



City of Franklin

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

Meeting Agenda Budget & Finance Committee

Thursday, August 10, 2017

2:00 PM

Board Room

Call To Order

Approval of Minutes

1. [17-0722](#) Consideration of Minutes from June 8, 2017.
2. [17-0683](#) Consideration of Ordinance 2017-43, 1st Quarter 2018 Budget Amendments. (08/10/17 Finance 4-0; 08/22/17 1st BOMA Reading 5-0; 09/26/17 2ND BOMA Reading 8-0) THIRD AND FINAL READING

Sponsors: Kristine Brock, Mike Lowe and Michael Walters Young
Attachments: [Ord 2017-43 FY 2018 Budget Amendment #1](#)
[FY 2018 Budget Amendment #1 Memo - Final](#)
[Impact of 2017-43 - FY 2018 Budget Amendment #1 - Final](#)
3. [17-0650](#) Consideration of Resolution 2017-63, A Resolution Adopting the Policies, Fees, and Rental Application for Eastern Flank Event Facility. (08/10/17 Finance 4-0)

Sponsors: Lisa Clayton
Attachments: [2017-11 RES Pavilion Reservation Process with attachment.Law Approved.pdf](#)
4. [17-0717](#) Consideration of Resolution 2017-66, a Resolution Certifying Investment Accounts and Loans (08/10/17 Finance 4-0)

Sponsors: Eric Stuckey, Kristine Brock and Mike Lowe
Attachments: [RES 2017-66 Authorized Officials for 5th Third Bank LAW APPROVED](#)
5. [17-0370](#) *Consideration of Resolution 2017-64 Authorizing and Directing the Industrial Development Board of the City of Franklin to Prepay a Portion of its Taxable Rate Tax Increment Revenue Refunding Bonds, Series 2015A (Variable Rate)

Sponsors: Kristine Brock
Attachments: [Res 2017-64 Resolution to Prepay IDB Bonds Law Approved](#)
[History of TIF District August 10 2017](#)

6. [17-0716](#) Consideration of Contract 2017-0200 with Dahab & Associates for Pension Fund Investment Advisory Services Effective July 1, 2017 (08/10/17 Finance 4-0) .
- Sponsors:** Kristine Brock
- Attachments:** [Dahab Amendment 2017-0200 Law Approved](#)
7. [17-0676](#) Report of the Issuance of the \$23,120,000 Series 2017, General Obligation and Public Improvement Bonds; Closed June 27, 2017
- Sponsors:** Kristine Brock
- Attachments:** [2017 GO Bonds Final OS](#)
8. [17-0710](#) Consideration of Contract 2017-0089, an Engagement Agreement for Financial Services with PFM Financial (08/10/17 Finance 4-0)
- Sponsors:** Eric Stuckey and Kristine Brock
- Attachments:** [2017-0089 PFM Professional Services Agreement with attachment A](#)
9. [17-0709](#) Report on City's Post Issuance Bond Compliance
- Attachments:** [GFOA Post Issuance Compliance Checklist](#)
[Statement of Debt](#)
[Utility Customers](#)
10. [17-0720](#) Monthly Reports for August 2017
- Sponsors:** Mike Lowe
- Attachments:** [Monthly Reports - August 2017](#)
11. [17-0677](#) Consideration of Schedule Changes for 2017 Committee Meetings
- Sponsors:** Eric Stuckey and Kristine Brock

Other Business

Adjournment

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

ORDINANCE NO. 2017 – 43

**TO BE ENTITLED: “A ORDINANCE TO AMEND THE BUDGET OF THE CITY OF FRANKLIN FOR
FISCAL YEAR 2017-2018”**

WHEREAS, the City Charter, Article VIII, provides for adoption of an annual budget for departments of the City of Franklin; and

WHEREAS, an annual budget process appropriating funds to the various departments and divisions of the City government for the fiscal year beginning July 1, 2017 has been completed in accordance with state law and local ordinances; and

WHEREAS, the Board of Mayor and Aldermen find it is in the best interests of the citizens of the City of Franklin to modify the annual budget from time to time.

NOW, THEREFORE BE IT ORDAINED, by the Board of Mayor and Aldermen of the City of Franklin, Tennessee:

SECTION I: That the annual budget for the City of Franklin for the Fiscal Year 2017-2018 shall be amended and does allocate and appropriate additional funding as follows:

GENERAL FUND
REVENUE

[Amendment 1]

Property Tax	Increase	\$	47,845
In Lieu of Property Tax	Decrease	(\$	47,845)

EXPENDITURES

Court	Increase	\$	5,101
Administration	Increase	\$	34,412
Revenue Management	Increase	\$	31,928
Project & Facilities Management	Increase	\$	11,945
Communications	Increase	\$	12,158
Purchasing	Increase	\$	6,740
IT	Increase	\$	59,460
Legal	Increase	\$	16,032
Finance	Increase	\$	25,092
Engineering	Increase	\$	37,968
TOC	Increase	\$	11,026
Human Resources	Increase	\$	31,954
Planning & Sustainability	Increase	\$	39,276
BNS	Increase	\$	77,002
Police-Admin	Increase	\$	43,243
Police-CID	Increase	\$	68,295
Police-Patrol	Increase	\$	212,479
Fire	Increase	\$	399,465
Streets-Maintenance	Increase	\$	72,161
Streets-Traffic	Increase	\$	22,126
Streets-Fleet	Increase	\$	20,687
Parks	Increase	\$	85,095
General Expenses	Decrease	(\$	1,323,646)

Net Increase (Decrease) to Total General Fund Balance

\$ -

**SANITATION & ENVIRONMENTAL
SERVICES FUND
REVENUE**

[Amendment 2]

EXPENDITURES

SES Admin	Decrease	(\$ 61,361)
SES Collection	Increase	\$ 51,403
SES Disposal	Increase	\$ 9,958

**Net Increase (Decrease) to Sanitation
& Environmental Services Fund Balance**

\$ -

**CITY FACILITIES TAX FUND
REVENUE**

[Amendment 3]

EXPENDITURES

Fire Apparatus	Increase	\$ 600,000
Southeast Park Complex Assessments	Increase	\$ 50,000

Net Increase (Decrease) to City Facilities Tax Fund Balance

(\$ 650,000)

**COUNTY FACILITIES TAX FUND
REVENUE**

[Amendment 4]

EXPENDITURES

Redesign of Long Lane/Goose Creek Interchange	Increase	\$ 100,000
Henpeck Lane Sewer Extension for Schools	Increase	\$ 300,000

Net Increase (Decrease) to County Facilities Tax Fund Balance

(\$ 400,000)

**HOTEL MOTEL FUND
REVENUE**

[Amendment 5]

EXPENDITURES

Garage Counting Systems (2 nd & 4 th Avenue)	Increase	\$ 150,000
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Net Increase (Decrease) to Hotel/Motel Tax Fund Balance

(\$ 150,000)

**DEBT SERVICE FUND
REVENUE**

[Amendment 6]

Sanitation Fund Transfer	Decrease	(\$ 90,255)
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EXPENDITURES

Sanitation Fund Debt Service	Decrease	(\$ 90,255)
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Net Increase (Decrease) to Debt Service Fund Balance

\$ -

**WATER & WASTEWATER FUND
REVENUE**

[Amendment 7]

EXPENDITURES

Utility Billing	Increase	\$ 4,038
Water Distribution	Increase	\$ 33,527
Water Plant	Increase	\$ 25,899
Water General	Decrease	(\$ 323,706)
Utility Administration	Increase	\$ 33,777
Wastewater Collection	Increase	\$ 48,050

Wastewater Plant	Increase	\$ 35,801
Wastewater General	Decrease	(\$ 117,628)

Net Increase (Decrease) to Total Water & Sewer Fund Balance		\$ 260,242

SECTION II: That each department of the City shall limit its expenditures to the amount appropriated; that any changes or amendments to the appropriations set forth in the budget shall be made in accordance with the City Code, Article VIII.

SECTION III: That this Ordinance shall take effect on after the passage of the Third and Final Reading; the health, safety and welfare of the citizens of the City of Franklin requiring it.

ATTEST:

CITY OF FRANKLIN, TENNESSEE

By: _____
ERIC S. STUCKEY
City Administrator

By: _____
DR. KEN MOORE
Mayor

PASSED FIRST READING: _____
PUBLIC HEARING: _____
PASSED SECOND READING: _____
PASSED THIRD READING: _____

August 4, 2017

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

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

RE: Consideration of Ordinance 2017-43, 1st Quarter 2018 Budget Amendments

Purpose

The purpose of this item is to amend the Fiscal Year 2018 Budget for compliance with State budgeting guidance regarding:

1. Ensuring authorizations in place to balance each fund's budget on a cash basis on June 30, 2017.

Background

The State Comptroller has provided guidance that budget amendments are to be on the cash basis and must occur prior to fiscal year end (June 30) to ensure no fund has a deficit fund balance or deficit cash balance at June 30.

In order to stay ahead of this responsibility, staff is proposing five budget amendments.

The amendments are as follows:

1. General Fund: This amendment has two components:
 - a. Reduction of \$47,845 in Payment-In-Lieu-of-Tax (PILOT) and corresponding increase of \$47,845 in Property Tax due to the ending of the PILOT for Jackson National Life and Healthways. That revenue will now be received in property taxes.
 - b. Allocation of wage increases to departments from General Expenses totaling \$1,323,646. The City's wage increases are budgeted in General Expenses and it is the City's practice that once allocations based on merit have been determined the amount of increase is distributed via amendment to each individual department. Employees received these increases effective July 1.
2. Sanitation & Environmental Services Fund: This amendment simply accounts for the allocation of wage increases budgeted in Sanitation – Administration to the other two divisions – Collection and Distribution. The total amount of the transfers between the three divisions is \$61,361, but the net change is zero.
3. City Facilities Tax Fund: Increase of \$650,000 for two purposes:
 - a. Increase of \$600,000 for completing the purchase of three vehicles for the Fire Department. \$600,000 was already appropriated in FY 2018 for the purchase of a Technical Rescue Vehicle, a Hazmat Response Vehicle and Rescue 3. These vehicles take

- more than one fiscal year to order and build, and the balance of the cost for these three vehicles was budgeted in FY 2017. This action ensures enough funds to complete the purchase in FY 2018.
- b. Increase of \$50,000 for ongoing evaluation and assessment work of the new Southeast Complex. The area known as the Southeast Complex will be a combined public facility, but much of the planned \$13,200,000, Phase I CIP approved project will be dedicated towards creating a signature park and recreation facility in southeast Franklin. This \$50,000 will go towards continuing assessments of the property. This amendment will increase the total authorized budget for this project in FY 2018 to \$550,000 (\$50,000 from the Facilities Tax and \$500,000 from the Parkland Dedication Fund).
 4. County Facilities Tax Fund: Increase of \$400,000 for two purposes:
 - a. \$100,000 for improvements and redesign work of the Long Lane/Goose Creek interchange to improve safety and traffic flow. This is a main entrance to the County Fairgrounds off Interstate 65.
 - b. \$300,000 for extension of City Wastewater service along Henpeck Lane for a future Williamson County School south of Franklin.
 5. Hotel Motel Tax Fund: Increase of \$150,000 for installation of garage counting systems at the 2nd and 4th Avenue Parking Garages. \$75,000 was already appropriated in FY 2017 for this purpose but was not completed last fiscal year. This amendment re-appropriated these funds for the 4th Avenue Garage and adds a similar amount for the 2nd Avenue Garage.
 6. Debt Service Fund: Reduction of \$90,255 in the revenues and expenses to account for the actual FY 2018 debt service for the Sanitation Fund portion of the 2017 G.O. Bond improvements. The net change is zero.
 7. Water & Wastewater Funds: This amendment has two components:
 - a. Allocation of wage increases to departments from General Expenses in both Water and Wastewater \$63,464 and \$117,628, respectively. The City's wage increases are budgeted in General Expenses and it is the City's practice that once allocations based on merit have been determined the amount of increase is distributed via amendment to each individual department. Employees received these increases effective July 1.
 - b. Reduction of \$260,242 from the Water General Division to account for distribution of debt service for the 2017 Water Plant Improvement bonds between Water Operations (70%), Water Access (15%) and Water Taps (15%).

This is the first budget amendment during this Fiscal Year to the budget. We envision several more during the course of the Fiscal Year.

Financial Impact

The amendments, as proposed, would result in:

1. General Fund: No Change.
2. Sanitation & Environmental Services Fund: No Change.
3. City Facilities Tax Fund: Decrease of Fund Balance of \$650,000. Deficit will not be made up – it is the intent to apply fund balance for this amendment.

4. County Facilities Tax Fund: Decrease of Fund Balance of \$400,000. Deficit will not be made up - it is the intent to apply fund balance for this amendment.
5. Hotel/Motel Tax Fund: Decrease of Fund Balance of \$150,000. Deficit may be made up through future revenues adjustments.
6. Debt Service Fund: No Change.
7. Water & Wastewater Funds: Increase of Fund Balance of \$260,242.

Options

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

Recommendation

Staff recommends approval of the amendments.



City of Franklin, Tennessee

FY 2018 Operating Budget

Impact of Ordinance 2017-43 on Budgets

The following demonstrates the impact of Ordinance 2017-43 on seven separate funds: the General Fund, the Sanitation & Environmental Services Fund, the City Facilities Tax Fund, the County Facilities Tax Fund, the Hotel/Motel Tax Fund, the Debt Service Fund & the Water & Wastewater Funds. It is important to note:

- a) The General Fund has no impact on the bottom line by these transfers. All expense increases are being offset by budget transfers from General Expenses.
- b) The Sanitation & Environmental Services Fund has no impact on the bottom line by these transfers. All expense increases are being offset by budget transfers from Sanitation - Administration.
- c) The City Facilities Tax Fund will go into deficit by \$650,000 as a result of this amendment.
- d) The County Facilities Tax Fund will go into deficit by \$400,000 as a result of this amendment.
- e) The Hotel Motel Tax Fund will go into deficit by \$150,000 as a result of this amendment.
- f) The Debt Service Fund will have no impact on the bottom line by these transfers.
- g) The Water and the Wastewater Funds will grow by these transfers by \$260,242. This amount will increase the bottom line of the Water and Wastewater Operating Funds.

Fund 110 - General Fund

	<u>A</u>	<u>B</u>	<u>C(B-A)</u>	<u>D (B/A)</u>
	2018 Budget	2018 Amended	Difference \$	%
Beginning Balance*	\$ 41,249,706	\$ 41,249,706	\$ -	0.00%
Revenues	\$ 68,942,027	\$ 68,942,027	\$ -	0.00%
Expenses				
Personnel	\$ 48,066,927	\$ 48,066,927	\$ -	0.00%
Operations	\$ 16,935,355	\$ 16,935,355	\$ -	0.00%
Capital	\$ 3,939,744	\$ 3,939,744	\$ -	0.00%
Expenses	\$ 68,942,027	\$ 68,942,027	\$ -	0.00%
Ending Balance	\$ 41,249,706	\$ 41,249,706	\$ -	0.00%

Fund 124 - Sanitation & Environmental Services Fund

	<u>A</u>	<u>B</u>	<u>C(B-A)</u>	<u>D (B/A)</u>
	2018 Budget	2018 Amended	Difference \$	%
Beginning Balance	\$ 635,501	\$ 635,501	\$ -	0.00%
Revenues	\$ 8,544,340	\$ 8,544,340	\$ -	0.00%
Expenses				
Personnel	\$ 3,167,493	\$ 3,167,493	\$ -	0.00%
Operations	\$ 5,098,787	\$ 5,098,787	\$ -	0.00%
Capital	\$ 266,590	\$ 266,590	\$ -	0.00%
Expenses	\$ 8,532,870	\$ 8,532,870	\$ -	0.00%
Ending Balance	\$ 646,971	\$ 646,971	\$ -	0.00%



City of Franklin, Tennessee

FY 2018 Operating Budget

Impact of Ordinance 2017-43 on Budgets

Fund 130 - City Facilities Tax Fund

	<u>A</u>	<u>B</u>	<u>C(B-A)</u>	<u>D (B/A)</u>
	2018 Budget	2018 Amended	Difference \$	%
Beginning Balance*	\$ 9,247,326	\$ 9,247,326	\$ -	0.00%
Revenues	\$ 3,852,692	\$ 3,852,692	\$ -	0.00%
Expenses				
Personnel	\$ -	\$ -	\$ -	0.00%
Operations	\$ 176,600	\$ 226,600	\$ 50,000	28.31%
Capital	\$ 3,872,500	\$ 4,472,500	\$ 600,000	15.49%
Expenses	\$ 4,049,100	\$ 4,699,100	\$ 650,000	16.05%
Ending Balance	\$ 9,050,918	\$ 8,400,918	\$ (650,000)	-7.18%

Fund 132 - County Facilities Tax Fund

	<u>A</u>	<u>B</u>	<u>C(B-A)</u>	<u>D (B/A)</u>
	2018 Budget	2018 Amended	Difference \$	%
Beginning Balance*	\$ 3,487,056	\$ 3,487,056	\$ -	0.00%
Revenues	\$ 1,250,000	\$ 1,250,000	\$ -	0.00%
Expenses				
Personnel	\$ -	\$ -	\$ -	0.00%
Operations	\$ -	\$ -	\$ -	0.00%
Capital	\$ 500,000	\$ 900,000	\$ 400,000	80.00%
Expenses	\$ 500,000	\$ 900,000	\$ 400,000	80.00%
Ending Balance	\$ 4,237,056	\$ 3,837,056	\$ (400,000)	-9.44%

Fund 150 - Hotel/Motel Tax Fund

	<u>A</u>	<u>B</u>	<u>C(B-A)</u>	<u>D (B/A)</u>
	2018 Budget	2018 Amended	Difference \$	%
Beginning Balance*	\$ 3,432,542	\$ 3,432,542	\$ -	0.00%
Revenues	\$ 3,598,227	\$ 3,598,227	\$ -	0.00%
Expenses				
Personnel	\$ -	\$ -	\$ -	0.00%
Operations	\$ 2,148,369	\$ 2,298,369	\$ 150,000	100.00%
Capital	\$ 409,286	\$ 409,286	\$ -	100.00%
Expenses	\$ 2,557,655	\$ 2,707,655	\$ 150,000	100.00%
Ending Balance	\$ 4,473,114	\$ 4,323,114	\$ (150,000)	-3.35%



City of Franklin, Tennessee

FY 2018 Operating Budget

Impact of Ordinance 2017-43 on Budgets

Fund 210 - Debt Service Fund

	<u>A</u>	<u>B</u>	<u>C(B-A)</u>	<u>D (B/A)</u>
	2018 Budget	2018 Amended	Difference \$	%
Beginning Balance*	\$ 5,000	\$ 5,000	\$ -	0.00%
Revenues	\$ 14,061,253	\$ 13,970,998	\$ (90,255)	0.00%
Expenses				
Personnel	\$ -	\$ -	\$ -	0.00%
Operations	\$ 14,056,253	\$ 13,965,998	\$ (90,255)	100.00%
Capital	\$ -	\$ -	\$ -	100.00%
Expenses	\$ 14,056,253	\$ 13,965,998	\$ (90,255)	100.00%
Ending Balance	\$ 10,000	\$ 10,000	\$ -	0.00%

Funds 421 & 431 - Water & Wastewater Fund

	<u>A</u>	<u>B</u>	<u>C(B-A)</u>	<u>D (B/A)</u>
	2018 Budget	2018 Amended	Difference \$	%
Beginning Balance*	\$ 30,487,362	\$ 30,487,362	\$ -	0.00%
Revenues	\$ 29,870,330	\$ 29,870,330	\$ -	0.00%
Expenses				
Personnel	\$ 6,457,935	\$ 6,457,935	\$ -	0.00%
Operations	\$ 13,865,472	\$ 13,605,230	\$ (260,242)	100.00%
Capital	\$ 5,377,000	\$ 5,377,000	\$ -	100.00%
Expenses	\$ 25,700,407	\$ 25,440,165	\$ (260,242)	-1.01%
Ending Balance	\$ 34,657,285	\$ 34,917,527	\$ 260,242	0.75%

*All beginning balances estimated as of June 30, 2017. Balances shown are unaudited and will change as year is not closed.

RESOLUTION NO. 2017-63

A RESOLUTION ADOPTING THE POLICIES, FEES, AND RENTAL APPLICATION FOR EASTERN FLANK BATTLEFIELD PARK

WHEREAS, the Parks Department of the City of Franklin manages the rental and use of many parks facilities, including the Eastern Flank Battlefield Park facility ("Facility"); and

WHEREAS, the City incurs costs when Facility is used, and the City desires to recover such costs by the individual or group renting Facility; and

WHEREAS, the City desires to set forth clear policies and rules for those wishing to rent Facility; and

WHEREAS, in order to accomplish these goals, the Board of Mayor and Aldermen of the City of Franklin, Tennessee, believes it is in the best interest of the citizens of the City of Franklin to adopt policies, fees, and a rental application for Facility.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE, THAT:

The Board of Mayor and Aldermen hereby approve and adopt the Eastern Flank Event Facility Application, which is attached as Exhibit A, effective upon adoption of this resolution.

Adopted this ____ day of _____, 2017.

ATTEST:

BY: _____
Eric S. Stuckey, City Administrator

BY: _____
Dr. Ken Moore, Mayor

APPROVED AS TO FORM:

BY: _____
Kristen L. Corn, Assistant City Attorney



Eastern Flank Event Facility Application

Any event to be held at the Eastern Flank Event Facility requires prior approval. Rental dates can be reserved 364 days in advance, and applications must be submitted at least 30 days prior to requested rental date. Events with an expected attendance of more than 200 may require completion of the Large Event application pursuant to the Franklin Municipal Code and must be submitted to the City Administrator at least 90 days in advance of the event.

HOW TO

1. Choose a date and time (refer to Parks staff).
2. Complete and submit application by email, fax, mail, or drop off to City of Franklin Parks office along with the application fee of \$100.00. Complete rental fee is due 30 days prior to scheduled event. Events are scheduled no later than **30 days prior** to event date.
3. All applications must be accompanied by documents to satisfy the following insurance requirement: **A Certificate of Insurance in the minimum amount of \$1,000,000 worth of General Liability coverage that names the City of Franklin as "Additional Insured" on a primary, non-contributory basis** must be submitted for the event and the date(s) of all set-up and tear down for such event occurring on City of Franklin Park property. Additional liability coverage may be required depending on the nature of the event. No permit will be issued if the Certificate of Insurance and the Endorsement have not been received.
4. Additional City permits or insurance will be required for large tents, alcohol, generators, and use of electrical.
5. Parks staff will review the request and follow up with you regarding the status of your application. Please note that all applications are subject to review and may require submission of additional information. Some activities may require additional risk management steps to minimize risk, and there may be additional requirements to obtain a permit depending on the nature of the event (including, but not necessarily limited to obtaining a tent permit, etc.). Submittal of an application does not secure your reservation. If your application is approved, the City of Franklin Parks will provide you with a copy of your approved permit that should be present on-site at the time of your event. Please be advised that the City of Franklin Parks are public spaces and are open to use by the community during park hours.
6. Applicants are required to inform the City of Franklin Parks of any and all changes to the original application prior to the date of your event.

All forms may be submitted to:

City of Franklin Parks
1368 Eastern Flank Circle (OR PO Box 305)
Franklin, TN 37064
Ph: 615-794-2103 | Fax: 615-791-3250
www.franklintn.gov/parks
suzanne.carter@franklintn.gov

POLICIES AND PROCEDURES

CONTRACT/DEPOSITS

- Full rental fee and a Certificate of Insurance is due 30 days prior to rental date; no advance reminders will be given by the Parks Dept./ Programming Division. City of Franklin Parks Department reserves the right to cancel the event if the fees and Certificate of Insurance (naming the City of Franklin as the additional insured in the minimum amount of one million dollars (\$1,000,000.00)) have not been received in the Parks Department Administrative Office 30 days prior to the scheduled reservation date.
- If after the event has occurred the Parks Department staff determines there is damage or that unreasonable cleaning was required, additional fees will be applied. Renter's Initial _____

FOR OFFICE USE ONLY: please initial

_____ Date Received	_____ Entered in ETrak	_____ Rental Fee	_____ Insurance
_____ Entered in Calendar	_____ Application Fee	_____ Entered in Report	_____ Floor Plan

- In order to receive a full refund of fees, cancellations must be made in writing to the City of Franklin Parks Department, P.O. Box 305, Franklin, TN 37065, 30 days prior to the date of your event. If written cancellation is received in our office less than 30 days prior to the event, the Parks Department will retain 25% of the rental fee. All application fees are non-refundable.

RENTAL AVAILABILITY, DECORATIONS AND DISPLAYS (Indoor/Outdoor)

- Applicants/Event organizers must be 21 years or older. Events organized specifically for age groups under 21 must be chaperoned at a ratio of 1 adult per 10 youth.
- Facility reservations may be made up to 364 days in advance of the activity and no less than 30 (thirty) days of requested reserved date for group participation of 199 or less; 90 (ninety) days for group participation of 200 or more.
- The City of Franklin and the Parks Department sponsored events have precedence over all groups.
- All live entertainment, DJs, and any amplified sound may be permitted only after getting prior approval from Parks Department staff. Noise must be maintained within the requirements of the Franklin Municipal Code. The City of Franklin reserves the right to monitor and regulate the volume of amplified sound.
- A copy of this signed Eastern Flank Event Facility Application must be provided to any vendors, planners, and related parties associated with the event to insure they are familiar with these guidelines.
- Parks Department employees are NOT authorized to sign for or accept any deliveries or pickups. A person involved with the activity must accept all deliveries within their reserved time.
- The City of Franklin Parks Department does not provide any storage for equipment or supplies. All rental equipment must be removed from the premises immediately following the event.
- Smoking is prohibited inside the facility and within 25 feet of any doorway or window. The outdoor patio/deck areas may be used as a smoking area. Please use cigarette urns provided. **DO NOT THROW CIGARETTES, CIGARS, ETC., ON THE GROUND, IN THE FLOWER BEDS, OR INTO THE GRASS.**
- Decorations may be permitted; however, the Parks Department must approve all plans for decorations. All props must be free standing. Nails, staples, tacks, tape, etc., may not be used on the walls, ceiling, or windows. Decorations must be approved 30 days prior to the event.
- All candles must be contained in a globe. No open flames are allowed under any circumstances. Wax drippings causing damage or cleanup labor will result in additional fees being charged.
- Only birdseed and real flower petals may be thrown outside the building. Rice, glitter, confetti, smoke or bubble effects, airborne streamers, etc., are prohibited.
- Setup and cleanup is the responsibility of the Applicant and/or Caterer. Everything brought onto the premises is to be removed at the conclusion of the event.
- No doorways can be obstructed, and fire code occupancy requirements must be in compliance. All fire exit doors shall remain unlocked during the event.
- Animals, other than guide dogs, are not permitted inside facilities and must be leashed when outside.
- All trash must be bagged and placed in containers provided by the Parks Department. All boxes must be flattened and placed in the containers. Do not leave trash on top of the containers or on the ground.
- Any tents and/or awnings must be inspected and permitted by the Franklin Fire Department. It is the responsibility of the Applicant to obtain these permits prior to the event. Please call (615) 791-3270 Monday through Friday, 8 a.m.-5p.m.
- Any additional power supply or generator must be inspected and permitted by the City of Franklin Codes Department. It is the responsibility of the Applicant to obtain the application forms, pay application fees, acquire permit, and arrange for inspection prior to the event. Please call (615) 794-7012 for more information.
- Event signage may be placed in locations designated by the Parks Department on the day of the event. All signage MUST be removed at the conclusion of the event.

FOOD AND BEVERAGE

- Alcoholic beverages may only be sold by an ABC-licensed caterer or a non-profit organization that has received a Special Occasion Permit from the Tennessee Alcoholic Beverage Commission. Tennessee Alcoholic Beverage Commission can be contacted by calling 615-741-1602.
- Alcoholic beverages may only be served to persons 21 years of age or older and must be served by a licensed bartender (this includes champagne toasts). The open container law will be strictly enforced.
- If an applicant chooses to sell beer or take donations on beer, a special permit must be obtained by applying with the City of Franklin Beer Board. Contact may be made by calling 615-791-3217.
- When alcohol is served, the applicant and caterer are required to add the City of Franklin as the Additional Insured and include an Alcohol Liability Insurance Rider to the Certificate of Liability showing coverage of a minimum of \$1,000,000.
- The term "sold" refers to: (1) cash bar, and (2) events that charge admission and serve, give away, or sell alcohol during the event, including previous ticket sales.
- Applicant must take all reasonable precautions to ensure the safety of all guests with regard to alcohol consumption. The City of Franklin Parks Department reserves the right to evict from the premises any member of any party, who because of intoxication or other consideration, may be found to be creating a disturbance or threatening the peace, tranquility, or safety of guests or property. Applicants are held responsible for the behavior of their guests and any damage to the property caused by a guest.

- Applicant may choose to use any fully licensed and insured caterer. All caterers must have a business license and possess the proper permits required by the City of Franklin. Caterers shall comply with all city, county, and state foodservice and/or health regulations and laws.
- All catering and food suppliers must provide a minimum \$1,000,000 per occurrence Certificate of Liability Insurance with the City of Franklin named as the additional insured.
- The Eastern Flank Event Facility DOES NOT have a full-service kitchen (facility has catering kitchen); therefore, all caterers must come prepared to serve and clean up on a “self-contained” basis. All catering and food supplies must be removed at the conclusion of the event. The City of Franklin is not responsible for any items left on the premises.
- Outdoor grilling is confined to a specific area designated by the Parks Department. Commercial-size charcoal grills and gas/propane grills are allowed ONLY in the areas specified by the Parks Department. Do not leave grills unattended. Disposal of hot or cold coals on the property is prohibited.

NOTE: Events that include deep-frying cooking oil operations are required to have a grease pit on-site and contract with a grease waste hauler to handle the grease waste and removal of the grease pit. The primary event sponsor is required to remove all cooking grease from the premises.

OVERFLOW PARKING

- Overflow/grass parking areas will be designated by Parks Department. The Parks Department retains the right to cancel and/or deny approval of overflow and/or grass parking due to weather conditions, as late as the day of event.
- Applicant may be required to have additional lighting or parking attendants if using overflow parking.
- The City of Franklin Parks Department does not provide additional lighting or parking attendants.

LIABILITY AND INSURANCE

- The City of Franklin has the right to full access to the facility at anytime.
- Applicant does hereby agree to assume the defense of and indemnify and save harmless the City, its aldermen, boards, commissions, officers, employees, and agents from all suits, actions, damages, or claims, including death, to which the City may be subjected of any kind or nature whatsoever resulting from, caused by, arising out of, or as a consequence, known or unknown, of such event and the activities permitted in connection therewith, and to submit a certificate of insurance prior to the event in an amount acceptable to the City Administrator.

IMPORTANT:

- All guests must stay in rented areas of the Eastern Flank Event Facility at all times (before, during, and after the event).
- Use of amusement rentals or props (e.g., carnival games, dance floors, stages, tents, and canopies, etc.) must have prior written approval.
- Bounce houses are prohibited.
- A Certificate of Insurance (**ACORD 25 2012/05 form**) for General Liability naming the City of Franklin as an additional insured plus the endorsement page, in an amount of not less than one million dollars (\$1,000,000.00) and when applicable. A Certificate of Worker’s Compensation (if operators will be on site) must be provided by any rental company.
- Individuals and organizations must be able to demonstrate a reasonable degree of control and responsibility for the conduct of all guests. The City reserves the right to require one or more City of Franklin police officers or other emergency personnel to be present at any and all events that occur within the city limits. Please budget for this request at a rate of \$40.00 per hour at a minimum of two (2) hours.
- The City of Franklin Parks Department at its sole discretion may cancel and/or suspend the use of the facility by the group or individual if found to be in non-compliance with the established policies and procedures. The City of Franklin Parks Department reserves the right to refuse clients the privilege of renting the facility if the client and/or client’s guest rental history was disruptive, out of compliance with City policies, or the requested does not comply with City policies.

AMENITIES INCLUDED IN RENTAL

Patio Areas

There are three patio areas in the rear of the Eastern Flank Event Facility that have furniture pieces. These pieces are available for use, but cannot be taken off of the patio areas.

Television

1 television in the large meeting room (with HDMI cords)
1 television in the small meeting room (with HDMI cords)

Kitchen

A catering kitchen is available for food preparation and storage. It includes a refrigerator, a freezer, and two sink areas. There is no cooking equipment. Warming units are available.

Tables

8 – 8ft. x 3 ft. rectangle tables
8 – 6ft. x 3ft. rectangle tables
4 – 6ft. x 18” rectangle tables
12 – 5ft. round tables (60 inches in diameter)

Chairs

150 padded chairs

Parking Spaces

100 parking spaces are available

RENTAL FEES

In accordance with conservation easements, certain activities are restricted and/or limited at Historical Parks. Events at Historical Parks will be evaluated on a case by case basis.

Application Fee: \$100.00

Rental Fee: Monday—Thursday 8:00 AM—11:00 PM* \$1,100.00
 Friday—Sunday 11:00 AM—11:00 PM* \$1,400.00
 Fee includes the following: Eastern Flank Event Facility indoor and outdoor event space, staff fees (1 Staff member throughout your rental), set-up and tear-down, and cleaning fees.

Weekday Rental Fees: Monday—Friday 8:00 AM—5:00 PM* \$100.00/hour
 Minimum 4 hours. If event is scheduled to go after 5PM, a full day rental is required.
 No application fee, must pay in full to reserve date.

*Rentals will be charged an additional \$100.00 for every half hour (30 minutes) over the facility hours of Monday—Friday 8:00 a.m.—5:00 p.m. and Friday—Sunday 9:00 a.m.—11:00 p.m.

THE ABOVE RENTAL FEES INCLUDE THE FOLLOWING:

Rooms Available for use:

- Large meeting room: 1,120 sq. ft.
- Small meeting room with area and sink: 912 sq. ft.
- Men's/Women's restrooms with multiple stalls
- Men's/Women's dressing rooms

Maximum Building Occupancy:

- Table seating: 100
- Assembly: 150

Outdoor Space:

- 3 covered porches
- Open-air event space with stage and power

Additional Rental Spaces: East Patio for \$100.00 per day, or West Patio for \$100.00 per day

APPLICATION INFORMATION

Instructions: Please carefully read the Eastern Flank Event Facility Application Instructions (page 1) and Terms and Conditions for Events (page 2) before completing this application. Incomplete applications will not be processed.

APPLICANT INFORMATION

Contact:	
Organization:	
Address:	
Phone Number:	
Email Address:	
2nd Contact:	Name: Phone Number:

Application information continued on next page.

EVENT INFORMATION

Name/Purpose of Event:			
Date of Event:			
Rental Request:	☐ Hourly Rental M-F (min. 4 hours)	☐ Daily Rental M-F	☐ Daily Rental F-Sun.
Time of Event:	Start Time:	End Time:	
Set-Up/Tear Down Time:	Start Time:	End Time:	
Anticipated Attendance:			
Event Description:			
Vendors: What, if any, will be present at the event (i.e. medical related, food, beverages, etc.)? Please provide a detailed list.			
Temporary Structures: Will your event include tents or other temporary structures? Please explain.			
Entertainment: Please describe any entertainment being provided.			
Will Alcohol be served?	☐ Yes	☐ No	If yes, additional insurance will be required.

Please enclose a map of the event site, detailing any temporary structures, location of vendors, vendor parking, volunteer parking, etc.

I/We have read and understand all rules, regulations and rental terms for this facility and agree to abide by same. I/We do agree to abide by all ordinances of the City of Franklin and all conditions placed by the Parks Director on this event permit request. I/We do swear and affirm that all information provided on this application is true and complete. I/We do hereby agree to assume the defense of and indemnify and save harmless the City, its aldermen, boards, commissions, officers, employees, and agents from all suits, actions, damages, or claims, including death, to which the City may be subjected of any kind or nature whatsoever resulting from, caused by, arising out of, or as a consequence, known or unknown, of such event and the activities permitted in connection therewith, and to submit a certificate of insurance prior to the event in an amount acceptable to the City's Risk Manager and the City Administrator. I/We understand that granting an Event Permit does not waive the obligation of obtaining additional permits that may be separately required. I/We recognize that the City reserves the right to require one or more City of Franklin Police officers or other emergency personnel be present at any and all events that occur within the City limits. **I have read and agree to abide by all Rules and Regulations for Events at Eastern Flank Event Facility.**

Applicant Signature and Title	Date
Program Specialist	Date
Suzanne Carter, Recreation Foreman	Date

RESOLUTION 2017-66
A RESOLUTION CERTIFYING INVESTMENT ACCOUNTS AND LOANS

The following officers are 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
Kristine R. Tallent, Chief Financial Officer	615 791-3217

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

RESOLVED THAT Fifth Third 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
investments 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
Kristine R. Tallent, Chief Financial Officer	615 791-3217

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 withdrawn 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
Michael Walters Young	615-791-1457
Katie Hilty	615 791-1457
Lori Pope	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
Kristine R. Tallent, Chief Financial Officer	615 791-3217

RESOLVED that any two of the following officers of the corporation are jointly authorized 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
Kristine R. Tallent, Chief Financial Officer	615 791-1457

It is so resolved on this the ____ day of _____, 2017.

CITY OF FRANKLIN, TENNESSEE

Dr. Ken Moore
Mayor

Attest by:

Eric Stuckey
City Administrator/Recorder

RESOLUTION 2017-64

A RESOLUTION AUTHORIZING AND DIRECTING THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF FRANKLIN TO PREPAY A PORTION OF ITS TAXABLE RATE TAX INCREMENT REVENUE REFUNDING BONDS, SERIES 2015A (VARIABLE RATE).

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

WHEREAS, the Revenues collected by the City for the 2016-2017 fiscal year were in excess of the debt service requirements during such year on the 2015 Bonds; and

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

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Franklin, Tennessee, that the Board be and hereby is authorized and directed to apply the funds in the amount of \$700,000 to the prepayment of the 2015 Bonds, with the 2015 Bonds to be prepaid being the last-maturing bonds of the 2015A Bonds; and

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

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

Adopted and approved this _____ day of _____, 2017.

CITY OF FRANKLIN, TENNESSEE:

Dr. Ken Moore
Mayor

Approved as to form by:

ATTEST:

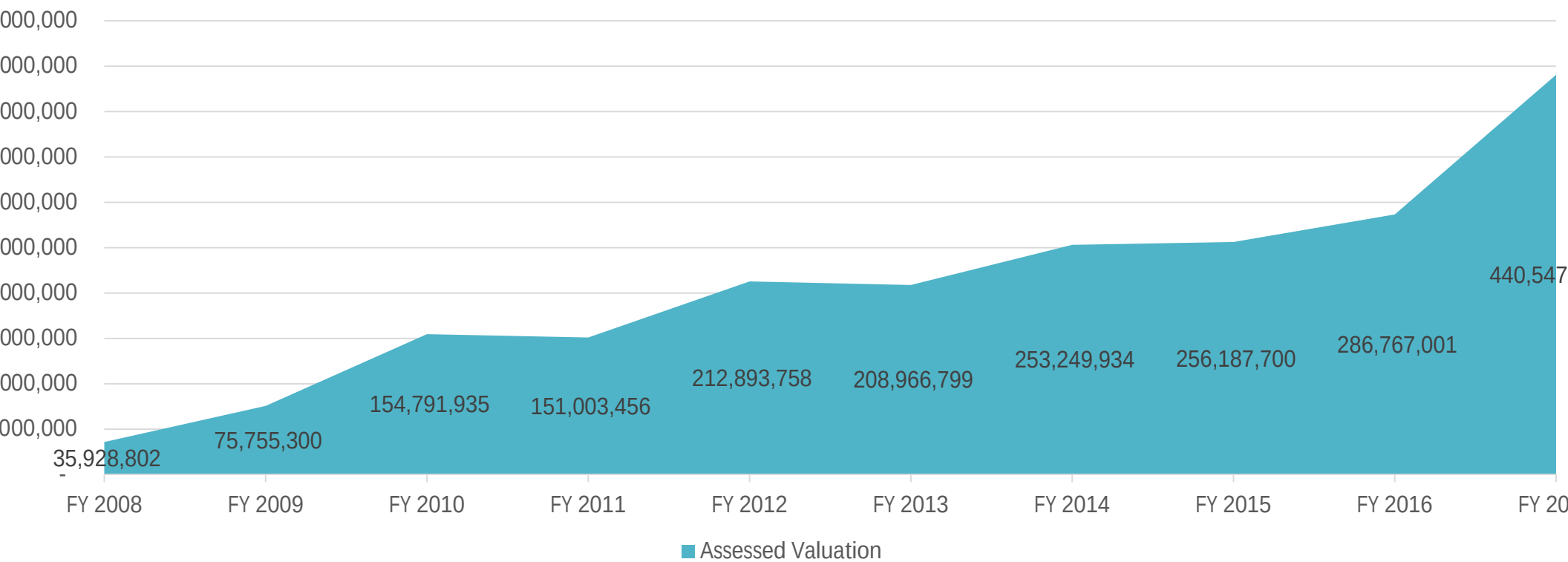
Shauna R. Billingsley
City Attorney

Eric Stuckey
City Administrator/Recorder

Update of TIF District Financials and FY 2017 Results

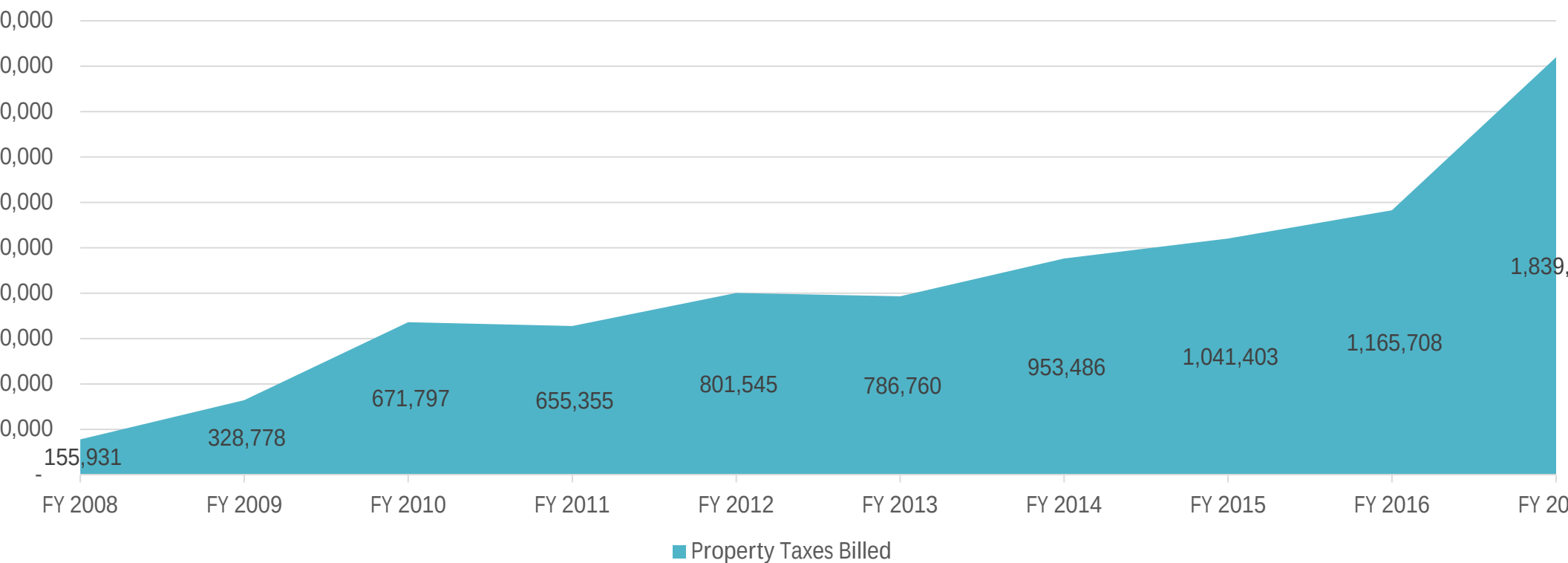
August 10, 2017

IF District Assessed Valuation FY 2008-2017



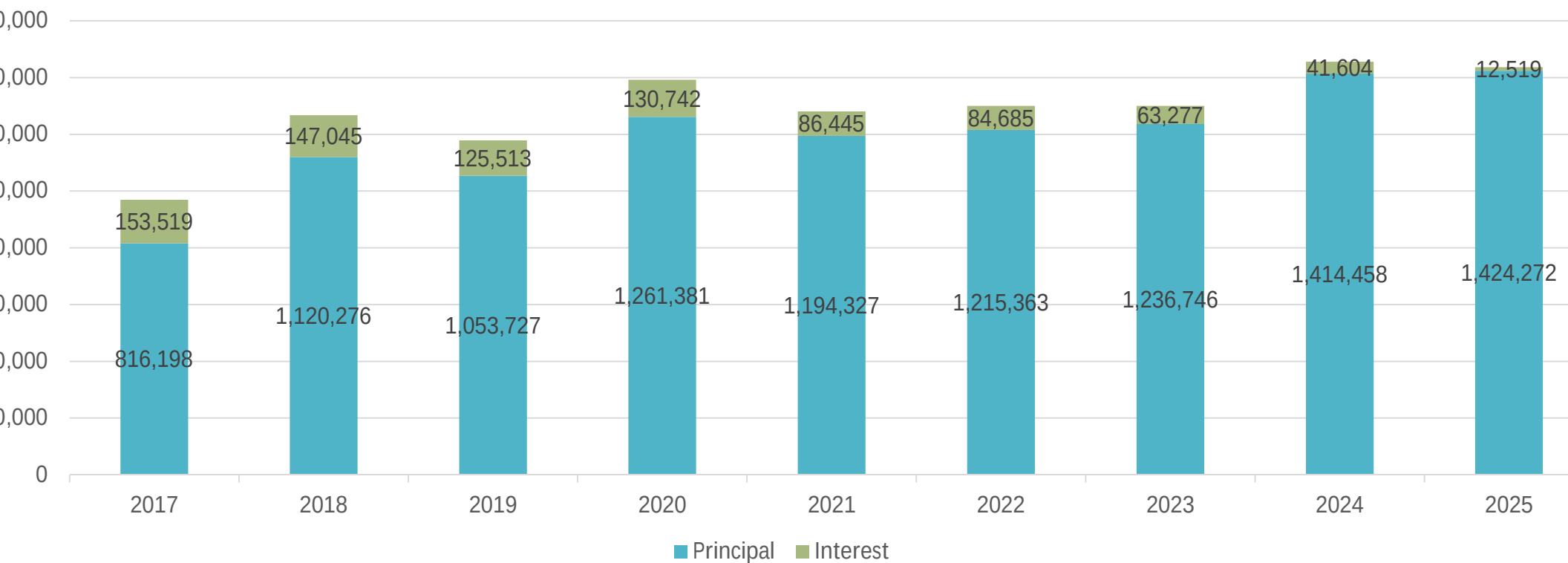
Assessed valuation within the district increased by 54% between FY 2016 and FY 2017, which was also the year of countywide reappraisal.

IF District Billed Property Taxes FY 2008-2017



2017 taxes billed is inclusive of amount outstanding as of 6/30/17 of \$34,957 and appealed taxes of \$46,589.

Debt Service Due for 2015 TIF Bonds FY 2017-2025



Debt service has maximum annual principal and interest expense in FY 2024 of \$1,456,062. Average annual debt service FY 2018-2025 is \$1,326,547. Interest due on variable rate bonds is assumed at a rate of 1.8125%.

FY 2017 Summary of Financial Results

FY 2017 Billed Property Taxes	\$1,839,725
Less: Uncollected Taxes as of 6/30/17)	(34,957)
Less: Appeal of Assessment Pending as of 6/30/17)	<u>(46,589)</u>
Property Taxes Net of Uncollected Taxes and Appeals	\$1,782,968
FY 2017 Principal and Interest Paid of Bonds	<u>\$969,717</u>
Net Property Taxes Less Debt Service Expense	\$813,251

Recommendation for Allocation of FY 2017 Property Taxes After Payment of Debt Service

FY 2017 Property Taxes After Payment of Debt Service	\$813,251
Use of Proceeds (Part 1)	
2015 TIF Bonds Outstanding as of 6/30/2017	
Fixed Rate Bonds due FY 2018-FY 2020	\$3,048,990
Variable Rate Bonds due FY 2020-FY 2025	<u>7,150,000</u>
	<u>\$10,198,990</u>
Less: FY 2017 Additional Proceeds)	<u>(\$700,000)</u>
2015 TIF Bonds Outstanding Following Defeasance	<u>\$9,498,990</u>
Use of Proceeds (Part 2)	
Loan Amount due to City from Previous Year's Transfers	\$2,447,702
Less: FY 2017 Additional Proceeds)	<u>(113,251)</u>
Loan Amount due to City Following Allocation of Taxes	<u>\$2,334,451)</u>

Next Steps for Allocation of FY 2017 Property Taxes

BOMA Approval of Resolution Authorizing Industrial Development Board to redeem early a portion of the 2015 Bonds

Administrative approval of Industrial Development Board

Notice Sent to Bank (BB&T) and Date of Defeasance Established

Minimal Transaction Costs for Bond Defeasance (Bond Counsel). No prepayment penalty.

No Further Board Action required to reduce Loan Amount due to City

**AMENDMENT 1
TO THE INVESTMENT CONSULTING AGREEMENT
BETWEEN
DAHAB ASSOCIATES, INC.
AND
THE CITY OF FRANKLIN PENSION FUND**

The contract between Dahab Associates, Inc., and The City of Franklin Pension Fund dated February 1, 2006, is hereby amended by deleting paragraph 4 and substituting the following new paragraph:

4. Effective July 1, 2017, in consideration of the new relationship between the City of Franklin and the Tennessee Consolidated Retirement System, our fee will be adjusted from an asset-based fee to a fixed annual fee of \$30,000, to be billed in arrears in equal quarterly installments.

All other terms and conditions remain unchanged.

Dated: _____

Dahab Associates, Inc.

The City of Franklin

Richard E. Dahab, CFA
Chairman

By: _____
Dr. Ken Moore
Mayor

Attest:

Eric Stuckey, City Administrator

Approved as to form by:

Shauna R. Billingsley, City Attorney

NEW ISSUE

Book-Entry

Ratings: Aaa/AAA
Moody's/Standard & Poor's
(See "Miscellaneous – Ratings")

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds (as defined below) will be excluded from gross income for federal income tax purposes and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "Tax Matters" herein).

CITY OF FRANKLIN, TENNESSEE

\$23,120,000 General Obligation Public Improvement Bonds, Series 2017

Dated: Date of Delivery

Bonds Due: As set forth on the inside front cover

The \$23,120,000 General Obligation Public Improvement Bonds, Series 2017 are referred to as the "Bonds". The Bonds are issuable as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Bonds will be made so long as Cede & Co. is the registered owner of the Bonds. DTC will in turn remit such principal and interest to the DTC Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Bonds. Individual purchases of the Bonds will be made in Book-Entry Only form, and individual purchasers ("Beneficial Owners") of the Bonds will not receive physical delivery of bond certificates. DTC will act as securities depository for the Bonds.

Interest will be payable on the Bonds on April 1 and October 1, commencing on October 1, 2017, as described herein. U.S. Bank National Association, Nashville, Tennessee, has been designated as paying agent and bond registrar (the "Registration Agent"). The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof.

The Bonds will be direct general obligations of the City of Franklin, Tennessee (the "City"). The full faith, credit and ad valorem taxing power of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds. The Bonds are payable from ad valorem taxes to be levied on all taxable property within the corporate limits of the City without limitation as to rate or amount.

The Bonds will be subject to redemption as described herein.

FOR MATURITIES, INTEREST RATES AND PRICES/YIELDS,
PLEASE REFER TO THE INSIDE OF THIS COVER PAGE

This cover page contains certain information for quick reference only. It is not a summary of these issues. Investors must read the entire *Official Statement* to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose opinion will be provided with the Bonds. Certain legal matters will be passed upon for the City by Shauna Billingsley, Esq., as City Attorney. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company, New York, New York on or about June 27, 2017.

Dated: June 15, 2017.

MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND/OR YIELDS**\$23,120,000 General Obligation Public Improvement Bonds Series 2017**

Maturity		Interest		
<u>April 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>[*]
2018	\$950,000	5.000%	0.800%	354730ZC0
2019	755,000	5.000%	0.900%	354730ZD8
2020	790,000	5.000%	1.000%	354730ZE6
2021	830,000	5.000%	1.100%	354730ZF3
2022	875,000	5.000%	1.200%	354730ZG1
2023	915,000	5.000%	1.310%	354730ZH9
2024	960,000	2.000%	1.410%	354730ZJ5
2025	980,000	5.000%	1.550%	354730ZK2
2026	1,030,000	5.000%	1.730%	354730ZL0
2027	1,080,000	5.000%	1.840%	354730ZM8
2028	1,135,000	5.000%	1.950% C	354730ZN6
2029	1,190,000	5.000%	2.050% C	354730ZP1
2030	1,250,000	5.000%	2.150% C	354730ZQ9
2031	1,315,000	4.000%	2.450% C	354730ZR7
2032	1,365,000	4.000%	2.570% C	354730ZS5
2033	1,420,000	4.000%	2.660% C	354730ZT3
2034	1,480,000	4.000%	2.750% C	354730ZU0
2035	1,535,000	4.000%	2.830% C	354730ZV8
2036	1,600,000	4.000%	2.860% C	354730ZW6
2037	1,665,000	4.000%	2.900% C	354730ZX4

C: Yield to optional redemption date of April 1, 2027

* These CUSIP numbers have been assigned by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw Hill Companies, Inc., and are included solely for the convenience of the Bondholders. Neither the Underwriter nor the City is responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended (collectively, the "Official Statement") by the City of Franklin, Tennessee (the "City") from time to time, may be treated as an Official Statement with respect to the Bonds described herein that is deemed final by the City as of the date hereof (or of any such supplement or amendment).

No dealer, salesperson or other person has been authorized to give any information or to make any representations other than those in the Official Statement in connection with the offering contained herein; and if given or made, such information or representations must not be relied upon. The Official Statement does not constitute an offer of the securities offered hereby to any jurisdiction where such offer or solicitation of such offer would be unlawful. The information set forth herein has been provided by the City and other sources that are believed to be reliable, but the accuracy or completeness of the information is not guaranteed by and is not to be construed as a representation by any party other than the City. The delivery of the Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

This Official Statement is not to be construed as a contract or agreement between the City and any purchaser of any of the Bonds. Any statements made herein involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information contained herein is subject to change without notice and neither the delivery hereof nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, or its agencies and authorities, since the date hereof.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

In making an investment decision, investors must rely on their own examination of the City and the terms of the offering, including the merits and risks involved. No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

Questions regarding information in this Official Statement should be directed to Kristine Tallent, Assistant City Administrator of Finance and Administration/Chief Financial Officer, at 109 Third Avenue South, Franklin, Tennessee, 37064 (615/550-6691) or PFM Financial Advisors LLC, Financial Advisor to the City, 530 Oak Court Drive, Suite 160, Memphis, Tennessee, 38117 (901/682-8356).

This Official Statement has been prepared by the City in connection with the original offering for sale by it of the Bonds referred to above. See "INTRODUCTION" for a discussion of the financial and other information contained herein and the appendices which are to be used as part of this Official Statement.

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CITY OFFICIALS

MEMBERS OF THE BOARD OF MAYOR AND ALDERMEN

Dr. Ken Moore, *Mayor*

Clyde Barnhill
Pearl Bransford
Margaret Martin
Ann Peterson

Brandy Blanton
Beverly Burger
Dana McLendon
Michael Skinner

CITY OFFICIALS

Eric S. Stuckey, *City Administrator*

Kristine Tallent, Assistant City Administrator of Finance and Administration/Chief Financial Officer

Shauna Billingsley, Esq., *City Attorney*

BOND COUNSEL

Bass, Berry & Sims PLC
Nashville, Tennessee

FINANCIAL ADVISOR

PFM Financial Advisors LLC
Memphis, Tennessee

REGISTRATION AGENT AND PAYING AGENT

U.S. Bank National Association
Nashville, Tennessee

SUMMARY OF THE OFFERING

This Summary Statement is not intended to be complete. Before purchasing the Bonds, the purchaser should refer to the Official Statement in its entirety.

THE BONDS	The \$23,120,000 General Obligation Public Improvement Bonds, Series 2017 of the City of Franklin, Tennessee (the “City”) are issued in fully registered form without coupons.
BOOK ENTRY SYSTEM	The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of Bonds by the public may be made through the DTC participants in principal amounts of \$5,000 or integral multiples thereof. Beneficial Owners of the Bonds will not receive physical delivery of Bond certificates. See “The Bonds - Book-Entry System” herein.
DENOMINATION	Fully registered bonds, \$5,000 or any integral multiple thereof.
DATE OF ISSUE; DELIVERY	The Bonds will be delivered on or about June 27, 2017 and will be dated the delivery date.
PRINCIPAL PAYMENTS	Principal on the Bonds is payable on April 1, 2018 through April 1, 2037.
INTEREST PAYMENTS	Interest on the Bonds is payable on April 1 and October 1, commencing October 1, 2017.
OPTIONAL REDEMPTION	The Bonds maturing April 1, 2028 and thereafter shall be subject to redemption prior to maturity at the option of the City on or after April 1, 2027 and thereafter as a whole or in part at any time, at the redemption price of par plus interest accrued to the redemption date, as described herein.
PURPOSE	The Bonds are being issued to provide monies to finance the (i) design, construction, repair and improvements to streets, roads, sidewalks, greenways and trails, including signage, signalization, drainage improvements, other streetscape improvements and acquisition of rights-of-way; (ii) sanitation facility improvements; (iii) public safety radio communications system; (iv) acquisition of fire apparatus; (v) acquisition of all property real and personal, appurtenant thereto, or connected with any of the foregoing; (vi) payment of legal, fiscal, administrative, architectural and engineering costs incident to any of the foregoing; (vii) reimbursement of

the City for prior expenditures for the foregoing; and (viii) payment of costs of issuance of the Bonds.

SECURITY	The Bonds will be direct general obligations of the City. The full faith, credit and <u>ad valorem</u> taxing power of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds.
BOND COUNSEL.....	Bass, Berry & Sims PLC, Nashville, Tennessee.
TAX MATTERS.....	In the opinion of Bass, Berry & Sims PLC, bond counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds will be excluded from gross income for federal income tax purposes and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "TAX MATTERS" herein).
FINANCIAL ADVISOR	PFM Financial Advisors LLC, Memphis, Tennessee.
REGISTRATION AGENT	U.S. Bank National Association, Nashville Tennessee.
UNDERWRITER	Citigroup Global Markets, Inc., Dallas, Texas.
FINANCIAL STATEMENTS	Independent auditors have audited financial statements for the year ending June 30, 2016. Information presented herein is derived from these audited financial statements. See Appendix A herein.

OFFICIAL STATEMENT

Regarding

CITY OF FRANKLIN, TENNESSEE

\$23,120,000 General Obligation Public Improvement Bonds, Series 2017

INTRODUCTION

This OFFICIAL STATEMENT, which includes the cover page and the appendices attached hereto, contains information concerning the (a) \$23,120,000 General Obligation Public Improvement Bonds, Series 2017 (the “Bonds”) and (b) the City of Franklin, Tennessee (the “City”), a political subdivision of the State of Tennessee.

Part II of this Official Statement is the Supplemental Information Statement of the City. The City’s audited financial statements are attached to Part II hereof: APPENDIX A – City of Franklin, Tennessee, Financial Statements, dated June 30, 2016.

THE BONDS

DESCRIPTION

The Bonds will be issued under and subject to the terms and conditions contained in resolutions adopted by the Board of Mayor and Alderman (the “Board”) of the City on April 25, 2017 (collectively, the “Bond Resolution”). The Bonds will be dated, will mature and will bear interest, all as set forth on the inside cover of this Official Statement. Interest on the Bonds will be payable semiannually on April 1 and October 1 each year, beginning October 1, 2017 (the “Interest Payment Date”).

The Bonds are being issued to provide monies to finance, in whole or in part, the (i) design, construction, repair and improvements to streets, roads, sidewalks, greenways and trails, including signage, signalization, drainage improvements, other streetscape improvements and acquisition of rights-of-way; (ii) sanitation facility improvements; (iii) public safety radio communications system; (iv) acquisition of fire apparatus (v) acquisition of all property real and personal, appurtenant thereto, or connected with any of the foregoing; (vi) payment of legal, fiscal, administrative, architectural and engineering costs incident to any of the foregoing; (vii) reimbursement of the City for prior expenditures for the foregoing; and (viii) payment of costs of issuance of the Bonds.

The Bonds will be issued as fully registered bonds without coupons, in the denomination of principal amounts of \$5,000 or integral multiples thereof. Interest on all Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. U.S. Bank National Association, Nashville, Tennessee, (the “Registration Agent”), will make all interest payments with respect to the Bonds on each Interest Payment Date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the Interest Payment Date (the “Regular Record Date”) by check or draft mailed to such owners at their addresses shown on said registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the City in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. In the event the Bonds are no longer registered in the name of DTC or its successor or assigns, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

Any interest on any Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter “Defaulted Interest”) shall forthwith cease to be payable to the

registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the City to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: The City shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the City shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall not be more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in the Resolution or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the City to punctually pay or duly provide for the payment of principal of and interest on the Bonds when due.

BOOK-ENTRY SYSTEM

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of interest and principal on the Bonds to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined in this Official Statement) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the Direct Participants, the Indirect Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the City for inclusion in this Official Statement. Accordingly, the City cannot make any representations concerning these matters.

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market investments (from over 100 countries) that its DTC's Participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Direct and Indirect Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative Beneficial Owners may wish to provide their names and addresses to the Registration Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC will mail an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the City or the Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy of such information.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE BONDS, (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE TERMS OF THE BOND RESOLUTION, OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS THE NOMINEE OF DTC, AS REGISTERED OWNER. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED HOLDERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

DISCONTINUANCE OF BOOK-ENTRY SYSTEM

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Registration Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered. In either of the situations described in this paragraph, definitive replacement Bonds shall be issued only upon surrender to the City or an agent appointed by the City of the Bonds by DTC, accompanied by registration instructions for the definitive replacement Bonds from DTC. The City shall not be liable for any delay in delivery of such instructions and conclusively may rely on and shall be protected in relying on such instruction of DTC.

REDEMPTION PRIOR TO MATURITY

Optional Redemption. The Bonds maturing April 1, 2018 through April 1, 2027 are not subject to redemption prior to maturity. The Bonds maturing April 1, 2028 and thereafter shall be subject to redemption prior to maturity at the option of the City on April 1, 2027 and thereafter as a whole or in part at any time, at the redemption price of par plus interest accrued to the redemption date. If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

Notice of Redemption. Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the City nor the Registration Agent shall be

responsible for mailing notices of redemption to DTC Participants, or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, if applicable, notices of which shall be given at least forty-five (45) days prior to the redemption date unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided. In the case of a Conditional Redemption, the failure of the City to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to DTC or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

AUTHORITY FOR ISSUANCE OF THE BONDS

The City, pursuant to Section 9-21-101, *et seq.*, of the Tennessee Code Annotated ("T.C.A."), has the power and is authorized to issue the Bonds by resolution.

SECURITY AND REMEDIES

The Bonds will be direct general obligations of the City, and the City has pledged its full faith and credit and unlimited ad valorem taxing power to the punctual payment of the principal of and interest on the Bonds. A tax sufficient to pay when due such principal and interest shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the City and shall be in addition to all the other taxes authorized or limited by law. It shall be the duty of the Board to include in the annual tax levy an amount sufficient to pay the interest on and principal of the Bonds as the same become due. When any part of the principal of or interest on the Bonds shall not be paid when due there shall be levied and assessed by said Board and collected by the proper collecting officers at the first assessment, levy and collection of taxes in the City, after such omission or failure, a tax sufficient to pay the same.

Any owner or owners of the Bonds shall have the right, in addition to all other rights: (a) by mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce his or their rights against the City and the Board and any officer, agent or employee of the City, including, but not limited to, the right to require the City and its Board and any proper officer, agent or employee of the City to assess, levy and collect taxes to carry out any agreement as to, or pledge of, such taxes and to require the City and Board and any officer, agent or employee of the City to carry out any other covenants and agreements and to perform its and their duties under the provisions of the Title 9, Chapter 21, Tennessee Code Annotated and (b) by action or suit in equity to enjoin any acts or things which may be unlawful or a violation of the rights of such owner or owners of the Bonds.

DISCHARGE AND SATISFACTION OF BONDS

The Bonds may be discharged and defeased in any one or more of the following ways:

(a) By depositing sufficient funds as and when required with the Registration Agent, to pay the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (an "Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the City shall also pay or cause to be paid all other sums payable under the Resolution, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Bonds shall be fully discharged and satisfied.

If the City pays and discharges the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners of such Bonds shall thereafter be entitled only to payment out of the money or Defeasance Obligations.

Defeasance Obligations are direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described above, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof. Tennessee law, as codified, currently permits the use of the following as Defeasance Obligations:

- (a) Direct obligation or, or obligations, the principal of and interest on which are guaranteed by, the United States;
- (b) Obligations of any agency or instrumentality of the United States;
- (c) Certificates of deposit issued by a bank or trust company located in the state of Tennessee; provided, that such certificates shall be secured by a pledge of any of the obligations referred to in subdivisions (a) and (b) having an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates of deposit so secured; or
- (d) Obligations which are rated in either of the top two (2) highest rated categories by a nationally recognized rating agency of such obligations and whose interest income is exempt from tax by the United States, which are direct general obligations of the state or a political subdivision thereof or obligations guaranteed by the state, to the payment of the principal of and interest on which the full faith and credit of the state are pledged or obligations of any other state or political subdivision or instrumentality thereof; provided, that approval of the state director of local finance is first obtained.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds for the plan of financing are as follows:

Sources:	Total
Par	\$23,120,000.00
Premium	<u>3,540,166.49</u>
Total Sources	<u>\$26,660,166.49</u>
Uses:	
Project Funds	\$26,452,558.98
Cost of Issuance	128,525.00
Underwriter's Discount	<u>79,082.51</u>
Total Uses	<u>\$26,660,166.49</u>

LONG TERM DEBT SERVICE REQUIREMENTS
General Obligation Debt Service ⁽¹⁾⁽²⁾⁽³⁾
As of May 1, 2017 (unaudited)

Fiscal Years	Existing Debt Service ⁽¹⁾⁽²⁾			The Bonds			Combined Debt Service			% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2017	\$ 1,157,000	\$ 201,514	\$ 1,358,514	\$ -	\$ -	\$ -	\$ 1,157,000	\$ 201,514	\$ 1,358,514	
2018	7,168,000	4,731,939	11,899,939	\$ 950,000	\$ 778,921	1,728,921	8,118,000	5,510,860	13,628,860	
2019	7,190,000	4,502,262	11,692,262	755,000	975,900	1,730,900	7,945,000	5,478,162	13,423,162	
2020	7,395,000	4,260,360	11,655,360	790,000	938,150	1,728,150	8,185,000	5,198,510	13,383,510	
2021	7,610,000	4,014,937	11,624,937	830,000	898,650	1,728,650	8,440,000	4,913,587	13,353,587	23.2%
2022	7,450,000	3,743,303	11,193,303	875,000	857,150	1,732,150	8,325,000	4,600,453	12,925,453	
2023	7,695,000	3,461,584	11,156,584	915,000	813,400	1,728,400	8,610,000	4,274,984	12,884,984	
2024	9,925,000	3,168,630	13,093,630	960,000	767,650	1,727,650	10,885,000	3,936,280	14,821,280	
2025	8,760,000	2,783,960	11,543,960	980,000	748,450	1,728,450	9,740,000	3,532,410	13,272,410	
2026	9,030,000	2,429,415	11,459,415	1,030,000	699,450	1,729,450	10,060,000	3,128,865	13,188,865	55.9%
2027	9,335,000	2,053,487	11,388,487	1,080,000	647,950	1,727,950	10,415,000	2,701,437	13,116,437	
2028	7,815,000	1,661,396	9,476,396	1,135,000	593,950	1,728,950	8,950,000	2,255,346	11,205,346	
2029	8,085,000	1,281,991	9,366,991	1,190,000	537,200	1,727,200	9,275,000	1,819,191	11,094,191	
2030	5,210,000	882,301	6,092,301	1,250,000	477,700	1,727,700	6,460,000	1,360,001	7,820,001	
2031	2,885,000	648,640	3,533,640	1,315,000	415,200	1,730,200	4,200,000	1,063,840	5,263,840	82.8%
2032	2,975,000	551,333	3,526,333	1,365,000	362,600	1,727,600	4,340,000	913,933	5,253,933	
2033	3,095,000	450,970	3,545,970	1,420,000	308,000	1,728,000	4,515,000	758,970	5,273,970	
2034	3,215,000	346,505	3,561,505	1,480,000	251,200	1,731,200	4,695,000	597,705	5,292,705	
2035	2,835,000	234,023	3,069,023	1,535,000	192,000	1,727,000	4,370,000	426,023	4,796,023	
2036	1,875,000	137,318	2,012,318	1,600,000	130,600	1,730,600	3,475,000	267,918	3,742,918	97.5%
2037	1,950,000	70,005	2,020,005	1,665,000	66,600	1,731,600	3,615,000	136,605	3,751,605	100.0%
Total	\$ 122,655,000	\$ 41,615,869	\$ 164,270,869	\$ 23,120,000	\$ 11,460,721	\$ 34,580,721	\$ 145,775,000	\$ 53,076,590	\$ 198,851,590	

NOTE: Totals may not foot due to rounding.

(1) Does not reflect Interest Subsidy Payment expected to be received from the U. S. Treasury Department with respect to the Series 2009B Build America Bonds or Series 2010 Recovery Zone Economic Development Bonds. The 2009B Bonds (BABs) expect an interest subsidy of 32.59% and the 2010 Bonds (RZEDBs) expect an interest subsidy of 41.90%, both are net of the 6.90% sequestration amounts for the US Fiscal Year end 2017. Said subsidies may fluctuate depending upon actions of the federal government.

(2) Variable rate interest is estimated at 3.13% to 3.65%.

(3) Does not include \$32.4 million of water and sewer revenue and tax bonds or SRF loans, all of which is intended to be paid exclusively from water and sewer revenues. In case of a deficiency in water and sewer revenues, such debt is secured by a general obligation pledge of the City and, in the case of the SRF loans, also by a pledge of state-shared taxes. Please refer to the long-term debt section of the 2016 CAFR for more information.

STATEMENT OF DEBT

(As of May 1, 2017, unaudited; unless otherwise footnoted)

General Obligation Bonded Debt

Existing ⁽¹⁾	\$ 152,250,000
Plus: The Bonds	<u>23,120,000</u>
Total Bonded Debt	175,370,000
Less: Self Supporting Debt	<u>(29,595,000)</u>
Net Bonded Debt	145,775,000

Overlapping Bonded Debt	\$ 247,769,494
Less Self-Supporting Bonded Debt	<u>(16,609,171)</u>
Net Overlapping Bonded Debt	231,160,323

Bonded Debt Outstanding Including Overlapping Bonded Debt	\$ 423,139,494
Net Bonded Debt Outstanding Including Net Overlapping Bonded Debt	376,935,323

	<u>City of Franklin</u>	<u>City and Net Overlapping</u>
Bonded Debt Per Capita	\$2,473	\$5,967
Net Direct Bonded Debt Per Capita	\$2,056	\$5,316
Bonded Debt / Actual Value	1.51%	3.65%
Net Bonded Debt / Actual Value	1.26%	3.25%
Bonded Debt / Assessed Value	4.90%	11.83%
Net Bonded Debt / Assessed Value	4.08%	10.54%

	<u>Franklin</u>	<u>Williamson County</u>
FY 2016 Assessed Value	\$ 3,576,977,148	\$ 9,203,476,924
FY 2016 Appraised Value	\$11,591,451,146	\$40,606,697,733
2017 Population ⁽²⁾	70,909	211,672

Williamson County's Bonded Debt as of January 4, 2017 ⁽³⁾

Bonded Debt	\$ 637,505,000
Self Supporting Bonded Debt	<u>(42,735,000)</u>
Net Bonded Debt	\$ 594,770,000

Franklin's Assessed Value as a Percentage of Williamson County's Assessed Value: 38.865 %

(1) General Obligation as of May 1, 2017, including self-supporting tax-backed water and sewer revenue and tax bonds.

(2) Source: City of Franklin special census

(3) Source: Williamson County

FUTURE ISSUES

On May 9, 2017, the Board adopted resolutions for the acceptance of two State of Tennessee Revolving Fund loans for a total amount of \$80 million. Proceeds of the loans will be used to fund, in part, an expansion and upgrade of the City's Wastewater Treatment Plant from permitted treatment capacity of 12 mg/d to 16 mg/d. Estimated cost of the project is \$112.8 million. The fixed interest rate for the 30-year \$80 million loan is 1.75% with an estimated annual debt service payment of \$3.5 million. There is principal forgiveness of \$225,000. The City plans to pursue the remaining financing for the Wastewater Treatment Plant upgrade and expansion from the State Revolving Fund, if available, and/or borrowing in the municipal bond market.

A condition of the State Revolving Loan Fund Program is a pledge of the City's state-shared tax revenues and ad valorem tax pledge should net revenues of the City's Water and Sewer Utility be insufficient to repay annual principal and interest requirements. For FY 2016, state-shared tax revenues accounted for revenue of \$12,663,985 for the City. Rates and charges for the Water and Sewer Utility are established by the Board. Administration of the Water and Sewer Utility is a responsibility of the City Administrator with day-to-day management assigned to a Director of Water Management. It is the intention of the Board and the City Administrator that net revenues of the Water and Sewer Utility will be sufficient to repay all debt service obligated to the Water and Sewer Utility, while acknowledging that the State Revolving Fund Program requires a secondary pledge of state-shared tax revenues and a pledge of the City's ad valorem taxes. Any debt borrowed in the municipal bond market for the Wastewater Treatment Plant project will be payable from net revenues of the Water and Sewer Utility only and not backed by a secondary pledge of state-shared taxes or an ad valorem tax pledge.

RATINGS

Moody's and Standard & Poor's have assigned ratings of Aaa and AAA, respectively, to the Bonds. Further explanation of the significance of these ratings may be obtained from Moody's and Standard & Poor's. The ratings are not a recommendation to buy, sell or hold the Bonds. The City furnished to each rating agency certain information and materials, some of which may not be included in this Official Statement. There is no assurance that any such ratings will not be withdrawn or revised downward by Moody's and Standard & Poor's. Such action, if taken, could have an adverse effect on the market price of the Bonds. The City makes no representation as to the appropriateness of the ratings.

CONTINUING DISCLOSURE

The City will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City and to provide notice of the occurrence of certain enumerated events. The notices of events will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may hereafter be established in Tennessee. The specific nature of the information to be contained in the Annual Report or the notices of events can be found in the form of the Continuing Disclosure Certificate is attached hereto as Appendix C. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the "Rule").

The City has previously undertaken to provide continuing disclosure pursuant to the Rule and has continuously filed its Comprehensive Annual Financial Report ("CAFR") with the Electronic Municipal Market Access ("EMMA") system. The City failed to file the CAFR on time for the fiscal year ended June 30, 2010. The CAFR was due by December 31, 2010 and was filed on January 28, 2011. In addition, the City did not link the CAFR to one of its outstanding CUSIP numbers; the linkage has since been corrected.

Notice with respect to the above matters has been filed on EMMA. The City does not believe the inadvertent omissions listed above are material and, therefore, has not failed to comply with its previous undertakings in all material respects for the past five years. In addition, to ensure compliance going forward, the City has appointed the Finance Department to be responsible for future Continuing Disclosure endeavors. For further information related to the City's efforts to remain in compliance with Continuing Disclosure requirements, please contact Kristine Tallent, Chief Financial Officer for the City of Franklin at kristine.tallent@franklintn.gov or (615) 550-6691.

LITIGATION

At the time of delivery of the Bonds, the City will certify that there is no litigation or other proceedings of any nature pending or to the knowledge of the City threatening to restrain or enjoin the sale, execution, issuance or delivery of the Bonds or in any way contesting the validity of the Bonds or affecting corporate existence or the boundaries of the City or the titles of its officers to the respecting offices or the power of the City to levy and collect taxes to pay the Bonds.

TAX MATTERS

Federal Taxes

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the City and assuming compliance by the City with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986 (the "Code"),
- is not a preference item for a bondholder under the federal alternative minimum tax, and
- is taken into account in determining the adjusted current earnings of certain corporations under the alternative minimum tax on corporations.

The Code imposes requirements on the Bonds that the City must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the City does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The City has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also "Changes in Federal and State Tax Law" below.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the bond premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal and Congressional committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. For example, various proposals have been made in Congress and by the President which, if enacted, would subject interest on bonds, such as the Bonds, that is otherwise excluded from gross income for federal income tax purposes, to a tax payable by certain bondholders with an adjusted gross income in excess of certain proposed thresholds. Further, such proposals may impact

the marketability of the Bonds simply by being proposed. It cannot be predicted whether, or in what form, these proposals might be enacted or if enacted, whether they would apply to Bonds prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Miscellaneous

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

UNDERWRITING

Citigroup Global Markets, Inc. as the underwriter (the "Underwriter") and such other securities dealers as it may designate, will purchase the Bonds for an aggregate purchase price of \$26,581,083.98 (consisting of the par amount of \$23,120,000, plus original issue premium, of \$3,540,166.49, less \$79,082.51 underwriters' discount).

The Underwriter may offer and sell the Bonds to certain dealers (including dealer banks and dealers depositing the Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

PFM Financial Advisors LLC ("PFM") has been engaged by the City to perform professional services in the capacity of financial advisor. In the role as financial advisor, PFM has provided advice on the plan of financing and structure of the issue, reviewed and commented on certain legal documents and reviewed the pricing of the Bonds by the purchasers thereof. The information set forth herein has been obtained from the City and other sources, which are believed to be reliable. PFM has not verified the factual information contained in the Official Statement but relied on the information supplied by the City and the City's certificate as to the Official Statement.

ADDITIONAL INFORMATION

For further information with respect to the Bonds, contact Kristine Tallent, Assistant City Administrator/CFO (telephone: (615) 550-6691) or Lauren Lowe (telephone: (901) 682-8356), Financial Advisor.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided that are not purely historic, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof, and assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business and policy decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

MISCELLANEOUS

The foregoing summaries do not propose to be complete and are expressly made subject to the exact provisions of the complete documents. For details of all terms and conditions, purchasers are referred to the Bond Resolution, a copy of which may be obtained from the City.

Any statement made in this Official Statement involving matters of opinion and estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement was duly authorized by the City.

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CERTIFICATE AS TO OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the City will furnish the purchaser a certificate, signed by the Mayor, to the effect that (a) the descriptions and statements of or pertaining to the City contained in its Official Statement and any addendum thereto, for its Bonds, on the date of such Official Statement, on the date of sale of the Bonds and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data of or pertaining to entities other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and that the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since June 30, 2016, the date of the last audited financial statements of the City appearing in Appendix A.

/s/ Dr. Ken Moore

Mayor

ATTEST:

/s/ Eric S. Stuckey

City Administrator/Recorder

ATTEST:

/s/ Kristine Tallent

Chief Financial Officer

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PART II
SUPPLEMENTAL INFORMATION STATEMENT

CITY OF FRANKLIN, TENNESSEE YEARLY INFORMATION STATEMENT

In addition to providing information as of and for the year ended June 30, 2016, the City of Franklin, Tennessee intends that this Yearly Information Statement will be used, together with information to be specifically provided by the City for that purpose, in connection with the offering and issuance by the City of its securities.

The City of Franklin has prepared a comprehensive annual financial report for fiscal year 2016 containing additional financial statements and other information for the periods covered by this Yearly Information Statement.

Although the City of Franklin does not contract to do so, and does not represent that it will do so, it may maintain, from time to time, a mailing list of parties wishing to receive annual and other information regarding the City.

Please contact Ms. Kristine Tallent, Chief Financial Officer, 109 3rd Avenue South, Franklin, Tennessee 37064 (615-791-1457) for questions regarding information in this Yearly Information Statement, copies of the Annual Financial Report or placement on the mailing list for the Yearly Information Statement.

The information included in this statement is dated June 30, 2016, unless otherwise indicated.

No person, except as noted on the cover page, has been authorized by the City to give any information or to make any representations not contained in this Yearly Information Statement or any supplement which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized.

The information, estimates and expressions of opinion in this Yearly Information Statement are subject to change without notice. The delivery of this Yearly Information Statement shall not, under any circumstances, create any implication that there has been no material change in the affairs of the City since the date of this Yearly Information Statement.

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TABLE OF CONTENTS

If used in conjunction with an Official Statement or Offering Memorandum, this Table of Contents will relate only to this Supplemental Information Statement. A separate Table of Contents should be included for such Official Statement or Offering Memorandum.

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THE CITY OF FRANKLIN, TENNESSEE

INTRODUCTION

The City of Franklin was founded October 26, 1799 and was named after Benjamin Franklin, a close friend of Dr. Hugh Williamson, a member of the Continental Congress for whom Williamson County was named.

The City, the county seat of Williamson County, is located 15 miles south of Nashville. Williamson County is located in a rich agricultural area, and, before the Civil War, was the wealthiest county in Tennessee, a status it still holds. Laid out on a portion of a 640-acre tract owned by Major Anthony Sharpe, a Revolutionary War Veteran, Franklin originally consisted of 109 acres that contained 200 lots. The original town plan was designed by Abram Maury, a surveyor and planter who came from Virginia in 1797.

The City of Franklin covers approximately an area of 41 square miles, and serves a population of 70,909 according to the 2017 Special Census. The City of Franklin is the seventh largest and one of the fastest growing municipalities in the State of Tennessee.

Today, Franklin has a robust and diversified economy. The City is known as a retail and banking center, with a large commercial area on its east side which includes retail outlets, a regional mall, and several corporate headquarters, including Big Idea Productions, CKE Enterprises (Carl's Jr./Hardees), Jackson National Life, Ford Motor Credit, Clarcor, Big Idea Productions, Community Health Systems, Healthways, Mars Petcare, Verizon Wireless, and Nissan North America. The area is also home to a regional conference center and several major hotel chains, including Marriott, Residence Inn, Embassy Suites, Drury Plaza Hotel, Hyatt Place, Hilton, Homewood Suites and Aloft.

Main Street in downtown Franklin has been carefully preserved and contains many buildings from the 19th century. Additions to the Downtown area include a Judicial Center and two parking facilities which greatly increases the amount of parking available to visitors and employees. The City has won numerous awards and honors including the National Main Street Award from the National Trust of Historic Preservation; "Number One Small Town in Tennessee;" and being designated a Preserve America Community by former First Lady Laura Bush. Also, the City received other community recognitions including: the National Trust for Historic Preservation identifying Franklin as one of "America's Distinctive Destinations," the readers of Southern Living magazine placed Franklin in the top ten "Best Small Towns" list, Business Week named Franklin the top city in Tennessee and among the top 50 nationally in terms of places to start a small business, the readers of Garden & Gun magazine named Franklin as the "Greatest Southern Town."



GOVERNMENTAL STRUCTURE

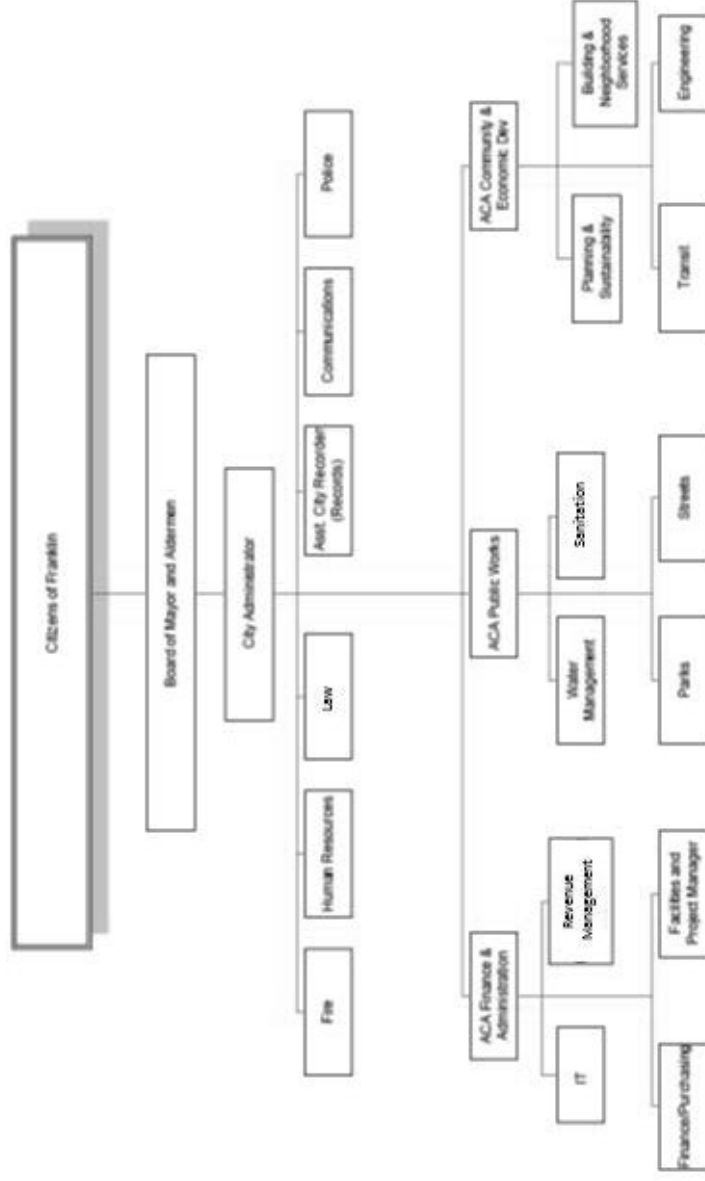
The City of Franklin was chartered by the Tennessee General Assembly in 1815 and incorporated in 1903. The City has operated under a Mayor/Board of Aldermen form of government since its incorporation in 1903. Policy-making and legislative authority are vested in a governing body consisting of the Mayor and eight (8) Aldermen. The Mayor serves a term of four years. The Aldermen are representative citizens who are elected on a non-partisan basis. Aldermen serve four-year staggered terms, with four Aldermen elected at-large and the remaining four are elected two years later by political divisions of the City called wards. The Aldermen elected by wards must live within the ward in which they represent. The Board of Mayor and Aldermen (sometimes referred to herein as the “Board”) is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the government’s City Administrator. The City Administrator’s responsibilities include carrying out the policies and ordinances of the governing board, preparing an annual budget, overseeing day-to-day operations and management of the government. The City government is organized under four primary operating units which include:

- **Governance & Management**, which is comprised of Elected Officials, Administration, Human Resources, Law, Communications, Capital Investment Planning, Revenue Management, and Project and Facilities Management;
- **Finance & Administration**, which consolidates the administration of five departments: Finance, Information Technology, Purchasing, Water Management Department, and Sanitation & Environmental Services Department;
- **Community & Economic Development**, which is comprised of Building and Neighborhood Services, Planning and Sustainability, Streets, Engineering, Parks and the Community Development Block Grant Program; and
- **Public Safety**, which includes the Police and Fire Departments and Drug Fund Operations

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

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ORGANIZATIONAL CHART



FINANCIAL MANAGEMENT

DEPARTMENT OF FINANCE

The Finance Department is responsible for overseeing the security and management of the City's financial and property interests and the collection of most revenues, including property and business taxes. The Department helps the City Administrator prepare, implement and monitor the City's annual capital and operating budgets. The Department also plans and executes the issuance of bonds and other financing mechanisms available to municipalities. Other responsibilities include producing the City's line item document, monthly and quarterly financial monitoring and reporting, fiscal forecasting and planning, and financial and policy analysis.

FISCAL YEAR

The City operates on a fiscal year that commences July 1 and ends June 30.

ACCOUNTING SYSTEM

The City's accounting system is maintained by the Finance Department. In addition, the City retains an independent certified public accounting firm to provide annual audits of all City funds.

BASIS OF ACCOUNTING

The City of Franklin follows accounting principles set forth in Audits of State and Local Governments, published by the American Institute of Certified Public Accountants, and in statements and interpretations issued by the GASB. Accounting records for general governmental operations, expendable trust funds and agency funds are maintained on a modified accrual basis. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, that is, both measurable and available. Expenditures, other than interest on general long-term debt, are recorded when the liability is incurred, if measurable. The accrual basis of accounting is used by Proprietary Funds and the Pension Fund.

BUDGETING AND APPROPRIATIONS PROCEDURES

The financial plans of the City are included in the annual capital and operating budgets. These budgets project all receipts and disbursements, and present the level of governmental services and the method of distributing costs to the various segments of the community through the collection of taxes and fees.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for budget appropriations to the Administrator in the first quarter of the calendar year. The City Administrator, in concert with the Chief Financial Officer, uses these requests as a starting point for developing a proposed budget. After numerous meetings with department heads, the Administrator presents the budget to the Board of Mayor and Aldermen for approval. Three meetings of the full board and a public hearing are necessary for approving the budget. Budgets are amended by ordinance of the Board of Mayor and Aldermen authorizing expenditures of various funds received within the total dollar limitations of the Budget Ordinance. At any time during the year, the Mayor may make transfers of appropriations within a department. A transfer of appropriations between funds requires three more readings by the Board and a public hearing.

The City has formed a performance measurement team with representatives from every department. In the budget, each department identified key performance measures related to their service delivery efforts and sustainability initiatives. Departments within the City participate in peer group studies and continue to review and adopt "best practices" that are recommended by the International City Managers Association, the Government Finance Officers Association, American Public Works Association, American Planning Association, and other national and international organizations. Additionally, the City continues to participate in a statewide benchmarking project with the University of Tennessee's Municipal Technical Advisory Service. The project, now in its fourteenth year, includes twenty mid-size Tennessee cities and provides comparative performance measurement in several service areas.

OPERATING BUDGET. The Annual Operating Budget is enacted annually by ordinance by the Board by June 30. The budgets of these funds constitute legal spending limits. The final budget is available to the Board, the staff and all citizens via the City's website (www.franklintn.gov). For the eighth year in a row, the Government Finance Officers Association of the United States and Canada (GFOA) has presented the City the Distinguished Budget Presentation Award for Budget Preparation to the City for its operating budget for the fiscal year beginning July 1, 2016 through June 30, 2017. The Distinguished Budget Presentation Award is evidence that the City's budget documents are of the highest quality, reflecting both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOAs best practices.

CAPITAL BUDGET. The Capital Investment Program is prepared annually to detail the capital expenditures planned for each of the next ten fiscal years. The total costs of each project and the sources of funding (local, state, federal and private) are estimated. The Capital Investment Program is prepared by the City Administrator and presented to the Board for adoption. The Capital Investment Program authorizes in detail the capital expenditures to be made or incurred in the next ten fiscal years and is then adopted by the Board concurrently with the Capital Budget. Phase I of the FY 2017-2026 CIP has been financed and approved by the Board.

BUDGET FOR 2017-2018

A summary of the 2018 proposed budget is as follows:

<u>General Fund - Proposed Budget for Fiscal Year Ending June 30, 2018</u>		
Revenues		
Local Taxes	\$ 45,891,526	66.6%
Licenses and Permits	5,951,495	8.6%
Intergovernmental	14,111,418	20.5%
Charges for Services	70,654	0.1%
Fines & Forfeitures	664,193	1.0%
Use of Money & Property	569,577	0.8%
Capital Contribution and Other Revenues	1,683,164	2.4%
Total Revenues	\$ 68,942,027	100.0%
Expenditures		
Governance & Management	\$ 3,447,151	5.1%
Public Safety	33,101,585	48.8%
Finance & Administration	7,468,566	11.0%
Community & Economic Development	8,817,218	13.0%
Public Works	11,906,033	17.6%
Other General Fund Expenses	3,058,482	4.5%
Total Expenditures	\$ 67,799,035	100.0%
Other Financing Uses		
Transfers to Other Funds	\$ 1,142,993	100.0%
Total Expenditures & Other Financing Uses	\$68,942,028	100.0%

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CASH MANAGEMENT

The City strives to keep abreast of current trends and procedures for cash management and forecasting so as to ensure efficient and profitable use of the City's cash resources. State statutes, however, restrict the City's ability to incorporate as policy many investment methods. Cash temporarily idle during the year is invested in commercial banks and savings and loan certificates of deposit as well as various instruments guaranteed by the United States Government. These instruments have terms ranging from one week to one year. Cash idle for a longer period of time is invested in longer-term government securities with maturities up to four years.

FINANCIAL REPORTING

The City maintains a financial reporting system which provides timely and accurate reports of revenues, expenditures, and financial position. The City's financial statements are audited annually by independent certified public accountants. The City has received the GFOA Certificate of Achievement for Excellence in Financial Reporting for its fiscal year 2016 Comprehensive Annual Financial Report, marking the 26th year in a row it has received the award. This certificate evidences conformance with the high financial reporting standards promulgated by the Government Accounting Standards Board (GASB). The reports of the certified public accountants with respect to the City's General Purpose Financial Statements for the fiscal year ended June 30, 2016 is included in the Yearly Information Statement of the Official Statement in its final form as Appendix A.

FUND STRUCTURE

The City utilizes the fund types and account groups recommended by GASB Statement 1. Each fund is considered to be a separate fiscal and accounting entity. They are:

- Governmental Funds to account for most general governmental functions;
- Proprietary Funds to account for ongoing activities and organizations that are similar to private enterprises;
- Fiduciary Funds to account for assets held by the City in a trust capacity for the benefit of parties outside the government.

RETIREMENT SYSTEM

The City provides retirement benefits through a single-employer defined benefit pension plan. The City of Franklin Employees' Pension Plan and Trust (sometimes referred to herein as the "Plan") covers all full-time employees with the exception of certain department heads who have opted out of the Plan, and except as otherwise provided below regarding employees hired on or after January 1, 2017. The Human Resources Director, under the direction of the City Administrator, administers the Plan. Beginning January 1, 2017, the retirement benefits for all current employees will remain with the City but will be managed by the Tennessee Consolidated Retirement System ("TCRS"). All City employees hired on or after January 1, 2017 will be covered directly under TCRS and will not be covered by the Plan. The information below under the subsection heading "The City's Pension Plan" contains information regarding the Plan. For information about the TCRS, see "TCRS" below.

The City's Pension Plan

The City provides retirement benefits through a single-employer defined benefit pension plan, The City of Franklin Employees' Pension Plan and Trust covers all full-time employees with the exception of certain department heads who have opted out of the plan. The Human Resources Director, under the direction of the City Administrator, administers the pension program.

The Plan had a substantial increase in pension liabilities when benefit levels were raised in 2003, and in 2006 when earnings assumptions were reduced and mortality tables were updated. Annual required contributions have been increased to address unfunded liability in accordance with recommendations from the independent actuary. In FY2010, the City contributed an additional \$2 million to the pension plan. The funded ratio of the plan, which fell to 55% of liabilities in 2004, was restored to 84% in 2010.

On February 15, 2010, the Board passed a resolution to freeze the pension plan for new hires, subject to a thorough review and analysis of the sustainability of the plan. On September 28, 2010, the Board approved a continuation of the plan for new employees with certain benefit modifications and including a required contribution of 5% of salary for new employees. In conjunction with the defined benefit plan, a defined contribution plan will be offered to all new employees as an alternative with a matching employer contribution not to exceed 8%. It is anticipated that pension costs to the City will be reduced for new employees by approximately one-third of the prior cost.

The City has continued to fund the actuarially required contribution during the life of the pension plan. During the financial downturn in 2009-2010, excess contributions were made to enhance the funding level.

In 2013, the City issued \$10,000,000 of pension obligation bonds to provide funds toward reducing unfunded liabilities in the City's pension fund and particularly for the purpose of funding the unfunded portion of the present value of benefits less the present value of future normal costs, as certified by the City's actuarial consultant, for past and continuing service of City employees and to pay the costs of issuance of the bonds.

On April 16, 2014, The General Assembly of the State of Tennessee passed The Public Employee Defined Benefit Financial Security Act of 2014 (the "Act") to amend Tennessee Code Annotated, Title 8, Chapter 37, Part 3 and Title 9, Chapter 3, relative to financial security for public defined benefit pension plans. In addition to stipulating requirements for the State pension plan, the Act sets out requirements for local government pension plans not administered by the Tennessee Consolidated Retirement System. Among the requirements was a directive that each political subdivision develop a funding policy for financing the obligations under their pension plan. Mandated in the funding policy were statements that define the components of the Actuarially Determined Contribution (ADC), the maximum amortization period for unfunded accrued liabilities, and a statement that 100% of the ADC will be funded each year. Other requirements include limits on the application of smoothing periods to asset values, investment earnings assumptions, and the time frame for amortizing unfunded accrued liabilities. The independent calculation of the ADC in accordance with the Actuarial Standards of Practice established by the Actuarial Standards board by an independent qualified actuary who is a member of the American Academy of Actuaries is also stipulated. Failure to adequately fund the ADC will trigger withholding of certain state-shared taxes for the purpose of pension funding.

For cities not already contributing 100% of the ADC, there is a five-year deadline to reach full compliance. Similarly, there is a deadline in year 2020 for adopting the Actuarial Standards Board methodology of calculating the ADC, and there is a requirement that mortality assumptions be based on an experience study by 2024. The City of Franklin is already in compliance with those requirements.

In response to the Act, the Board of Mayor & Aldermen of City adopted its Pension Funding Policy for Employees' Pension Plan on October 28, 2014 and submitted it to the State Comptroller's office as required by the statute. The City believes that the requirements of the Act are properly addressed in the City's written policy. For more information, please contact Ms. Kristine Tallent, Chief Financial Officer at kristine.tallent@franklin.tn.gov or 615-791-1457.

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
1/1/2012	55,241,467	64,505,222	9,263,755	85.6%
1/1/2013	63,532,465	82,610,248	19,077,783	76.9%
1/1/2014	84,471,689	88,763,576	4,291,887	95.2%
1/1/2015	89,423,146	97,426,953	8,003,807	91.8%
1/1/2016	86,832,411	108,425,076	21,592,665	80.1%

Source: City of Franklin Department of Finance

Unfunded Pension Obligation

The City's actuarial consultant has certified the value of certain unfunded pension obligations as defined in Tennessee Code Annotated, Title 9, Chapter 21, Section 105, subsection (4) (B), which states: "For purposes of this subdivision (4), the value of any "certain unfunded pension obligations" shall be limited to the unfunded portion of the present value of benefits less the present value of future normal costs, as certified by the pension actuarial consultant of the local government." Based on this definition, the unfunded pension obligation permitted to be funded under state law is calculated to be \$21,592,665 as of January 1, 2016. The calculation below is based on the following information from the City's actuarial consultant's January 1, 2016 report:

1.	Pension Obligation	\$108,425,076
2.	Pension Assets (Market Value)	\$86,832,411
3.	Unfunded Pension Obligation (1.less 2.)	\$21,592,665

The primary actuarial assumptions are an investment return of 7.5% per annum and 3.5% per annum salary increase function.

For additional information on the Plan and City's pension program, see the notes to the City's Comprehensive Annual Financial Report attached as Appendix A. There are currently 564 active Plan members, 64 of which are employed by the City's Water and Sewer System. Of the City's total pension liability of \$21.6 million, the City's Water and Sewer System accounts for 11.9% (or approximately \$2.6 million).

TCRS

As discussed above, starting January 1, 2017, the retirement benefits for all current City employees will remain with the City but will be managed by TCRS. The Act permits TCRS to offer administrative and investment services to local governments with existing plans. On December 13, 2016, the Board approved an agreement with TCRS to manage investments of the Plan. Because of the scale and efficiency of the TCRS investment apparatus, this transition to TCRS is expected save the City nearly \$1 million annually in costs associated with managing the City's pension plan and investments.

All City employees hired on or after January 1, 2017 will be covered directly by TCRS and will not be covered by the Plan. These new employees will have the same vesting period and contribution rate as they would if permitted to join the Plan. The benefit formula at retirement is slightly less under the TCRS, but these new employees will have disability coverage not provided by the Plan.

TCRS was established by act of the General Assembly of the State in 1972 as a trust to provide a defined benefit pension plan for three groups of public employees: state employees, teachers and employees of participating local governments. TCRS is governed by a twenty-member board of trustees (the "Board of Trustees"), which includes such members as the State Commissioner of Human Resources, Commissioner of Finance and Administration, Comptroller of the Treasury and Secretary of State, and such Board of Trustees is responsible for the general administration and operations of TCRS within applicable statutory parameters. Local governments, such as the City, may join TCRS as a participating employer in order to provide pension benefits for their employees. Each local government, including the City, is responsible, however, for the financial obligation of the benefits provided by TCRS to their employees to the extent such obligations are not covered by employee contributions and investment earnings. The State is not responsible for the liability associated with local governments participating in TCRS.

Each participating local government in TCRS is maintained separately for actuarial and financial obligation purposes and is considered an agent employer pursuant to GASB 68. The assets of all public employee groups participating in TCRS, however, are commingled for investment purposes with each group receiving its pro rata share of investment gains and losses. By statute, an actuarial valuation of TCRS is to be conducted at least once in each two-year period. Pursuant to the funding policy adopted by the Board of Trustees, an actuarial valuation will be conducted annually as of each June 30 for both accounting and funding purposes.

TCRS issues audited financial statements on an annual basis. By statute, an independent audit is conducted by the Comptroller of the Treasury of the State. The financial statements are prepared in conformity with generally accepted accounting principles and can be accessed online at http://treasury.tn.gov/TCRS_Annual_Reports.html.

OTHER POST EMPLOYMENT BENEFITS

GASB recently issued GASB Statement No. 45 which requires governmental employers to disclose the liabilities and costs associated with their retiree healthcare and other benefits, commonly known as Other Post Employment Benefits (“OPEB”). The statement had an effective date of fiscal year ended June 30, 2014 for the City. Based on the City’s actuarial valuation of OPEB liabilities, the estimated cost if pre-funded has been determined to be \$2.940 million. The City has created an OPEB reserve account that holds an amount equal to two percent of the General Fund budgeted expenditures. If a Trust Fund is later established pursuant to the OPEB liability, the OPEB reserve account can be extinguished from the overall fund balance. For June 30, 2016, the City’s annual required contribution is \$343,200. The amount held in reserves totals \$1,300,800, or 30.7% of the OPEB liability.

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2012	1,075,000	3,702,500	2,627,500	29.0%	29,869,786	8.8%
6/30/2013	1,064,000	4,460,600	3,396,600	23.9%	28,902,947	11.8%
6/30/2014	1,142,500	4,854,400	3,711,900	23.5%	27,440,025	13.5%
6/30/2015	1,122,700	4,113,800	2,991,100	27.3%	28,205,179	10.6%
6/30/2016	1,300,800	4,241,500	2,940,700	30.7%	30,410,847	9.7%

Source: City of Franklin Department of Finance

For additional information on the City’s OPEB, see the notes to the City’s Comprehensive Annual Financial Report attached as Appendix A.

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GENERAL GOVERNMENT OPERATIONS

The following schedules present a summary of combined revenues of the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund (expressed in thousands) for the fiscal year ended June 30, 2016 and the amount and percentage of increases or decreases in relation to the prior year.

<u>Revenues</u>	<u>Amount</u> <u>(000s)</u>	<u>Percent of</u> <u>Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>Amount</u>	<u>From</u> <u>FY 2015</u> <u>as %</u>
Local Taxes	\$ 57,346	46.6%	\$ 5,751	11.1%
Licenses and Permits	14,855	12.1%	6,140	70.5%
Fines & Fees	845	0.7%	87	11.5%
Charges for Services	10,953	8.9%	(8,837)	-44.7%
Intergovernmental	23,053	18.7%	12,859	126.1%
Use of Money & Property	980	0.8%	187	23.6%
Miscellaneous and Other	2,490	2.0%	2,487	82900.0%
Total Revenues	\$ 110,522	0.0%	\$ 18,674	20.3%
<u>Other Financing Sources</u>				
Issuance of Debt	\$ 3,236	2.6%	\$ (15,287)	-82.5%
Transfers from other funds	\$ 9,304	7.6%	62	0.7%
Total Revenues & Other Financing Sources	\$ 123,062	100.0%	\$ 3,449	2.9%

The amount and changes in levels of expenditures (expressed in thousands) for major functions of the City for fiscal year ended June 30, 2016 and the amount and percentage of increases or decreases in relation to the prior year are shown in the table below.

<u>Expenditures</u>	<u>Amount</u> <u>(000s)</u>	<u>Percent of</u> <u>Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>Amount</u>	<u>From</u> <u>FY 2015</u> <u>as %</u>
Governance & Management	\$ 4,199	4.2%	\$ 182	4.5%
Public Safety	30,454	30.3%	2,580	9.3%
Finance & Administration	5,047	5.0%	(191)	-3.6%
Community & Economic Development	19,428	19.3%	2,408	14.1%
Other Expenditures	4,221	4.2%	2,360	126.8%
Sanitation	8,309	8.3%	818	10.9%
Storm Water	2,113	2.1%	475	29.0%
Transit	1,575	1.6%	(668)	-29.8%
Debt Service	12,773	12.7%	528	4.3%
Capital Outlay	12,345	12.3%	(3,737)	-23.2%
Total Expenditures	\$100,464	100.0%	\$ 4,755	5.0%
<u>Other Financing Uses</u>				
Transfer to Bond Escrow	0	100.0%	-	0.0%
Operating Transfers Out	9,104	100.0%	6,740	0.7%
Total Expenditures & Other Financing Uses	\$109,568	100.0%	\$ 11,495	11.7%

CURRENT OPERATIONS – FY 2017

For the current FY2017 budget, unaudited results for the first six months of the fiscal year are positive. Local sales tax, the largest revenue source, is up almost 5% from the previous year. The City of Franklin growth rate in sales tax continues to exceed the rate experienced by the state. With its Invest Franklin property tax initiative for capital projects funding, property taxes billings increased from \$14 million to \$19 million. Expenditures are slightly below budget. The expectation is for the City to end the current quarter and the year with an operating result and fund balance that increases overall general fund balance by approximately \$2.0 million more than the amounts originally budgeted.

GOVERNMENTAL FUNDS' RESERVES

The operating budget will provide funding of certain reserves considered necessary to the continued financial health of the City. The City's Undesignated/Unreserved Fund consists of two accounts: the Financial Stabilization Account and the Surplus Account as outlined below:

Financial Stabilization Account – consists of 33 percent of General Fund Expenditures and several subaccounts: Contingency, Emergency, Cash Flow Stabilization, Debt Service, Property/Casualty/Health Insurance and Other Post Employment Benefits subaccounts. Capital Outlay Account – consists of above 45 percent of General Fund Expenditures. A full description of the Financial Stabilization Account and the related subaccounts can be located in the City's formally adopted Reserve Policy.

FUND BALANCES (000s)

	2016	2015	2014	2013	2012
General Fund	\$ 39,250	\$ 35,469	\$ 32,714	\$ 28,890	\$ 26,011
Capital Projects Fund	(7,888)	(10,105)	(18,878)	382	9,267
Debt Service Fund	5	-	195	85	318
Other Governmental Funds	26,046	18,555	15,026	9,178	8,439
Total	\$ 57,413	\$ 43,919	\$ 29,057	\$ 38,535	\$ 44,035

Note: For a breakdown of non-spendable, restricted, committed, assigned and unassigned amounts within each fund, please refer to page 95 of the City's 2016 Comprehensive Annual Financial Report (CAFR).

Source: 2016 CAFR

FINANCIAL INFORMATION

LOCAL OPTION SALES TAX

The Local Option Sales Tax is the City's primary revenue source and accounts for approximately half of General Fund revenue. In accordance with the 1963 Local Option Revenue Act (the "Act") Title 67, Chapter 6, Part 7 of the Tennessee Code Annotated, as amended, the City and the County have adopted a Local Option Sales Tax. Pursuant to the Act, the levy of the sales tax by a county precludes any City within that county from levying a sales tax, but a City may levy a sales tax in addition to the county sales tax at a rate not exceeding the difference between the county sales tax rate and the maximum allowable local sales tax rate which is currently 2.75 percent. The total local option tax is currently levied at a rate of 2.25%, which is levied on the first \$1,600 of a sale of any single item, of which the City receives ½ for sales within the City and the other half is directed to K-12 education.

STATE TAX REVENUES (LOCAL SHARE)

The City receives funds from the State of Tennessee which are briefly described below:

- (1) State Income Tax – This is a 5% tax on income from dividends on stocks or interest on certain bonds. 3/8 of the revenue is distributed to the local government by situs. Originally a 6% tax, the General Assembly began a gradual phase-out of the tax until it is completely eliminated by FY 2022 at the latest.

- (2) State Sales Tax – A 7% sales tax is imposed on the gross proceeds from retail sale or use of tangible personal property and some services. Municipalities are granted a small share of that sales tax, which is shared on the basis of population. Over 60% of total state shared revenue that the City receives is derived from this source.
- (3) State Gasoline Taxes – The City receives a pro-rata share of the State Gasoline Tax of \$.20 per gallon and the State Motor Vehicle Tax (Diesel) of \$.17 per gallon, a portion of which is earmarked for Tennessee municipalities. Allocation among Tennessee cities is determined on a per capita basis. These funds are used for street maintenance and for debt service on bond proceeds used for street capital improvement projects.

This amount will be increasing effective FY 2018 with the passage of the IMPROVE Act by the General Assembly. Exact amounts of revenue coming to the City are undetermined at this time.

- (4) Other State Taxes – The City also receives State revenues derived from the Beer Tax, Alcoholic Beverage Tax, Liquor by the Drink Tax, TVA in Lieu-of-Tax Payments, and Bank Excise Tax.

The City has received local option sales tax receipts for the most recent ten years as follows:

Fiscal Year	Total Local Option Tax
2007	\$ 23,885,264
2008	23,185,434
2009	21,152,554
2010	20,969,821
2011	22,720,666
2012	24,197,413
2013	25,995,733
2014	27,254,742
2015	28,943,994
2016	31,309,367

Source: 2016 CAFR

PROPERTY TAX

The Property Tax (Real Estate and Personal Property) provides the City with its second largest source of tax revenue. The Property Tax levy is without legal limit but has not increased in for twenty consecutive years. All real and personal property within the City is assessed in accordance with the State constitutional and statutory provisions by the County Property Assessor except most utility property, which is assessed by the State Public Service Commission. All property taxes are due on October 1 of each year based upon appraisals as of January 1 of the same calendar year. All property taxes are delinquent on March 1 of the subsequent calendar year. Delinquent taxes begin accumulating interest and penalties on that date. Additional costs are incurred and attached to real estate after delinquent tax lawsuits are filed in Chancery Court by the City one year after taxes are delinquent.

State law mandates that after June 1, 1989, all property in the State will be re-appraised on a continuous six (6) year or four (4) year cycle as determined by the assessor with the approval of the local governing body, the director of the division of property assessments and approved by the state board of equalization composed of an on-sight review of each parcel of property over a five (5) year period or a three (3) year period, respectively, followed by reevaluation of all such property in the year following the completion of the review. The most recent countywide reappraisal occurred in the 2016 tax year.

The County Assessor assesses property values. The Property Assessment and Classification Act of 1993 provides for assessing properties at varying percentages of actual value as follows: Residential and Farms real property at 25 percent of the current market value; Commercial and Industrial real property at 40 percent of the current market value; Utilities real and personal property at 55 percent of the current value; and, Personal Property at 30 percent of the current market value.

The tables set forth below describe the assessed and estimated actual value of taxable property within the City for the last ten fiscal years, the property tax levies and collections for the last ten fiscal years, and the top ten taxpayers for the most recent fiscal year.

For fiscal year 2015, the City approved a 3 cents per \$100 of assessed value, or 8%, increase in the property tax rate, the total increase was approximately \$1 million. Half of the increase remains earmarked for street maintenance; the other half for capital funding.

For fiscal year 2017, the City approved a 10 cents per \$100 of assessed value, or 33%, increase in the property tax rate. The total increase is approximately \$4.6 million. \$0.07 (7 cents) is earmarked for the Invest Franklin initiative – a targeted capital improvements program dedicated to improving transportation throughout the City as well as other, high-priority projects as determined by the Board of Mayor and Aldermen. \$0.03 (3 cents) was earmarked for general operations, the first such increase in the property tax rate for general operations in nearly three decades.

VALUES OF TAXABLE PROPERTY

Fiscal Year	Appraised Value			Assessed Value	Assessed Value to Estimated Actual Value
	Real & Personal	Public Utilities	Total Appraised Value		
2007	\$ 7,329,214,987	\$ 103,973,544	\$ 7,433,188,531	\$ 2,259,868,386	30.40%
2008	7,829,263,717	119,535,124	7,948,798,841	2,399,581,643	30.19%
2009	9,524,087,607	113,581,345	9,637,668,952	2,516,989,208	26.12%
2010	9,839,142,487	124,496,083	9,963,638,570	2,689,334,028	26.99%
2011	9,475,023,374	126,414,998	9,601,438,372	2,769,192,347	28.84%
2012	10,173,569,616	125,215,820	10,298,785,436	3,178,038,662	30.86%
2013	10,313,588,846	128,816,173	10,442,405,019	3,217,787,361	30.81%
2014	10,935,357,270	130,267,155	11,065,624,425	3,333,559,875	30.13%
2015	11,275,372,209	138,487,196	11,413,859,405	3,440,062,708	30.14%
2016	11,459,545,137	131,906,009	11,591,451,146	3,576,977,148	30.86%

Source: 2016 CAFR

PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Year	Total Tax Levy ⁽¹⁾	First Year Collections ⁽²⁾	Percent Collected	Subsequent Year Collections	Total Collections	Collections as Percent of Levy	Outstanding Delinquent ⁽³⁾	Delinquent as Percent of Levy
2007	\$9,611,622	\$9,435,282	98.17%	\$173,737	\$9,609,019	99.97%	\$2,603	0.03%
2008	10,214,031	10,042,817	98.32%	154,053	10,196,870	99.83%	17,161	0.17%
2009	10,739,928	10,429,879	97.11%	301,856	10,731,735	99.92%	8,193	0.08%
2010	11,468,281	11,159,219	97.31%	291,860	11,451,079	99.85%	17,202	0.15%
2011	11,785,700	11,507,981	97.64%	262,086	11,770,067	99.87%	15,633	0.13%
2012	11,718,525	11,519,012	98.30%	189,262	11,708,274	99.91%	10,251	0.09%
2013	11,902,186	11,724,940	98.51%	166,971	11,891,911	99.91%	10,275	0.09%
2014	12,342,702	12,146,687	98.41%	185,472	12,332,159	99.91%	10,543	0.09%
2015	13,742,347	13,551,648	98.61%	172,321	13,723,969	99.87%	18,378	0.13%
2016	14,306,693	14,114,206	98.65%	-	14,114,206	98.65%	192,487	1.35%

(1) Initial tax levy and includes RR & Public Utilities, but does not include rollbacks or adjustments.

(2) Collections made during the initial year of tax levy; tax year 2015 (FY 2016) reflects collections thru June 2016.

Source: 2016 CAFR

TEN LARGEST TAXPAYERS**As of June 30, 2016**

<u>Taxpayer</u>	<u>Business</u>	<u>2016 Assessment</u>	<u>% of Assessed Valuation</u>
Spectrum Properties	Realty	139,674,600	3.90%
CBL Associates (Galleria Mall)	Retail Shopping Center	82,445,900	2.30%
Highwoods Properties	Realty	70,146,200	1.96%
Boyle Investments	Realty	49,256,900	1.38%
Berkshire Communities	Apartment Complexes	47,801,100	1.34%
LCFRE N'Ville Carothers	Realty	40,618,700	1.14%
Trammell Crow Investments	Realty	37,403,500	1.05%
SVT	Realty	35,194,300	0.98%
Mid-America Apts. LP	Realty	34,548,400	0.97%
StarBrentwood LLC	Realty	32,769,600	0.92%
Total for Ten Largest Taxpayers		569,859,200	15.93%
All Other Taxpayers		<u>3,007,117,948</u>	<u>84.07%</u>
Total for All Taxpayers		<u><u>3,576,977,148</u></u>	<u><u>100.00%</u></u>

Source: 2016 CAFR

HOTEL/MOTEL OCCUPANCY TAX

This tax is currently 4.0% of gross occupancy revenues of hotels and funds debt payments on tourism-related projects, such as streetscape projects, Harlinsdale Farm, and Eastern Flank park expansions. A portion is also committed to funding the Williamson County Convention and Visitors Bureau. The City has State authorization to increase the tax rate to 5%. Please see the table below which provides a history of all tax collections across the board including the hotel/motel tax.

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HISTORICAL TAX REVENUE COLLECTIONS

The table below provides a ten-year history of tax revenue collections across all governmental funds.

Fiscal Year	Property Tax (1)	Sales Tax (2)	Business Tax (3)	Alcoholic Beverage Taxes (4)	Facilities Tax (5)	Hotel/Motel Tax (6)	Other (7)	Total
2007	\$ 9,726,100	\$ 23,885,264	\$ 2,777,563	\$ 2,465,375	\$ 3,616,202	\$ 1,424,754	\$ 59,174	\$ 43,954,432
2008	10,337,833	23,185,434	2,927,635	2,593,632	2,956,284	1,571,657	50,634	43,623,109
2009	10,598,592	21,152,554	2,939,829	2,574,048	1,115,914	1,518,988	186,757	40,086,682
2010	10,907,423	20,969,821	2,619,428	2,683,492	1,965,245	1,663,304	434,038	41,242,751
2011	11,384,680	22,720,666	2,527,260	2,865,433	3,229,556	1,917,196	393,359	45,038,150
2012	11,250,326	24,197,413	2,764,223	3,084,136	1,845,690	2,185,953	412,037	45,739,778
2013	11,228,965	25,995,733	3,162,314	3,323,303	2,617,339	2,403,775	389,311	49,120,740
2014	11,617,164	27,254,742	3,057,470	3,373,143	3,848,783	2,764,802	360,837	52,276,941
2015	12,904,549	28,943,994	3,410,424	3,630,038	2,468,473	3,291,019	357,416	55,005,913
2016	13,363,982	31,309,367	3,762,344	3,926,711	4,827,968	3,557,971	360,464	61,108,807

¹ This amount includes the General, Debt Service, Street Aid, and Capital Projects funds amounts.

² Local sales tax is the City's most significant revenue source. The local sales tax rate is 2.25%. The City received half of the tax amount if the sale occurs inside the City. Local sales tax applies only to the first \$1,600 of a single article purchase of tangible personal property. The entire amount is in the General Fund.

³ This amount includes both business tax (under taxes) and business tax from state (under intergovernmental). Both are recorded in the General Fund.

⁴ Includes beer, beer privilege, wholesale liquor, liquor privilege & mixed drink taxes. All are recorded in the General Fund.

⁵ This amount is recorded in the Facilities Tax special revenue fund.

⁶ This amount is recorded in the Hotel/Motel Tax special revenue fund.

⁷ Includes penalty and interest on property tax, in lieu of taxes, and special assessment (if any).

Source: City of Franklin Department of Finance

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CAPITAL INVESTMENT PROGRAM

Last year, City staff retooled the City's long range, ten-year Capital Investment Program ("CIP"). Annually, as part of the CIP process, the City departments are asked to review and prioritize their capital needs for the next ten years. The capital projects for the first fiscal year of the ten-year CIP form the basis of the capital budget for that fiscal year. The Board of Mayor and Alderman prioritize the capital projects through a ranking system. When the capital budget projects are finalized for the fiscal year, those projects are formally adopted by the Board of Mayor and Aldermen. The capital budget is funded each year from a variety of sources including debt proceeds, City appropriations and Federal and State aid as set forth below. Since departmental needs often change over time, the CIP is considered preliminary and subject to change until a capital budget is formally adopted by the Board of Mayor and Aldermen for a given fiscal year.

The forecast for the Phase I CIP projects (approved under Resolution 2016-69 by the Board of Mayor and Aldermen) is shown as follows:

BOND AUTHORIZATION

Bonds are authorized on behalf of the City by an initial resolution of the Board of Mayor and Aldermen which requires a simple majority. The initial resolution must be published one time in a newspaper of general circulation in the City. Unless 10% of the registered voters of the City protest the issuance of the bonds within twenty days of publication, the bonds may be issued as authorized.

DEBT LIMIT

Tennessee Code Annotated Title 9, Chapter 21, as amended, provides that bonds may be issued by a municipality without regard to any limit on indebtedness.

LONG-TERM OBLIGATIONS**COMPENSATED ABSENCE LIABILITIES**

GASB Statement 16 requires recognition of the liability for compensated absences that has been earned and is reasonably expected to be paid to existing employees. The City of Franklin has recognized the non-current portion of this liability for general City employees in its Statement of General Long-Term Debt in the amount of \$6,631,146 as of June 30, 2016.

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MAJOR FUNDS SUMMARIES

GENERAL FUND

Summary of Revenues, Expenditures, and Changes in Fund Balance For the Fiscal Years Ended June 30

(In Thousands of Dollars)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues and other Sources					
Taxes	\$ 40,570	\$ 38,470	\$ 37,258	\$ 36,169	\$ 34,124
Licenses and Permits	5,346	4,920	7,376	4,297	3,938
Fines and Fees	532	589	662	743	911
Charges for Services	55	52	53	68	68
Intergovernmental	16,583	13,070	10,877	10,941	11,558
Use of Money & Property	451	385	376	340	265
Miscellaneous and Other	3	3	317	119	101
Total Revenues	<u>63,540</u>	<u>57,489</u>	<u>56,919</u>	<u>52,677</u>	<u>50,965</u>
Expenditures and Other Uses					
Governance & Management	4,198	4,017	3,695	2,880	4,891
Public Safety	29,117	27,428	27,098	26,353	26,300
Finance & Administration	4,928	5,238	4,627	4,538	3,938
Community & Economic Development	15,008	13,832	13,097	11,885	11,660
Debt Service	-	-	-	-	-
Capital Outlay	178	428	1,448	1,486	1,409
Other General Fund Expenditures	2,829	328	278	940	102
Total Expenditures	<u>56,258</u>	<u>51,271</u>	<u>50,243</u>	<u>48,082</u>	<u>48,300</u>
Revenues and Other Sources					
Over (Under) Expenditures					
and Other Uses	7,282	6,218	6,676	4,595	2,665
Other Financing Sources					
Operating Transfers Out	<u>(3,501)</u>	<u>(3,463)</u>	<u>(2,852)</u>	<u>(1,716)</u>	<u>(1,616)</u>
Fund Balance at Beginning of Year	<u>35,469</u>	<u>32,714</u>	<u>28,890</u>	<u>26,011</u>	<u>24,962</u>
Fund Balance at End of Year	<u>\$ 39,250</u>	<u>\$ 35,469</u>	<u>\$ 32,714</u>	<u>\$ 28,890</u>	<u>\$ 26,011</u>

NOTE: Totals may not foot due to rounding.

Source: 2016 CAFR

SPECIAL REVENUE FUNDS

**Summary of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ended June 30**

(In Thousands of Dollars)

	2016	2015	2014	2013	2012
Revenues					
Taxes	\$ 8,912	\$ 6,268	\$ 6,614	\$ 5,021	\$ 4,032
Licenses and Permits	9,510	3,794	4,022	3,306	1,392
Fines and Fees	313	169	167	82	174
Charges for Services	10,897	10,142	8,505	9,196	9,118
Intergovernmental	3,563	3,502	3,554	2,903	3,018
Use of Money & Property	525	420	244	452	950
Total Revenues	33,720	24,295	23,106	20,960	18,684
Expenditures					
Public Safety	513	448	149	113	303
Community & Economic Development	2,700	2,404	2,233	2,341	1,734
Other Expenditures	1,394	1,342	830	724	679
Sanitation	8,309	7,491	6,399	7,026	7,266
Storm Water	2,058	1,638	1,918	1,518	1,402
Transit	1,575	2,243	1,553	1,382	1,186
Capital Outlay	5,079	3,084	2,113	3,809	2,355
Total Expenditures	21,628	18,650	15,195	16,913	14,925
 Excess (deficiency) of revenues over (under) expenditures	 12,092	 5,645	 7,911	 4,047	 3,759
 Other Financing Sources (Uses)					
Operating Transfers In	1,001	3,463	2,852	1,716	1,616
Operating Transfers Out	(5,602)	(5,579)	(4,915)	(5,024)	(4,178)
	(4,601)	(2,116)	(2,063)	(3,308)	(2,562)
 Fund Balance at Beginning of Year	 18,555	 15,026	 9,178	 8,439	 7,242
Fund Balance at End of Year	\$ 26,046	\$ 18,555	\$ 15,026	\$ 9,178	\$ 8,439

NOTE: Totals may not foot due to rounding.

Source: 2016 CAFR

DEBT SERVICE FUND**Summary of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Years Ended June 30***(IN THOUSANDS OF DOLLARS)*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues and other Sources					
Taxes	\$ 7,339	\$ 6,350	\$ 5,358	\$ 4,780	\$ 4,830
Intergovernmental	840	839	832	904	904
Use of Money & Property	3	2	2	4	14
Total Revenues	<u>8,182</u>	<u>7,191</u>	<u>6,192</u>	<u>5,688</u>	<u>5,748</u>
Expenditures and Other Uses					
Debt Service	<u>12,772</u>	<u>12,246</u>	<u>10,997</u>	<u>10,945</u>	<u>10,707</u>
Total Expenditures	<u>12,772</u>	<u>12,246</u>	<u>10,997</u>	<u>10,945</u>	<u>10,707</u>
Excess (deficiency) of revenues over (under) expenditures	(4,590)	(5,055)	(4,805)	(5,257)	(4,959)
Other Financing Sources (Uses)					
Bond Proceeds	-	-	-	22,500	-
Refunding of Debt	-	-	-	(22,500)	-
Operating Transfers In	<u>4,595</u>	<u>4,860</u>	<u>4,915</u>	<u>5,024</u>	<u>4,177</u>
	<u>4,595</u>	<u>4,860</u>	<u>4,915</u>	<u>5,024</u>	<u>4,177</u>
Fund Balance at Beginning of Year	-	195	85	318	1,100
Fund Balance at End of Year	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 195</u>	<u>\$ 85</u>	<u>\$ 318</u>

NOTE: Totals may not foot due to rounding.

Source: 2016 CAFR

CAPITAL PROJECTS FUND

Summary of Revenues, Expenditures, and Changes in Fund Balance For the Fiscal Years Ended June 30

(In Thousands of Dollars)

	2016	2015	2014	2013	2012
Revenues and other Sources					
Taxes	\$ 526	\$ 508	\$ -	\$ -	\$ -
Intergovernmental	2,066	2,380	1,027	1,225	10,151
Use of Money & Property	-	(14)	-	20	89
Miscellaneous and Other	2,487	-	331	1,394	396
Total Revenues	5,079	2,874	1,358	2,639	10,636
Expenditures and Other Uses					
Governance & Management	\$ -	\$ -	\$ 13	\$ -	\$ -
Public Safety	826	2	-	54	271
Finance & Administration	118	-	170	604	-
Community & Economic Development	1,721	782	680	620	1,257
Other Expenditures	-	189	10,560	72	347
Sanitation	-	-	48	-	-
Storm Water	54	-	-	-	-
Capital Outlay	7,088	12,570	29,007	11,650	12,241
Total Expenditures	9,807	13,543	40,478	13,000	14,116
 Excess (deficiency) of revenues over (under) expenditures	 (4,728)	 (10,669)	 (39,120)	 (10,361)	 (3,480)
 Other Financing Sources (Uses)					
Bond Proceeds	3,236	18,524	19,860	1,476	688
Operating Transfers In	3,708	919	-	-	-
	6,944	19,443	19,860	1,476	688
 Fund Balance at Beginning of Year	 (10,104)	 (18,878)	 382	 9,267	 12,059
Fund Balance at End of Year	\$ (7,888)	\$ (10,104)	\$ (18,878)	\$ 382	\$ 9,267

NOTE: Totals may not foot due to rounding.

Source: 2016 CAFR

ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

Between 2000 and 2010, the population of the nation is estimated to have increased by 9.7%; the estimate for the increase in the population of the State of Tennessee is 11.55%; and the population of Williamson County is estimated to have shown an increase of 44.09%. The population of Franklin as of the 2017 special census is 70,909.

Population: City, County, State and Nation (In Thousands)

<u>Area</u>	<u>2015</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>Percent Change</u>		
					<u>2015-2010 Growth</u>	<u>2000-2010 Growth</u>	<u>1990-2000</u>
City of Franklin	73	62	42	20	17.7%	47.6%	110.0%
Williamson County	211	183	127	81	15.3%	44.1%	56.3%
Tennessee	6,600	6,346	5,689	4,877	4.0%	11.5%	16.7%
United States	321,419	309,758	281,422	249,632	3.8%	10.1%	12.7%

Source: American FactFinder

INCOME AND BUYING POWER

Since Franklin is an incorporated area within Williamson County, the following is presented for general information related to Williamson County. It is expected that, in general, incomes of families residing within Williamson County exceed by approximately 175% those of the State of Tennessee.

<u>Year</u>	<u>Per Capita Personal Income</u>	<u>Percent Change</u>
2006	\$57,692	6.40%
2007	61,065	5.85%
2008	62,226	1.90%
2009	59,696	-4.07%
2010	65,267	9.33%
2011	70,556	8.10%
2012	77,116	9.30%
2013	77,841	0.94%
2014	81,903	5.22%
2015	87,419	6.73%

Source: U. S. Bureau of Economic Analysis. www.bea.gov

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2016 PERCENTAGE OF HOUSEHOLDS BY EFFECTIVE BUYING INCOME

	<u>City of Franklin</u>	<u>Williamson County</u>	<u>State of Tennessee</u>	<u>United States</u>
\$25,000 - \$34,999	10.0%	7.8%	15.0%	12.1%
\$35,000 - \$49,999	10.3%	9.6%	15.6%	16.7%
\$50,000 and over	65.9%	72.2%	41.6%	46.4%
Median Household EBI	\$72,392	\$80,648	\$41,940	\$46,738

Source: Claritas Inc.

RETAIL SALES BY STORE GROUP Williamson County (In Thousands)

HISTORICAL RETAIL SALES - WILLIAMSON COUNTY

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Building Materials	244,509	227,477	206,905	195,885	176,421
General Merchandise	689,965	660,672	601,749	570,563	554,785
Food & Beverages	650,453	640,089	688,640	676,077	650,879
Automotive	1,126,581	1,017,220	851,477	733,873	605,642
Service Stations	145,117	181,344	191,261	184,703	139,743
Apparel & Accessories	206,097	186,360	177,103	178,929	188,593
Furniture & Home Décor	352,964	329,427	300,786	271,900	261,291
Eating & Drinking	486,617	428,784	391,579	363,653	337,668
Other Retail	<u>1,733,707</u>	<u>1,117,319</u>	<u>962,867</u>	<u>867,249</u>	<u>820,219</u>
Total Retail Sales (000's)	5,636,010	4,788,692	4,372,367	4,042,832	3,735,241

Source: Tennessee Department of Revenue.

EMPLOYMENT

According to the Tennessee Department of Employment Security, the annual average unemployment rate for Williamson County was 3.3% for 2016. Annualized employment and unemployment trends for Williamson County from 2007 to 2016 are presented below.

LABOR FORCE TRENDS

<u>Year</u>	<u>Persons in Williamson County</u>		<u>Unemployment Rate (%)</u>		
	<u>Employed</u>	<u>Unemployed</u>	<u>Williamson County</u>	<u>Tennessee</u>	<u>USA</u>
2016	106,560	3,631	3.3 ⁽¹⁾	4.8	4.9
2015	101,624	4,319	4.1	5.6	5.3
2014	99,368	4,678	4.5	6.5	6.2
2013	96,272	5,228	5.2	7.8	7.4
2012	94,186	4,909	5.0	7.8	8.1
2011	91,713	5,701	5.9	9.0	9.0
2010	88,285	6,210	6.6	9.7	9.6
2009	82,930	6,753	7.5	10.5	9.3
2008	84,967	4,098	4.6	6.6	5.8
2007	84,981	3,229	3.7	4.7	4.6

Source: Bureau of Labor Statistics

(1) Estimate as of December 2016.

PRINCIPAL INDUSTRIES

The economy of Franklin and Williamson County are comprised of many industries. Major industries include: retailers, medical and healthcare, automotive, finance, insurance, real estate, telecommunication, biomedical, music and service industries.

LARGEST EMPLOYERS

The following table presents major employers from all employment sectors in the City of Franklin.

Employer	2007			2016		
	Employees *	Rank	Percentage of Total County Employment	Employees **	Rank	Percentage of Total City Employment
Community Health Systems	800	4	1.68%	3,092	1	7.90%
Nissan North America				1,850	2	4.72%
Williamson Medical Center	1,300	3	2.72%	1,555	3	3.97%
Parallon Business Solutions				1,100	4	2.81%
Optum				1,000	5	2.55%
Verizon Wireless				950	6	2.43%
Ford Motor Credit				800	7	2.04%
Mars Petcare	375	9	0.79%	800	8	2.04%
Healthways				717	9	1.83%
Evicore Healthcare				625	10	1.60%
Lee Company	520	5	1.09%			
Cool Spring Galleria	3,500	1	7.34%			
Primus	1,500	2	3.14%			
Affinion Group	470	7	0.98%			
Civil Constructors, Inc.	500	6	1.05%			
MedSolutions	411	8	0.86%			
Lasko Metal Products	350	10	0.73%			
Total	9,726		20.38%	12,489		31.89%

* City's 2007 Comprehensive Annual Financial Report. Prior to 2013, the CAFR represented Franklin employers by county statistics.

** Williamson County Office of Economic Development, Williamson County Local Industry Employers 2016.

HOUSING AND CONSTRUCTION

The demand for housing in Williamson County promoted the building of over 21,410 housing units between 2000 and 2010. Of this number, approximately 7,308 were built in the City of Franklin. While the number of owner-occupied housing units in Williamson County represents approximately 79.2% of the total housing units in 2010, more than 67.3% of the total housing units in the City of Franklin are owner-occupied. The number of housing units in Williamson County since 1980 has steadily increased. Between 1980 and 2005, an increase of approximately 71% was experienced in the total number of housing units.

Source: U.S. Bureau of the Census, 1970, 1980, 1990 and 2000, 2010.

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TOTAL NEW RESIDENTIAL BUILDING PERMITS

<u>Fiscal</u> <u>Year</u>	<u>Number</u>	<u>Valuation</u> <u>(In \$000's)</u>
2009	116	85,256
2010	221	76,446
2011	309	107,113
2012	321	133,166
2013	436	199,419
2014	496	181,043
2015	478	170,133
2016	688	221,739

Source: City of Franklin

FINANCIAL INSTITUTIONS

TOP WILLIAMSON COUNTY AREA BANKS

	<u>Institution</u>	<u>No. of</u> <u>Offices</u>	<u>Deposits</u> <u>(000s)</u>	<u>Market</u> <u>Share</u>
1	Franklin Synergy Bank	7	\$2,000,960	46.59%
2	Pinnacle Bank	4	658,970	15.34%
3	First Tennessee Bank NA	9	562,329	13.09%
4	Reliant Bank	3	376,593	8.77%
5	FirstBank	4	164,280	3.82%
6	First Citizens National Bank	2	106,753	2.49%
7	CapStar Bank	1	73,586	1.71%
8	Avenue Bank	1	64,696	1.51%
9	First Farmers and Merchants Bank	2	58,326	1.36%
10	Landmark Community Bank	2	57,520	1.34%
11	Peoples State Bank of Commerce	1	46,297	1.08%
12	Legends Bank	1	34,264	0.80%
13	Community First Bank & Trust	1	29,031	0.68%
14	First Advantage Bank	1	24,694	0.57%
15	TriStar Bank	1	16,604	0.39%
16	Civic Bank & Trust	1	11,080	0.26%
17	First Federal Bank	1	8,632	0.20%
18	Independence Trust Company	1	500	0.01%
			<u>\$4,295,115</u>	<u>100.0%</u>

Source: Federal Deposit Insurance Corporation, June 30, 2016.

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ECONOMIC DEVELOPMENT

Historic Franklin, Tennessee, the county seat of Williamson County, was founded in 1799 and is built around a restored historic downtown. The largest city in the county, Franklin is a charming suburb just eighteen miles south of Nashville, Tennessee and was named to Southern Living's "Best Small Town" top ten list, and is a beautiful blend of upscale urban development and cultural history rich with upscale shopping and eating establishments as well as historic attractions that tell the story of the Civil War's Battle of Franklin. Franklin's quaint downtown offers a Great American Main Street experience and boasts everything from locally owned antiques to trendy boutiques and restaurants, in a pedestrian-friendly setting.

The City of Franklin and Williamson County, along with other municipalities within the county, have combined their development efforts into one unit under Williamson County Office of Economic Development. The Williamson County Office of Economic Development is the single point of contact for the coordination and facilitation of the continued development of the economy of Williamson County and its six municipalities. The purpose of the office is to grow the county's economy and improve the quality of life of its residents by partnering with the public and private sector to encourage job and wealth creation. As an additional means to promote business expansion, business relocation and industrial development throughout Williamson County and the six municipalities, the County offers a Payment in Lieu of Tax (PILOT) program which could qualify industries for tax breaks in lieu of ad valorem taxes. Applicants are encouraged to make a significant long-term commitment to the community in terms of capital investment, job creation and strength of wages. Terms of PILOT agreements are decided by the Industrial Development Board of Williamson County (IDBWC) based on the industry's economic needs.

THE ECONOMY

As county seat, the City of Franklin has always served as the focal point for retail shopping, legal affairs and government. With the advent of Cool Springs Mall in the early 1990's, substantial office development and hotels began to cluster in Franklin. Large companies, such as Ford Motor Credit Corporation, filled office buildings as they were built. Throughout the decade, Franklin continued to grow its retail and office base culminating with the move in 2007 of Nissan North America Headquarters to its 500,000 square foot home. Community Health Systems, Healthways, Mars Petcare, Jackson National Life Insurance, Schneider Electric, CKE (Hardee's) and Verizon Wireless also brought their corporate or regional headquarters to Cool Springs. The headquarters of Volkert Global is also located in Franklin, and Volkert Global's new 8,000-square-foot headquarters is expected to open in early 2017. The influx of jobs from these corporate community members brought a substantial boost to the economy, particularly in housing and retailing.

TRADE AREA

The trade area for regional shopping includes the entire Middle Tennessee area, with shoppers coming from a number of counties (including Williamson) and states such as Alabama to the south and Kentucky on the north. Cool Springs Mall and nearby shopping centers contain stores that attract shoppers from over 100 miles away. The downtown area is known for its quaint and unique shops, including a wide variety of antiques and one-of-a-kind products. A renovated stove factory, simply called The Factory, contains dozens of stores and restaurants and includes open areas for farmers' market produce on the weekends. The Cool Springs area has maintained a relatively low retail vacancy rate of approximately 5% and an even lower vacancy rate for commercial offices at 3.8%. Recently, two new projects known as Franklin Park and Ovation have begun grading and construction. Together they entail almost \$1 billion in new investment in multiuse projects that include retail, class A office space, and residential components.

AGRIBUSINESS

In addition to the produce of the Farmers' Market and other local produce shopping, agriculture continues to play a role in history and prosperity of Franklin. Horse farms abound in the county surrounding the City and the County maintains an Agricultural Expo Center within the City limits. Each year, a county fair is held to promote and acknowledge the agricultural base of the surrounding area.

TOURISM

The City's tourism industry has shown considerable growth since 1996. Among the principal reasons for the growth has been the investment of public funds into tourism development projects. Started in 1996 and opened in 1998 was the jointly owned Franklin/Williamson County Conference Center. Constructed adjacent to the Cool Springs Marriott Hotel, the Center is the home of many statewide and regional conventions each year. It is widely used by the corporate headquarters that are congregated around the Center, just off I-65. Also in the immediate vicinity is an Embassy Suites hotel with substantial meeting space. Few hotels were built in the years between 1998 and 2007, but recently there has been a burst of construction with six new hotels built. Drury Hotels has recently completed construction of a 300 plus room, all-suites hotel. As of 2017, the number of rooms available has doubled since the opening of the Conference Center. All of the newly built or pending hotels are upscale and provide amenities like meeting space and ballrooms.

CENTRAL BUSINESS DISTRICT

Downtown Franklin is famous for its friendliness, walkability and small town feel. As one of the original State of Tennessee Main Street programs, it has been carefully preserved and enhanced with streetscape appointments. Most of the buildings are listed on the historic register. Many restaurants fill the space between unique retail shops, and they are rewarded with foot traffic on nights and weekends, as well as normal shopping hours. The City has recently expanded the streetscape elements to include side streets and two of the major entrances to the historic downtown. Plans for additional streetscape projects envision an expansion of enhancements to all five major entrances over a fifteen-year period.

OFFICE SPACE

In addition to the Class A office space that exists in the Cool Springs area, numerous projects are currently underway. Berry Farms is a massive project that will cover three of the four interstate intersection quadrants at I-65 and Goose Creek Bypass. Boyle Investments is managing the project that will bring over one million square feet of office space to the City. Closer to Cool Springs and adjacent to the McEwen Drive Interchange is McEwen Towne Centre, a mixed use development that will include over 100,000 square feet of Class A office space surrounded by condominiums, apartments, and a town-center/main street-like lifestyle center with retail shopping, restaurants and entertainment. There is currently a large amount of office-zoned property east of the McEwen interchange. A portion of the available space is located within the City's Tax Increment Financing District. Spectrum/Emery is developing 71 acres in a project titled Franklin Park. The first of five 225,000 SF buildings began construction this summer, with a master plan including common park, parking garages and apartment complex all on the grounds. Nearby, Crescent Properties is building a major apartment expansion, and Highwoods has acquired a 160 acre site for a development titled Ovation. This project will include about 350,000 square feet of retail space, 1.4 million square feet of offices, a 300 room hotel and a significant residential presence. About 57 acres will be maintained as green space in a project estimated as a \$700 million investment.

RESIDENTIAL DEVELOPMENT

At one point, there were over 8,000 platted lots for residential building within the City limits. Many of those are traditional half-acre lots in subdivisions. But many are in mixed use developments that characterize the "new urbanism" design concepts. Twice, Franklin was selected by the Seaside Institute to hold its annual convention. One of the focal points of the conference was to tour Westhaven, a 2,500 home "city within a city" that is said to be patterned after planned communities like Celebration, Florida. The project, developed by Southern Land Company, contained a wide variety of housing types, an eighteen hole golf course, and a central shopping area filled with grocery stores, medical offices, and neighborhood shops. Although subdued by the financial difficulties that began in 2008, many of the proposed residential projects continue to make progress in their development, albeit at a slower pace. Because of the desirability of living in Middle Tennessee generally and in Franklin specifically, improvements in the business environment will make local development some of the first residential properties to take advantage of an economic rebound.

ENTERTAINMENT/RETAIL

Like its larger neighbor to the north, Franklin benefits from the music industry with access to wonderful live music in many of its restaurants. Dozens of homes in the Franklin area contain recording studios and attract Music City personalities. Music printing and licensing companies are among those occupying office space in the Cool Springs office district. Downtown Franklin is also home to many performers and songwriters.

TRANSPORTATION AND DISTRIBUTION

Air Service – Franklin is conveniently located approximately 25 miles from Nashville International Airport. Nashville International Airport offers domestic and international flights through several major airlines. Southwest is a low cost provider and is the largest airline provider at Nashville International Airport.

Highway - Franklin is connected to the rest of the nation by I-65, the major north/south federal interstate highway that stretches from Mobile, Alabama through Tennessee, Kentucky, Indiana and Michigan. There are also three state highway systems that intersect in the Historic Downtown area. These highways make Franklin readily accessible to its surrounding communities.

Major Road Projects include:

- **Mack Hatcher Memorial Parkway** - Construction is currently under redesign and moving through the appropriation process. Being the primary transportation concern in the City of Franklin, completion of Mach Hatcher would create a loop around the city, divert traffic away from downtown Franklin and provide motorists access to other major routes in the area. Existing portions of Mack Hatcher are being widened and improved through a major TDOT project.
- **I-840** - I-840 was completed in 2012. The final section runs approximately ten miles in length from Bending Chestnut Road to east of Thompson Station Road. Now completed, the road provides 78 miles in total improving access to communities to the east and west.

Public Transit – The City has a Transit Authority that provides three scheduled routes throughout the City and provides transportation on demand to those that have disabilities or unusual scheduling needs.

Interstate Bus Lines - Greyhound Bus Lines is the major interstate bus line servicing Franklin, offering bus to various parts of the continental United States.

UTILITIES

Middle Tennessee Electric Membership Corporation (“MTEMC”) founded, funded and built in 1936 by local farmers and homeowners after being told by urban power companies that rural electricity was infeasible, MTEMC has grown to become the state's largest electric cooperative and the sixth largest in the United States. MTEMC supplies electricity to about 182,000 residential and business members in a four-county area south of Nashville including Williamson, Wilson, Rutherford, and Cannon.

All electric power is purchased from the Tennessee Valley Authority (“TVA”) services, a system that is approximately 10,221 miles of line with 32 distribution substations distributing 5.3 billion kilowatt hours of TVA-generated electricity annually.

The City of Franklin operates both Water and Wastewater facilities for the majority of its residents. Both systems are governed by a first of its kind for Tennessee Integrated Water Resources Plan. Both the Water and Wastewater Treatment Plans are undergoing major renovations and expansions at this time.

EDUCATION

The City of Franklin is served by two public school districts: Franklin Special School District, K-8 school system, and Williamson County Schools, K-12 school system. Both public school districts are among the highest rated in the State of Tennessee. The community is also served by a wide variety of high-quality private and faith-based educational institutions.

Franklin Special School District (“FSSD”) is a K-8 school system with approximately 3,850 students enrolled. Students are served by seven schools: four elementary schools, one intermediate school, one middle school, and a K-8 school.

The FSSD Board of Education has proudly committed itself to meeting and/or exceeding the state's teacher-pupil ratio requirements, with ratios at: 1 to 20 in kindergarten through third grade, 1 to 22 in fourth grade, and 1 to 25 in grades 5-8.

All schools and the Central Office are accredited by AdvancED, one of the largest and most esteemed school accreditation agencies in the country.

The Franklin Special School District gets its unique name from a Special Act of the state legislature that provides the Board of Education its own taxing authority, enabling the schools to be funded appropriately in order to maintain *"Excellence in Teaching and Learning for All."*

Williamson County Schools has over 38,100 students enrolled county-wide. There are currently 44 school sites: ten high schools, nine middle schools, 24 elementary schools, and one K-8 school. All schools and the Central Office are accredited by AdvancEd, the nation's largest academic accrediting agency. All high schools have advanced placement programs. The system offers 45 innovative pathways in College, Career, and Technical Education including Tennessee's first Unmanned Aerial System and Autonomous Vehicle Programs of Study. Colleges and Universities in the Franklin area are: Columbia State Community College has a facility in Franklin, as do several of the four year universities with main campus facilities in Nashville. The Franklin/Williamson County area is served by 23 four year institutions.

SCHOOLS OF HIGHER EDUCATION IN THE MIDDLE TENNESSEE AREA

American Baptist College	Fisk University	The Art Institute of Tennessee
Aquinas College	International Academy of Design and Technology	Trevecca Nazarene University
Argosy University	Lipscomb University	University of Phoenix
Austin Peay State University	Meharry Medical College	Vanderbilt University
Belmont University	Middle Tennessee State University	Watkins College of Art & Design
Bethel College Nashville	O'More College of Design	Welch College
Cumberland University	Tennessee State University	Williamson Christian College
Daymar Institute	Tennessee Technological University	

MEDICAL FACILITIES

Franklin is home to Williamson County Medical Center. The center offers comprehensive inpatient and outpatient services, 24-hour emergency care for both adults and children, preventive health screenings and wellness activities. Services offered by Williamson Medical Center are developed to provide the most cost-effective, convenient and accessible health care possible. More than 600 outstanding physicians represent more than 70 medical specialties and sub-specialties. Williamson Medical Center's dedication to quality and standards of excellence has earned the hospital full accreditation by The Joint Commission. Accreditation also has been given to the Medical Center's Laboratory by the College of American Pathologists, Cancer Program by the Commission on Cancer of the American College of Surgeons, Mammography by the American College of Radiology, Breast Health Center by the National Accreditation Program for Breast Centers, diabetes education by the American Diabetes Association, the Chest Pain Center by the Society of Chest Pain Centers, and Cardiac Rehabilitation Phase II program by the American Association of Cardiovascular and Pulmonary Rehabilitation. In addition, WMC's Emergency Medical Services holds the highest rating possible from the Tennessee Department of Health, and WMC has been recognized as one of the top Tennessee hospitals regarding surgical processes by QSource, the Medicare Quality Improvement Organization for Tennessee.

APPENDIX A
GENERAL PURPOSE FINANCIAL STATEMENTS
For Fiscal Year Ended 2016

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City of Franklin, Tennessee

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2016

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CITY OF FRANKLIN, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

Prepared by:
City of Franklin
Department of Finance

CITY OF FRANKLIN, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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CITY OF FRANKLIN, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION



HISTORIC
FRANKLIN
TENNESSEE

ADMINISTRATION


Dr. Ken Moore
Mayor

Eric S. Stuckey
City Administrator

HISTORIC
FRANKLIN
TENNESSEE

December 13, 2016

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP). Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Franklin, Tennessee for the fiscal year ended June 30, 2016.

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

Crosslin, PLLC, a firm of licensed certified public accountants, have audited the City of Franklin's financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Franklin for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Franklin's financial statements for the year ended June 30, 2016 are fairly presented in all material respects in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the government

The City of Franklin, incorporated in 1799, is located in Middle Tennessee. The local economy is a well-balanced blend of financial, agricultural, wholesale, retail, manufacturing, and service industries. No single industry is critical to the region's economy. The City covers an area of 41 square miles, and serves a population of 66,370 according to the 2013 special census. The City is one of the fastest growing municipalities in the State of Tennessee, with the population increasing by 6% since the 2010 census. The City is empowered to levy both real and personal properties located within its boundaries. In addition, it is empowered by State statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing board.

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

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

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

Three meetings of the full board and a public hearing are necessary for approving the budget. Although the legal level of budgetary control is at the fund level, the budget is prepared by fund, function, and department. Additional appropriations in a fund require two readings by the Board, one of which is a public hearing. Budget-to-actual comparisons are provided within this report for each individual governmental fund for which a budget has been adopted. For the General Fund, this comparison is presented beginning on page 20 as part of the basic financial statements. For the other governmental funds with appropriated annual budgets, the comparisons are presented beginning on page 71.

Local economy

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

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

Sufficient vacant property, zoned for retail use, is available for further development. According to Colliers Nashville Market Report, the area has a low vacancy rate of available space (1.6% office and 2.9% retail) with new "Class A" office space continuing to be developed. The surrounding road network has been vastly improved with many of the upgrades at developer cost.

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

Long-term financial planning and major initiatives

The governing body has developed its top priority capital investment projects to be accomplished within the next several years. The priorities approved for funding in the 5-year Capital Investment Program (CIP) for 2014-2018 are:

- Fire Station # 8 in the Westhaven Development (construction and furnishings)
- Fire Station # 7 in the Berry Farms Development (construction and furnishings)
- Public Restrooms at the Park at Harlinsdale Farm,
- Carothers Parkway South Extension Gap (2 lanes)
- Columbia Avenue Improvements, Downs Boulevard to Mack Hatcher Parkway (design)
- McEwen Drive, Phase IV, Cool Springs Boulevard to Wilson Pike (final design)
- Franklin Road (final design)
- Sidewalk construction along Highway 96 West, Downs Boulevard to Freedom Intermediate School entrance
- Sidewalk construction along Highway 96 East, Pinkerton Park to Mack Hatcher Parkway

Although the FY 2014-2018 CIP is the most recent update to the City's Capital Investment Program (CIP), recently, staff has proposed expanding the timeframe from five (5) years to ten (10) years (FY 2017-2026). The ultimate intent of this 10-year CIP is to match available funding with needed projects and to highlight any funding shortfalls. Staff compiled a list of projects anticipated within the next ten (10) years. To provide a logical starting point, staff scored these projects using objective questions based on the City's strategic plan. The projects were then listed, both by category and combined, in the following project tiers: Top 25%, Top 50%, Bottom 50%, and Bottom 25%. It is important to note that the tier system is a starting point to present the projects to the Board of Mayor and Aldermen (Board). Ultimately, the Board selects the projects to be funded. The Board funded projects will be referred to as 5-star high priority projects. The CIP document will then be adjusted to reflect the Board's final decisions. Staff recommends revisiting the newly created 10-year CIP on an annual basis, concurrent with the annual operations budget process.

Relevant financial policies

The City has adopted financial policies related to investments, General Fund reserves, debt management, tax compliance on debt, utilization of reserve funds, pension funding, cash receipting, and disbursements. The investment policy, updated in December 2011, provides for the primary objectives, in order of priority, of investment activities of non-pension funds shall be safety, liquidity, and return. The reserve policy established an emergency and cash flow reserve of a minimum of 33% of budgeted General Fund expenditures (which is \$21.5 million in 2016). As of September 2014, the reserve policy also includes a capital funding reserve for fund balance in excess of 45% of budgeted General Fund expenditures (which is \$8.1 million in 2016). The debt policy provides written guidance and restrictions for the amount and type of debt the City will issue, the issuance process, and the management of the debt portfolio. In August 2012, the City adopted a policy for the utilization and replacement of committed funds. In October 2014, the City adopted a pension funding policy. The City also adopted a cash receipting policy in November 2014. In fiscal year 2016, the City adopted a disbursements policy, approved documentation of its internal controls, and closed its books within 60 days of fiscal year end.

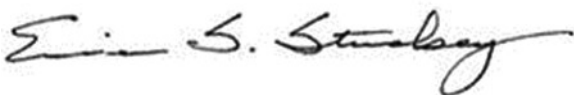
The City continues to explore adopting additional best practice financial policies including budgeting, revenues, economic development, enterprise risk management, capital improvements, and reserves for funds other than the General Fund.

Awards and acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Finance Reporting to the City of Franklin for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the twenty-fifth (25th) consecutive year that the government received this prestigious award. In order to be awarded a Certificate of Achievement, the government is required to publish an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Eric S. Stuckey
City Administrator

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



Government Finance Officers Association

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

Presented to

**City of Franklin
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

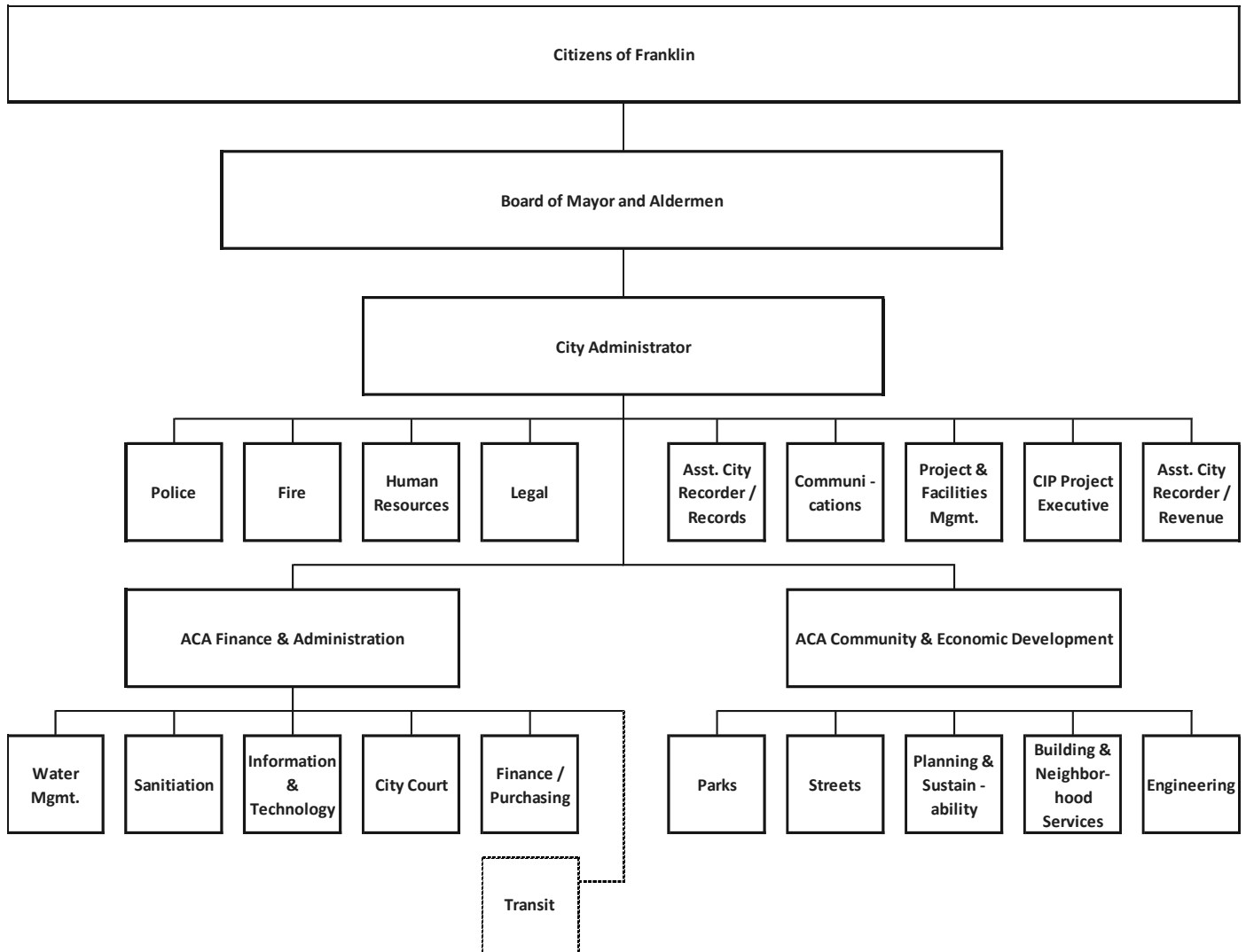
June 30, 2015

A handwritten signature in black ink, reading 'Jeffrey R. Egan', is positioned above the title of the Executive Director/CEO.

Executive Director/CEO

**CITY OF FRANKLIN, TENNESSEE
ORGANIZATIONAL CHART**

FOR THE FISCAL YEAR ENDED JUNE 30, 2016



CITY OF FRANKLIN, TENNESSEE
LIST OF ELECTED AND APPOINTED OFFICIALS
 JUNE 30, 2016

Elected Officials

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

Appointed Officials

City Administrator	Eric Stuckey
Assistant City Administrator / Chief Financial Officer	Russell Truell (CMFO)
Assistant City Administrator / Community & Economic Development	Vernon Gerth
Building & Neighborhood Services (BNS) Director	Chris Bridgewater
City Attorney	Shauna Billingsley
Engineering Director	Paul Holzen
Fire Chief	Rocky Garzarek
Human Resources Director	Shirley Harmon
Information Technology (IT) Director	Fred Banner
Parks Director	Lisa Clayton
Planning & Sustainability Director	Bob Martin (interim)
Police Chief	Deb Faulkner
Sanitation & Environmental Services (SES) Director	Rebecca Caldwell
Streets Director	Joe York
Water Management	Mark Hilty

FINANCIAL SECTION



HISTORIC
F R A N K L I N
TENNESSEE



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Tennessee (the "City") as of and for the year ended June 30, 2016, (except for the Fiduciary Pension Fund, which is as of December 31, 2015 and for the year then ended) and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Tennessee, as of June 30, 2016 (except for the Fiduciary Pension Fund which is as of December 31, 2015), and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended (except for the Fiduciary Pension Fund, which is for the year ended December 31, 2015), in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, the schedule of funding progress - retiree health insurance on page 64, the schedule of employer contributions - retiree health insurance on page 64 the schedule of changes in the net pension liability and related ratios on page 65, the schedule of employer contributions - pension plan on page 66, and the schedule of investment returns - pension plan on page 67, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements and schedules, the supplementary schedules not marked "unaudited," and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the supplementary schedules not marked "unaudited," and the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2016, on our consideration of the City of Franklin, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Crosslin. PLLC

Nashville, Tennessee
December 13, 2016

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

As management of the City of Franklin, Tennessee (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. We encourage readers to consider the information presented here in conjunction with the Letter of Transmittal, which can be found on pages i through iii of this report, and in conjunction with the basic financial statements, starting on page 12 of this report.

Financial Highlights

- **Net Position.** The assets and deferred outflows of resources of the City of Franklin exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$741,849,717, compared to \$709,805,254 in the previous fiscal year. Of this amount, \$60,730,519 (unrestricted net position) may be used to meet government's ongoing obligations to citizens and creditors.
- **Fund Balances.** At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$57,412,984. In the prior year, this amount was \$43,918,773. The increase of \$13,494,211 is due primarily to development-related activity during the year.
- **General Fund – Fund Balance.** At the end of the current fiscal year, fund balance in the General Fund is \$39,249,586, or almost 66% of General Fund expenditures (including transfers to other funds) of \$59,759,734. The fund balance increased \$3,780,138 from the prior year. The primary impacts on the fund balance in 2016 are increased revenue, cost containment measures implemented by the City to stay within current revenues, and budgeted capital costs in the Traffic Operations Center department that were not incurred.
- **Budget.** The City's 2016 original General Fund budget had a slight draw, \$375,050, from accumulated fund balance. Although the final budget anticipated a draw of up to \$3.8 million, actual results showed an increase in fund balance by almost \$3.8 million.
- **Capital Assets.** The City has undertaken several infrastructure projects including improvements to Hillsboro Road and Carothers Parkway South.
- **Debt.** The City's debt (bonds, bond premiums, and capital leases) decreased by \$11,257,888 (from \$181,825,884 to \$170,567,996) during the current fiscal year. Governmental activities had \$3,236,188 in new capital leases. A total of \$14,190,684 (\$10,778,750 governmental and \$3,411,934 business-type) debt was repaid and \$303,392 premium was amortized during the year.

Overview of the Financial Statements

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

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

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

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

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

The *government-wide financial statements* can be found on pages 12 through 14 of this report.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

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

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

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

The City maintains thirteen (13) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and the Multi-Purpose Capital Project Fund, which are considered to be major funds. Data from the other nonmajor governmental funds is combined into a single, aggregated presentation in the form of combining statements on pages 69 and 70 of this report.

The City of Franklin, Tennessee adopts an annual appropriated budget for its General Fund, Special Revenue Funds, and Debt Service Fund. A budgetary comparison has been provided for the General Fund on pages 20 through 28, the Special Revenue Funds on pages 71 through 80, and the Debt Service Fund on page 81 to demonstrate compliance.

The *basic governmental fund financial statements* can be found on pages 15 through 19 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water and Sewer Fund, which is considered to be a major fund. The *basic proprietary fund financial statements* can be found on pages 29 through 32 of this report.

Fiduciary Funds. A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The City uses a fiduciary fund to account for its pension plan. The fiduciary fund is not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used in proprietary funds. The *fiduciary fund financial statements* can be found on pages 33 through 34 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 through 63 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 64 through 67 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pension and OPEB. Combining and individual fund statements and schedules can be found on pages 69 through 81 of this report.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$741,849,717 at the close of the most recent fiscal year.

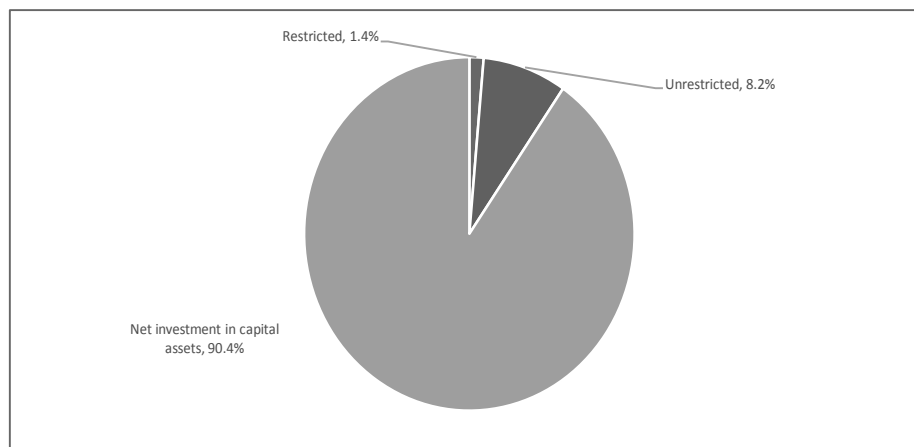
City of Franklin's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 97,580,946	\$ 77,242,627	\$ 37,258,110	\$ 32,381,669	\$ 134,839,056	\$ 109,624,296
Capital assets, net of accumulated depreciation	660,482,247	661,004,324	173,712,376	166,169,138	834,194,623	827,173,462
Total assets	758,063,193	738,246,951	210,970,486	198,550,807	969,033,679	936,797,758
Deferred outflows of resources	13,320,131	3,104,662	2,751,809	1,455,696	16,071,940	4,560,358
Current and other liabilities	16,047,324	14,793,813	1,450,365	1,862,780	17,497,689	16,656,593
Long-term liabilities outstanding	169,344,104	161,073,944	38,787,431	40,646,744	208,131,535	201,720,688
Total liabilities	185,391,428	175,867,757	40,237,796	42,509,524	225,629,224	218,377,281
Deferred inflows of resources	17,626,678	13,175,581	-	-	17,626,678	13,175,581
Net position:						
Net investment in capital assets	531,232,432	526,598,701	139,229,139	128,272,969	670,461,571	654,871,670
Restricted	1,741,592	602,732	8,916,035	13,452,592	10,657,627	14,055,324
Unrestricted	35,391,194	25,106,842	25,339,325	15,771,418	60,730,519	40,878,260
Total net position	\$ 568,365,218	\$ 552,308,275	\$ 173,484,499	\$ 157,496,979	\$ 741,849,717	\$ 709,805,254

The government's net position increased by \$32,044,463. A portion of the increase is attributed to the acquisition of capital assets (less depreciation and new debt). A significant portion of the remaining increase is from development-related activity revenues and controlled spending through efforts by the City's Board and departments to contain expenses without reducing service levels.

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

By far, the largest portion of the City's net position, \$670,461,571, or 90.4%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less the portion of related debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to repay these liabilities. A portion of the City's net position, \$10,657,627, or 1.4%, represents resources that are subject to external restriction on how they may be used. The remaining balance of \$60,730,519, or 8.2%, is unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors.



**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Governmental and business-type activities increased the City's net position by \$16,056,943 and \$15,987,520, respectively. Key elements of this increase are as follows:

City of Franklin's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 14,951,254	\$ 13,424,425	\$ 27,749,661	\$ 25,283,748	\$ 42,700,915	\$ 38,708,173
Operating grants & contributions	4,863,442	4,130,790	-	-	4,863,442	4,130,790
Capital grants & contributions	13,545,685	65,527,923	12,429,719	9,517,652	25,975,404	75,045,575
General revenues:						
Property taxes	13,679,737	13,278,605	-	-	13,679,737	13,278,605
Sales taxes	31,309,367	28,943,994	-	-	31,309,367	28,943,994
Other taxes and fees	42,283,630	29,044,718	-	-	42,283,630	29,044,718
Other	(1,956,347)	(668,516)	253,837	170,074	(1,702,510)	(498,442)
Total revenues	118,676,768	153,681,939	40,433,217	34,971,474	159,109,985	188,653,413
Expenses:						
General government:						
Elected officials	343,182	275,250	-	-	343,182	275,250
Administration	499,029	489,702	-	-	499,029	489,702
Human resources	1,093,125	965,080	-	-	1,093,125	965,080
Legal	354,340	349,276	-	-	354,340	349,276
Communications	363,446	314,956	-	-	363,446	314,956
Capital investment planning	87,490	179,584	-	-	87,490	179,584
Project & facilities management	1,176,182	1,161,760	-	-	1,176,182	1,161,760
Revenue management	205,230	227,607	-	-	205,230	227,607
Finance	836,283	802,805	-	-	836,283	802,805
Information & technology	4,104,824	4,520,824	-	-	4,104,824	4,520,824
Purchasing	177,659	176,188	-	-	177,659	176,188
Court	228,932	199,857	-	-	228,932	199,857
Building & neighborhood services	2,427,771	2,335,652	-	-	2,427,771	2,335,652
Planning	1,680,480	1,383,565	-	-	1,680,480	1,383,565
Engineering	806,847	763,790	-	-	806,847	763,790
Traffic operations center	862,274	828,506	-	-	862,274	828,506
General	12,305,479	4,370,952	-	-	12,305,479	4,370,952
Police	15,009,053	14,418,465	-	-	15,009,053	14,418,465
Fire	15,873,431	14,864,908	-	-	15,873,431	14,864,908
Parks	4,709,152	4,435,890	-	-	4,709,152	4,435,890
Streets-maintenance	21,253,447	18,681,983	-	-	21,253,447	18,681,983
Streets-traffic	1,351,671	1,185,174	-	-	1,351,671	1,185,174
Streets-fleet	881,735	1,017,846	-	-	881,735	1,017,846
Sanitation	8,388,763	7,593,469	-	-	8,388,763	7,593,469
Storm water	2,105,446	1,776,125	-	-	2,105,446	1,776,125
Transit	1,705,932	2,372,642	-	-	1,705,932	2,372,642
Interest expense on long-term debt:	3,988,622	4,087,064	-	-	3,988,622	4,087,064
Water & sewer:	-	-	24,245,697	23,353,227	24,245,697	23,353,227
Total expenses	102,819,825	89,778,920	24,245,697	23,353,227	127,065,522	113,132,147
Transfers	200,000	200,000	(200,000)	(200,000)	-	-
Changes in net position	16,056,943	64,103,019	15,987,520	11,418,247	32,044,463	75,521,266
Net position, beginning of year	552,308,275	488,205,256	157,496,979	146,078,732	709,805,254	634,283,988
Net position, end of year	\$ 568,365,218	\$ 552,308,275	\$ 173,484,499	\$ 157,496,979	\$ 741,849,717	\$ 709,805,254

Governmental Activities

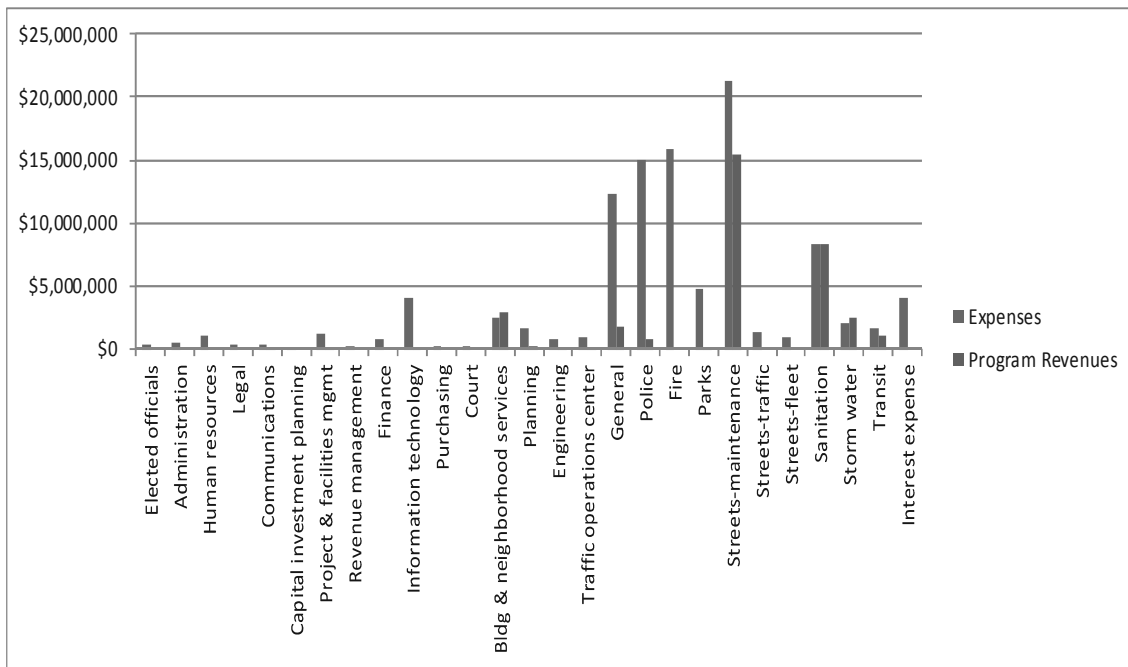
Revenues for governmental activities decreased approximately 22.8% due primarily to decreased capital donations in 2016 compared to 2015. The overall increase in current expenses of governmental activities amounted to approximately 14.5%. A significant portion of the increase is due to pension expense of \$1.6 million and approximately \$7.2 million in disposals and adjustments of capital assets.

Business-Type Activities

Revenues for business-type activities increased 15.6%. The primary factor underlying the increase was rate increases effective January 1, 2016, along with increased capital contributions. Expenses of the business type-activities increased approximately 3.8%.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

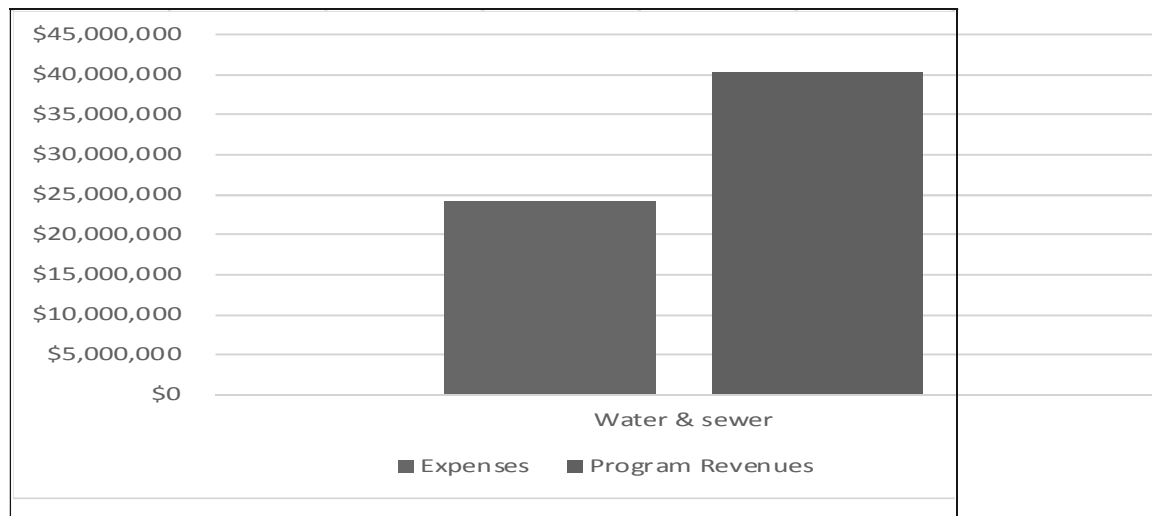
Expenses and Program Revenues – Governmental Activities



Governmental Activities

Expenses for governmental activities was \$102,819,825. Expenses were offset by \$33,360,381 in program revenues. The remainder of \$69,459,444 was covered by \$85,316,387 in general revenues such as property, sales, and other taxes and \$200,000 from the Water and Sewer fund for its portion of the public works facility. The amount of \$16,056,943 represents the improvement in net position in 2016.

Expenses and Program Revenues – Business-type Activities



Business-Type Activities

Expenses for business-type activities was \$24,445,697 (including the \$200,000 transfer for its portion of the public works facility). Expenses were offset by \$40,433,217 in program and general revenues. (Program revenues include \$27.8 million in charges for services.) The amount of \$15,987,520 represents the improvement in net position in 2016.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Financial Analysis of Governmental Funds

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

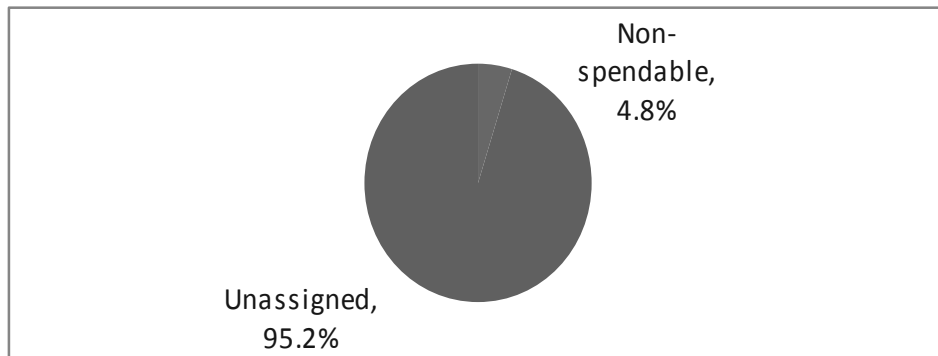
Governmental Funds

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

At June 30, 2016, the City's governmental funds reported combined ending fund balances of \$57,412,984, an increase of \$13,494,211 in comparison with the prior year of \$43,918,773. The increase is due primarily to development-related revenue.

The General Fund is the chief operating fund of the City. The 2016 ending fund balance of \$39,249,586 has the following composition: An amount of \$1,879,610, or 4.8%, is non-spendable for inventory and prepaid items. The remainder of \$37,369,976, or 95.2%, is unassigned. (Additional information on fund balance can be found in the notes to the financial statements on page 61).

General Fund - Fund Balance Composition – 2016



The most significant continuing revenue sources in the General Fund are derived from taxes. Of total General Fund revenues, \$40,569,876, or 63.8%, was from taxes. Local option sales tax increased by \$2,365,373 (from \$28,943,994 to \$31,309,367). The increase in local option sales tax is a positive sign of economic growth in the region. This revenue has been the City's most significant due to the retail success in the Cool Springs area and continued growth of commercial properties, including new corporate and regional headquarters in the area. Property taxes for the General Fund decreased by \$564,667 (from \$5,538,001 to \$4,973,334) as a greater percent of the tax was assigned to the debt service fund.

The Debt Service Fund, which receives property taxes for debt previously paid by the General Fund, and transfers from the Sanitation Fund, Road Impact Fund, and Hotel/Motel Tax Fund for their portion of debt, had a fund balance of \$5,000. This amount is consistent with the City's goal for a minimal year-end balance after paying annual debt service.

The Road Impact Fee Fund, due to continued strong collections in 2016, had a fund balance of \$5,019,848. Also, due to strong collections, the Facilities Tax Fund saw its fund balance increase from \$6,717,764 to \$6,976,276. Approximately \$4.6 million was spent from the fund for growth-related expenditures in the fire (\$3.9 million) and sanitation (\$700,000) departments.

In the Hotel/Motel Tax Fund, the fund balance decreased slightly due primarily to budgeted tourism/parks/streetscape project expenditures. The fund balance decreased from \$2,749,596 to \$2,634,109. The In Lieu of Parkland fund, established in fiscal year 2015, had \$1,923,145 in collections and no budgeted expenditures.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Budgetary Highlights

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

Original budget compared to final budget

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

Fund	Original Budget	Final Budget	Change
General	\$59,886,344	\$65,041,194	\$5,154,850
Street Aid	\$2,400,000	\$2,400,000	\$0
Sanitation	\$7,825,777	\$9,133,116	\$1,307,339
Road Impact	\$2,739,169	\$3,214,491	\$475,322
Facilities Tax	\$4,606,510	\$4,945,972	\$339,462
Storm water	\$5,104,308	\$5,104,308	\$0
Drug	\$127,000	\$127,000	\$0
Hotel/Motel	\$2,570,727	\$4,147,503	\$1,576,776
In Lieu of Parkland	\$0	\$0	\$0
Transit	\$1,808,310	\$1,867,403	\$59,093
CDBG	\$274,706	\$274,706	\$0
Debt Service	\$12,924,146	\$12,924,146	\$0
	\$100,266,997	109,179,839	\$8,912,842

The original General Fund budget was \$59,886,344. The final budget (including transfers) was increased by \$5,154,850 to \$65,041,194. During the year, the budget was amended to include \$1,402,797 for pass-through expenditures for parkland acquisition, \$304,053 for personnel costs, \$23,000 for a community notification system, and \$3,425,000 for interfund transfers.

Other amendments during the year affected the special revenue funds. The Sanitation Fund was amended by \$1,307,339 for additional collection equipment, disposal costs, and maintenance. The Road Impact Fee Fund was amended by \$475,322 for authorized impact fee offsets. The Facilities Tax Fund was amended by \$339,462 to add fire equipment. The Hotel/Motel Tax Fund was amended by \$332,616 for parks, \$36,595 for landscaping improvements, \$1,207,565 for streetscape on Columbia Avenue and Hillsboro Road. The Transit Fund was amended to include \$59,093 for additional operating costs.

There were no amendments to the Street Aid, Storm water, Drug, CDBG and Debt Service funds. (There were no expenditures budgeted in the In Lieu of Parkland Fund.)

Final budget compared to actual results

In the General Fund, the final budget (including transfers) of \$65 million anticipated, \$61.2 million in current revenues and a \$3.8 million allocation from fund balance. Actual results showed an increase in fund balance of \$3.8 million.

Actual revenues were over \$63.5 million. This was \$2.3 million more than anticipated current revenues. The additional revenue was due primarily to increased state-shared taxes, business tax, and building permits.

In conjunction with the additional revenue, cost containment measures allowed the City to finish the year with \$59.7 million in expenditures, or \$1.5 million less than the final budget of \$61.2 million to be paid from current revenues. The primary cost reduction was unused capital budgeted in the Traffic Operations Center department.

Due to increased building activity, development-related revenue in the Road Impact Fee and Facilities Tax Fund was greater than anticipated in the final budget. Road Impact Fees were budgeted at \$6 million. The actual amount was almost \$7.6 million. Facilities Taxes were budgeted at \$2.1 million. Actual collections were \$4.8 million.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Capital Asset and Debt Administration

Capital Assets

The City of Franklin's investment in capital assets from its governmental and business-type activities as of June 30, 2016, is \$834,194,623 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads, highways and bridges.

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

	Governmental Activities	Business-Type Activities	Total
Land	\$ 56,894,136	\$ 5,543,049	\$ 62,437,185
Construction in progress	16,312,567	12,952,188	29,264,755
Buildings and improvements	55,605,457	1,894,438	57,499,895
Improvements other than buildings	15,707,606	-	15,707,606
Utility plant in service	-	152,533,636	152,533,636
Infrastructure	497,570,509	-	497,570,509
Machinery & equipment	18,391,972	789,065	19,181,037
Total capital assets	<u>\$ 660,482,247</u>	<u>\$ 173,712,376</u>	<u>\$ 834,194,623</u>

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

- The City's governmental activities received \$13,432,150 in developer-contributed assets.
- \$3,236,188 in leases permitted acquisition of vehicles for the fleet, parks, and sanitation departments, equipment in the streets department, and technology equipment for information technology and human resources.
- Carothers Parkway South was completed and opened in September 2015.
- Century Court / Beasley Connector was completed and opened in May 2016.
- Construction continued on Fire Station 8 (Westhaven). The station opened in August 2016.
- Construction was underway on the Third Avenue Trail Greenway, part of Bicentennial Park Phase 1.
- Construction began on Phase 2 of the three-lane widening of Hillsboro Road in May 2016.
- Construction began on sidewalk along State Route 96 (Murfreesboro Road) West.
- Construction on modifications to the City's Water Treatment Plant began during fiscal year 2016.
- The City received the first parcels of land that will become Carter Hill Park.

Additional information on the City of Franklin's capital assets can be found in the notes to the financial statements section of this report beginning on page 46.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

Long-term Debt

At the end of the current year, the City of Franklin had bonded debt (including premiums) and capital leases of \$170,567,996. Of this amount, \$135,104,7960 comprises general obligation bonds backed by the full faith and credit of the government, and \$35,463,236 of Revenue and Tax Bonds secured by both the taxing power of the City and specific revenue sources (i.e., revenue and tax bonds) of the Water & Sewer fund.

City of Franklin's Outstanding Debt

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds-Capital *	\$ 123,437,309	\$ -	\$ 123,437,309
General Obligation Bonds-Pension *	8,238,521	-	8,238,521
Revenue and Tax Bonds *	-	35,463,236	35,463,236
Capital Leases	3,428,930	-	3,428,930
Total Outstanding Debt	\$ 135,104,760	\$ 35,463,236	\$ 170,567,996

* Includes unamortized premiums.

The City's debt (bonds, bond premiums, and capital leases) decreased by \$11,257,888 (from \$181,825,884 to \$170,567,996) during the current fiscal year.

Although there were no bond issues in 2016, governmental activities had \$3,236,188 in new capital leases. A total of \$14,190,684 (\$6,843,000 GO bonds-capital, \$940,000 GO bonds-pension, \$2,995,750 governmental leases, and \$3,411,934 business-type bonds) was repaid during the year. A total of \$303,392 (\$182,396 GO bonds-capital, \$8,470 GO bonds-pension, and \$112,526 business-type bonds) in premiums were amortized during the year.

The City of Franklin maintains an "Aaa/AAA" Rating for general obligation debt. This rating was first received by Moody's in 2000 and last affirmed in March 2015 by both Moody's and Standard & Poor's. State statutes impose no debt limit on the amount of general obligation debt a governmental entity may issue. The City's debt policy establishes debt capacity ranges.

Additional information on the City of Franklin's long-term debt can be found in the notes to the financial statements section of this report beginning on page 55.

Economic Factors and Next Year's Budget and Rates

The unemployment rate (not seasonally adjusted) for June 2016 for the City of Franklin was 3.5%, compared to the State of Tennessee's rate of 5.0% and a national average of 5.1%. In addition to the unemployment rate, factors considered in preparing the City's budget for fiscal year 2017 included:

1. Reduction by the State of the Hall income tax from 6% to 5%. The rate will reduce an additional 1% each year until eliminated. Based on the 2016 collection of \$4.5 million, this would be a \$750,000 reduction in general fund revenue. This limitation may significantly affect the availability of fund resources for future use.
2. In conjunction with the scheduled reappraisal of property, the property tax rate for fiscal year 2017 will be 41.76 cents per \$100 of assessed value. (In 2016, it was 40.65 cents.) In addition to general revenue, this rate allows payment of debt service, streets maintenance, and funding for capital projects.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS



HISTORIC
FRANKLIN
TENNESSEE

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 26,569,806	\$ 4,883,631	\$ 31,453,437
Cash and cash equivalents-restricted	1,685,971	8,916,035	10,602,006
Investments	21,328,486	18,078,791	39,407,277
Receivables (net of allowance for uncollectibles)	40,350,017	5,040,421	45,390,438
Inventory	1,232,335	339,232	1,571,567
Prepaid items and other assets	785,596	-	785,596
Net investment in joint venture - Conference Center	5,628,735	-	5,628,735
Capital assets, not being depreciated:			
Land	56,894,136	5,543,049	62,437,185
Construction in progress	16,312,567	12,952,188	29,264,755
Capital assets, net of accumulated depreciation:			
Buildings and improvements	55,605,457	1,894,438	57,499,895
Improvements other than buildings	15,707,606	-	15,707,606
Utility plant in service	-	152,533,636	152,533,636
Infrastructure	497,570,509	-	497,570,509
Machinery and equipment	18,391,972	789,065	19,181,037
Total assets	<u>758,063,193</u>	<u>210,970,486</u>	<u>969,033,679</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refundings	273,249	979,999	1,253,248
Pensions	13,046,882	1,771,810	14,818,692
Total deferred outflows of resources	<u>13,320,131</u>	<u>2,751,809</u>	<u>16,071,940</u>

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION (Cont.)
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	\$ 9,888,364	\$ 1,225,862	\$ 11,114,226
Accrued liabilities	4,171,925	-	4,171,925
Accrued interest payable	1,327,855	224,503	1,552,358
Unearned revenue	659,180	-	659,180
Long-term liabilities:			
Due within one year	13,325,585	3,964,413	17,289,998
Due in more than one year	136,995,336	32,253,536	169,248,872
Net pension liability	19,023,183	2,569,482	21,592,665
Total liabilities	<u>185,391,428</u>	<u>40,237,796</u>	<u>225,629,224</u>
DEFERRED INFLOWS OF RESOURCES			
January 1, 2016 property tax levy	<u>17,626,678</u>	-	<u>17,626,678</u>
Total deferred outflows of resources	<u>17,626,678</u>	<u>-</u>	<u>17,626,678</u>
NET POSITION			
Net investment in capital assets	531,232,432	139,229,139	670,461,571
Restricted for:			
Grant program use	85,185	-	85,185
State street aid	373,415	-	373,415
Sanitation use	767,350	-	767,350
Drug fund use	515,642	-	515,642
Water and sewer	-	8,916,035	8,916,035
Unrestricted	<u>35,391,194</u>	<u>25,339,325</u>	<u>60,730,519</u>
Total net position	<u>\$ 568,365,218</u>	<u>\$ 173,484,499</u>	<u>\$ 741,849,717</u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Primary government						
Governmental activities:						
Elected officials	\$ 343,182	\$ -	\$ -	\$ -	(343,182)	\$ -
Administration	499,029	-	-	-	(499,029)	-
Human resources	1,093,125	-	-	-	(1,093,125)	-
Legal	354,340	-	-	-	(354,340)	-
Communications	363,446	3,600	-	-	(359,846)	-
Capital investment planning	87,490	-	-	-	(87,490)	-
Project & facilities management	1,176,182	-	15,071	-	(1,161,111)	-
Revenue management	205,230	-	-	-	(205,230)	-
Finance	836,283	-	-	-	(836,283)	-
Information technology	4,104,824	2,752	-	-	(4,102,072)	-
Purchasing	177,659	-	-	-	(177,659)	-
Court	228,932	-	-	-	(228,932)	-
Building & neighborhood services	2,427,771	2,921,320	62,319	-	555,868	-
Planning	1,680,480	172,185	-	-	(1,508,295)	-
Engineering	806,847	50	-	-	(806,797)	-
Traffic operations center	862,274	-	56,918	-	(805,356)	-
General government	12,305,479	121,946	1,728,903	-	(10,454,630)	-
Public safety:						
Police	15,009,053	814,774	22,308	-	(14,171,971)	-
Fire	15,873,431	-	-	-	(15,873,431)	-
Parks	4,709,152	-	75,241	-	(4,633,911)	-
Streets-maintenance	21,253,447	18,040	1,940,412	13,432,150	(5,862,845)	-
Streets-traffic	1,351,671	-	-	-	(1,351,671)	-
Streets-fleet	881,735	-	-	-	(881,735)	-
Sanitation	8,388,763	8,346,213	22,277	-	(20,273)	-
Storm water	2,105,446	2,461,914	-	-	356,468	-
Transit	1,705,932	88,460	939,993	113,535	(563,944)	-
Interest and amortization on long-term debt	3,988,622	-	-	-	(3,988,622)	-
	102,819,825	14,951,254	4,863,442	13,545,685	(69,459,444)	-
Business-type activities:						
Water and sewer	24,245,697	27,749,661	-	12,429,719	15,933,683	15,933,683
Total primary government	\$ 127,065,522	\$ 42,700,915	\$ 4,863,442	\$ 25,975,404	\$ (69,459,444)	\$ (53,525,761)
General revenues:						
Property taxes						
Sales taxes					13,679,737	-
Wholesale privilege tax					31,309,367	-
Beer privilege tax					1,612,550	-
Wholesale liquor tax					23,706	-
Liquor privilege tax					1,349,136	-
Hotel/motel tax					94,605	-
Other state shared taxes					3,557,971	-
Access fees and taxes					17,777,101	-
Franchise taxes					15,579,078	-
Investment earnings (loss)					2,289,483	-
Other					(1,956,347)	242,405
Total general revenues					85,316,387	11,432
Transfers					253,837	85,570,224
Total general revenues and transfers					200,000	(200,000)
Change in net position					85,516,387	53,837
Net position - beginning of year					16,056,943	15,987,520
Net position - end of year					552,308,275	157,496,979
					\$ 568,365,218	\$ 173,484,499
						\$ 741,849,717

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

CITY OF FRANKLIN, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General</u>	<u>Multi-Purpose Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 9,356,848	\$ 1,000	\$ 5,000	\$ 18,892,929	\$ 28,255,777
Investments	15,713,121	-	-	5,615,365	21,328,486
Receivables (net of allowance for uncollectibles)	25,839,095	3,410,108	7,477,356	3,623,458	40,350,017
Due from other funds	7,537,312	-	-	-	7,537,312
Inventory	1,175,214	-	-	57,121	1,232,335
Prepaid items	704,396	-	-	-	704,396
Total assets	<u>\$ 60,325,986</u>	<u>\$ 3,411,108</u>	<u>\$ 7,482,356</u>	<u>\$ 28,188,873</u>	<u>\$ 99,408,323</u>
LIABILITIES					
Accounts payable	\$ 7,368,608	\$ 1,371,111	\$ -	\$ 1,148,645	\$ 9,888,364
Accrued liabilities	3,227,349	-	-	-	3,227,349
Due to other funds	-	7,537,312	-	-	7,537,312
Unearned revenue	425,886	-	-	233,294	659,180
Total liabilities	<u>11,021,843</u>	<u>8,908,423</u>	<u>-</u>	<u>1,381,939</u>	<u>21,312,205</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property tax-Jan. 1, 2016 levy	8,787,850	680,736	7,477,356	680,736	17,626,678
Unavailable revenue-property taxes	125,685	-	-	-	125,685
Unavailable revenue-assessments	53,762	-	-	-	53,762
Unavailable revenue-franchise fees	489,148	-	-	-	489,148
Unavailable revenue-court fines	488,621	-	-	-	488,621
Unavailable revenue-grant proceeds	109,491	1,685,483	-	79,914	1,874,888
Unavailable revenue-reimbursements	-	24,352	-	-	24,352
Total deferred inflows of resources	<u>10,054,557</u>	<u>2,390,571</u>	<u>7,477,356</u>	<u>760,650</u>	<u>20,683,134</u>
FUND BALANCES (DEFICITS)					
Non-Spendable	1,879,610	-	-	57,121	1,936,731
Restricted	-	-	-	1,685,971	1,685,971
Committed	-	-	5,000	17,243,117	17,248,117
Assigned	-	-	-	7,060,075	7,060,075
Unassigned	37,369,976	(7,887,886)	-	-	29,482,090
Total fund balances (deficits)	<u>39,249,586</u>	<u>(7,887,886)</u>	<u>5,000</u>	<u>26,046,284</u>	<u>57,412,984</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 60,325,986</u>	<u>\$ 3,411,108</u>	<u>\$ 7,482,356</u>	<u>\$ 28,188,873</u>	<u>\$ 99,408,323</u>

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

CITY OF FRANKLIN, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

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

Fund balance - total governmental funds (Page 15) **\$ 57,412,984**

Capital and other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds

Capital assets, at cost	870,925,422	
Less related accumulated depreciation	(210,443,175)	
Investment in joint venture - Conference Center	5,628,735	666,110,982

Receivables not available to pay for current expenditures and, therefore, are unavailable in the funds

Property taxes	125,685	
Assessments	53,762	
Franchise fees	489,148	
Court fines	488,621	
Grant revenues	1,874,888	
Reimbursements	24,352	3,056,456

Long-term items, including bonds and leases payable, are not due in the current period and, therefore, are not reported in the governmental funds

Bonds outstanding	(129,490,000)	
Bond premiums	(2,185,830)	
Deferred loss on refunding	273,249	
Derivative instruments	(6,631,146)	
Leases outstanding	(3,428,930)	
Net pension liability	(19,023,183)	
Deferred outflows of resources - pensions	13,046,882	
Employee benefits and other	(9,448,391)	(156,887,349)

Payables, such as accrued interest payable, are not due and payable in the current period, and therefore are not reported in the funds

(1,327,855)

Net position - governmental activities (Page 13) **\$ 568,365,218**

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Multi-Purpose Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 40,569,876	\$ 526,008	\$ 7,338,632	\$ 8,911,947	\$ 57,346,463
Licenses and permits	5,345,585	-	-	9,509,869	14,855,454
Fines and fees	532,386	-	-	313,036	845,422
Charges for services	55,106	-	-	10,897,404	10,952,510
Intergovernmental	16,583,078	2,066,269	840,316	3,562,994	23,052,657
Use of money and property	451,329	-	3,296	524,974	979,599
Miscellaneous and other	2,512	2,487,126	-	-	2,489,638
Total revenues	<u>63,539,872</u>	<u>5,079,403</u>	<u>8,182,244</u>	<u>33,720,224</u>	<u>110,521,743</u>
Expenditures:					
Current:					
Elected officials	343,182	-	-	-	343,182
Administration	492,182	-	-	-	492,182
Human resources	1,211,867	-	-	-	1,211,867
Legal	333,265	-	-	-	333,265
Communications	352,429	-	-	-	352,429
Capital investment planning	162,466	-	-	-	162,466
Project & facilities management	1,111,055	-	-	-	1,111,055
Revenue management	192,958	-	-	-	192,958
Public safety:					
Police	14,170,556	425,661	-	105,011	14,701,228
Fire	14,945,687	399,912	-	407,592	15,753,191
Finance	824,104	-	-	-	824,104
Information and technology	3,632,791	94,480	-	-	3,727,271
Purchasing	176,129	-	-	-	176,129
Court	294,807	24,352	-	-	319,159
Building & neighborhood services	2,423,538	-	-	-	2,423,538
Planning	1,637,525	-	-	-	1,637,525
Engineering	802,701	-	-	-	802,701
Traffic operations center	498,106	-	-	-	498,106
Parks	3,516,011	22,536	-	-	3,538,547
Streets-maintenance	3,824,269	1,696,911	-	2,699,899	8,221,079
Streets-traffic	1,360,638	-	-	-	1,360,638
Streets-fleet	945,575	-	-	-	945,575
General government	2,828,541	-	-	1,392,801	4,221,342
Sanitation	-	-	-	8,308,687	8,308,687
Storm water	-	54,172	-	2,058,504	2,112,676
Transit	-	-	-	1,574,974	1,574,974
Debt service	-	-	12,772,944	-	12,772,944
Capital outlay	177,939	7,088,361	-	5,078,602	12,344,902
Total expenditures	<u>56,258,321</u>	<u>9,806,385</u>	<u>12,772,944</u>	<u>21,626,070</u>	<u>100,463,720</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Cont.)
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Multi-Purpose Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over (under) expenditures	\$ 7,281,551	\$ (4,726,982)	\$ (4,590,700)	\$ 12,094,154	\$ 10,058,023
Other financing sources (uses):					
Issuance of debt	-	3,236,188	-	-	3,236,188
Transfers from other funds	-	3,707,565	4,594,991	1,001,413	9,303,969
Transfers to other funds	(3,501,413)	-	-	(5,602,556)	(9,103,969)
Total other financing sources (uses)	<u>(3,501,413)</u>	<u>6,943,753</u>	<u>4,594,991</u>	<u>(4,601,143)</u>	<u>3,436,188</u>
Net changes in fund balances	3,780,138	2,216,771	4,291	7,493,011	13,494,211
Fund balances (deficits) - beginning	<u>35,469,448</u>	<u>(10,104,657)</u>	<u>709</u>	<u>18,553,273</u>	<u>43,918,773</u>
Fund balances (deficits) - ending	<u>\$ 39,249,586</u>	<u>\$ (7,887,886)</u>	<u>\$ 5,000</u>	<u>\$ 26,046,284</u>	<u>\$ 57,412,984</u>

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

CITY OF FRANKLIN, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Amounts reported for the governmental activities in the Statement of Net Activities (Page 14) are different because:

Net changes in fund balances - total governmental funds (Page 18)		\$ 13,494,211
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. Specifically these items are as follows:		
Acquisition of capital assets	\$ 12,725,947	
Disposals, adjustments and reclassifications of capital assets	(8,608,080)	
Depreciation expense	(18,072,094)	
Change in investment in joint venture - Conference Center	<u>(77,598)</u>	(14,031,825)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds for:		
Property taxes	(44,709)	
Franchise fees	33,918	
Court fines	(3,993)	
Grant revenues and reimbursements	915,299	
Contributed capital assets	<u>13,432,150</u>	14,332,665
The issuances of long-term debt and related items provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Specifically, these items are as follows:		
Bond payments	7,783,000	
Change in fair value of derivative instruments	(2,247,421)	
Lease issuance, including prior year unavailable proceeds	(3,236,188)	
Lease payments	<u>2,995,750</u>	5,295,141
Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities for:		
Amortization of bond premiums	190,866	
Deferred refunding amounts	<u>(36,796)</u>	154,070
Expenses and losses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds and certain expenditures in the governmental funds are capitalized:		
Accrued absences and other liabilities	(1,802,215)	
Accrued interest	75,159	
Pension and OPEB expense	<u>(1,460,263)</u>	<u>(3,187,319)</u>
Change in net position of governmental activities (Page 14)		\$ <u>16,056,943</u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				Over (Under)
Taxes:				
Real and personal property taxes	\$ 5,256,619	\$ 5,256,619	\$ 4,973,334	\$ (283,285)
Penalty and interest	51,250	51,250	34,026	(17,224)
TVA in lieu of tax	306,131	306,131	326,438	20,307
Sales tax	30,744,209	30,955,552	31,309,367	353,815
Wholesale beer tax	1,569,340	1,629,340	1,612,550	(16,790)
Beer privilege tax	22,304	22,304	23,706	1,402
Wholesale liquor tax	1,186,291	1,242,001	1,349,136	107,135
Liquor privilege tax	95,943	95,943	94,605	(1,338)
Mixed drink tax	727,509	727,509	846,714	119,205
Business tax	12,546	12,546	-	(12,546)
Total Taxes	<u>39,972,142</u>	<u>40,299,195</u>	<u>40,569,876</u>	<u>270,681</u>
Licenses and permits:				
Mechanical licenses	3,731	3,731	6,939	3,208
Mechanical permits	195,437	195,437	94,346	(101,091)
Building permits	1,373,951	1,373,951	2,136,322	762,371
Technology fee	30,000	30,000	88,690	58,690
Plumbing licenses	3,178	3,178	2,875	(303)
Plumbing permits	156,436	156,436	69,760	(86,676)
Electric permits	322,486	322,486	279,828	(42,658)
Inspection fees	230,361	230,361	171,788	(58,573)
Site review, rezoning and submittal fees	161,827	161,827	172,185	10,358
Beer permits and licenses	12,577	12,577	14,750	2,173
Yard sale permits	9,225	9,225	7,395	(1,830)
Business license	327,080	327,080	13,702	(313,378)
Alarm permits	30,750	30,750	26,540	(4,210)
Miscellaneous permits	5,125	5,125	4,900	(225)
Franchise fees	<u>2,511,230</u>	<u>2,511,230</u>	<u>2,255,565</u>	<u>(255,665)</u>
Total Licenses and permits	<u>5,373,394</u>	<u>5,373,394</u>	<u>5,345,585</u>	<u>(27,809)</u>
Fines and fees:				
Fines - city court	625,760	625,760	275,777	(349,983)
Fines - general sessions/circuit court	79,438	79,438	188,375	108,937
Parking fines	15,375	15,375	10,707	(4,668)
Confiscated Goods	-	-	201	201
Building & street standards appeals fees	1,025	1,025	-	(1,025)
Business tax fees	3,075	3,075	3,485	410
Tree bank fees	54,569	54,569	53,841	(728)
Beer board violations	<u>1,025</u>	<u>1,025</u>	<u>-</u>	<u>(1,025)</u>
Total Fines and fees	<u>780,267</u>	<u>780,267</u>	<u>532,386</u>	<u>(247,881)</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Cont.)
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with
Revenues (Cont.):	Original	Final	Actual	Final Budget
Charges for services:				Over (Under)
Regional fire training	3,075	3,075	1,500	(1,575)
Maps sold	1,025	1,025	2,752	1,727
Plans sold	2,050	2,050	50	(2,000)
Records sold	1,230	1,230	-	(1,230)
Special event services fee	-	-	3,600	3,600
Traffic impact analysis review fee	-	-	(1,507)	(1,507)
Accident reports	513	513	77	(436)
Fingerprinting fees	1,538	1,538	-	(1,538)
Offender registry	2,050	2,050	1,800	(250)
License seizure fees	1,538	1,538	1,515	(23)
Citizens academies	2,050	2,050	-	(2,050)
Background checks	1,025	1,025	-	(1,025)
3rd party billable overtime	51,250	51,250	27,279	(23,971)
Compost vouchers	3,075	3,075	18,040	14,965
Charge station fees	256	256	-	(256)
Total Charges for services	<u>70,675</u>	<u>70,675</u>	<u>55,106</u>	<u>(15,569)</u>
Intergovernmental:				
State income tax	1,600,000	1,600,000	4,493,574	2,893,574
Sales tax	5,152,886	5,152,886	5,373,890	221,004
State beer tax	31,211	31,211	32,407	1,196
State excise tax	97,052	97,052	152,620	55,568
In lieu of tax - TVA	759,378	759,378	778,995	19,617
Business tax from state	3,204,888	3,204,888	3,762,344	557,456
Business tax recording fee	-	-	376,761	376,761
Federal and state financial assistance programs	<u>1,968,539</u>	<u>3,371,336</u>	<u>1,612,487</u>	<u>(1,758,849)</u>
Total Intergovernmental	<u>12,813,954</u>	<u>14,216,751</u>	<u>16,583,078</u>	<u>2,366,327</u>
Use of money and property:				
Interest income	197,802	197,802	191,631	(6,171)
Rebates on purchases	66,625	66,625	64,639	(1,986)
Rent - mall and other	1	1	8,001	8,000
Park concessions and rentals	46,440	46,440	68,780	22,340
Sale of surplus assets	61,500	61,500	118,278	56,778
Electric charging stations	<u>369</u>	<u>369</u>	<u>-</u>	<u>(369)</u>
Total Use of money and property	<u>372,737</u>	<u>372,737</u>	<u>451,329</u>	<u>78,592</u>
Miscellaneous:				
Miscellaneous income	128,125	128,125	2,512	(125,613)
Allocation from fund balance	<u>375,050</u>	<u>3,800,050</u>	<u>-</u>	<u>(3,800,050)</u>
Total Miscellaneous	<u>503,175</u>	<u>3,928,175</u>	<u>2,512</u>	<u>(3,925,663)</u>
Total revenues	<u>\$ 59,886,344</u>	<u>\$ 65,041,194</u>	<u>\$ 63,539,872</u>	<u>\$ (1,501,322)</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Cont.)
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Expenditures:				
Elected officials:				
Current				
Personnel	\$ 232,906	\$ 232,906	\$ 245,070	\$ 12,164
Services	95,238	95,238	87,446	(7,792)
Supplies	9,590	9,590	9,676	86
Business expenses	758	758	990	232
Total current	<u>338,492</u>	<u>338,492</u>	<u>343,182</u>	<u>4,690</u>
Total Elected officials	<u>338,492</u>	<u>338,492</u>	<u>343,182</u>	<u>4,690</u>
Administration:				
Current				
Personnel	509,227	517,124	510,140	(6,984)
Services	106,564	106,564	48,295	(58,269)
Supplies	46,085	46,085	58,893	12,808
Business expenses	11,585	11,585	7,200	(4,385)
Debt service/leases	7,706	7,706	7,641	(65)
Reimbursement of interfund services	(139,987)	(139,987)	(139,987)	-
Total current	<u>541,180</u>	<u>549,077</u>	<u>492,182</u>	<u>(56,895)</u>
Total Administration	<u>541,180</u>	<u>549,077</u>	<u>492,182</u>	<u>(56,895)</u>
Human resources:				
Current				
Personnel	872,420	890,637	879,839	(10,798)
Services	514,355	514,355	432,711	(81,644)
Supplies	25,045	25,045	32,505	7,460
Business expenses	7,068	7,068	6,953	(115)
Debt service/leases	212,000	212,000	184,210	(27,790)
Reimbursement of interfund services	(324,351)	(324,351)	(324,351)	-
Total current	<u>1,306,537</u>	<u>1,324,754</u>	<u>1,211,867</u>	<u>(112,887)</u>
Total Human resources	<u>1,306,537</u>	<u>1,324,754</u>	<u>1,211,867</u>	<u>(112,887)</u>
Legal:				
Current				
Personnel	372,985	363,617	378,088	14,471
Services	144,060	144,060	48,050	(96,010)
Supplies	14,190	14,190	9,668	(4,522)
Business expenses	8,958	8,958	3,748	(5,210)
Reimbursement of interfund services	(106,289)	(106,289)	(106,289)	-
Total current	<u>433,904</u>	<u>424,536</u>	<u>333,265</u>	<u>(91,271)</u>
Total Legal	<u>433,904</u>	<u>424,536</u>	<u>333,265</u>	<u>(91,271)</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Cont.)
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Expenditures (Cont.):	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Communications:				
Current				
Personnel	333,799	343,886	356,559	12,673
Services	56,730	56,730	29,481	(27,249)
Supplies	33,570	33,570	40,835	7,265
Operational units	4,100	4,100	3,961	(139)
Business expenses	4,734	4,734	4,583	(151)
Reimbursement of interfund services	(82,990)	(82,990)	(82,990)	-
Total current	349,943	360,030	352,429	(7,601)
Total Communications	349,943	360,030	352,429	(7,601)
Capital investment planning:				
Current				
Personnel	213,839	252,532	202,492	(50,040)
Services	23,185	23,185	4,797	(18,388)
Supplies	3,810	3,810	988	(2,822)
Business expenses	2,888	2,888	2,921	33
Reimbursement of interfund services	(48,732)	(48,732)	(48,732)	-
Total current	194,990	233,683	162,466	(71,217)
Total Capital investment planning	194,990	233,683	162,466	(71,217)
Project & facilities management:				
Current				
Personnel	424,063	431,916	401,712	(30,204)
Services	768,493	768,493	851,473	82,980
Supplies	115,600	115,600	96,986	(18,614)
Operational units	17,850	17,850	-	(17,850)
Business expenses	19,399	19,399	18,189	(1,210)
Reimbursement of interfund services	(257,305)	(257,305)	(257,305)	-
Total current	1,088,100	1,095,953	1,111,055	15,102
Capital outlay	46,350	46,350	-	(46,350)
Total Project & facilities management	1,134,450	1,142,303	1,111,055	(31,248)
Revenue management:				
Current				
Personnel	839,970	858,138	908,625	50,487
Services	32,500	32,500	18,000	(14,500)
Supplies	45,505	45,505	22,259	(23,246)
Business expenses	452,055	452,055	394,518	(57,537)
Reimbursement of interfund services	(1,150,442)	(1,150,442)	(1,150,444)	(2)
Total current	219,588	237,756	192,958	(44,798)
Total Revenue management	219,588	237,756	192,958	(44,798)

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Cont.)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Expenditures (Cont.):	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Police department:				
Current				
Personnel	11,325,034	11,560,736	11,452,713	(108,023)
Services	854,097	854,097	1,035,183	181,086
Supplies	1,109,397	1,109,397	734,076	(375,321)
Operational units	72,438	72,438	86,872	14,434
Business expenses	478,215	478,215	423,263	(54,952)
Debt service/leases	458,091	458,091	438,449	(19,642)
Total current	14,297,272	14,532,974	14,170,556	(362,418)
Total Police department	14,297,272	14,532,974	14,170,556	(362,418)
Fire department:				
Current				
Personnel	12,475,152	12,763,917	12,692,807	(71,110)
Services	1,080,532	1,080,532	937,928	(142,604)
Supplies	740,410	740,410	669,309	(71,101)
Operational units	10,000	10,000	240	(9,760)
Business expenses	96,948	96,948	110,285	13,337
Debt service/leases	536,713	536,713	535,118	(1,595)
Total current	14,939,755	15,228,520	14,945,687	(282,833)
Capital outlay	-	-	64,776	64,776
Total Fire department	14,939,755	15,228,520	15,010,463	(218,057)
Finance:				
Current				
Personnel	832,256	876,549	896,890	20,341
Services	48,555	48,555	52,669	4,114
Supplies	13,750	13,750	11,415	(2,335)
Business expenses	70,132	70,132	66,191	(3,941)
Reimbursement of interfund services	(203,061)	(203,061)	(203,061)	-
Total current	761,632	805,925	824,104	18,179
Capital outlay	50,000	50,000	-	(50,000)
Total Finance	811,632	855,925	824,104	(31,821)
Information technology:				
Current				
Personnel	1,532,051	1,627,413	1,669,042	41,629
Services	1,572,164	1,595,164	1,391,044	(204,120)
Supplies	333,950	333,950	129,576	(204,374)
Business expenses	33,616	33,616	34,586	970
Debt service/leases	381,466	381,466	408,543	27,077
Total current	3,853,247	3,971,609	3,632,791	(338,818)
Capital outlay	34,500	34,500	27,835	(6,665)
Total Information technology	3,887,747	4,006,109	3,660,626	(345,483)

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Cont.)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Expenditures (Cont.):	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Purchasing:				
Current				
Personnel	197,618	200,561	196,702	(3,859)
Services	31,288	31,288	23,423	(7,865)
Supplies	4,525	4,525	295	(4,230)
Business expenses	1,532	1,532	1,590	58
Reimbursement of interfund services	(45,881)	(45,881)	(45,881)	-
Total current	<u>189,082</u>	<u>192,025</u>	<u>176,129</u>	<u>(15,896)</u>
Total Purchasing	<u>189,082</u>	<u>192,025</u>	<u>176,129</u>	<u>(15,896)</u>
Court:				
Current				
Personnel	194,862	194,862	190,593	(4,269)
Services	20,650	20,650	10,279	(10,371)
Supplies	6,255	6,255	1,857	(4,398)
Business expenses	5,478	5,478	4,556	(922)
Debt service/leases	88,250	88,250	87,522	(728)
Total current	<u>315,495</u>	<u>315,495</u>	<u>294,807</u>	<u>(20,688)</u>
Total Court	<u>315,495</u>	<u>315,495</u>	<u>294,807</u>	<u>(20,688)</u>
Building & neighborhood services:				
Current				
Personnel	2,185,552	2,229,433	2,158,242	(71,191)
Services	147,601	147,601	104,720	(42,881)
Supplies	53,496	53,496	65,593	12,097
Operational units	45,436	45,436	62,319	16,883
Business expenses	13,460	13,460	18,394	4,934
Debt service/leases	14,273	14,273	14,270	(3)
Total current	<u>2,459,818</u>	<u>2,503,699</u>	<u>2,423,538</u>	<u>(80,161)</u>
Total Building & neighborhood services	<u>2,459,818</u>	<u>2,503,699</u>	<u>2,423,538</u>	<u>(80,161)</u>
Planning & sustainability:				
Current				
Personnel	1,326,767	1,351,685	1,322,045	(29,640)
Services	270,570	270,570	285,214	14,644
Supplies	29,080	29,080	23,779	(5,301)
Business expenses	5,877	5,877	6,487	610
Total current	<u>1,632,294</u>	<u>1,657,212</u>	<u>1,637,525</u>	<u>(19,687)</u>
Total Planning & sustainability	<u>1,632,294</u>	<u>1,657,212</u>	<u>1,637,525</u>	<u>(19,687)</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Cont.)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Over (Under)
Expenditures (Cont.):	Original	Final	Actual	
Engineering:				
Current				
Personnel	902,672	923,054	898,723	(24,331)
Services	190,590	190,590	93,182	(97,408)
Supplies	32,910	32,910	32,925	15
Business expenses	11,837	11,837	11,976	139
Debt service/leases	4,097	4,097	4,104	7
Reimbursement of interfund services	(238,209)	(238,209)	(238,209)	-
Total current	903,897	924,279	802,701	(121,578)
Total Engineering	903,897	924,279	802,701	(121,578)
Traffic operations center:				
Current				
Personnel	222,046	241,490	258,175	16,685
Services	574,673	574,673	199,452	(375,221)
Supplies	41,410	41,410	29,264	(12,146)
Business expenses	6,125	6,125	11,215	5,090
Total current	844,254	863,698	498,106	(365,592)
Capital outlay	2,216,850	2,216,850	60,361	(2,156,489)
Total Traffic operations center	3,061,104	3,080,548	558,467	(2,522,081)
Parks:				
Current				
Personnel	2,329,290	2,391,944	2,025,959	(365,985)
Services	553,547	553,547	613,314	59,767
Supplies	541,098	541,098	513,932	(27,166)
Operational units	432,452	432,452	94,078	(338,374)
Business expenses	76,237	76,237	87,536	11,299
Debt service/leases	193,338	193,338	181,192	(12,146)
Total current	4,125,962	4,188,616	3,516,011	(672,605)
Capital outlay	26,000	26,000	24,967	(1,033)
Total Parks	4,151,962	4,214,616	3,540,978	(673,638)
Streets-Maintenance:				
Current				
Personnel	2,300,778	2,322,879	2,231,051	(91,828)
Services	975,053	975,053	1,075,155	100,102
Supplies	437,200	437,200	288,766	(148,434)
Operational units	1,030	1,030	2,814	1,784
Business expenses	67,815	67,815	90,801	22,986
Debt service/leases	130,624	130,624	135,682	5,058
Total current	3,912,500	3,934,601	3,824,269	(110,332)
Capital outlay	-	18,500	-	(18,500)
Total Streets-maintenance	3,912,500	3,953,101	3,824,269	(128,832)

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Cont.)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Expenditures (Cont.):				
Streets-Traffic:				
Current				
Personnel	692,337	706,322	679,666	(26,656)
Services	108,475	108,475	99,816	(8,659)
Supplies	358,669	358,669	396,268	37,599
Business expenses	45,712	45,712	139,556	93,844
Debt service/leases	51,603	51,603	45,332	(6,271)
Total current	1,256,796	1,270,781	1,360,638	89,857
Total Streets-traffic	1,256,796	1,270,781	1,360,638	89,857
Streets-Fleet:				
Current				
Personnel	624,995	627,519	639,963	12,444
Services	546,294	546,294	502,639	(43,655)
Supplies	(243,618)	(243,618)	(305,350)	(61,732)
Business expenses	6,412	6,412	7,366	954
Debt service/leases	104,055	104,055	100,957	(3,098)
Total current	1,038,138	1,040,662	945,575	(95,087)
Total Streets-fleet	1,038,138	1,040,662	945,575	(95,087)
General government:				
Current				
Personnel	1,210,847	542,475	443,006	(99,469)
Services	241,000	213,555	139,039	(74,516)
Supplies	2,000	2,000	241,845	239,845
Operational units	-	1,402,797	1,402,797	-
Business expenses	1,870	1,869	74,556	72,687
Total current	1,455,717	2,162,696	2,301,243	138,547
Total General government	1,455,717	2,162,696	2,301,243	138,547
Contributions:				
Appropriations	510,482	523,352	527,298	3,946
Total Contributions	510,482	523,352	527,298	3,946
Total expenditures	\$ 59,342,775	\$ 61,072,625	\$ 56,258,321	\$ (4,814,304)
Excess of revenues over expenditures	\$ 543,569	\$ 3,968,569	\$ 7,281,551	\$ 3,312,982

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Cont.)
GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Over (Under)
Other financing sources (uses):				
Transfer to other funds	(543,569)	(3,968,569)	(3,501,413)	(467,156)
Total other financing sources (uses)	<u>(543,569)</u>	<u>(3,968,569)</u>	<u>(3,501,413)</u>	<u>(467,156)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,780,138</u>	<u>\$ 3,780,138</u>
Fund balance - beginning of year			<u>35,469,448</u>	
Fund balance - end of year			<u>\$ 39,249,586</u>	

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

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

JUNE 30, 2016

ASSETS

Current assets:

Cash and cash equivalents	\$ 4,883,631
Cash and cash equivalents-restricted	8,916,035
Investments	18,078,791
Receivables (net of allowance for uncollectibles)	5,040,421
Inventory	<u>339,232</u>
Total current assets	<u>37,258,110</u>

Noncurrent assets:

Capital assets (net of accumulated depreciation):

Land	5,543,049
Construction in progress	12,952,188
Buildings and improvements	1,894,438
Utility plant in service	152,533,636
Machinery and equipment	<u>789,065</u>

Total capital assets (net of accumulated depreciation):	<u>173,712,376</u>
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Total assets	<u>210,970,486</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refundings	979,999
Pensions	<u>1,771,810</u>
	<u>2,751,809</u>

LIABILITIES

Current liabilities:

Accounts payable	1,225,862
Accrued interest payable	<u>224,503</u>
Total current liabilities	<u>1,450,365</u>

Long-term liabilities:

Due within one year	3,964,413
Due in more than one year	32,253,536
Net pension liability	<u>2,569,482</u>

Total long-term liabilities	<u>38,787,431</u>
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Total liabilities	<u>40,237,796</u>
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NET POSITION

Net investment in capital assets	139,229,139
Restricted-system improvements	8,916,035
Unrestricted	<u>25,339,325</u>

Total net position	<u>\$ 173,484,499</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND (WATER AND SEWER FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Operating revenues:	
Metered water sales	\$ 10,252,017
Sewer service charges	16,215,570
Reclaimed water sales	123,806
Other revenues from operations	1,158,268
Total operating revenues	<u>27,749,661</u>
Operating expenses:	
Water and sewer billing expenses	153,208
Water distribution expenses	1,528,187
Water plant expenses	5,537,002
Water administration	1,326,063
Sewer administration	2,083,431
General administration	1,010,348
Sewer collection expenses	2,068,953
Sewer plant expenses	3,505,664
Reclaimed water expenses	64,283
Depreciation	5,640,067
Total operating expenses	<u>22,917,206</u>
Operating income	<u>4,832,455</u>
Nonoperating revenues (expenses):	
Interest income	242,405
Gain (loss) on sale of assets	11,432
Interest expense	(1,328,491)
Total nonoperating revenues (expenses)	<u>(1,074,654)</u>
Income before contributions and transfers	<u>3,757,801</u>
Contributions and transfers:	
Tap and access fees	6,060,647
Capital contributions	8,731
Developer contributions	6,360,341
Transfer to debt service fund	(200,000)
Total contributions and transfers	<u>12,229,719</u>
Change in position	15,987,520
Net position, beginning of year	<u>157,496,979</u>
Net position, end of year	<u><u>\$ 173,484,499</u></u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (WATER AND SEWER FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Cash flows from operating activities:

Cash received from customers	\$ 27,091,902
Cash paid to employees for services	(3,518,540)
Cash paid to suppliers of goods and services	<u>(13,867,919)</u>
Net cash provided by operating activities	<u>9,705,443</u>

Cash flows from noncapital financing activities:

Transfer to debt service fund	<u>(200,000)</u>
Net cash used in noncapital financing activities	<u>(200,000)</u>

Cash flows from capital and related financing activities:

Purchases of property, plant and equipment	(6,822,964)
Contributions from access and tap fees and grant funds	6,069,378
Sales of property, plant and equipment	11,432
Interest paid on long-term debt	(1,354,570)
Payments on long-term debt	<u>(3,411,934)</u>
Net cash used in capital and related financing activities	<u>(5,508,658)</u>

Cash flows from investing activities:

Purchases of investments, net	(5,492,651)
Interest received from investments	<u>242,405</u>
Net cash used in investing activities	<u>(5,250,246)</u>

Net decrease in cash and restricted cash	(1,253,461)
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Cash and restricted cash, beginning of year	<u>15,053,127</u>
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Cash and restricted cash, end of year	<u><u>\$ 13,799,666</u></u>
--	-----------------------------

Cash and cash equivalents consist of:

Unrestricted cash and cash equivalents	\$ 4,883,631
Restricted cash and cash equivalents	<u>8,916,035</u>
Total cash and cash equivalents	<u><u>\$ 13,799,666</u></u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF CASH FLOWS (Cont.)
PROPRIETARY FUND (WATER AND SEWER FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Reconciliation of operating income to net cash provided by operations:

Operating income	\$ 4,832,455
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	5,640,067
Net pension liability and related amounts	227,265
Change in:	
Accounts receivable	(657,759)
Inventory	20,508
Compensated absences	30,241
Accounts payable	<u>(387,334)</u>
Net cash provided by operating activities	<u>\$ 9,705,443</u>

Supplemental schedule of non-cash capital and related financing activities:

Capital assets added as developer contributions	<u>\$ 6,360,341</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND (PENSION FUND)
DECEMBER 31, 2015

ASSETS

Cash and equivalents	\$ 1,241,952
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Investments:

Domestic fixed income securities	22,000,817
Domestic equities	35,467,045
International equities	19,772,227
Real estate	4,986,160
Timber	3,364,210
Total investments	85,590,459

Total assets

	86,832,411
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NET POSITION RESTRICTED FOR PENSIONS

	\$ 86,832,411
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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND (PENSION FUND)
FOR THE YEAR ENDED DECEMBER 31, 2015

Additions:

Contributions:

Employer contributions	\$ 2,846,724
Employee contributions	525,364
Total contributions	<u>3,372,088</u>

Investment income:

Net depreciation in investments	(2,809,134)
Investment earnings	1,130,445
Total investment income (loss)	<u>(1,678,689)</u>

Total additions	<u>1,693,399</u>
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Deductions:

Pension benefits	3,699,996
Administration expense	584,138

Total deductions	<u>4,284,134</u>
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Net decrease	(2,590,735)
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Net position restricted for pension benefits - beginning	<u>89,423,146</u>
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Net position restricted for pension benefits - ending	<u><u>\$ 86,832,411</u></u>
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The accompanying notes are an integral part of the financial statements.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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

The accompanying financial statements present the government and component units, if any. Component units are entities for which the government is considered financially accountable. Component units, although legally separate entities, are required to be presented in the government’s financial statements using either a “blended” or “discrete” presentation. Based on the City’s analysis as of June 30, 2016, the City had no component units that were required to be included in these financial statements.

Joint Operation of the Cool Springs Conference Center: In June 1999, the City completed construction of the Conference Center at Cool Springs (Conference Center), which operates a conference center facility. An Interlocal Agreement executed between the City and Williamson County, Tennessee (the Parties) provides for equal ownership by each of the Parties of a one-half undivided interest in the Conference Center and further specifies that each of the Parties shall be entitled to one-half of the net revenue and shall be responsible for one-half of all costs and expenses of the operation and maintenance of the Conference Center. The City’s undivided interest in the investment in the Conference Center facility totaled \$5,628,735 at June 30, 2016, and is accounted for as a joint venture asset of the City. The City’s one-half interest in Conference Center operations is presented with governmental activities in the statements of net position and activities. Complete financial statements for the Conference Center may be obtained from the Department of Finance at City Hall.

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

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

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

B. Description of government-wide financial statements

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

C. Basis of presentation - government-wide financial statements

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

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

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

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

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

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

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

D. Basis of presentation - fund financial statements

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fiduciary fund type:

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

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

E. Measurement focus and basis of accounting

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

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

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

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

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

F. Budgetary information

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

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

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

1. Cash and cash equivalents

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

2. Investments

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

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

3. Inventories and prepaid items

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

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

4. Capital assets

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

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

Capital assets of the City are depreciated using the straight-line method over the following useful lives:

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

5. Deferred outflows/inflows of resources

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

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items of this type that qualify for reporting on the statement of net position: (1) property taxes levied on January 1, 2016, will not be available for collection until fiscal year 2017, beginning October 2016; (2) A second item, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from uncollected property taxes (including penalties and interest), franchise fees, hotel/motel taxes, court fines, and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City may also report deferred inflows of resources related to pensions, however, the City has no such items at June 30, 2016.

6. *Net position flow assumption*

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

7. *Fund balance flow assumptions*

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

8. *Fund balance policies*

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

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

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

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

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

H. Revenues and expenditures/expenses

1. Program revenues

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

2. Property taxes

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

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

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

For fiscal year 2016, taxes were levied at a rate of .4065 per 100 of assessed valuation.

3. Compensated absences

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

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

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

5. *Bond premiums and discounts*

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

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

I. Estimates

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

J. Recent accounting pronouncements

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

The GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is effective for fiscal year 2017 for the City. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The net OPEB liability information, including ratios, will offer an up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan.

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is effective for fiscal year 2018 for the City. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

The GASB issued Statement No. 77, *Tax Abatement Disclosures*, which is effective for fiscal year 2017 for the City. This Statement improved financial reporting by giving users of financial statements essential information regarding tax abatements that is not currently reported consistently or comprehensively.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

The GASB issued Statement No. 78, *Pensions Provided thorough Certain Multiple-Employer Defined Benefit Pension Plans*, required for fiscal periods beginning after December 15, 2015, fiscal year 2017 for the City. This Statement amends the scope and applicability of GASB Statement No. 68 regarding pensions provided to employees of state and local governmental employers through certain cost-sharing multiple-employer defined benefit pension plans.

The GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*, which is effective for fiscal periods beginning after June 15, 2016, fiscal year 2017 for the City. This Statement improves financial reporting by clarifying the financial statement presentation requirements for certain component units.

The GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, required for fiscal periods beginning after December 15, 2016, fiscal year 2018 for the City. This Statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is the beneficiary of the agreement.

The GASB issued Statement No. 82, *Pension Issues*, which is effective for fiscal periods beginning after June 15, 2016, except for certain provisions effective for fiscal period beginning after June 15, 2017, fiscal years 2017 and 2018, respectively for the City. This Statement improves financial reporting by enhancing consistency in the application of financial reporting requirements for certain pension issues.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget information

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

B. Deficit fund equity

The Multi-Purpose Capital Project Fund has a deficit fund balance at June 30, 2016 of (\$7,887,886) due to capital outlays in advance of debt financing. The City expects reimbursements from other funds and bonds to fund the deficit.

NOTE 3 - DETAILED NOTE ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

The City's policies limit deposits to those instruments allowed by applicable state laws as described above. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, by the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2016, all bank deposits were fully collateralized or insured.

B. Investments

The City is authorized to invest funds in, among other things, financial institutions and direct obligations of the Federal Government. During 2016, the City, except for the Pension Fund, invested in certificates of deposit, money market accounts, and government sponsored agency securities. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

As of June 30, 2016, the City had the following investments measured at fair value per GASB Statement 72 and the noted weighted average maturities:

<u>Fair Value Measurements Using</u>					
	<u>6/30/2016</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Weighted Average Maturity (Years)</u>
Investments by fair value level					
Certificates of Deposit	\$ 2,378,650	\$ 2,378,650	\$ -	\$ -	0.58
Money Market Accounts	6,843,645	6,843,645	-	-	-
Debt securities					
U.S. Treasury securities	20,095,723	20,095,723	-	-	1.28
Federal Home Loan Bank	2,523,252	-	2,523,252	-	1.75
Federal Home Loan Mortgage Corp.	5,034,295	-	5,034,295	-	2.18
Federal National Mortgage Association	2,531,712	-	2,531,712	-	1.15
Total Investments at Fair Value	<u>\$ 39,407,277</u>	<u>\$ 29,318,018</u>	<u>\$ 10,089,259</u>	<u>\$ -</u>	
Portfolio Weighted Avg. Maturity					<u>1.16</u>
Investment derivative instruments					
Interest rate swaps (liability)	\$ (6,631,146)		\$ (6,631,146)		
Total Investment derivative instruments	<u>\$ (6,631,146)</u>		<u>\$ (6,631,146)</u>		

The certificates of deposit and money market accounts are in banks covered by the State collateral pool or under FDIC. All federal securities, guaranteed by or linked to the U.S. government, are rated Aaa by Moody's and AA+ by Standard & Poor's. (Treasury securities and Federal Home Loan Mortgage Company also have a AAA rating from Fitch). As of June 30, 2016, the investments that constituted a concentration risk due to the investments exceeding 5% of the portfolio balance were the certificates of deposit, the money market accounts, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and U.S. Treasury Securities.

Interest Rate Risk: Investments held for longer periods are subject to increased risk for adverse interest rate changes. City policy provides that to the extent practicable, investments are matched with anticipated cash flows. Typically, certificates of deposit are issued for periods less than one year and investments in the Local Government Investment Pool are available daily. At June 30, 2016, investments of the City had average weighted maturities as noted above.

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

CITY OF FRANKLIN, TENNESSEE
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As of December 31, 2015, the City of Franklin's Pension Fund had the following investments measured at fair value per GASB Statement 72:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	12/31/2015			
Investments by fair value level				
Money market accounts ⁽¹⁾	\$ 1,241,952	\$ 1,241,952	\$ -	\$ -
Debt securities ⁽²⁾				
Fixed income funds	22,000,817	-	22,000,817	-
Equity securities ⁽³⁾				
Consumer discretionary	5,001,635	5,001,635	-	-
Consumer staples	1,588,692	1,588,692	-	-
Energy	1,946,374	1,946,374	-	-
Financial services	3,526,039	3,526,039	-	-
Healthcare	4,509,865	4,509,865	-	-
Industrials	6,227,870	6,227,870	-	-
Information technology	7,312,223	7,312,223	-	-
Materials	375,524	375,524	-	-
Telecommunications	245,032	245,032	-	-
Utilities	990,260	990,260	-	-
Other	516,179	516,179	-	-
Private equity funds-domestic	3,227,352	-	-	3,227,352
Equity funds-international ⁽⁶⁾	19,772,227	-	19,772,227	-
Total investments at fair value level	78,482,041	33,481,645	41,773,044	3,227,352
Investments measured at the net asset value (NAV)				
Real estate funds ⁽⁴⁾	4,986,160			
Timber funds ⁽⁵⁾	3,364,210			
Total investments at the NAV	8,350,370			
Total investments measured at fair value	\$ 86,832,411			

Investments measured at the net asset value (NAV)	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
			Quarterly	30-60 days
Real estate funds ⁽⁴⁾	\$ 4,986,160	\$ -		
Timber funds ⁽⁵⁾	3,364,210	-	-	-
Total investments measured at the NAV	\$ 8,350,370			

- (1) Invested in First American prime obligation fund, class z.
- (2) Invested in Longfellow and SSGA fixed income funds
- (3) Invested in Polen large cap growth, McKee large cap value, and SouthernSun smid cap
- (4) Invested in Bailard REIT. The valuation has significant unobservable inputs including capitalization rates, discount rates, and expected property cash flows.
- (5) Invested in RMK timber fund II, RMS forest fund III, and FIA timber
- (6) Invested in Vanguard International, Schwab Emerging Market, Westwood Emerging Market, and Aberdeen International

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

Debt and equity securities classified in Level 1 of the fair value hierarchies above are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are generally valued using pricing techniques based on the securities relationship to the benchmark quoted prices. Private equities classified in Level 3 are generally valued using valuation techniques such as discounted cash flows or market comparables. The fair values of real estate and timber funds has been determined using the NAV per share (or its equivalent) of the ownership interest in capital. Distributions from each fund will be received as the underlying assets of the fund are liquidated. Derivative instruments classified in Level 2 are valued using a market approach that considers benchmark interest rates.

CITY OF FRANKLIN, TENNESSEE
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C. Receivables

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

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

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

	General Fund	Multi-Purpose Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total
Receivables:					
Accounts	\$ 1,083,214	\$ -	\$ -	\$ 1,974,362	\$ 3,057,576
Property taxes	10,415,576	680,736	7,477,356	680,736	19,254,404
Due from IDB	2,425,324	-	-	-	2,425,324
Local option sales tax	5,388,736	-	-	-	5,388,736
Special assessments	53,762	-	-	-	53,762
Due from County	25,477	-	-	-	25,477
State shared revenue	5,957,431	-	-	354,527	6,311,958
Grants	119,384	2,127,737	-	589,294	2,836,415
Fines	729,285	-	-	-	729,285
Reimbursements	-	601,635	-	-	601,635
Interest	19,858	-	-	24,539	44,397
Gross receivables	26,218,047	3,410,108	7,477,356	3,623,458	40,728,969
Less: Allowance for uncollectibles	(378,952)	-	-	-	(378,952)
Net receivables	<u>\$ 25,839,095</u>	<u>\$ 3,410,108</u>	<u>\$ 7,477,356</u>	<u>\$ 3,623,458</u>	<u>\$ 40,350,017</u>

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

	Unearned
Confiscated funds	\$ 24,496
Tree bank reserve	296,030
Sidewalk reserve	82,840
Affordable housing reserves	233,294
Sponsorship reserve	22,520
Total unearned revenue for fund financial statements	<u>\$ 659,180</u>

Receivables in the Water and Sewer Fund, totaling \$5,040,421 at June 30, 2016, represent accounts due from customers for services provided. The receivables are presented net of an allowance of \$9,000.

CITY OF FRANKLIN, TENNESSEE
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D. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2016
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 53,159,881	\$ 46,005	\$ 3,688,250	\$ -	\$ 56,894,136
Construction in process	26,054,114	(15,842,361)	6,100,814	-	16,312,567
Total capital assets, not being depreciated	<u>79,213,995</u>	<u>(15,796,356)</u>	<u>9,789,064</u>	<u>-</u>	<u>73,206,703</u>
Capital assets, being depreciated:					
Buildings and improvements	70,450,410	175,000	45,128	-	70,670,538
Improvements other than buildings	23,931,960	53,574	1,539,880	-	25,525,414
Machinery and equipment	52,888,637	632,364	3,535,254	2,540,131	54,516,124
Infrastructure	629,159,224	13,584,484	11,248,771	6,985,836	647,006,643
Total capital assets, being depreciated	<u>776,430,231</u>	<u>14,445,422</u>	<u>16,369,033</u>	<u>9,525,967</u>	<u>797,718,719</u>
Accumulated depreciation					
Buildings and improvements	13,655,282	-	1,409,799	-	15,065,081
Improvements other than buildings	8,608,764	-	1,209,044	-	9,817,808
Machinery and equipment	35,255,902	-	2,661,768	1,793,518	36,124,152
Infrastructure	137,119,954	-	12,791,483	475,303	149,436,134
Total accumulated depreciation	<u>194,639,902</u>	<u>-</u>	<u>18,072,094</u>	<u>2,268,821</u>	<u>210,443,175</u>
Total capital assets being depreciated, net	<u>581,790,329</u>	<u>14,445,422</u>	<u>(1,703,061)</u>	<u>7,257,146</u>	<u>587,275,544</u>
Total governmental activities capital assets, net	<u>661,004,324</u>	<u>(1,350,934)</u>	<u>8,086,003</u>	<u>7,257,146</u>	<u>660,482,247</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	5,320,148	-	222,901	-	5,543,049
Construction in process	7,763,047	-	5,189,141	-	12,952,188
Total capital assets, not being depreciated	<u>13,083,195</u>	<u>-</u>	<u>5,412,042</u>	<u>-</u>	<u>18,495,237</u>
Capital assets, being depreciated:					
Buildings and improvements	11,291,016	-	-	-	11,291,016
Utility plant in service	212,871,266	1,350,934	6,213,845	-	220,436,045
Machinery and equipment	4,495,376	-	206,484	-	4,701,860
Total capital assets, being depreciated	<u>228,657,658</u>	<u>1,350,934</u>	<u>6,420,329</u>	<u>-</u>	<u>236,428,921</u>
Accumulated depreciation					
Buildings and improvements	9,251,491	-	145,087	-	9,396,578
Utility plant in service	62,657,689	-	5,244,720	-	67,902,409
Machinery and equipment	3,662,535	-	250,260	-	3,912,795
Total accumulated depreciation	<u>75,571,715</u>	<u>-</u>	<u>5,640,067</u>	<u>-</u>	<u>81,211,782</u>
Total capital assets being depreciated, net	<u>153,085,943</u>	<u>1,350,934</u>	<u>780,262</u>	<u>-</u>	<u>155,217,139</u>
Business-type activities capital assets, net	<u>166,169,138</u>	<u>1,350,934</u>	<u>6,192,304</u>	<u>-</u>	<u>173,712,376</u>
Total capital assets, net	<u>\$ 827,173,462</u>	<u>\$ -</u>	<u>\$ 14,278,307</u>	<u>\$ 7,257,146</u>	<u>\$ 834,194,623</u>

CITY OF FRANKLIN, TENNESSEE
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Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2016, as follows:

Governmental activities:	
Project & facilities management	\$ 54,013
Information and technology	746,610
Traffic operations center	356,109
Human resources	45,321
Police department	725,457
Fire department	428,610
Highways and streets	13,139,352
Fleet management	21,795
Parks	1,331,102
General government	128,327
Sanitation	822,550
Stormwater	141,890
Transit	<u>130,958</u>
Total depreciation expense – governmental activities	18,072,094
Business-type activities:	
Water and sewer	<u>5,640,067</u>
Total depreciation expense	<u>\$ 23,712,161</u>

E. Accrued Liabilities

Accrued liabilities reported by governmental funds at June 30, 2016, were as follows:

	<u>General fund</u>
Accrued employee payroll	\$ 1,404,639
Accrued employee insurance claims	<u>1,822,710</u>
Total accrued liabilities	<u>\$ 3,227,349</u>

F. Pension Plan

The financial statements of the plan are presented solely in this Comprehensive Annual Financial Report of the City; there are no separate financial statements issued for the plan. Administrative costs are paid from the pension fund as shown on page 34.

Summary of Significant Accounting Policies

Pensions

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

CITY OF FRANKLIN, TENNESSEE
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General Information about the Pension Plan

Plan Description

The City of Franklin administers the City of Franklin Employees' Pension Plan and Trust (the "Plan"), a single employer defined benefit pension plan. The assets of the Plan are held for investment and may be used only for the payment of benefits to members of the Plan. The Plan's fiscal year ends on December 31. It was deemed impractical to report the financial activity of the Plan as of and for the year ended June 30, 2016. Accordingly, all financial statement information regarding the Plan is as of December 31, 2015 and the year then ended. Section 4-204(2)(p) of the City's Charter assigns the Human Resources Director the responsibility to administer the pension program under the direction of the City Administrator. All of the benefits and provisions of the Plan are at the discretion of the Board of Mayor and Aldermen consistent with the laws of Tennessee and the Federal government. The following is a general description of the Plan; refer to the Plan document for further details. The Plan is operated under the direction of the Employee Pension Committee, which consists of the following eight members: City Mayor, Alderman, Employee Representatives (2), Citizens (2), Human Resources Director and Assistant City Administrator – Finance.

Benefits provided

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

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

Employees covered by benefit terms

Membership of the Plan consisted of the following at January 1, 2016, the date of the latest actuarial valuation:

Retiree participants and beneficiaries	170
Disabled participants	4
Vested terminated participants	156
Active plan members	<u>564</u>
Total	<u><u>894</u></u>

Contributions

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

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

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The City has established an informal policy to annually contribute an actuarial determined amount in four (4) quarterly installments on approximately the first day of each quarter during the fiscal year based on the previous January 1 actuarial valuation. The contribution for fiscal year 2016 was made in one annual installment. The Plan has no long-term contracts for contributions to the Plan and no legally required reserves.

Net Pension Liability

The City's net pension liability was measured as of January 1, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	16 years
Inflation	2.0%
Mortality	RP-2000 healthy annuitant mortality table, as appropriate, with blue-collar adjustment.
Projected salary increases	3.5%
Investment rate of return	7.5%

The actuarial assumptions used in the January 1, 2016 valuation were based on a limited update of an actuarial experience study for the 10-year period ending December 31, 2014.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	11.7%
International equity	20%	7.6%
Fixed income	25%	2.0%
Real estate	5%	13.6%
Timber	5%	6.8%
Short term securities	0%	0.0%
Total	<u>100%</u>	

The annual money-weighted rate of return, net of investment expenses, was (2.5%) for the year ended December 31, 2015. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested. Further information can be found on page 67.

Discount rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF FRANKLIN, TENNESSEE
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Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 1/1/2015	\$ 97,426,953	\$ 89,423,146	\$ 8,003,807
Changes for the year:			
Service cost	\$ 2,093,993	\$ -	\$ 2,093,993
Interest	7,209,696	-	7,209,696
Differences between expected and actual experience	5,394,430	-	5,394,430
Contributions - employer	-	2,846,724	(2,846,724)
Contributions - employee	-	525,364	(525,364)
Net investment income	-	(1,678,689)	1,678,689
Benefit payments, including refunds of employee contributions	(3,699,996)	(3,699,996)	-
Administrative expense	-	(584,138)	584,138
Net changes	<u>10,998,123</u>	<u>(2,590,735)</u>	<u>13,588,858</u>
Balances at 12/31/2015	<u>\$ 108,425,076</u>	<u>\$ 86,832,411</u>	<u>\$ 21,592,665</u>

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

Governmental activities	\$ 19,023,183
Business-type activities	<u>2,569,482</u>
Net pension liability	<u>\$ 21,592,665</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's net pension liability	\$35,986,513	\$21,592,665	\$9,744,979

Pension plan fiduciary net position

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

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

For the year ended June 30, 2016, the City recognized pension expense of \$5,003,832, which included \$4,401,822 for governmental activities and \$602,010 for business-type activities. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,977,087	\$ -
Net difference between projected and actual earnings on pension plan investments	<u>6,841,605</u>	<u>-</u>
Total	<u>\$ 14,818,692</u>	<u>\$ -</u>

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

Year ended June 30:	
2017	\$ 2,272,273
2018	2,272,273
2019	2,272,273
2020	2,207,626
2021	545,710
Thereafter	5,248,537

Payable to the Pension Plan

As of June 30, 2016, the City did not have a payable relating to required contributions to the plan.

G. Other Post Employment Benefits (OPEB)

Plan Description

The City of Franklin self-insures its retired employees for healthcare benefits (the "OPEB Plan"). Benefits are established and amended by an insurance committee. The City provides health insurance from the date the employee retires up until the age of 65. No health insurance is available to retirees with less than 20 years of service. For retirees after 20 years of service and at least age 62, retirees pay 15% of the Cobra rates for single coverage and 20% of the Cobra rate for family coverage. For retirees after 30 years and at least age 55, retirees pay Cobra rates less \$275.00/month for single coverage or less \$535.50/month for family coverage. Retirees hired before July 1, 2006 with at least 25 years of service are eligible for insurance under Option II (high deductible plan) at the Cobra rate less \$200 per month for single coverage or \$500.00 per month for family coverage. Retirees hired after July 1, 2006 with 25 years of service are eligible for the Option II insurance plan but must also be at least age 55.

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Asset

The City's annual OPEB cost and net OPEB asset for the year ended June 30, 2016, were as follows:

Annual required contribution	\$ 343,200
Interest on the net OPEB asset	(1,700)
Adjustment to the annual required contribution	<u>3,500</u>
Annual OPEB cost	345,000
Contributions made	<u>(368,300)</u>
Increase in net pension asset	(23,300)
Net OPEB asset, beginning of year	<u>(57,900)</u>
Net OPEB asset, end of year	<u>\$ (81,200)</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB asset for the current year and the two preceding years were as follows:

CITY OF FRANKLIN, TENNESSEE
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<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Asset</u>
June 30, 2016	\$ 345,000	106.8%	\$ (81,200)
June 30, 2015	324,100	51.5%	(57,900)
June 30, 2014	297,900	40.6%	(215,000)

Funding Status and Funding Progress

The funded status of the OPEB Plan as of the valuation date June 30, 2016, was as follows:

Actuarial accrued liability (a)	\$ 4,241,500
Actuarial value of plan assets (b)	<u>1,300,800</u>
Unfunded actuarial accrued liability (a) - (b)	<u>\$ 2,940,700</u>
Funded ratio (b)/(a)	30.7%
Covered payroll (c)	\$ 30,410,847
Unfunded actuarial accrued liability as a percentage of covered payroll [(a)-(b)]/(c)	9.7%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The annual required contribution for the OPEB Plan was determined as part of the June 30, 2016 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Projected unit credit method
Amortization method	Level dollar, closed
Remaining amortization period	22 years (began as 30 years on June 30, 2008)
Inflation rate	2.0%
Discount rate	3.0%
Investment return	3.0%
Projected healthcare cost increases	5.0%

H. Construction and Other Significant Commitments

1. Construction Contracts

As of June 30, 2016, there was \$13,844,909 of uncompleted construction projects of the Water and Sewer Fund.

During 2016, various street, public works and park improvement projects were in process. At June 30, 2016, there was approximately \$16,917,792 in uncompleted construction projects. These projects are funded by the General, Facilities Tax, Storm Water, Hotel/Motel Tax, and the Multi-Purpose Capital Project funds.

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2. Fuel-Hedging Program

The City participates in a fuel hedging program with the Metropolitan Government of Nashville and Davidson County, Tennessee. The City's objective is to hedge the changes in cash flows due to market price fluctuations related to a portion of expected purchases of fuel. The City is committed to its portion of the fuel hedges through June 30, 2017. Renewals of the contracts are expected in the normal course of operations. At June 30, 2016, the contracts are in an asset position; however, the City's portion of the contracts, approximately 4%, is immaterial to the financial statements. City practice has been to hedge no more than 60% of estimated purchases.

3. Water Purchase Contract

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 46,325
2018	46,325
2019	46,325
2020	46,325
2021	46,325
2022 - 2029	<u>370,600</u>
Total	<u>\$ 602,225</u>

4. Defined Contribution Plans

Employees hired after July 1, 1995 through February 14, 2010 are required to contribute between 3% and 10% of their annual covered salary to a cash balance plan or 401(a) defined contribution Plan. Any plan member may also voluntarily contribute between 1% and 10% of their annual covered salary. For these Plan employees, there is also an optional 457 plan available. Employees hired on or after February 15, 2010, may select the City of Franklin 2010 Defined Contribution Plan which also requires a 5% contribution but includes a 5% employer match. An additional 3% may be contributed that would be matched by the City). The City's match for the year ended June 30, 2016, totaled \$296,216.

I. Risk Management

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

Self-insured Employee Health Insurance

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

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

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<u>Year Ending</u>	<u>Liability, July 1</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Liability, June 30</u>
6/30/2015	\$ 1,358,125	\$ 9,661,027	\$ (9,196,442)	\$ 1,822,710
6/30/2014	\$ 1,222,118	\$ 7,722,292	\$ (7,586,285)	\$ 1,358,125

J. Capital Leases

The City has entered into three (3) capital lease agreements as lessee for financing the acquisition of equipment:

<u>Lessor</u>	<u>Amount</u>	<u>Used</u>	<u>Unused</u>	<u>Principal Due</u>	<u>Interest Rate</u>
1. Banc of America Public Capital Corp.	\$ 2,092,000	\$ 2,092,000	\$ -	\$ 702,000	1.69%
2. JPMorgan Chase Bank	2,875,000	2,743,241	131,759	1,320,450	1.06%
3. JPMorgan Chase Bank	2,761,067	2,315,665	445,402	1,406,480	1.22%
Totals	<u>\$ 7,728,067</u>	<u>\$ 7,150,906</u>	<u>\$ 577,161</u>	<u>\$ 3,428,930</u>	

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

Information & technology hardware	\$ 164,036
INFOR Software	455,867
Copiers	27,248
Human Resources Information System	406,657
Police Vehicles & Equipment	1,247,459
Fire Ladder Truck #5	790,577
Fire Emergency Equipment	399,912
Fire Vehicles	247,091
Vehicles & Equipment for Street Departments	778,239
Salt Brine Mixer	83,591
Light Trucks/Vehicles	401,834
Fleet Equipment	138,396
Traffic Equipment	77,478
Parks Vehicles & Equipment	409,498
Sanitation Vehicles & Equipment	1,523,023
	<u>\$ 7,150,906</u>

Of the expenditures above, \$5,525,650 have been capitalized. Accumulated amortization related to such capital assets totaled \$884,306 at June 30, 2016.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

<u>Year Ending June 30,</u>	
2017	\$ 2,154,391
2018	1,296,768
2019	<u>21,933</u>
Total minimum lease payments	3,473,092
Less: Amount representing interest	<u>(44,162)</u>
Present value of minimum lease payments	3,428,930
Amount due within one year	<u>2,126,431</u>
Long-term portion	<u>\$ 1,302,499</u>

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K. Long-term Debt

Long-term debt (excluding unamortized premiums) at June 30, 2016, is comprised of the following:

Governmental Activities:

General obligation bonds:

City of Clarksville, Pooled Loan Program - 2001 variable rate of interest, final maturity May 25, 2017	\$ 439,000
Tennessee Municipal Variable Rate Pooled Loan Program - 2001, variable rate of interest, final maturity May 25, 2018	341,000
City of Clarksville, Pooled Loan Program - 2004 variable rate of interest, final maturity May 25, 2017	550,000
City of Lawrenceburg, TN Loan Agreement 2005 variable rate of interest, final maturity July 1, 2020	1,785,000
Series 2007 - General Obligation Public Improvement Bonds - 101-A-1, variable rate of interest, final maturity June 1, 2037	20,000,000
Series 2009B - General Obligation Build America Bonds (BAB), 4.45% to 5.70% interest, federally taxable, final maturity March 1, 2029	30,625,000
Series 2009A - General Obligation Public Improvement Bonds 2.50% interest, final maturity March 1, 2017	2,090,000
Series 2010 - General Obligation Recovery Zone Economic Development Bonds (RZEDB), 4.625% to 5.375% interest, federally taxable, final maturity March 1, 2030	15,725,000
Series 2010 - General Obligation Refunding Bonds, 2.00% to 4.00% interest, final maturity March 1, 2024	10,815,000
Series 2012 - General Obligation Refunding Bonds, 2.13% interest, final maturity May 1, 2027	17,580,000
Series 2013A - General Obligation Bonds, 2.00% to 4.00% interest, final maturity March 1, 2034	6,850,000
Series 2013B - General Obligation Bonds, Pension Plan Funding, 1.00% to 3.50% interest, federally taxable, final maturity March 1, 2024	8,175,000
Series 2015 - General Obligation Bonds, 3.00% to 5.00% interest, final maturity April 1, 2035	<u>14,515,000</u>
Total Governmental Activities Long-Term Debt	<u>\$ 129,490,000</u>

The aforementioned bonds are secured by the full faith and credit of the City. During 2016, debt service for the aforementioned debt was provided by the Debt Service Fund through property tax collections as well as transfers from the Sanitation Fund, Road Impact Fund and the Hotel/Motel Tax Fund.

CITY OF FRANKLIN, TENNESSEE
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Business - Type Activities:

Revenue and tax bonds:

Series 2005 - Sewer and Water Revenue and Tax Refunding
 Bonds, 3.00% to 5.00% interest, final maturity April 1, 2025 \$ 17,715,000

Series 2011 - SunTrust Loan Program, 2.48% interest,
 final maturity May 25, 2026 13,995,000

Notes payable:

Drinking Water SRF Loan provided through ARRA funding,
 2.82% interest; final maturity December 20, 2030 1,167,766

Clean Water SRF Loan provided through ARRA funding,
 2.69% interest; final maturity October 20, 2032 1,613,442

Total Business-Type Activities Long-Term Debt \$ 34,491,208

The aforementioned bonds are secured by the full faith and credit of the City and backed by the revenues of the Water and Sewer Fund. During 2016, debt service for the aforementioned debt was provided solely by the Water and Sewer Fund.

The annual requirements, by type of issue, to amortize outstanding bonds and notes payable at June 30, 2016, are as follows:

Year Ending	Revenue and Tax Bonds					
	General Obligation Bonds		and Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
June 30,						
2017	\$ 7,992,000	\$ 4,903,317	\$ 3,510,885	\$ 1,293,872	\$ 11,502,885	\$ 6,197,189
2018	7,168,000	4,733,824	3,579,947	1,152,999	10,747,947	5,886,823
2019	7,190,000	4,508,741	3,684,121	1,009,518	10,874,121	5,518,259
2020	7,395,000	4,267,111	3,743,412	861,667	11,138,412	5,128,778
2021	7,610,000	4,021,964	3,797,822	711,827	11,407,822	4,733,791
2022-2026	42,860,000	15,586,891	15,049,682	1,497,129	57,909,682	17,084,020
2027-2031	33,330,000	6,527,812	965,494	87,344	34,295,494	6,615,156
2032-2036	13,995,000	1,720,149	159,845	3,062	14,154,845	1,723,211
2037	1,950,000	70,005	-	-	1,950,000	70,005
Totals	\$ 129,490,000	\$ 46,339,814	\$ 34,491,208	\$ 6,617,418	\$ 163,981,208	\$ 52,957,232

Interest on variable rate debt with associated interest rate swaps has been calculated at the fixed swap rate. Interest on variable rate debt without interest rate swaps has been calculated at the interest rate in effect at June 30, 2016.

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

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Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions/ Amortization	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds-capital	\$ 128,158,000	\$ -	\$ 6,843,000	\$ 121,315,000	\$ 7,047,000
Premium-GO bonds-capital	2,304,705	-	182,396	2,122,309	176,348
Total GO bonds-capital	<u>130,462,705</u>	<u>-</u>	<u>7,025,396</u>	<u>123,437,309</u>	<u>7,223,348</u>
General obligation bonds-pension	9,115,000	-	940,000	8,175,000	945,000
Premium-GO bonds-pension	71,991	-	8,470	63,521	8,470
Total GO bonds-pension	<u>9,186,991</u>	<u>-</u>	<u>948,470</u>	<u>8,238,521</u>	<u>953,470</u>
Capital leases	3,188,492	3,236,188	2,995,750	3,428,930	2,126,431
Total bonds and leases payable	<u>142,838,188</u>	<u>3,236,188</u>	<u>10,969,616</u>	<u>135,104,760</u>	<u>10,303,249</u>
Park acquisition agreement	-	1,500,000	214,286	1,285,714	214,286
Compensated absences	6,782,800	3,324,551	2,808,050	7,299,301	2,808,050
Derivatives-interest rate swaps	<u>4,383,725</u>	<u>2,247,421</u>	<u>-</u>	<u>6,631,146</u>	<u>-</u>
Total long-term liabilities	<u>\$ 154,004,713</u>	<u>\$ 10,308,160</u>	<u>\$ 13,991,952</u>	<u>\$ 150,320,921</u>	<u>\$ 13,325,585</u>
Business-type activities:					
Revenue and tax bonds	\$ 37,903,142	\$ -	\$ 3,411,934	\$ 34,491,208	\$ 3,510,885
Premium	1,084,554	-	112,526	972,028	112,525
Total bonds payable	<u>38,987,696</u>	<u>-</u>	<u>3,524,460</u>	<u>35,463,236</u>	<u>3,623,410</u>
Compensated absences	<u>724,472</u>	<u>371,244</u>	<u>341,003</u>	<u>754,713</u>	<u>341,003</u>
Total long-term liabilities	<u>\$ 39,712,168</u>	<u>\$ 371,244</u>	<u>\$ 3,865,463</u>	<u>\$ 36,217,949</u>	<u>\$ 3,964,413</u>

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

Issuance of Long-term Debt

Although the City had no bond issuances in 2016, it did have additional capital leases of over \$3.2 million.

Also, the City has entered into an agreement for acquisition of parkland that will become Carter Hill Park along Columbia Avenue. The agreement specifies total payment of \$1.5 million to local civil war preservation groups in exchange for land that will become the park. The payments are to be made over a period of 7 years beginning in fiscal year 2016.

Contingent Liability

The City of Franklin entered a standby loan agreement with the City of Franklin Industrial Development Board in December 2005, subsequent to an Industrial Development Board bond issue for \$15 million. The bond issue provided funds to purchase land for the site of the Nissan North America Headquarters project, a 500,000 square feet building on a 50 - acre campus in the McEwen Economic Development District of Franklin. The Development District is a tax-increment financing district, created under Tennessee Law, which is designed to provide funds which will retire the bond issue from property taxes on future development.

At the inception of the project, the Industrial Development Board had approximately two years of debt service escrowed. As of January 2008, this escrow was fully spent and the City of Franklin began, as agreed, to make available short-term loans while the proceeds from the Development District were insufficient to cover the debt service. These loans cannot exceed \$5 million at any time during that period. As of June 30, 2016, expected development in the area is proceeding as projected in the debt repayment plan. Through June 30, 2016, the City has lent \$2,425,324 to the Industrial Development Board under standby loan agreement. This amount will be repaid through future property taxes on the development. The City does not guarantee or have any obligation for the repayment of the bonds.

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Swap Agreements

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

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

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

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

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

2007 Swap Agreement

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

Under the swap, the City pays a fixed rate of 3.59% and receives a variable payment of 63% of the 5-year London Interbank Offering Rate (LIBOR) (commonly referred to as a constant maturity swap). The swap has an original notional amount of \$20,000,000 equal to the outstanding principal balance on the bonds issued. The notional value of the swap decreases on the same schedule as the bond principal payments until termination on June 1, 2037. As of June 30, 2016, none of the original notional amount has been retired.

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2005 Swap Agreement

In 2005, the City entered into an interest rate swap agreement with SunTrust Bank in connection with its \$4,500,000 variable rate loan from the City of Lawrenceburg Public Building Authority. Under the swap the City makes monthly payments based on a fixed rate of 3.65% and receives monthly payments based on 75% of the one-month LIBOR plus 18 basis points. The swap has a notional amount of \$4,500,000 and expires on July 1, 2020. Of the original notional amount, \$2,715,000 has been retired as of June 30, 2016. SunTrust may terminate the agreement at any time in the event of a default and the City may terminate the agreement at any time by paying a termination payment in an amount equal to the market value at the date of termination.

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

Swap Agreement	2007 Swap Agreement with FMS Wertmanagement Bank	2005 Swap Agreement with SunTrust Bank
Original Notional Amount	\$ 20,000,000	\$ 4,500,000
Less Amount Retired	-	(2,715,000)
Current Notional Amount	<u>\$ 20,000,000</u>	<u>\$ 1,785,000</u>
Effective Date	3/1/2007	9/1/2005
Termination Date	6/1/2037	7/1/2020
Final Bond Maturity	6/1/2037	7/1/2020
City pays	3.59% Fixed	3.65% Fixed
Payments made by the City*	\$ 718,000	\$ 67,212
City Receives*	63% of 5 Year LIBOR CMS	LIBOR x 75% + 0.18%
Payments received by the City*	\$ 718,000	\$ 7,381
Net receipts/(disbursements)*	-	(59,831)
Fair Value of Swap Agreement	(6,515,366)	(115,780)

* Based on the period July 1, 2015 to June 30, 2016.

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

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

Tax Risk

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

Basis Risk

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

Termination Risk

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

Credit Risk

The City at June 30, 2016 had no credit risk since the swaps had negative values. If the value were a positive amount, then the City would be exposed to risk with FMS Wertmanagement Bank, with a rating by Moody's/Standard & Poor's/Fitch as of June 30, 2016 of Aaa/AAA/AAA, or SunTrust, with ratings of Baa1/A-/A-.

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L. Fund Balances													
Fund balances:	General Fund	Multi-Purpose Capital Project Fund	Debt Service Fund	State Street Aid Fund	Sanitation Fund	Road Impact Fee Fund	Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel / Motel Tax Fund	In Lieu of Parkland Fund	Transit Authority Fund	Other Governmental Funds Totals
Non-Spendable	\$ 1,879,610	\$ -	\$ -	\$ -	\$ 55,621	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ 1,936,731
Restricted	-	-	-	373,415	711,729	-	-	-	515,642	-	-	-	1,685,971
Committed	-	-	5,000	-	-	5,019,848	6,976,276	4,872,235	-	-	-	374,758	17,248,117
Assigned	-	-	-	-	-	-	-	-	-	2,634,109	4,425,966	-	7,060,075
Unassigned	37,369,976	(7,887,886)	-	-	-	-	-	-	-	-	-	-	29,482,090
Total fund balances	\$ 39,249,586	\$ (7,887,886)	\$ 5,000	\$ 373,415	\$ 767,350	\$ 5,019,848	\$ 6,976,276	\$ 4,873,735	\$ 515,642	\$ 2,634,109	\$ 4,425,966	\$ 374,758	\$ 57,412,984
Reason for Restriction/Commitment:													
Non-spendable inventory/prepays	\$ 1,879,610	\$ -	\$ -	\$ -	\$ 55,621	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ 1,936,731
Restricted by state law	-	-	-	373,415	711,729	-	-	-	515,642	-	-	-	1,600,786
Restricted by federal regulations for fund purpose	-	-	-	-	-	-	-	-	-	-	-	-	85,185
Committed by Board ordinance for fund purpose	-	-	5,000	-	-	5,019,848	6,976,276	4,872,235	-	-	-	374,758	17,248,117
Assigned by Board resolution	-	-	-	-	-	-	-	-	-	2,634,109	4,425,966	-	7,060,075
Unassigned *	37,369,976	-	-	-	-	-	-	-	-	-	-	-	37,369,976
Unassigned - negative fund balance	-	(7,887,886)	-	-	-	-	-	-	-	-	-	-	(7,887,886)
Total fund balances	\$ 39,249,586	\$ (7,887,886)	\$ 5,000	\$ 373,415	\$ 767,350	\$ 5,019,848	\$ 6,976,276	\$ 4,873,735	\$ 515,642	\$ 2,634,109	\$ 4,425,966	\$ 374,758	\$ 57,412,984
Fund Balance Policy -- General Fund													
* Per the City's Fund Balance Policy, the unassigned fund balance for the General Fund identifies the following reserves:													
	Amount												
Contingency Commitment	\$ 3,252,060												
Emergency Commitment	3,252,060												
Cash Flow Commitment	9,105,767												
Debt Service Commitment	1,951,236												
Property/Casualty/Health Insurance Commitment	2,601,648												
Retiree Health Benefits Commitment	1,500,824												
Supplemental Reserve	7,804,942												
Capital Outlay Reserve	8,101,439												
Total Reserves	\$ 37,369,976												

CITY OF FRANKLIN, TENNESSEE
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M. Interfund Receivables, Payables and Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The following is a summary of transfers during the year ended June 30, 2016:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Sanitation	\$ 500,000
General	Transit	501,413
General	Capital projects	2,500,000
Sanitation	Debt service	599,772
Road impact	Debt service	2,674,006
Hotel/motel	Debt service	1,121,213
Hotel/motel	Capital projects	1,207,565
Water/Sewer	Debt service	200,000
Total		<u>\$ 9,303,969</u>

The purposes of the transfers are:

- The transfers from the General Fund to the Sanitation and Transit System funds are for providing the annual operating subsidy.
- The transfers from the General Fund to the Capital Projects fund was to provide funds for reduction of the deficit.
- The transfers from the Sanitation, Road Impact, and Hotel/Motel funds to the Debt Service Fund are for the purpose of transferring funds to cover annual debt service requirements.
- The transfer from Hotel/motel to the Capital Projects fund was to provide funds for a portion of expenditures for the 3rd Avenue and Hillsboro Road projects.
- The transfer from Water/Sewer to the Debt Service fund is to provide funds for a portion of costs in the consolidated public works building.

The interfund balance as of June 30, 2016, below is expected to be repaid within the next fiscal year and is considered ordinary in nature. The purpose of the interfund balance is to allow the City time for reimbursement from other funds and issuance of bonds.

<u>Due from</u>	<u>Due to</u>	<u>Amount</u>
Capital projects	General	\$ 7,537,312

N. Contingencies

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

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

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

O. Subsequent events

The City has approved two significant initiatives since fiscal year end:

1. The City has approved issuance of \$12 million of revenue bonds for water treatment plant improvements.
2. The City has approved issuance of \$3.5 million of state revolving fund loans to finance the improvements to the SCADA system.
3. The City has approved closing enrollment in the City's pension plan as of December 31, 2016. New hires after this date will enroll in the political subdivision pension plan of the Tennessee Consolidated Retirement System (TCRS), used by many Tennessee local governments. TCRS will also assume the administration of the City's plan.

REQUIRED SUPPLEMENTARY INFORMATION



HISTORIC
FRANKLIN
TENNESSEE

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FUNDING PROGRESS - RETIREE HEALTH INSURANCE
 June 30, 2016
 (Unaudited)

City of Franklin Retiree Health Insurance							
Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2016	6/30/2016	\$ 1,300,800	\$ 4,241,500	\$ 2,940,700	30.7%	\$ 30,410,847	9.7%
6/30/2015	6/30/2015	1,122,700	4,113,800	2,991,100	27.3%	28,205,179	10.6%
6/30/2014	6/30/2014	1,142,500	4,854,400	3,711,900	23.5%	27,440,025	13.5%
6/30/2013	6/30/2013	1,064,000	4,460,600	3,396,600	23.9%	28,902,947	11.8%
6/30/2012	6/30/2012	1,075,000	3,702,500	2,627,500	29.0%	29,869,786	8.8%
6/30/2011	6/30/2011	1,027,000	3,679,200	2,652,200	27.9%	27,958,552	9.5%

The above schedule is designed to show the extent to which a post employment healthcare plan has been successful over time in setting aside assets sufficient to cover its actuarial accrued liability.

SCHEDULE OF EMPLOYER CONTRIBUTIONS - RETIREE HEALTH INSURANCE
 June 30, 2016
 (Unaudited)

City of Franklin Retiree Health Insurance			
Year	Annual Required Contribution (ARC)	Amount Contributed	Percentage Contributed
6/30/2016	\$345,000	\$368,300	106.8%
6/30/2015	317,900	167,000	52.5%
6/30/2014	287,200	120,800	42.1%
6/30/2013	302,400	114,900	38.0%
6/30/2012	301,800	272,800	90.4%
6/30/2011	302,600	259,300	85.7%

The above schedule is designed to show the extent to which employer contributions to the retiree health insurance plan compared to the annual required contribution (ARC).

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

	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 2,093,993	\$ 1,977,349
Interest	7,209,696	6,583,224
Changes of benefit items	-	-
Differences between expected and actual experience	5,394,430	3,336,925
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	<u>(3,699,996)</u>	<u>(3,234,121)</u>
Net change in total pension liability	10,998,123	8,663,377
Total pension liability-beginning	<u>97,426,953</u>	<u>88,763,576</u>
Total pension liability-ending (a)	<u>\$ 108,425,076</u>	<u>\$ 97,426,953</u>
Plan fiduciary net position		
Contributions-employer	\$ 2,846,724	\$ 2,354,417
Contributions-employee	525,364	419,334
Net investment income (loss)	(1,678,689)	5,973,819
Benefit payments, including refunds of employee contributions	(3,699,996)	(3,234,121)
Administrative expenses	<u>(584,138)</u>	<u>(561,992)</u>
Net change in plan fiduciary net position	(2,590,735)	4,951,457
Plan fiduciary net position-beginning	<u>89,423,146</u>	<u>84,471,689</u>
Plan fiduciary net position-ending (b)	<u>\$ 86,832,411</u>	<u>\$ 89,423,146</u>
Net pension liability-ending (a) - (b)	<u>\$ 21,592,665</u>	<u>\$ 8,003,807</u>
Plan fiduciary net position as a percentage of the total pension liability	80.1%	91.8%
Covered employee payroll	\$ 30,362,659	\$ 28,205,179
Pension liability as a percentage of covered employee payroll	71.1%	28.4%

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

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

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,846,724	\$ 2,417,920
Contributions in relation to the actuarially determined contribution	<u>2,846,724</u>	<u>2,354,417</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 63,503</u>
Covered employee payroll	\$ 30,362,659	\$ 28,205,179
Contributions as a percentage of covered employee payroll	9.4%	8.3%

Notes to Schedule

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	17 years
Inflation rate	2.0%
Mortality	RP-2000 mortality with blue collar adjustments
Asset valuation method	Market value
Projected salary increases	3.5%, average, including inflation
Investment rate of return	7.50%
Retirement age	Based on a table starting at 55, increasing to 100% by age 70

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

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

	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expenses	-2.5%	6.4%

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

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



**HISTORIC
FRANKLIN
TENNESSEE**

NONMAJOR GOVERNMENTAL FUNDS SUMMARY PAGE:

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

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

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

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

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

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

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

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

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

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

CITY OF FRANKLIN, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds											Other Governmental Funds Totals
	State Street Aid Fund	Sanitation Fund	Road Impact Fee Fund	Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel / Motel Tax Fund	In Lieu of Parkland Fund	Transit Authority Fund	CDBG Fund		
ASSETS												
Cash and cash equivalents	\$ 18,888	\$ 15,953	\$ 5,035,330	\$ 4,736,205	\$ 1,526,444	\$ 513,492	\$ 2,311,992	\$ 4,425,966	\$ 20,798	\$ 287,861	\$ 18,892,929	
Investments	-	-	-	2,539,356	3,076,009	-	-	-	-	-	5,615,365	
Receivables (net of uncollectible accounts)	1,035,263	1,163,125	-	15,215	418,039	2,214	410,109	-	548,875	30,618	3,623,458	
Inventory and prepaids	-	55,621	-	-	1,500	-	-	-	-	-	57,121	
Total assets	\$ 1,054,151	\$ 1,234,699	\$ 5,035,330	\$ 7,290,776	\$ 5,021,992	\$ 515,706	\$ 2,722,101	\$ 4,425,966	\$ 569,673	\$ 318,479	\$ 28,188,873	
LIABILITIES												
Accounts payable	\$ -	\$ 467,349	\$ 15,482	\$ 314,500	\$ 148,257	\$ 64	\$ 87,992	\$ -	\$ 115,001	\$ -	\$ 1,148,645	
Unearned revenue	-	-	-	-	-	-	-	-	-	233,294	233,294	
Total liabilities	-	467,349	15,482	314,500	148,257	64	87,992	-	115,001	233,294	1,381,939	
DEFERRED INFLOWS OF RESOURCES												
Unavailable revenues	680,736	-	-	-	-	-	-	-	79,914	-	760,650	
Total deferred inflows of resources	680,736	-	-	-	-	-	-	-	79,914	-	760,650	
FUND BALANCES												
Non-spendable	-	55,621	-	-	1,500	-	-	-	-	-	57,121	
Restricted	373,415	711,729	-	-	-	515,642	-	-	-	85,185	1,685,971	
Committed	-	-	5,019,848	6,976,276	4,872,235	-	-	-	374,758	-	17,243,117	
Assigned	-	-	-	-	-	-	2,634,109	4,425,966	-	-	7,060,075	
Unassigned	-	-	-	-	-	-	-	-	-	-	-	
Total fund balances	373,415	767,350	5,019,848	6,976,276	4,873,735	515,642	2,634,109	4,425,966	374,758	85,185	26,046,284	
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,054,151	\$ 1,234,699	\$ 5,035,330	\$ 7,290,776	\$ 5,021,992	\$ 515,706	\$ 2,722,101	\$ 4,425,966	\$ 569,673	\$ 318,479	\$ 28,188,873	

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Special Revenue Funds										Other Governmental Funds Totals
	State Street Aid Fund	Sanitation Fund	Road Impact Fee Fund	Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel / Motel Tax Fund	In Lieu of Parkland Fund	Transit Authority Fund	CDBG Fund	
Revenues:											
Taxes											
Property tax	\$ 526,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 526,008
Hotel / motel tax	-	-	-	-	-	-	3,557,971	-	-	-	3,557,971
Facilities tax	-	-	-	4,827,968	-	-	-	-	-	-	4,827,968
Licenses and permits	-	-	7,586,724	-	-	-	-	1,923,145	-	-	9,509,869
Fines and fees	-	-	-	-	-	313,036	-	-	-	-	313,036
Intergovernmental											
Gas & motor fuel	1,250,711	-	-	-	-	-	-	-	-	-	1,250,711
Petroleum special	135,027	-	-	-	-	-	-	-	-	-	135,027
Gas 1989	201,000	-	-	-	-	-	-	-	-	-	201,000
Gas 3 cent	373,058	-	-	-	-	-	-	-	-	-	373,058
Grants	-	22,277	-	-	-	-	-	-	1,251,055	-	1,251,055
Charges for services	-	8,346,235	-	-	2,462,709	-	-	-	88,460	-	8,346,235
Use of money and property	286	189,011	9,154	58,120	83,972	12,321	130,203	8,745	32,731	431	1,603,198
Contributions	-	-	-	-	-	-	-	-	-	-	10,897,404
Total revenues	2,486,090	8,557,523	7,595,878	4,886,088	2,546,681	325,357	3,688,174	1,931,890	1,372,246	330,297	33,720,224
Expenditures:											
Current:											
General government	-	-	-	-	-	-	1,127,477	-	-	265,324	1,392,801
Police	-	-	-	-	-	105,011	-	-	-	-	105,011
Fire	-	-	-	407,592	-	-	-	-	-	-	407,592
Highways and streets	2,399,899	-	300,000	-	-	-	-	-	-	-	2,699,899
Storm water	-	-	-	-	2,058,504	-	-	-	-	-	2,058,504
Sanitation	-	8,308,687	-	-	-	-	-	-	-	-	8,308,687
Transit	-	-	-	-	-	-	-	-	1,574,974	-	1,574,974
Capital outlay	-	-	-	4,219,984	397,677	-	347,406	-	113,535	-	5,078,602
Total expenditures	2,399,899	8,308,687	300,000	4,627,576	2,456,181	105,011	1,474,883	-	1,688,509	265,324	21,626,070
Excess (deficiency) of revenues over (under) expenditures	86,191	248,836	7,295,878	258,512	90,500	220,346	2,213,291	1,931,890	(316,263)	64,973	12,094,154
Other financing sources (uses):											
Transfers in	-	500,000	-	-	-	-	-	-	501,413	-	1,001,413
Transfers out	-	(599,772)	(2,674,006)	-	-	-	(2,328,778)	-	-	-	(5,602,556)
Total other financing sources (uses)	-	(99,772)	(2,674,006)	-	-	-	(2,328,778)	-	501,413	-	(4,601,143)
Net changes in fund balances	86,191	149,064	4,621,872	258,512	90,500	220,346	(115,487)	1,931,890	185,150	64,973	7,493,011
Fund balances - beginning	287,224	618,286	397,976	6,717,764	4,783,235	295,296	2,749,596	2,494,076	189,608	20,212	18,553,273
Fund balances - ending	\$ 373,415	\$ 767,350	\$ 5,019,848	\$ 6,976,276	\$ 4,873,735	\$ 515,642	\$ 2,634,109	\$ 4,425,966	\$ 374,758	\$ 85,185	\$ 26,046,284

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Over (Under)
Revenues:				
Taxes:				
Property tax	\$ 528,418	\$ 528,418	\$ 526,008	\$ (2,410)
Intergovernmental:				
Gasoline tax, State of Tennessee:				
Gas & motor fuel	1,200,410	1,200,410	1,250,711	50,301
Petroleum special	140,111	140,111	135,027	(5,084)
Gas 1989	193,126	193,126	201,000	7,874
Gas 3 cent	359,744	359,744	373,058	13,314
Use of money and property:				
Interest earned	400	400	286	(114)
Total revenues	<u>2,422,209</u>	<u>2,422,209</u>	<u>2,486,090</u>	<u>63,881</u>
Expenditures:				
Current:				
Highways and streets:				
Street maintenance and improvement	2,400,000	2,400,000	2,398,633	(1,367)
Supplies	-	-	1,266	1,266
Total current	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,399,899</u>	<u>(101)</u>
Total expenditures	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,399,899</u>	<u>(101)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,209</u>	<u>22,209</u>	<u>86,191</u>	<u>63,982</u>
Other financing sources (uses):				
Operating transfers from other funds	-	175,000	-	175,000
Total other financing sources (uses)	<u>-</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>
Net changes in fund balances	<u>\$ 22,209</u>	<u>\$ 197,209</u>	<u>86,191</u>	<u>\$ (111,018)</u>
Fund balance - beginning			<u>287,224</u>	
Fund balance - ending			<u>\$ 373,415</u>	

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SANITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Over (Under)
Revenues:				
Charges for services:				
Garbage fees	\$ 7,750,777	\$ 8,847,260	\$ 8,346,235	\$ (501,025)
Intergovernmental:				
Grants	-	-	22,277	22,277
Use of money and property:				
Sale of surplus property	75,000	75,000	189,011	114,011
Total revenues	<u>7,825,777</u>	<u>8,922,260</u>	<u>8,557,523</u>	<u>(364,737)</u>
Expenditures:				
Current:				
Sanitation:				
Personnel	2,912,850	2,912,850	2,757,882	(154,968)
Services	2,787,381	4,080,864	4,087,944	7,080
Supplies	482,769	482,769	384,020	(98,749)
Operational units	209,545	209,545	229,837	20,292
Business expenses	100,589	100,589	103,299	2,710
Debt service/leases	743,563	757,419	745,705	(11,714)
Total current	<u>7,236,697</u>	<u>8,544,036</u>	<u>8,308,687</u>	<u>(235,349)</u>
Total expenditures	<u>7,236,697</u>	<u>8,544,036</u>	<u>8,308,687</u>	<u>(235,349)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>589,080</u>	<u>378,224</u>	<u>248,836</u>	<u>(129,388)</u>
Other financing sources (uses):				
Operating transfers from other funds	-	500,000	500,000	-
Operating transfers to other funds	(589,080)	(589,080)	(599,772)	10,692
Total other financing sources (uses)	<u>(589,080)</u>	<u>(89,080)</u>	<u>(99,772)</u>	<u>10,692</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ 289,144</u>	149,064	<u>\$ (140,080)</u>
Fund balance - beginning			<u>618,286</u>	
Fund balance - ending			<u>\$ 767,350</u>	

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
ROAD IMPACT FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Over (Under)
Revenues:				
Licenses and permits:				
Road impact fee	\$ 5,770,361	\$ 5,945,683	\$ 7,586,724	\$ 1,641,041
Use of money and property:				
Interest earned	-	-	9,154	9,154
Total revenues	<u>5,770,361</u>	<u>5,945,683</u>	<u>7,595,878</u>	<u>1,650,195</u>
Expenditures:				
Current:				
Highways and streets:				
Services	-	475,322	300,000	(175,322)
Total current	-	475,322	300,000	(175,322)
Total expenditures	<u>-</u>	<u>475,322</u>	<u>300,000</u>	<u>(175,322)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,770,361</u>	<u>5,470,361</u>	<u>7,295,878</u>	<u>1,825,517</u>
Other financing sources (uses):				
Operating transfers to other funds	(2,739,169)	(2,739,169)	(2,674,006)	65,163
Net changes in fund balances	<u>\$ 3,031,192</u>	<u>\$ 2,731,192</u>	4,621,872	<u>\$ 1,890,680</u>
Fund balance - beginning			<u>397,976</u>	
Fund balance - ending			<u>\$ 5,019,848</u>	

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
FACILITIES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Over (Under)
Revenues:				
Licenses and permits:				
Facilities tax	\$ 2,110,407	\$ 2,110,407	\$ 4,827,968	\$ 2,717,561
Use of money and property:				
Interest earned	10,000	10,000	58,120	48,120
Total revenues	<u>2,120,407</u>	<u>2,120,407</u>	<u>4,886,088</u>	<u>2,765,681</u>
Expenditures:				
Current:				
Fire:				
Services	-	-	50,944	50,944
Supplies	37,925	37,925	356,211	318,286
Business expenses	-	-	437	437
Total current	<u>37,925</u>	<u>37,925</u>	<u>407,592</u>	<u>369,667</u>
Capital outlay:	<u>4,110,000</u>	<u>4,252,191</u>	<u>3,556,937</u>	<u>(695,254)</u>
Total fire	<u>4,147,925</u>	<u>4,290,116</u>	<u>3,964,529</u>	<u>(325,587)</u>
Current:				
Sanitation:				
Supplies	108,585	108,585	-	(108,585)
Total current	<u>108,585</u>	<u>108,585</u>	<u>-</u>	<u>(108,585)</u>
Capital outlay:	<u>350,000</u>	<u>547,271</u>	<u>663,047</u>	<u>115,776</u>
Total sanitation	<u>458,585</u>	<u>655,856</u>	<u>663,047</u>	<u>7,191</u>
Total expenditures	<u>4,606,510</u>	<u>4,945,972</u>	<u>4,627,576</u>	<u>(318,396)</u>
Net changes in fund balances	<u>\$ (2,486,103)</u>	<u>\$ (2,825,565)</u>	258,512	<u>\$ 3,084,077</u>
Fund balance - beginning			<u>6,717,764</u>	
Fund balance - ending			<u>\$ 6,976,276</u>	

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
STORM WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges for services:				
Customer service	\$ 2,472,500	\$ 2,472,500	\$ 2,462,709	\$ (9,791)
Use of money and property:				
Interest earnings	10,000	10,000	83,972	73,972
Total revenues	<u>2,482,500</u>	<u>2,482,500</u>	<u>2,546,681</u>	<u>64,181</u>
Expenditures:				
Current:				
Stormwater:				
Personnel	1,178,031	1,178,031	1,177,449	(582)
Services	288,752	288,752	302,910	14,158
Supplies	345,665	345,665	189,384	(156,281)
Operational units	181,976	181,976	181,976	-
Business expenses	31,730	31,730	36,420	4,690
Debt service/leases	232,154	232,154	170,365	(61,789)
Total current	<u>2,258,308</u>	<u>2,258,308</u>	<u>2,058,504</u>	<u>(199,804)</u>
Capital outlay	<u>2,846,000</u>	<u>2,846,000</u>	<u>397,677</u>	<u>(2,448,323)</u>
Total expenditures	<u>5,104,308</u>	<u>5,104,308</u>	<u>2,456,181</u>	<u>(2,648,127)</u>
Net changes in fund balances	<u>\$ (2,621,808)</u>	<u>\$ (2,621,808)</u>	90,500	<u>\$ 2,712,308</u>
Fund balance - beginning			<u>4,783,235</u>	
Fund balance - ending			<u>\$ 4,873,735</u>	

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Over (Under)
Revenues:				
Fines and fees:				
Drug fines	\$ 93,070	\$ 93,070	\$ 185,730	\$ 92,660
Seized assets/unclaimed evidence	79,091	79,091	127,306	48,215
Use of money and property:				
Interest earned	1,000	1,000	1,874	874
Sale of surplus property	-	-	10,447	10,447
Total revenues	<u>173,161</u>	<u>173,161</u>	<u>325,357</u>	<u>152,196</u>
Expenditures:				
Current:				
Police:				
Services	39,000	39,000	-	(39,000)
Supplies	-	-	50,909	50,909
Operational units	48,000	48,000	52,220	4,220
Business expenses	<u>40,000</u>	<u>40,000</u>	<u>1,882</u>	<u>(38,118)</u>
Total current	<u>127,000</u>	<u>127,000</u>	<u>105,011</u>	<u>(21,989)</u>
Total expenditures	<u>127,000</u>	<u>127,000</u>	<u>105,011</u>	<u>(21,989)</u>
Net changes in fund balances	<u>\$ 46,161</u>	<u>\$ 46,161</u>	220,346	<u>\$ 174,185</u>
Fund balance - beginning			<u>295,296</u>	
Fund balance - ending			<u>\$ 515,642</u>	

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
HOTEL / MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Over (Under)
Revenues:				
Taxes:				
Hotel / Motel tax	\$ 3,244,619	\$ 3,281,214	\$ 3,557,971	\$ 276,757
Use of money and property:				
Distributions from conference center	-	-	123,453	123,453
Interest earned	2,000	2,000	6,750	4,750
Total revenues	<u>3,246,619</u>	<u>3,283,214</u>	<u>3,688,174</u>	<u>404,960</u>
Expenditures:				
Current:				
General:				
Services	-	30,000	197,772	167,772
Supplies	-	-	162,574	162,574
Appropriations	767,131	767,131	767,131	-
Total current	<u>767,131</u>	<u>797,131</u>	<u>1,127,477</u>	<u>330,346</u>
Capital outlay	676,918	1,016,129	347,406	(668,723)
Total expenditures	<u>1,444,049</u>	<u>1,813,260</u>	<u>1,474,883</u>	<u>(338,377)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,802,570</u>	<u>1,469,954</u>	<u>2,213,291</u>	<u>743,337</u>
Other financing sources (uses):				
Operating transfers to other funds	<u>(1,126,678)</u>	<u>(2,334,243)</u>	<u>(2,328,778)</u>	<u>(5,465)</u>
Net changes in fund balances	<u>\$ 675,892</u>	<u>\$ (864,289)</u>	<u>(115,487)</u>	<u>\$ 748,802</u>
Fund balance - beginning			<u>2,749,596</u>	
Fund balance - ending			<u>\$ 2,634,109</u>	

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
IN LIEU OF PARKLAND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Over (Under)
Revenues:				
Licenses and permits:				
In lieu of parkland fees	\$ 1,530,323	\$ 1,530,323	\$ 1,923,145	\$ 392,822
Use of money and property:				
Interest earned	-	-	8,745	8,745
Total revenues	<u>1,530,323</u>	<u>1,530,323</u>	<u>1,931,890</u>	<u>401,567</u>
Expenditures:				
Parks:	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ 1,530,323</u>	<u>\$ 1,530,323</u>	1,931,890	<u>\$ 401,567</u>
Fund balance - beginning			<u>2,494,076</u>	
Fund balance - ending			<u>\$ 4,425,966</u>	

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
TRANSIT AUTHORITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Grants	\$ 1,140,841	\$ 1,140,841	\$ 1,251,055	\$ 110,214
Charges for services:				
Transit fares	111,000	111,000	88,460	(22,540)
Use of money and property:				
Rental income	10,000	10,000	9,700	(300)
Interest earnings	2,900	2,900	4,391	1,491
Sale of surplus property	-	-	18,640	18,640
Total revenues	<u>1,264,741</u>	<u>1,264,741</u>	<u>1,372,246</u>	<u>107,505</u>
Expenditures:				
Current:				
Transit:				
Services	-	-	38	38
Operational units	<u>1,583,310</u>	<u>1,642,403</u>	<u>1,574,936</u>	<u>(67,467)</u>
Total current	<u>1,583,310</u>	<u>1,642,403</u>	<u>1,574,974</u>	<u>(67,429)</u>
Capital outlay	<u>225,000</u>	<u>225,000</u>	<u>113,535</u>	<u>(111,465)</u>
Total expenditures	<u>1,808,310</u>	<u>1,867,403</u>	<u>1,688,509</u>	<u>(178,894)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(543,569)</u>	<u>(602,662)</u>	<u>(316,263)</u>	<u>286,399</u>
Other financing sources (uses):				
Operating transfers from other funds	<u>543,569</u>	<u>793,569</u>	<u>501,413</u>	<u>(292,156)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ 190,907</u>	<u>185,150</u>	<u>\$ (5,757)</u>
Fund balance - beginning			<u>189,608</u>	
Fund balance - ending			<u>\$ 374,758</u>	

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
Revenues:				
Intergovernmental:				
Grants	\$ 274,706	\$ 274,706	\$ 329,866	\$ 55,160
Use of money and property:				
Interest	100	100	431	331
Total revenues	<u>274,806</u>	<u>274,806</u>	<u>330,297</u>	<u>55,491</u>
Expenditures:				
Current:				
General:				
Services	274,706	274,706	265,324	(9,382)
Total current	274,706	274,706	265,324	(9,382)
Total expenditures	<u>274,706</u>	<u>274,706</u>	<u>265,324</u>	<u>(9,382)</u>
Net changes in fund balances	<u>\$ 100</u>	<u>\$ 100</u>	64,973	<u>\$ 64,873</u>
Fund balance - beginning			<u>20,212</u>	
Fund balance - ending			<u>\$ 85,185</u>	

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues:				
Taxes:				
Property tax apportionment	\$ 7,426,254	\$ 7,426,254	\$ 7,338,632	\$ (87,622)
Intergovernmental:				
Rebates on BAB / RZEDB bonds	825,401	825,401	840,316	14,915
Use of money and property:				
Interest earned	5,000	5,000	3,296	(1,704)
Total revenues	<u>8,256,655</u>	<u>8,256,655</u>	<u>8,182,244</u>	<u>(74,411)</u>
Expenditures:				
Debt service:				
Principal	7,783,000	7,783,000	7,783,000	-
Interest	5,112,804	5,112,804	4,973,106	(139,698)
Debt service fees	28,342	28,342	16,838	(11,504)
Total expenditures	<u>12,924,146</u>	<u>12,924,146</u>	<u>12,772,944</u>	<u>(151,202)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,667,491)</u>	<u>(4,667,491)</u>	<u>(4,590,700)</u>	<u>76,791</u>
Other financing sources (uses):				
Operating transfers from other funds:				
From Water & Sewer	200,000	200,000	200,000	-
From Sanitation	606,544	606,544	599,772	(6,772)
From Road Impact	2,739,169	2,739,169	2,674,006	(65,163)
From Hotel/Motel	1,126,678	1,126,678	1,121,213	(5,465)
Total other financing sources (uses)	<u>4,672,391</u>	<u>4,672,391</u>	<u>4,594,991</u>	<u>(77,400)</u>
Net changes in fund balances	<u>\$ 4,900</u>	<u>\$ 4,900</u>	4,291	<u>\$ (609)</u>
Fund balance - beginning			709	
Fund balance - ending			<u>\$ 5,000</u>	

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Source/Grant Program or Cluster Title	Federal CFDA Number	Grant Number / Pass-through Identifying Number	Balance 6/30/2015 (Receivable) Unearned	Adjustments	Cash Receipts	Total Federal Expenditures	Balance 6/30/2016 (Receivable) Unearned	Passed through to Subrecipients
U.S. DEPARTMENT OF JUSTICE								
Bulletproof Vest Partnership Program	16.607	N/A	\$ (4,370)	\$ -	\$ 4,370	\$ -	\$ -	\$ -
Total U.S. Department of Justice			(4,370)	-	4,370	-	-	-
U.S. DEPARTMENT OF TRANSPORTATION								
New Freedom Program *	20.521	TN-57-X002	-	-	29,690	(43,929)	(14,239)	(43,929)
Federal Transit Cluster:								
Federal Transit Investment Grants *	20.500	TN-04-0045-02	(3,311)	-	3,311	-	-	-
Federal Transit Formula Grant (Transit Capital Grant) *	20.507	TN-90-X303-00	-	-	2,086	(21,572)	(19,486)	(21,572)
Federal Transit Formula Grant (Transit Capital Grant) *	20.507	TN-90-X339-00	-	-	-	-	-	-
Federal Transit Formula Grant (Transit Capital Grant) *	20.507	TN-90-X352-00	(1,234)	-	97,044	(95,810)	-	(95,810)
Federal Transit Formula Grant (Transit Capital Grant) *	20.507	TN-90-X365-00	(161,546)	-	161,546	-	-	-
Federal Transit Formula Grant (Transit Capital Grant) *	20.507	TN-90-X384-00	(22,096)	-	334,073	(463,592)	(151,615)	(463,592)
Federal Transit Formula Grant (Transit Capital Grant) *	20.507	TN-90-X392-00	-	-	52,194	(86,214)	(34,020)	(86,214)
Federal Transit Formula Grant (Transit Capital Grant) *	20.507	TN-90-X328-00	-	-	1,510	(1,510)	-	(1,510)
Federal Transit Formula Grant (Replacement Vehicle-PM-Planning & Equipment) *			(184,876)	-	648,453	(668,698)	(205,121)	(668,698)
Total Federal Transit Cluster			(188,187)	-	651,764	(668,698)	(205,121)	(668,698)
Highway Planning and Construction Cluster:								
Highway Planning and Construction (Bicentennial Park) ***	20.205	#109424.00	(4,624)	-	387,398	(625,376)	(242,602)	-
Highway Planning and Construction (Mack Hatcher Parkway NW Quad) ***	20.205	#101454.01	(456,080)	-	-	(252,770)	(708,850)	-
Highway Planning and Construction (Columbia Ave to Downs Blvd) ***	20.205	#121454.00	-	-	-	(151,004)	(151,004)	-
Recreational Trails Program ****	20.219	32701-02182	(9,766)	4,589	12,817	(1,029,150)	(1,102,456)	-
Total Highway Planning and Construction Cluster			(470,470)	4,589	400,215	(60,213)	(52,573)	-
Alcohol Open Container Requirements (Franklin Fight Against Impaired Driving) **	20.607	154AL-15-61	(7,897)	-	27,588	(19,691)	(8,769)	-
Alcohol Open Container Requirements (Franklin Fight Against Impaired Driving) **	20.607	154AL-16-24	-	-	27,588	(28,460)	(8,769)	-
Total U.S. Department of Transportation			(666,554)	4,589	1,109,257	(1,830,450)	(1,383,158)	(712,627)
U.S. DEPARTMENT OF THE INTERIOR								
Historic Preservation Fund Grants-In-Aid (City & Rest Haven Cemeteries) *****	15.904	32701-02097	-	-	19,618	(19,618)	-	-
National Parks Service - Battlefield Acquisition *****	15.928	PI5AP00138	-	-	99,610	(99,610)	-	(99,610)
National Parks Service - Battlefield Acquisition *****	15.928	PI5AP00145	-	-	1,303,187	(1,303,187)	-	(1,303,187)
Total U.S. Department of the Interior			-	-	1,402,797	(1,402,797)	-	(1,402,797)
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
Community Development Block Grants/Entitlement Grants *****	14.218	B-MC-47-0014	(10,007)	-	306,702	(326,109)	(29,414)	-
Emergency Solutions Grant Programs (Emergency Shelter Grant)	14.231	ESG-13-15	(5,896)	-	5,896	-	-	-
Emergency Solutions Grant Programs (Emergency Shelter Grant)	14.231	ESG-15-16	-	-	55,041	(62,319)	(7,278)	-
Total U.S. Department of Housing and Urban Development			(15,903)	-	367,639	(388,428)	(36,692)	-
Total Federal Assistance			\$ (686,827)	\$ 4,589	\$ 2,903,681	\$ (3,641,293)	\$ (1,419,850)	\$ (2,115,424)

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - DE MINIMIS INDIRECT COST RATE

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

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Source/Grant Name	State Grant Number	Balance 6/30/2015 (Receivable) Unearned	Adjustments	Cash Receipts	Expenditures	Balance 6/30/2016 (Receivable) Unearned
TENNESSEE DEPARTMENT OF TRANSPORTATION						
Federal Transit Formula Grant (Transit Capital Grant) *	TN-90-0303	\$ (2,214)	\$ -	\$ 2,214	\$ -	\$ -
Federal Transit Capital Investment Grants *	TN-04-0045-02	(414)	-	414	-	-
Replacement Vehicle-PM-Planning & Equipment *	TN-90-X328-00	(592)	592	-	-	-
Federal Transit Formula Grant (Transit Operating Assistance Grant) *	TN-90-X339-00	(20,003)	-	20,003	-	-
New Freedom Program *	TN-57-X002	-	-	-	(21,964)	(21,964)
Federal Transit Formula Grant (Transit Capital Grant) *	TN-90-X352-00	(46,637)	-	58,613	(11,976)	-
Federal Transit Formula Grant (Transit Capital Grant) *	TN-90-X365-00	(20,193)	-	20,193	-	-
Federal Transit Formula Grant (Transit Capital Grant) *	TN-90-X384-00	-	-	-	(57,949)	(57,949)
Transit Operating Assistance Grant *	GG154094300	(249,600)	-	249,600	-	-
Transit Operating Assistance Grant *	Z-16-UROP05-00	-	-	-	(249,600)	(249,600)
Mack Hatcher Parkway NW Quad	#101454.01	(114,020)	-	-	(63,193)	(177,213)
Columbia Ave to Downs Blvd	#121454.00	-	-	-	(37,751)	(37,751)
Hillsboro Rd @ Claude Yates Drive	#108409.00	-	-	-	(810,318)	(810,318)
Special Litter Grant	Z13ALG016	-	-	11,272	(18,135)	(6,863)
Franklin ITS Infrastructure	116144.00	(29,685)	-	29,685	(15,840)	(15,840)
Franklin ITS Infrastructure	116144.01	(36,199)	-	36,199	(34,925)	(34,925)
Total Tennessee Department of Transportation		(519,557)	592	428,193	(1,321,651)	(1,412,423)
TENNESSEE DEPARTMENT OF ENVIRONMENT & CONSERVATION						
Recycling Rebate FY2015	RR-FY15	(7,686)	-	7,686	-	-
Recycling Rebate FY2016	RR-FY16	-	-	-	(4,142)	(4,142)
Clean Tennessee Energy	32701-02395	-	-	15,071	(15,071)	-
Total Tennessee Department of Environment & Conservation		(7,686)	-	22,757	(19,213)	(4,142)
Total State Financial Assistance		(527,243)	592	450,950	(1,340,864)	(1,416,565)

* Passed through to The Transportation Management Association Group

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT
JUNE 30, 2016

	Tennessee Municipal Bond Fund Variable Rate Pool Loan Program 2001		Tennessee Municipal Bond Fund Variable Rate Pool Loan Program 2001		Tennessee Municipal Bond Fund Variable Rate Pool Loan Program 2004		Public Building Authority of the City of Lawrenceburg, TN Loan Agreement 2005 (1)		Public Building Authority of the City of Franklin, TN Loan Agreement 2007 (2)		Federally Taxable Build America Bonds Series 2009 (3)		Capital Improvement Bonds Series 2009	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 439,000	\$ 2,546	\$ 168,000	\$ 1,978	\$ 550,000	\$ 3,190	\$ 330,000	\$ 65,153	\$ -	\$ 718,000	\$ -	\$ 1,559,925	\$ 2,090,000	\$ 52,250
2018	-	-	173,000	1,003	-	-	345,000	53,108	-	718,000	2,140,000	1,559,925	-	-
2019	-	-	-	-	-	-	355,000	40,515	-	718,000	2,205,000	1,464,695	-	-
2020	-	-	-	-	-	-	370,000	27,558	-	718,000	2,270,000	1,364,368	-	-
2021	-	-	-	-	-	-	385,000	14,053	-	718,000	2,340,000	1,258,813	-	-
2022	-	-	-	-	-	-	-	-	-	718,000	2,410,000	1,146,493	-	-
2023	-	-	-	-	-	-	-	-	-	718,000	2,490,000	1,027,198	-	-
2024	-	-	-	-	-	-	-	-	-	718,000	2,565,000	905,188	-	-
2025	-	-	-	-	-	-	-	-	1,175,000	718,000	2,650,000	776,938	-	-
2026	-	-	-	-	-	-	-	-	1,225,000	675,818	2,740,000	641,125	-	-
2027	-	-	-	-	-	-	-	-	1,300,000	631,840	2,835,000	493,850	-	-
2028	-	-	-	-	-	-	-	-	1,350,000	585,170	2,935,000	337,925	-	-
2029	-	-	-	-	-	-	-	-	1,400,000	536,705	3,045,000	173,562	-	-
2030	-	-	-	-	-	-	-	-	1,450,000	486,445	-	-	-	-
2031	-	-	-	-	-	-	-	-	1,525,000	434,390	-	-	-	-
2032	-	-	-	-	-	-	-	-	1,575,000	379,643	-	-	-	-
2033	-	-	-	-	-	-	-	-	1,650,000	323,100	-	-	-	-
2034	-	-	-	-	-	-	-	-	1,725,000	263,865	-	-	-	-
2035	-	-	-	-	-	-	-	-	1,800,000	201,938	-	-	-	-
2036	-	-	-	-	-	-	-	-	1,875,000	137,318	-	-	-	-
2037	-	-	-	-	-	-	-	-	1,950,000	\$ 70,005	-	-	-	-
	\$ 439,000	\$ 2,546	\$ 341,000	\$ 2,981	\$ 550,000	\$ 3,190	\$ 1,785,000	\$ 200,385	\$ 20,000,000	\$ 11,188,237	\$ 30,625,000	\$ 12,710,002	\$ 2,090,000	\$ 52,250

Notes:

- (1) The City has an interest rate swap (variable to fixed) agreement with SunTrust Bank.
 - (2) The City has an interest rate swap (variable to fixed) agreement with Wertmanagement Bank.
 - (3) The City receives a 45% direct payment interest rebate on this issue, subject to reduction by the annually adjusted sequestration rate.
- The sequestration rate for July-September 2015 was 7.3%; October 2015-June 2016 was 6.8%.

(Continued)

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS (Cont.)
GENERAL OBLIGATION DEBT
JUNE 30, 2016

	Federally Taxable Recovery Zone Bonds Series 2010 (4)		General Improvement Refunding Bonds Series 2010		General Improvement Refunding Bonds Series 2012		Public Improvement Bonds Series 2013A		Pension Obligation Bonds Series 2013B		Public Improvement Bonds Series 2015		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ -	\$ 795,729	\$ 1,210,000	\$ 366,850	\$ 1,435,000	\$ 374,454	\$ 305,000	\$ 198,718	\$ 945,000	\$ 218,235	\$ 520,000	\$ 546,290	\$ 7,992,000	\$ 4,903,317
2018	-	795,729	1,240,000	330,550	1,465,000	343,889	315,000	192,617	955,000	208,313	535,000	530,690	7,168,000	4,733,824
2019	-	795,729	1,280,000	293,350	1,495,000	312,684	320,000	186,318	970,000	193,510	565,000	503,940	7,190,000	4,508,741
2020	-	795,729	1,315,000	254,950	1,530,000	280,840	325,000	179,917	1,000,000	164,410	585,000	481,340	7,395,000	4,267,111
2021	-	795,729	1,360,000	215,500	1,560,000	248,252	330,000	173,418	1,030,000	134,410	605,000	463,790	7,610,000	4,021,964
2022	-	795,729	1,410,000	161,100	1,595,000	215,023	340,000	166,817	1,060,000	106,600	635,000	433,540	7,450,000	3,743,302
2023	-	795,729	1,470,000	104,700	1,630,000	181,050	350,000	158,318	1,090,000	74,800	665,000	401,790	7,695,000	3,461,585
2024	1,985,000	795,729	1,530,000	45,900	1,665,000	146,331	355,000	149,567	1,125,000	39,375	700,000	368,540	9,925,000	3,168,630
2025	2,140,000	703,923	-	-	1,700,000	110,867	365,000	140,693	-	-	730,000	333,540	8,760,000	2,783,961
2026	2,195,000	602,273	-	-	1,735,000	74,656	375,000	131,203	-	-	760,000	304,340	9,030,000	2,429,415
2027	2,255,000	495,266	-	-	1,770,000	37,701	385,000	120,890	-	-	790,000	273,940	9,335,000	2,053,487
2028	2,315,000	380,261	-	-	-	-	400,000	107,800	-	-	815,000	250,240	7,815,000	1,661,396
2029	2,380,000	259,881	-	-	-	-	410,000	94,200	-	-	850,000	217,640	8,085,000	1,281,988
2030	2,455,000	131,956	-	-	-	-	425,000	80,260	-	-	880,000	183,640	5,210,000	882,301
2031	-	-	-	-	-	-	440,000	65,810	-	-	920,000	148,440	2,885,000	648,640
2032	-	-	-	-	-	-	455,000	50,850	-	-	945,000	120,840	2,975,000	551,333
2033	-	-	-	-	-	-	470,000	35,380	-	-	975,000	92,490	3,095,000	450,970
2034	-	-	-	-	-	-	485,000	19,400	-	-	1,005,000	63,240	3,215,000	346,505
2035	-	-	-	-	-	-	-	-	-	-	1,035,000	32,085	2,835,000	234,023
2036	-	-	-	-	-	-	-	-	-	-	-	-	1,875,000	137,318
2037	-	-	-	-	-	-	-	-	-	-	-	-	1,950,000	70,005
	<u>\$ 15,725,000</u>	<u>\$ 8,939,392</u>	<u>\$ 10,815,000</u>	<u>\$ 1,772,900</u>	<u>\$ 17,580,000</u>	<u>\$ 2,325,747</u>	<u>\$ 6,850,000</u>	<u>\$ 2,252,176</u>	<u>\$ 8,175,000</u>	<u>\$ 1,139,653</u>	<u>\$ 14,515,000</u>	<u>\$ 5,750,355</u>	<u>\$ 129,490,000</u>	<u>\$ 46,339,814</u>

Note:

(4) The City receives a 4.5% direct payment interest rebate on this issue, subject to reduction by the annually adjusted sequestration rate.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
PROPRIETARY FUND DEBT
JUNE 30, 2016

	Sewer & Water Revenue & Tax refunding Bonds-Series 2005		Sewer & Water Refunding SunTrust Loan 2011		Drinking Water SRF & ARRA Loan		Clean Water SRF & ARRA Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 2,115,000	\$ 874,875	\$ 1,250,000	\$ 344,493	\$ 66,133	\$ 32,080	\$ 79,752	\$ 42,424	\$ 3,510,885	\$ 1,293,872
2018	2,150,000	769,125	1,280,000	313,431	68,023	30,191	81,924	40,252	3,579,947	1,152,999
2019	2,220,000	661,625	1,310,000	281,625	69,965	28,248	84,156	38,020	3,684,121	1,009,518
2020	2,240,000	550,625	1,345,000	249,064	71,964	26,250	86,448	35,728	3,743,412	861,667
2021	2,255,000	438,625	1,380,000	215,636	74,020	24,193	88,802	33,373	3,797,822	711,827
2022	2,280,000	325,875	1,415,000	181,340	76,134	22,080	91,220	30,955	3,862,354	560,250
2023	1,555,000	211,875	1,450,000	146,175	78,310	19,904	93,704	28,471	3,177,014	406,425
2024	1,450,000	134,125	1,485,000	110,143	80,546	17,667	96,257	25,919	3,111,803	287,854
2025	1,450,000	61,625	1,520,000	73,243	82,848	15,366	98,878	23,298	3,151,726	173,532
2026	-	-	1,560,000	35,464	85,215	12,999	101,570	20,605	1,746,785	69,068
2027	-	-	-	-	87,648	10,565	104,338	17,838	191,986	28,403
2028	-	-	-	-	90,153	8,061	107,178	14,998	197,331	23,059
2029	-	-	-	-	92,729	5,485	110,098	12,078	202,827	17,563
2030	-	-	-	-	95,377	2,837	113,096	9,079	208,473	11,916
2031	-	-	-	-	48,701	403	116,176	6,000	164,877	6,403
2032	-	-	-	-	-	-	119,340	2,836	119,340	2,836
2033	-	-	-	-	-	-	40,505	226	40,505	226
	\$ 17,715,000	\$ 4,028,375	\$ 13,995,000	\$ 1,950,614	\$ 1,167,766	\$ 256,329	\$ 1,613,442	\$ 382,100	\$ 34,491,208	\$ 6,617,418

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 UNAUDITED

Utility Services

Service:	Number of Customers	Fees
Water	17,685	\$ 10,252,017
Sewer	23,530	16,215,570
Reclaimed	64	123,806

Utility Rates

Water Residential Rates:		
Gallons	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 11.86	\$ 14.30
Next 9,000 Gallons	4.46	6.90
Next 15,000 Gallons	5.39	7.48
All Additional Gallons	6.32	8.06
Water Commercial Rates:		
Gallons	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 18.49	\$ 22.21
Next 9,000 Gallons	4.44	6.82
Next 15,000 Gallons	5.37	7.40
All Additional Gallons	6.30	7.98
Sewer Residential Rates:		
Gallons	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 16.55	\$ 21.63
Next 14,000 Gallons	5.09	7.98
All Additional Gallons	4.30	6.83
Sewer Commercial Rates:		
Gallons	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 41.98	\$ 45.46
Next 14,000 Gallons	5.64	8.81
Add Additional Gallons	4.65	6.92
Reclaimed Water Rate:		
Gallons	Inside City Limits	Outside City Limits
For each 1,000 Gallons	\$ 0.97	\$ 0.97

Rates above were effective January 1, 2016. A minimum bill of 1,000 gallons per customer is levied.

Other Utility Fees

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

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE AND NUMBER OF CUSTOMERS (Cont.)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 UNAUDITED

Installation Charges:

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

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

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

Access Fees:

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

Irrigation:

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

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
AWWA WATER SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED



AWWA Free Water Audit Software:
Reporting Worksheet

WAS v5.0
American Water Works Association.
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? Click to access definition

+ Click to add a comment

Water Audit Report for: City of Franklin Water Management (0000246)
Reporting Year: 2016 7/2015 - 6/2016

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

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

WATER SUPPLIED

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

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

Volume from own sources:	+	?	8	500.000	MG/Yr
Water imported:	+	?	9	1,550.000	MG/Yr
Water exported:	+	?	?		MG/Yr

WATER SUPPLIED: 2,050.000 MG/Yr

Master Meter and Supply Error Adjustments

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

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

AUTHORIZED CONSUMPTION

Billed metered:	+	?	8	1,573.537	MG/Yr
Billed unmetered:	+	?	9	0.000	MG/Yr
Unbilled metered:	+	?	10	0.000	MG/Yr
Unbilled unmetered:	+	?	?	25.625	MG/Yr

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

AUTHORIZED CONSUMPTION: 1,599.162 MG/Yr

Click here: ? for help using option buttons below

Use buttons to select percentage of water supplied OR value

Pcnt:	+	?	1.25%		MG/Yr
Value:	+	?	?		MG/Yr

Pcnt:	+	?	0.25%		MG/Yr
Value:	+	?	?		MG/Yr

Pcnt:	+	?	2.00%		MG/Yr
Value:	+	?	?		MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

WATER LOSSES: 450.838 MG/Yr

Apparent Losses

Unauthorized consumption: 5.125 MG/Yr

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

Customer metering inaccuracies:	+	?	7	32.113	MG/Yr
Systematic data handling errors:	+	?	?	3.934	MG/Yr

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

Apparent Losses: 41.172 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 409.666 MG/Yr

WATER LOSSES: 450.838 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 476.463 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+	?	9	294.0	miles
Number of <u>active AND inactive</u> service connections:	+	?	6	18,509	conn./mile main
Service connection density:	+	?	?	63	conn./mile main

Are customer meters typically located at the curbside or property line?

Average length of customer service line: Yes

(length of service line beyond the property boundary, that is the responsibility of the utility)

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

Average operating pressure: 70.0 psi

COST DATA

Total annual cost of operating water system:	+	?	10	\$10,135,397	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+	?	9	\$11.64	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+	?	8	\$2,550.00	\$/Million gallons

☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 80 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: Unauthorized consumption

2: Systematic data handling errors

3: Water imported

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
AWWA WATER SCHEDULE (Cont.)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 UNAUDITED

AWWA Free Water Audit Software: System Attributes and Performance Indicators		WAS v5.0 American Water Works Association. Copyright © 2014. All Rights Reserved.
Water Audit Report for: City of Franklin Water Management (0000246)		
Reporting Year: 2016 7/2015 - 6/2016		
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 80 out of 100 ***		
System Attributes:		
	Apparent Losses:	41.172 MG/Yr
	+ Real Losses:	409.666 MG/Yr
	= Water Losses:	450.838 MG/Yr
	? Unavoidable Annual Real Losses (UARL):	111.57 MG/Yr
	Annual cost of Apparent Losses:	\$479,240
	Annual cost of Real Losses:	\$1,044,649 Valued at Variable Production Cost
Return to Reporting Worksheet to change this assumption		
Performance Indicators:		
Financial:	Non-revenue water as percent by volume of Water Supplied:	23.2%
	Non-revenue water as percent by cost of operating system:	15.7% Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	6.09 gallons/connection/day
	Real Losses per service connection per day:	60.64 gallons/connection/day
	Real Losses per length of main per day*:	N/A
	Real Losses per service connection per day per psi pressure:	0.87 gallons/connection/day/psi
From Above, Real Losses = Current Annual Real Losses (CARL):		409.67 million gallons/year
	? Infrastructure Leakage Index (ILI) [CARL/UARL]:	3.67
* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline		

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - BY LEVY YEAR
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Tax Year	Balance June 30, 2015	Taxes Levied	Adjustments and Collections	Balance June 30, 2016
2015	\$ -	\$ 14,306,693	\$ (14,114,206)	\$ 192,487
2014	190,699	-	(172,321)	18,378
2013	30,859	-	(20,316)	10,543
2012	15,216	-	(4,941)	10,275
2011	17,047	-	(6,796)	10,251
2010	16,702	-	(1,069)	15,633
2009	17,879	-	(677)	17,202
2008	9,156	-	(963)	8,193
2007	17,337	-	(176)	17,161
2006	2,603	-	-	2,603
	<u>\$ 317,498</u>	<u>\$ 14,306,693</u>	<u>\$ (14,321,465)</u>	<u>302,726</u>

The balance June 30, 2016 is comprised of:

Considered current revenue	\$ 38,753
Allowance for uncollectible accounts: 2006-2015 levies	138,288
Unavailable revenue	<u>125,685</u>
	<u>302,726</u>

Balances not included in the schedule above are:

2016 tax levy due October 1, 2016 considered unavailable revenue and amounts payable to others and amounts due from years prior to 2006 (fully reserved)	<u>18,951,678</u>
--	-------------------

Total property tax receivable (as shown on page 43)	<u>\$ 19,254,404</u>
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Note: Taxes become delinquent in March of the year following the tax year of levy. Delinquent taxes are turned over to the County Clerk and Master for collection proceedings.

STATISTICAL SECTION



HISTORIC
F R A N K L I N
TENNESSEE

STATISTICAL SECTION SUMMARY PAGE:

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

Contents:

Financial Trends

These schedules contain trend information to help readers understand how the City's financial performance and financial position have changed over time. 93

Revenue Capacity

These schedules contain information to help readers assess the City's revenue sources, including its most significant local tax sources, local sales tax and its property tax. 97

Debt Capacity

These schedules present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 102

Demographic and Economic Information

These schedules offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place. 107

Operating Information

These schedules contain service and infrastructure data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 109

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

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Net Position By Component

(Prepared using the accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net investment in capital assets	\$ 354,087,255	\$ 387,399,795	\$ 398,721,876	\$ 391,009,711	\$ 393,091,861	\$ 394,771,670	\$ 427,956,937	\$ 473,270,481	\$ 526,598,701	\$ 531,232,432
Restricted for:										
Grant program use	-	-	-	19,138	19,266	-	23,545	23,717	20,212	85,185
State street aid	1,069,415	1,048,827	31,817	-	-	16,563	-	295,259	287,224	373,415
Sanitation use	-	-	-	-	-	-	-	-	-	767,350
Drug fund use	381,491	257,521	335,343	253,229	269,691	144,788	121,781	165,436	295,296	515,642
Other projects	-	-	-	1,895,996	-	-	-	-	-	-
Unrestricted	53,444,430	34,055,155	23,793,595	31,620,382	37,054,884	46,304,057	42,077,735	14,450,363	25,106,842	35,391,194
Total net position	\$ 408,982,591	\$ 422,761,298	\$ 422,882,631	\$ 424,798,456	\$ 430,435,702	\$ 441,237,078	\$ 470,179,998	\$ 488,205,256	\$ 552,308,275	\$ 568,365,218
Business-type activities:										
Net investment in capital assets	\$ 92,918,459	\$ 105,088,556	\$ 107,235,256	\$ 102,547,138	\$ 105,910,754	\$ 106,880,291	\$ 110,724,957	\$ 119,141,240	\$ 128,272,969	\$ 139,229,139
Restricted for:										
Water & Sewer	-	-	-	13,376,540	9,975,225	6,684,374	8,150,100	13,391,806	13,452,592	8,916,035
Unrestricted	15,774,391	9,997,061	13,428,223	5,230,958	7,305,642	14,221,008	15,923,139	13,545,686	15,771,418	25,339,325
Total net position	\$ 108,692,850	\$ 115,085,617	\$ 120,663,479	\$ 121,154,636	\$ 123,191,621	\$ 127,785,673	\$ 134,798,196	\$ 146,078,732	\$ 157,496,979	\$ 173,484,499
Primary government:										
Net investment in capital assets	\$ 447,005,714	\$ 492,488,351	\$ 505,957,132	\$ 493,556,849	\$ 499,002,615	\$ 501,651,961	\$ 538,681,894	\$ 592,411,721	\$ 654,871,670	\$ 670,461,571
Restricted for:										
Grant program use	-	-	-	19,138	19,266	-	23,545	23,717	20,212	85,185
State street aid	1,069,415	1,048,827	31,817	-	-	16,563	-	295,259	287,224	373,415
Sanitation use	-	-	-	-	-	-	-	-	-	767,350
Drug fund use	381,491	257,521	335,343	253,229	269,691	144,788	121,781	165,436	295,296	515,642
Other projects	-	-	-	1,895,996	-	-	-	-	-	-
Water & Sewer	-	-	-	13,376,540	9,975,225	6,684,374	8,150,100	13,391,806	13,452,592	8,916,035
Unrestricted	69,218,821	44,052,216	37,221,818	36,851,340	44,360,526	60,525,065	58,000,874	27,996,049	40,878,260	60,730,519
Total net position	\$ 517,675,441	\$ 537,846,915	\$ 543,546,110	\$ 545,953,092	\$ 553,627,323	\$ 569,022,751	\$ 604,978,194	\$ 634,283,988	\$ 709,805,254	\$ 741,849,717

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Changes in Net Position

(Prepared using the accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014 (1)	2015	2016
Governmental activities:										
Revenues:										
Program revenues:										
Charges for services-Communications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,600
Charges for services-IT	-	-	-	-	-	-	-	-	-	2,752
Charges for services-BNS	2,700,796	3,193,332	1,026,457	767,764	1,521,266	1,839,074	1,878,490	2,332,672	2,005,472	2,921,320
Charges for services-Planning	-	-	-	-	-	-	-	-	-	172,185
Charges for services-Engineering	-	-	-	-	-	-	-	-	-	50
Charges for services-Gen Govt	352,661	609,323	490,710	65,706	385,558	568,711	580,724	608,111	487,716	121,946
Charges for services-Police	998,848	983,845	1,267,107	1,245,405	990,092	1,134,311	1,146,251	784,561	782,681	814,774
Charges for services-Streets	-	-	-	-	940	6,100	7,160	7,400	10,780	18,040
Charges for services-Sanitation	2,666,408	3,201,109	4,554,150	4,753,448	6,673,158	6,888,014	6,855,652	6,084,125	7,384,798	8,346,213
Charges for services-Storm water	1,913,537	1,959,658	2,009,142	2,088,080	2,108,109	2,151,430	2,363,177	2,328,343	2,658,906	2,461,914
Charges for services-Transit	42,558	65,429	64,492	61,786	64,594	78,861	87,069	94,314	94,072	88,460
Operating grants & contributions	1,768,421	3,334,814	2,836,769	3,358,092	4,217,716	5,572,231	4,489,556	4,317,671	4,130,790	4,863,442
Capital grants & contributions	42,284,692	29,769,464	12,760,014	12,129,244	11,893,536	26,221,640	24,640,622	32,121,297	65,527,923	13,545,685
General revenues:										
Property taxes	9,832,508	10,409,885	10,936,742	11,415,775	11,728,305	11,550,562	11,659,973	11,878,892	13,278,605	13,679,737
Sales taxes	23,885,264	23,185,434	21,152,554	20,969,821	22,720,666	24,197,413	25,995,733	27,254,742	28,943,994	31,309,367
Other taxes and fees	25,589,305	20,510,224	17,214,042	16,182,779	22,723,385	21,811,094	24,254,006	30,286,052	29,044,718	42,283,630
Other	1,663,403	2,568,298	1,327,007	1,188,770	(173,794)	(4,881,649)	4,630,117	(790,266)	(668,516)	(1,956,347)
Transfers	-	(225,000)	(45,000)	(45,000)	-	-	-	-	200,000	200,000
Total revenues	113,698,401	99,565,815	75,594,186	74,181,670	84,853,531	97,137,792	108,588,530	117,307,914	153,881,939	118,876,768
Expenses:										
General government:										
Elected officials	-	176,746	161,495	193,640	133,300	202,515	183,406	297,496	275,250	343,182
Administration	1,250,834	1,146,961	882,070	390,182	507,073	595,811	492,554	456,302	489,702	499,029
Human resources	653,686	644,672	845,231	689,024	952,403	1,049,741	787,765	951,829	965,080	1,093,125
Legal	134,768	358,431	217,008	239,619	344,610	387,283	293,197	466,434	349,276	354,340
Communications	119,458	127,036	151,468	261,568	315,291	324,603	304,243	319,154	314,956	363,446
Capital investment planning	-	-	-	193,505	233,651	208,446	162,049	184,077	179,584	87,490
Project & facilities management	381,635	583,917	595,609	523,339	747,101	863,314	710,947	802,988	1,161,760	1,176,182
Revenue management	984,697	1,154,396	1,177,821	395,054	1,295,430	1,361,604	176,518	304,303	227,607	205,230
Finance	986,677	950,729	1,032,382	793,781	865,832	893,037	700,548	717,444	802,805	836,283
Information technology	2,808,228	2,974,551	3,509,093	3,354,101	3,468,124	3,993,526	4,756,627	4,213,881	4,520,824	4,104,824
Purchasing	172,489	188,179	123,527	131,633	145,891	159,188	141,705	165,711	176,188	177,659
Court	241,389	245,205	242,314	265,380	249,454	284,907	220,481	214,427	199,857	228,932
Building & neighborhood services	1,735,274	1,855,258	1,941,663	2,005,803	1,852,075	1,900,692	2,164,831	2,351,310	2,335,652	2,427,771
Planning	1,079,229	1,373,042	1,436,862	1,372,885	1,408,303	1,223,706	1,235,714	1,425,121	1,383,565	1,680,480
Engineering	1,033,507	1,088,120	1,239,061	797,691	612,030	768,730	648,601	696,853	763,790	806,847
Traffic operations center	-	-	-	-	395,448	460,102	658,063	723,312	828,506	862,274
General government	4,976,177	4,561,315	1,729,144	3,464,483	1,294,801	3,205,578	2,442,032	1,949,294	4,370,952	12,305,479
Public safety:										
Police	12,704,967	11,800,152	13,737,798	14,744,499	15,461,749	15,154,496	14,363,457	14,538,599	14,418,465	15,009,053
Fire	10,065,274	12,168,985	13,072,914	13,044,366	13,197,463	13,197,477	13,540,246	13,939,150	14,864,908	15,873,431
Parks	744,627	1,616,753	3,068,887	3,306,523	3,801,959	3,688,466	3,866,135	4,244,661	4,435,890	4,709,152
Streets-maintenance	12,825,296	12,950,825	15,346,785	15,873,886	16,734,751	21,221,774	16,431,675	18,426,769	19,867,157	22,605,118
Street-fleet	-	-	-	662,683	523,234	592,074	601,240	902,173	1,017,846	881,735
Sanitation	5,909,657	6,832,313	6,906,679	6,344,279	8,180,396	7,961,729	7,837,722	7,279,885	7,593,469	8,388,763
Storm water	1,160,588	693,434	744,156	1,126,529	1,319,328	1,508,125	1,622,743	2,016,390	1,776,125	2,105,446
Transit	1,112,289	1,203,579	1,210,274	1,030,107	1,257,352	1,398,956	1,623,600	1,736,112	2,372,642	1,705,932
Interest expense on long-term debt	2,116,737	2,368,353	2,505,069	1,061,285	3,919,236	3,730,536	3,679,511	3,742,163	4,087,064	3,988,622
Total expenses	63,197,483	67,062,952	71,877,310	72,265,845	79,216,285	86,336,416	79,645,610	83,065,838	89,778,920	102,819,825
Change in net position	\$ 50,500,918	\$ 32,502,863	\$ 3,716,876	\$ 1,915,825	\$ 5,637,246	\$ 10,801,376	\$ 28,942,920	\$ 34,242,076	\$ 64,103,019	\$ 16,056,943
Business-Type activities:										
Revenues:										
Program revenues:										
Charges for services	\$ 13,651,464	\$ 14,148,119	\$ 16,635,455	\$ 16,260,341	\$ 19,411,483	\$ 21,253,689	\$ 22,116,747	\$ 23,099,351	\$ 25,283,748	\$ 27,749,661
Capital grants & contributions	6,477,369	9,909,838	8,613,893	3,881,605	3,841,390	5,307,632	6,728,662	11,263,738	9,517,652	12,429,719
General revenues:										
Other sources	820,123	535,059	38,719	68,934	180,868	(7,153)	140,371	113,591	170,074	253,837
Transfers	-	225,000	45,000	45,000	-	-	-	-	(200,000)	(200,000)
Total revenues	20,948,956	24,818,016	25,333,067	20,255,880	23,433,741	26,554,168	28,985,780	34,476,680	34,771,474	40,233,217
Expenses:										
Water & sewer	17,378,465	18,425,249	19,755,205	19,764,723	21,396,756	21,960,116	21,973,257	22,694,995	23,353,227	24,245,697
Change in net position	\$ 3,570,491	\$ 6,392,767	\$ 5,577,862	\$ 491,157	\$ 2,036,985	\$ 4,594,052	\$ 7,012,523	\$ 11,781,685	\$ 11,418,247	\$ 15,987,520
Total change in net position	\$ 54,071,409	\$ 38,895,630	\$ 9,294,738	\$ 2,406,982	\$ 7,674,231	\$ 15,395,428	\$ 35,955,443	\$ 46,023,761	\$ 75,521,266	\$ 32,044,463

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

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Fund Balances - Governmental Funds

(Prepared using the modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Non-Spendable	\$ 294,580	\$ 236,942	\$ 513,119	\$ 489,453	\$ 522,733	\$ 1,423,017	\$ 1,741,675	\$ 1,141,340	\$ 1,712,291	\$ 1,879,610
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	30,089,431	30,526,839	28,249,674	25,424,920	24,439,033	24,588,314	27,148,443	31,573,111	33,757,157	37,369,976
Total General Fund	30,384,011	30,763,781	28,762,793	25,914,373	24,961,766	26,011,331	28,890,118	32,714,451	35,469,448	39,249,586
All Other Governmental Funds										
Special Revenue Funds										
Non-Spendable	-	-	-	-	-	-	-	46,013	32,553	57,121
Restricted	11,945,075	9,462,222	3,761,542	272,367	288,957	161,351	145,326	484,412	602,732	1,685,971
Committed	2,255,949	3,573,362	4,754,751	7,303,746	8,040,949	9,524,052	8,762,925	12,524,477	12,674,316	17,243,117
Assigned	-	-	-	-	-	-	1,124,507	1,971,048	5,243,672	7,060,075
Unassigned	(793,331)	(440,843)	(3,838,212)	(3,561,327)	(1,088,155)	(1,246,711)	(854,829)	-	-	-
Total Special Revenue Funds	13,407,693	12,594,741	4,678,081	4,014,786	7,241,751	8,438,692	9,177,929	15,025,950	18,553,273	26,046,284
Debt Service Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	465,190	1,099,568	318,138	84,729	195,118	709	5,000
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Debt Service Fund	-	-	-	465,190	1,099,568	318,138	84,729	195,118	709	5,000
Capital Projects Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	9,120,160	-	-	12,691,653	12,058,809	9,266,485	382,419	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(13,849,061)	(11,992,169)	-	-	-	-	(18,878,175)	(10,104,657)	(7,887,886)
Total Capital Projects Fund	9,120,160	(13,849,061)	(11,992,169)	12,691,653	12,058,809	9,266,485	382,419	(18,878,175)	(10,104,657)	(7,887,886)
Total All Other Governmental Funds	22,527,853	(1,254,320)	(7,314,088)	17,171,629	20,400,128	18,023,315	9,645,077	(3,657,107)	8,449,325	18,163,398
Total Governmental Funds	\$ 52,911,864	\$ 29,509,461	\$ 21,448,705	\$ 43,086,002	\$ 45,361,894	\$ 44,034,646	\$ 38,535,195	\$ 29,057,344	\$ 43,918,773	\$ 57,412,984

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -

Changes in Fund Balances - Governmental Funds

(Prepared using the modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues	\$ 43,954,432	\$ 43,623,109	\$ 40,086,682	\$ 41,242,751	\$ 42,519,192	\$ 42,983,437	\$ 45,969,516	\$ 49,228,473	\$ 51,595,489	\$ 57,346,463
Taxes	6,532,260	6,502,784	3,765,669	3,266,126	6,198,399	5,329,720	7,603,115	11,397,587	8,714,516	14,855,454
Licenses and permits	985,180	951,314	1,213,327	1,213,643	945,045	1,084,450	824,280	829,485	758,369	845,422
Fines and fees	10,246,007	17,980,903	15,100,893	8,155,250	16,698,318	25,631,707	15,973,111	16,290,803	19,789,750	23,052,657
Intergovernmental	4,664,553	5,276,826	6,676,550	6,941,540	8,908,640	9,186,271	9,264,391	8,557,376	10,194,368	10,952,510
Charges for services	2,045,124	2,827,770	1,593,380	1,313,866	1,394,821	1,319,104	816,950	622,019	792,690	979,599
Use of money and property	512,774	118,122	387,919	331,740	215,110	496,948	1,513,225	648,436	3,301	2,489,638
Miscellaneous	68,940,330	77,280,828	68,824,420	62,464,916	76,879,525	86,033,637	81,964,587	87,574,179	91,848,483	110,521,743
Total revenues										
Expenditures										
Elected officials	-	176,746	161,435	193,640	136,692	202,515	183,406	297,496	275,250	343,182
Administration	1,209,609	1,151,644	861,498	379,780	495,904	582,714	478,456	445,982	483,622	492,182
Human resources	640,239	645,386	802,800	689,703	889,713	1,069,174	823,598	910,719	1,121,520	1,211,867
Legal	123,775	355,360	218,523	234,653	334,594	387,358	283,786	463,730	342,493	333,265
Communications	105,768	116,387	110,511	250,304	305,346	318,505	300,211	317,233	313,200	352,429
Capital investment planning	-	-	-	193,505	236,110	206,418	159,152	183,594	176,967	162,466
Project & facilities management	373,350	522,552	581,352	511,567	738,229	782,167	634,151	729,970	1,093,598	1,111,055
Revenue management	969,927	1,112,775	1,167,045	385,355	1,283,643	1,341,821	1,664,427	359,289	210,378	192,958
Public safety:										
Police	11,979,814	12,818,426	12,961,061	13,704,946	14,499,023	14,414,109	13,703,100	13,977,946	13,747,102	14,701,228
Fire	11,109,551	12,864,924	12,144,030	12,155,554	12,450,359	12,460,480	12,817,855	13,268,813	14,129,713	15,753,191
Finance	845,587	905,888	959,004	755,271	836,972	877,470	687,679	716,542	787,545	824,104
Municipal information and technology	1,326,674	1,585,448	1,817,211	1,875,688	2,030,532	2,621,668	3,953,288	3,676,541	4,074,719	3,727,271
Purchasing	164,113	184,052	119,616	129,065	140,776	156,738	134,412	162,559	173,490	176,129
Court	239,496	239,482	243,246	268,352	247,575	281,966	217,568	239,857	201,815	319,159
Building & neighborhood services	1,709,602	1,827,452	1,952,948	1,857,185	1,869,313	1,958,127	2,101,158	2,321,624	2,356,810	2,423,538
Planning	1,093,682	1,320,076	1,388,681	1,400,790	1,362,339	1,220,100	1,216,935	1,419,450	1,406,527	1,637,525
Engineering	852,251	1,050,935	1,277,226	727,311	588,560	761,838	631,300	687,014	759,768	802,701
Traffic operations center	-	-	-	-	1,100,104	333,495	459,315	396,044	484,244	498,106
Parks	1,708,657	1,947,593	2,155,891	2,318,156	3,162,220	2,561,137	2,682,797	3,024,341	3,239,260	3,538,547
Streets-maintenance	3,175,789	4,861,308	6,863,021	6,641,212	6,066,942	6,282,477	6,367,667	6,008,306	6,500,001	8,221,079
Streets-traffic	-	-	-	-	913,788	948,377	790,995	1,280,969	1,198,941	1,360,638
Streets-fleet	-	-	-	662,683	849,948	586,722	596,448	874,303	1,073,512	945,575
General government	(215,294)	1,059,147	713,022	3,227,691	943,197	1,127,485	1,735,157	11,666,677	1,861,116	4,221,342
Sanitation	5,954,751	6,438,933	6,129,249	5,636,808	7,366,610	7,265,672	7,025,547	6,446,791	7,490,571	8,308,687
Sanitation water	1,012,728	573,359	644,762	1,048,680	1,246,262	1,401,563	1,517,703	1,918,130	1,638,451	2,112,676
Transit	973,234	1,014,582	1,026,204	858,064	1,195,802	1,185,600	1,381,776	1,553,237	2,243,080	1,574,974
Debt service										
Principal	3,318,000	3,463,000	3,628,000	4,584,980	5,823,000	6,361,000	6,469,000	6,670,000	7,449,000	7,783,000
Interest	1,877,869	2,161,712	2,309,437	1,350,478	4,199,034	4,261,808	4,277,301	4,298,262	4,644,723	4,973,106
Other charges	243,294	156,521	158,249	109,485	583,532	85,493	199,479	28,317	151,263	16,838
Capital outlay - noncapital	3,011,051	552,973	718,047	-	-	-	-	-	-	-
Capital outlay - capital	22,554,777	41,685,682	41,358,605	25,089,968	18,595,950	16,004,450	16,944,065	32,567,975	16,081,875	12,344,902
Total expenditures	76,358,294	100,792,343	102,470,674	87,240,874	90,492,066	88,048,447	88,939,732	116,911,711	95,710,554	100,463,720
Excess (deficiency) of revenues over (under) expenditures	(7,417,964)	(23,511,515)	(33,646,254)	(24,775,958)	(13,612,541)	(2,014,810)	(6,975,145)	(29,337,532)	(3,862,071)	10,058,023
Other financing sources (uses):										
Proceeds from issuance of long-term debt	20,356,658	520,183	25,630,498	45,881,353	33,206,236	687,562	23,975,694	19,859,681	17,196,020	3,236,188
Transfer to bond escrow agent	-	-	-	-	(17,317,803)	-	(22,500,000)	-	1,327,480	-
Operating transfers in	5,040,755	5,245,176	4,383,016	6,955,030	7,831,891	5,794,421	6,740,323	7,767,550	9,242,452	9,303,969
Operating transfers out	(5,040,755)	(5,470,176)	(4,428,016)	(7,000,030)	(7,831,891)	(5,794,421)	(6,740,323)	(7,767,550)	(9,042,452)	(9,103,969)
Total other financing sources (uses)	20,356,658	295,183	25,585,498	45,836,353	15,888,433	687,562	1,475,694	19,859,681	18,723,500	3,436,188
Net changes in fund balances	\$ 12,938,694	\$ (23,216,332)	\$ (8,060,756)	\$ 21,060,395	\$ 2,275,892	\$ (1,327,248)	\$ (5,499,451)	\$ (9,477,851)	\$ 14,861,429	\$ 13,494,211
Debt service as a % of noncapital expenditures	9.66%	9.52%	9.72%	9.55%	13.94%	14.74%	14.93%	13.00%	15.19%	14.48%

CITY OF FRANKLIN, TENNESSEE

Revenue Capacity Information -
Local Sales Tax Collections

FISCAL YEAR	Estimate of Taxable Sales to Local Sales Tax	Local Sales Tax Rate (City & Williamson County)	Total Local Sales Tax Collected	Less: County Portion (1/2 of tax)	Less: County Admin Fee (1% of City's 1/2 of tax)	Local Sales Tax Received by City	Percent of General Fund Revenue
2016	\$ 2,811,166,510	2.25%	\$ 63,251,246	\$ (31,625,623)	\$ (316,256)	\$ 31,309,367	49.3%
2015	2,598,787,340	2.25%	58,472,715	(29,236,358)	(292,364)	28,943,994	50.4%
2014	2,447,114,882	2.25%	55,060,085	(27,530,042)	(275,300)	27,254,742	47.9%
2013	2,334,072,548	2.25%	52,516,632	(26,258,316)	(262,583)	25,995,733	49.4%
2012	2,172,607,228	2.25%	48,883,663	(24,441,831)	(244,418)	24,197,413	47.5%
2011	2,040,014,905	2.25%	45,900,335	(22,950,168)	(229,502)	22,720,666	44.8%
2010	1,882,812,211	2.25%	42,363,275	(21,181,637)	(211,816)	20,969,821	45.4%
2009	1,899,219,214	2.25%	42,732,432	(21,366,216)	(213,662)	21,152,554	42.3%
2008	2,081,744,916	2.25%	46,839,261	(23,419,630)	(234,196)	23,185,434	42.3%
2007	2,144,580,382	2.25%	48,253,059	(24,126,529)	(241,265)	23,885,264	45.1%

Tennessee Code Annotated Section 67-6-702 authorizes the levy of a local option sales tax. The maximum rate authorized is 2.75%. The current rate is 2.25%. The tax is applied only to the first \$1,600 of any single article of personal property.

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

CITY OF FRANKLIN, TENNESSEE

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

FISCAL YEAR	Real Property Assessment			Personal Property Assessment		Public Utility Assessment		Total Taxable Assessed Value	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Total Direct Rate
	Residential & Farm Property	Industrial & Commercial Property	Industrial & Commercial Property	Intangible Property	State Assessment	Local Assessment					
2016	\$ 1,686,264,015	\$ 1,675,073,222	\$ 157,978,412	\$ 84,526	\$ 57,576,973	\$ -	-	\$ 3,576,977,148	\$ 11,591,451,146	30.86%	0.4065
2015	1,628,904,915	1,586,857,868	163,708,520	53,322	60,066,953	471,130	-	3,440,062,708	11,413,859,405	30.14%	0.4065
2014	1,572,195,410	1,549,098,572	156,642,888	69,209	55,553,796	-	-	3,333,559,875	11,065,624,425	30.13%	0.3765
2013	1,523,744,360	1,487,649,998	148,889,463	1,275,280	56,228,260	-	-	3,217,787,361	10,442,405,019	30.81%	0.3765
2012	1,492,455,650	1,477,904,852	152,009,171	915,060	54,282,799	471,130	-	3,178,038,662	10,298,785,436	30.86%	0.3765
2011	1,396,203,808	1,171,557,561	148,428,180	531,997	52,470,801	-	-	2,769,192,347	9,963,638,570	27.79%	0.4340
2010	1,371,758,898	1,140,259,084	129,518,412	572,304	47,032,940	192,390	-	2,689,334,028	10,225,661,696	26.30%	0.4340
2009	1,322,570,226	1,029,940,678	121,389,801	-	42,896,113	192,390	-	2,516,989,208	9,637,668,952	26.12%	0.4340
2008	1,227,826,775	1,000,170,840	125,258,855	-	46,132,783	192,390	-	2,399,581,643	7,948,798,841	30.19%	0.4340
2007	1,130,759,300	967,302,320	116,376,596	-	45,208,630	221,540	-	2,259,868,386	7,433,188,531	30.40%	0.4340

Source: Tax Aggregate Report of Tennessee

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

CITY OF FRANKLIN, TENNESSEE

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

Fiscal Year	Direct Rate					Overlapping Rate		Total Direct and Overlapping
	City of Franklin*					Williamson County **		
	Debt Service Fund		Street Aid Fund		Capital Projects Fund		Total Overlapping Rate	
	General Fund							
2016	\$ 0.1517	\$ 0.2248	\$ 0.0150	\$ 0.0150	\$ 0.0150	\$ 0.4065	\$ 3.0541	\$ 3.4606
2015	\$ 0.1716	\$ 0.2049	\$ 0.0150	\$ 0.0150	\$ 0.0150	\$ 0.4065	\$ 2.9775	\$ 3.3840
2014	0.1979	0.1786	----	----	----	0.3765	2.9775	3.3540
2013	0.2149	0.1616	----	----	----	0.3765	2.9510	3.3275
2012	0.2108	0.1657	----	----	----	0.3765	2.9510	3.3275
2011	0.2410	0.1930	----	----	----	0.4340	3.1800	3.6140
2010	0.3200	0.1140	----	----	----	0.4340	3.1700	3.6040
2009	0.4340	----	----	----	----	0.4340	3.1700	3.6040
2008	0.4340	----	----	----	----	0.4340	3.0700	3.5040
2007	0.4340	----	----	----	----	0.4340	3.0300	3.4640

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

* Per \$100 of assessed valuation

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

2016	2.0000
2015	2.2000
2014	2.2000
2013	2.2000
2012	2.2000
2011	2.2000
2010	2.2000
2009	2.2000
2008	2.2000
2007	2.2000

CITY OF FRANKLIN, TENNESSEE

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

<u>Taxpayer</u>	2007		2016	
	<u>Assessed Valuation</u>	<u>Percent of Total Valuation</u>	<u>Assessed Valuation</u>	<u>Percent of Total Valuation</u>
<u>Real and Personal Property Tax</u>				
Spectrum Properties			\$ 139,674,600	3.90%
Galleria Associates (CBL Assoc.)	\$ 36,411,360	1.61%	82,445,900	2.30%
Highwoods Properties			70,146,200	1.96%
Boyle Investments			49,256,900	1.38%
Berkshire Communities			47,801,100	1.34%
LCFRE N'Ville Carothers			40,618,700	1.14%
Trammell Crow Investments			37,403,500	1.05%
SVT			35,194,300	0.98%
Mid-America Apts. LP			34,548,400	0.97%
Star Brentwood LLC			32,769,600	0.92%
Williams W. Fred Trust	16,366,760	0.72%		
Landings F C LP	15,861,235	0.70%		
Wyndchase LLC	14,784,000	0.65%		
Williamson County Farmers Coop	12,138,030	0.54%		
Franklin Cool Springs Corp	9,883,675	0.44%		
Alara Franklin Corp	9,600,000	0.42%		
Thoroughbred Village LLC	9,221,160	0.41%		
Noble Investments	8,792,520	0.39%		
Totals	<u>\$ 133,058,740</u>	<u>5.89%</u>	<u>\$ 569,859,200</u>	<u>15.93%</u>

* Total assessed valuation in 2007 (tax year 2006) was \$2,259,868,386.

** Total assessed valuation in 2016 (tax year 2015) is \$3,576,977,148.

CITY OF FRANKLIN, TENNESSEE

**Revenue Capacity Information -
Property Tax Levies and Collections**

Fiscal Year	Total Tax Levy	Collected Within One Year of Levy	Percent Collected	Collections in Subsequent Years	Total Collections	Total Collections as Percent of Total Levy	Outstanding Delinquent Taxes
2016	\$ 14,306,693	\$ 14,114,206	98.65%	\$ -	\$ 14,114,206	98.65%	\$ 192,487
2015	13,742,347	13,551,648	98.61%	172,321	13,723,969	99.87%	18,378
2014	12,342,702	12,146,687	98.41%	185,472	12,332,159	99.91%	10,543
2013	11,902,186	11,724,940	98.51%	166,971	11,891,911	99.91%	10,275
2012	11,718,525	11,519,012	98.30%	189,262	11,708,274	99.91%	10,251
2011	11,785,700	11,507,981	97.64%	262,086	11,770,067	99.87%	15,633
2010	11,468,281	11,159,219	97.31%	291,860	11,451,079	99.85%	17,202
2009	10,739,928	10,429,879	97.11%	301,856	10,731,735	99.92%	8,193
2008	10,214,031	10,042,817	98.32%	154,053	10,196,870	99.83%	17,161
2007	9,611,622	9,435,282	98.17%	173,737	9,609,019	99.97%	2,603

CITY OF FRANKLIN, TENNESSEE

Debt Capacity Information -
Ratios of Outstanding Debt by Type

Fiscal Year	Governmental Activities		Business-type Activities		Total Outstanding Debt	Personal Income **	Percentage of Personal Income	Population ***	Debt Per Capita \$		
	General		Water & Sewer								
	Obligation	Bonds *	Capital Leases	Revenue & Tax						Bonds *	Capital Leases
2016	\$	131,675,830	\$	3,428,930	\$	170,567,996	\$	4,756,804,270	3.6%	66,370	2,570
2015		139,649,696		3,188,492		181,825,884		4,608,666,430	3.9%	66,370	2,740
2014		130,913,402		3,284,692		176,656,406		4,608,666,430	3.8%	66,370	2,662
2013		120,136,535		2,357,012		168,368,736		4,339,034,793	3.9%	62,487	2,694
2012		126,742,579		1,413,816		177,073,076		4,136,326,965	4.3%	62,487	2,834
2011		133,230,841		1,366,034		186,747,017		3,902,125,689	4.8%	62,487	2,989
2010		122,794,047		1,881,353		178,645,272		3,209,430,272	5.6%	56,219	3,178
2009		82,749,628		-		128,992,681		2,986,240,842	4.3%	56,219	2,294
2008		60,117,258		-		95,317,258		3,142,248,567	3.0%	56,219	1,695
2007		63,580,258		-		100,890,258		2,675,412,740	3.8%	49,412	2,042

*

This amount includes unamortized premiums

**

Personal income is disclosed on page 107.

Tennessee Certified Populations

CITY OF FRANKLIN, TENNESSEE

**Debt Capacity Information -
Ratios of General Bonded Debt Outstanding**

FISCAL YEAR	General Obligation Debt *	Less: Amounts Available in Debt Service Fund **	Net General Obligation Debt Service	Appraised Value ***	Ratio of Net General Obligation Debt to Appraised Value	Population ****	Net General Obligation Debt Per Capita
2016	\$ 131,675,830	\$ 5,000	\$ 131,670,830	\$ 11,591,451,146	1.1%	66,370	\$ 1,984
2015	139,649,696	709	139,648,987	11,413,859,405	1.2%	66,370	2,104
2014	130,913,402	195,118	130,718,284	11,065,624,425	1.2%	66,370	1,970
2013	120,136,535	84,729	120,051,806	10,442,405,019	1.1%	62,487	1,921
2012	126,742,579	318,138	126,424,441	10,298,785,436	1.2%	62,487	2,023
2011	133,230,841	1,099,568	132,131,273	9,963,638,570	1.3%	62,487	2,115
2010	122,794,047	465,190	122,328,857	10,225,661,696	1.2%	56,219	2,176
2009	82,749,628	0	82,749,628	9,637,668,952	0.9%	56,219	1,472
2008	60,117,258	0	60,117,258	7,948,798,841	0.8%	56,219	1,069
2007	63,580,258	0	63,580,258	7,433,188,531	0.9%	49,412	1,287

* This amount includes unamortized premiums

** Fund began in 2010

*** State of TN Comptroller Division of Property Assessment

**** Tennessee Certified Populations

CITY OF FRANKLIN, TENNESSEE

Debt Capacity Information -
Direct and Overlapping Governmental Activities Debt
June 30, 2016

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Estimated Share of Overlapping Debt</u>
Williamson County	\$ 560,275,000	38.87% *	\$ 217,778,893
Franklin Special School District	46,142,053	100.00% **	46,142,053
Subtotal, overlapping debt			263,920,946
City of Franklin direct debt of governmental activities			135,104,760 ***
Total direct and overlapping debt			\$ 399,025,706

* Based upon Assessed Value of Property in:
County \$ 9,203,476,924
City \$ 3,576,977,148

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

*** This amount includes unamortized premiums.

CITY OF FRANKLIN, TENNESSEE
Debt Capacity Information -
Legal Debt Margin Information

Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Value	\$ 2,259,868,386	\$ 2,399,581,643	\$ 2,516,989,208	\$ 2,689,334,028	\$ 2,769,192,347	\$ 3,178,038,662	\$ 3,217,787,361	\$ 3,333,559,875	\$ 3,440,062,708	\$ 3,576,977,148
General Obligation Debt*	\$ 63,580,258	\$ 60,117,258	\$ 82,749,628	\$ 122,794,047	\$ 133,230,841	\$ 126,742,579	\$ 120,136,535	\$ 130,913,402	\$ 139,649,696	\$ 131,675,830
Debt as % of Assessed Value	2.8%	2.5%	3.3%	4.6%	4.8%	4.0%	3.7%	3.9%	4.1%	3.7%

Note - The City has no legal debt limit.

* This amount includes unamortized premiums.

CITY OF FRANKLIN, TENNESSEE

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

Fiscal Year	Gross Revenues*	Contributions, Taps, & Access Fees	Direct Operating Expense**	Net Revenue Available for Debt Service	Debt Service Requirements ***		
					Principal	Interest	Total Coverage
2016	\$ 28,003,498	\$ 12,429,719	\$ 17,477,139	\$ 22,956,078	\$ 3,510,885	\$ 1,293,872	4,804,757 4.78
2015	25,453,822	9,517,652	16,467,456	18,504,018	3,411,934	1,430,642	4,842,576 3.82
2014	23,212,942	11,263,738	15,635,777	18,840,903	3,358,090	1,565,559	4,923,649 3.83
2013	22,257,118	6,728,662	14,880,678	14,105,102	3,671,566	1,721,346	5,392,912 2.62
2012	21,246,536	5,307,632	15,293,416	11,260,752	3,113,470	1,714,353	4,827,823 2.33
2011	19,592,351	3,841,390	14,961,368	8,472,373	3,032,418	1,493,066	4,525,484 1.87
2010	16,329,275	3,881,605	13,206,129	7,004,751	3,032,418	1,553,890	4,586,308 1.53
2009	16,637,366	8,613,893	13,584,035	11,667,224	2,180,000	1,605,445	3,785,445 3.08
2008	14,683,178	9,909,838	12,586,828	12,006,188	2,110,000	1,652,048	3,762,048 3.19
2007	14,549,921	6,477,369	11,370,863	9,656,427	2,040,000	1,757,609	3,797,609 2.54

* Includes nonoperating revenues

** Excludes depreciation and interest expense; Includes transfers

*** Includes revenue and tax bonds and notes

CITY OF FRANKLIN, TENNESSEE

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

Year	Population *	Personal Income **	Per Capita Personal Income ***	Education Level in Years of Schooling****		School Enrollment *****	Unemployment Rate *****
2016	66,370	\$ 4,756,804,270	\$ 71,671	15.1		14,245	3.5%
2015	66,370	4,608,666,430	69,439	14.4		14,801	4.3%
2014	66,370	4,608,666,430	69,439	14.6		13,366	5.3%
2013	62,487	4,339,034,793	69,439	14.2		12,480	5.9%
2012	62,487	4,136,326,965	66,195	14.2		12,058	5.9%
2011	62,487	3,902,125,689	62,447	14.2		12,229	7.1%
2010	56,219	3,209,430,272	57,088	14.5		11,193	6.9%
2009	56,219	2,986,240,842	53,118	14.4		10,950	8.4%
2008	56,219	3,142,248,567	55,893	14.4		10,489	4.8%
2007	49,412	2,675,412,740	54,145	14.4		9,138	4.2%

* Tennessee Certified Population reports

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

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

**** For 2016, U.S. Census. Prior to 2016, Williamson County Office of Economic Development, for Adults Age 25 or Older

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

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

CITY OF FRANKLIN, TENNESSEE

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

Employer	2007			2016		
	Employees *	Rank	Percentage of Total County Employment	Employees **	Rank	Percentage of Total City Employment
Community Health Systems	800	4	1.68%	3,092	1	7.90%
Nissan North America				1,850	2	4.72%
Williamson Medical Center	1,300	3	2.72%	1,555	3	3.97%
Parallon Business Solutions				1,100	4	2.81%
Optum				1,000	5	2.55%
Verizon Wireless				950	6	2.43%
Ford Motor Credit				800	7	2.04%
Mars Petcare	375	9	0.79%	800	8	2.04%
Healthways				717	9	1.83%
Evicore Healthcare				625	10	1.60%
Lee Company	520	5	1.09%			
Cool Spring Galleria	3,500	1	7.34%			
Primus	1,500	2	3.14%			
Affinion Group	470	7	0.98%			
Civil Constructors, Inc.	500	6	1.05%			
MedSolutions	411	8	0.86%			
Lasko Metal Products	350	10	0.73%			
Total	9,726		20.38%	12,489		31.89%

* City's 2007 Comprehensive Annual Financial Report. Prior to 2013, the CAFR represented Franklin employers by county statistics.

** Williamson County Office of Economic Development, Williamson County Local Industry Employers 2016.

CITY OF FRANKLIN, TENNESSEE

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administration	9	9	9	5	5	6	5	6	6	6
Building and Neighborhood Services	25	27	27	28	28	28	30	31	32	33
Capital Investment Planning	*	*	*	2	2	2	1	2	2	2
Communications	1	1	1	3	3	3	3	3	3	4
Court	3	3	3	3	2	2	2	2	2	3
Engineering	9	11	9	8	8	8	10	11	12	12
Finance	11	11	11	11	11	9	9	10	10	10
Fire	156	158	158	158	158	158	160	161	171	171
HR	6	6	8	8	9	10	11	11	11	11
IT	14	17	17	17	17	17	19	18	20	20
Law	3	3	3	3	4	4	4	5	4	4
Parks	20	25	29	29	30	31	33	34	31	37
Planning and Sustainability	12	13	17	18	18	18	15	17	16	16
Police	169	176	176	176	175	175	175	176	156	157
Projects and Facilities Management	5	5	5	7	6	6	6	7	7	7
Purchasing	2	2	2	2	2	3	3	3	3	3
Revenue Management	11	14	14	14	13	14	15	14	13	13
Solid Waste	53	56	59	51	51	52	49	48	49	49
Stormwater	11	11	11	11	11	16	16	17	18	19
Streets	41	41	43	52	52	47	49	52	53	53
Traffic Operations Center	3	3	3	3	3	3	4	3	4	3
Water & Sewer	79	81	80	81	82	83	84	84	85	86
TOTAL	643	673	685	690	690	695	703	715	708	719

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

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

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

CITY OF FRANKLIN, TENNESSEE

Operating Information -
Operating Indicators by Function

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Calls for service	55,400	68,758	74,127	76,545	64,719	75,700	77,964	80,205	77,818	67,533
Fire										
Number of alarms	5,200	5,410	5,540	5,878	5,746	5,767	6,115	6,501	6,790	7,039
Sanitation										
Landfill usage	79,121	81,535	70,525	71,589	64,619	59,212	54,190	65,116	81,651	95,393
Recycling (tons)	*	*	5,957	5,233	5,556	6,209	6,781	8,605	7,897	7,904
Codes										
Single family permits	780	668	618	170	309	331	485	519	480	691
Water										
Average daily usage	6,066,378	5,860,000	5,675,000	5,300,000	5,704,268	5,872,863	5,805,912	5,690,082	5,636,146	5,755,000
Water storage capacity (gallons)	10,000,000	11,000,000	11,000,000	11,500,000	12,000,000	12,000,000	12,000,000	11,500,000	13,000,000	13,000,000

Source: City of Franklin departments

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

CITY OF FRANKLIN, TENNESSEE

Operating Information -
Capital Asset Statistics by Function

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles (radio equipped)	131	133	149	136	133	152	156	136	139	136
Fire										
Fire stations	5	6	6	6	6	6	6	6	7	7
Fire response vehicles	17	17	19	19	19	19	22	22	22	22
Fire hydrants	1,916	1,954	2,045	2,074	1,957	3,155*	3,325*	3,326*	3,416*	3576*
Street										
Streets (miles)	290	287	283	283	285	286	293	304	317	325
Parks										
Number of parks	9	10	16	16	16	16	16	16	16	16
Water										
Water lines (miles)	285	274	272	276	284	283	285	288	293	296
Sewer lines (miles)	328	337	347	350	355	352	354	360	371	387

Source: City of Franklin departments

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

INTERNAL CONTROL AND COMPLIANCE SECTION



HISTORIC
FRANKLIN
TENNESSEE

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Tennessee (the "City"), as of and for the year ended June 30, 2016 (except for the Fiduciary Pension Fund, which was as of and for the year ended December 31, 2015), and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 13, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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



Purpose of this Report

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

Crosslin, PLLC

Nashville, Tennessee
December 13, 2016

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

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

Report on Compliance for The Major Federal Program

We have audited the City of Franklin, Tennessee's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2016. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.



Report on Internal Control Over Compliance

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

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

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

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

Crosslin, PLLC

Nashville, Tennessee
December 13, 2016

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness identified?	_____ yes	<u>X</u> no
Significant deficiencies identified not considered to be material weaknesses?	_____ yes	<u>X</u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u>X</u> no

Federal Awards

Internal control over major programs:		
Material weakness identified?	_____ yes	<u>X</u> no
Significant deficiencies identified not considered to be material weaknesses?	_____ yes	<u>X</u> none reported

Type of auditors' report issued on compliance:
for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	_____ yes	<u>X</u> no
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Identification of major program:

15.928 - Battlefield Acquisition

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

\$ 750,000

Auditee qualified as low-risk auditee?	<u>X</u> yes	_____ no
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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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SECTION II - FINANCIAL STATEMENT FINDINGS

None Reported

SECTION III - FEDERAL AUDIT FINDINGS AND QUESTIONS COSTS

None Reported

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

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

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APPENDIX B
FORM OF BOND COUNSEL OPINION

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June 27, 2017

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

Citigroup Global Markets Inc.
Dallas, Texas

Ladies and Gentlemen:

We have acted as bond counsel to the City of Franklin, Tennessee (the "Issuer") in connection with the issuance of its \$23,120,000 General Obligation Public Improvement Bonds, Series 2017, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding general obligations of the Issuer.
2. The resolutions of the Board of Mayor and Aldermen of the Issuer authorizing the Bonds have been duly and lawfully adopted, are in full force and effect and are valid and binding agreements of the Issuer enforceable in accordance with their terms.
3. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Issuer.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolutions authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

Bass, Berry & Sims PLC

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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FORM OF
CITY OF FRANKLIN, TENNESSEE
\$23,120,000
GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2017

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Franklin, Tennessee (the "Issuer") in connection with the issuance of its \$23,120,000 General Obligation Public Improvement Bonds, Series 2017 (the "Bonds"). The Bonds are being issued pursuant to Resolution adopted by the Board of Mayor and Alderman of the Issuer on April 25, 2017 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to the Rule and this Disclosure Certificate.

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" means the Issuer or any successor designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Fiscal Year" shall mean any period of twelve consecutive months adopted by the Issuer as its fiscal year for financial reporting purposes and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the following calendar year.

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any successor thereto.

"Official Statement" shall mean the *Official Statement* dated June 15, 2017 relating to the Bonds.

"Participating Underwriter" shall mean Citigroup Global Markets, Inc.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Tennessee.

"State Depository" shall mean any public or private depository or entity designated by the State as a state depository to which continuing disclosure information shall be sent pursuant to State law. As of the date of this Disclosure Certificate, there is no State Depository.

SECTION 3. Provision of Annual Reports. Not later than one year after the end of the Fiscal Year, commencing with Fiscal Year ending June 30, 2017, the Issuer shall provide an Annual Report to the MSRB at www.emma.msrb.org and to the State Depository, if any. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. Notwithstanding the foregoing, the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report when such audited financial statements are available. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the Issuer shall include unaudited financial statements of the Issuer in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements of the Issuer will be submitted. The audited financial statements of the Issuer, when available, will be provided to the MSRB and to the State Depository, if any. If the Annual Report (or audited financial statements which were to be separately submitted) is not timely filed, the Issuer shall in a timely manner send a notice to the MSRB and to the State Depository, if any.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the Comprehensive Annual Financial Report of the Issuer for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in Parts I and II of the *Official Statement* as follows:

1. "Long-Term Debt Service Requirements;"
2. "Statement of Debt;"
3. "Retirement System;"
4. "Other Post-Employment Benefits;"
5. "General Government Operations;"
6. "Fund Balances;"
7. "Local Option Sales Tax Receipts for Fiscal Year;"
8. "Values of Taxable Property for Fiscal Year;"
9. "Property Tax Levies and Collections;"
10. "Largest Taxpayers;"
11. "Historical Tax Revenue Collections for the Fiscal Year;" and
12. "Major Funds Summaries."

Any or all of the items above may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the Issuer or related public entities, which have been filed with the Securities and Exchange Commission or are available from the MSRB at emma.msrb.org. If the document incorporated by reference is a final Official Statement, in final form, it will be available

from the MSRB at <http://www.emma.msrb.org>. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events. The Issuer will file notice regarding certain significant events with the MSRB and SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the Issuer shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and State Depository, if any.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the Issuer shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults, if material;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
 - g. Modifications to rights of Bondholders, if material;
 - h. Bond calls, if material, and tender offers;
 - i. Defeasances;
 - j. Release, substitution, or sale of property securing repayment of the securities, if material;
 - k. Rating changes;
 - l. Bankruptcy, insolvency, receivership or similar event of the obligated person;
 - m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Dissemination Agent. The Issuer may, from time to time, appoint a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and the Issuer may, from time to time, discharge the dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not a designated dissemination agent, the Issuer shall be the dissemination agent.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Amendment. Notwithstanding any other provision of the Disclosure Certificate, the Issuer may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized Bond Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of the Holders, or (ii) does not, in the opinion of nationally recognized Bond Counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of any party to comply with this Disclosure Certificate shall be an action to compel performance. The cost to the Issuer of performing its obligations under the provisions of this Disclosure Certificate shall be paid solely from funds lawfully available for such purpose.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents,

harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The Dissemination Agent may consult with counsel (who may, but need not, be counsel for any party hereto or the Issuer), and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriter and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Intermediaries; Expenses. The Dissemination Agent is hereby authorized to employ intermediaries to carry out its obligations hereunder. The Dissemination Agent shall be reimbursed immediately for all such expenses and any other reasonable expense incurred hereunder (including, but not limited to, attorneys' fees).

SECTION 14. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State.

SECTION 15. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

SECTION 16. Filings with the MSRB. All filings required to be made with the MSRB shall be made electronically at www.emma.msrb.org, shall be accompanied by identifying information as prescribed by the MSRB and shall be submitted in any other manner pursuant to, and in accordance with, SEC Release No. 34-59062.

CITY OF FRANKLIN, TENNESSEE

By: /s/ _____
Mayor

**CITY OF FRANKLIN, TENNESSEE
PROFESSIONAL SERVICES AGREEMENT
COF Contract No. 2017-0089**

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is by and between the City of Franklin, Tennessee, hereinafter referenced as City, and **PFM FINANCIAL ADVISORS, LLC**, hereinafter referenced as Consultant, who mutually agree as follows:

DECLARATIONS. City desires to retain Consultant to provide engineering, related technical, and other services in connection with City's project hereinafter referenced as Project. The Project is described as follows:

Consultant shall act as financial advisor to the City and will provide, upon request of the City, services related to financial planning, budget, strategic advice and planning, policy development and services related to debt issuance ("Project")

1. **SCOPE OF SERVICES.** Consultant shall provide preliminary engineering and related technical services for the Project in accordance with the SCOPE OF SERVICES. The SCOPE OF SERVICES as found in Attachment A which shall be considered as an integral part hereof.
2. Consultant shall be reimbursed based on the FEE SCHEDULE for the Project based on the detailed Attachment B. The FEE SCHEDULE shall be considered as an integral part hereof.
3. In event of a conflict between this Agreement and the attached document(s), this Agreement shall supersede conflicting terms and conditions.

The Board of Mayor and Aldermen Approved this Agreement on the _____ day of _____ 2017.

TERMS AND CONDITIONS FOR PROFESSIONAL SERVICES

ARTICLE 1. SERVICES. Consultant will:

- 1.1 Act for City in a professional manner, using that degree of care and skill ordinarily exercised by and consistent with standards of competent consultants using the standards in the industry:
- 1.2 Consider all reports to be confidential and distribute copies of the same only to those persons specifically designated by the City.
- 1.3 Perform all services under the general direction of a senior professional employee, licensed and/or registered in the State of Tennessee, when appropriate.
- 1.4 Designate, in writing, the sole Project representative to coordinate with City the Services to be provided, including all contact information.
- 1.5 Unless provided for in the Project Scope of Services (Attachment A), Consultant shall perform all Services with his own forces (employees). Should sub-consultants be proposed to be used in the Project, a listing of said sub-consultants with Services to be performed shall be provided. After approval of this Agreement, no substitute for sub-consultants shall be allowed unless approved by City.
- 1.6 Retain pertinent records relating to the services performed for a period of seven (7) years following the completion of the work; during this period the records shall be available for review by City at all reasonable times.

ARTICLE 2. CITY'S RESPONSIBILITIES. City, or its authorized representative, will:

- 2.1 Provide Consultant with all information regarding the Project, which is available to, or reasonably obtainable by, the City.
- 2.2 Furnish right-of-entry onto the Project site for Consultant's necessary field studies and surveys. Consultant will endeavor to restore the site to its original condition and shall remain solely liable for all damages, costs and expenses, including reasonable attorneys' fees, for failure to make such restoration.
- 2.3 Designate, in writing, the sole Project representative to coordinate with and direct the Consultant, including all contact information.
- 2.4 Guarantee to Consultant that it has the legal capacity to enter into this contract and that sufficient monies are available to fund Consultant's compensation.

ARTICLE 3. GENERAL CONDITIONS.

- 3.1 Consultant, by the performance of services covered hereunder, does not in any way assume, abridge or abrogate any of those duties, responsibilities or authorities customarily vested in other professionals or agencies participating in the Project.

- 3.2 Consultant shall be responsible for the acts or omissions of any party involved in concurrent or subsequent phases of the Project acting upon written instruction issued by the Consultant.
- 3.3 Neither City nor Consultant may assign or transfer its duties or interest in this Agreement without written consent of the other party.
- 3.4 **ALLOCATION OF RISK AND LIABILITY; GENERAL.** Considering the potential liabilities that may exist during the performance of the services of this Agreement, the relative benefits and risks of the Project, and the Consultant's fee for the services rendered, and in consideration of the promises contained in this Agreement, the City and the Consultant agree to allocate and limit such liabilities in accordance with this Article.
- 3.5 **INDEMNIFICATION.** Consultant agrees to indemnify and hold City harmless from and against legal liability for all judgments, losses, damages, and expenses to the extent such judgments, losses, damages, or expenses are caused by Consultant's negligent act, error or omission in the performance of the services of this Agreement. In the event judgments, losses, damages, or expenses are caused by the joint or concurrent negligence of Consultant and City, they shall be borne by each party in proportion to its own negligence.
- 3.5.1 **SURVIVAL.** The terms and conditions of this paragraph shall survive completion of this services agreement.
- 3.6 **LIMITATIONS OF RESPONSIBILITY.** Consultant shall not be responsible for (a) construction means, methods, techniques, sequences, procedures, or safety precautions and programs in connection with the Project unless specifically undertaken in Attachment A, Scope of Services ; (b) the failure of any contractor, subcontractor, Consultant, or other Project participant, not under contract to Consultant, to fulfill contractual responsibilities to City or to comply with federal, state, or local laws, regulations, and codes; or (c) procuring permits, certificates, and licenses required for any construction unless such procurement responsibilities are specifically assigned to Consultant in Attachment A, Scope of Services.

ARTICLE 4. TERMINATION BY THE CITY. The City may terminate this Agreement in accordance with the following terms and conditions:

- 4.1 **Termination for Convenience.** The City may, when in the interests of the City, terminate performance under this Agreement with the Consultant, in whole or in part, for the convenience of the City. The City shall give written notice of such termination to the Consultant specifying when termination becomes effective. The Consultant shall incur no further obligations in connection with the work so terminated, other than warranties and guarantees for completed work and installed equipment, and the Consultant shall stop work when such termination becomes

effective. The Consultant shall also terminate outstanding orders and subcontracts for the affected work. The Consultant shall settle the liabilities and claims arising out of the termination of subcontracts and orders. The City may direct the Consultant to assign the Consultant's right, title and interest under termination orders or subcontracts to the City or its designee. The Consultant shall transfer title and deliver to the City such completed or partially completed work and materials, equipment, parts, fixtures, information and Contract rights as the Consultant has in its possession or control. When terminated for convenience, the Consultant shall be compensated as follows:

- (1) The Consultant shall submit a termination claim to the City specifying the amounts due because of the termination for convenience together with costs, pricing or other data required by the City. If the Consultant fails to file a termination claim within one (1) year from the effective date of termination, the City shall pay the Consultant the amount the City deems the Consultant is due.
- (2) The City and the Consultant may agree to the compensation, if any, due to the Consultant hereunder.
- (3) Absent agreement to the amount due to the Consultant, the City shall pay the Consultant the following amounts:
 - (a) Contract costs for labor, materials, equipment and other services accepted under this Agreement;
 - (b) Reasonable costs incurred in preparing to perform and in performing the terminated portion of the work, and in terminating the Consultant's performance, plus a fair and reasonable allowance for direct job site overhead and earned profit thereon (such profit shall not include anticipated profit or consequential damages); provided however, that if it reasonably appears that the Consultant would have not profited or would have sustained a loss if the entire Agreement would have been completed, no profit shall be allowed or included and the amount of compensation shall be reduced to reflect the anticipated rate of loss, if any;

The total sum to be paid the Consultant under this Section shall not exceed the total Agreement Price, as properly adjusted, reduced by the amount of payments otherwise made, and shall in no event include duplication of payment.

- 4.2 Termination for Cause. If the Consultant does not perform the work, or any part thereof, in a timely manner, supply adequate labor, supervisory personnel or proper equipment or materials, or if it fails to timely discharge its obligations for labor, equipment and materials, or proceeds to disobey applicable law, or otherwise commits a violation of a material provision of this Agreement, then the City, in addition to any other rights it may have against the Consultant or others, may terminate the performance of the Consultant, in whole or in part at the City's sole option, and assume possession of the Project Plans and materials and may complete the work.

In such case, the Consultant shall not be paid further until the work is complete. After Completion has been achieved, if any portion of the Contract Price, as it may be modified hereunder, remains after the cost to the City of completing the work, including all costs and expenses of every nature incurred, has been deducted by the City, such remainder shall belong to the Consultant. Otherwise, the Consultant shall pay and make whole the City for such cost. This obligation for payment shall survive the termination of the Agreement.

In the event the employment of the Consultant is terminated by the City for cause pursuant to this Section and it is subsequently determined by a Court of competent jurisdiction that such termination was without cause, such termination shall thereupon be deemed a Termination for Convenience under this Section and the provisions of Section 4.1 shall apply.

- 4.3 Termination for Non-Appropriation. The City may also terminate this Agreement, in whole or in part, for non-appropriation of sufficient funds to complete or partially complete the Project, regardless of the source of such funds, and such termination shall be on the terms of Section 4.1.
- 4.4 The City's rights under this Section shall be in addition to those contained elsewhere herein or provided by law.

ARTICLE 5. SCOPE OF SERVICES. Consultant shall provide the Services as described in Attachment A, Scope of Services.

5.1 By mutual agreement, this Agreement and scope can be amended by the parties. The scope and fee for any additional tasks or services under such amendment shall be mutually negotiated and agreed to in writing prior to beginning such additional tasks or services.

5.2 **ENVIRONMENTAL RESPONSIBILITY.**

Where drilling/sampling services are involved, the samples obtained from the Project site are the property of the City. Should any of these samples be recognized by the Consultant to be contaminated, the City shall remove them from the Consultant's custody and transport them to a disposal site, all in accordance with applicable government statutes, ordinances, and regulations. For all other samples, the Consultant shall retain them for a sixty (60)-day period following the submission of the drilling/sampling report unless the City directs otherwise; thereafter, the Consultant shall discard the samples in accordance with all federal, state and local laws.

ARTICLE 6. SCHEDULE.

6.1 **TIME OF THE ESSENCE.** The parties agree that time is of the essence with respect to the parties' performance of all provisions of the Agreement.

6.2 Before executing this Agreement, the Consultant shall have prepared and submitted for approval to the City a Completion Schedule for the Project with milestones for the various stages (tasks) of the Services as outlined in the Scope of Services. The Consultant shall submit and obtain the City's approval for any proposed changes to the logic, durations, sequences, or timing of tasks as approved in the Completion Schedule.

6.3 **FORCE MAJEURE.** Neither party will be liable to the other for any delay or failure to perform any of the services or obligations set forth in this Agreement due to causes beyond its reasonable control, and performance times will be considered extended for a period of time equivalent to the time lost because of such delay plus a reasonable period of time to allow the parties to recommence performance of their respective obligations hereunder. Should a circumstance of force majeure last more than ninety (90) days, either party may by written notice to the other terminate this Agreement. The term "force majeure" as used herein shall mean the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or of the State or any of their departments, agencies or officials, or any civil or military authority; insurrections, riots, landslides, earthquakes, fires, storms, tornadoes, droughts, floods, explosions, breakage or accident to

machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of either party.

- 6.4 Should City request changes in the scope, extent, or character of the Project, the fee and the time of performance of Consultant's Services as indicated in Attachment A shall be adjusted equitably.

ARTICLE 7. USE OF DOCUMENTS, DATA.

- 7.1 All Documents, including, but not limited to, reports, drawings, specifications, and computer software prepared by Consultant pursuant to this Agreement are instruments of service in respect to the Project. Consultant shall retain an ownership and property interest therein (including the right of reuse at the discretion of the Consultant) whether or not the Project is completed.

7.1.1 **USE OF DATA SYSTEMS:** Ownership, property interests and proprietary rights in data systems used by Consultant do not extend to the data created by or supplied to Consultant by the City; all rights to that data (including derivative or hidden data such as metadata) shall vest solely in City at the moment of creation.

7.1.2 **DISCLOSURE OF DOCUMENTS/DATA.** City may be required to disclose documents or data under state or federal law. City shall notify Consultant if a request for data or documents has been made and shall give Consultant a reasonable opportunity under the circumstances to respond to the request by redacting proprietary or other confidential information. Consultant waives any right to confidentiality of any document, e-mail or file it fails to clearly mark on each page as confidential or proprietary. In exchange, Consultant agrees to indemnify, defend, and hold harmless City for any claims by third parties relating thereto or arising out of (i) the City's failure to disclose such documents or information required to be disclosed by law, or (ii) the City's release of documents as a result of City's reliance upon Consultant representation that materials supplied by Consultant (in full or redacted form) do not contain trade secrets or proprietary information, provided that the City impleads Consultant and Consultant assumes control over that claim.

- 7.2 By execution of this Agreement, Consultant and his sub-consultant(s) grant the City a royalty-free, perpetual, irrevocable, and assignable license to use any and all intellectual property interest Consultant or his sub-consultant(s) possess to any drawings, details, specifications, documents, and other information created before each of their first involvement with the Project and subsequently incorporated into the Project's documents. City-furnished data that may be relied upon by Consultant is limited to the printed copies that are delivered to the

- Consultant pursuant to Article 2 of this Agreement. Any copyrighted electronic files furnished by City shall be used by Consultant only for the Project as described herein. City's posting or publication of such documents created by Consultant for City shall constitute fair use and shall not constitute an infringement of Consultant's copyright, if any.
- 7.3 Documents that may be relied upon by City are limited to the printed copies (also known as hard copies) that are signed or sealed by the Consultant. Files in electronic media format of text, data, graphics, or of other types that are furnished by Consultant to City are only for convenience of City, unless the delivery of the Project in electronic media format has been dictated in Attachment A, Scope of Services. Any conclusion or information obtained or derived from electronic files provided for convenience will be at the user's sole risk.
- 7.4 Because data stored in electronic media format can deteriorate or be modified inadvertently or otherwise without authorization of the data's creator, the party receiving electronic files agrees that it will perform acceptance tests or procedures within sixty (60) days, after which the receiving party shall be deemed to have accepted the data thus transferred. Any errors detected within the 60-day acceptance period will be corrected by the party delivering the electronic files. Unless stated otherwise herein, Consultant shall not be responsible to maintain documents stored in electronic media format after acceptance by City.
- 7.5 When transferring documents in electronic media format, Consultant makes no representations as to long term compatibility, usability, or readability, of documents resulting from the use of software application packages, operating systems, or computer hardware differing from that as required of, and used by, Consultant at the beginning of this Project.
- 7.6 City may make and retain copies of Documents for information and reference in connection with use on the Project by the City, or his authorized representative. Such Documents are not intended or represented to be suitable for reuse by City or others on extensions of the Project or on any other project. Any such reuse or modifications without written verification or adaptation by Consultant, as appropriate for the specific purpose intended, will be at City's sole risk and without liability or legal exposure to the Consultant or to Consultant's sub-consultants.
- 7.7 If there is a discrepancy between the electronic files and the hard copies, the hard copies govern.
- 7.8 Any verification or adaptation of the Documents for extensions of the Project or for any other project will entitle Consultant to further compensation at rates to be agreed upon by City and Consultant.

ARTICLE 8. INSURANCE.

- 8.1 During the performance of the Services under this Agreement, Consultant shall maintain the following minimum insurance:
- a) General Liability Insurance with a combined single limit of \$1,000,000 per occurrence and \$2,000,000 annual aggregate.
 - b) Automobile Liability Insurance with a combined single limit of \$1,000,000 for each person and \$1,000,000 for each accident.
 - c) Workers' Compensation Insurance Coverage A in accordance with statutory requirements and Coverage B, Employer's Liability Insurance, with a limit of \$500,000 for each occurrence.
 - d) Professional Liability Insurance with a limit of \$1,000,000 annual aggregate.
- 8.2 Consultant shall add the City an additional insured on all policies unless otherwise prohibited.
- 8.3 Consultant shall, upon execution of this Agreement, furnish City certificates of insurance, which shall include a provision that such insurance shall not be canceled without at least thirty (30) days' written notice to City.
- 8.4 No insurance, of whatever kind or type is to be considered as in any way limiting other parties' responsibility for damages resulting from their activities in the execution of the Project. City agrees to include, or cause to be included, in the Project's construction contract, such requirements for insurance coverage and performance bonds by the Project's construction contractor as City deems adequate to indemnify City, Consultant, and other concerned parties against claims for damages and to insure compliance of work performance and materials with Project requirements.

ARTICLE 9. PAYMENT.

- 9.1 City will pay Consultant for services and expenses in accordance with the Fee Schedule proposal submitted for the Project as part of the Scope of Services. Consultant's invoices will be presented at the completion of the work or monthly and will be payable upon receipt. Payment is due upon presentation of invoice and is past due thirty (30) days from invoice date. City shall give prompt written notice of any disputed amount and shall pay the remaining amount.
- 9.2 Consultant shall be paid in full for all services under this Agreement, including City authorized overruns of the Project budget or unforeseen need for Consultant's services exceeding the original Scope of Services.
- 9.3 **TRAVEL; EXPENSES**
City shall reimburse reasonable expenses, including travel and meals, when specified in the Scope of Services, but only in accordance with the City's Travel and Expense Policy and Procedures Manual. The maximum amount will be applied as of the date of travel and as listed

in the per diem reimbursement rates on the “CONUS” website developed by the United States General Services Administration, located at www.gsa.gov [click on ‘per diem rates’ under the ‘etools’ category].

ARTICLE 10. MISCELLANEOUS PROVISIONS

- 10.1 **EQUAL EMPLOYMENT OPPORTUNITY.** In connection with this Agreement and the Project, City and Consultant shall not discriminate against any employee or applicant for employment because of race, color, sex, national origin, disability or marital status. City and Consultant will take affirmative action to ensure that the contractor used for the Project does not discriminate against any employee and employees are treated during employment without regard to their race, age, religion, color, gender, national origin, disability or marital status. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship.
- 10.1.1 Consultant shall insert the foregoing provision in all contracts relating to this Project.
- 10.2 **TITLE VI – CIVIL RIGHTS ACT OF 1964.** City and Consultant shall comply with all the requirements imposed by Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), 49 C.F.R., Part 21, and related statutes and regulations.
- 10.2.1 Consultant shall insert the foregoing provision in all contracts relating to this Project.
- 10.3 **NO THIRD PARTY RIGHTS CREATED.** City and Consultant each binds itself and its successors, executors, administrators, permitted assigns, legal representatives and, in the case of a partnership, its partners, to the other party to this Agreement and to their successors, executors, administrators, permitted assigns, legal representatives and partners of such other party in respect to all provisions of this Agreement. The Services provided for in this Agreement are for the sole use and benefit of City and Consultant. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than City and Consultant.
- 10.4 **WARRANTIES/LIMITATION OF LIABILITY/WAIVER.** City reserves all rights afforded to local governments under law for all general and implied warranties. City does not waive any rights it may have to all remedies provided by law and therefore any attempt by Consultant to limit its liability shall be void and unenforceable.

ARTICLE 11. EXTENT OF AGREEMENT:

- 11.1 **APPLICABLE LAW/CHOICE OF FORUM AND VENUE.** This Agreement is made under and will be construed in accordance with the laws of the State of Tennessee without giving effect to that state's choice of law rules. The parties' choice of forum and venue shall be exclusively in the courts of Williamson County, Tennessee. Any provision of this Agreement held to violate a law or regulation shall be deemed void, and all remaining provisions shall continue in force.
- 11.2 **ENTIRE AGREEMENT.** This Agreement, including these terms and conditions and any attachments hereto, represent the entire Agreement between City and Consultant for this Project and supersedes all prior negotiations, representations or agreements, written or oral. This Agreement may be amended only by written instrument signed by City and Consultant.

ARTICLE 12. DISPUTE RESOLUTION, BREACH.

- 12.1 If a dispute should arise relating to the performance of or payment for the Services under this Agreement, the aggrieved party shall notify the other party of the dispute within a reasonable time after such dispute arises. During the pendency of any dispute, the parties shall continue diligently to fulfill their respective obligations hereunder. No arbitration or mediation shall be required as a condition precedent to filing any legal claim arising out of or relating to this Agreement. No arbitration or mediation shall be binding.
- 12.2 **BREACH.** Upon deliberate breach of the Agreement by either party, the non-breaching party shall be entitled to terminate the Agreement with notice, with all of the remedies it would have in the event of termination, and may also have such other remedies as it may be entitled to in law or in equity.

ARTICLE 13. SURVIVAL.

The provisions contained in this Professional Services Agreement shall survive the completion of or any termination of the Agreement, contract or other document to which it may accompany or incorporate by reference or which subsequently may be modified, unless expressly excepted from this Article upon consent of both parties.

BY: _____
Consultant's Signature
TITLE: _____
Date: _____

BY: _____
Dr. Ken Moore
Mayor
Date: _____

Approved as to Form By:

Shauna R. Billingsley, City Attorney



April 4, 2017

Mr. Eric Stuckey
City Administrator
City of Franklin, TN
109 3rd Avenue South
Franklin, TN 37064

pfm

530 Oak Court Drive
Suite 160
Memphis, TN 38117
901.682.8356

pfm.com

Dear Mr. Stuckey,

The purpose of this letter (this "Engagement Letter") is to confirm and memorialize our agreement that PFM Financial Advisors, LLC ("PFM") will act as financial advisor to the City of Franklin, TN (the "Client"), pursuant to that certain Resolution of the City of Franklin, TN to be dated April 25, 2016 (the "Authorizing Resolution"). The City may also refer to this Engagement Letter or agreement with PFM as Contract Number _____. PFM will provide, upon request of the Client, services related to financial planning, budget and strategic advice and planning, policy development and services related to debt issuance, as applicable and set forth in Exhibit A to this Engagement Letter. Most tasks requested by Client will not require all services provided for in Exhibit A and as such the specific scope of services for such task shall be limited to just those services required to complete the task. Any material changes in or additions to the scope of services described in Exhibit A shall be promptly reflected in a written supplement or amendment to this Engagement Letter. Upon request of Client, PFM or an affiliate of PFM may agree to additional services to be provided by PFM or an affiliate of PFM, by a separate agreement between the Client and PFM or its respective affiliate.

MSRB Rule G-42 requires that municipal advisors make written disclosures to its Clients of all material conflicts of interest and certain legal or disciplinary events. Such disclosures are provided in PFM's Disclosure Statement delivered to Client together with this Engagement Letter.

PFM is a registered municipal advisor with the Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. If Client has designated PFM as its independent registered municipal advisor ("IRMA") for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA exemption"), then services provided pursuant to such designation shall be the services described in Exhibit A hereto, subject to any limitations described thereon. PFM shall not be responsible for, or have any liability in connection with, verifying that PFM is independent from any other party seeking to rely on the IRMA exemption (as such independent status is required pursuant to the IRMA exemption, as interpreted from time to time by the SEC). Client acknowledges and agrees that any reference to PFM, its personnel and its role as IRMA, including in the written representation of Client required under SEC Rule 15Ba1-1(d)(3)(vi)(B) shall be subject to prior approval by PFM. Client further agrees not to represent that PFM is Client's IRMA with respect to any aspect of a municipal securities issuance or municipal financial product, outside of the scope of services without PFM's prior written consent.

For the services described in Exhibit A, PFM's professional fees will be paid as provided in Exhibit B. In addition to fees for services, PFM will be reimbursed for



necessary, reasonable, and documented out-of-pocket expenses incurred, including travel, meals, lodging, telephone, mail, and other ordinary cost and any actual extraordinary cost for graphics, printing, data processing and computer time which are incurred by PFM. Upon request of Client, documentation of such expenses will be provided.

This Engagement Letter shall be effective from April 25, 2017 and will end on December 31, 2017 and can be canceled in writing by either party upon thirty (30) days written notice to the other party. PFM shall not assign any interest in this Engagement Letter or subcontract any of the work performed under this Engagement Letter without the prior written consent of the Client; provided that upon notice to Client, PFM may assign this Engagement Letter or any interests hereunder to a municipal advisor entity registered with the SEC that directly or indirectly controls, is controlled by, or is under common control with, PFM.

All information, data, reports, and records ("Data") in the possession of the Client or any third party necessary for carrying out any services to be performed under this Engagement Letter shall be furnished to PFM and the Client shall, and shall cause its agent(s) to, cooperate with PFM in its conduct of reasonable due diligence in performing the services. To the extent Client requests that PFM provide advice with regard to any recommendation made by a third party, Client will provide to PFM written direction to do so as well as any Data it has received from such third party relating to its recommendation. Client acknowledges and agrees that while PFM is relying on the Data in connection with its provision of the services under this Engagement Letter, PFM makes no representation with respect to and shall not be responsible for the accuracy or completeness of such Data.

All notices given under this Engagement Letter will be in writing, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended, at the addresses on the first page of this Engagement Letter.

All materials, except functioning or dynamic financial models, prepared by PFM pursuant exclusively to this Engagement Letter will be the property of the Client. Subject to the preceding exception, upon termination of this Engagement Letter, PFM will deliver to the Client copies of any and all material pertaining to this Engagement Letter.

The following professional employees of PFM will provide the services set forth in this Engagement Letter: Ricardo Callender, Lisa Daniel, Lauren Lowe, Olivia Menick, Micah Wasserman, Kyle Wright, Nick Yatsula. PFM may, from time to time, supplement or otherwise amend team members. The Client has the right to request, for any reason, PFM to replace any member of the advisory staff. Should the Client make such a request, PFM will promptly suggest a substitute for approval by the Client.

PFM will maintain insurance coverage with policy limits not less than as stated in Exhibit C. Except to the extent caused by willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties under this Engagement Letter on the part of PFM or any of its associated persons, neither PFM nor any of its associated persons shall have liability to any person for any act or omission in connection with performance of its services hereunder, or for any error of judgment or mistake of law,



or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other financial product or investment, or for any financial or other damages resulting from Client's election to act or not to act, as the case may be, contrary to or, absent negligence on the part of PFM or any of its associated persons, upon any advice or recommendation provided by PFM to Client.

PFM, its employees, officers and representatives at all times will be independent contractors and will not be deemed to be employees, agents, partners, servants and/or joint ventures of Client by virtue of this Engagement Letter or any actions or services rendered under this Engagement Letter.

This Engagement Letter and the Authorizing Document represents the entire agreement between Client and PFM.

Sincerely,

PFM Financial Advisors LLC

Lauren S. Lowe

Managing Director



EXHIBIT A

SCOPE OF SERVICES

Services Related to Debt Transactions (Includes short term financings, notes, loans, letters of credit, line of credit and bonds); provided that if the transaction is competitive, the services of the financial advisor will be modified to reflect that process. Upon the request of the Client:

- Analyze financial and economic factors to determine if the issuance of bonds is appropriate.
- Develop a financing plan in concert with Client's staff which would include recommendations as to the timing and number of series of bonds to be issued.
- Assist the Client by recommending the best method of sale, either as a negotiated sale, private placement or a public sale. In a public sale, make recommendation as to the determination of the best bid. In the event of a negotiated sale, assist in the solicitation, review and evaluation of any investment banking proposals, and provide advice and information necessary to aid in such selection.
- Advise as to the various financing alternatives available to the Client.
- Develop alternatives related to debt transaction including evaluation of revenues available, maturity schedule and cash flow requirements.
- Evaluate benefits of bond insurance and/or security insurance for debt reserve fund.
- If appropriate, develop credit rating presentation and coordinate with the Client the overall presentation to rating agencies.
- Review underwriter's proposals and submit a written analysis of same to the Client.
- Assist the Client in the procurement of other services relating to debt issuance such as printing, paying agent, registrar, etc.
- Identify key bond covenant features and advise as to the financial consequences of provisions to be included in bond indentures, resolutions or other governing documents regarding security, creation of reserve funds, flow of funds, redemption provisions, additional parity debt tests, etc.; review and comment on successive drafts of bond governing documents.
- Review the requirements and submit analysis to bond insurers, rating agencies and other professionals as they pertain to the Client's obligation.
- Review the terms, conditions and structure of any proposed debt offering undertaken by the Client and provide suggestions, modifications and enhancements where appropriate and necessary to reflect the constraints or current financial policy and fiscal capability.
- Coordinate with the Client's staff and other advisors as respects the furnishing of data for offering documents, it being specifically understood that PFM is not



responsible for the inclusion or omission of any material in published offering documents.

- As applicable, advise the Client on the condition of the bond market at the time of sale, including volume, timing considerations, competing offerings, and general economic considerations.
- Assist and advise the Client in negotiations with investment banking groups regarding fees, pricing of the bonds and final terms of any security offering, and make recommendations regarding a proposed offering to obtain the most favorable financial terms based on existing market conditions.
- Arrange for the closing of the transaction including, but not limited, to bond printing, signing and final delivery of the bonds.



EXHIBIT B
COMPENSATION FOR SERVICES

1. Fixed Rate Transaction Fees (Competitive and Negotiated)

Assuming the financing needs of the City are \$27.5 million, the compensation for this transaction will be a flat fee of \$41,875.

2. Non-Transaction Related Compensation

PFM's Non-Transaction related compensation will be based on PFM's Contract Number 2010-0136 Amendment One with the Client.

3. Expenses

Out-of-pocket expenses includes expenses incurred, including travel, meals, lodging, telephone, mail, and other ordinary cost and any actual extraordinary cost for graphics, printing which are incurred by PFM. Appropriate documentation will be provided to the Client.



EXHIBIT C
INSURANCE STATEMENT

PFM Financial Advisors LLC ("PFMFA") has a complete insurance program, including property, casualty, comprehensive general liability, automobile liability and workers compensation. PFMFA maintains professional liability and fidelity bond coverages which total \$25 million and \$10 million, respectively. PFMFA also carries a \$10 million cyber liability policy.

Our Professional Liability policy is a "claims made" policy and our General Liability policy claims would be made by occurrence.

Deductibles/SIR:

Automobile \$250 comprehensive & \$500 collision
Cyber Liability \$50,000
General Liability \$0
Professional Liability (E&O) \$1,000,000
Financial Institution Bond \$75,000

Insurance Company & AM Best Rating
Professional Liability (E&O) – Indian Harbor Insurance Company; and Continental Casualty Company; (both are A)
Financial Institution Bond – Federal Insurance Company; (A++)
Cyber Liability – Indian Harbor Insurance Company (A)
General Liability – Great Northern Ins. Company (A++)
Automobile Liability – Federal Insurance Company
Excess /Umbrella Liability – Federal Insurance Company
Workers Compensation & Employers Liability– Pacific Indemnity Company (A++)

DISCLOSURE OF CONFLICTS OF INTEREST AND OTHER INFORMATION

Public Financial Management, Inc. / PFM Financial Advisors LLC

I. Introduction

Public Financial Management, Inc., PFM Financial Advisors LLC, Western Financial Group, LLC (a wholly-owned subsidiary of PFM Financial Advisors LLC), and PFM Swap Advisors LLC (hereinafter, referred to as “We,” “Us,” or “Our”) are registered municipal advisors with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. In accordance with MSRB rules, this disclosure statement is provided by Us to each client prior to the execution of its advisory agreement with written disclosures of all material conflicts of interests and legal or disciplinary events that are required to be disclosed with respect to providing financial advisory services pursuant to MSRB Rule G-42(b) and (c) (ii). We employ a number of resources to identify and subsequently manage actual or potential conflicts of interest in addition to disclosing actual and potential conflicts of interest provided herein.

How We Identify and Manage Conflicts of Interest

Code of Ethics. The Code requires that all employees conduct all aspects of Our business with the highest standards of integrity, honesty and fair dealing. All employees are required to avoid even the appearance of misconduct or impropriety and avoid actual or apparent conflicts of interest between personal and professional relationships that would or could interfere with an employee’s independent exercise of judgment in performing the obligations and responsibilities owed to a municipal advisor and Our clients.

Policies and Procedures. We have adopted policies and procedures that include specific rules and standards for conduct. Some of these policies and procedures provide guidance and reporting requirements about matters that allows Us to monitor behavior that might give rise to a conflict of interest. These include policies concerning the making of gifts and charitable contributions, entertaining clients, and engaging in outside activities, all of which may involve relationships with clients and others that are important to Our analysis of potential conflicts of interest.

Supervisory Structure. We have both a compliance and supervisory structure in place that enables Us to identify and monitor employees’ activities, both on a transaction and Firm-wide basis, to ensure compliance with appropriate standards. Prior to undertaking any engagement with a new client or an additional engagement with an existing client, appropriate municipal advisory personnel will review the possible intersection of the client’s interests, the proposed engagement, Our engagement personnel, experience and existing obligations to other clients and related parties. This review, together with employing the resources described above, allows Us to evaluate any situations that may be an actual or potential conflict of interest.

Disclosures. We will disclose to clients those situations that We believe would create a material conflict of interest, such as: 1) any advice, service or product that any affiliate may provide to a client that is directly related to the municipal advisory work We perform for such client; 2) any payment made to obtain or retain a municipal advisory engagement with a client; 3) any fee-splitting arrangement with any provider of an investment or services to a client; 4) any conflict that may arise from the type of compensation arrangement We may have with a client; and 5) any other actual or potential situation that We are or become aware of that might constitute a material conflict of interest that could reasonably expect to impair Our ability to provide advice to or on behalf of clients consistent with regulatory requirements. If We identify such situations or circumstances, We will prepare meaningful disclosure that will describe the implications of the situation and how We intend to manage the situation. We will also disclose any legal or disciplinary events that are material to a client’s evaluation or the integrity of Our management or advisory personnel. We will provide this disclosure (or a means to access this information) in writing prior to starting Our proposed engagement, and will provide such additional information or clarification as the client may request. We will also advise Our clients in writing of any subsequent material conflict of interest that may arise, as well as the related implications, Our plan to manage that situation, and any additional information such client may require.

II. General Conflict of Interest Disclosures

Disclosure of Conflicts Concerning the Firm's Affiliates

Our affiliates offer a wide variety of financial services, and Our clients may be interested in pursuing services separately provided by an affiliate. The affiliate's business with the client could create an incentive for Us to recommend a course of action designed to increase the level of the client's business activities with the affiliate or to recommend against a course of action that would reduce the client's business activities with the affiliate. In either instance, We may be perceived as recommending services for a client that are not in the best interests of Our clients, but rather are in Our interests or the interests of Our affiliates. Accordingly, We mitigate any perceived conflict of interest that may arise in this situation by disclosing it to the client, and by requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives and financial circumstances. Further, We receive no compensation from Our affiliates with respect to a client introduction or referral. If a client chooses to work with an affiliate, We require that the client consult and enter into a separate agreement for services, so that the client can make an independent, informed, evaluation of the services offered.

Disclosure of Conflicts Related to the Firm's Compensation

From time to time, We may be compensated by a municipal advisory fee that is or will be set forth in an agreement with the client to be, or that has been, negotiated and entered into in connection with a municipal advisory service. Payment of such fee may be contingent on the closing of the transaction and the amount of the fee may be based, in whole or in part, on a percentage of the principal or par amount of municipal securities or municipal financial product. While this form of compensation is customary in the municipal securities market, it may be deemed to present a conflict of interest since We may appear to have an incentive to recommend to the client a transaction that is larger in size than is necessary. Further, We may also receive compensation in the form of a fixed fee arrangement. While this form of compensation is customary, it may also present a potential conflict of interest, if the transaction requires more work than contemplated and We are perceived as recommending a less time consuming alternative contrary to the client's best interest so as not to sustain a loss. Finally, We may contract with clients on an hourly fee bases. If We do not agree on a maximum amount of hours at the outset of the engagement, this arrangement may pose a conflict of interest as We would not have a financial incentive to recommend an alternative that would result in fewer hours. We manage and mitigate all of these types of conflicts by disclosing the fee structure to the client, and by requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives and financial circumstances.

Disclosure Concerning Provision of Services to State and Local Government, and Non-Profit Clients

We regularly provide financial advisory services to state and local governments, their agencies, and instrumentalities, and non-profit clients. While Our clients have expressed that this experience in providing services to a wide variety of clients generally provides great benefit for all of Our clients, there may be or may have been clients with interests that are different from (and adverse to) other clients. If for some reason any client sees Our engagement with any other particular client as a conflict, We will mitigate this conflict by engaging in a broad range of conduct, if and as applicable. Such conduct may include one or any combination of the following: 1) disclosing the conflict to the client; 2) requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, including the client's needs, objectives and financial circumstances; 3) implementing procedures that establishes an "Informational Bubble" that creates physical, technological and procedural barriers and/or separations to ensure that non-public information is isolated to particular area such that certain governmental transaction team members and supporting functions operate separately during the course of work performed; and 4) in the rare event that a conflict cannot be resolved, We will withdraw from the engagement.

Disclosure Related to Legal and Disciplinary Events

As registered municipal advisors with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2, Our legal, disciplinary and judicial events are required to be disclosed on Our forms MA and MA-I filed with the SEC, in ‘**Item 9 Disclosure Information**’ of form MA, ‘**Item 6 Disclosure Information**’ of form MA-I, and if applicable, the corresponding disclosure reporting page(s) (“DRP”). To review the foregoing disclosure items and material change(s) or amendment(s), if any, clients may electronically access PFMFA’s filed forms MA and MA-I on the SEC’s Electronic Data Gathering, Analysis, and Retrieval system, listed by date of filing starting with the most recently filed, at:

PFM Financial Advisors LLC –

<http://www.sec.gov/cgi-bin/browse-edgar?company=PFM+Financial&owner=exclude&action=getcompany>

III. Specific Conflicts of Interest Disclosures – City of Franklin, TN

To Our knowledge, following reasonable inquiry, we are not aware of any other actual or potential conflict of interest that could reasonably be anticipated to impair Our ability to provide advice to or on behalf of the client in accordance with applicable standards of conduct of MSRB Rule G-42.



National Association
of Bond Lawyers



POST ISSUANCE COMPLIANCE CHECKLIST

The National Association of Bond Lawyers (“NABL”) and the Government Finance Officers Association (“GFOA”) have jointly developed the following checklist to assist bond counsel in discussing with issuers and conduit borrowers, as applicable, post issuance compliance matters. The checklist is divided into three parts: tax, securities and State law matters. The checklist can serve as a framework for discussion at an appropriate time during the transaction or as a written document prepared by bond counsel and furnished to the issuer or conduit borrower after completion of the financing. Bond counsel may need to explain various items on the checklist to provide the issuer with a more complete understanding of the noted concept. The checklist can be amended or supplemented as needed to address the particular financing issue. Issuers and conduit borrowers are encouraged to contact bond counsel at any time they may have questions or concerns pertaining to tax, securities or State law issues.

In the “document reference” column, where applicable, the financing document pertaining to the referenced point should be named. This will assist others on the finance team – present and future – to be able to locate the original notation. The “responsibility” column should list the various offices/desks within the government or legal or other professional that have been engaged for the purpose of that section who is/are responsible for maintaining the noted task. This list covers a broad spectrum of financing purposes of which only some will apply to your financing. Instances where each line will be completed are unlikely. However, you are encouraged to review the entire document and complete the lines that are applicable to your financing.

The checklist is intended to help issuers and/or borrowers throughout the entire lifetime of the financing to identify matters that need to be analyzed by the issuer and perhaps by counsel. Issuers are encouraged to retain and distribute the checklist to all “responsible” parties and others who may find it useful during the lifetime of a financing. **Keeping the checklist throughout the lifetime of the financing is important. Thus, issuers are encouraged to keep the document with the transcript.**

The completion and distribution of this checklist does not presume a contractual obligation on parties to complete these tasks.



National Association of Bond Lawyers

POST ISSUANCE COMPLIANCE CHECKLIST

TRANSACTION PARTIES		
Overall Responsible Office for Debt Management Activities	_____	
Bond Counsel	_____	
Trustee	_____	
Paying Agent	_____	
Rebate Specialist	_____	
Other:	_____	
Other:	_____	
Other:	_____	

A. TAX LAW REQUIREMENTS	Document Reference	Responsibility
1. General Matters.		
(a) Proof of filing Form 8038, 8038-G or 8038-GC. Copies of Form 8038, etc., to State authorities as required by State procedures.		
(b) "Significant modification" to bond documents results in reissuance under Treas. Reg. § 1.1001-3. Proof of filing new Form 8038, etc., plus final rebate calculation on pre-modification bonds.		
2. Use of Proceeds: Governmental Bonds or Qualified 501(c)(3) Bonds.		
(a) No private business use arrangement with private entity (includes federal government) beyond permitted <i>de minimis</i> amount unless cured by remedial action under Treas. Reg. § 1.141-12.		
(i) Sale of facilities.		
(ii) Lease.		
(iii) Nonqualified management contract. Rev. Proc. 97-13.		
(iv) Nonqualified research contract. Rev. Proc. 97-14.		
(v) "Special legal entitlement."		

(b) Additional requirements for qualified 501(c)(3) bonds.		
(i) No unrelated business activity income in facility beyond permitted <i>de minimis</i> amount.		
(ii) No activities jeopardizing 501(c)(3) exemption of 501(c)(3) borrower.		
(c) Remedial action may consist generally of redemption or defeasance of bonds (with notice of defeasance to IRS). Where disposition is a cash sale, remedial action may be an alternative qualifying use of proceeds. If bonds are 501(c)(3) bonds, alternative use must have "TEFRA" hearing and elected official approval prior to sale of original facilities. Proof of filing new Form 8038, etc.		
3. Private Activity Bonds. IRC §142.		
(a) Exempt facilities—in general.		
(i) Continuing use of exempt facilities in accord with basis of tax exemption.		
(ii) Use excess proceeds for redemption or defeasance (with notice of defeasance to IRS) within 90 days of determination that proceeds will not be spent, or date financed facility is placed in service. Treas. Reg. § 1.142-2(c).		
(b) Residential rental project bonds.		
(i) Meet low-income requirements for qualified project period. IRC §142(d).		
(ii) Proof of filing annual reports of compliance by project operator on Form 8703.		
(c) Qualified mortgage bonds.		
(i) Good faith compliance efforts for mortgage eligibility. IRC §143(a)(2).		
(ii) Spend proceeds or redeem bonds within 42 months of issuance; use mortgage prepayments after first 10 years to redeem bonds at next semiannual debt service date after receipt.		

(iii) Proof of filing annual reports of mortgagor income due 8/15. Treas. Reg. § 1.103A-2(k)(2)(ii).		
(d) Small issue manufacturing bonds using \$10,000,000 (\$20,000,000 for 2007) capital expenditure limit: monitor capital expenditures during three years after issuance for compliance with limit. IRC §144(a).		
(e) Acquisition of existing facilities: make qualifying rehabilitation within 24 months unless covered by exceptions. IRC §147(d).		
4. Arbitrage.		
(a) Rebate. IRC §148(f).		
(i) First installment of arbitrage rebate due on fifth anniversary of bond issuance plus 60 days.		
(ii) Succeeding installments every five years.		
(iii) Final installment 60 days after retirement of last bonds of issue.		
(iv) Monitor expenditures prior to semi-annual target dates for six-month, 18-month, or 24-month spending exception.		
(b) Monitor expenditures generally against date of issuance expectations for three-year or five-year temporary periods or five-year hedge bond rules.		
(c) For advance refunding escrows, confirm that any scheduled purchases of 0% Securities of State and Local Government Series are made on scheduled date.		
5. Special Rules for Pool Bonds.		
(a) Redeem bonds at one-year and three-year expenditure target dates. Pay 95% of costs of issuance within 180 days. IRC §149(f), as amended 2006.		
(b) 501(c)(3) pools: redeem bonds at one-year expenditure target date. IRC §147(b)(4).		
6. Record Retention.		

(a) Maintain general records relating to issue for life of issue plus any refunding plus three years.		
(b) Maintain special records required by safe harbor for investment contracts or defeasance escrows. Treas. Reg. § 1.148-5.		
(c) Maintain record of identification on issuer's books and records of "qualified hedge" contract. Treas. Reg. § 1.148-4(h)(2)(viii) and § 1.148-11A(i)(3).		
(d) Maintain record of election not to take depreciation on leased property that must be treated as owned by a governmental unit. Treas. Reg. § 1.103(n)-2T Q/A7.		
(e) Maintain record of agreements and assignments between governmental units that affect volume cap allocations under IRC §146. Treas. Reg. § 1.103(n)-3T Q/A8, 13 & 14.		
(f) Maintain record of election to utilize the \$10,000,000 small issue bond limit on the books and records of the issuer. Treas. Reg. § 1.103-10(b)(2)(vi).		
7. Allocations of Bond Proceeds to Expenditures. Make any allocations of bond proceeds to expenditures needed under Treas. Reg. § 1.148-6(d) and § 1.141-6(a) by 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than the earlier of five years after the bonds were issued or 60 days after the issue is retired.		
B. DISCLOSURE REQUIREMENTS		
1. SEC Rule 15c2-12 Requirements.		
(a) Determine applicability of continuing disclosure undertaking ("CDU").		
(b) Identification of "obligated person" for purposes of Rule 15c2-12. Governmental Bonds: Issuer. Private Activity Bonds: Issuer or Borrower.		
(c) Name of Dissemination Agent, if applicable.		
(d) Periodically determine that required CDU filings have been prepared, sent to and received by NRMSIR's.		

(e) Information required to be provided to NRMSIR and SID:		
(i) Annual Reports.		
(1) Quantitative financial information and operating data disclosed in official statement.		
(2) Audited financial statements.		
(ii) Other information.		
(1) Change of fiscal year.		
(2) Other information specified in CDU.		
(f) Material Event Disclosure. Notification by obligated person to SID and each NRMSIR, in timely manner, of any following events with respect to bonds, if event is material within the meaning of the federal securities laws:		
(i) Principal and interest payment delinquencies.		
(ii) Non-payment related defaults.		
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.		
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.		
(v) Substitution of credit or liquidity providers, or their failure to perform.		
(vi) Adverse tax opinions or events affecting the tax-exempt status of the bonds.		
(vii) Modifications to rights of holders of the bonds.		
(viii) Bond calls.		
(ix) Defeasances.		
(x) Release, substitution or sale of property securing repayment of the bonds.		

(xi) Rating changes.		
(g) Failure of the obligated person to timely file financial information (including audited financial statements) and operating data with SID and either each NRMSIR or MSRB.		
2. Notification to Underwriters of Bonds. Determination of whether bond purchase agreement requires issuer of the bonds to notify underwriters for a specified period of time of any fact of event that might cause the official statement to contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading.		
3. Information Required to be Filed with Other Entities.		
(a) Trustee.		
(b) Rating Agency(ies).		
(c) Bond Insurer.		
(d) Credit Enhancer.		
Examples:		
(i) Financial records.		
(1) Annual.		
(2) Quarterly.		
(ii) Budgets.		
(iii) Issuance of additional bonds.		
(iv) Events of default.		
(v) Notices of redemption.		
(vi) Amendments to bond documents.		
4. Local Disclosure. State and/or local requirements.		

C. MISCELLANEOUS STATE LAW AND DOCUMENT REQUIREMENTS		
1. Security.		
(a) Proof of filing UCC statements with appropriate authorities as required by State procedures.		
(i) Initial UCC financing statements filed with appropriate authorities. UCC 9-515(a).		
(ii) Continuation statements filed by fifth anniversary. UCC 9-515(d).		
(iii) Transfer by government or governmental unit not requiring a UCC statement. UCC 9-102(a)(45) (UCC exception adopted in certain jurisdictions).		
(iv) Public finance transaction in connection with debt securities (all or portion of securities have initial stated maturity of 20 years; obligated party is State or State governmental unit) qualifies for 30-year filing. UCC 9-515(b)		
(v) Other local requirements or exceptions.		
(b) Proof of filing recorded mortgages, deeds of trust with appropriate authorities and proof of delivery of originals to trustee or custodian.		
2. Insurance.		
(a) Proof of receipt of final title policy and proof of delivery to trustee or custodian.		
(b) Monitor compliance with property and casualty insurance requirements.		
3. Financial Covenants. Monitor compliance with rate covenant or other covenants not included in B(3) above.		
4. Transfer of Property.		
(a) Restrictions on transfer of cash.		
(b) Restrictions on releases of property.		
(c) Restrictions on granting liens or encumbering property.		

5. Investments. Compliance with permitted investments.		
6. Derivatives. Entering into and ongoing compliance of derivatives contracts is complex and a universe in and of itself. GFOA has created a Derivatives Checklist and a Recommended Practice on the Use of Debt-Related Derivatives Products and the Development of a Derivatives Policy to assist issuers with understanding these products. These documents can be found at: http://gfoa.org/services/rp/debt.shtml.		

STATEMENT OF DEBT
(As of May 1, 2017, unaudited; unless otherwise footnoted)

General Obligation Bonded Debt	
Existing ⁽¹⁾	\$ 152,250,000
Plus: The Bonds	<u>23,120,000</u>
Total Bonded Debt	175,370,000
Less: Self Supporting Debt	<u>(29,595,000)</u>
Net Bonded Debt	145,775,000
Overlapping Bonded Debt	\$ 247,769,494
Less Self-Supporting Bonded Debt	<u>(16,609,171)</u>
Net Overlapping Bonded Debt	231,160,323
Bonded Debt Outstanding Including Overlapping Bonded Debt	\$ 423,139,494
Net Bonded Debt Outstanding Including Net Overlapping Bonded Debt	376,935,323

	City of <u>Franklin</u>	City and Net <u>Overlapping</u>
Bonded Debt Per Capita	\$2,473	\$5,967
Net Direct Bonded Debt Per Capita	\$2,056	\$5,316
Bonded Debt / Actual Value	1.51%	3.65%
Net Bonded Debt / Actual Value	1.26%	3.25%
Bonded Debt / Assessed Value	4.90%	11.83%
Net Bonded Debt / Assessed Value	4.08%	10.54%

	<u>Franklin</u>	Williamson <u>County</u>
FY 2016 Assessed Value	\$ 3,576,977,148	\$ 9,203,476,924
FY 2016 Appraised Value	\$11,591,451,146	\$40,606,697,733
2017 Population ⁽²⁾	70,909	211,672

Williamson County's Bonded Debt as of January 4, 2017 ⁽³⁾

Bonded Debt	\$ 637,505,000
Self Supporting Bonded Debt	<u>(42,735,000)</u>
Net Bonded Debt	\$ 594,770,000

Franklin's Assessed Value as a Percentage of Williamson County's Assessed Value: 38.865 %

(1) General Obligation as of May 1, 2017, including self-supporting tax-backed water and sewer revenue and tax bonds.

(2) Source: City of Franklin special census

(3) Source: Williamson County

HISTORICAL SYSTEM GROWTH

The following table provides information on the number of active water, wastewater and reclaimed water customers at the end of each of the last five fiscal years:

NUMBER OF CUSTOMERS					
	2012	2013	2014	2015	2016
Water					
Residential	15,598	15,780	16,026	16,079	16,257
Non-Residential	<u>1,244</u>	<u>1,244</u>	<u>1,255</u>	<u>1,415</u>	<u>1,428</u>
	<u>16,842</u>	<u>17,024</u>	<u>17,281</u>	<u>17,494</u>	<u>17,685</u>
Sewer					
Residential	19,340	19,818	20,423	21,063	21,992
Non-Residential	<u>1,497</u>	<u>1,515</u>	<u>1,505</u>	<u>1,514</u>	<u>1,538</u>
	<u>20,837</u>	<u>21,333</u>	<u>21,928</u>	<u>22,577</u>	<u>23,530</u>
Reclaimed					
Residential	32	32	33	33	33
Non-Residential	<u>12</u>	<u>12</u>	<u>18</u>	<u>28</u>	<u>31</u>
	<u>44</u>	<u>44</u>	<u>51</u>	<u>61</u>	<u>64</u>

Note: In 2016, the City updated the method by which it calculates customers to more accurately count each customer of each individual division of the System. Because customer numbers above were calculated according to this updated methodology, they may differ from prior annual financial statements of the City.

Source: City of Franklin Department of Water Management.

The following table shows average daily production and maximum daily production for the below-listed fiscal years.

WATER PRODUCTION		
Year	Average Daily Production (MGD)	Maximum Daily Production (MGD)
2012	1.34	2.73
2013	1.18	2.95
2014	1.34	2.78
2015	1.60	2.66
2016	1.21	2.35

Source: City of Franklin Department of Water Management.

WATER SYSTEM USAGE

	Gallons	Total
<u>Year</u>	<u>Sold (000)</u>	<u>Revenues</u>
2012	1,626,547	\$8,842,549
2013	1,598,926	8,746,584
2014	1,485,715	8,860,972
2015	1,548,809	9,543,369
2016	1,573,538	10,252,017

Source: City of Franklin Department of Water Management.

WASTEWATER SYSTEM USAGE

	Gallons	Total
<u>Year</u>	<u>Sold (000)</u>	<u>Revenues</u>
2012	2,305,363	\$11,473,094
2013	2,344,749	12,219,785
2014	2,275,611	13,060,064
2015	2,356,667	14,557,438
2016	2,449,963	16,215,570

Source: City of Franklin Department of Water Management.

RECLAIMED WATER USAGE

	Gallons	Total
<u>Year</u>	<u>Sold (000)</u>	<u>Revenues</u>
2012	54,419	\$146,724
2013	45,756	135,041
2014	76,561	130,051
2015	88,916	80,505
2016	124,230	123,806

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

Source: City of Franklin Department of Water Management.

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MAJOR CUSTOMERS

The following table presents information on the ten largest customers of the System during the fiscal year ended June 30, 2016, ranked according to consumption and billings.

TOP TEN WATER CUSTOMERS

Customer	Gallons of Water Purchased (1,000)	% of Total Water Consumed	Revenue	% of Total Water Revenues
Williamson Medical (Hospital)	33,557	2.13%	\$207,109	2.02%
Franklin Estates (Residential)	25,539	1.62%	\$139,796	1.36%
Carrington Hills (Residential)	14,814	0.94%	\$96,254	0.94%
APCOM Inc. (Manufacturing)	12,290	0.78%	\$74,675	0.73%
Williamson County Jail	12,141	0.77%	\$74,559	0.73%
Battle Ground Academy (School)	11,304	0.72%	\$70,525	0.69%
Vulcan Materials (Quarry)	11,197	0.71%	\$68,757	0.67%
Prescott Place (Residential)	10,682	0.68%	\$64,801	0.63%
Star Heritage Place (Residential)	7,484	0.48%	\$41,628	0.41%
Ashley Co Apts (Residential)	<u>6,207</u>	<u>0.39%</u>	<u>\$37,645</u>	<u>0.37%</u>
TOTAL	<u>145,215</u>	<u>9.23%</u>	<u>\$875,749</u>	<u>8.54%</u>

Source: City of Franklin Department of Water Management.

TOP TEN WASTEWATER CUSTOMERS

Customer	Gallons Billed (1,000)	% of Total Gallons Billed	Revenue	% of Total Sewer Revenues
Ashton Brook Apt (Residential)	29,350	1.20%	\$117,905	0.73%
BMPP Aspen Grove (Residential)	26,652	1.09%	\$111,436	0.69%
Community Health (Medical)	26,551	1.08%	\$115,722	0.71%
Franklin Estates (Residential)	25,539	1.04%	\$127,975	0.79%
Williamson Medical (Hospital)	23,400	0.96%	\$98,362	0.61%
Alara Cool Springs (Residential)	17,995	0.73%	\$78,785	0.49%
BRE Apartment Holdings (Residential)	16,965	0.69%	\$74,844	0.46%
Cool Springs Galleria (Retail Mall)	13,892	0.57%	\$60,710	0.37%
APCOM Inc. (Manufacturing)	12,290	0.50%	\$52,717	0.33%
Battle Ground Academy (School)	<u>11,304</u>	<u>0.46%</u>	<u>\$49,788</u>	<u>0.31%</u>
TOTAL	<u>203,938</u>	<u>8.32%</u>	<u>\$888,244</u>	<u>5.48%</u>

Source: City of Franklin Department of Water Management.

TOP TEN RECLAIMED WATER CUSTOMERS

Customer	Gallons of Water Purchased (1,000)	% of Total Water Consumed	Water Revenue	% of Total Water Revenues
City of Franklin Parks (City Parks)	46,851	37.71%	\$45,445	36.71%
Vanderbilt Legends Club (Golf Course)	10,007	8.06%	\$1,099	0.89%
Battle Ground Academy (School)	5,369	4.32%	\$5,798	4.68%
Carlisle Homeowners (Residential)	3,902	3.14%	\$3,789	3.06%
Southern Land Co. (Residential/Commercial)	3,209	2.58%	\$3,112	2.51%
Berry Farms Town Ctr (Residential)	2,815	2.27%	\$3,654	2.95%
John Deere Landscaping (Retail Nursery)	1,884	1.52%	\$1,828	1.48%
Franklin High School (School)	1,800	1.45%	\$1,748	1.41%
Rizer Point Homeowners (Residential)	1,542	1.24%	\$1,548	1.25%
Boyle Investment (Residential/Commercial)	<u>852</u>	<u>0.69%</u>	<u>\$832</u>	<u>0.67%</u>
TOTAL	<u>78,231</u>	<u>62.97%</u>	<u>\$68,853</u>	<u>55.61%</u>

Note: The City credits Vanderbilt Legends Club (the "Club") for an initial capital investment by the Club into the System against System charges to the Club.

Source: City of Franklin Department of Water Management.

BILLING AND COLLECTION PROCEDURES

The City reads meters on a monthly basis and handles its own billings. The City's Revenue Management Department performs the billing, collections and customer service for much of the City's departments, including the Department. The Utility Billing Division is the interface between the Department and the Revenue Management Department. The Utility Billing Division is responsible for collecting metering data and working with the Water Distribution Division to perform meter repairs, replacements, and to restore or terminate water service. The City processed an estimated 316,000 System payments in the Fiscal Year ended June 30, 2016. Implementation of the SCADA system discussed previously will provide for future automation of meter reading, bill payment, and presentment for System payments. Most of the System's customers pay their bills electronically, with many of the customers utilizing automatic bank draft.

The City bills customers on a monthly basis, using a single invoice that includes charges for water and wastewater. Payments by customers are to be allocated first to delinquent fees and then to the current charge for water and/or wastewater service.

BUDGET PROCEDURES

Although the operating and capital budgets for the System (collectively, the "System Budget") are formulated in the same manner as other City departments, the System Budget is a separate document from the City's annual budget. The System Budget is approved by resolution as a biennial estimate of revenues and expenses. The Director of the Department prepares an initial budget request. The City Administrator reviews and may revise the submitted budget request and incorporates the request into the System Budget submitted to the Governing Body for its consideration.



City of Franklin
Monthly Reports for August 2017
EXECUTIVE SUMMARY

Schedule 1: Estimated Fiscal Year End 2017

Once remaining revenue and expenditures are posted, it is anticipated the City will end fiscal year 2017 in a surplus position.

Schedule 2: Income Tax - 2017

The City received almost \$1.5 million in income tax for 2017. This is \$3 million less than 2016. \$1.2 million of the decrease is likely due in part to the reduced rate. \$1.8 million of the decrease is due to situs adjustments, primarily to Williamson County.

Schedule 3: Local Sales Tax

Year-to-date, the City has received \$29.9 million compared to \$28.5 million in the previous year, a difference of \$1,374,161 or 4.8%. The State of Tennessee sales tax collections, year-to-date, are \$7.8 billion compared to \$7.5 billion in the prior year, a difference of \$274 million or 3.6%.

For budget comparisons, the City originally anticipated collections of \$30.0 million through eleven months of the fiscal year. Through the month of May, the City has received approximately 1% less than budgeted collections.

Schedule 4: Building Permits

Following a high level of collection in 2016, 2017 year-to-date is exceeding 2016 by .8%, and compared to 2017 budget is higher by 22%.

Schedule 5: Road Impact Fees

Following the highest level of collection in 2016, 2017 year-to-date compared to 2016 is 5% lower, and compared to 2017 budget is higher by 5%.

Schedule 6: Facilities Tax (City)

Following the highest level of collection in 2016, 2017 year-to-date compared to 2016 is almost 20% lower, and compared to 2017 budget is higher by 33%.

Schedule 7: Facilities Tax (County)

Following the highest level of collection in 2016, 2017 year-to-date compared to 2016 is 14% lower, and compared to 2017 budget is lower by 10%.

Schedule 8: Conference Center

The City's ½ share of the loss for May was (\$14,552). The City's ½ share of the profit for June 2017 was \$29,396. In fiscal year 2017, the City's total ½ share was a profit of \$92,792.

Schedule 9: Hotel/Motel Tax Fund History

A history of the Hotel/Motel Tax Fund is included in this month's reports.

City of Franklin Tennessee
General Fund
For the Twelve Months Ending Friday, June 30, 2017

Schedule 1

	Current YTD Actuals	Prior YTD Actual	Percent Current YTD to Prior YTD	Budget	Percent Current YTD to Budget
Revenues					
Local Sales Tax	\$27,202,723	\$31,309,367	86.9%	\$33,183,778	82.0%
State Shared Taxes	12,342,619	14,970,590	82.4%	10,821,651	114.1%
Property Taxes	9,715,455	5,007,360	194.0%	5,981,618	162.4%
Alcohol Taxes	3,576,882	3,926,711	91.1%	3,888,566	92.0%
Grants	303,585	1,612,488	18.8%	1,828,300	16.6%
Franchise Fees	1,992,499	2,255,565	88.3%	2,536,790	78.5%
Building Permits & Fees	2,933,744	2,850,547	102.9%	2,682,396	109.4%
Court Fines & Fees	502,683	474,859	105.9%	500,036	100.5%
In Lieu of Tax (Local)	298,347	326,438	91.4%	271,369	109.9%
Interest Income	128,606	191,631	67.1%	217,582	59.1%
Other Revenues	781,597	614,316	127.2%	6,215,083	12.6%
Total Revenues	59,778,740	63,539,872	94.1%	68,127,169	87.7%
Expenditures:					
Salaries & Wages	31,863,396	30,148,612	105.7%	32,207,850	98.9%
Employee Benefits	11,263,172	11,489,490	98.0%	12,993,246	86.7%
Utilities	1,970,420	2,188,173	90.0%	2,125,757	92.7%
Contractual Services	2,944,760	2,334,766	126.1%	2,989,936	98.5%
Repair & Maintenance Services	2,108,271	2,161,220	97.6%	2,016,161	104.6%
Debt Service & Lease Payments	2,223,897	2,143,020	103.8%	2,378,967	93.5%
Reimbursement from Other Funds	(2,707,185)	(2,597,249)	104.2%	(2,707,180)	100.0%
Transfers To Other Funds	3,785,274	3,501,413	108.1%	4,746,852	79.7%
Capital (>\$25,000)	215,787	177,939	121.3%	2,668,950	8.1%
Other Expenditures	7,545,766	8,212,353	91.9%	8,706,630	86.7%
Total Expenditures	61,213,558	59,759,737	102.4%	68,127,169	89.9%
Total Unallocated Funds	(1,434,818)	3,780,135	(38.0%)	0	0.0%
Remaining Entries					
Plus: May Local Sales Tax (actual)	2,651,183				
Plus: June Local Sales Tax (estimated)	3,150,000				
Plus: June State Shared Taxes (estimated)	500,000				
Plus: June Franchise Fees (estimated)	250,000				
Plus: June Court Fines (actual)	16,262				
Less: June Medical Claims (estimated)	(1,000,000)				
Less: June Dental Claims (estimated)	(50,000)				
Less: June Outstanding (estimated)	(1,500,000)				
Estimated Unallocated Funds	2,582,627				



City of Franklin

Finance Department - Monthly Reports

Schedule 2:

Income Tax (State)

Fund

General

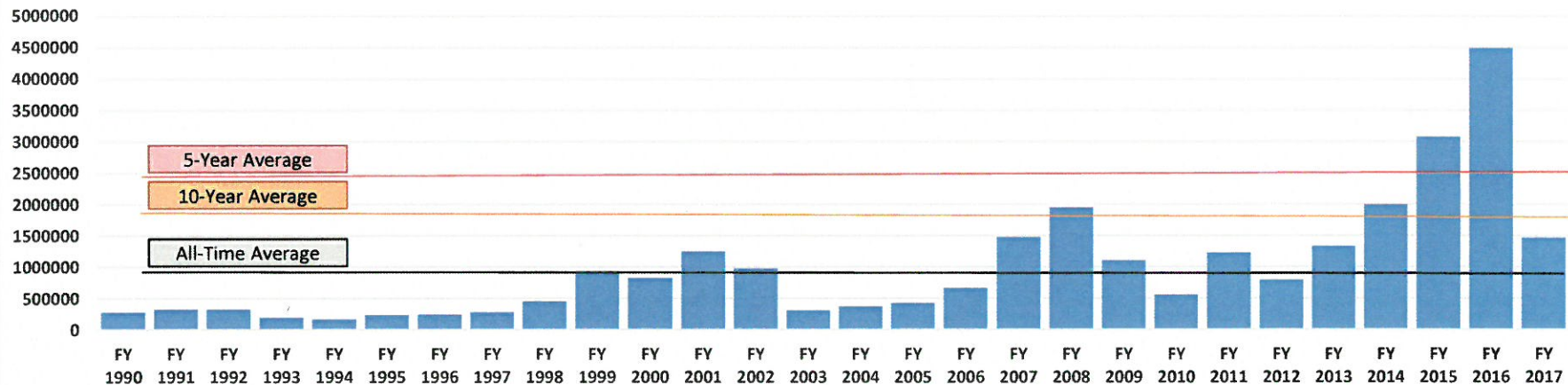
Account:

110-33200-00000

Summary: The Hall income tax is a tax on interest and dividends from investments. In 2017, the rate is 5%, reduced from 6%. Three-eighths of the tax is distributed to the municipality or county where the taxpayer lives.

Monthly Report for August 2017: The City received almost \$1.5 million in income tax for 2017. This is \$3 million less than 2016. \$1.2 million of the decrease is likely due in part to the reduced rate. \$1.8 million of the decrease is due to situs adjustments, primarily to Williamson County.

Historic Hall Income Tax Collections - FY 1990-2017



Income Tax (State)

FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
\$ 283,569	\$ 328,848	\$ 325,373	\$ 193,404	\$ 166,360	\$ 234,213	\$ 245,936	\$ 278,435	\$ 459,357

FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
\$ 934,814	\$ 823,285	\$ 1,253,344	\$ 980,683	\$ 306,612	\$ 370,244	\$ 428,384	\$ 665,946	\$ 1,474,563

FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
\$ 1,952,187	\$ 1,102,450	\$ 559,348	\$ 1,228,236	\$ 793,173	\$ 1,329,465	\$ 1,996,034	\$ 3,081,197	\$ 4,493,574

FY 2017
\$ 1,468,649

Average Since 1990	Average 10-year	Average 5-Year
\$ 991,346	\$ 1,800,431	\$ 2,473,784



City of Franklin

Finance Department - Monthly Reports

Schedule 3:

Local Sales Tax

Fund

General

Account:

110-31300-00000

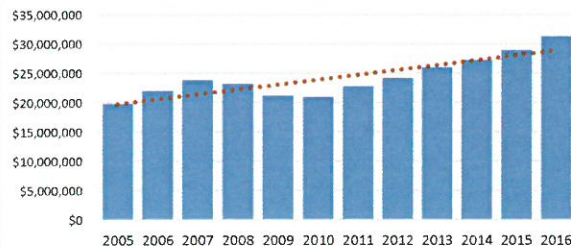
Summary: Tennessee Code Annotated 67-6-702 authorizes the levy of a local sales tax. The maximum rate authorized is 2.75%. The current rate is 2.25%. The tax is applied only to the first \$1,600 of any single article of personal property. The City receives 1/2 of the 2.25% rate collected within the City. Williamson County receives the other 1/2, plus an administrative fee of 1% of the City's 1/2 of the tax.

Monthly Report for August 2017: The local sales tax remittance from the State of Tennessee for July was \$2,651,183 compared to \$2,559,116 for the same month in 2016, an increase of \$92,067 or 3.6%. [The July remittance is for sales tax collected during the month of May, representing the eleventh month of the fiscal year on an accrual basis.] During the same period, the State of Tennessee sales tax collections were up 6.7% from the prior year.

Year-to-date, the City has received \$29.9 million compared to \$28.5 million in the previous year, a difference of \$1,374,161 or 4.8%. The State of Tennessee sales tax collections, year-to-date, are \$7.8 billion compared to \$7.5 billion in the prior year, a difference of \$274 million or 3.6%.

For budget comparisons, the City originally anticipated collections of \$30.0 million through eleven months of the fiscal year. Through the month of May, the City has received approximately 1% less than budgeted collections.

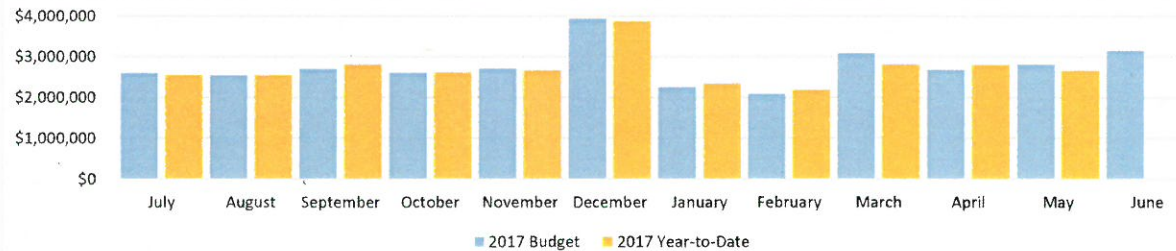
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2005	\$19,786,230	\$1,489,548	8.1%
2006	\$22,005,703	\$2,219,473	11.2%
2007	\$23,885,264	\$1,879,561	8.5%
2008	\$23,185,434	(\$699,830)	-2.9%
2009	\$21,152,554	(\$2,032,880)	-8.8%
2010	\$20,969,821	(\$182,733)	-0.9%
2011	\$22,720,666	\$1,750,845	8.3%
2012	\$24,197,413	\$1,476,747	6.5%
2013	\$25,995,733	\$1,798,320	7.4%
2014	\$27,254,742	\$1,259,009	4.8%
2015	\$28,943,994	\$1,689,252	6.2%
2016	\$31,309,366	\$2,365,372	8.2%

Average Increase (Decrease) \$ 1,084,390 4.7%

2017 Month by Month Summary



Month	2016 Actual	2017 Budget	2017 Year-to-Date	\$ Inc./ (Dec.) from 2016 Actual	% Inc./ (Dec.) from 2016 Actual	\$ Inc./ (Dec.) from 2017 Budget	% Inc./ (Dec.) from 2017 Budget
July	\$2,477,647	\$2,601,530	\$2,546,087	\$68,440	2.8%	(\$55,443)	-2.1%
August	\$2,420,111	\$2,541,118	\$2,547,776	\$127,665	5.3%	\$6,658	0.3%
September	\$2,571,550	\$2,700,129	\$2,817,429	\$245,879	9.6%	\$117,300	4.3%
October	\$2,485,463	\$2,609,736	\$2,616,784	\$131,321	5.3%	\$7,048	0.3%
November	\$2,579,786	\$2,708,774	\$2,666,949	\$87,163	3.4%	(\$41,825)	-1.5%
December	\$3,752,983	\$3,940,632	\$3,870,492	\$117,509	3.1%	(\$70,140)	-1.8%
January	\$2,151,378	\$2,258,947	\$2,338,925	\$187,547	8.7%	\$79,978	3.5%
February	\$2,181,227	\$2,086,164	\$2,186,682	\$5,455	0.3%	\$100,518	4.8%
March	\$2,689,471	\$3,093,119	\$2,812,649	\$123,178	4.6%	(\$280,470)	-9.1%
April	\$2,611,014	\$2,678,614	\$2,798,951	\$187,937	7.2%	\$120,337	4.5%
May	\$2,559,116	\$2,808,100	\$2,651,183	\$92,067	3.6%	(\$156,917)	-5.6%
June	\$2,829,620	\$3,156,915					

\$31,309,366	\$33,183,778	\$29,853,907	\$124,924	4.8%	(\$15,723)	-0.6%
Total	Total	Total	Average	Average	Average	Average
			\$1,374,161		(\$172,956)	
			Total		Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 4:

Building Permits

Fund

General Fund

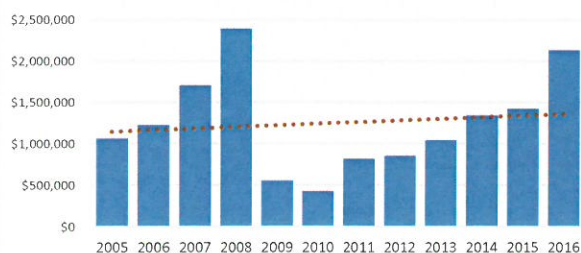
Account:

110-32120-00000

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

Monthly Report for August 2017: Following a high level of collection in 2016, 2017 year-to-date is exceeding 2016 by .8%, and compared to 2017 budget is higher by 22%.

Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2005	\$1,064,261	\$275,053	34.9%
2006	\$1,228,209	\$163,948	15.4%
2007	\$1,710,865	\$482,656	39.3%
2008	\$2,395,129	\$684,264	40.0%
2009	\$559,112	(\$1,836,017)	-76.7%
2010	\$430,901	(\$128,211)	-22.9%
2011	\$820,111	\$389,210	90.3%
2012	\$855,409	\$35,298	4.3%
2013	\$1,046,947	\$191,538	22.4%
2014	\$1,343,978	\$297,031	28.4%
2015	\$1,426,188	\$82,210	6.1%
2016	\$2,136,322	\$710,134	49.8%

Average Increase (Decrease) \$ 112,260 19.3%

2017 Month by Month Summary



Month	2016 Actual	2017 Budget	2017 Actual	\$ Inc./ (Dec.) from 2016 Actual	% Inc./ (Dec.) from 2016 Actual	\$ Inc./ (Dec.) from 2017 Budget	% Inc./ (Dec.) from 2017 Budget
July	\$219,601	\$182,227	\$121,004	(\$98,597)	-44.9%	(\$61,223)	-33.6%
August	\$107,814	\$89,465	\$210,112	\$102,298	94.9%	\$120,647	134.9%
September	\$194,999	\$161,812	\$180,020	(\$14,979)	-7.7%	\$18,208	11.3%
October	\$184,004	\$152,688	\$262,602	\$78,598	42.7%	\$109,914	72.0%
November	\$153,876	\$127,688	\$135,926	(\$17,950)	-11.7%	\$8,238	6.5%
December	\$144,063	\$119,545	\$210,630	\$66,567	46.2%	\$91,085	76.2%
January	\$146,071	\$121,211	\$123,906	(\$22,165)	-15.2%	\$2,695	2.2%
February	\$184,600	\$153,183	\$307,583	\$122,983	66.6%	\$154,400	100.8%
March	\$170,519	\$141,498	\$204,555	\$34,036	20.0%	\$63,057	44.6%
April	\$193,006	\$160,158	\$115,135	(\$77,871)	-40.3%	(\$45,023)	-28.1%
May	\$198,688	\$164,873	\$102,657	(\$96,031)	-48.3%	(\$62,216)	-37.7%
June	\$239,081	\$198,391	\$179,132	(\$59,949)	-25.1%	(\$19,259)	-9.7%
	\$2,136,322	\$1,772,738	\$2,153,262	\$1,412	0.8%	\$31,710	21.5%
	Total	Total	Total	Average	Average	Average	Average
				\$16,940		\$380,524	
				Total		Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 5:

Road Impact Fees

Fund

Road Impact

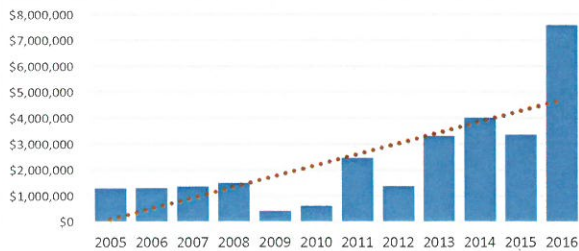
Account:

128-32800-00000

Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Monthly Report for August 2017: Following the highest level of collection in 2016, 2017 year-to-date compared to 2016 is 5% lower, and compared to 2017 budget is higher by 5%.

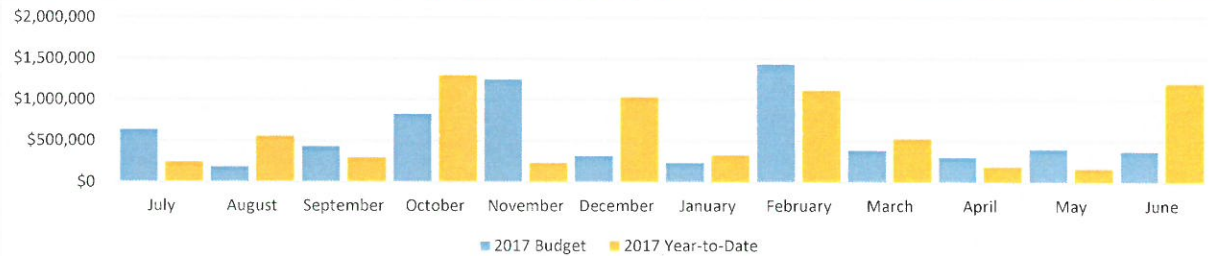
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2005	\$1,300,285	\$137,115	11.8%
2006	\$1,309,544	\$9,259	0.7%
2007	\$1,381,660	\$72,116	5.5%
2008	\$1,509,963	\$128,303	9.3%
2009	\$426,916	(\$1,083,047)	-71.7%
2010	\$629,194	\$202,278	47.4%
2011	\$2,466,846	\$1,837,652	292.1%
2012	\$1,391,645	(\$1,075,201)	-43.6%
2013	\$3,306,075	\$1,914,430	137.6%
2014	\$4,021,752	\$715,677	21.6%
2015	\$3,358,431	(\$663,321)	-16.5%
2016	\$7,586,724	\$4,228,293	125.9%

Average Increase (Decrease) \$ 535,296 43.3%

2017 Month by Month Summary



Month	2016 Actual	2017 Budget	2017 Year-to-Date	\$ Inc./ (Dec.) from 2016 Actual	% Inc./ (Dec.) from 2016 Actual	\$ Inc./ (Dec.) from 2017 Budget	% Inc./ (Dec.) from 2017 Budget
July	\$733,816	\$636,327	\$243,473	(\$490,343)	-66.8%	(\$392,854)	-61.7%
August	\$215,478	\$186,851	\$555,634	\$340,156	157.9%	\$368,783	197.4%
September	\$500,364	\$433,890	\$296,383	(\$203,981)	-40.8%	(\$137,507)	-31.7%
October	\$956,474	\$829,405	\$1,292,910	\$336,436	35.2%	\$463,505	55.9%
November	\$1,438,657	\$1,247,529	\$235,324	(\$1,203,333)	-83.6%	(\$1,012,205)	-81.1%
December	\$367,975	\$319,089	\$1,031,651	\$663,676	180.4%	\$712,562	223.3%
January	\$273,088	\$236,808	\$327,710	\$54,622	20.0%	\$90,902	38.4%
February	\$1,652,231	\$1,432,729	\$1,112,247	(\$539,984)	-32.7%	(\$320,482)	-22.4%
March	\$454,061	\$393,738	\$526,916	\$72,855	16.0%	\$133,178	33.8%
April	\$357,387	\$309,908	\$189,294	(\$168,093)	-47.0%	(\$120,614)	-38.9%
May	\$469,946	\$407,513	\$169,647	(\$300,299)	-63.9%	(\$237,866)	-58.4%
June	\$167,247	\$377,548	\$1,198,961	\$1,031,714	616.9%	\$821,413	217.6%
	\$7,586,724	\$6,811,334	\$7,180,150	(\$33,881)	-5.4%	\$30,735	5.4%
	Total	Total	Total	Average	Average	Average	Average
				(\$406,574)		\$368,816	
				Total		Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 6:

Facilities Tax (City)

Fund

Facilities Tax

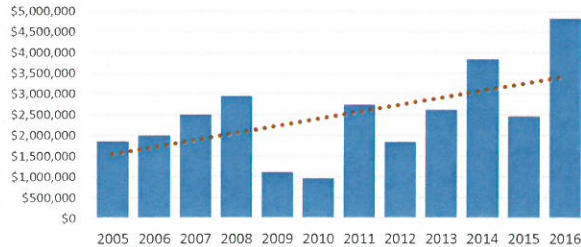
Account:

130-31600-00000

Summary: A special revenue fund used to account for the proceeds authorized by a private act of the Tennessee General Assembly of 1987 for the City to levy and collect a privilege tax on new development to provide that new development contribute its fair share of providing new public facilities made necessary by growth. Such taxes may be expended only on police, fire, sanitation, and parks and recreation.

Monthly Report for August 2017: Following the highest level of collection in 2016, 2017 year-to-date compared to 2016 is almost 20% lower, and compared to 2017 budget is higher by 33%.

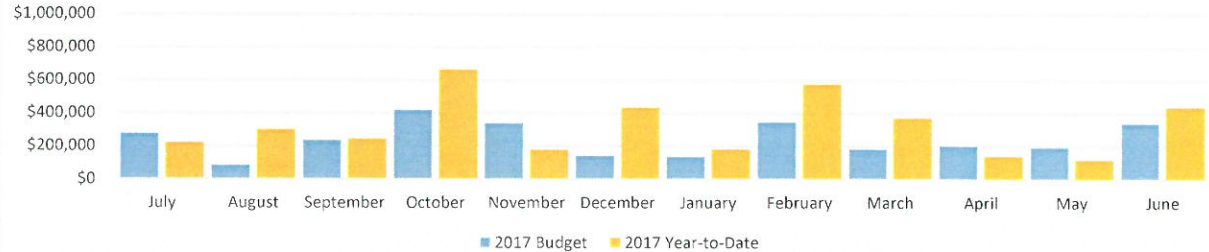
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2005	\$1,854,164	\$794,164	74.9%
2006	\$2,000,000	\$145,836	7.9%
2007	\$2,500,000	\$500,000	25.0%
2008	\$2,956,284	\$456,284	18.3%
2009	\$1,115,914	(\$1,840,370)	-62.3%
2010	\$963,748	(\$152,166)	-13.6%
2011	\$2,748,927	\$1,785,179	185.2%
2012	\$1,845,690	(\$903,237)	-32.9%
2013	\$2,617,339	\$771,649	41.8%
2014	\$3,848,783	\$1,231,444	47.0%
2015	\$2,468,473	(\$1,380,310)	-35.9%
2016	\$4,827,968	\$2,359,495	95.6%

Average Increase (Decrease) **\$313,997** **29.3%**

2017 Month by Month Summary



Month	2016 Actual	2017 Budget	2017 Year-to-Date	\$ Inc./ (Dec.) from 2016 Actual	% Inc./ (Dec.) from 2016 Actual	\$ Inc./ (Dec.) from 2017 Budget	% Inc./ (Dec.) from 2017 Budget
July	\$460,763	\$278,520	\$221,540	(\$239,223)	-51.9%	(\$56,980)	-20.5%
August	\$138,739	\$83,864	\$299,262	\$160,523	115.7%	\$215,398	256.8%
September	\$405,920	\$236,984	\$242,795	(\$163,125)	-40.2%	\$5,811	2.5%
October	\$693,869	\$419,426	\$663,512	(\$30,357)	-4.4%	\$244,086	58.2%
November	\$561,169	\$339,212	\$176,544	(\$384,625)	-68.5%	(\$162,668)	-48.0%
December	\$235,832	\$142,554	\$432,916	\$197,084	83.6%	\$290,362	203.7%
January	\$227,208	\$137,341	\$180,975	(\$46,233)	-20.3%	\$43,634	31.8%
February	\$575,877	\$348,103	\$575,155	(\$722)	-0.1%	\$227,052	65.2%
March	\$302,406	\$182,797	\$372,318	\$69,912	23.1%	\$189,521	103.7%
April	\$336,678	\$203,513	\$140,530	(\$196,148)	-58.3%	(\$62,983)	-30.9%
May	\$325,313	\$196,643	\$119,466	(\$205,847)	-63.3%	(\$77,177)	-39.2%
June	\$564,194	\$341,041	\$439,440	(\$124,754)	-22.1%	\$98,399	28.9%
	\$4,827,968	\$2,910,000	\$3,864,453	(\$80,293)	-20.0%	\$79,538	32.8%
	Total	Total	Total	Average	Average	Average	Average
				(\$963,515)		\$954,453	
				Total		Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 7:

Facilities Tax (County)

Fund

Capital Projects

Account:

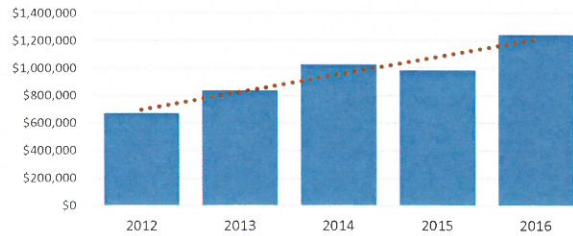
310-31600-00000

Summary: City's share of Williamson county's Adequate School Facilities Tax. 30% of the proceeds are distributed to the incorporated cities within the county, and an additional 30% is divided pro rata among the incorporated cities based on population in the last decennial census. All funds are to be used for the purpose of providing public facilities, the need for which is reasonably related to new development. The County uses 100% of its amount for public school purposes.

Monthly Report for August 2017: Following the highest level of collection in 2016, 2017 year-to-date compared to 2016 is 14% lower, and compared to 2017 budget is lower by 10%.

Note: Recorded in Capital Projects Fund beginning in FY 2011 (as per Resolution 2010-69)

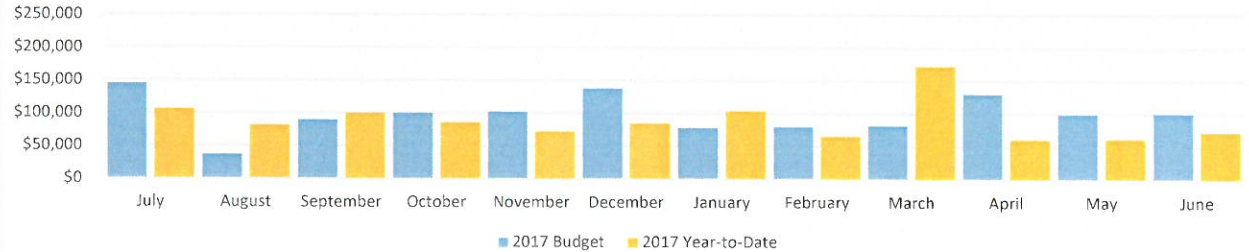
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2005	County Facilities Tax receipts began in FY 2012.		
2006			
2007			
2008			
2009			
2010			
2011			
2012	\$672,961	\$672,961	100.0%
2013	\$838,523	\$165,562	24.6%
2014	\$1,026,933	\$188,410	22.5%
2015	\$982,605	(\$44,328)	-4.3%
2016	\$1,241,241	\$258,636	26.3%

Average Increase (Decrease) \$ 248,248 33.8%

2017 Month by Month Summary



Month	2016 Actual	2017 Budget	2017 Year-to-Date	\$ Inc./ (Dec.) from 2016 Actual	% Inc./ (Dec.) from 2016 Actual	\$ Inc./ (Dec.) from 2017 Budget	% Inc./ (Dec.) from 2017 Budget
July	\$143,941	\$144,956	\$105,603	(\$38,338)	-26.6%	(\$39,354)	-27.1%
August	\$101,030	\$37,500	\$81,772	(\$19,258)	-19.1%	\$44,272	118.1%
September	\$89,284	\$89,914	\$99,841	\$10,557	11.8%	\$9,927	11.0%
October	\$100,660	\$100,660	\$86,075	(\$14,585)	-14.5%	(\$14,585)	-14.5%
November	\$101,862	\$102,581	\$72,223	(\$29,639)	-29.1%	(\$30,358)	-29.6%
December	\$137,145	\$138,113	\$84,727	(\$52,418)	-38.2%	(\$53,386)	-38.7%
January	\$78,117	\$78,668	\$103,741	\$25,624	32.8%	\$25,073	31.9%
February	\$79,539	\$80,100	\$65,668	(\$13,871)	-17.4%	(\$14,432)	-18.0%
March	\$81,274	\$81,848	\$172,230	\$90,956	111.9%	\$90,382	110.4%
April	\$129,225	\$130,137	\$61,077	(\$68,148)	-52.7%	(\$69,060)	-53.1%
May	\$98,950	\$99,648	\$62,194	(\$36,756)	-37.1%	(\$37,454)	-37.6%
June	\$100,215	\$100,922	\$72,879	(\$27,336)	-27.3%	(\$28,043)	-27.8%
	\$1,241,241 Total	\$1,185,047 Total	\$1,068,030 Total	(\$14,434) Average	-14.0% Average	(\$9,751) Average	-9.9% Average
				(\$173,212) Total		(\$117,017) Total	

MARRIOTT

June 13, 2017

Schedule 8 (page 1 of 2)

Kristine Tallent ACA/CFO
City of Franklin, Tennessee
109 Third Avenue South
Franklin, TN 37064

Dear Ms. Tallent

Please find enclosed the Consolidated Profit and Loss Statement for the Cool Springs Conference Center for period end May 31, 2017.

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

COOL SPRINGS CONFERENCE CENTER
May, 2017

	CURRENT MONTH			YEAR-TO-DATE		
	ACTUAL	BUDGET	LAST YR	ACTUAL	BUDGET	LAST YR
GROSS REVENUE	539,580	548,053	507,690	6,330,380	6,570,125	6,156,884
HOUSE PROFIT	15,606	35,644	46,098	651,966	645,399	705,069
Less: FIXED EXPENSES	17,730	19,622	18,769	208,654	209,093	208,097
NET INCOME	(2,124)	16,022	27,329	443,312	436,306	496,972
Less: FF&E RESERVE 5%	26,979	27,403	25,385	316,519	328,506	307,844
NET CASH FLOW	(29,103)	(11,381)	1,944	126,793	107,800	189,128

TOTAL CURRENT BALANCE DUE TO OWNERS (29,103.00)

TOTAL DUE TO/(FROM) CITY OF FRANKLIN (14,551.50)

TOTAL DUE TO/(FROM) WILLIAMSON COUNTY (14,551.50)

The 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,


Randy Hansen
Controller


Michael Sanders
General Manager

FRANKLIN MARRIOTT COOL SPRINGS
700 COOL SPRINGS BLVD
FRANKLIN, TENNESSEE 37067 USA
T: 615.261.6100
MARRIOTT.COM/BNACS

MARRIOTT

July 13, 2017

Schedule 8 (page 2 of 2)

Kristine Tallent ACA/CFO
City of Franklin, Tennessee
109 Third Avenue South
Franklin, TN 37064

Dear Ms. Tallent

Please find enclosed the Consolidated Profit and Loss Statement for the Cool Springs Conference Center for period end June 13, 2017.

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

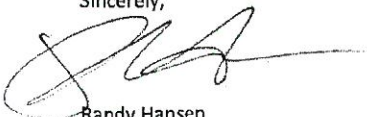
COOL SPRINGS CONFERENCE CENTER
June, 2017

	CURRENT MONTH			YEAR-TO-DATE		
	ACTUAL	BUDGET	LAST YR	ACTUAL	BUDGET	LAST YR
GROSS REVENUE	637,903	572,157	727,920	6,968,283	7,113,705	6,884,804
HOUSE PROFIT	113,748	39,611	111,328	765,714	678,374	816,397
Less: FIXED EXPENSES	23,062	19,622	17,154	231,716	228,113	225,251
NET INCOME	90,686	19,988	94,174	533,998	450,260	591,147
Less: FF&E RESERVE 5%	31,895	28,608	36,396	348,414	355,685	344,240
NET CASH FLOW	58,791	(8,619)	57,778	185,584	94,575	246,906

TOTAL CURRENT BALANCE DUE TO OWNERS	58,791.00
TOTAL DUE TO/(FROM) CITY OF FRANKLIN	29,395.50
TOTAL DUE TO/(FROM) WILLIAMSON COUNTY	29,395.50

The 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,



Randy Hansen
Controller



Michael Sanders
General Manager

FRANKLIN MARRIOTT COOL SPRINGS
700 COOL SPRINGS BLVD
FRANKLIN, TENNESSEE 37067 USA
T: 615.261.6100
MARRIOTT.COM/BNACS



City of Franklin

Finance Department - Monthly Reports

Schedule 9:

Hotel Motel Tax Fund

Fund

Hotel Motel Tax

Account:

All (Fund 150)

Summary: There is a 4% hotel motel tax on lodging in Franklin. 1% of the 4% is specified for contribution to the Williamson County Convention and Visitors Bureau (CVB). The fund paid debt on the Conference Center until paid off in 2013. The fund also pays debt service on parkland such as Harlinsdale Farm and Eastern Flank. Since 2008, it pays the annual contribution to the CVB, and paid the City's share of the County's hotel/motel tax audit in 2014 and 2015.

Monthly Report for August 2017:

Fiscal Year	Hotel / Motel Taxes	Interest Revenue	Conference Center										Parkland						CVB	Audit	Ending Hotel / Motel Fund Balance
			Bond Proceeds	Developer Cont	Const Reimb from County	Capital Outlay	Transfer from General (for early Conf Center fund deficits)	Conf Center Profit / Loss	Related Expenses - Conf Center	Debt Principal - Conf Center	Debt Interest - Conf Center	Debt Fees - Conf Center	Closeout of Park Land Fund *	Grants	Related Expenses - Parkland	Debt Principal - Parkland	Debt Interest - Parkland	Debt Fees - Parkland	CVB Contrib	Hotel / Motel Tax Audit	
1997	\$57,940	\$180,902	\$6,000,000		\$48,726	(\$892,667)					(\$114,952)	(\$105,000)									\$5,174,949
1998	\$203,862	\$183,944			\$205,422	(\$4,219,370)					(\$275,885)	(\$376)									\$1,272,546
1999	\$241,885	\$12,330		\$1,272,756	\$5,760,693	(\$8,109,682)	\$150,000	(\$34,231)	(\$573)	(\$285,000)	(\$270,613)	(\$375)									\$9,736
2000	\$380,470	\$2,279				(\$28,048)	\$293,000	\$71,358	(\$38,330)	(\$295,000)	(\$259,661)	(\$410)									\$135,394
2001	\$437,678	\$4,129					\$213,000	\$47,296	(\$17,874)	(\$310,000)	(\$247,782)	(\$419)									\$261,422
2002	\$478,683	\$5,906						(\$89,003)	(\$29,093)	(\$320,000)	(\$177,892)	(\$439)									\$129,584
2003	\$504,278	\$3,297						\$239,475	(\$17,942)	(\$365,000)	(\$176,419)	(\$842)									\$316,431
2004	\$530,099	\$2,847						\$110,959	(\$18,858)	(\$380,000)	(\$163,150)	(\$844)									\$397,484
2005	\$580,098	\$4,851		\$75,000				\$163,049	(\$18,845)	(\$395,000)	(\$151,525)	(\$859)									\$654,253
2006	\$646,798	\$22,984						\$396,768	(\$43,907)	(\$410,000)	(\$139,450)	(\$1,175)	\$437,159								\$1,563,430
2007	\$1,424,754	\$37,721						\$162,499	(\$153,009)	(\$420,000)	(\$126,475)	(\$430)				(\$339,000)	(\$391,031)	(\$642)			\$1,757,817
2008	\$1,571,657	\$23,733						\$346,983	(\$17,800)	(\$435,000)	(\$112,037)	(\$182)				(\$379,000)	(\$382,040)	(\$535)	(\$342,000)		\$2,031,596
2009	\$1,518,988	\$2,685						\$317,821		(\$455,000)	(\$95,325)	(\$430)			(\$67,963)	(\$397,500)	(\$368,133)	(\$3,802)	(\$370,509)		\$2,112,428
2010	\$1,663,304	\$7,571						(\$48,242)		(\$475,000)	(\$76,725)	(\$535)			(\$31,982)	(\$494,010)	(\$358,462)	(\$4,687)	(\$397,664)		\$1,895,996
2011	\$1,917,196	\$21,382						\$202,650		(\$495,000)	(\$56,706)	(\$535)			(\$10,932)	(\$756,990)	(\$394,476)	(\$4,541)	(\$373,048)		\$1,944,996
2012	\$2,185,953	\$17,831						\$367,112		(\$515,000)	(\$35,244)	(\$430)		\$122,575	(\$269,794)	(\$838,530)	(\$419,804)	(\$4,390)	(\$452,192)		\$2,103,083
2013	\$2,403,775	\$6,973						\$246,461		(\$540,000)	(\$12,150)			\$60,000	(\$1,599,910)	(\$623,430)	(\$415,028)	(\$6,815)	(\$498,452)		\$1,124,507
2014	\$2,764,802	\$1,333						\$97,079						\$476,000	(\$805,487)	(\$693,310)	(\$423,421)	(\$198)	(\$562,757)	(\$7,500)	\$1,971,048
2015	\$3,291,019	\$2,318						\$34,854							(\$788,664)	(\$708,410)	(\$406,522)	(\$63)	(\$640,734)	(\$5,250)	\$2,749,596
2016	\$3,557,971	\$6,750						\$123,453							(\$1,915,320)	(\$733,735)	(\$387,409)	(\$66)	(\$767,131)		\$2,634,109
2017 YTD	\$3,692,741	\$10,466						\$92,792							(\$651,486)	(\$754,960)	(\$364,749)	(\$206)	(\$849,271)		\$3,809,436
Totals	\$30,053,951	\$562,232	\$6,000,000	\$1,347,756	\$6,014,841	(\$13,249,767)	\$656,000	\$2,849,133	(\$356,231)	(\$6,095,000)	(\$2,491,991)	(\$113,281)	\$437,159	\$658,575	(\$6,141,538)	(\$6,718,875)	(\$4,311,075)	(\$25,945)	(\$5,253,758)	(\$12,750)	\$3,809,436

Positive figures represent incoming funds (revenues); negative figures are payments (expenditures).

* Original acquisition of park land properties recorded in Park Land Fund. Fund was closed and remaining funds were transferred to Hotel/Motel Tax fund to pay debt service.