City of Franklin

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

Meeting Agenda

Budget & Finance Committee

Thursday, November 13, 2014 **4:00 PM** **Board Room**

Citizen Comment

Approval of Minutes

Consideration of approval of minutes from September 11, 2014.

1 14-577 Consideration of Budget Calendar for Fiscal Year 2015-2016

Sponsors: Russ Truell

Attachments: 2016 Budget Calendar

2 14-578 Report on SEC Continuing Disclosure Cooperation Initiative

Sponsors: Russ Truell

Attachments: Raymond James letter 10.28.14
MCDC_Initiative_-_Considerations_for_Analysis_by_Issuers_of_Materiality_anc
Baird letter 8.12.14

3 14-589 Consideration of Resolution 2014-80, a Resolution Certifying Bank Accounts and Loans (11/13/14 Finance 3-0)

Sponsors: Russ Truell

Attachments: 2014-80 Bank Resolution

4 14-561 Consideration of Using Intent to Amend in the Budget Amendment Process (11/13/14 Finance 3-0).

Sponsors: Russ Truell

Attachments: Intent to Amend_fire truck 9.3.08
Intent to Amend_harpeth greenway grant 9.22.08

5 14-579 Discussion of Newly Required Unaccounted Water Schedule

Sponsors: Russ Truell

Attachments: FY 2014 water loss FINAL DRAFT

6 14-612 Update on 2014 Property Tax Billing

Sponsors: Russ Truell and Lawrence Sullivan

Attachments: Assessment Detail from County 11-3-14.pdf

7 14-608 Consideration of Amendments to the Fiscal Policy for Receiving and Depositing Cash (11/13/14 Finance 3-0)

Sponsors: Russ Truell and Lawrence Sullivan

Attachments: Fiscal Control Policy - CASH 110514 jls.docx

8 14-596 Consideration of Purchase of Mechanical Cranes to Process Volume at Century Court Transfer Station (11/13/14 Finance 3-0).

Sponsors: Russ Truell

9 14-560 Monthly Reports

Attachments:

- Local Sales Tax Report - August 2014
- Local Sales Tax Chart - print in color
- Property Tax Yr 2013 at 9-30
- Transit Report - September 2014
- City - September 2014
- City - August
- Monthly Bldg Permits w Cons Val - August, 2014
- Business Tax Monthly Chart
- Fuel Hedging report - Oct 2014
- Assessment Detail from County 11-3-14.pdf
- Property Tax Yr 2014 Monthly AR Report - Master .pdf

Other Business

Adjournment

ANYONE REQUESTING ACCOMODATIONS DUE TO DISABILITES SHOULD CONTACT A.D.A. COORDINATOR, AT 550-5721 AT LEAST 10 DAYS PRIOR TO THE MEETING, IF POSSIBLE.

2015-2016 BUDGET CALENDAR
BUDGET PRESENTATIONS
(PROPOSED)

Budget Presentations Budget Calendar Budget Goals Revenue Preview	Finance Committee, January 8, 2015
Budget Presentations Sanitation & Environmental Services Police Drug Fund Fire Facilities Tax Fund Parks Hotel/Motel Tax Fund	Finance Committee, February 12, 2015
Budget Presentations Transit Fund Streets/Traffic/Fleet/Street Aid Fund Road Impact Fund Engineering/Traffic Operations Center Stormwater Fund Planning & Sustainability Building & Neighborhood Services Economic Development CDBG Fund Appropriations	Finance Committee, March 12, 2015
Budget Presentations Revenue Pay Plan Elected Officials, Administration, Human Resources, Law, Communications, Capital Investment Planning, Project & Facilities Management, Revenue Management, Information Technology, Court, Finance, Purchasing General Expenses, Transfers Debt Service Fund Water/Wastewater/Reclaimed	Finance Committee, April 9, 2015
One-on-one Meetings with Aldermen	Friday, May 1, 2015 - Thursday, May 7, 2015
Proposed Budget Distributed to BOMA	Friday, May 8, 2015
Budget Hearings (as needed)	Finance Committee Thursday, May 14, 2015

2015-2016 BUDGET CALENDAR
BUDGET PROCESS
(PROPOSED)

Department Budget Information Meetings	To begin January 2015
Department Requests Due	Due same month as budget presentation
Initial Meetings with Finance	3 weeks before budget presentation
Initial Meetings with City Administrator	2 weeks before budget presentation
Proposed Department Budgets Distributed to Committee and Board for Budget Presentations	1 week before budget presentation
Budget Presentations to Finance Committee	Each Finance Committee meeting in January, February, March, and April
Budget Notice	Thursday, May 7, 2015
Proposed Budget Distributed to Board of Mayor and Aldermen	Friday, May 8, 2015
Budget Hearings (as needed)	Thursday, May 14, 2015
First Reading of Budget & Tax Rate Ordinances (Sanitation + Water Rates Ordinances, if necessary)	Tuesday, May 26, 2015
Second Reading (Public Hearing)	Tuesday, June 9, 2015
Third & Final Reading	Tuesday, June 23, 2015
New Fiscal Year	Tuesday, July 1, 2015

RAYMOND JAMES®

Received
NOV 03 2014
Finance

October 28, 2014

Chief Financial Officer
Franklin Co-Tennessee
109 Third Avenue South
Franklin, TN 37064

Re: SEC Municipalities Continuing Disclosure Cooperation Initiative

We are writing to follow up on our earlier correspondence regarding the SEC's Municipalities Continuing Disclosure Cooperation (MCDC) Initiative. We sent that letter to issuers and obligors for which Raymond James or Morgan Keegan served as lead- and/or sole-managing underwriter on a municipal bond issuance after September 9, 2009.

As you may know, the Initiative arose from the SEC's publicly stated belief that many issuers have not complied with their continuing disclosure obligations. Both issuers and underwriters may be subject to liability under the federal securities laws for false or misleading statements made in offering documents regarding issuers' and obligors' prior compliance with those obligations.

In response to the Initiative, Raymond James reviewed official statements from lead- and sole-managed municipal bond issuances underwritten by Raymond James or Morgan Keegan after September 9, 2009, as well as related continuing disclosure documents. This review included both negotiated and competitive issuances.

We are writing today to advise you that following that review, Raymond James, which participated in the MCDC Initiative by filing made on September 9, 2014, did not include any of your issuances in its September 9th filing.

However, if you decide to make an MCDC filing with the SEC with respect to any of the issuances lead- or sole-managed by Raymond James or Morgan Keegan, we encourage you, in advance of such filing, to contact your Raymond James banker or email us at MCDCinfo@raymondjames.com.

As a reminder, any submissions from issuers to the SEC as part of the MCDC Initiative are due by December 1, 2014. The GFOA has issued a helpful explanation of the Initiative at http://www.gfoa.org/gfoa-alert-sec-mcdc-initiative-and-issuers. And you'll find detailed information about the Initiative on the SEC's website at http://www.sec.gov/divisions/enforce/municipalities-continuing-disclosure-cooperation-initiative.shtml. If you have additional questions or need guidance concerning potential participation in the Initiative, you should consult your legal counsel.

Very truly yours,

RAYMOND JAMES & ASSOCIATES, INC.

880 Carillon Parkway // St. Petersburg, FL 33716
T 727.567.1000 // raymondjames.com
Raymond James & Associates, Inc., member New York Stock Exchange/SIPC

MCDC INITIATIVE

CONSIDERATIONS FOR ANALYSIS BY ISSUERS OF MATERIALITY AND SELF-REPORTING

35 Years *of* Leadership

National Association
of Bond Lawyers

August 5, 2014

35 Years of Leadership

National Association
of Bond Lawyers

PHONE 202-503-3300 601 Thirteenth Street, NW
FAX 202-637-0217 Suite 800 South
www.nabl.org Washington, D.C. 20005

August 5, 2014

Fellow NABL Members:

The paper that follows describes considerations for analysis by issuers and obligated persons involved in the offer or sale of municipal securities (collectively, "issuers") of materiality and self-reporting under the "Municipalities Continuing Disclosure Cooperation Initiative" (the "Initiative") announced on March 10, 2014, by the Division of Enforcement (the "Division") of the Securities and Exchange Commission. The Board of Directors of the National Association of Bond Lawyers ("NABL") has authorized the distribution of this paper to our members and other interested municipal market participants.

The Initiative has a raised a number of interpretative issues. A key interpretative issue is the meaning of "material" in the context of the Initiative. As this paper explains, issuers considering whether to self-report under the Initiative must analyze "materiality" in addressing two different questions: first, whether a prior official statement contains a misstatement (which turns on whether the issuer failed to comply in all material respects with its previous continuing disclosure agreements) and second, if so, whether such misstatement is material within the meaning of the general antifraud provisions of the federal securities law. As this paper also explains, this analysis is different than the decisions made on a daily basis about disclosure in official statements, in which issuers and their counsel almost always avoid reaching conclusions about materiality and err on the side of disclosure.

NABL exists to promote the integrity of the municipal market by advancing the understanding of and compliance with the law affecting public finance. This paper has been prepared by a special committee in furtherance of that mission. NABL Past President John McNally spearheaded the work of the committee and led the drafting effort, with substantial contributions from Ken Artin, Robert Feyer, Robert Fippinger, Teri Guarnaccia, Stanley Keller, Andrew Kintzinger, Alexandra (Sandy) MacLennan, Paul Maco, Faith Pettis, Dean Pope, Walter St. Onge and Frederic (Rick) Weber.

Because materiality is determined on the basis of the particular facts and circumstances in each instance, it is not possible for NABL to articulate definitive rules for determining materiality in the context of the Initiative; however, by suggesting a framework to analyze the issue, we hope that this paper will assist issuers and our members in responding appropriately to the Initiative.

Sincerely,

Allen K. Robertson

Allen K. Robertson
President

National Association *of* Bond Lawyers

35 Years *of* Leadership

MCDC Initiative - Considerations for Analysis by Issuers of Materiality and Self-Reporting

General Overview

The Division of Enforcement (the "Division") of the Securities and Exchange Commission (the "Commission" or "SEC") released its "Municipalities Continuing Disclosure Cooperation Initiative" (the "Initiative") on March 10, 2014.[1] The Division stated that pursuant to the Initiative, it will recommend the following to the Commission:

> [F]avorable settlement terms to issuers and obligated persons involved in the offer or sale of municipal securities (collectively, "issuers") as well as underwriters of such offerings if they self-report to the Division possible violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934.

The Initiative has raised a number of interpretive issues, and the Division has declined to provide guidance beyond statements by staff at industry conferences. A key interpretive issue is the meaning of "material" in the context of the Initiative. This document is intended to serve the limited purpose of suggesting a framework to analyze this issue. This document does not address whether a municipal issuer or other obligated person[2] under a continuing disclosure agreement should self-report under the Initiative, as there are numerous factors that are involved in any such determination (some, but not all, of which are briefly described below). In addition, whether to self-report is a determination to be made by each issuer based on its own facts and circumstances and with the advice of its counsel.

In thinking about the Initiative, it is important to recognize that the Initiative is not about whether an issuer complied with its continuing disclosure undertakings entered into

---

[1] The Initiative was modified on July 31, 2014, to extend the deadline for municipal issuers and obligated persons to self-report from September 10, 2014, to December 1, 2014. The deadline for underwriters of September 10, 2014, was not changed.

[2] Use of the term "issuer" throughout this document is intended to refer to both municipal issuers and other obligated persons, which may include governmental agencies, or non-profit or for-profit entities, which have entered into a continuing disclosure agreement pursuant to Rule 15c2-12. Correspondingly, the term "issuer" does not refer to a conduit issuer unless it is a party to a continuing disclosure agreement.

pursuant to Rule 15c2-12.[3] Rather, the Initiative addresses only "possible violations involving materially inaccurate statements relating to prior compliance . . . ."

The analytical framework suggested by this document is comprised of three key elements:

1. Has there been a misstatement? This has two components:
    a. Was there a failure by the issuer to comply in all material respects with its previous continuing disclosure agreements (i.e., was there a material breach of contract), and
    b. What did the issuer disclose in its Official Statement regarding the status of its compliance with its previous continuing disclosure agreements.
2. If there had been a misstatement, was such misstatement material within the meaning of the general antifraud provisions of the federal securities law?
3. If there had been a material misstatement, what factors should an issuer and its counsel consider in determining whether to self-report pursuant to the Initiative?

Materiality

General. Materiality, while a legal concept, is determined on the basis of the particular facts and circumstances in each instance. Although no set of definitive rules for determining materiality in the context of the Initiative can be established, this document offers general considerations for determining (1) whether statements regarding continuing disclosure compliance might have been misstatements, and (2) if so, whether such misstatements were material. Furthermore, because a determination of materiality is dependent on the unique facts and circumstances in any particular instance, and involves the exercise of judgment informed by experience, different parties may reach different conclusions about what is material with respect to similar facts. Moreover, it can be anticipated that issuers and underwriters will have different perspectives, both regarding what may be material and what should be self-reported, particularly in light of the cap on liability applicable to underwriters and the direct application of Rule 15c2-12 only to underwriters.

Rule 15c2-12 requires, absent an exemption from the Rule, an underwriter to contract to receive a "final official statement," which is defined, for purposes of the Rule, to include, among other things, a description of "any instances in the previous five years in which each person [undertaking to provide annual financial information and notices of material events] failed to comply, ***in all material respects***, with any previous undertakings in a written [continuing disclosure] contract or agreement." Thus, an underwriter's compliance with the Rule in a non-exempt offering requires disclosure in an Official Statement of any material

---

[3] Accordingly, the Initiative is not relevant to any failures by an issuer to comply with its continuing disclosure undertakings that may have occurred subsequent to the date of its most recent Official Statement.

noncompliance by the issuer with previous continuing disclosure undertakings. Although the Rule is not directly applicable to issuers and does not require an affirmative statement regarding past continuing disclosure compliance, the Rule language has frequently led to the inclusion in the Official Statement of an affirmative statement of the issuer regarding compliance with previous continuing disclosure undertakings, e.g., a statement that over the last five years the issuer has complied in all material respects with any previous continuing disclosure undertakings.[4]

Consequently, two distinct elements of materiality must be analyzed in determining whether there has been a "material misstatement" that is a candidate for being "self-reported" by the issuer pursuant to the Initiative. The first element is whether an issuer's statement that it has in the previous five years complied in all material respects with any previous continuing disclosure agreements (or the failure by the issuer to fully disclose the extent of its noncompliance) is a "misstatement." The second element is whether any such misstatement is material to an investor[5] within the meaning of the general antifraud provisions of the federal securities law. This document suggests a framework for analyzing these two distinct elements and some considerations in applying such framework.

Is there a Misstatement? If an issuer discloses in an Official Statement that in the previous five years it has complied "in all material respects" with its previous continuing disclosure undertakings (or has not fully disclosed the extent of its noncompliance), is that a misstatement? It is generally accepted by experienced practitioners that certain failures to comply with the terms of any previous continuing disclosure undertakings would be considered material non-compliance. For example, if there had been a complete failure to comply with any provision of the previous continuing disclosure undertakings (no annual filings, no event filings), yet the affirmative statement regarding prior compliance described above had been made, such statement would have been a misstatement. It also is generally accepted by experienced practitioners that certain other failures to comply with the terms of the previous continuing disclosure undertakings would not be considered failures to comply in all material respects. An example would be a delay in filing a particular annual report by a few days. Many failures, however, are likely to fall into neither category, i.e., the affirmative statement regarding prior compliance is neither clearly a misstatement nor clearly not a misstatement.

Is any Misstatement a Material Misstatement? If an issuer stated in its Official Statement that in the previous five years it had complied in all material respects with its previous

---

[4] Note that there are numerous variations on this generic statement and the actual statement included in any particular Official Statement will necessarily inform the analysis in terms of both the accuracy of the statement and the materiality of any inaccurate statement.

[5] The SEC has stated, in the context of material omissions by municipal issuers, that an issuer's disclosure in its Official Statements is important to both the prospective investors in the securities being offered and to holders of the issuers' then-outstanding bonds:

> The fact that Miami needed to use bond proceeds to satisfy operational expenses demonstrated the gravity of the cash flow deficit, and, thus, the City's need to disclose this fact to public investors and the marketplace. Miami's financial disclosures would be no less important to investors, who held previously issued City bonds, and were entitled not to be mislead about Miami's current financial condition in deciding whether to hold or sell their bonds. *In re* City of Miami, SEC Rel. No. 33-8213 (Mar. 21, 2003).

continuing disclosure undertakings when in fact there had been instances of material noncompliance, or if the issuer did not fully disclose the extent of its noncompliance (i.e., there was a misstatement), such inaccurate disclosure must be material to investors for there to be a violation of the antifraud provisions of the federal securities law. The SEC considers the compliance history of an issuer under its continuing disclosure undertaking to be material to investors. As it stated in the recent *West Clark* proceeding[6]: "There is a substantial likelihood that a reasonable investor determining whether to purchase the municipal securities would attach importance to the School District's failure to comply with its prior continuing disclosure undertakings." In order to apply this reasoning to other fact situations, however, it is important to understand why the SEC considers the misstatement to be material to investors. According to the SEC in both the *West Clark* and *Kings Canyon*[7] proceedings, the statement is important to enable an evaluation of the continuing disclosure undertaking for the bonds being offered by the Official Statement and, in particular, the likelihood of future compliance. The following language is included in both the *West Clark* and *Kings Canyon* orders: [8]

> Moreover, critical to any evaluation of an undertaking to make disclosures, is the likelihood that the issuer or obligated person will abide by the undertaking. Therefore, the Rule requires disclosure in the final Official Statement of all instances in the previous five years in which any person providing an undertaking failed to comply in all material respects with any previous undertakings. This provides an incentive for issuers, or obligated persons, to comply with their undertakings, allowing underwriters, investors and others to assess the reliability of the disclosure representations.

Using this principle of assessing the reliability of the disclosure representations as a guide to evaluate future compliance, relevant factors in any analysis to determine whether any misstatement (or omission) is material could include the following:

- the importance of the information or notice to be provided (e.g., a delay in filing notice of an unscheduled draw on debt service reserves reflecting financial difficulties may merit different treatment than the substitution of a credit provider comparable in rating to the prior provider, particularly if notice of the substitution was provided separately to the affected bondholders under the terms of the governing bond document)

---

[6] *In re* West Clark Community Schools, SEC Rel. Nos. 33-9435, 34-70057 (July 29, 2013).

[7] *In re* Kings Canyon Joint Unified School District, SEC Rel. No. 33-9610 (July 8, 2014).

[8] The language cited mirrors language that the SEC used in adopting the continuing disclosure amendments to Rule 15c2-12, in which it stated:

> The requirement should provide an additional incentive for issuers and obligated persons to comply with their undertakings to provide secondary market disclosure, and will ensure that Participating Underwriters and others are able to assess the reliability of disclosure representations. SEC Rel. No. 34-34961 (Nov. 10, 1994)

- the extent to which the information or reported event was otherwise public, either on the issuer's investor information webpage or using commonly available internet search engines

- was the information otherwise available to institutional investors and rating agencies upon request, such that the information may have been taken into account in any pricing or rating of the bonds

- as an example of the immediately preceding two bullets, did any misstatement relate to an unreported failure to provide notice of one or more rating changes of monoline bond insurers or bank credit enhancers from the period 2008-2009 when the news of such rating changes was widely reported

- did the failures occur prior to the date of the initial operation of EMMA (July 1, 2009)[9]

- the length of any delay in filing a report or notice

- the reason for the failure

- the extent to which there is a significant pattern of noncompliance

- the issuer disclosed several events while failing to disclose a single similar event

- how long after the end of the fiscal year an annual report was undertaken to be filed (e.g., if investors buy municipal revenue bonds with nine-month reporting deadlines without pricing differences, a filing that is three months late after a six-month deadline is less likely to be material than one three months late after a nine-month deadline)

- were the primary failures early in the five-year reporting period and has the issuer been fully compliant with its obligations in more recent years

- whether municipal securities for comparable credits were sold disclosing comparable non-compliance and, if so, whether market acceptance or pricing was impacted

- whether subsequent to the reporting failures the issuer engaged an independent dissemination agent

- were the failures the result of a single employee who has either been replaced or properly trained subsequently to make such filings

---

[9] In the July 31, 2014, press release announcing the modification to the Initiative, the Enforcement Division noted that issuers and underwriters "may not be able to identify certain violations during the period of the initiative due to the limitations of the pre-EMMA NRMSIR system."

- whether the issuer has adopted continuing disclosure procedures and conducted associated training, such that past results are not indicative of future performance

The above list is not intended to be, and is not, comprehensive. It is indicative, however, of why any such analysis will be dependent upon the unique facts and circumstances in any particular instance.

Other Elements of a SEC Enforcement Action

An issuer should be counseled that, for a successful SEC enforcement action against the issuer, the SEC must establish scienter (fraudulent intent or recklessness) under Rule 10b-5 or negligence under Section 17(a)(2) or (3). Those same elements apply to an SEC enforcement action against an underwriter regarding the general antifraud provisions. However, an underwriter also must consider whether the SEC might allege against the underwriter a violation of Rule 15c2-12 without regard to any culpable conduct. [10]

Misstatement versus Omission

In the two enforcement proceedings cited above, *West Clark* and *Kings Canyon*, the relevant Official Statement contained a specific statement, found to be materially misleading, that the issuer had complied in all material respects with its previous continuing disclosure undertakings. In addition, the Initiative by its terms states that issuers who should consider self-reporting are those "[i]ssuers who may have made materially inaccurate statements in a final official statement regarding their prior compliance with their continuing disclosure obligations as described in Rule 15c2-12."

Would the analysis be any different if, with the same facts, the relevant Official Statement had made no statement as to the issuer's compliance with its previous continuing disclosure undertakings? Given the Commission's previous statements and goals, the Commission might assert that, in such case, the failure to state that the issuer had never made any required filings would be a material omission under applicable standards of the federal securities law, particularly in the context where the issuer is describing the new continuing disclosure undertaking. But the language prohibiting material omissions in Rule 10b-5 requires that the omission result in "the statements made" in the Official Statement being misleading, i.e., the omission must render some statement actually made misleading. So the unanswered question is what statements in an Official Statement are rendered misleading by total silence on the non-compliant continuing disclosure performance of the issuer when no statement is made as to such performance.

Regardless of the merit of the above analysis, an issuer and its counsel should take into consideration the public statements of SEC staff indicating their view that both the SEC's enforcement authority and the terms of the Initiative extend to cases where silence on the issuer's failure to comply with its continuing disclosure undertakings could constitute a material

---

[10] See *In re* City Securities Corporation and Randy G. Ruhl, SEC Rel. Nos. 33-9434 and 34-70056 (July 29, 2013), in which the SEC charged the underwriter with a violation of, among other things, Rule 15c2-12(c).

omission actionable under the securities laws. Furthermore, total silence in any Official Statement on prior failures over the previous five years may result in an allegation that the Official Statement failed to qualify as a "final official statement" under the Rule, and that therefore the underwriter violated the Rule in connection with the sale of the bonds. An issuer should take into account that this analysis may cause its underwriter to self-report with respect to the bond offering.

Distinction between Disclosure Decisions and Self Reporting Decisions

In making disclosure in Official Statements, issuers and their counsel have often disclosed past failures to make all required filings on the specified dates without concluding or admitting that such failures were material. This reflects the trending disclosure practice, ensuring that investors are informed, even in cases where the failures were almost certainly not material.

But making decisions in response to the Initiative is different. Making disclosure that may or may not be material in an Official Statement is generally without a pricing penalty and does not require a conclusion of materiality. A decision to self-report under the Initiative is significantly different and involves assuming risks inherent in accepting the potential results of Commission determinations involving both an issuer and its personnel. The fact that Official Statements for other issuers in the past have disclosed certain continuing disclosure failures is not proof that any other issuer's similar failures to make disclosure was material to investors.

There are numerous other factors that must be considered by an issuer and its counsel in determining whether to self-report, including, without limitation:

- is there a material misstatement
- is there a material omission
- has an underwriter self-reported on the same set of facts
- has the issuer disclosed any misstatements or omissions regarding continuing disclosure compliance in a recent Official Statement
- if the issuer has determined there is no material misstatement or omission, does the issuer wish to explain (pursuant to section 5 of the Questionnaire) the context of what it perceives to be certain immaterial misstatements or omissions
- is the issuer already the subject of an SEC enforcement proceeding (see *Kings Canyon*)
- is the issuer prepared to accept the undertakings mandated by any settlement, including cooperating with any subsequent investigations by the Division, disclosure of any settlement terms in final official statements for a five year period, and establishing appropriate policies, procedures, and training regarding continuing disclosure obligations

- is the issuer prepared to accept whatever publicity may be attendant to entering into a cease-and-desist settlement order with the SEC

- is the issuer official who is considering self-reporting prepared to bring that decision to the appropriate approving officials or elected body of the issuer, if necessary or appropriate, and to explain the recommendation

- is the issuer official making any such determination also the issuer official who would be named in the Questionnaire submitted to the SEC

- has the issuer reviewed and does the issuer understand the implications of SEC Form 1662[11]

Conclusion

The focus of the Initiative is material misstatements with respect to compliance by the issuer with any previous continuing disclosure undertakings. In determining whether there is a material misstatement for purposes of the Initiative, there are two distinct elements to be considered: (i) if an issuer disclosed in an Official Statement that it had complied in all material respects in the previous five years with its previous continuing disclosure undertakings, or had not fully disclosed the extent of its noncompliance, was there a misstatement, and (ii) if there was, was any such misstatement material within the meaning of the general antifraud provisions of the federal securities law. This document offers a framework to analyze each of these distinct elements of a potential securities law violation and suggests certain considerations in making any such analysis.

Separate from the analysis of whether there has been a potential material misstatement is the question of whether an issuer should self-report such misstatement pursuant to the Initiative. As indicated, any such determination should be based on the unique facts and circumstances in each instance after careful consideration by the issuer and its counsel of the many factors involved.

---

[11] SEC Form 1662 is entitled, "Supplemental Information for Persons Requested to Supply Information Voluntarily or Directed to Supply Information Pursuant to a Commission Subpoena." In that form, the SEC cautions that it "often makes its files available to other governmental agencies, particularly United States Attorneys and state prosecutors."

BAIRD

August 12th, 2014

FRANKLIN TN
109 THIRD AVENUE SOUTH
FRANKLIN, TN 37064

Re. SEC Municipalities Continuing Disclosure Cooperation Initiative – Baird Findings

Dear Issuer:

As you are aware, the SEC recently announced a Municipalities Continuing Disclosure Cooperation Initiative (the "MCDC") to address violations of representations made by issuers in official statements about past compliance with continuing disclosure requirements. The MCDC encourages underwriters and issuers (including borrowers and obligated persons) to review official statements for prior offerings and to submit a report to the SEC identifying official statements that were materially inaccurate in terms of describing or failing to describe instances of non-compliance with continuing disclosure obligations as required by SEC Rule 15c2-12. Underwriters who participate in the MCDC are required to submit a report to the SEC no later than September 10, 2014, identifying and providing information on all municipal securities offerings they underwrote since September 2009 in which the representations made in the official statement about past compliance or instances of non-compliance with continuing disclosure obligations were inaccurate. However, the deadline for issuers seeking to participate in the MCDC in which to submit to reports to the SEC is December 1, 2014. Underwriters and issuers who participate in the MCDC will also be required to consent to standardized settlement terms.

As we previously informed you, Baird has elected to participate in the MCDC. Accordingly, over the past several weeks, Baird has reviewed the official statements for all of your municipal bond offerings that Baird underwrote since September 2009 (the "Reviewed Offerings") in order to determine whether those official statements accurately described instances over the five years prior to the date of those official statements in which you and/or obligated persons failed to comply in all material respects with any previous continuing disclosure undertaking. Our review process for each Reviewed Offering generally involved the following:

1. We reviewed the official statement for the Reviewed Offering to determine whether that offering was subject to the Rule and/or the Rule required the official statement to include a description of prior instances of non-compliance with previous continuing disclosure requirements. If the Reviewed Offering did not require disclosure in the official statement of instances of non-compliance with previous continuing disclosure requirements, we will not be reporting that offering to the SEC under the MCDC.

2. If the official statement for the Reviewed Offering was required by the Rule to include a description of prior instances of non-compliance with previous continuing disclosure requirements, we reviewed the official statement to determine what the official statement disclosed in that regard. If the official statement did not contain any disclosures about past compliance with continuing disclosure requirements, we assumed that meant you did not have any prior instances within the past five years of non-compliance with previous continuing disclosure requirements or you were not subject to any previous continuing disclosure requirements.

3. We reviewed official statements for your offerings that were completed before the Reviewed Offering ("Prior Offerings") to determine the continuing disclosure requirements for the Prior Offerings, including when annual financial information was required to be filed.

4. We searched EMMA to determine whether information was filed and when, with respect to the continuing disclosure requirements for the Prior Offerings; for filings made before EMMA became available in July 2009, we searched Disclosure USA to see if you used it to make the submissions with the four NRMSIRs in effect at that time; if you did not use Disclosure USA we searched two of the NRMSIRs (Bloomberg and DPC Data) but did not search S&P or IDC because their databases are no longer available.

5. We also determined whether there were any downgrades in the ratings of your bonds on Prior Offerings or in the ratings of any insurers of those bonds prior to December 2010 and upgrades or downgrades after December 2010 and then looked to see if you timely filed material event notices for those downgrades.

Accompanying this letter is an attachment that sets forth the results of our review. The report identifies each of your offerings underwritten by Baird since September 2009 and whether Baird believes, based on our review to date, that the representation made in the official statement about past compliance with continuing disclosure requirements may be accurate or inaccurate. Baird intends to include in its report to the SEC under the MCDC all offerings for which we believe the official statement may be not accurate in describing prior instances of non-compliance with previous continuing disclosure requirements. We used the following criteria to determine whether a continuing disclosure representation may be inaccurate and non-compliant:

- If we found that annual information for any year was not submitted within 10 days from the date on which it was supposed to be submitted, we are deeming that to be non-compliant.

- If we found that a rating downgrade prior to December 2010 was not submitted within 30 days from the date of the event or a rating downgrade or upgrade after December 2010 was not submitted within 10 days of the event (the due date), we are deeming that to be non-compliant.

- If a filing required to be made prior to EMMA could not be found on Disclosure USA prior to July 2009, we are deeming that to be non-compliant. Moreover, if we could not find a filing on Disclosure USA but found it on Bloomberg and DPC Data, we intend to report those offerings because we cannot ascertain that the filings were on the other two NRMSIRs, S&P and IDC.

The attachment to this letter also shows offerings for which the official statements may be accurate in their descriptions of past compliance or non-compliance with previous continuing disclosure requirements, based on our review.

You may want to double check our work by conducting your own reviews of your offerings or retaining counsel to assist you. Your review should include not only the offerings for which the official statements, in our judgment, may not accurately describe instances of non-compliance with previous continuing disclosure requirements, but it should also cover offerings that we have noted as appearing accurate, as we may have missed something. Please contact Baird if you have information to disprove our results. Because Baird will need to report our findings to the SEC by September 10, 2014, we would appreciate it if you could review your offerings and get back to us before that date, so as to avoid a possible inconsistency in our respective reports.

You will need to make your own decision as to whether you should participate in the MCDC, as Baird cannot provide any legal advice. Clients should contact their own counsel with any questions they may have about the MCDC or our results.

Baird has established a special telephone number to handle questions you may have about the results of our review of your offerings we underwrote. If you call 1-800-925-5999, a Baird representative will assist you.

Baird appreciates your understanding of, and attention to, this matter.

Sincerely,

ROBERT W. BAIRD & CO. INCORPORATED

EXHIBIT

ISSUER NAME: FRANKLIN TN

Base Cusip	Deal Reference Number	Deal Description	Date of OS	Cusip of Last Maturity	Official Statement May Be Accurate (EMMA & Disclosure USA)	Official Statement May be Inaccurate	May Have No Prior CDU Undertaking, No Official Statement on current offering, Upon Request Filer, or Not Subject to 15c2-12
354730	1108	FRANKLIN -RZEDB BUILD AMERICA BONDS-RECOVERY Z	6/23/2010	354730WR0		x	

Definitions:

Official Statement May Be Accurate (EMMA & Disclosure USA)	The Official Statement language was reviewed and compared against the MSRB's EMMA system (EMMA) post July 1, 2009 and Disclosure USA (www.disclosureusa.org) pre July 1, 2009. Based upon a review of EMMA and Disclosure USA, the reviewer was able to prove the financial filings were made to EMMA post July 1, 2009 and all four NRMSIRS through Disclosure USA pre July 1, 2009 within 10 days of the due date. For rating changes, the reviewer was able to prove the filings were made post December 1, 2010 within 10 days of the material event and prior to December 1, 2010 within 30 days of the material event.
Official Statement May Be Inaccurate	The Official Statement language was reviewed and compared against the MSRB's EMMA system (EMMA) post July 1, 2009 and Disclosure USA (www.disclosureusa.org) or Bloomberg or DPC Data pre July 1, 2009. Based upon a review of EMMA, Disclosure USA, Bloomberg and DPC Data the reviewer was not able to prove the filings were made on-time, to all four NRMSIRs, or within the 10 day period after the required filing date. For rating changes, the reviewer was not able to prove the filings were made post December 1, 2010 within 10 days of the material event and prior to December 1, 2010 within 30 days of the material event.
May Have No Prior CDU Undertaking, No Official Statement on current offering, Upon Request Filer, Not Subject to 15c2-12	The Issuer had no prior CDU undertaking, no official statement on this offering, or was required to provide financial and operating continuing disclosure upon request.

Resolution 2014-80

A Resolution Certifying Deposit Accounts and Loans

I, Eric S. Stuckey, do hereby certify that I am the duly appointed and qualified Administrator/Recorder of the City of Franklin, a municipal corporation, and as such officer the keeper of its records, and that at a regular called meeting of the Board of Mayor and Aldermen of such corporation held on the 25th day of November, 2014, at which a quorum was present, the following persons were recognized as being elected or appointed to the office opposite their respective names and the following resolutions were adopted, and that such persons are now such officers of said corporation and that said resolutions are now in full force and effect:

The following officers were duly appointed to serve for their term of office or until their respective successor shall be elected or appointed and duly qualified:

Ken Moore, Mayor	615 791-3217
Eric S. Stuckey, City Administrator/Recorder	615 791-3217
Russell B. Truell, Chief Financial Officer	615 791-1457

The following resolutions were adopted and are now in full force and effect:

RESOLVED THAT Pinnacle Bank (the Bank) is hereby designated as a depository of the corporation and that an account or accounts for and on behalf of this corporation be revised or opened and operated in said Bank in the name of:

City of Franklin General Operating Account

RESOLVED THAT delivery to the Bank of funds, checks, drafts or other property, with or without endorsement, and if endorsed in whatever manner effected, unless specifically restricted, shall be authority to said Bank to place the same to the credit of the corporation under terms set forth in the Bank's Depository Agreement and such credits may be withdrawn by check, draft, debit card or other order of withdrawal executed for the corporation by any two of the following persons:

AUTHORIZED SIGNERS FOR DEPOSIT ACCOUNT

Ken Moore, Mayor	615 791-3217
Eric S. Stuckey, City Administrator/Recorder	615 791-3217
Russell B. Truell, Chief Financial Officer	615 791-1457

And the Bank shall be under no obligation to see or make inquiry as to the application of other funds so withdrawn, even though such withdrawal order may be payable to the agent to the corporation executing same and funds be withdraw for unspecified use.

RESOLVED that the Bank is authorized to release account information to the following persons upon request or inquiry:

Michael Lowe	615 791-1457
Katie Hilty	615 791-1457

Resolved that the Bank is authorized to honor checks drafts and other instruments on said account which bear or purport to bear the facsimile signature(s) appearing below and Bank is entitled to charge said account regardless of by whom or by what means to facsimile signature may be affixed if such signature resembles the following facsimile specimen hereby certified to the Bank

Ken Moore, Mayor	615 791-3217
Eric S. Stuckey, City Administrator/Recorder	615 791-3217
Russell B. Truell, Chief Financial Officer	615 791-1457

Resolved that any two of the following officers of the corporation are jointly authorize at any time, until this authority shall be revoked by proper action of the corporation and officer notice thereof given in writing to the Bank, to rediscount with said Bank bills receivable of the corporation and to effect on behalf of the corporation a loan or loans from said Bank, and the signatures so authorized on any note or notes, or renewal or extensions thereof shall fully bind the corporation and the Bank shall be under no obligation to see or make inquiry as to the application of the proceeds, and such person or persons so designated shall have authority to pledge or hypothecate any assets of the corporation as collateral to secure any such loans or extension or renewals thereof and the execute assignments or instruments proper to the transfer thereof.

Ken Moore, Mayor	615 791-3217
Eric S. Stuckey, City Administrator/Recorder	615 791-3217
Russell B. Truell, Chief Financial Officer	615 791-1457

IN WITNESS WHEREOF, I hereunto affix my signature on this the 25th day of November, 2014.

____

City Administrator/Recorder

Confirmed:

____

Mayor

A RESOLUTION OF INTENT TO AMEND THE FISCAL YEAR 2008 - 2009 ANNUAL BUDGET

WHEREAS, the Board of Mayor and Aldermen have approved and adopted a budget for Fiscal Year 2008 - 2009 in accordance with the requirements of the City Charter and State Law, and

WHEREAS, supplemental funding by budget amendment within the General Fund has been requested, and

WHEREAS, it will be necessary and desired to amend the Approved FY 2009 Budget to reflect and allocate the costs of the additional funding.

NOW, THEREFORE BE IT RESOLVED, by the Board of Mayor and Aldermen of the City of Franklin, Tennessee, that the City does intend to allocate and appropriate additional funding as follows:

GENERAL FUND

Revenues:	
Allocation from Fund Balance:	**$300,000**
Allocation from Insurance Recovery:	**100,000**
Expenditures:	
Replacement Vehicle For One (1) Fire Truck:	**$398,263**

	$ 1,737
	=======

It is so resolved and done on the 9th day of September, 2008.

ATTEST: **CITY OF FRANKLIN, TENNESSEE**

By: ____________________________

Russell Truell
Interim City Administrator

By: ____________________________

John Schroer
Mayor

A RESOLUTION OF INTENT TO AMEND THE FISCAL YEAR 2008 - 2009 ANNUAL BUDGET

WHEREAS, the Board of Mayor and Aldermen have approved and adopted a budget for Fiscal Year 2008 - 2009 in accordance with the requirements of the City Charter and State Law, and

WHEREAS, supplemental funding by budget amendment within the General Fund has been requested, and

WHEREAS, it will be necessary and desired to amend the Approved FY 2009 Budget to reflect and allocate the costs of the additional funding.

NOW, THEREFORE BE IT RESOLVED, by the Board of Mayor and Aldermen of the City of Franklin, Tennessee, that the City does intend to allocate and appropriate additional funding as follows:

HOTEL TAX FUND

Revenues:	
Allocation from Fund Balance:	**$ 25,000**
Expenditures:	
Matching Portion of $100,000 State Grant:	**$ 25,000**

	$ 0
	=======

It is so resolved and done on the 9th day of September, 2008.

ATTEST:	**CITY OF FRANKLIN, TENNESSEE**
By: ______________________________	**By:** ___________________________
Russell Truell	**John Schroer**
Interim City Administrator	**Mayor**

AWWA WLCC Free Water Audit Software: Reporting Worksheet

WAS v4.2

Back to Instructions

? Click to access definition

Water Audit Report for: City of Franklin
Reporting Year: 2014 7/2013 - 6/2014

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (1-10) 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

WATER SUPPLIED << Enter grading in column 'E'

Volume from own sources:	9	436.504	Million gallons (US)/yr (MG/Yr)	
Master meter error adjustment (enter positive value):	9	10.000	under-registered	MG/Yr
Water imported:	9	1,570.408	MG/Yr	
Water exported:	n/a	0.000	MG/Yr	
WATER SUPPLIED:		2,016.912	MG/Yr	

AUTHORIZED CONSUMPTION

Click here: ? for help using option buttons below

				Pcnt:		Value:
Billed metered:	8	1,485.709	MG/Yr			
Billed unmetered:	9	0.000	MG/Yr			
Unbilled metered:	10	0.000	MG/Yr			
Unbilled unmetered:		25.211	MG/Yr	1.25%	● ○	

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

AUTHORIZED CONSUMPTION:		1,510.920	MG/Yr

Use buttons to select percentage of water supplied **OR** value

WATER LOSSES (Water Supplied - Authorized Consumption) 505.992 MG/Yr

Apparent Losses

				Pcnt:		Value:
Unauthorized consumption:		5.042	MG/Yr	0.25%	● ○	

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

Customer metering inaccuracies:	7	30.321	MG/Yr	2.00%	● ○	
Systematic data handling errors:		0.000	MG/Yr			

Systematic data handling errors are likely, please enter a non-zero value; otherwise grade = 5

Apparent Losses:		35.363	

Choose this option to enter a percentage of billed metered consumption. This is NOT a default value

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:		470.629	MG/Yr
WATER LOSSES:		505.992	MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER:		531.203	MG/Yr

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	9	287.5	miles
Number of active AND inactive service connections:	6	17,864	
Connection density:		62	conn./mile main
Average length of customer service line:	8	0.0	ft
Average operating pressure:	7	70.0	psi

(pipe length between curbstop and customer meter or property boundary)

COST DATA

Total annual cost of operating water system:	10	$10,135,397	$/Year
Customer retail unit cost (applied to Apparent Losses):	9	$11.17	$/1000 gallons (US)
Variable production cost (applied to Real Losses):	9	$2,550.00	$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	26.3%	
Non-revenue water as percent by cost of operating system:	16.4%	
Annual cost of Apparent Losses:	$395,003	
Annual cost of Real Losses:	$1,200,103	

Operational Efficiency Indicators

Apparent Losses per service connection per day:	5.42	gallons/connection/day
Real Losses per service connection per day*:	72.18	gallons/connection/day
Real Losses per length of main per day*:	N/A	
Real Losses per service connection per day per psi pressure:	1.03	gallons/connection/day/psi
Unavoidable Annual Real Losses (UARL):	108.20	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	470.63	million gallons/year
Infrastructure Leakage Index (ILI) [CARL/UARL]:	4.35	

* only the most applicable of these two indicators will be calculated

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 83 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

For more information, click here to see the Grading Matrix worksheet

CITY OF FRANKLIN PROPERTY TAX
ASSESSED VALUES AS OF NOVEMBER 3, 2014

County and Municipalities	Real Property	Personal Property	Utilities	In-Lieu-Of	Intangible Personal Property	Total
County	$ 1,745,543,034	$ 14,872,762	$ 72,646,713			**$ 1,833,062,509**
Brentwood	$ 2,427,423,621	$ 78,737,920	$ 86,448,787		$ 27,010	**$ 2,592,637,338**
Fairview	$ 158,963,176	$ 6,285,578	$ 3,936,504			**$ 169,185,258**
Franklin/Only	$ 1,439,696,600	$ 45,170,705	$ 729,843		$ 54,577	**$ 1,485,651,725**
Franklin/Inside FSSD	$ 1,758,288,341	$ 121,341,867	$ 55,831,996			**$ 1,935,462,204**
FSSD/9th Outside FS	$ 15,755,326	$ 146,853	$ 55,639,496			**$ 71,541,675**
Spring Hill	$ 509,431,925	$ 6,507,671	$ 591,188			**$ 516,530,784**
Thompsons Station	$ 130,782,400	$ 2,413,391	$ 2,295,391			**$ 135,491,182**
Nolensville	$ 225,028,420	$ 2,799,688	$ 4,711,362			**$ 232,539,470**
Total	**$ 8,410,912,843**	**$ 278,276,435**	**$ 282,831,280**	**$ -**	**$ 81,587**	**$ 8,972,102,145**

County Tax Amounts for 2014

In lieu of agreements:

Community Health Services $154,774

Healthways $256,138

Nissan $515,055

Jackson National $151,185

Franklin/Only	$ 1,485,651,725
Franklin/Inside FSSD	$ 1,935,462,204
FSSD/9th Outside FSSD	$ 71,541,675
Total Assessed Valuation	$ 3,492,655,604
Per $100	/ 100
Per $100 of Assessed Valuation	$ 34,926,556
City Tax Rate	* .4065
Total Estimated Property Tax	**$ 14,197,645**

General	$ 0.1716	$ 5,993,397
Debt Service	$ 0.2049	$ 7,156,451
Street Aid	$ 0.0150	$ 523,898
Capital Projects	$ 0.0150	$ 523,898
Total	$ 0.4065	$ 14,197,645

Components of Change from 2013 to 2014

	2013 Tax Rate Per $100	2014 Tax Rate Per $100	2013 Assessment	2014 Assessment Growth	2014 Tax Rate Increase	2014 Projected Property Tax
Assessed Valuation			$ 3,278,230,119	$ 214,425,485	$ 3,492,655,604	$ 3,492,655,604
Per $100			/ 100	/ 100	/ 100	/ 100
Per $100 of Assessed Valuation			$ 32,782,301	$ 2,144,255	$ 34,926,556	$ 34,926,556
City Tax Rate			* .3765	* .3765	* .03	* .4065
Total Projected Property Tax			$ 12,342,536	$ 807,312	$ 1,047,797	$ 14,197,645
General	$ 0.1716	$ 0.1716	$ 5,625,443	$ 367,954		$ 5,993,397
Debt Service	$ 0.2049	$ 0.2049	$ 6,717,094	$ 439,358		$ 7,156,451
Street Aid	$ -	$ 0.0150			$ 523,898	$ 523,898
Capital Projects	$ -	$ 0.0150			$ 523,898	$ 523,898
Total	**$ 0.3765**	**$ 0.4065**	**$ 12,342,536**	**$ 807,312**	**$ 1,047,797**	**$ 14,197,645**

CITY of FRANKLIN FISCAL POLICY
RECEIVING AND DEPOSITING CASH

The purpose of this document is to establish City of Franklin (COF) policy and to provide guidelines and procedures required to meet fiscal control requirements for receiving and depositing cash.

For the purposes of this policy, “cash” includes currency, coin, checks, money order, credit/debit cards, ACH online payments and electronic file transfers. Debit card payments authorize the COF to transfer funds from the payer’s bank account to our bank. Although credit card transactions are not money or cash, but are promises to pay (short term loan), they will be treated as cash, whether handled in person or remotely as electronic payments.

This fiscal policy is required because of the diverse nature of the processes involved (e.g. billing, receipting, collection, deposit, and reconciliation processes), as well as the fragmented oversight responsibilities associated with these processes due to organizational structure and physical location. This policy does not cover disbursements and funds designated and controlled by the Police Department administered under provisions of guidance contained in “Tennessee Comptroller of the Treasury Procedures for Handling Cash Transactions Related to Undercover Investigative Operations of County and Municipal Drug Enforcement Programs”.

Some of the major factors for a consistent application of sound internal controls for monies received are:

a. The inherent risk of loss, or opportunity for personal gain, created by the nature of handling money and cash transactions and
b. The dispersed nature of receipting money for billed and unbilled revenues which makes monitoring the whole process difficult and
c. The assignment of responsibilities for handling money to personnel with limited fiscal experience or understanding and
d. The potential for a significant turnover rate of operating personnel and supervisors in cash management functions.

A. Responsibilities

The Board of Mayor and Aldermen (BOMA) is responsible for authorizing all fiscal policies and financial reports. Applicable financial and administrative guidelines relating to specific grant funding shall be followed by all who are engaged in fiscal matters. Managers are accountable for cash, including transaction documentation, under their control. The Revenue Management Department will serve and be referred to hereafter as the “Central Cashier” and will provide oversight and guidance to all departments and employees who have cash management responsibilities. Employees handling cash will have the necessary knowledge and skills to perform the job and will be carefully supervised. The Central Cashier bears ultimate responsibility for internal controls over cash collections in the city and provides oversight and monitoring of all cash receipts. The Central Cashier, departmental certifying officers/managers and cashiers, will establish and maintain controls such that there is clear delegation and acceptance by all involved in protecting the public’s money. All departments receiving any form of cash, including cash receipts, change funds and petty cash funds must be authorized by the Central Cashier. Each department receiving cash is subject to audit and the authorized individual at those sites must ensure that they comply with the applicable policies and the recognized standards for internal controls as related to cash.

B. Principles and Standards

Internal controls for receiving and depositing money represent an application of common sense and prudent conduct for the proper safeguarding of the public’s funds. Proper internal control mechanisms provide management with a reasonable assurance that intended safeguards are being practiced consistently. Therefore, the integrity of any activity depends on the application of internal control principles and standards. Money includes currency (paper and coin) and other negotiable instruments (e.g. personal or business checks, money orders, cashier's checks, and traveler's checks) received by the COF for goods or services or as a refund, reimbursement, or gift, etc. The time-value-of-money shall be recognized as a part of each cash management decision. Cash handling internal controls are divided into the following main areas:

- **Safeguarding assets** – protect the physical cash/assets and the people handling the cash
- **Segregation of duties** - separate cash handling duties among different people

- **Accountability** – ensure cash transactions are authorized, properly accounted for, documented and identifiable to specific cash handlers
- **Reconciliations** – ensure all transactions are recorded correctly
- **Monitoring** – regularly review processes to tighten controls, train staff, and investigate unusual activity.

1. **Safeguarding assets** - To help ensure a safe work environment, the following internal controls should be in place to protect the monies collected, assets and the staff handling the cash.

   a. Checks, cash, receipts and similar items shall be safeguarded at all times. Physical access shall be restricted to authorized personnel.
   b. All cash must be stored in an individually secure container unique to the specific cashier.
   c. At the end of each day, any cash not deposited should be stored in a secure, fire-proof safe or other secure method. The degree of security provided by the storage facility should be commensurate with the amounts being stored.
   d. Keys, combinations and passwords should be given to as few people as is necessary and should be changed periodically, or when someone leaves the department.
   e. Documents used in cash related transactions shall be safeguarded against re-use, tampering, or unauthorized disposal.
   f. All money received as payments to the COF must be promptly receipted and deposited by the receiving department in the designated bank or forwarded to Revenue Management for receipting and depositing in the city's authorized bank account.
   g. All money must be deposited within three business days of receipt. Deposits must be made intact and include all money received. This includes contributions and grants received in bank account electronically via Electronic Funds Transfer (EFT).
   h. Cash related transactions shall be recorded promptly during each step of the cash handling function and custodial changes will be reflected.

i. Receipts will be issued for monies received.

j. City departments may accept only checks in U.S. dollars drawn on U.S. banks or U.S. branches of foreign banks. The checks must contain ABA encoding (i.e., machine-readable codes at the bottom of the check). Third-party checks are not acceptable as a means of payment.

k. Personal checks are for payment of fees and cannot be cashed.

l. Checks received in collections shall be endorsed upon receipt and collections shall be safeguarded until deposit is accomplished.

m. Adequate physical controls must be maintained over cash and receipt documentation from the time of receipt to deposit in the bank in accord with record Retention requirements of the city’s records policy.

n. Electronic funds transfer and direct deposit shall be used where feasible and advantageous. Remote deposit, or an acceptable method to provide for secure, electronic transmission of checks is to be used.

o. Cash balance(s) held shall be maintained at the minimum amount needed to cover current transactions.

p. Approved price lists shall be published and provided to customers and cashiers to ensure a control over income for goods and services.

2. **<u>Segregation of duties</u>** - Cash handling duties should be performed by different people so that no one person has control over the entire cash handling process. Separating the cash handling duties among different people will minimize the risk of errors, decrease the opportunity for fraudulent activity and increase the chance of detecting errors.

   a. Cash management related duties, such as maintenance of accounts receivable, cashiering, accounting, and collecting funds shall be segregated to the extent practicable.

   b. Only properly designated employees shall handle imprest (petty cash) funds, disbursement certifications, and collection duties. Funds will not be comingled.

   c. Unnecessary clerical routines and handling of cash or cash related documentation shall be eliminated to lessen the risk of loss and exposure to errors.
   d. Cash derived from collections and cash used for disbursements shall not be commingled.
   e. Incoming cash must be counted and receipts/bank deposits should be developed by two or more persons authorized to perform these functions.
   f. Credit shall be extended only when authorized by a designated official who is aware of the Department's credit policies.

3. **Accountability** – Each receipting department needs to ensure cash transactions are authorized, properly accounted for, documented and identifiable to specific cashiers/handlers. Ensuring accountability among each staff member also helps to reduce the risk of lost or stolen cash receipts and incorrect recording of transactions. Any suspected loss or theft of funds shall be immediately reported to the Central Cashier.

   a. Cash related transactions shall be fully documented so that an undisputable audit trail exists.
   b. Receipts will be issued to customers using an acceptable control system.
   c. Departments that receive money shall develop **written** procedures for custodial control of funds, to collect and transmit funds to the central cashier, to deposit funds into a COF depository account and to maintain sufficient documentation to meet audit requirements.
   d. Supervision of cash management activities shall be strictly and continually administered.
   e. Employees handling money will have the necessary knowledge and skills to perform the job.
   f. Records of money received must be totaled and balanced by authorized employees.
   g. The approval of adjustments to cash related transactions shall be administratively controlled.

h. The accessibility to funds and fund records shall be restricted and administratively controlled.

i. Employees actually receiving and handling cash are responsible for:

    i. Ensuring that all transactions are processed in accordance with city and departmental policy
    ii. Entering payments from fees, services, and/or sales into the applicable receipt software in accord with city and departmental policy
    iii. Tabulating fees due in accordance with city and departmental policy
    iv. Counting money, giving change and issuing receipts to customers provided from the POS system or manual receipts from approved receipt books issued from the Central Cashier
    v. Maintaining sufficient amounts change in the cash drawer
    vi. Balancing cash drawer to receipt transactions at least daily and reporting overages or shortages to management
    vii. Keeping funds physically secured

j. Department management is responsible for:

    i. Developing and issuing a departmental guidelines for handling and safeguarding cash in the department
    ii. Identifying which individuals have access to cash handling processes and documenting their respective responsibilities
    iii. Ensuring each person acting as cashier has a separate drawer change fund
    iv. Ensuring there is a process in place to identify irregularities and a tracking system back to specific individuals
    v. Approving returns, refunds and void transactions
    vi. Overseeing the preparation of departmental bank deposits
    vii. Depositing all receipts in accordance with this and departmental policy
    viii. Providing a secure and safe environment to ensure cash is physically secured
    ix. Resolving cashier overages or shortages

    x. Ensuring deposit journal entries are recorded in a timely fashion

k. The Central Cashier is responsible for:

    i. Providing oversight of receipting and depositing actions within the city
    ii. Assisting departments in developing their departmental guidelines by providing templates, examples and training for department personnel
    iii. Balancing receipts and processing deposits daily
    iv. Assisting in departmental reconciliations

l. The Finance Department is responsible for:

    i. Posting journal entries
    ii. Reconciling cash receipts and deposits to the bank account
    iii. Providing accounting guidelines and audit support

4. **Reconciliations** – Management and/or designated staff will ensure all transactions have been recorded correctly, (completely and accurately). Reconciliations should occur on a recurring and timely basis. Cash handling techniques and methods change as people and processes change and as new collection technologies evolve over time.

    a. Cashiers will receipt and balance and deposit funds daily.
    b. Management will prepare or review documentation to reconcile billings, collections and deposits made by cashiers in the respective departments.
    c. Serially numbered forms shall be used to document cash related transactions to enhance reconciliation and accountability.
    d. Cash collection documentation totals must be compared and reconciled to bank deposit receipts on a regular basis.
    e. Bank deposit receipts must be compared and reconciled to the bank deposit records.

f. Provisions shall be made for the regular review and comparison of authorization and transaction documentation to detect errors and duplicate payments.
g. Cash related accounts shall be frequently and regularly reviewed and reconciled with subsidiary records.
h. Deposits shall be reconciled against records of funds received.
i. Cash clearing/suspense will be reviewed and actions taken to remove the suspense item(s).

5. **Monitoring** - Management and/or designated personnel will continually review cash handling processes to ensure they are being followed, train staff, and investigate unusual activity. The following reviews should be done on a regular basis:

a. Employees who are assigned cash related duties are to be trained and acknowledge and accept their responsibilities. The Central Cashier and Departmental supervisors will train and monitor new staff and provide continual training to existing staff.
b. The Central Cashier will be notified and reconcile receipts and deposits made in receiving departments using processes, tools and methods established in the city's fiscal policies and practices.
c. Management will perform physical reviews and will use computer edit programs to the maximum extent possible to disclose or reduce the incidence of error in cash related transactions. This includes, but is not limited to:
    i. Review cash over/short account and investigate large or unusual amounts.
    ii. Review cash receipts ledger for unusual items or tampering
    iii. Review and approve returns, refunds and void transaction logs
d. Management will set and periodically review computer system security access to revenue management software applications.
e. Management and/or designated staff will provide customer statements on a regular basis for recurring services (i.e. utility bills).
f. Management will review overdue accounts on a regular (i.e. monthly) basis and perform follow-up action as required.

g. Prompt responses shall be made to reviews performed by Auditor(s) on cash management activities to correct cited deficiencies.

C. Recording Money Received

Departments that receive money must record each transaction using the approved city cashiering software at a cash register/cashier station in the presence of the customer (or payer) or other method approved by the Central Cashier. Receipts will be issued to the payer for all face to face transactions. Online payment methods will provide for receipts to be obtained by the payer.

a. **Use of Manual Receipt Books.** Periodically, the cashiering software may not be operating as intended and a manual receipt may be necessary to provide to the payer. All amounts must be spelled out and a notation made on each receipt specifying whether payment was by check or currency and the purpose of the payment and who receipted the money. The original receipt must be provided to the payer if the payer is present or when the payment involves currency. Whenever a receipt is voided, the voided receipt must be properly explained and both copies kept on file. Official receipt books will be numbered, controlled and assigned from the Central Cashier. Departing cashiers and those who no longer serve in that capacity, will return books to the Central Cashier for final drawer closure and reconciliations as necessary. Manual receipts are to be recorded in the city's cashiering software when available.

b. **Departments Unable to Issue Receipts.** Every department not having a cashier but with a reasonable expectation of receiving payments in currency or negotiable instrument should obtain an official receipt book from the Central Cashier. Departments that are unable to issue an acceptable receipt should not accept payments. If the payer must transact in currency and the department cannot issue an acceptable receipt, the department will have an employee accompany the payer to a designated cashier to accept money and issue a receipt. The designated cashier will receipt and deposit the payment.

D. Control Guidelines

To help protect the city's assets from theft or misappropriation, departments receipting money should follow policies and procedures, including the following.

1. **Checks Made Payable to the City**. All checks should be made payable to "The City of Franklin" and **not** to specific departments or any city official or employee. Checks should be endorsed upon receipt of the check. The receiving department should be indicated on the endorsement stamp. Checks should be for the exact amount due. No personal checks will be cashed.
2. **Separation of Duties**. Employees who invoice customers or record payments in accounts receivable records should not have access to money received. An employee who does not handle money received should perform reconciliations. A reconciliation consists of comparing the original receipts to the deposit document printed from the city's accounting system and the official accounting records. If receipting departments are unable to separate duties, the Central Cashier should be contacted to help find an alternate solution.
3. **Safekeeping of Money Received**. Departments receipting cash should ensure that funds are protected until they are deposited or transmitted to the Central Cashier, as follows:

    a. Proper safekeeping facilities should be used.
    b. Deposits of monies should never be sent through inter-office or U.S. mail.
    c. Safe combinations should be changed whenever security is compromised or knowledgeable employees leave the department.
    d. Each department will designate responsible employees to have access to funds stored in a department.

e. Currency and undeposited checks should not be left overnight in unsecured locations.

f. Checks deposited (remote deposit) will be retained and secured in accord with city’s record retention requirements.

g. Cash deposits will be transmitted/transported to the Central Cashier for depositing daily. Deposits are made daily by secure courier operating from the Central Cashier’s office. If a deposit from a remote office includes large sums of cash, the department should consider:

    i. Using courier services (coordinated with the Central Cashier)
    ii. Making deposits more frequently
    iii. Obtaining a Police escort to transport the deposit to the Central Cashier for large sums of cash

E. Cash Register/Cashier Station Procedures

1. **Written Procedures.** Cash register/cashier station procedures should be established **in writing** by the department. At a minimum, these procedures should include:

a. Documentation and approval of cashier overages and underages
b. Documentation and approval of voided transactions
c. Documentation of beginning change fund counts by cashiers (i.e., before the first transaction involving that fund, that cashier, or both)
d. Proper end-of-day reconciliation and close out steps and documentation
e. Tape and records retention procedures
f. Other procedures considered necessary to ensure proper custodial control exists of monies and records pertaining to billing and receipting of monies due the city

2. **Separation of Duties**. Access to cash register drawers should be limited to one cashier at a time. Comingling of funds by use of more than one cashier of a single drawer is not allowed. Following this procedure can help pinpoint responsibility if a shortage or theft occurs. However, in certain situations a cashier may remove a drawer and "log out" at a particular register (e.g. lunch break when another cashier activates their individual drawer).
3. **Clearing Cash Registers.** Cashiers should never clear cash registers that have resettable cumulative totals. If available, a "clear" key should be placed in the custody of a department employee who has no monetary responsibilities and does not operate the cash register.
4. **Retaining and Documenting Transactions.** Cash register (printer) tapes and transaction documents should be retained for audit and be maintained neatly and stored safely. Some suggestions for retaining tapes are:
   a. Tapes should be arranged in layers of one day or, at the most, one week.
   b. Beginning and ending readings should be the first and last items, respectively, on each tape.
   c. Tapes should never be broken.
   d. Approximately two inches of blank tape should be included before the first reading and after the last reading. The date of the transactions and the cashier's name should be written at the end of the tape for easy identification.
   e. Transaction numbers (if the cash register prints them) should be consecutive from tape to tape.

F. Frequency of Transmittals and Deposits

To comply with city policy and state law, money received should be deposited daily but **shall be deposited no later than three business days of receipt**. However, whenever larger amounts of money are involved, departments should make deposits of cash more frequently. The Central Cashier will work with the city's banking partner, Finance and individual receipting departments to ensure funds are deposited in a timely manner.

G. Preparing Bank Deposits

Departments should follow the procedures below when preparing bank deposits:

1. A bank deposit ticket/deposit report covering money received shall be prepared by each cashier. Cashier deposits are made separately for cash, checks and credit card payments. The checks should be properly endorsed and listed on the deposit ticket or supporting documentation with sufficient information to identify the payer (e.g., payer's name, receipt number) and the amount. The original deposit ticket should accompany the deposit to the bank (if manually submitted). One copy goes to the Central Cashier, and a copy remains in the department's cashier files.
2. All checks deposits funds electronically using “Remote Deposit” or other acceptable means or should be sealed in an envelope, sealed bag, or locked money bag along with the deposit ticket and transmitted to the Central Cashier for depositing into the city’s bank account.
3. Cash deposits are delivered directly to the Central Cashier for depositing (currently done by bank provided courier). The money should be in a locked or sealed bag or be counted by the cashier's office. The printed deposit document should accompany the deposit. This document should be stamped (recognize change in custody) in the Central Cashier's office and should be retained in departmental files.
4. Debit and/or credit card receipts are to be recorded and a deposit made for those payment types as an electronic deposit.
5. Deposits should be processed in one of two ways:

   a. **Electronic deposits** - The department cashier enters deposit information into the bank’s software, the cashiering software and prints the deposit documentation. Electronic deposits are made for checks and credit/debit card receipts. Deposits are reviewed and released by the Central Cashier prior to releasing to the bank daily.

b. **Manual deposits –** Cash received will be recorded on a manual (paper) deposit and funds/documents will be forwarded to the Central Cashier who will review and process using the bank's courier daily.

H. Receipt and Deposit Documentation

Receipt information will be entered into the city's cashiering system to include the responsible employee's name and department, receipt date, account or bill number (if applicable), receipt transaction number (created within the system), dollar amount, method of payment, general ledger account number(s), description of item(s), and customer or payee to be credited and other pertinent data required to meet audit requirements.

Deposits will allow reconciliation back to the individual receipts recorded above. The deposit ticket should indicate the date of the deposit, receipt transaction number(s), payer's name, item description(s), amount(s), deposit ticket number, general ledger account number(s), and other pertinent data as required to meet audit requirements.

I. Transporting Funds for Deposits and Change

Each cashier will have a balance in their cash drawer commensurate with transaction volume and items to be receipted. This amount is kept in the drawer for the purposes of providing change for cash receipts. An initial amount will be provided each cashier and will be turned in when the responsibilities cease to exist. Changes to the balance, including requests for change, will be processed thru the Central Cashier. Generally, check and credit card receipts are deposited electronically. Cash receipts will be processed manually thru the Central Cashier via daily cash deposits. It is the responsibility of each remote cashier to secure and transport cash to the Central Cashier daily. Departments should consider using alternative methods to transport large cash deposits. This should be coordinated thru the Central Cashier and includes the use of a Police Officer to escort the employee transporting the funds. These deposits or change requests should be placed in a sealed bag or locked money bag. Deposits should **not** be sent through interoffice or U.S. mail. The transfer of responsibility should be documented as follows:

1. If the transmittal is for deposit, the Central Cashier will sign for the funds received to indicate a change in custodial control. The Central Cashier will process the cash deposit.
2. If the transmittal is to obtain change for the receipting department, the department should request change to the Central Cashier and sign for the change received.

Note: A count should occur with each transfer to ensure both parties are in agreement with the funds transferred.

J. Credit and Debit Cards

Departments that **regularly** receive payment for goods and/or services in routine operations are eligible to accept credit and debit cards as an additional method of payment in accordance with provisions of the city's Alternative Payments Acceptance Policy (Resolution 2012-57). Departments interested in accepting credit and debit cards must request approval from the Central Cashier and obtain assistance to ascertain that proper controls and procedures are in place before accepting credit and debit card payments.

Three types of electronic transactions may be made - in person through point of sale (POS) terminals, where the card is present, or remotely using the Internet or by calling into the applicable cashier and making payment. Departments accepting credit and debit cards must develop specific policies and procedures that articulate a framework and security structure. At a minimum, the policies and procedures must contain complete descriptions of the following:

1. Credit card processing application(s) to be used (e.g. in-person or remote)
2. What services/fees may be paid via credit/debit card.

3. Steps for recording and reporting deposits into the city depository.
4. Steps for handling voids, returns, and all costs associated with transactions.
5. A statement that the participating departments have reviewed the policies with the Central Cashier and each employee accepting card payments and supervisors reviewing receipts.

K. Credit and Debit Card Deposits

Each payment relies on the electronic capture of data necessary for processing the transaction. Departments or units that receive credit and debit deposits should enter deposit information into the city's accounting system. Departments or units that are unable to enter deposit information must receipt and record data for each deposit and forward to the Central Cashier for processing and posting to official records. Batch release reports generated by the POS terminals or the Internet payment system must be attached to the daily cashier balancing report, which includes deposit(s) made.

1. In Person via POS Terminal Transactions. Cardholder and transaction information is swiped or keyed into a POS terminal and electronically submitted to the card processor for authorization and approval. At the close of each business day, the department cashier(s) reconcile all transactions receipted to the actual sales drafts and transmits the batch of transactions to the card processor for settlement payment to the city. Departmental or unit sales drafts must be maintained in accordance with city record retention requirements.
2. Remotely via Internet Transactions. Cardholder and transaction information is captured via the Internet and transmitted electronically to the city's processor for authorization and approval. Each day at a predetermined time, all approved transactions are submitted by the processor for settlement. The Central Cashier will receive a daily batch release report detailing all transactions processed by its Web site. This report must then be reconciled with orders received and processed during the same time period. The Central Cashier will post the receipt(s) to

customer accounts and the deposit from the processor. Documentation must be maintained in accordance with city record retention requirements.

3. <u>Remotely via Phone (call in)</u>. Cardholder and transaction information is provided to the Cashier and recorded in the processor's software for authorization and approval. The Cashier will also post the receipt to the accounting software. Each day at a predetermined time, all approved transactions are processed by the processor for settlement. The Cashier will receive a daily batch release report detailing all transactions processed by its Web site. This report must then be reconciled with orders received and processed during the same time period. The Cashier will post the receipt(s) to customer accounts and the deposit from the processor. Documentation must be maintained in accordance with city record retention requirements.

L. Erroneous and Void Transactions

The Central Cashier will be notified of erroneous and disputed charges. Void transactions are inevitable and instructions for handling will be developed in departmental guidelines, including the level of supervisory approval. The receipting software will accommodate void transactions by recognizing the payer information and cashier voiding the action.

M. Refunds

The city returns funds to customer/payer (individuals, governments, institutions or companies) for a variety of reasons including: overpayments, duplicate payments, payments received in error, cancellations, sureties and deposits. Each department that issues refunds must develop and follow its own policy concerning the amount and allowability of refunds. These refund policies must be reviewed and approved by Finance and the Central Cashier. Departments are responsible for entering their own refunds in the approved software and ensuring appropriate steps are taken for administration of the refund action (e.g. overpayment is credited to the customer's account). Each refund must be supported by documentation that includes:

1. The name of the person, institution or company receiving the refund (original payer)
2. The mailing address
3. The reason for the refund
4. The receipt number or deposit information of when the money was originally received
5. The dollar amount of refund
6. The general ledger account where the refund is to be charged (usually the same general ledger account of the original receipt)
7. The department head or designee’s approval

The refund form or supporting documentation must be retained in accord with records retention requirements of the city.

N. Custody of Drug Funds

The COF Police Department routinely maintains funds for the purpose of conducting undercover operations. Specific practices to control of these funds are covered by the State of Tennessee. Refer to Comptroller of the Treasury Procedures for Handling Cash Transactions Related to Undercover Investigative Operations of County and Municipal Drug Enforcement Programs for information on handling these funds.

O. Bank Reconciliation

Bank accounts will be reconciled by the Finance Department on a monthly basis. The Finance Director or designee receives or obtains the bank statements and reconciles against deposits from the various receipting departments.

References

- Tennessee Comptroller of the Treasury Internal Control and Compliance Manual for Tennessee Municipalities
- Tennessee Comptroller of the Treasury Audit Manual

- Tennessee Comptroller of the Treasury Procedures for Handling Cash Transactions Related to Undercover Investigative Operations of County and Municipal Drug Enforcement Programs
- Tennessee Comptroller of the Treasury Accounting Manual for Recipients of Grant Funds in Tennessee
- City of Franklin Alternative Payments Acceptance Policy and Procedures (Resolution 2012-57)
- City of Franklin Records Retention Policy (MTAS Records Retention Manual)
- GFOA Best Practices Guidelines (various)

HISTORIC
FRANKLIN
TENNESSEE

MEMORANDUM

MEMORANDUM

October 14, 2014

TO: Eric Stuckey, City Administrator

FROM: Russ Truell, ACA/CFO

RE: Local Sales Tax Report

The local sales tax remittance from the State of Tennessee for October was $2,296,081 compared to $2,115,836 for the same month in 2013, an increase of $180,245, or 8.5%. [The October remittance is for sales tax collected during the month of August, representing the second month of the fiscal year on an accrual basis.] During the same period, the State of Tennessee sales tax collections were up 5.3% from the prior year.

Year-to-date, the City has received $4.58 million compared to $4.22 million in the previous year, a difference of $355,228 or 8.4%. The State of Tennessee sales tax collections, year-to-date, are $1.25 billion compared to $1.18 billion in the prior year, a difference of $71.1 million or 6.0%.

For budget comparisons, the City anticipated collections of $4.46 million through two months of the fiscal year. Through August, the City is $ 115,545, or 0.4%, above budgeted collections. As a further comparison, the August collection of $2.29 million compares to $1.74 million in 2008, $1.71 million in 2009, $1.77 million in 2010, $1.84 million in 2011 and $2.10 million in 2012. The highest amount collected during the month of August in prior years was $1.98 million in 2007.

MEDIA RELEASE
STATE OF TENNESSEE
DEPARTMENT OF FINANCE & ADMINISTRATION

FOR IMMEDIATE RELEASE
MONDAY, OCT. 13, 2014

CONTACT: LOLA POTTER
615.532.8560 (OFFICE)
615.202.0701 (CELL)

SEPTEMBER REVENUES

NASHVILLE, Tenn. – Finance and Administration Commissioner Larry Martin today reported that overall state revenues in September were $1.2 billion, which is 7.38% above the same month a year ago.

"The growth in state tax collections was driven by strong sales tax growth reflecting improved consumer confidence and better than expected corporate collections," Martin said. "While our total revenue situation shows some improvement, we continue to be cautious about corporate revenue due to its historical volatility. Consequently, we will maintain our careful monitoring of spending throughout state government."

On an accrual basis, September is the second month in the 2014-2015 fiscal year.

September collections were $61.9 million more than the budgeted estimate. The general fund was over collected by $58.1 million and the four other funds were over collected by $3.8 million.

Sales tax collections were $15.2 million more than the estimate for September. The September growth rate was positive 5.32%. Year-to-date collections are 6.02% above this time last year.

Franchise and excise taxes combined were $29.3 million above the September budgeted estimate of $289.2 million. The September growth rate was positive 14.95%, and 14.36% on a year-to-date basis.

Gasoline and motor fuel collections for September increased by 2.81% and were $3.3 million above the budgeted estimate of $70.5 million.

Tobacco tax collections for the month were under collected by $1.0 million, and the growth rate was negative 1.45%.

Privilege tax collections were $5.1 million more than the budgeted estimate of $22.2 million.

Business Tax collections were $7.8 million above the budgeted estimate for September.

Inheritance and estate tax collections were $1.4 million above the budgeted estimate.

All other taxes were over collected by a net of $0.8 million.

Year-to-date collections for two months were $86.3 million more than the budgeted estimate. The general fund was over collected by $80.8 million and the four other funds were over collected by $5.5 million.

The budgeted revenue estimates for 2014-2015 are based on the State Funding Board's consensus recommendation of December 17, 2013 and adopted by the second session of the 108th General Assembly in April 2014. They're available at http://www.tn.gov/finance/bud/Revenues.shtml (../bud/Revenues.shtml).

Table 1
Revenue Collections by Fund
September
2014-2015

	2014				2013	2014	
Fund	**Actual**	**Budgeted**	**B/(W)**	**Percent**	**Actual**	**B/(W)**	**Percent**
General Fund	$987,528,000	$929,402,000	$58,126,000	6.25%	$908,238,000	$79,290,000	8.73%
Highway Fund	59,014,000	58,034,000	980,000	1.69%	56,980,000	2,034,000	3.57%
Sinking Fund	31,136,000	31,057,000	79,000	0.25%	34,214,000	(3,078,000)	-9.00%
City & County Fund	69,819,000	67,079,000	2,740,000	4.08%	69,675,000	144,000	0.21%
Earmarked Fund	3,583,000	3,584,000	(1,000)	-0.03%	2,899,000	684,000	23.59%
Total	**$1,151,080,000**	**$1,089,156,000**	**$61,924,000**	**5.69%**	**$1,072,006,000**	**$79,074,000**	**7.38%**

Revenue Collections by Tax
September
2014-2015

	2014				2013	2014	
Tax Source	**Actual**	**Budgeted**	**B/(W)**	**Percent**	**Actual**	**B/(W)**	**Percent**
Franchise & Excise	$318,497,000	$289,200,000	$29,297,000	10.13%	$277,084,000	$41,413,000	14.95%
Income	1,796,000	1,595,000	201,000	12.60%	1,533,000	263,000	17.16%
Inheritance & Estate	8,678,000	7,323,000	1,355,000	18.50%	12,151,000	(3,473,000)	-28.58%
Gasoline	53,852,000	52,716,000	1,136,000	2.15%	52,517,000	1,335,000	2.54%
Petroleum Special	5,583,000	5,520,000	63,000	1.14%	5,439,000	144,000	2.65%
Tobacco	21,283,000	22,284,000	(1,001,000)	-4.49%	21,596,000	(313,000)	-1.45%
Beer	1,548,000	1,698,000	(150,000)	-8.83%	1,580,000	(32,000)	-2.03%
Motor Vehicle Registration	19,983,000	21,249,000	(1,266,000)	-5.96%	19,655,000	328,000	1.67%
Motor Vehicle Title	969,000	1,111,000	(142,000)	-12.78%	1,011,000	(42,000)	-4.15%
Mixed Drink	7,033,000	6,008,000	1,025,000	17.06%	6,297,000	736,000	11.69%
Business	8,956,000	1,145,000	7,811,000	682.18%	9,937,000	(981,000)	-9.87%
Privilege	27,268,000	22,169,000	5,099,000	23.00%	19,677,000	7,591,000	38.58%
Gross Receipts	802,000	157,000	645,000	410.83%	209,000	593,000	283.73%
TVA - In Lieu of Tax Payments	33,749,000	33,024,000	725,000	2.20%	34,051,000	(302,000)	-0.89%
Alcoholic Beverage	4,404,000	4,609,000	(205,000)	-4.45%	4,498,000	(94,000)	-2.09%
Sales and Use	622,114,000	606,902,000	15,212,000	2.51%	590,715,000	31,399,000	5.32%
Motor Vehicle Fuel	14,361,000	12,223,000	2,138,000	17.49%	13,825,000	536,000	3.88%
Severance	191,000	223,000	(32,000)	-14.35%	216,000	(25,000)	-11.57%
Coin-operated Amusement	13,000	0	13,000	NA	15,000	(2,000)	-13.33%
Unauthorized Substance	0	0	0	NA	0	0	NA
Total	**$1,151,080,000**	**$1,089,156,000**	**$61,924,000**	**5.69%**	**$1,072,006,000**	**$79,074,000**	**7.38%**

Table 2
Revenue Collections by Fund
Year-to-Date
August - September
2014-2015

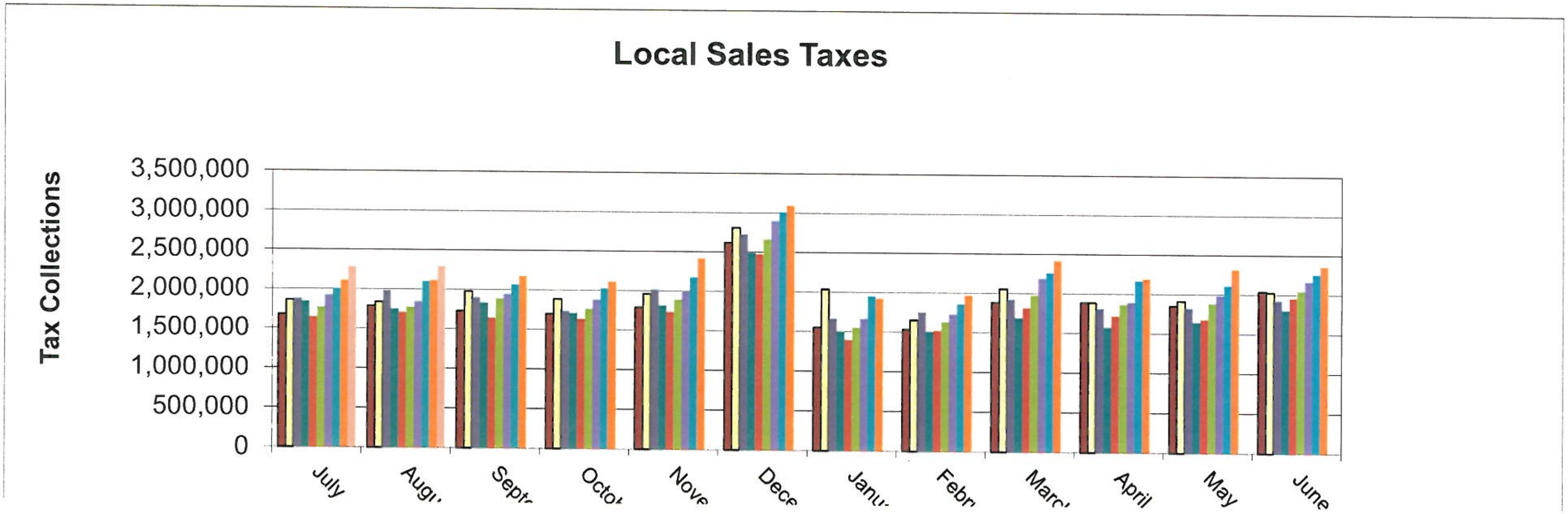
	2014 - 2015				2013-2014	2014-2015	
Fund	**Actual**	**Budgeted**	**B/(W)**	**Percent**	**Actual**	**B/(W)**	**Percent**
General Fund	$1,675,381,000	$1,594,545,000	$80,836,000	5.07%	$1,589,349,000	$86,032,000	5.41%
Highway Fund	116,624,000	115,470,000	1,154,000	1.00%	113,152,000	3,472,000	3.07%
Sinking Fund	62,349,000	62,125,000	224,000	0.36%	68,444,000	(6,095,000)	-8.91%
City & County Fund	159,518,000	155,439,000	4,079,000	2.62%	134,183,000	25,335,000	18.88%
Earmarked Fund	7,167,000	7,168,000	(1,000)	-0.01%	5,800,000	1,367,000	23.57%
Total	**$2,021,039,000**	**$1,934,747,000**	**$86,292,000**	**4.46%**	**$1,910,928,000**	**$110,111,000**	**5.76%**

Revenue Collections by Tax
Year-to-Date
August - September
2014-2015

	2014 - 2015				2013-2014	2014-2015	
Tax Source	**Actual**	**Budgeted**	**B/(W)**	**Percent**	**Actual**	**B/(W)**	**Percent**
Franchise & Excise	$353,083,000	$324,701,000	$28,382,000	8.74%	$308,740,000	$44,343,000	14.36%
Income	3,180,000	3,040,000	140,000	4.61%	2,683,000	497,000	18.52%
Inheritance & Estate	17,789,000	13,887,000	3,902,000	28.10%	20,817,000	(3,028,000)	-14.55%
Gasoline	107,226,000	105,133,000	2,093,000	1.99%	103,166,000	4,060,000	3.94%
Petroleum Special	11,031,000	10,878,000	153,000	1.41%	10,621,000	410,000	3.86%
Tobacco	44,401,000	46,452,000	(2,051,000)	-4.42%	44,904,000	(503,000)	-1.12%
Beer	3,154,000	3,243,000	(89,000)	-2.74%	3,198,000	(44,000)	-1.38%
Motor Vehicle Registration	40,969,000	41,916,000	(947,000)	-2.26%	41,879,000	(910,000)	-2.17%
Motor Vehicle Title	2,038,000	2,151,000	(113,000)	-5.25%	2,121,000	(83,000)	-3.91%
Mixed Drink	13,587,000	11,995,000	1,592,000	13.27%	11,766,000	1,821,000	15.48%
Business	12,800,000	2,558,000	10,242,000	400.39%	28,611,000	(15,811,000)	-55.26%
Privilege	50,439,000	43,545,000	6,894,000	15.83%	43,935,000	6,504,000	14.80%
Gross Receipts	13,656,000	13,990,000	(334,000)	-2.39%	12,032,000	1,624,000	13.50%
TVA - In Lieu of Tax Payments	60,824,000	60,100,000	724,000	1.20%	61,348,000	(524,000)	-0.85%
Alcoholic Beverage	8,569,000	8,619,000	(50,000)	-0.58%	8,662,000	(93,000)	-1.07%
Sales and Use	1,251,848,000	1,217,480,000	34,368,000	2.82%	1,180,760,000	71,088,000	6.02%
Motor Vehicle Fuel	25,989,000	24,577,000	1,412,000	5.75%	25,145,000	844,000	3.36%
Severance	414,000	482,000	(68,000)	-14.11%	460,000	(46,000)	-10.00%
Coin-operated Amusement	42,000	0	42,000	NA	80,000	(38,000)	-47.50%
Unauthorized Substance	0	0	0	NA	0	0	NA
Total	**$2,021,039,000**	**$1,934,747,000**	**$86,292,000**	**4.46%**	**$1,910,928,000**	**$110,111,000**	**5.76%**

Local Sales Tax Revenue Comparison

Month	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	% over prior yr	$ over prior yr
July	1,676,862	1,857,805	1,876,318	1,842,160	1,646,449	1,769,523	1,925,395	2,003,719	2,113,374	2,288,457	8.3%	175,083
August	1,788,477	1,837,563	1,985,123	1,747,507	1,711,487	1,774,021	1,843,928	2,101,518	2,115,836	2,296,081	8.5%	180,245
September	1,724,983	1,977,557	1,900,808	1,834,296	1,645,241	1,888,809	1,946,970	2,065,402	2,178,174			
October	1,695,501	1,887,613	1,734,361	1,707,123	1,639,767	1,767,404	1,881,099	2,026,865	2,117,978			
November	1,787,276	1,960,370	2,018,105	1,816,125	1,736,146	1,892,149	1,998,723	2,176,371	2,419,578			
December	2,617,849	2,806,905	2,730,286	2,491,017	2,479,640	2,670,491	2,902,675	3,012,759	3,097,595			
January	1,544,557	2,034,121	1,664,281	1,502,087	1,401,398	1,552,324	1,664,281	1,948,752	1,926,687			
February	1,526,301	1,649,397	1,752,131	1,507,868	1,521,898	1,628,745	1,729,002	1,856,748	1,973,541			
March	1,880,654	2,054,793	1,925,296	1,688,794	1,819,095	1,979,080	2,191,405	2,265,006	2,421,918			
April	1,883,777	1,885,024	1,812,244	1,572,824	1,719,674	1,866,180	1,897,741	2,168,372	2,201,566			
May	1,846,229	1,909,074	1,824,127	1,642,271	1,686,756	1,884,275	1,989,477	2,109,923	2,323,975			
June	2,033,237	2,025,044	1,926,353	1,800,044	1,961,270	2,047,664	2,168,095	2,260,297	2,364,520			
Total Budgeted	**22,005,703**	**23,885,264**	**23,149,433**	**21,152,117**	**20,968,821**	**22,720,667**	**24,138,792**	**25,995,732**	**27,254,742**	**4,584,538**	**4,229,210**	**355,328**
	Up 11.2%	Up 8.5%	Down -3.1%	*Down* -8.6%	*Down* -0.9%	*year to date* 8.4%	*year to date* 6.2%	*year to date* 7.7%	*year to date* 4.8%	*year to date* 8.4%	*last yr YTD* 4,229,210	*YTD difference*



CITY of FRANKLIN
PROPERTY TAX COLLECTIONS
As of September 30, 2014

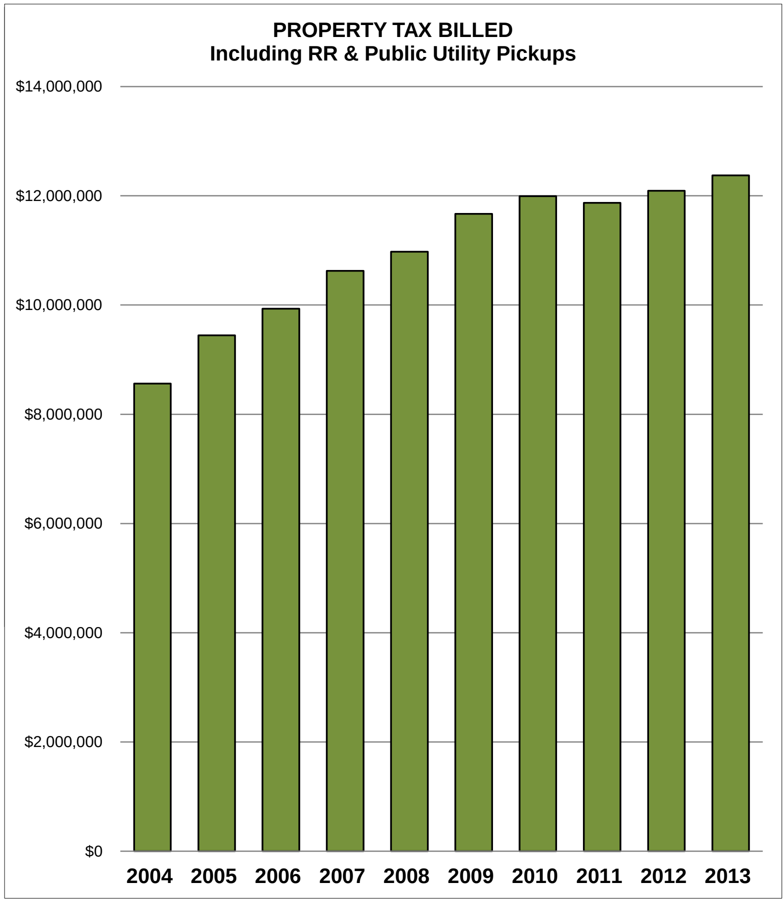
YEAR	Beginning Balance	Corrections (150)	Refunds (600)	Adjustments (400)	Pickups (100)	Cleanup (210)	Ret Checks (700)	Receipts (200)	AR Balance
2013	$12,342,702	$12,625	$0	$8	$242,133	$310,928	($310,928)	($12,462,859)	$134,609
2012	$11,902,186	($28,121)	$122,454	($167)	$219,510	$0	$154	($12,097,499)	$118,518
2011	$11,718,525	($63,341)	$176,380	($120)	$214,887	$0	$1,259	($12,013,772)	$33,819
Prior Years (2004 - 2010)	$59,474,053	($65,044)	$552,079	($16,477)	$1,507,869	($675)	$18,315	($61,443,848)	$26,272

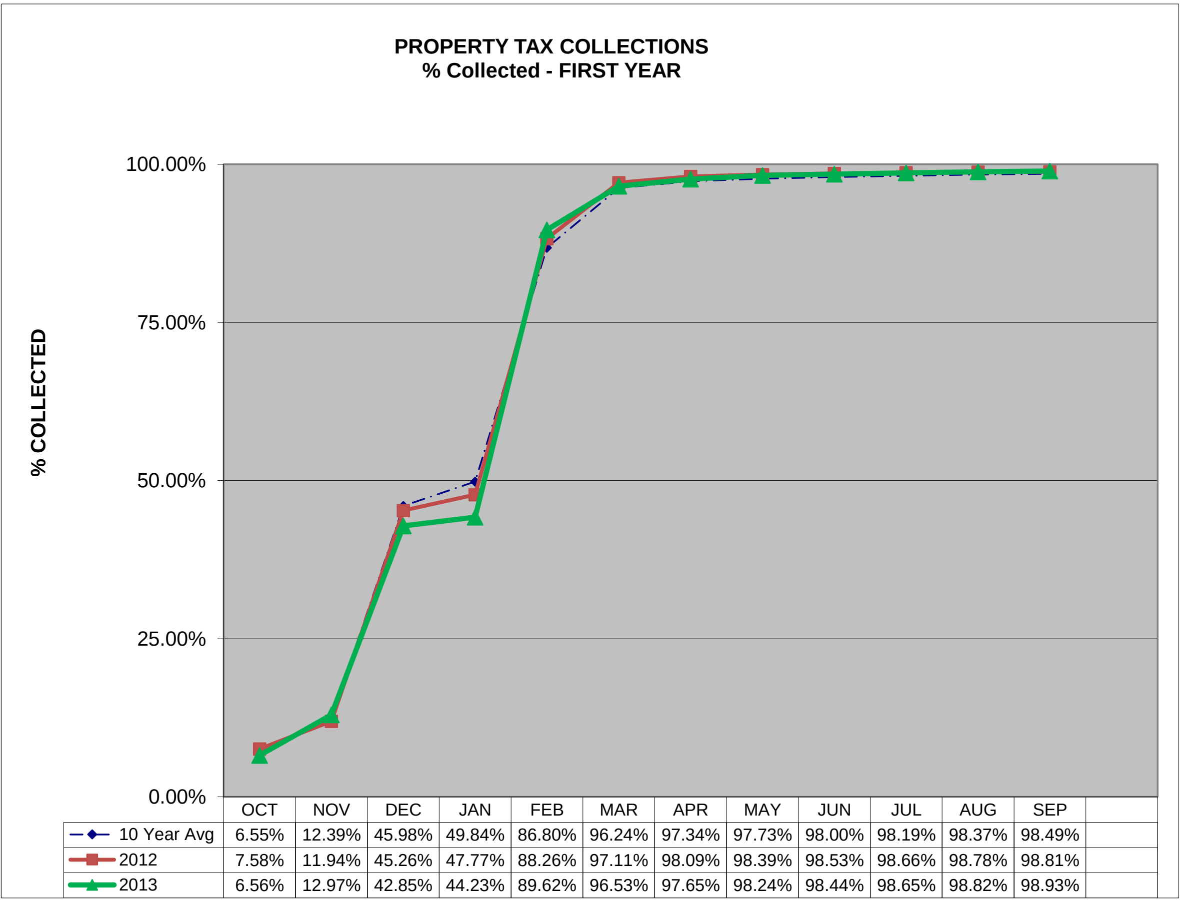
Dec receipts for years 2012 and prior include all mail "postmarked" by Dec 31st. Receipts graphed for Dec. 2013 include payments "received" by Dec 31st.

The Beginning Balance does not include Rail Road nor Public Utility tax totaling approximately $200,000 (typically added in January).

Rollbacks and other adjustments are posted as identified.

Receipts include penalty & interest (bills are issued in October and Penalty/interest apply starting the following March)





	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
10 Year Avg	6.55%	12.39%	45.98%	49.84%	86.80%	96.24%	97.34%	97.73%	98.00%	98.19%	98.37%	98.49%
2012	7.58%	11.94%	45.26%	47.77%	88.26%	97.11%	98.09%	98.39%	98.53%	98.66%	98.78%	98.81%
2013	6.56%	12.97%	42.85%	44.23%	89.62%	96.53%	97.65%	98.24%	98.44%	98.65%	98.82%	98.93%

The TMA Group
Statement of Activities
Grant 20, Franklin Transit Service
For the Three Months Ending September 30, 2014

	Month Actual	Month Budget	YTD Actual	YTD Budget	Total Budget
Revenues					
Revenue - Fares Fixed Route	$ 6,283.92	$ 6,166.67	$ 18,232.74	$ 18,500.01	74,000.00
Revenue - Transit Fares; HT	0.00	0.00	0.00	0.00	13,600.00
Revenue - Contracts	300.00	1,083.33	300.00	3,249.99	13,000.00
Revenue - Building & EquipRent	800.00	800.00	2,400.00	2,400.00	9,700.00
Revenue - Transit-Interest	246.02	833.33	799.37	2,499.99	10,000.00
Revenue - Sale of Surpls Asset	0.00	0.00	0.00	0.00	7,500.00
Revenue Grant - COF Capital	0.00	0.00	(0.50)	0.00	12,500.00
Revenue Grant - Transit COF	116,350.34	40,575.00	348,662.09	121,725.00	486,900.00
Revenue - Operating Assistance	0.00	0.00	0.00	0.00	249,515.00
Revenue Grant - St. New Freed	1,392.58	623.92	4,493.88	1,871.76	7,487.00
Capital Expend - STATE 5307	0.00	0.00	0.00	0.00	12,500.00
Revenue Grant - STATE 5307	0.00	0.00	0.00	0.00	75,535.00
Revenue Grant - STATE 5309	335.47	335.50	1,006.41	1,006.50	4,026.00
Revenue Grant - Fed New Freed	2,786.00	2,911.58	8,989.00	8,734.74	34,939.00
Capital Expend - FEDERAL 5307	0.00	0.00	0.00	0.00	100,000.00
Revenue Grant - FEDERAL 5307	0.00	0.00	0.00	0.00	574,200.00
Revenue Grant - FEDERAL 5309	2,684.00	2,684.00	8,052.00	8,052.00	32,208.00
Total Revenues	**131,178.33**	**56,013.33**	**392,934.99**	**168,039.99**	**1,717,610.00**
Direct Cost of Program					
Salaries	37,039.63	38,941.67	112,968.14	116,825.01	467,300.00
Employer Taxes and Benefits	22,435.20	14,683.35	62,996.24	44,050.05	176,200.00
Professional Services	2,090.00	1,687.50	6,196.96	5,062.50	20,250.00
Transit Bldg/Oper. Maintenance	6,210.00	2,452.00	7,221.50	7,357.00	16,600.00
Transit Maintenance-Fxed Route	2,391.29	3,916.67	6,488.75	11,750.01	47,000.00
Transit Maintenance-TODD	1,062.89	3,916.67	8,571.81	11,750.01	47,000.00
Transit Center Cleaning	422.00	375.00	1,266.00	1,125.00	4,500.00
Education/Community Outreach	0.00	833.33	0.00	2,499.99	10,000.00
Promotional Products	0.00	500.00	0.00	1,500.00	6,000.00
Print Advertising	0.00	1,250.00	2,880.00	3,750.00	15,000.00
Radio Advertising/Web	0.00	750.00	700.00	2,250.00	9,000.00
Printed Brochures & Pieces	0.00	687.50	2,270.00	2,062.50	8,250.00
Legal Fees	0.00	208.33	0.00	624.99	2,500.00
Planning/Transit	3,323.51	7,208.33	3,323.51	21,624.99	86,500.00
Transit-DAM Compliance	0.00	291.67	633.00	875.01	3,500.00
Transit Fuel - Fixed Route	4,563.16	6,208.33	15,695.02	18,624.99	74,500.00
Transit Fuel - TODD	5,086.41	6,208.33	15,443.92	18,624.99	74,500.00
Transit Fuel - Contract	244.32	83.33	447.93	249.99	1,000.00
Supplies - Transit	658.37	958.33	1,787.58	2,874.99	11,500.00
Transit Maint. Fac - Utilities	1,140.06	1,333.33	2,536.91	3,999.99	16,000.00
Radio Communications	338.34	416.67	1,295.67	1,250.01	5,000.00
Trolley Insurance-Fixed Route	2,740.31	2,750.00	8,220.93	8,250.00	33,000.00
Trolley Insurance-TODD	2,219.83	2,383.33	6,659.53	7,149.99	28,600.00
Transit General Liability	371.69	741.67	1,115.12	2,225.01	8,900.00
Payouts for Insured Liab Damag	0.00	0.00	26.04	0.00	0.00
Errors & Omissions Liability	533.00	541.67	1,599.00	1,625.01	6,500.00

The TMA Group
Statement of Activities
Grant 20, Franklin Transit Service
For the Three Months Ending September 30, 2014

	Month Actual	Month Budget	YTD Actual	YTD Budget	Total Budget
Dues, Subs, Tuition	659.58	720.83	1,028.74	2,162.49	8,650.00
Meetings	0.00	208.33	0.00	624.99	2,500.00
Travel & Training	0.00	416.67	305.38	1,250.01	5,000.00
Trolley Cleaning Supplies - FX	0.00	20.83	191.50	62.49	250.00
Trolley Cleaning Supplies TODD	0.00	20.83	191.50	62.49	250.00
Equipment - Transit	0.00	0.00	277.35	0.00	125,000.00
Transit Maint. Facility-Rent	3,354.67	3,375.00	10,064.01	10,125.00	40,500.00
Depreciation - Transit Off Equ	29.15	0.00	87.45	0.00	0.00
Total Direct Cost of Program	**96,913.41**	**104,089.50**	**282,489.49**	**312,269.50**	**1,361,250.00**
Indirect Expenditures	28,246.42	29,696.67	86,149.51	89,090.01	356,360.00
Net Difference	**$ 6,018.50**	**($ 77,772.84)**	**$ 24,295.99**	**($ 233,319.52)**	**0.00**

Marriott
HOTELS & RESORTS

Franklin Marriott Cool Springs
700 Cool Springs Boulevard
Franklin, TN 37067
t: 615.261.6100 f: 615.261.6161
Marriott.com/BNACS

October 27, 2014

Mr. Russ Truell, CFO
City of Franklin, Tennessee
109 Third Avenue South
Franklin, TN 37064

Dear Mr. Truell:

Please find enclosed the Consolidated Profit and Loss Statement for the Cool Springs Conference Center for September 2014.

A summary of the financial and distribution date is as follows:

COOL SPRINGS CONFERENCE CENTER

SEPTEMBER, 2014

	CURRENT MONTH			YEAR-TO-DATE		
	ACTUAL	**BUDGET**	**LAST YR**	**ACTUAL**	**BUDGET**	**LAST YR**
GROSS REVENUE	516,042		577,179	4,578,884		4,632,771
HOUSE PROFIT	(45,493)		110,608	182,873		512,645
LESS:						
FIXED EXPENSES	19,174		19,034	164,979		167,533
NET INCOME	(64,667)	-	91,574	17,894	-	345,112
LESS:						
FF&E RESERVE-5%	25,802		28,859	228,944		231,639
NET CASH FLOW	(90,469)		62,715	(211,050)		113,473

TOTAL CURRENT BALANCE DUE TO OWNERS	(90,469.10)
TOTAL DUE TO CITY OF FRANKLIN:	$(45,234.55)
TOTAL DUE TO WILLIAMSON COUNTY:	$(45,234.55)

This financial statements for the Cool Springs Conference Center, subject to routine year- end audit and adjustments, is true and correct in all material respects to the best of my knowledge.

Sincerely,

Michael Sanders
General Manager

Tory Peek
Controller

Marriott.
HOTELS & RESORTS

Franklin Marriott Cool Springs
700 Cool Springs Boulevard
Franklin, TN 37067
t: 615.261.6100 f: 615.261.6161
Marriott.com/BNACS

September 22, 2014

Mr. Russ Truell, CFO
City of Franklin, Tennessee
109 Third Avenue South
Franklin, TN 37064

Dear Mr. Truell:

Please find enclosed the Consolidated Profit and Loss Statement for the Cool Springs Conference Center for Stub Period in August 2014.

A summary of the financial and distribution date is as follows:

COOL SPRINGS CONFERENCE CENTER

AUGUST, 2014

	CURRENT MONTH			**YEAR-TO-DATE**		
	ACTUAL	**BUDGET**	**LAST YR**	**ACTUAL**	**BUDGET**	**LAST YR**
GROSS REVENUE	580,617			671,056		
HOUSE PROFIT	81,947			115,452		
LESS:						
FIXED EXPENSES	20,046			20,396		
NET INCOME	61,901	-	-	95,056	-	-
LESS:						
FF&E RESERVE-5%	29,031			33,553		
NET CASH FLOW	32,870			61,503		

TOTAL CURRENT BALANCE DUE TO OWNERS	32,870.15
TOTAL DUE TO CITY OF FRANKLIN:	$16,435.08
TOTAL DUE TO WILLIAMSON COUNTY:	$16,435.07

This financial statement for the Cool Springs Conference Center, subject to routine year- end audit and adjustments, is true and correct in all material respects to the best of my knowledge.

Sincerely,

Michael Sanders
General Manager

Tory Peek
Controller

BUILDING PERMIT SUMMARY
PERMITS ISSUED & FEES RECEIVED
Including Construction Valuation

From: 8/1/14-8/31/14

17 99
HISTORIC
FRANKLIN
TENNESSEE

BUILDING PERMITS ISSUED	# of PERMITS ISSUED	FEES
Residential (inc Townhomes/ Duplexes)	**63**	**$56,549**
BUILDING PERMIT FEE		$56,549
New	36	$51,861
Addition	12	$2,679
Miscellaneous	5	$448
Renovation	10	$1,561
Non-Residential (inc Multi-Family)	**31**	**$14,127**
BUILDING PERMIT FEE		$14,127
Addition	3	$1,477
Interior Finish (Build-Out)	15	$8,403
Miscellaneous	2	$184
Renovation	11	$4,063
TOTAL BUILDING PERMITS ISSUED:	**94**	
TOTAL BUILDING PERMIT FEES:		**$70,676**

ADDITIONAL PERMITS ISSUED		
Residential (inc Townhomes/ Duplexes)	**278**	**$18,473**
Electrical	102	$6,121
Mechanical	90	$5,377
Plumbing	80	$6,775
Swimming Pool	5	$150
Demolition	1	$50
Non-Residential (inc Multi-Family)	**209**	**$38,659**
Electrical	141	$8,472
Mechanical	47	$22,572
Plumbing	20	$7,565
Demolition	1	$50
TOTAL ADDITIONAL PERMITS ISSUED:	**487**	
TOTAL ADDITIONAL PERMIT FEES:		**$57,132**

ADDITIONAL DEVELOPMENT FEES	FEES
Residential (inc Townhomes/ Duplexes)	**$261,647**
PLAN REVIEW FEE	$449
REINPSECTION FEE & AFTER HOURS INSPECTION FEE	$300
GARBAGE CONTAINER FEE	$2,700
FACILITIES TAX	$129,997
ROAD IMPACT FEE	$128,201
Non-Residential (inc Multi-Family)	**$2,529**
PLAN REVIEW FEE	$2,479
REINPSECTION FEE & AFTER HOURS INSPECTION FEE	$50
TOTAL ADDITIONAL FEES:	**$264,176**

Total Residential Fees:	**$336,669**
Total Non Residential Fees:	**$55,315**
TOTAL FEES RECEIVED:	**$391,984**

ESTIMATED VALUATION OF BUILDING PERMITS	VALUATION
Residential Valuation of Construction	**$13,508,072**
New	$12,625,830
Addition	$607,456
Miscellaneous	$50,220
Renovation	$224,566
Non-Residential Valuation of Construction	**$3,934,067**
New	$275,000
Addition	$435,422
Interior Finish/Build-Out	$2,235,977
Miscellaneous	$19,500
Renovation	$968,168
TOTAL ESTIMATED VALUATION OF BUILDING PERMITS*	**$17,442,139**

*Includes all new residential construction (single family detached dwellings and townhomes), new non-residential construction (including multi-family dwellings), accessory buildings, additions, tenant build-out, renovations, and miscellaneous construction. Estimated Valuations (Construction Costs) are provided by Applicants on **Building** Permit Applications only.

Permit values transacted during the month do not necessarily equal dollars collected because of the timing of the payment and actual issuance of the permits.

Business Tax Collections
5 Year Comparison

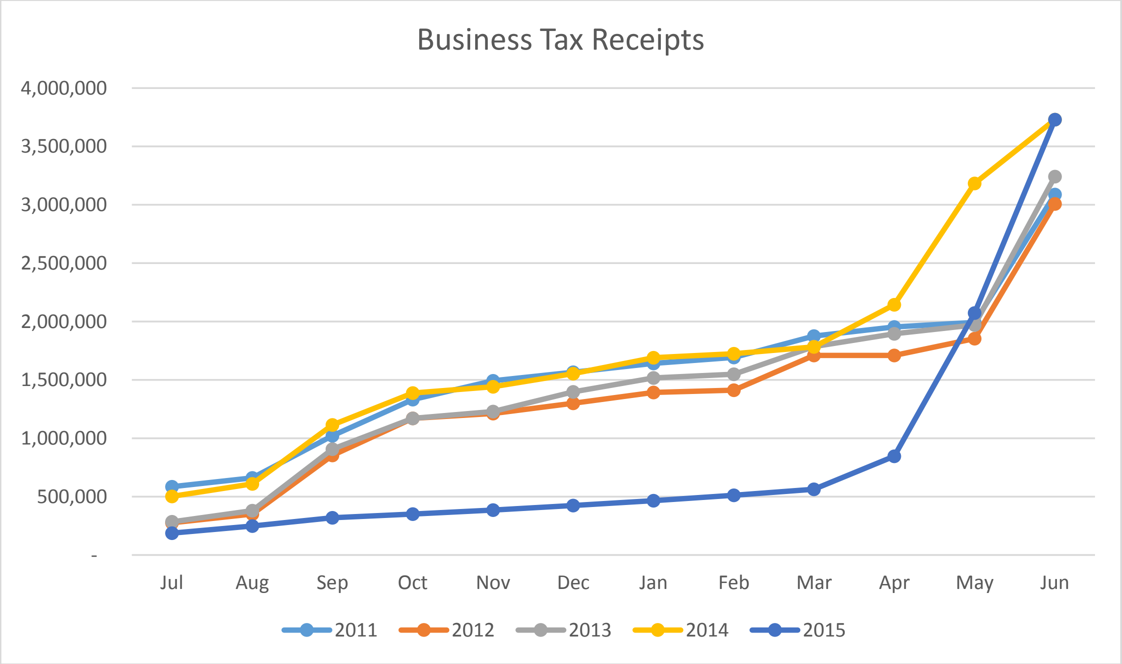
Before January 1, 2014, Business Tax Filing dates were assigned by the State based on the Business' Classification Type. From the Chart below, you will see that for the FY's 2011 - 2013, the collection pattern was remarkably consistent.

Beginning January 1, 2014, the State phased in a filing date change to match Business Tax Filings with the Business' Federal Tax Year. You will see in the chart below that in 2014, receipts began to skew toward the predominant tax filing period of April 15th.

In Fiscal 2015, the phase in is complete and collections will be markedly different as shown in the projection below.

	2011	2012	2013	2014	2015	Cumulative Variance From Fiscal 2015 to 2014
Jul	585,237	276,110	284,114	502,304	187,494	(314,810)
Aug	660,163	352,062	381,128	608,629	248,708	(359,921)
Sep	1,022,323	852,934	907,761	1,114,101	318,106	(795,994)
Oct	1,330,491	1,169,704	1,169,591	1,386,821	350,123	(1,036,699)
Nov	1,491,946	1,213,066	1,228,893	1,440,468	385,135	(1,055,333)
Dec	1,566,143	1,299,673	1,396,387	1,554,617	423,648	
Jan	1,641,180	1,392,434	1,517,864	1,689,707	466,013	
Feb	1,693,587	1,411,737	1,549,132	1,723,875	512,615	
Mar	1,874,864	1,710,134	1,786,596	1,782,858	563,876	
Apr	1,953,790	1,710,134	1,894,339	2,144,192	845,814	
May	1,993,427	1,854,593	1,970,512	3,182,770	2,072,245	
Jun	3,088,779	3,008,717	3,242,275	3,729,135	3,730,040	

Projected



Results of Fuel Hedging contract, FY2014-2015, through month of October

							7.14%	*3.25%*	
							12,000 gallons	*9,700 gallons*	
Gas Price	Gas Contract	Spread	Diesel Price	Diesel Contract	Spread	Month	**Gas Contracts**	**Diesel Contracts**	Total
$2.9101	$2.6900	$0.220	$2.8445	$2.8675	($0.023)	July	$2,641.68	($220.06)	$2,421.62
2.7334	2.6900	0.043	2.8234	2.8675	-0.044	August	520.57	(421.95)	98.62
2.5904	2.6883	-0.098	2.7095	2.8792	-0.170	September	(1,174.72)	(1,623.83)	(2,798.54)
2.2525	2.6883	-0.436	2.5045	2.8792	-0.375	October	(5,229.00)	(3,585.27)	(8,814.27)
0.0000	0.0000	0.000	0.0000	0.0000	0.000	November	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	December	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	January	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	February	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	March	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	April	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	May	0.00	0.00	0.00
0.0000	0.0000	0.000	0.0000	0.0000	0.000	June	0.00	0.00	0.00
0.8739	2.5500	-1.676	0.9068	2.8675	-1.961	**Fiscal Yr Total**	**-3,241.46**	**-5,851.11**	**-9,092.57**

Contract schedule:

Contract	Trade Date	Effective Date	Termination Date	Price	Gallons
Diesel	6/5/14	7/1/14	6/30/15	2.8675	126,000
Gasoline	6/5/14	7/1/14	6/30/16	2.6900	84,000
Diesel	8/7/14	9/1/14	6/30/15	2.8880	168,000
Gasoline	8/7/14	9/1/14	6/30/16	2.6865	84,000

CITY OF FRANKLIN PROPERTY TAX
ASSESSED VALUES AS OF NOVEMBER 3, 2014

County and Municipalities	Real Property	Personal Property	Utilities	In-Lieu-Of	Intangible Personal Property	Total
County	$ 1,745,543,034	$ 14,872,762	$ 72,646,713			**$ 1,833,062,509**
Brentwood	$ 2,427,423,621	$ 78,737,920	$ 86,448,787		$ 27,010	**$ 2,592,637,338**
Fairview	$ 158,963,176	$ 6,285,578	$ 3,936,504			**$ 169,185,258**
Franklin/Only	$ 1,439,696,600	$ 45,170,705	$ 729,843		$ 54,577	**$ 1,485,651,725**
Franklin/Inside FSSD	$ 1,758,288,341	$ 121,341,867	$ 55,831,996			**$ 1,935,462,204**
FSSD/9th Outside FS	$ 15,755,326	$ 146,853	$ 55,639,496			**$ 71,541,675**
Spring Hill	$ 509,431,925	$ 6,507,671	$ 591,188			**$ 516,530,784**
Thompsons Station	$ 130,782,400	$ 2,413,391	$ 2,295,391			**$ 135,491,182**
Nolensville	$ 225,028,420	$ 2,799,688	$ 4,711,362			**$ 232,539,470**
Total	**$ 8,410,912,843**	**$ 278,276,435**	**$ 282,831,280**	**$ -**	**$ 81,587**	**$ 8,972,102,145**

County Tax Amounts for 2014

In lieu of agreements:

Community Health Services $154,774

Healthways $256,138

Nissan $515,055

Jackson National $151,185

Franklin/Only	$ 1,485,651,725
Franklin/Inside FSSD	$ 1,935,462,204
FSSD/9th Outside FSSD	$ 71,541,675
Total Assessed Valuation	$ 3,492,655,604
Per $100	/ 100
Per $100 of Assessed Valuation	$ 34,926,556
City Tax Rate	* .4065
Total Estimated Property Tax	**$ 14,197,645**

General	$ 0.1716	$ 5,993,397
Debt Service	$ 0.2049	$ 7,156,451
Street Aid	$ 0.0150	$ 523,898
Capital Projects	$ 0.0150	$ 523,898
Total	$ 0.4065	$ 14,197,645

Components of Change from 2013 to 2014

	2013 Tax Rate Per $100	2014 Tax Rate Per $100	2013 Assessment	2014 Assessment Growth	2014 Tax Rate Increase	2014 Projected Property Tax
Assessed Valuation			$ 3,278,230,119	$ 214,425,485	$ 3,492,655,604	$ 3,492,655,604
Per $100			/ 100	/ 100	/ 100	/ 100
Per $100 of Assessed Valuation			$ 32,782,301	$ 2,144,255	$ 34,926,556	$ 34,926,556
City Tax Rate			* .3765	* .3765	* .03	* .4065
Total Projected Property Tax			$ 12,342,536	$ 807,312	$ 1,047,797	$ 14,197,645
General	$ 0.1716	$ 0.1716	$ 5,625,443	$ 367,954		$ 5,993,397
Debt Service	$ 0.2049	$ 0.2049	$ 6,717,094	$ 439,358		$ 7,156,451
Street Aid	$ -	$ 0.0150			$ 523,898	$ 523,898
Capital Projects	$ -	$ 0.0150			$ 523,898	$ 523,898
Total	**$ 0.3765**	**$ 0.4065**	**$ 12,342,536**	**$ 807,312**	**$ 1,047,797**	**$ 14,197,645**

CITY of FRANKLIN
2014 PROPERTY TAX COLLECTIONS
As of October 31, 2014

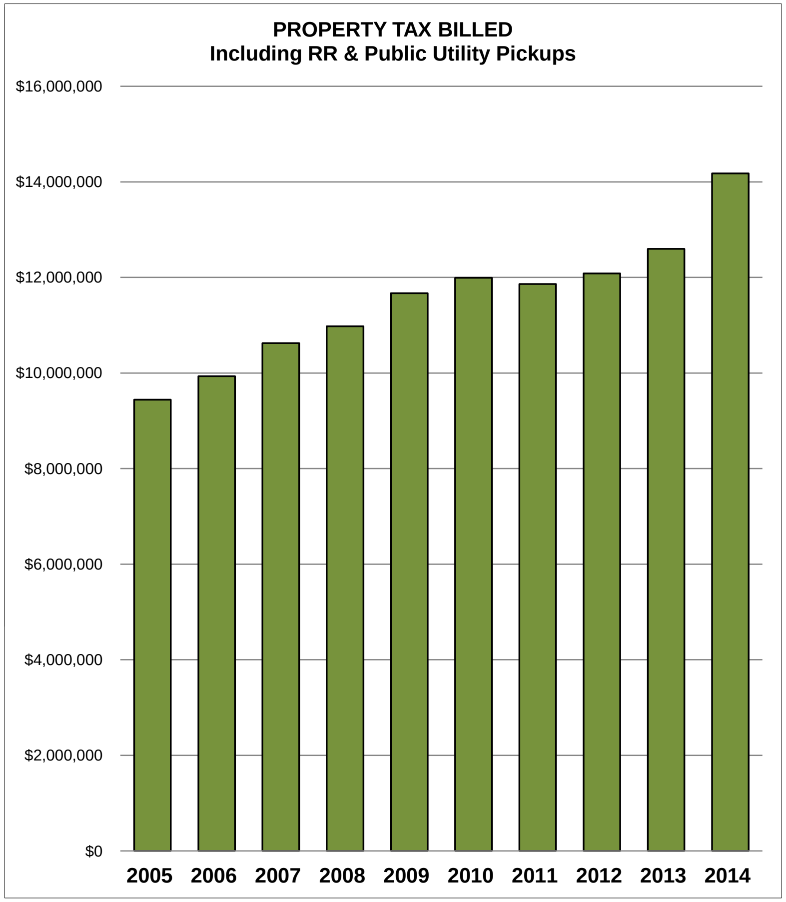
YEAR	Beginning Balance	150 Corrections	600 Refunds	400 Adjustments	100 Pickups	210 Cleanup	700 Returned Checks	200 Receipts	AR Balance
2014	$14,197,645	($15,828)	$0	$0	$23,826	$0	$0	($2,427)	$14,203,216
2013	$12,342,702	$12,625	$0	$8	$242,133	$310,928	($310,928)	($12,462,859)	$134,609
2012	$11,902,186	($37,154)	$132,011	($167)	$219,575	$0	$154	($12,197,436)	$19,170
Prior Years (2005 - 2011)	$74,656,547	($172,006)	$837,477	($17,310)	$1,724,031	($600)	$22,114	($76,988,935)	$61,318

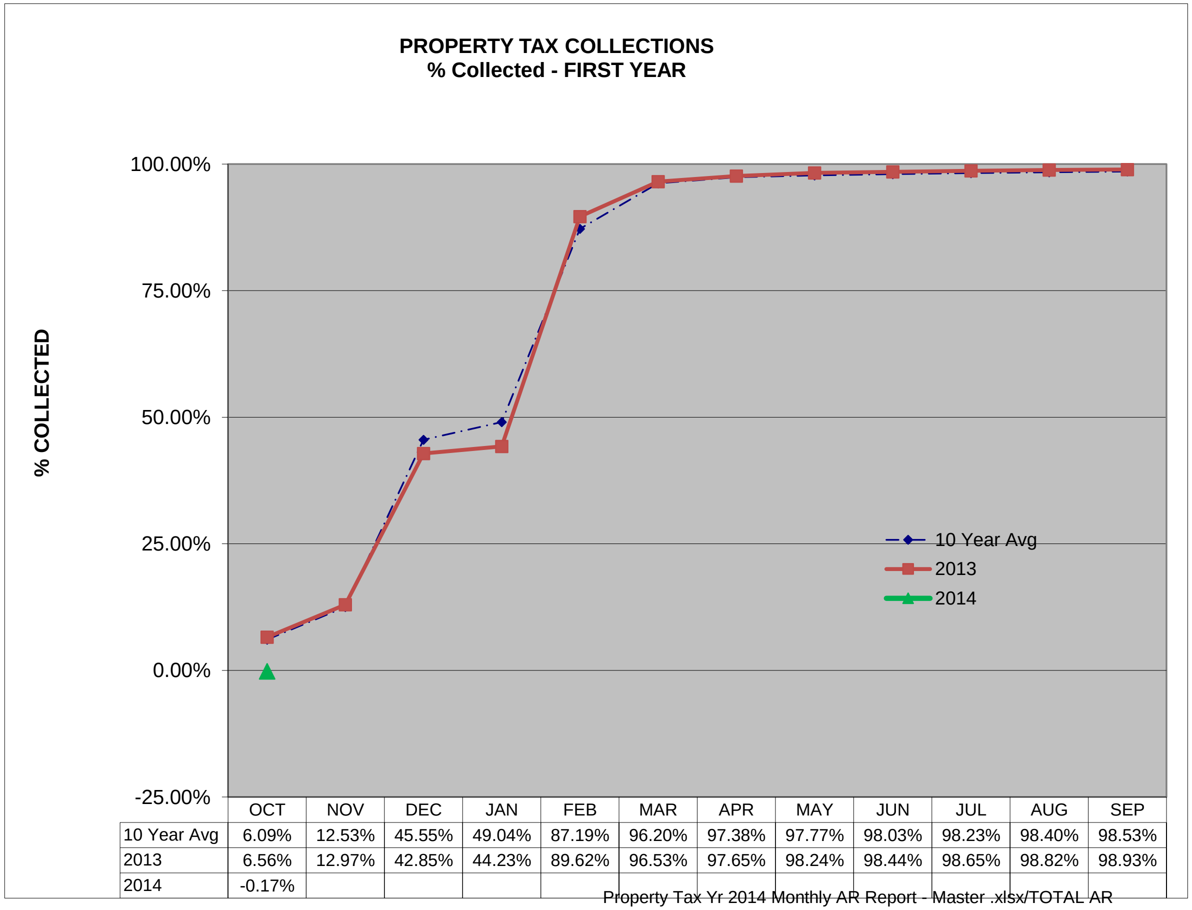
Beginning Balance does not include RR & Public Utilities added later, rollbacks & other adjustments

RR and Public Utilities typically added in January (reflected in 100 PICKUPS); typically about $200k annually

2011 and earlier have been turned over to Clerk & Master to initiate legal action for collection

Receipts include penalty & interest (bills are issued in October and Penalty/interest apply starting the following March)





	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
10 Year Avg	6.09%	12.53%	45.55%	49.04%	87.19%	96.20%	97.38%	97.77%	98.03%	98.23%	98.40%	98.53%
2013	6.56%	12.97%	42.85%	44.23%	89.62%	96.53%	97.65%	98.24%	98.44%	98.65%	98.82%	98.93%
2014	-0.17%											