162,466	-	-
Project & facilities management	581,352	511,567	738,229	782,167	634,151	729,970	1,093,598	1,111,055	1,069,858	1,118,898
Revenue management	1,167,045	385,355	1,283,643	1,341,821	166,427	359,289	210,378	192,958	261,826	211,611
Public safety:										
Police	12,961,061	13,704,946	14,499,023	14,414,109	13,703,100	13,977,946	13,747,102	14,701,228	15,484,361	16,561,112
Fire	12,144,030	12,155,554	12,450,359	12,460,480	12,817,855	13,268,813	14,129,713	15,753,191	17,003,425	18,106,943
Finance	959,004	755,271	836,972	877,470	687,679	716,542	787,545	824,104	940,697	818,603
Municipal information and technology	1,817,211	1,875,688	2,030,532	2,621,668	3,953,288	3,676,541	4,074,719	3,727,271	4,186,105	4,349,878
Purchasing	119,616	129,065	140,776	156,738	134,412	162,559	173,490	176,129	191,513	222,261
Court	243,246	268,352	247,575	281,966	217,568	239,857	201,815	319,159	444,685	317,866
Building & neighborhood services	1,952,948	1,857,185	1,869,310	1,958,127	2,101,158	2,321,624	2,356,810	2,423,538	2,750,384	2,909,042
Planning	1,388,681	1,400,790	1,362,339	1,220,100	1,216,935	1,419,450	1,406,527	1,637,525	1,560,527	1,471,756
Engineering	1,277,226	727,311	588,560	761,838	631,300	687,014	759,768	802,701	991,964	1,123,694
Traffic operations center	-	-	1,100,104	333,495	459,315	396,044	484,244	498,106	777,609	736,150
Parks	2,155,891	2,318,156	3,162,220	2,561,137	2,682,797	3,024,341	3,239,260	3,538,547	4,214,304	4,697,744
Streets-maintenance	6,863,021	6,641,212	6,066,942	6,282,477	6,367,667	6,008,306	6,500,001	8,221,079	14,290,794	15,781,502
Streets-traffic	-	-	913,788	948,377	790,995	1,280,969	1,198,941	1,360,638	1,508,872	1,377,220
Streets-fleet	-	662,683	849,948	586,722	596,448	874,303	1,073,512	945,575	940,286	836,861
General government	713,022	3,227,691	943,197	1,127,485	1,735,157	11,666,677	1,861,116	4,221,342	1,690,771	(832,156)
Sanitation	6,129,249	5,636,808	7,366,610	7,265,672	7,025,547	6,446,791	7,490,571	8,308,687	7,834,537	7,958,336
Storm water	644,762	1,048,680	1,246,262	1,401,563	1,517,703	1,918,130	1,638,451	2,112,676	2,314,747	2,554,078
Transit	1,026,204	858,064	1,195,802	1,185,600	1,381,776	1,553,237	2,243,080	1,574,974	1,890,367	2,086,098
Debt service										
Principal	3,628,000	4,584,980	5,823,000	6,361,000	6,469,000	6,670,000	7,449,000	7,783,000	7,992,000	8,118,000
Interest	2,309,437	1,350,478	4,199,034	4,261,808	4,277,301	4,298,262	4,644,723	4,973,106	4,886,022	5,514,705
Other charges	158,249	109,485	583,532	85,493	199,479	28,317	151,263	16,838	18,726	7,976
Capital outlay - noncapital	718,047	-	-	-	-	-	-	-	-	-
Capital outlay - capital	41,358,605	25,089,968	18,595,950	16,004,450	16,944,065	32,567,975	16,081,875	12,344,902	5,663,429	11,727,276
Total expenditures	102,470,674	87,240,874	90,492,066	88,048,447	88,939,732	116,911,711	95,710,554	100,463,720	101,878,242	110,975,890
Excess (deficiency) of revenues over (under) expenditures	(33,646,254)	(24,775,958)	(13,612,541)	(2,014,810)	(6,975,145)	(29,337,532)	(3,862,071)	10,058,023	6,905,488	9,966,631
Other financing sources (uses):										
Proceeds from issuance of long-term debt	25,630,498	45,881,353	33,206,236	687,562	23,975,694	19,859,681	17,196,020	3,236,188	25,008,840	806,069
Transfer to bond escrow agent	-	-	(17,317,803)	-	(22,500,000)	-	1,327,480	-	3,540,166	-
Operating transfers in	4,383,016	6,955,030	7,831,891	5,794,421	6,740,323	7,767,550	9,242,452	9,303,969	15,285,099	10,496,177
Operating transfers out	(4,428,016)	(7,000,030)	(7,831,891)	(5,794,421)	(6,740,323)	(7,767,550)	(9,042,452)	(9,103,969)	(14,160,099)	(9,671,177)
Total other financing sources (uses)	25,585,498	45,836,353	15,888,433	687,562	1,475,694	19,859,681	18,723,500	3,436,188	29,674,006	1,631,069
Net changes in fund balances	\$ (8,060,756)	\$ 21,060,395	\$ 2,275,892	\$ (1,327,248)	\$ (5,499,451)	\$ (9,477,851)	\$ 14,861,429	\$ 13,494,211	\$ 36,579,494	\$ 11,597,700
Debt service as a % of noncapital expenditures	9.72%	9.55%	13.94%	14.74%	14.93%	13.00%	15.19%	14.48%	13.38%	13.74%

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
2018	\$ 3,066,394,800	2.75%	\$ 68,993,883	\$ (34,496,941)	\$ (344,969)	\$ 34,151,972	49.4%
2017	2,935,512,368	2.25%	66,049,028	(33,024,514)	(330,245)	32,694,269	49.1%
2016	2,811,166,510	2.25%	63,251,246	(31,625,623)	(316,256)	31,309,367	49.3%
2015	2,598,787,340	2.25%	58,472,715	(29,236,358)	(292,364)	28,943,994	50.4%
2014	2,447,114,882	2.25%	55,060,085	(27,530,042)	(275,300)	27,254,742	47.9%
2013	2,334,072,548	2.25%	52,516,632	(26,258,316)	(262,583)	25,995,733	49.4%
2012	2,172,607,228	2.25%	48,883,663	(24,441,831)	(244,418)	24,197,413	47.5%
2011	2,040,014,905	2.25%	45,900,335	(22,950,168)	(229,502)	22,720,666	44.8%
2010	1,882,812,211	2.25%	42,363,275	(21,181,637)	(211,816)	20,969,821	45.4%
2009	1,899,219,214	2.25%	42,732,432	(21,366,216)	(213,662)	21,152,554	42.3%

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 in 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, generate under the new tase rate (0.50%) will remain with the County for the purposes of funding County School debt service for a period of 3 years beginning April 1, 2018.

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

CITY OF FRANKLIN, TENNESSEE

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

FISCAL YEAR	Real Property Assessment		Personal Property Assessment		Public Utility Assessment		Total Taxable Assessed Value	Estimated Actual Taxable Value	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				
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	31.11%	0.4176
2017	2,124,725,620	2,290,475,081	164,777,885	115,036	68,350,538	-	4,648,444,160	14,931,225,106	31.13%	0.4176
2016	1,686,264,015	1,675,073,222	157,978,412	84,526	57,576,973	-	3,576,977,148	11,591,451,146	30.86%	0.4065
2015	1,628,904,915	1,586,857,868	163,708,520	53,322	60,066,953	471,130	3,440,062,708	11,413,859,405	30.14%	0.4065
2014	1,572,195,410	1,549,098,572	156,642,888	69,209	55,553,796	-	3,333,559,875	11,065,624,425	30.13%	0.3765
2013	1,523,744,360	1,487,649,998	148,889,463	1,275,280	56,228,260	-	3,217,787,361	10,442,405,019	30.81%	0.3765
2012	1,492,455,650	1,477,904,852	152,009,171	915,060	54,282,799	471,130	3,178,038,662	10,298,785,436	30.86%	0.3765
2011	1,396,203,808	1,171,557,561	148,428,180	531,997	52,470,801	-	2,769,192,347	9,963,638,570	27.79%	0.4340
2010	1,371,758,898	1,140,259,084	129,518,412	572,304	47,032,940	192,390	2,689,334,028	10,225,661,696	26.30%	0.4340
2009	1,322,570,226	1,029,940,678	121,389,801	-	42,896,113	192,390	2,516,989,208	9,637,668,952	26.12%	0.4340

Source: Tax Aggregate Report of Tennessee

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

CITY OF FRANKLIN, TENNESSEE

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

Fiscal Year	Direct Rate					Overlapping Rate		Total Direct and Overlapping
	City of Franklin*					Williamson County **		
	General Fund	Debt Service Fund	Street Aid Fund	Capital Projects Fund	Total Direct Rate	Total Overlapping Rate		
2018****	\$ 0.2137	\$ 0.1889	\$ 0.0150	---	\$ 0.4176	\$ 2.6890	3.1066	
2017***	0.2262	0.1614	0.0150	0.0150	0.4176	2.6790	3.0966	
2016	0.1517	0.2248	0.0150	0.0150	0.4065	3.0541	3.4606	
2015	0.1716	0.2049	0.0150	0.0150	0.4065	2.9775	3.3840	
2014	0.1979	0.1786	---	---	0.3765	2.9775	3.3540	
2013	0.2149	0.1616	---	---	0.3765	2.9510	3.3275	
2012	0.2108	0.1657	---	---	0.3765	2.9510	3.3275	
2011	0.2410	0.1930	---	---	0.4340	3.1800	3.6140	
2010	0.3200	0.1140	---	---	0.4340	3.1700	3.6040	
2009	0.4340	---	---	---	0.4340	3.1700	3.6040	

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

* Per \$100 of assessed valuation

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

2018	2.0700
2017	1.8500
2016	2.0000
2015	2.2000
2014	2.2000
2013	2.2000
2012	2.2000
2011	2.2000
2010	2.2000
2009	2.2000

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

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

CITY OF FRANKLIN, TENNESSEE

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

<u>Taxpayer</u>	2009		2018	
	<u>Assessed Valuation</u>	<u>Percent of Total Valuation</u>	<u>Assessed Valuation</u>	<u>Percent of Total Valuation</u>
<u>Real and Personal Property Tax</u>				
Highwoods Properties			\$ 101,188,600	2.07%
Galleria Associates (CBL Assoc.)	\$ 47,035,400	1.87%	94,136,300	1.93%
Spectrum			75,490,700	1.55%
Boyle Investments			66,016,400	1.35%
Stock Bridge Capital			61,800,600	1.27%
Middle Tennessee Electric			54,043,100	1.11%
Crow Holdings			50,787,300	1.04%
LCFRE Carothers			40,618,700	0.83%
SVT			35,194,300	0.72%
Mid-America Apts. LP			34,548,400	0.71%
Carothers Office	26,064,120	1.04%		
Williams W. Fred Trust	18,519,400	0.74%		
Landings F C LP	19,022,465	0.76%		
Wyndchase at Aspen Grove	20,000,000	0.79%		
Williamson Farms Corp	16,843,295	0.67%		
Franklin Cool Springs Corp	13,689,435	0.54%		
Alara Franklin Corp	13,862,320	0.55%		
Crescent Resources	13,607,440	0.54%		
Lightman Cool Springs	12,992,320	0.52%		
Totals	<u><u>\$ 201,636,195</u></u>	<u><u>8.01%</u></u>	<u><u>\$ 613,824,400</u></u>	<u><u>12.57%</u></u>

* Total assessed valuation in 2009 (tax year 2008) was \$2,516,989,208.

** Total assessed valuation in 2018 (tax year 2017) is \$4,883,087,226. □

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
2018	\$ 20,126,690	\$ 19,895,443	98.9%	\$ -	\$ 19,895,443	98.9%	\$ 231,247
2017	19,203,126	19,013,067	99.0%	119,598	19,132,665	99.6%	70,461
2016	14,306,693	14,114,206	98.7%	185,828	14,300,034	100.0%	6,659
2015	13,742,347	13,551,648	98.6%	185,538	13,737,186	100.0%	5,161
2014	12,342,702	12,146,687	98.4%	189,246	12,335,933	99.9%	6,769
2013	11,902,186	11,724,940	98.5%	168,640	11,893,580	99.9%	8,606
2012	11,718,525	11,519,012	98.3%	189,618	11,708,630	99.9%	9,895
2011	11,785,700	11,507,981	97.6%	262,378	11,770,359	99.9%	15,341
2010	11,468,281	11,159,219	97.3%	291,881	11,451,100	99.9%	17,181
2009	10,739,928	10,429,879	97.1%	301,954	10,731,833	99.9%	8,095

CITY OF FRANKLIN, TENNESSEE

Debt Capacity Information -
Ratios of Outstanding Debt by Type

Fiscal Year	Governmental Activities		Business-type Activities		Total Outstanding Debt	Personal Income **	Percentage of		
	General	Capital Leases	Water & Sewer	Capital Leases			Personal	Population ***	Debt Per Capita
	Obligation		Revenue & Tax				Income		
	Bonds *		Bonds *						
2018	\$ 141,697,493	\$ 884,974	\$ 42,926,581	\$ 17,187	185,526,235	\$ 6,451,138,932	2.9%	70,908	2,616
2017	150,159,179	2,170,299	45,705,483	30,737	198,065,698	6,198,706,452	3.2%	70,908	2,793
2016	131,675,830	3,428,930	35,463,236	-	170,567,996	4,756,804,270	3.6%	66,370	2,570
2015	139,649,696	3,188,492	38,987,696	-	181,825,884	4,608,666,430	3.9%	66,370	2,740
2014	130,913,402	3,284,692	42,458,312	-	176,656,406	4,608,666,430	3.8%	66,370	2,662
2013	120,136,535	2,357,012	45,875,189	-	168,368,736	4,339,034,793	3.9%	62,487	2,694
2012	126,742,579	1,413,816	48,839,368	77,313	177,073,076	4,136,326,965	4.3%	62,487	2,834
2011	133,230,841	1,366,034	51,972,602	177,540	186,747,017	3,902,125,689	4.8%	62,487	2,989
2010	122,794,047	1,881,353	53,969,872	-	178,645,272	3,209,430,272	5.6%	62,487	3,178
2009	82,749,628	-	46,243,053	-	128,992,681	2,986,240,842	4.3%	56,219	2,294

* This amount includes unamortized premiums

** Personal income is disclosed on page 113.

*** Tennessee Certified Populations

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

CITY OF FRANKLIN, TENNESSEE

Debt Capacity Information -
Ratios of General Bonded Debt Outstanding

FISCAL YEAR	General Obligation Debt *	Less: Amounts Available in Debt Service Fund **	Net General Obligation Debt Service	Appraised Value ***	Ratio of Net General Obligation Debt to Appraised Value	Population ****	Net General Obligation Debt Per Capita
2018	\$ 141,697,493	\$ 106,587	\$ 141,590,906	\$ 15,696,174,389	0.9%	70,908	\$1,997
2017	150,159,179	90,197	150,068,982	14,931,225,106	1.0%	70,908	2,116
2016	131,675,830	5,000	131,670,830	11,591,451,146	1.1%	66,370	1,984
2015	139,649,696	709	139,648,987	11,413,859,405	1.2%	66,370	2,104
2014	130,913,402	195,118	130,718,284	11,065,624,425	1.2%	66,370	1,970
2013	120,136,535	84,729	120,051,806	10,442,405,019	1.1%	62,487	1,921
2012	126,742,579	318,138	126,424,441	10,298,785,436	1.2%	62,487	2,023
2011	133,230,841	1,099,568	132,131,273	9,963,638,570	1.3%	62,487	2,115
2010	122,794,047	465,190	122,328,857	10,225,661,696	1.2%	56,219	2,176
2009	82,749,628	-	82,749,628	9,637,668,952	0.9%	56,219	1,472

* This amount includes unamortized premiums

** Fund began in 2010

*** State of TN Comptroller Division of Property Assessment

**** Tennessee Certified Populations

CITY OF FRANKLIN, TENNESSEE

**Debt Capacity Information -
Direct and Overlapping Governmental Activities Debt
June 30, 2018**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Estimated Share of Overlapping Debt</u>
Williamson County	\$ 666,000,000	40.02% *	\$ 266,533,200
Franklin Special School District	37,703,183	100.00% **	<u>37,703,183</u>
Subtotal, overlapping debt			304,236,383
City of Franklin direct debt of governmental activities			<u>142,582,467 ***</u>
Total direct and overlapping debt			<u><u>\$ 446,818,850</u></u>

* Based upon Assessed Value of Property in:

County	\$ 12,201,041,853
City	\$ 4,883,087,226

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

*** This amount includes unamortized premiums.

CITY OF FRANKLIN, TENNESSEE

Debt Capacity Information -
Legal Debt Margin Information

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value	\$ 2,516,989,208	\$ 2,689,334,028	\$ 2,769,192,347	\$ 3,178,038,662	\$ 3,217,787,361	\$ 3,333,559,875	\$ 3,440,062,708	\$ 3,576,977,148	\$ 4,648,444,160	\$ 4,883,087,226
General Obligation Debt*	\$ 82,749,628	\$ 122,794,047	\$ 133,230,841	\$ 126,742,579	\$ 120,136,535	\$ 130,913,402	\$ 139,649,696	\$ 131,675,830	\$ 150,159,179	\$ 141,697,493
Debt as % of Assessed Value	3.3%	4.6%	4.8%	4.0%	3.7%	3.9%	4.1%	3.7%	3.2%	2.9%

Note - The City has no legal debt limit.

* This amount includes unamortized premiums.

CITY OF FRANKLIN, TENNESSEE

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

Fiscal Year	Gross Revenues*	Contributions, Taps, & Access Fees	Direct Operating Expense**	Net Revenue Available for Debt Service	Debt Service Requirements ***			Coverage
					Principal	Interest	Total	
2018	\$ 31,074,421	\$ 11,005,568	\$ 21,319,614	\$ 20,760,375	\$ 4,303,193	\$ 1,547,782	5,850,975	3.55
2017	29,091,137	9,382,488	20,123,220	18,350,405	3,973,101	1,656,693	5,629,794	3.26
2016	28,003,498	12,429,719	17,477,139	22,956,078	3,510,885	1,293,872	4,804,757	4.78
2015	25,453,822	9,517,652	16,467,456	18,504,018	3,411,934	1,430,642	4,842,576	3.82
2014	23,212,942	11,263,738	15,635,777	18,840,903	3,358,090	1,565,559	4,923,649	3.83
2013	22,257,118	6,728,662	14,880,678	14,105,102	3,671,566	1,721,346	5,392,912	2.62
2012	21,246,536	5,307,632	15,293,416	11,260,752	3,113,470	1,714,353	4,827,823	2.33
2011	19,592,351	3,841,390	14,961,368	8,472,373	3,032,418	1,493,066	4,525,484	1.87
2010	16,329,275	3,881,605	13,206,129	7,004,751	3,032,418	1,553,890	4,586,308	1.53
2009	16,637,366	8,613,893	13,584,035	11,667,224	2,180,000	1,605,445	3,785,445	3.08

* Includes nonoperating revenues

** Excludes depreciation and interest expense; Includes transfers

*** Includes revenue and tax bonds and notes

CITY OF FRANKLIN, TENNESSEE

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

Year	Population *	Personal Income **	Per Capita Personal Income ***	Education Level in Years of Schooling****	School Enrollment *****	Unemployment Rate *****
2018	70,908	\$ 6,451,138,932	\$ 90,979	15.2	16,207	2.8%
2017	70,908	6,451,138,932	90,979	15.2	15,652	2.8%
2016	66,370	6,038,276,230	90,979	15.2	14,245	3.7%
2015	66,370	5,807,773,220	87,506	15.1	14,076	4.3%
2014	66,370	5,425,349,280	81,744	15.1	13,255	4.8%
2013	62,487	4,862,550,879	77,817	15.0	12,037	5.4%
2012	62,487	4,816,622,934	77,082	14.9	11,834	5.3%
2011	62,487	4,407,770,493	70,539	14.9	11,193	6.3%
2010	62,487	4,076,714,367	65,241	14.9	10,950	6.3%
2009	56,219	3,356,049,424	59,696	14.7	10,489	8.3%

* Tennessee Certified Population reports

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

*** U.S. Bureau of Economic Analysis (BEA) for Williamson County: Local Area Personal Income.

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

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

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

CITY OF FRANKLIN, TENNESSEE

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

Employer	2009			2018		
	Employees *	Rank	Percentage of Total County	Employees **	Rank	Percentage of Total City Employment
Community Health Systems	801	7	1.51%	2,652	1	6.18%
Nissan North America	1,300	3	2.45%	1,700	2	3.96%
Optum				1,600	3	3.73%
Williamson Medical Center	1,300	2	2.45%	1,201	4	2.80%
Mars Petcare				1,000	5	2.33%
Lee Company	520	9	0.98%	877	6	2.04%
Ford Motor Credit				860	7	2.00%
Schneider Electric				850	8	1.98%
eviCore Healthcare				653	9	1.52%
Jackson National Life Insurance Co.				518	10	1.21%
Verizon Wireless	1,300	4	2.45%			
Vanderbilt University Medical Center	500	10	0.94%			
Cool Spring Galleria	3,500	1	6.59%			
Healthways	1,000	5	1.88%			
AIM Healthcare	815	6	1.53%			
Civil Constructors, Inc.	500	10	0.94%			
Progeny Marketing Innovations	550	8	1.04%			
Total	12,086		22.75%	11,911		27.76%

* City's 2009 Comprehensive Annual Financial Report. Prior to 2013, the CAFR represented Franklin employers by county statistics.

** Williamson County Office of Economic Development, Williamson, Inc. 2018 Trends Report

CITY OF FRANKLIN, TENNESSEE

**Operating Information -
Authorized Full Time Employees by Function**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administration	9	5	5	6	5	6	6	6	6	9
Building and Neighborhood Services	27	28	28	28	30	31	32	33	35	36
Capital Investment Planning	*	2	2	2	1	2	2	2	0	0
Communications	1	3	3	3	3	3	3	4	4	4
Court	3	3	2	2	2	2	2	3	3	2
Engineering	9	8	8	8	10	11	12	12	13	13
Finance	11	11	11	9	9	10	10	10	10	9
Fire	158	158	158	158	160	161	171	171	171	172
HR	8	8	9	10	11	11	11	11	11	12
IT	17	17	17	17	19	18	20	20	21	22
Law	3	3	4	4	4	5	4	4	5	5
Parks	29	29	30	31	33	34	31	37	39	41
Planning and Sustainability	17	18	18	18	15	17	16	16	16	15
Police	176	176	175	175	175	176	156	157	142	143
Projects and Facilities Management	5	7	6	6	6	7	7	7	5	6
Purchasing	2	2	2	3	3	3	3	3	3	3
Revenue Management	14	14	13	14	15	14	13	13	13	14
Solid Waste	59	51	51	52	49	48	49	49	45	45
Storm water	11	11	11	16	16	17	18	19	20	21
Streets	43	52	52	47	49	52	53	53	54	58
Traffic Operations Center	3	3	3	3	4	3	4	3	3	4
Water & Wastewater	80	81	82	83	84	84	85	86	92	94
TOTAL	685	690	690	695	703	715	708	719	711	728

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

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

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

CITY OF FRANKLIN, TENNESSEE

Operating Information -
Operating Indicators by Function

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Calls for service	74,127	76,545	64,719	75,700	77,964	80,205	77,818	67,533	57,154**	68,966***
Fire										
Number of alarms	5,540	5,878	5,746	5,767	6,115	6,501	6,790	7,039	7856	9,058
Sanitation										
Landfill usage	70,525	71,589	64,619	59,212	54,190	65,116	81,651	95,393	81,137	87,536
Recycling (tons)	5,957	5,233	5,556	6,209	6,781	8,605	7,897	7,904	8,726	7,875
Codes										
Single family permits	618	170	309	331	485	519	480	691	636	495
Water										
Average daily usage	5,675,000	5,300,000	5,704,268	5,872,863	5,805,912	5,690,082	5,636,146	5,755,000	5,737,000	5,770,000****
Water storage capacity (gallons)	11,000,000	11,500,000	12,000,000	12,000,000	12,000,000	11,500,000	13,000,000	13,000,000	13,000,000	13,000,000

Source: City of Franklin departments

* An asterisk (*) indicates the department had not previously recorded or performed the Function/Program.

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

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

CITY OF FRANKLIN, TENNESSEE

Operating Information -
Capital Asset Statistics by Function

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles (radio equipped)	149	136	133	152	156	136	139	136	150	140
Fire										
Fire stations	6	6	6	6	6	6	7	7	8	8
Fire response vehicles	19	19	19	19	22	22	22	22	22	22
Fire hydrants	2,045	2,074	1,957	3,155*	3,325*	3,326*	3,416*	3,576*	3,675*	3,810*
Street										
Streets (miles)	283	283	285	286	293	304	317	325	347	339**
Parks										
Number of parks	16	16	16	16	16	16	16	16	16	16
Water										
Water lines (miles)	272	276	284	283	285	288	293	296	301	302
Sewer lines (miles)	347	350	355	352	354	360	371	387	393	408
Reclaimed lines (miles)	---	---	---	---	---	---	---	---	---	28

Source: City of Franklin departments

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

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

INTERNAL CONTROL AND COMPLIANCE SECTION



HISTORIC
FRANKLIN
TENNESSEE

**CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

Utility Services

Service:	Number of Customers	Fees
Water	18,068	\$ 11,034,782
Sewer	24,798	18,430,468
Reclaimed	85	135,473

Utility Rates

The following rates were effective January 1, 2018. 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	\$ 11.86	\$ 14.30
Next 9,000 Gallons	4.96	7.68
Next 15,000 Gallons	5.89	8.26
All Additional Gallons	6.82	8.84
Water Commercial Rates:		
Gallons	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 18.49	\$ 22.21
Next 9,000 Gallons	4.94	7.60
Next 15,000 Gallons	5.87	8.18
All Additional Gallons	6.80	8.76
Sewer Residential Rates:		
Gallons	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 16.55	\$ 21.63
Next 14,000 Gallons	5.99	9.38
All Additional Gallons	5.20	8.23
Sewer Commercial Rates:		
Gallons	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 41.98	\$ 45.46
Next 14,000 Gallons	6.54	10.21
Add Additional Gallons	5.55	8.32
Reclaimed Water Rate:		
Gallons	Inside City Limits	Outside City Limits
For each 1,000 Gallons	\$ 0.97	\$ 0.97

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

Other Utility Fees

Tap Fees:		
Meter Size	Water Tap Fee	Sewer Tap Fee
3/4"	\$ 903	\$ 1,444
1"	3,612	5,775
1-1/2"	8,619	13,860
2"	11,558	18,480
3"	25,284	40,425
4"	36,120	57,750
6"	86,688	138,600
8"	108,360	173,250

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 UNAUDITED

Utility Rates

The following rates are effective January 1, 2019. 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	\$ 12.61	\$ 15.05
Next 9,000 Gallons	5.07	7.79
Next 15,000 Gallons	6.00	8.37
All Additional Gallons	6.93	8.95
Water Commercial Rates:		
Gallons	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 19.24	\$ 22.96
Next 9,000 Gallons	5.05	7.71
Next 15,000 Gallons	5.98	8.29
All Additional Gallons	6.91	8.87
Sewer Residential Rates:		
Gallons	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 17.71	\$ 22.79
Next 14,000 Gallons	6.13	9.52
All Additional Gallons	5.34	8.37
Sewer Commercial Rates:		
Gallons	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 43.14	\$ 46.62
Next 14,000 Gallons	6.68	10.35
Add Additional Gallons	5.69	8.46
Reclaimed Water Rate:		
Gallons	Inside City Limits	Outside City Limits
For each 1,000 Gallons	\$ 0.97	\$ 0.97

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

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS (Cont.)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 UNAUDITED

Installation Charges:

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

Access Fees:

Meter Size	Water Access Fee	Sewer Access Fee
3/4"	\$ 1,186	\$ 2,100
1"	4,746	8,400
1-1/2"	11,390	20,160
2"	15,187	26,880
3"	33,222	58,800
4"	47,460	84,000
6"	113,904	201,600
8"	142,380	252,000

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

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY MAJOR CUSTOMERS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

The following table presents information on the ten largest customers of the System during the fiscal year ended June 30, 2018, ranked according to consumption and billings.

TOP TEN WATER CUSTOMERS

Customer	Gallons of Water Purchased (1,000)	% of Total Water Consumed	Revenue	% of Total Water Revenues
Williamson Medical (Hospital)	41,708	2.55%	\$274,889	2.60%
Franklin Estates (Residential)	27,603	1.69%	\$165,265	1.57%
Carrington Hills (Residential)	13,513	0.83%	\$99,719	0.94%
IMI Tennessee, Inc. (Concrete)	11,878	0.73%	\$79,008	0.75%
Williamson County Jail	11,042	0.68%	\$73,027	0.69%
Prescott Place HOA (Residential)	10,384	0.64%	\$67,422	0.64%
APCOM Inc. (Manufacturing)	10,940	0.67%	\$72,613	0.69%
River Oaks Apartments (Residential)	8,863	0.54%	\$61,488	0.58%
Essex Int'l (Residential)	7,676	0.47%	\$45,258	0.43%
Orleans Estate HOA (Residential)	7,218	0.44%	\$47,774	0.45%
TOTAL	<u>150,823</u>	<u>9.24%</u>	<u>\$986,465</u>	<u>9.34%</u>

TOP TEN WASTEWATER CUSTOMERS

Customer	Gallons Billed (1,000)	% of Total Gallons Billed	Revenue	% of Total Sewer Revenues
Williamson Medical (Hospital)	38,724	1.51%	\$222,931	1.31%
Star Brentwood, LLC	32,523	1.26%	\$157,378	0.92%
Franklin Estates (Residential)	27,603	1.07%	\$193,947	1.14%
Cool Springs Galleria (Retail Mall)	22,131	0.86%	\$93,613	0.55%
Ashton Brook Apartments (Residential)	20,175	0.78%	\$105,441	0.62%
BMPP Aspen Grove (Residential)	16,750	0.65%	\$85,978	0.51%
Gateway Village (Residential)	16,479	0.64%	\$84,284	0.50%
IMT Capital Reit IV/Alara (Residential)	16,157	0.63%	\$85,722	0.50%
Embassy Suites Hotel	14,018	0.54%	\$73,196	0.43%
CH Realty (Residential)	13,653	0.53%	\$71,361	0.42%
TOTAL	<u>218,213</u>	<u>8.47%</u>	<u>\$1,173,850</u>	<u>6.90%</u>

TOP TEN RECLAIMED WATER CUSTOMERS

Customer	Gallons of Water Purchased (1,000)	% of Total Water Consumed	Water Revenue	% of Total Water Revenues
City of Franklin (Parks)	31,986	24.04%	\$31,026	23.22%
Southern Land Co. (Res-Com)	17,703	13.31%	\$18,073	13.53%
Rural Plains (Residential)	8,386	8.85%	\$0	0.00%
Vanderbilt Legends Club (Golf Course)	7,728	6.30%	\$7,924	5.93%
Tywater HOA (Residential)	6,499	5.81%	\$6,249	4.68%
John Deere Landscapes (Commercial)	5,289	3.98%	\$5,313	3.98%
Carlisle (Residential)	3,499	2.58%	\$3,848	2.88%
Battle Ground Academy (School)	3,436	2.57%	\$3,510	2.63%
Berry Farms Town Center (Res-Com)	3,417	2.42%	\$3,917	2.93%
Franklin 1st United Methodist (Church)	3,223	1.88%	\$3,491	2.61%
TOTAL	<u>91,167</u>	<u>71.74%</u>	<u>83,352</u>	<u>62.39%</u>

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

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

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF HISTORICAL UTILITY SYSTEM GROWTH
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 UNAUDITED

WATER PRODUCTION

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

WATER SYSTEM USAGE

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

WASTEWATER SYSTEM USAGE

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

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

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

CITY OF FRANKLIN, TENNESSEE
AWWA WATER SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

WAS v6.0
American Water Works Association
Copyright © 2018, All Rights Reserved

AWWA Free Water Audit Software: Reporting Worksheet

Click to access definition
Click to add a comment

Water Audit Report for: **City of Franklin Water Management (0000246)**
 Reporting Year: **2018** **7/2017 - 6/2018**

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

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

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

----- Enter grading in column 'E' and 'J' -----

WATER SUPPLIED

Volume from own sources:	8	354	MG/Yr
Water imported:	9	1,783.204	MG/Yr
Water exported:	10		MG/Yr

WATER SUPPLIED: **2,137.451** MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	8	1,605.061	MG/Yr
Billed unmetered:	9	0.020	MG/Yr
Unbilled metered:	9	0.000	MG/Yr
Unbilled unmetered:	5	26.718	MG/Yr

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

AUTHORIZED CONSUMPTION: **1,631.799** MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

505.652 MG/Yr

Apparent Losses

Unauthorized consumption:	5	5.344	MG/Yr
Customer metering inaccuracies:	7	32.756	MG/Yr
Systematic data handling errors:	5	4.013	MG/Yr

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

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

Apparent Losses: **42.113** MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **463.539** MG/Yr

WATER LOSSES: **505.652** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **532.370** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	9	301.7	miles
Number of active AND inactive service connections:	6	18,068	
Service connection density:	60		conn./mile main

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

Average length of customer service line: (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: psi

COST DATA

Total annual cost of operating water system:	10	\$10,541,278	\$/Year
Customer retail unit cost (applied to Apparent Losses):	9	\$12.17	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	8	\$2,550.00	\$/Million gallons

☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

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

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

PRIORITY AREAS FOR ATTENTION:

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

- 1: Water imported
- 2: Unauthorized consumption
- 3: Systematic data handling errors

CITY OF FRANKLIN, TENNESSEE
AWWA WATER SCHEDULE (Cont.)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 UNAUDITED

AWWA Free Water Audit Software:
System Attributes and Performance Indicators

HWAS v3.0
 American Water Works Association
 Copyright © 2005, 2011, 2014, 2015, 2016

Water Audit Report for: **City of Franklin Water Management (0000246)**
 Reporting Year: **2018** 7/2017 - 6/2018

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

System Attributes:

Apparent Losses:	42,113	MG/yr	
+	Real Losses:	463,539	MG/yr
=	Water Losses:	505,652	MG/yr

Unavoidable Annual Real Losses (UARL): 110.95 MG/yr

Annual cost of Apparent Losses: \$512,511

Annual cost of Real Losses: \$1,182,025 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:	24.9%	
Non-revenue water as percent by cost of operating system:	16.7%	Real Losses valued at Variable Production Cost

Operational Efficiency:

Apparent Losses per service connection per day:	6.39	gallons/connection/day
Real Losses per service connection per day:	70.29	gallons/connection/day
Real Losses per length of main per day*:	N/A	
Real Losses per service connection per day per psi pressure:	1.00	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 463.54 million gallons/year

Infrastructure Leakage Index (ILI) [CARL/UARL]: 4.18

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

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, 2018 (except for the Fiduciary Pension Fund, which was as of and for the year ended December 31, 2017), and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 29, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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
November 29, 2018

DRAFT

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, 2018. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Nashville, Tennessee
November 29, 2018

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

129

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified?

☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified?

☐ yes ☒ none reported

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

Unmodified

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

☐ yes ☒ no

Identification of major program:

Highway Planning and Construction Cluster – CFDA No. 20.205 and 20.219

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

\$750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

130

SECTION II - FINANCIAL STATEMENT FINDINGS

None Reported.

SECTION III - FEDERAL AUDIT FINDINGS AND QUESTIONS COSTS

None Reported.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

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

DRAFT

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, 2018 AND 2017**

**SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

CONFERENCE CENTER AT COOL SPRINGS

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CONFERENCE CENTER AT COOL SPRINGS
INTRODUCTION
JUNE 30, 2018

The Conference Center at Cool Springs (the “Conference Center”) is pleased to present its Annual Financial Report for the years ended June 30, 2018 and 2017.

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, 2018 and 2017, 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 Davidson Hotels and Resorts.

Michael Bennett

Davidson Hotels and Resorts
General Manager - Franklin
Marriott Cool Springs

**CONFERENCE CENTER AT COOL SPRINGS
INTRODUCTION
JUNE 30, 2018**

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

Pearl Bransford

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

David Pair

District 3

Kathy Danner

District 4

Gregg Lawrence

District 4

Beth Lothers

District 5

Thomas W. "Tommy" Little

District 5

Jeff Ford

District 6

Paul Webb

District 6

Bert Chalfant

District 7

Robert Hullett

District 7

Jack Walton

District 8

Barb Sturgeon

District 8

Todd Kaestner

District 9

Sherri Clark

District 9

Robbie Beal

District 10

David Landrum

District 10

Brian Beathard

District 11

Brandon Ryan

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, 2018 and 2017, 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, 2018 and 2017, 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 11, 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 introductory section 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 it.

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 3, 2018, 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 3, 2018

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, 2018 and 2017 with comparisons to 2017 and 2016, respectively.

Financial Highlights

- The assets of the Conference Center exceeded its liabilities at the close of the most recent fiscal year by \$11,086,469 compared to \$11,130,196 in 2017. This represents a decrease of \$43,727 in net position from the preceding year. In comparison, net position decreased by \$127,274 from \$11,257,470 in 2016 to \$11,130,196 in 2017.
- The Conference Center's cash increased by \$198,004 to \$476,482 at the close of fiscal year 2018, due primarily to operating income in fiscal year 2018. Reserves are being maintained for anticipated renovations planned to be made to the Center in the near future. The Conference Center's cash decreased by \$105,697 from fiscal year 2016 to 2017, totaling \$278,478 at June 30, 2017. A portion of cash is restricted, by agreement, for capital expenditures.
- The Conference Center's capital assets (net of accumulated depreciation) were \$10,589,787 at June 30, 2018, as compared to \$10,865,923 and \$10,843,818 at June 30, 2017 and 2016, respectively. During fiscal years 2015 to 2017, the Conference Center underwent a major renovation of its facilities. Additions to capital assets during fiscal years 2017 and 2016 were \$481,053 and \$911,901, respectively. During fiscal year 2018, additions total \$155,684 and related to new catering equipment, IT upgrades, and mechanical equipment. Capital asset balances were reduced by depreciation expense in each year.
- Operating revenues increased to \$7,448,776 in fiscal year 2018, representing a 10% increase from 2017. Operating revenues decreased to \$6,791,978 in fiscal year 2017, representing a 1% decrease from 2016.
- Operating expenses totaled \$7,070,389 for 2018, which represents an increase of 3% from 2017. Operating expenses increased to \$6,907,894 for 2017, an increase of 2% from that of 2016.
- The Conference Center's net distributions to the City and County governments amounted to \$443,724 in 2018 as compared to \$185,584 in 2017. The increase was direct result of increased profitability in Operations for the year. Net distributions to the City and County governments amounted to \$246,902 in 2016. The decrease to 2017 was due to increases in operating expenditures which resulted in an operating deficit.

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

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, 2018 or 2017. 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.

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?"

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

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 15 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.

The Conference Center's net position decreased by \$43,727 during the current fiscal year. Our analysis below focuses on the Conference Center's net position (Table 1) and changes in net position (Table 2) from 2017 to 2018 and from 2016 to 2017.

Conference Center assets exceeded liabilities by \$11,086,469 at the close of the most recent fiscal year. By far, the largest portion of the Conference Center's net position (96%) 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.

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

TABLE 1: FINANCIAL POSITION

	<u>2018</u>	<u>2017</u>	<u>Difference</u>	<u>2016</u>	<u>Difference</u>
CURRENT ASSETS					
Cash					
Restricted for capital expenditure	\$ 337,123	\$ 120,466	\$ 216,657	\$ 278,461	\$ (157,995)
Unrestricted	139,359	158,012	(18,653)	105,714	52,298
Total cash	<u>476,482</u>	<u>278,478</u>	<u>198,004</u>	<u>384,175</u>	<u>(105,697)</u>
Due from hotel operator	280,024	240,686	39,338	295,366	(54,680)
Other receivables	1,972	6,883	(4,911)	6,183	700
Prepaid expenses	<u>3,564</u>	<u>8,435</u>	<u>(4,871)</u>	<u>6,460</u>	<u>1,975</u>
Total current assets	<u>762,042</u>	<u>534,482</u>	<u>227,560</u>	<u>692,184</u>	<u>(157,702)</u>
NON-CURRENT ASSETS					
Capital assets	16,843,867	16,688,183	155,684	16,207,130	481,053
Less accumulated depreciation	<u>(6,254,080)</u>	<u>(5,822,260)</u>	<u>(431,820)</u>	<u>(5,363,312)</u>	<u>(458,948)</u>
Capital assets, net	<u>10,589,787</u>	<u>10,865,923</u>	<u>(276,136)</u>	<u>10,843,818</u>	<u>22,105</u>
Total assets	<u>11,351,829</u>	<u>11,400,405</u>	<u>(48,576)</u>	<u>11,536,002</u>	<u>(135,597)</u>
CURRENT LIABILITIES					
Accounts payable and accrued expenses	191,034	205,167	(14,133)	208,254	(3,087)
Due to hotel operator	-	6,250	(6,250)	12,500	(6,250)
Due to City/County	<u>74,326</u>	<u>58,792</u>	<u>15,534</u>	<u>57,778</u>	<u>1,014</u>
Total liabilities	<u>265,360</u>	<u>270,209</u>	<u>(4,849)</u>	<u>278,532</u>	<u>(8,323)</u>
NET POSITION					
Investment in capital assets	10,589,787	10,865,923	(276,136)	10,843,818	22,105
Restricted	337,123	120,466	216,657	278,461	(157,995)
Unrestricted	<u>159,559</u>	<u>143,807</u>	<u>15,752</u>	<u>135,191</u>	<u>8,616</u>
TOTAL NET POSITION	<u>\$ 11,086,469</u>	<u>\$ 11,130,196</u>	<u>\$ (43,727)</u>	<u>\$ 11,257,470</u>	<u>\$ (127,274)</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>2018</u>	<u>2017</u>	<u>Difference</u>	<u>2016</u>	<u>Difference</u>
OPERATING REVENUE					
Banquet and catering	\$ 7,448,776	\$ 6,791,978	\$ 656,798	\$ 6,865,933	\$ (73,955)
OPERATING EXPENSES					
Banquet and catering expenses	3,908,399	3,809,537	98,862	3,631,908	177,629
Administrative and general	488,751	549,517	(60,766)	582,992	(33,475)
Sales and marketing	1,262,136	1,105,291	156,845	1,112,788	(7,497)
Utilities	278,163	298,336	(20,173)	293,266	5,070
Repairs and maintenance	255,156	256,201	(1,045)	254,861	1,340
Catering management fee	207,264	201,228	6,036	195,372	5,856
Management fees	204,312	198,348	5,964	192,576	5,772
Insurance and other fixed costs	34,388	30,488	3,900	29,879	609
Depreciation	431,820	458,948	(27,128)	499,456	(40,508)
Total operating expenses	<u>7,070,389</u>	<u>6,907,894</u>	<u>162,495</u>	<u>6,793,098</u>	<u>114,796</u>
Operating income (loss)	378,387	(115,916)	494,303	72,835	(188,751)
OTHER INCOME	21,610	174,226	(152,616)	18,872	155,354
NET DISTRIBUTIONS TO LOCAL GOVERNMENTS	<u>(443,724)</u>	<u>(185,584)</u>	<u>(258,140)</u>	<u>(246,902)</u>	<u>61,318</u>
Change in net position	(43,727)	(127,274)	83,547	(155,195)	27,921
NET POSITION, beginning of year	<u>11,130,196</u>	<u>11,257,470</u>	<u>(127,274)</u>	<u>11,412,665</u>	<u>(155,195)</u>
NET POSITION, end of year	<u>\$ 11,086,469</u>	<u>\$ 11,130,196</u>	<u>\$ (43,727)</u>	<u>\$ 11,257,470</u>	<u>\$ (127,274)</u>

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

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.

We forecast that 2018-2019 operations to remain relatively consistent with 2017-2018. Demand for group meetings and local catering is remaining steady. Competition and costs continue to increase. 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,	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents		
Restricted for capital expenditure	\$ 337,123	\$ 120,466
Unrestricted	139,359	158,012
Total cash and cash equivalents	<u>476,482</u>	<u>278,478</u>
Receivables		
Due from hotel operator	280,024	240,686
Other	1,972	6,883
Prepaid expenses and other	<u>3,564</u>	<u>8,435</u>
Total current assets	762,042	534,482
CAPITAL ASSETS	<u>10,589,787</u>	<u>10,865,923</u>
Total assets	<u>11,351,829</u>	<u>11,400,405</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts payable and accrued expenses	191,034	205,167
Due to local governments	74,326	58,792
Due to hotel operator	<u>-</u>	<u>6,250</u>
Total liabilities	<u>265,360</u>	<u>270,209</u>
NET POSITION		
Investment in capital assets	10,589,787	10,865,923
Restricted	337,123	120,466
Unrestricted	<u>159,559</u>	<u>143,807</u>
Total net position	<u>\$ 11,086,469</u>	<u>\$ 11,130,196</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,	
	2018	2017
OPERATING REVENUE		
Food and beverage:		
Banquet and catering	\$ 7,448,776	\$ 6,791,978
OPERATING EXPENSES		
Banquet and catering expenses	3,908,399	3,809,537
Administrative and general	488,751	549,517
Sales and marketing	1,262,136	1,105,291
Utilities	278,163	298,336
Repairs and maintenance	255,156	256,201
Catering management fee	207,264	201,228
Management fees	204,312	198,348
Insurance and other fixed costs	34,388	30,488
Depreciation	431,820	458,948
Total operating expenses	7,070,389	6,907,894
Operating income (loss)	378,387	(115,916)
NON-OPERATING REVENUE AND EXPENSE		
Other income	21,610	174,226
Income before distributions	399,997	58,310
NET DISTRIBUTIONS TO LOCAL GOVERNMENTS	(443,724)	(185,584)
Decrease in net position	(43,727)	(127,274)
NET POSITION, AT BEGINNING OF YEAR	11,130,196	11,257,470
NET POSITION, AT END OF YEAR	\$ 11,086,469	\$ 11,130,196

See accompanying notes to financial statements.

CONFERENCE CENTER AT COOL SPRINGS
STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 7,403,188	\$ 6,840,408
Cash paid to and on behalf of employees	(2,433,870)	(2,387,554)
Cash paid to suppliers	(4,209,050)	(4,067,154)
Other	21,610	174,226
Net cash provided by operating activities	<u>781,878</u>	<u>559,926</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Contributions from City of Franklin and Williamson County	216,418	224,508
Distributions to City of Franklin and Williamson County	(644,608)	(409,078)
Net cash used in non-capital financing activities	<u>(428,190)</u>	<u>(184,570)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(155,684)	(481,053)
Net cash used in capital and related financing activities	<u>(155,684)</u>	<u>(481,053)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	198,004	(105,697)
CASH AND CASH EQUIVALENTS:		
BEGINNING OF YEAR	278,478	384,175
END OF YEAR	<u>\$ 476,482</u>	<u>\$ 278,478</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>		
<u>TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Operating income (loss)	\$ 378,387	\$ (115,916)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Other	21,610	174,226
Depreciation	431,820	458,948
(Increase) decrease in:		
Receivable from hotel operator, net	(45,588)	48,430
Other receivables	4,911	(700)
Prepaid expenses	4,871	(1,975)
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>(14,133)</u>	<u>(3,087)</u>
Net cash provided by operating activities	<u>\$ 781,878</u>	<u>\$ 559,926</u>

See accompanying notes to financial statements.

CONFERENCE CENTER AT COOL SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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 Davidson Hotel and Resorts (the “Hotel Operator”). The Conference Center is also managed by the Hotel operator under agreements (See Note D).

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, 2018 AND 2017

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, 2018 or 2017.

CONFERENCE CENTER AT COOL SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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 2018 and 2017, the Conference Center invested funds that were not immediately needed in demand deposits and interest bearing accounts of financial institutions.

At June 30, 2018, the bank balances and recorded balances of cash and cash equivalents were \$522,705 and \$476,482, respectively, with the difference due primarily to outstanding checks. At June 30, 2017, the bank balances and recorded balances of cash and cash equivalents were \$297,645 and \$278,478, 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, 2018 and 2017, 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, 2018 AND 2017

B. CASH AND CASH EQUIVALENTS - Continued

At June 30, 2018 and 2017, the Conference Center has cash restricted for capital expenditure totaling \$337,123 and \$120,466, respectively. This amount is presented in current assets as the Conference Center expects current use of these funds for renovations and other capital expenditures. The restricted funds were utilized for capital renovations during fiscal years 2018 and 2017, as further described in Note C. Additionally, the restricted cash is spent for equipment replacement as needed.

C. CAPITAL ASSETS

A summary of changes in capital assets for fiscal years 2018 and 2017 is as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Cost:				
Land	\$ 892,108	\$ -	\$ -	\$ 892,108
Building	12,328,510	-	-	12,328,510
Equipment, furniture and fixtures, and improvements	<u>3,467,565</u>	<u>155,684</u>	<u>-</u>	<u>3,623,249</u>
	<u>16,688,183</u>	<u>155,684</u>	<u>-</u>	<u>16,843,867</u>
Accumulated Depreciation:				
Building	4,068,427	246,570	-	4,314,997
Equipment, furniture and fixtures, and improvements	<u>1,753,833</u>	<u>185,250</u>	<u>-</u>	<u>1,939,083</u>
	<u>5,822,260</u>	<u>431,820</u>	<u>-</u>	<u>6,254,080</u>
Capital assets, net	<u>\$10,865,923</u>	<u>\$(276,136)</u>	<u>\$ -</u>	<u>\$ 10,589,787</u>

CONFERENCE CENTER AT COOL SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

C. CAPITAL ASSETS - Continued

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Cost:				
Land	\$ 892,108	\$ -	\$ -	\$ 892,108
Building	12,328,510	-	-	12,328,510
Equipment, furniture and fixtures, and improvements	2,865,581	601,984	-	3,467,565
Renovation in progress	<u>120,931</u>	<u>-</u>	<u>(120,931)</u>	<u>-</u>
	<u>16,207,130</u>	<u>601,984</u>	<u>(120,931)</u>	<u>16,688,183</u>
Accumulated Depreciation:				
Building	3,821,857	246,570	-	4,068,427
Equipment, furniture and fixtures, and improvements	<u>1,541,455</u>	<u>212,378</u>	<u>-</u>	<u>1,753,833</u>
	<u>5,363,312</u>	<u>458,948</u>	<u>-</u>	<u>5,822,260</u>
Capital assets, net	<u>\$10,843,818</u>	<u>\$143,036</u>	<u>\$(120,931)</u>	<u>\$10,865,923</u>

Depreciation expense amounted to \$431,820 and \$458,948 for 2018 and 2017, respectively.

During fiscal years 2016 and 2015, the Conference Center performed a significant renovation project to its facilities. The project, which was included as renovation in progress within capital assets, was substantially completed and placed in service during fiscal year 2017.

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 operations. The franchise fee for each of the years ended June 30, 2018 and 2017 was \$75,000.

CONFERENCE CENTER AT COOL SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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, 2018 and 2017 was \$204,312 and \$198,348, 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, 2018 and 2017 was \$207,264 and \$201,228, 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.

At June 30, 2018, the Conference Center had a balance due from the Hotel of \$280,024. At June 30, 2017, the Conference Center had a balance due from the Hotel of \$240,686 and a balance due to the Hotel of \$6,250. 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, 2018 AND 2017

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 2018 and 2017, 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 surpluses distributed to local governments in the amounts of \$443,724 and \$185,584 were made during 2018 and 2017, respectively. Details of these distributions are as follows:

	<u>2018</u>	<u>2017</u>
Operating assistance contributed from local governments	\$ 216,418	\$ 224,508
Operating surpluses distributed to local governments	<u>(660,142)</u>	<u>(410,092)</u>
Net distributions to local governments	<u>\$(443,724)</u>	<u>\$(185,584)</u>

At June 30, 2018, the Conference Center owed \$37,163 to both the City of Franklin and Williamson County. At June 30, 2017, the Conference Center owed \$29,396 to both Williamson County and the City of Franklin.

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.

CONFERENCE CENTER AT COOL SPRINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

G. SUBSEQUENT EVENT

Effective November 1, 2018, the Hotel was sold to Chartwell Hospitality of Franklin, Tennessee, who will also operate the Conference Center. The City and County approved the transfer of both operating and catering agreements with Chartwell Hospitality to manage and provide catering services to the Conference Center.

DRAFT

SUPPLEMENTARY INFORMATION

CONFERENCE CENTER AT COOL SPRINGS
SUPPLEMENTARY INFORMATION

Schedule of Insurance Coverage - Unaudited

June 30, 2018

The Conference Center was insured under the following policies of Davidson Hotels and Resorts, the Hotel Operator. The following information is provided by representatives of Davidson Hotels and Resorts:

<u>Insurance</u>	<u>Limited</u>
Commercial general liability, occurrence basis	\$2,000,000
Umbrella / excess liability	\$25,000,000

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, 2018, 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 3, 2018.

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) to determine the 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.

To the Owners of the
Conference Center at Cool Springs

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 3, 2018

CONFERENCE CENTER AT COOL SPRINGS
SUMMARY OF PRIOR AUDIT FINDINGS

June 30, 2018

Conference Center of Cool Springs had no audit findings for the year ended June 30, 2017.

DRAFT



THE PUBLIC BUILDING AUTHORITY OF THE CITY OF FRANKLIN, TENNESSEE

LOCAL GOVERNMENT PUBLIC IMPROVEMENT BOND, SERIES 101-A-1

Lauren Lowe, Managing Director, PFM

Karen Neal and Lillian Blackshear, Members, Bass Berry & Sims

Kristine Tallent

Assistant City Administrator/Chief Financial Officer, City of Franklin

November 30, 2018



Series 101-A-1 Overview

Original Issue Date	2007
Debt Outstanding	\$20 million
Principal Payment Dates	2025 - 2037
Loan Holder	PNC Bank
Interest Rate	variable rate swapped to a fixed rate
Loan Mandatory Tender Date (refinance)	December 2019



Series 101-A-1 Refinancing Options & Considerations

	Option 1: Maintain Variable rate/swap structure	Option 2: Terminate swap and Refinance as Fixed Rate
<i>Considerations</i>	• Will require future refinancing(s) due to shorter duration of variable rate loans versus final maturity of 2037 • Maintain risks associated with a swap • No termination costs associated with ending swap in advance of 2037 maturity	• Involves terminating swap and refinancing bonds as traditional fixed rate debt under the “City of Franklin” issuer • Eliminate risks associated with the swap • Maintain final maturity of 2037 • PBA will no longer serve as an active conduit issuer for the City’s general obligation credit



Series 101-A-1 Refinancing Process

- Q1 2019 – Evaluate all refinancing options including fixed rate and variable rate alternatives.
- Q2 2019 – Provide City of Franklin Budget & Finance Committee summary of options and recommendation for refinancing.
- Q3 2019 – Begin the refinancing process, which requires formal actions of the Board of Mayor & Aldermen and the Public Building Authority.
- Q4 2019 – Complete the refinancing process before December 2019 mandatory tender date.



City of Franklin
Monthly Reports for November 2018
EXECUTIVE SUMMARY

Schedule 1: Local Sales Tax

The local sales tax remittance from the State of Tennessee for July 2018 sales (received by the City in September 2018) was \$2,811,663 compared to \$2,735,435 for the same month in 2017, a monthly year over year increase of \$76,228 or 2.8%. In comparison, sales tax collections for the State of Tennessee were up 6.1%.

September receipts (July sales) are the first month of the FY 2019 fiscal year for both the City of Franklin and the State of Tennessee.

The local sales tax remittance from the State of Tennessee for August 2018 sales (received by the City in October 2018) was \$2,848,326 compared to \$2,739,864 for the same month in 2017, a monthly year over year increase of \$108,462 or 4.0%. In comparison, sales tax collections for the State of Tennessee were up 7.2%.

October receipts (August sales) are the second month of the FY 2019 fiscal year for both the City of Franklin and the State of Tennessee.

Schedule 2: Building Permits

2019 year-to-date is less than 2018 by 28.3%, and compared to 2019 budget is less by 25.6%.

2019 year-to-date is less than 2018 by 38.3%, and compared to 2019 budget is less by 36.0%.

Schedule 3: Road Impact Fees *

Combined 2019 year-to-date compared to 2018 is 50.5% more, and compared to 2019 budget is more by 118.3%. By quadrant, Road Impact 2019 year-to-date compared to 2018 is 8.5% less, and compared to 2019 budget is more by 119.5%. Coll Area 1 2019 year-to-date compared to 2019 budget is 26.4% more; Coll Area 2 2019 year-to-date compared to 2019 budget is 201.9% more; Coll Area 3 2019 year-to-date compared to 2019 budget is 6.9% less; Coll Area 4 2019 year-to-date compared to 2019 budget is 100.0% less.

Combined 2019 year-to-date compared to 2018 is 17.9% less, and compared to 2019 budget is more by 19.1%. By quadrant, Road Impact 2019 year-to-date compared to 2018 is 51.7% less, and compared to 2019 budget is more by 15.9%. Coll Area 1 2019 year-to-date compared to 2019 budget is 16.1% more; Coll Area 2 2019 year-to-date compared to 2019 budget is 266.9% more; Coll Area 3 2019 year-to-date compared to 2019 budget is 26.7% less; Coll Area 4 2019 year-to-date compared to 2019 budget is 100.0% less.

Schedule 4: Facilities Tax (City) *

2019 year-to-date compared to 2018 is 43.9% less, and compared to 2019 budget is more by 59.0%.

2019 year-to-date compared to 2018 is 43.2% less, and compared to 2019 budget is more by 84.1%.

Schedule 5: Facilities Tax (County) *

2019 year-to-date compared to 2018 is 34.9% less, and compared to 2019 budget is 49.4% less.

2019 year-to-date compared to 2018 is 42.3% less, and compared to 2019 budget is 55.1% less.

Schedule 6: Gasoline Taxes (State Street Aid Fund)

The gasoline tax remittance from the State of Tennessee for July 2018 sales (received by the City in September 2018) was \$229,765 compared to \$214,667 for the same month in 2017, an increase of \$15,098 or 7.0%.

For budget comparisons, the City anticipated collections of \$225,655 for July 2018, a difference of \$4,110 more, or 1.8%.

The gasoline tax remittance from the State of Tennessee for August 2018 sales (received by the City in October 2018) was \$232,096 compared to \$229,773 for the same month in 2017, an increase of \$2,323 or 1.0%.

For budget comparisons, the City anticipated collections of \$225,655 for August 2018, a difference of \$6,441 more, or 2.9%.

Schedule 7: Conference Center

The City's ½ share of the profit for August 2018 was \$4,452. In August 2017, the City's ½ share of the profit was \$13,164.

The City's ½ share of the profit for September 2018 was \$40,369. In September 2017, the City's ½ share of the loss was \$2,501.

*** 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.**



City of Franklin

Finance Department - Monthly Reports

Schedule 1:

Local Sales Tax

Fund

General

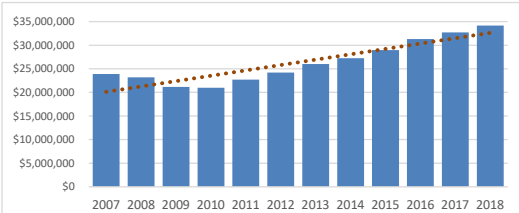
Account:

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. Finance will track the 36 month contribution period, to end with March 2021 sales (to be received in May 2021).

Monthly Report for November 2018: The local sales tax remittance from the State of Tennessee for August 2018 sales (received by the City in September 2018) was \$2,848,326 compared to \$2,739,864 for the same month in 2017, a monthly year over year increase \$108,462, or 4.0%. In comparison, sales tax collections for the State of Tennessee were up 7.2%. October receipts (August sales) are the second month of the FY 2019 fiscal year for both the City of Franklin and the State of Tennessee. The additional local option sales tax rate of 0.50%, for a total local rate of 2.75%, became effective April 1, 2018. The City of Franklin has pledged its 2nd half share of this additional tax to School Debt Service for a period of 3 years. For August 2018, the funds foregone by the City and contributed to Schools is \$559,579. Total contribution to date to Schools from the City's portion is \$2,808,681.

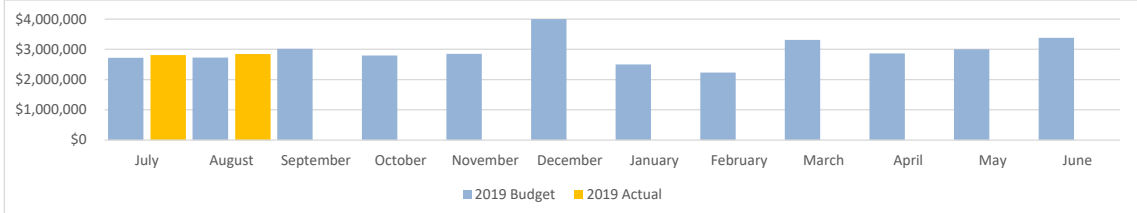
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year	Contribution to County School Debt .5% Apr 2018- Mar 2021
2007	\$23,885,264	\$1,879,561	8.5%	
2008	\$23,185,434	(\$699,830)	-2.9%	
2009	\$21,152,554	(\$2,032,880)	-8.8%	
2010	\$20,969,821	(\$182,733)	-0.9%	
2011	\$22,720,666	\$1,750,845	8.3%	
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

Average Increase (Decrease) \$ 1,012,189 3.9% \$ 1,692,308

FY19 Month by Month Summary



Month	2018 Actual	2019 Budget	2019 Actual	\$ Inc./ (Dec.) from 2018 Actual	% Inc./ (Dec.) from 2018 Actual	\$ Inc./ (Dec.) from 2018 Budget	% Inc./ (Dec.) from 2018 Budget	Contribution to County School Debt .5% Apr 2018-Mar 2021
July	\$2,735,435	\$2,724,633	\$2,811,663	\$76,228	2.8%	\$87,030	3.2%	\$556,794
August	\$2,739,864	\$2,726,441	\$2,848,326	\$108,462	4.0%	\$121,885	4.5%	\$559,579
September	\$2,748,694	\$3,014,896						
October	\$2,699,862	\$2,800,288						
November	\$2,934,718	\$2,853,971						
December	\$3,902,304	\$4,141,913						
January	\$2,503,594	\$2,502,943						
February	\$2,315,764	\$2,232,457						
March	\$2,938,636	\$3,310,026						
April	\$2,804,120	\$2,866,454						
May	\$2,864,887	\$3,005,021						
June	\$2,964,094	\$3,378,296						
Total		\$34,151,972	\$35,557,339	\$92,345	3.4%	\$104,457	3.8%	\$1,116,373
		Total		Average	Average	Average	Average	Total
				\$184,689		\$208,914		
				Total		Total		



City of Franklin

Finance Department - Monthly Reports

Schedule 2:

Building Permits

Fund

General Fund

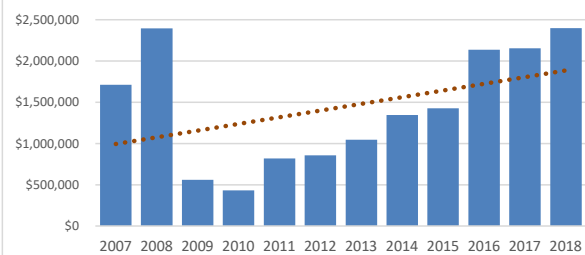
Account:

110-32120-00000

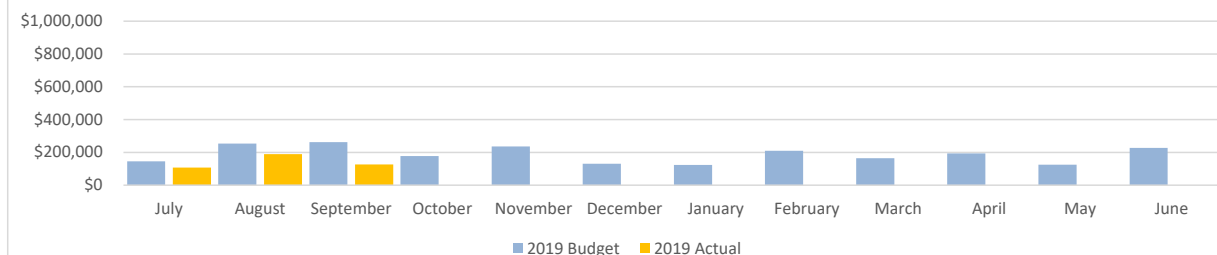
Summary: A part of General Fund Revenues, these fees are paid to the City to offset and pay for the staffing costs borne by the City to extend services due to construction growth. There has been growth in both residential and commercial sides of development. This revenue has been difficult to predict by month because permits are often obtained and fees paid in advance of construction.

Monthly Report for November 2018: 2019 year-to-date is less than 2018 by 38.3%, and compared to 2019 budget is less by 36.0%.

Yearly Summary



FY19 Month by Month Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2007	\$1,710,865	\$482,656	39.3%
2008	\$2,395,129	\$684,264	40.0%
2009	\$559,112	(\$1,836,017)	-76.7%
2010	\$430,901	(\$128,211)	-22.9%
2011	\$820,111	\$389,210	90.3%
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	\$2,399,364	\$246,102	11.4%

Average Increase (Decrease) \$ 97,596 16.1%

Month	2018 Actual	2019 Budget	2019 Actual	\$ Inc./ (Dec.) from 2018 Actual	% Inc./ (Dec.) from 2018 Actual	\$ Inc./ (Dec.) from 2019 Budget	% Inc./ (Dec.) from 2019 Budget
July	\$151,308	\$145,855	\$107,435	(\$43,873)	-29.0%	(\$38,420)	-26.3%
August	\$263,053	\$253,572	\$189,645	(\$73,408)	-27.9%	(\$63,927)	-25.2%
September	\$272,790	\$262,958	\$127,084	(\$145,706)	-53.4%	(\$135,874)	-51.7%
October	\$184,369	\$177,724					
November	\$245,485	\$236,637					
December	\$135,762	\$130,869					
January	\$127,933	\$123,322					
February	\$217,391	\$209,556					
March	\$170,457	\$164,314					
April	\$200,312	\$193,093					
May	\$130,209	\$125,516					
June	\$240,295	\$227,972					

\$2,339,364	\$2,251,388	\$424,164	(\$87,662)	-38.3%	(\$79,407)	-36.0%
Total	Total	Total	Average	Average	Average	Average
			(\$262,987)		(\$238,221)	
			Total		Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 3:

Road Impact Fees

Fund

Road Impact

Account:

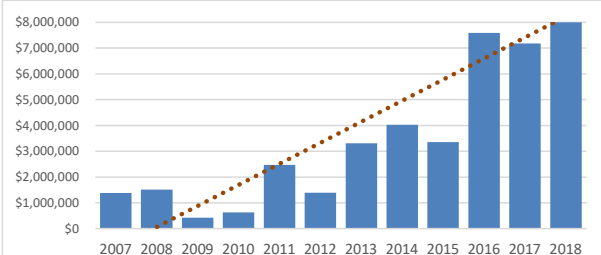
128-(32800-32804)-00000

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 may begin. This report will be updated to show those collections when they occur.

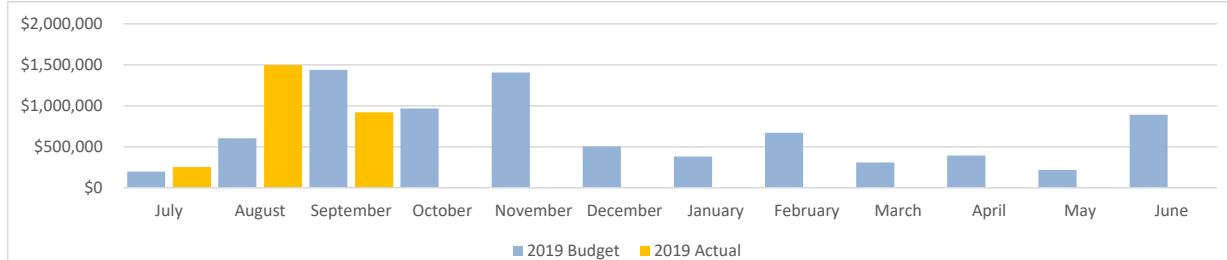
Monthly Report for November 2018: 2019 year-to-date compared to 2018 is 17.9% less, and compared to 2019 budget is more by 19.1%.

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



FY19 Month by Month Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2007	\$1,381,660	\$72,116	5.5%
2008	\$1,509,963	\$128,303	9.3%
2009	\$426,916	(\$1,083,047)	-71.7%
2010	\$629,194	\$202,278	47.4%
2011	\$2,466,846	\$1,837,652	292.1%
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%

Average Increase (Decrease) \$ 856,330 47.0%

Month	2018 Actual	2019 Budget	2019 Actual	\$ Inc./ (Dec.) from 2018 Actual	% Inc./ (Dec.) from 2018 Actual	\$ Inc./ (Dec.) from 2019 Budget	% Inc./ (Dec.) from 2019 Budget
July	\$286,769	\$197,630	\$252,693	(\$34,076)	-11.9%	\$55,063	27.9%
August	\$875,735	\$603,523	\$1,496,451	\$620,716	70.9%	\$892,928	148.0%
September	\$2,088,489	\$1,439,305	\$918,650	(\$1,169,839)	-56.0%	(\$520,655)	-36.2%
October	\$1,402,083	\$966,261					
November	\$2,038,926	\$1,405,148					
December	\$733,067	\$505,201					
January	\$554,671	\$382,258					
February	\$975,568	\$672,324					
March	\$448,969	\$309,412					
April	\$571,231	\$393,670					
May	\$315,984	\$217,764					
June	\$1,294,008	\$891,780					
	\$11,585,500 Total	\$7,984,276 Total	\$2,667,794 Total	(\$194,400) Average (\$583,199) Total	-17.9% Average	\$142,445 Average \$427,336 Total	19.1% Average



City of Franklin

Finance Department - Monthly Reports

Schedule 3A:

Road Impact Fees

Fund

Road Impact

Account:

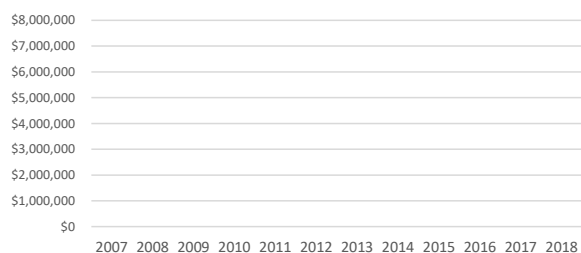
128-32800-00000

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. Effective 7/1/2017, collections pertaining to collector roads within the 4 quadrants of Franklin may begin. This report will be updated to show those collections when they occur.

Monthly Report for November 2018: 2019 year-to-date compared to 2018 is 51.7% less, and compared to 2019 budget is more by 15.9%.

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.

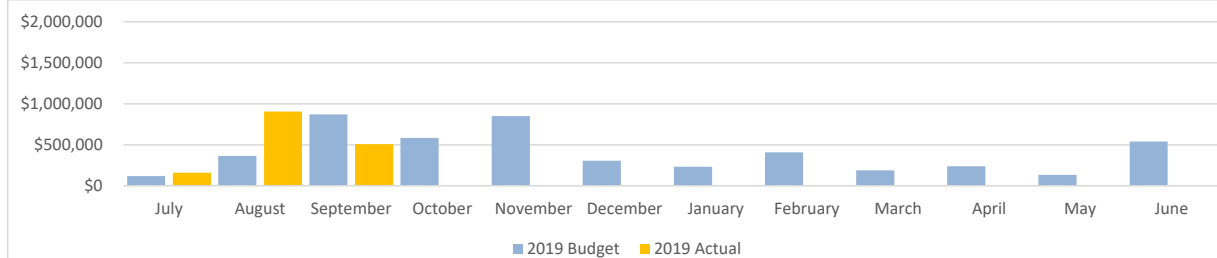
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2007	Breakdown between Quadrants began in FY 2019.		
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018		\$0	

Average Increase (Decrease) \$ -

FY19 Month by Month Summary



Month	2018 Actual	2019 Budget	2019 Actual	\$ Inc./ (Dec.) from 2018 Actual	% Inc./ (Dec.) from 2018 Actual	\$ Inc./ (Dec.) from 2019 Budget	% Inc./ (Dec.) from 2019 Budget
July	\$286,769	\$119,537	\$158,320	(\$128,449)	-44.8%	\$38,783	32.4%
August	\$875,735	\$365,041	\$905,319	\$29,584	3.4%	\$540,278	148.0%
September	\$2,088,489	\$870,565	\$507,202	(\$1,581,287)	-75.7%	(\$363,363)	-41.7%
October	\$1,402,083	\$584,444					
November	\$2,038,926	\$849,905					
December	\$733,067	\$305,571					
January	\$554,671	\$231,209					
February	\$975,568	\$406,656					
March	\$448,969	\$187,148					
April	\$571,231	\$238,112					
May	\$315,984	\$131,715					
June	\$1,294,008	\$539,394					
	\$11,585,500	\$4,829,297	\$1,570,841	(\$560,051)	-51.7%	\$71,899	15.9%
	Total	Total	Total	Average	Average	Average	Average
				(\$1,680,152)		\$215,698	
				Total		Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 3B:

Coll Area 1

Fund

Road Impact

Account:

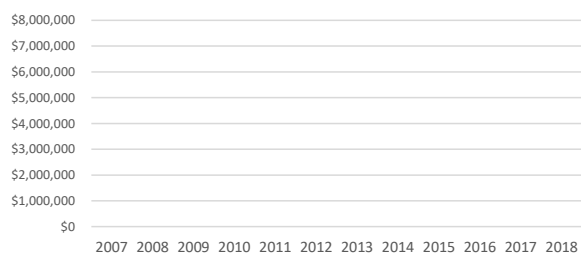
128-32801-00000

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. Effective 7/1/2017, collections pertaining to collector roads within the 4 quadrants of Franklin may begin. This report will be updated to show those collections when they occur.

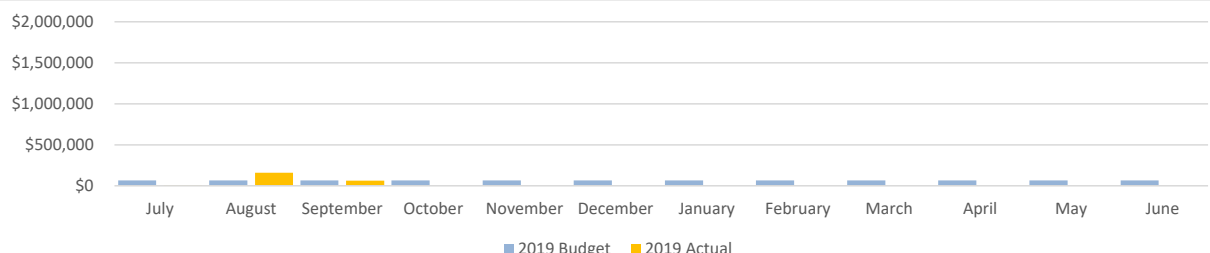
Monthly Report for November 2018: 2019 year-to-date compared to 2019 budget is more by 16.1%.

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



FY19 Month by Month Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2007	Breakdown between Quadrants began in FY 2019.		
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018		\$0	

Average Increase (Decrease) \$ -

Month	2018 Actual	2019 Budget	2019 Actual	\$ Inc./ (Dec.) from 2018 Actual	% Inc./ (Dec.) from 2018 Actual	\$ Inc./ (Dec.) from 2019 Budget	% Inc./ (Dec.) from 2019 Budget
July	\$0	\$65,729	\$6,680	\$6,680		(\$59,049)	-89.8%
August	\$0	\$65,729	\$159,505	\$159,505		\$93,776	142.7%
September	\$0	\$65,729	\$62,651	\$62,651		(\$3,078)	-4.7%
October	\$0	\$65,729					
November	\$0	\$65,729					
December	\$0	\$65,729					
January	\$0	\$65,729					
February	\$0	\$65,729					
March	\$0	\$65,729					
April	\$0	\$65,728					
May	\$0	\$65,728					
June	\$0	\$65,728					
	\$0 Total	\$788,745 Total	\$228,836 Total	\$76,279 Average \$228,836 Total	Average	\$10,550 Average \$31,649 Total	16.1% Average



City of Franklin

Finance Department - Monthly Reports

Schedule 3C:

Coll Area 2

Fund

Road Impact

Account:

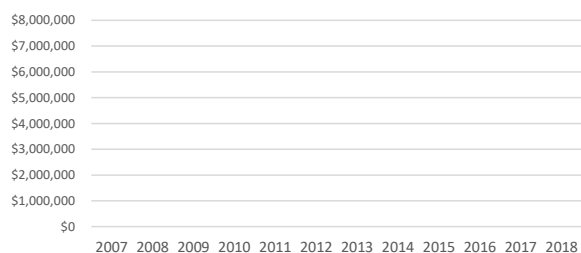
128-32802-00000

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. Effective 7/1/2017, collections pertaining to collector roads within the 4 quadrants of Franklin may begin. This report will be updated to show those collections when they occur.

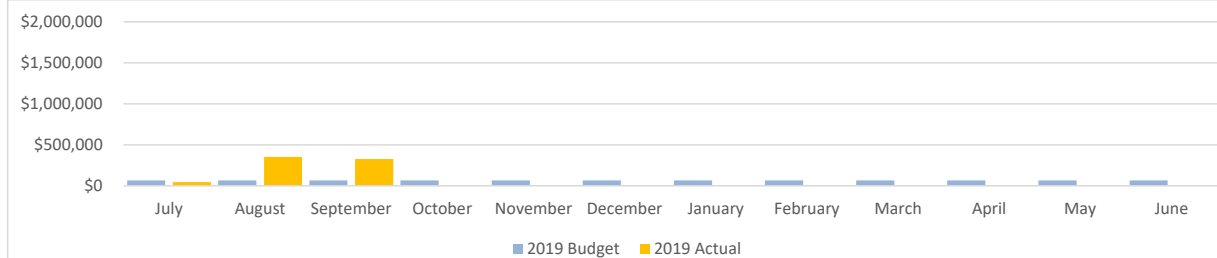
Monthly Report for November 2018: 2019 year-to-date compared to 2019 budget is more by 266.9%.

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



FY19 Month by Month Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2007	Breakdown between Quadrants began in FY 2019.		
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018		\$0	

Average Increase (Decrease) \$ -

Month	2018 Actual	2019 Budget	2019 Actual	\$ Inc./ (Dec.) from 2018 Actual	% Inc./ (Dec.) from 2018 Actual	\$ Inc./ (Dec.) from 2019 Budget	% Inc./ (Dec.) from 2019 Budget
July	\$0	\$65,729	\$44,005	\$44,005		(\$21,724)	-33.1%
August	\$0	\$65,729	\$352,909	\$352,909		\$287,180	436.9%
September	\$0	\$65,729	\$326,636	\$326,636		\$260,907	396.9%
October	\$0	\$65,729					
November	\$0	\$65,729					
December	\$0	\$65,729					
January	\$0	\$65,729					
February	\$0	\$65,729					
March	\$0	\$65,729					
April	\$0	\$65,728					
May	\$0	\$65,728					
June	\$0	\$65,728					
	\$0 Total	\$788,745 Total	\$723,550 Total	\$241,183 Average \$723,550 Total	Average	\$175,454 Average \$526,363 Total	266.9% Average



City of Franklin

Finance Department - Monthly Reports

Schedule 3D:

Coll Area 3

Fund

Road Impact

Account:

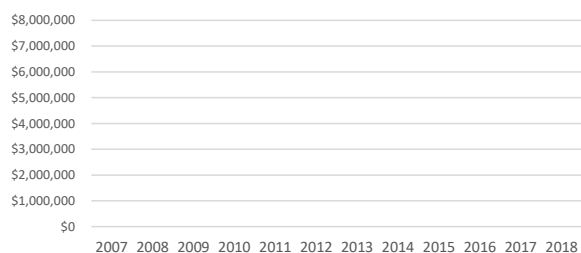
128-32803-00000

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. Effective 7/1/2017, collections pertaining to collector roads within the 4 quadrants of Franklin may begin. This report will be updated to show those collections when they occur.

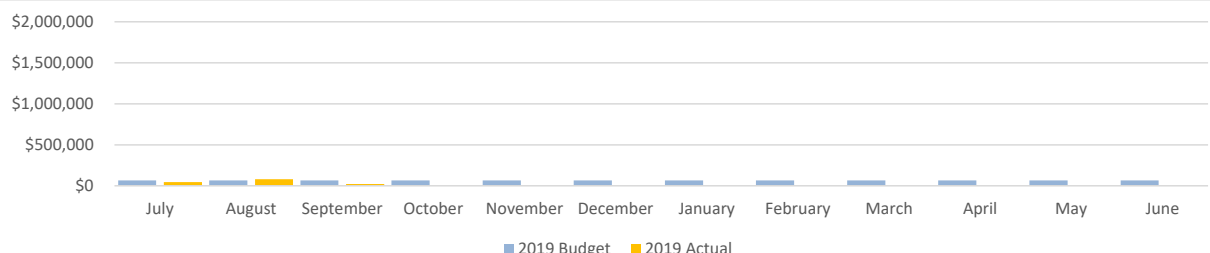
Monthly Report for November 2018: 2019 year-to-date compared to 2019 budget is less by 26.7%.

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



FY19 Month by Month Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2007	Breakdown between Quadrants began in FY 2019.		
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018		\$0	

Average Increase (Decrease) \$ -

Month	2018 Actual	2019 Budget	2019 Actual	\$ Inc./ (Dec.) from 2018 Actual	% Inc./ (Dec.) from 2018 Actual	\$ Inc./ (Dec.) from 2019 Budget	% Inc./ (Dec.) from 2019 Budget
July	\$0	\$65,729	\$43,688	\$43,688		(\$22,041)	-33.5%
August	\$0	\$65,729	\$78,718	\$78,718		\$12,989	19.8%
September	\$0	\$65,729	\$22,161	\$22,161		(\$43,568)	-66.3%
October	\$0	\$65,729					
November	\$0	\$65,729					
December	\$0	\$65,729					
January	\$0	\$65,729					
February	\$0	\$65,729					
March	\$0	\$65,729					
April	\$0	\$65,728					
May	\$0	\$65,728					
June	\$0	\$65,728					
	\$0 Total	\$788,745 Total	\$144,567 Total	\$48,189 Average \$144,567 Total	Average	(\$17,540) Average (\$52,620) Total	-26.7% Average



City of Franklin

Finance Department - Monthly Reports

Schedule 3E:

Coll Area 4

Fund

Road Impact

Account:

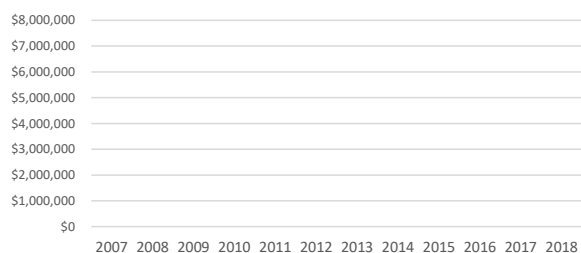
128-32804-00000

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. Effective 7/1/2017, collections pertaining to collector roads within the 4 quadrants of Franklin may begin. This report will be updated to show those collections when they occur.

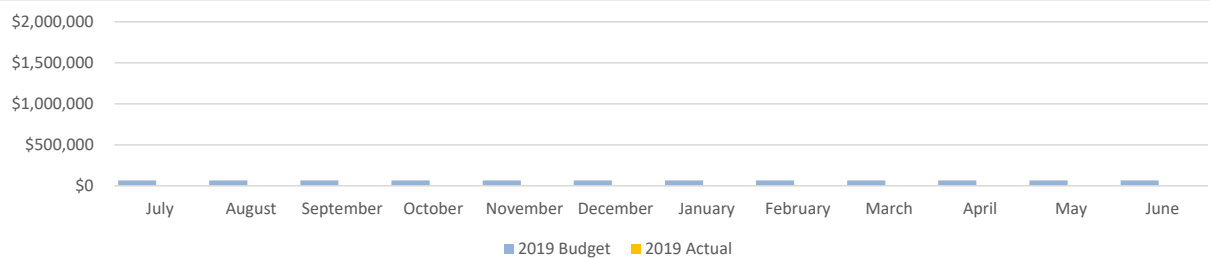
Monthly Report for November 2018: 2019 year-to-date compared to 2019 budget is less by 100.0%.

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



FY19 Month by Month Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2007	Breakdown between Quadrants began in FY 2019.		
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018		\$0	

Average Increase (Decrease) \$ -

Month	2018 Actual	2019 Budget	2019 Actual	\$ Inc./ (Dec.) from 2018 Actual	% Inc./ (Dec.) from 2018 Actual	\$ Inc./ (Dec.) from 2019 Budget	% Inc./ (Dec.) from 2019 Budget
July	\$0	\$65,729	\$0	\$0		(\$65,729)	-100.0%
August	\$0	\$65,729	\$0	\$0		(\$65,729)	-100.0%
September	\$0	\$65,729	\$0	\$0		(\$65,729)	-100.0%
October	\$0	\$65,729	\$0				
November	\$0	\$65,729	\$0				
December	\$0	\$65,729	\$0				
January	\$0	\$65,729	\$0				
February	\$0	\$65,729	\$0				
March	\$0	\$65,729	\$0				
April	\$0	\$65,728	\$0				
May	\$0	\$65,728	\$0				
June	\$0	\$65,728	\$0				
	\$0 Total	\$788,745 Total	\$0 Total	\$0 Average \$0 Total	Average	(\$65,729) Average (\$197,187) Total	-100.0% Average



City of Franklin

Finance Department - Monthly Reports

Schedule 4:

Facilities Tax (City)

Fund

Facilities Tax

Account:

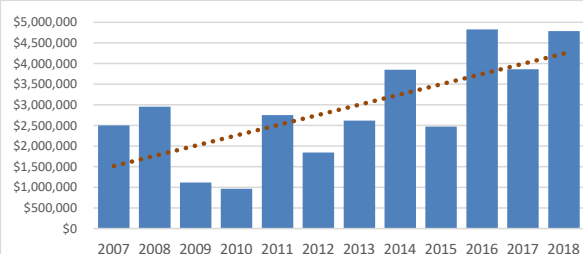
130-31600-00000

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.

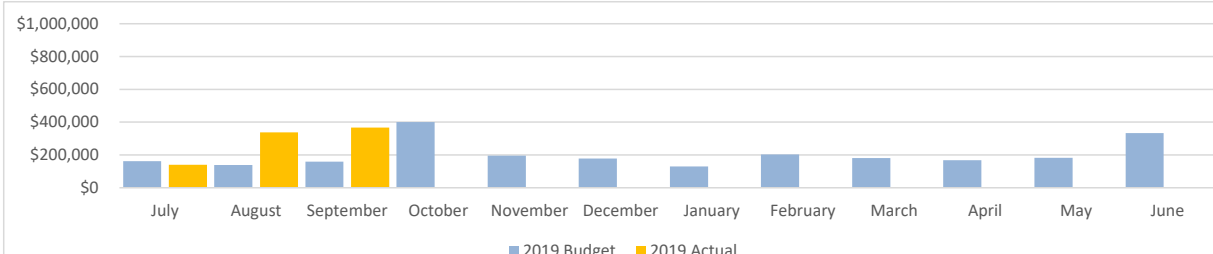
Monthly Report for November 2018: 2019 year-to-date compared to 2018 is 43.2% less, and compared to 2019 budget is more by 84.1%.

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



FY19 Month by Month Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2007	\$2,500,000	\$500,000	25.0%
2008	\$2,956,284	\$456,284	18.3%
2009	\$1,115,914	(\$1,840,370)	-62.3%
2010	\$963,748	(\$152,166)	-13.6%
2011	\$2,748,927	\$1,785,179	185.2%
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%

Average Increase (Decrease) **\$232,337** **22.7%**

Month	2018 Actual	2019 Budget	2019 Actual	\$ Inc./ (Dec.) from 2018 Actual	% Inc./ (Dec.) from 2018 Actual	\$ Inc./ (Dec.) from 2019 Budget	% Inc./ (Dec.) from 2019 Budget
July	\$202,536	\$161,854	\$140,513	(\$62,023)	-30.6%	(\$21,341)	-13.2%
August	\$649,402	\$138,733	\$337,384	(\$312,018)	-48.0%	\$198,651	143.2%
September	\$635,277	\$158,463	\$367,428	(\$267,849)	-42.2%	\$208,965	131.9%
October	\$437,274	\$401,233					
November	\$516,609	\$195,071					
December	\$321,669	\$177,773					
January	\$222,051	\$129,410					
February	\$470,643	\$203,546					
March	\$211,194	\$180,848					
April	\$282,850	\$167,370					
May	\$163,847	\$182,572					
June	\$674,690	\$333,611					

\$4,788,042	\$2,430,484	\$845,325	(\$213,963)	-43.2%	\$128,758	84.1%
Total	Total	Total	Average	Average	Average	Average
			(\$641,890)		\$386,275	
			Total		Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 5:

Facilities Tax (County)

Fund

Facilities Tax (County)

Account:

132-31600-00000

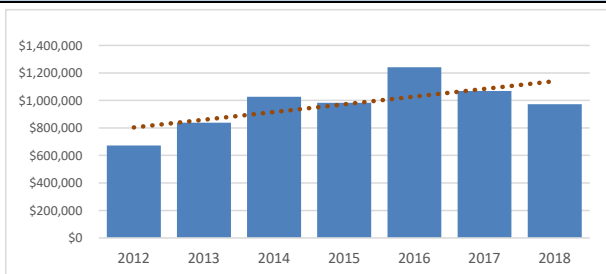
Summary: City's share of Williamson county's Adequate School Facilities Tax. 30% of the proceeds are distributed to the incorporated cities within the county, and an additional 30% is divided pro rata among the incorporated cities based on population in the last decennia census. All funds are to be used 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 November 2018: 2019 year-to-date compared to 2018 is 42.3% less, and compared to 2019 budget is 55.1% less.

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.

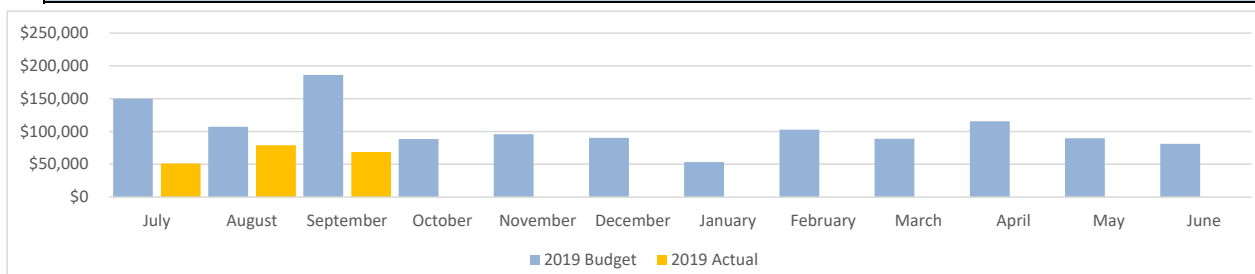
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2007	County Facilities Tax receipts began in FY 2012.		
2008			
2009			
2010			
2011			
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%

Average Increase (Decrease) \$ 138,831 20.9%

FY19 Month by Month Summary



Month	2018 Actual	2019 Budget	2019 Actual	\$ Inc./ (Dec.) from 2018 Actual	% Inc./ (Dec.) from 2018 Actual	\$ Inc./ (Dec.) from 2019 Budget	% Inc./ (Dec.) from 2019 Budget
July	\$116,590	\$149,964	\$51,187	(\$65,403)	-56.1%	(\$98,777)	-65.9%
August	\$83,476	\$107,371	\$79,084	(\$4,392)	-5.3%	(\$28,287)	-26.3%
September	\$144,825	\$186,282	\$68,790	(\$76,035)	-52.5%	(\$117,492)	-63.1%
October	\$68,704	\$88,371					
November	\$74,568	\$95,913					
December	\$70,293	\$90,415					
January	\$41,526	\$53,413					
February	\$80,051	\$102,966					
March	\$69,078	\$88,852					
April	\$89,893	\$115,625					
May	\$69,604	\$89,528					
June	\$63,206	\$81,300					
	\$971,814 Total	\$1,250,000 Total	\$199,061 Total	(\$48,610) Average (\$145,830) Total	-42.3% Average	(\$81,519) Average (\$244,556) Total	-55.1% Average



City of Franklin

Finance Department - Monthly Reports

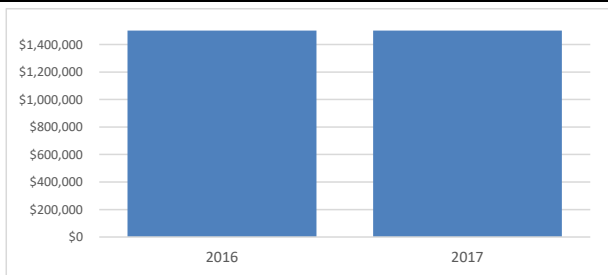
Schedule 6:	Gasoline Tax	Fund	Street Aid	Account:	121-33220-00000
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Summary: As part of Street Aid Fund Revenues, the City receives a share of the state shared gasoline tax. Gas taxes increased effective July 1, 2017 as part of the IMPROVE Act to help fund state road projects. The tax increased by 4 cents on July 1, and will increase by 1 cent for each of the next two years. The tax on diesel will increase a total of 10 cents over the next 3 years.

Monthly Report for November 2018: The gasoline tax remittance from the State of Tennessee for August 2018 sales (received by the City in October 2018) was \$232,096 compared to \$229,773 for the same month in 2017, an increase of \$2,323 or 1.0%.

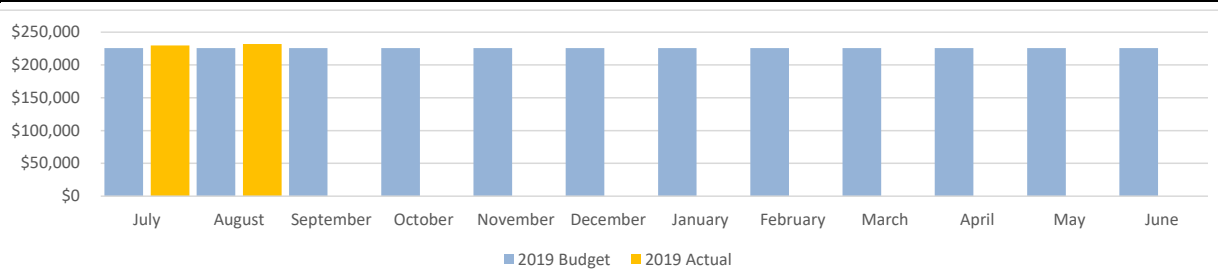
For budget comparisons, the City anticipated collections of \$225,655 for August 2018, a difference of \$6,441 more, or 2.9%.

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%

FY19 Month by Month Summary



Month	2018 Actual	2019 Budget	2019 Actual	\$ Inc./ (Dec.) from 2017 Actual	% Inc./ (Dec.) from 2018 Actual	\$ Inc./ (Dec.) from 2019 Budget	% Inc./ (Dec.) from 2019 Budget
July	\$214,667	\$225,655	\$229,765	\$15,098	7.0%	\$4,110	1.8%
August	\$229,773	\$225,655	\$232,096	\$2,323	1.0%	\$6,441	2.9%
September	\$224,891	\$225,655					
October	\$209,165	\$225,655					
November	\$204,013	\$225,655					
December	\$207,853	\$225,655					
January	\$183,474	\$225,655					
February	\$180,219	\$225,655					
March	\$214,223	\$225,655					
April	\$210,942	\$225,655					
May	\$226,246	\$225,655					
June	\$215,037	\$225,655					
	\$2,520,503	\$2,707,855	\$461,860	\$8,710	3.9%	\$5,276	2.3%
	Total	Total	Total	Average	Average	Average	Average