

City of Franklin, Tennessee



Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2015

CITY OF FRANKLIN, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by:
City of Franklin
Department of Finance

CITY OF FRANKLIN, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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INTRODUCTORY SECTION



HISTORIC
F R A N K L I N
TENNESSEE

ADMINISTRATION

Dr. Ken Moore
MayorEric S. Stuckey
City Administrator

 HISTORIC
FRANKLIN
 TENNESSEE

December 8, 2015

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, 2015.

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 & Associates, 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, 2015, 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, 2015 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 44% since the 2000 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 and Comptroller, 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 69.

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 (2.5% office and 3.5% 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

Relevant financial policies

The City has adopted financial policies related to investments, General Fund reserves, debt management, utilization of reserve funds, pension funding and cash receipting. 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 \$19.5 million in 2015). 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 \$8.7 million in 2015). 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.

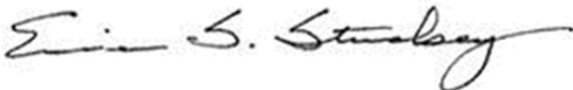
The City continues to explore adopting additional best practice financial policies including internal controls, budgeting, revenues, economic development, enterprise risk management, capital improvements, and reserves for funds other than the General Fund.

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, 2014. This was the twenty-fourth (24th) consecutive year that the government received this prestigious award. In order to be awarded a Certificate of Achievement, the government is required to publish an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectively submitted,



Eric S. Stuckey
City Administrator

CITY OF FRANKLIN, TENNESSEE
GFOA CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Franklin
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

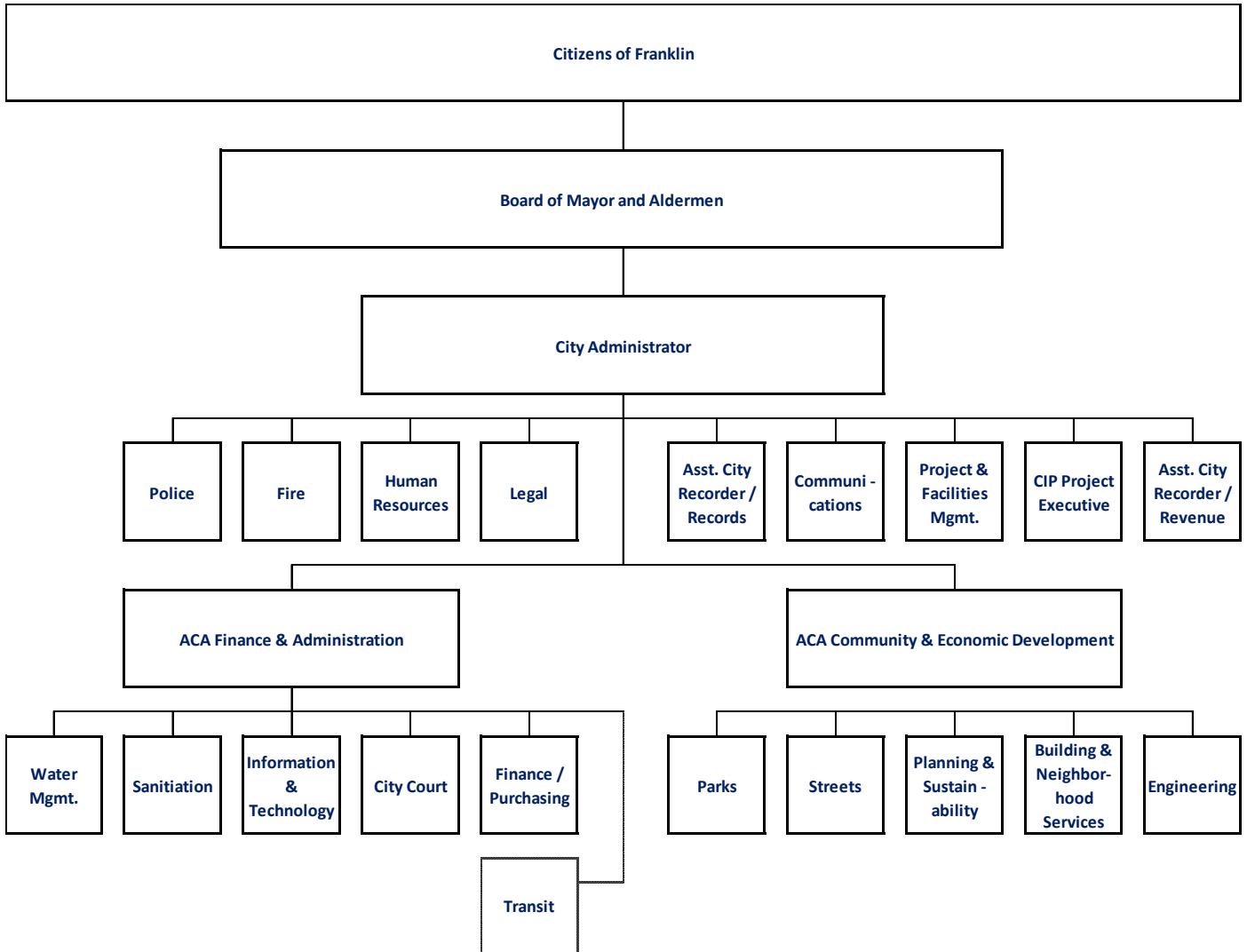
June 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director/CEO

CITY OF FRANKLIN, TENNESSEE ORGANIZATIONAL CHART

FOR THE FISCAL YEAR ENDED JUNE 30, 2015



CITY OF FRANKLIN, TENNESSEE
LIST OF ELECTED AND APPOINTED OFFICIALS
 JUNE 30, 2015

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 (Vice-Mayor)	Clyde Barnhill
Alderman – At Large	Brandy Blanton
Alderman – At Large	Pearl Bransford
Alderman – At Large	Ann Petersen

Appointed Officials

City Administrator	Eric Stuckey
Assistant City Administrator / Chief Financial Officer	Russell Truell
Assistant City Administrator / Community & Economic Development	Vernon Gerth
Building & Neighborhood Services (BNS) Director	Chris Bridgewater
Capital Investment Planning (CIP) Executive / City Engineer	David Parker
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, 2015, (except for the Fiduciary Pension Fund, which is as of December 31, 2014 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, 2015 (except for the Fiduciary Pension Fund which is as of December 31, 2014), 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, 2014), in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1-I, in fiscal year 2015, the City adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.



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 62, the schedule of employer contributions – retiree health insurance on page 62 the schedule of changes in the net pension liability and related ratios on page 63, the schedule of employer contributions – pension plan on page 64, and the schedule of investment returns – pension plan on page 65, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 8, 2015, 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 & Associates, PLLC

Nashville, Tennessee
December 8, 2015

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, 2015. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Readers are encouraged 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 \$709,805,254, compared to \$634,283,988 in the previous fiscal year. Of this amount, \$40,878,260 (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 \$43,918,773. In the prior year, this amount was \$29,057,344. The increase of \$14,861,429 is due primarily to a bond issue of \$15 million to reimburse capital project expenditures from prior years.
- **General Fund – Fund Balance.** At the end of the current fiscal year, fund balance in the General Fund is \$35,469,448, or 65% of General Fund expenditures (including transfers to other funds) of \$54,734,272. The fund balance increased \$2,754,997 from the prior year. The primary impacts on the fund balance in 2015 are cost containment measures implemented by the City to stay within current revenues, personnel vacancies, and budgeted capital costs in the Traffic Operations Center department that were not incurred.
- **Capital Assets.** The City has undertaken several infrastructure projects including improvements to Hillsboro Road, Carothers Parkway South, and McEwen Drive.
- **Debt.** The City's debt (bonds and capital leases) increased by \$4,096,710 (from \$174,267,924 to \$178,364,634) during the current fiscal year. Governmental activities issued \$15,000,000 of fixed rate debt. Governmental activities had \$2,196,020 in new capital leases. A total of \$13,099,310 (\$9,741,220 governmental and \$3,358,090 business-type) debt was repaid during the year.
- **Budget.** The City's 2015 original General Fund budget had no draw from accumulated fund balance. Although the final budget included a draw of up to \$3.0 million, actual results showed an increase in fund balance by almost \$2.8 million.

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.

Overview of the Financial Statements (Continued):

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 maintained thirteen (13) individual governmental funds during 2015. 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 67 and 68 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 69 through 78, and the Debt Service Fund on page 79 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 *basic 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 61 of this report.

Financial Analysis of the Financial Statements:

Government-wide Financial Analysis

Over time, as noted earlier, net position 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 \$709,805,254 at the close of the most recent fiscal year.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Financial Analysis of the Financial Statements (Continued):

During fiscal year 2015, the City adopted Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. GASB No. 68 was implemented through a restatement of beginning net position. Amounts within this MD&A have been restated, where practical. See Note 1-I for further information.

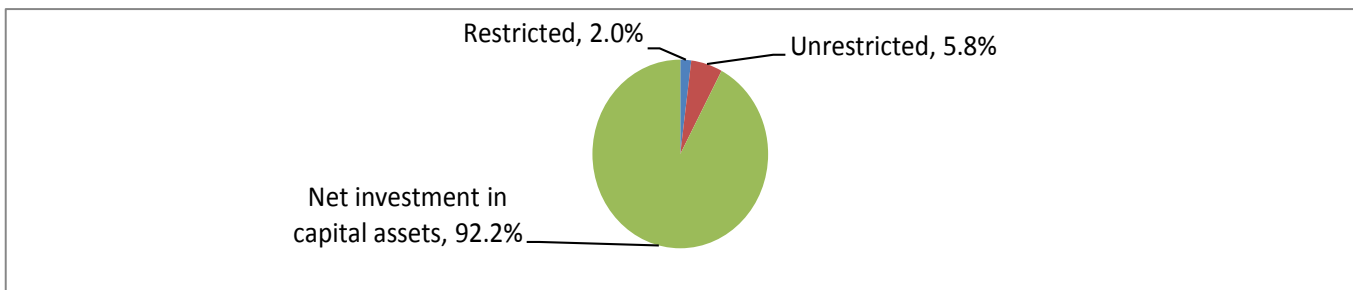
City of Franklin’s Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 77,242,627	\$ 63,178,177	\$ 32,381,669	\$ 30,161,761
Capital assets, net of accumulated depreciation	661,004,324	599,950,118	166,169,138	160,402,472
Total assets	<u>738,246,951</u>	<u>663,128,295</u>	<u>198,550,807</u>	<u>190,564,233</u>
Deferred outflows of resources	3,104,662	357,688	1,455,696	1,203,054
Current and other liabilities	14,793,813	14,473,783	1,862,780	1,995,227
Long-term liabilities outstanding	161,073,944	147,815,752	40,646,744	43,693,328
Total liabilities	<u>175,867,757</u>	<u>162,289,535</u>	<u>42,509,524</u>	<u>45,688,555</u>
Deferred inflows of resources	13,175,581	12,991,192	-	-
Net position:				
Net investment in capital assets	526,598,701	473,270,481	128,272,969	119,141,240
Restricted	602,732	484,412	13,452,592	13,391,806
Unrestricted	25,106,842	14,450,363	15,771,418	13,545,686
Total net position	<u>\$ 552,308,275</u>	<u>\$ 488,205,256</u>	<u>\$ 157,496,979</u>	<u>\$ 146,078,732</u>

The government’s net position increased by \$64,103,019. 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 reduced 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, \$654,871,670, or 92.2%, 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, \$14,055,324, or 2.0%, represents resources that are subject to external restriction on how they may be used. The remaining balance of \$40,878,260, or 5.8%, 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, 2015**

Financial Analysis of the Financial Statements (Continued):

Governmental and business-type activities increased the City's net position by \$64,103,019 and \$11,418,247, respectively. Key elements of this increase are as follows:

City of Franklin's Changes in Net Position

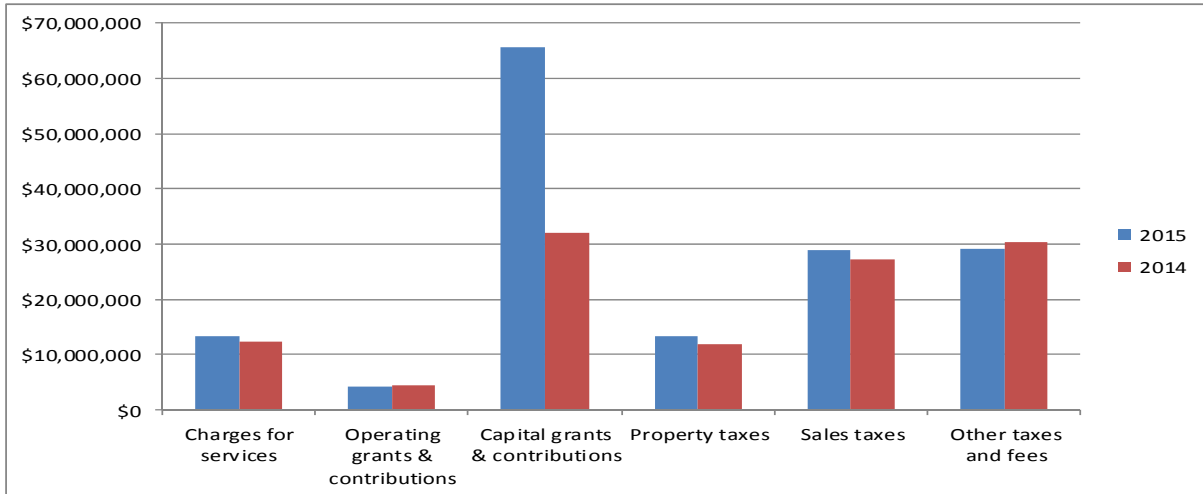
	Governmental Activities		Business-Type Activities	
	2015	2014	2015	2014
Revenues:				
Program revenues:				
Charges for services	\$ 13,424,425	\$ 12,239,526	\$ 25,283,748	\$ 23,099,351
Operating grants & contributions	4,130,790	4,317,671	-	-
Capital grants & contributions	65,527,923	32,121,297	9,517,652	11,263,738
General revenues:				
Property taxes	13,278,605	11,878,892	-	-
Sales taxes	28,943,994	27,254,742	-	-
Other taxes and fees	29,044,718	30,286,052	-	-
Other	(668,516)	(790,266)	170,074	113,591
Total revenues	<u>153,681,939</u>	<u>117,307,914</u>	<u>34,971,474</u>	<u>34,476,680</u>
Expenses:				
General government:				
Elected officials	275,250	297,496	-	-
Administration	489,702	456,302	-	-
Human resources	965,080	951,829	-	-
Legal	349,276	466,434	-	-
Communications	314,956	319,154	-	-
Capital investment planning	179,584	184,077	-	-
Project & facilities management	1,161,760	802,988	-	-
Revenue management	227,607	304,303	-	-
Finance	802,805	717,444	-	-
Information & technology	4,520,824	4,213,881	-	-
Purchasing	176,188	165,711	-	-
Court	199,857	214,427	-	-
Building & neighborhood services	2,335,652	2,351,310	-	-
Planning	1,383,565	1,425,121	-	-
Engineering	763,790	696,853	-	-
Traffic operations center	828,506	723,312	-	-
General	4,370,952	1,949,294	-	-
Police	14,418,465	14,538,599	-	-
Fire	14,864,908	13,939,150	-	-
Parks	4,435,890	4,244,661	-	-
Streets-maintenance	18,681,983	17,058,959	-	-
Streets-traffic	1,185,174	1,367,810	-	-
Streets-fleet	1,017,846	902,173	-	-
Sanitation	7,593,469	7,279,885	-	-
Storm water	1,776,125	2,016,390	-	-
Transit	2,372,642	1,736,112	-	-
Interest expense on long-term debt:	4,087,064	3,742,163	-	-
Water & sewer:	-	-	23,353,227	22,694,995
Total expenses	<u>89,778,920</u>	<u>83,065,838</u>	<u>23,353,227</u>	<u>22,694,995</u>
Transfers	200,000	-	(200,000)	-
Changes in net position	64,103,019	34,242,076	11,418,247	11,781,685
GASB No. 68 Restatement	-	(16,216,818)	-	(501,149)
Net position, beginning of year	488,205,256	470,179,998	146,078,732	134,798,196
Net position, end of year	<u>\$ 552,308,275</u>	<u>\$ 488,205,256</u>	<u>\$ 157,496,979</u>	<u>\$ 146,078,732</u>

Financial Analysis of the Financial Statements (Continued):

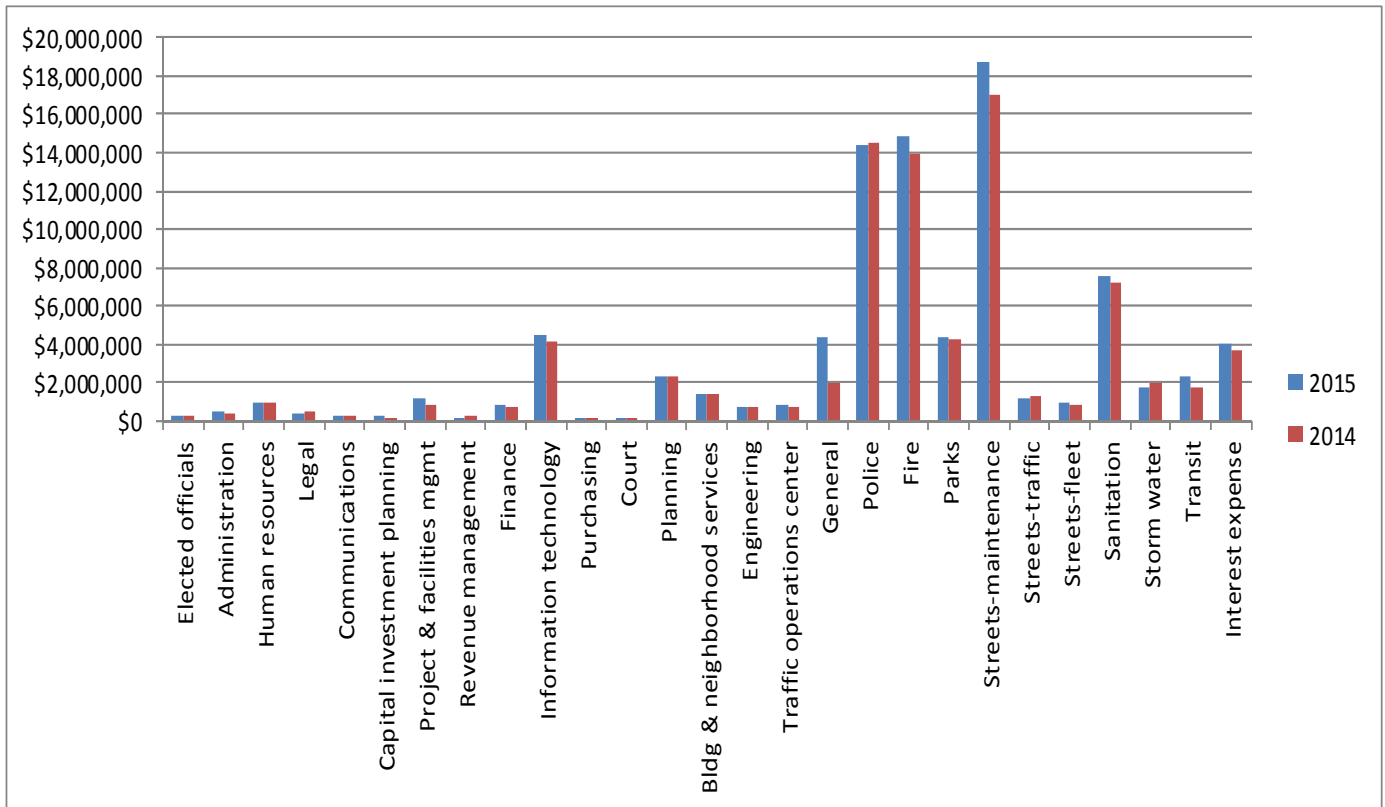
Governmental Activities

Revenues for governmental activities increased approximately 31.0% due primarily to increased property taxes, local sales tax collections, and capital donations. The overall increase in current expenses of governmental activities amounted to approximately 8.1%. A significant portion of the increase is due to implementation of the new pension accounting standards that include \$0.5 million in additional pension expense in 2015 as well as approximately \$2 million in disposals of capital assets.

Revenues – Governmental Activities



Expenses – Governmental Activities

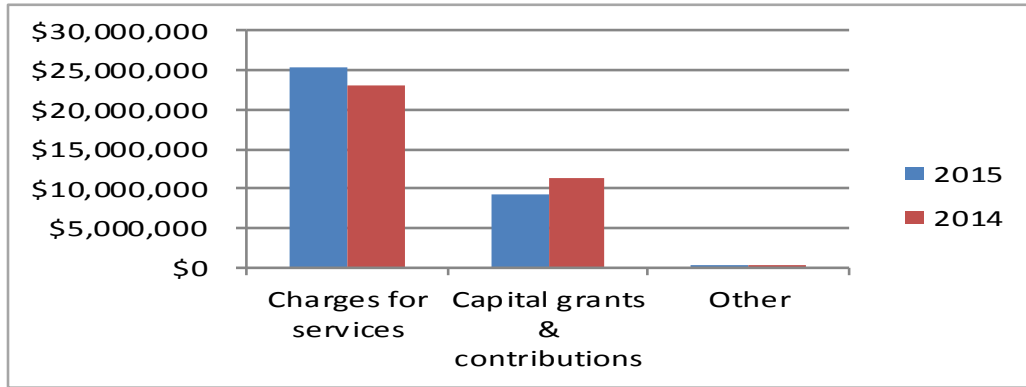


Financial Analysis of the Financial Statements (Continued):

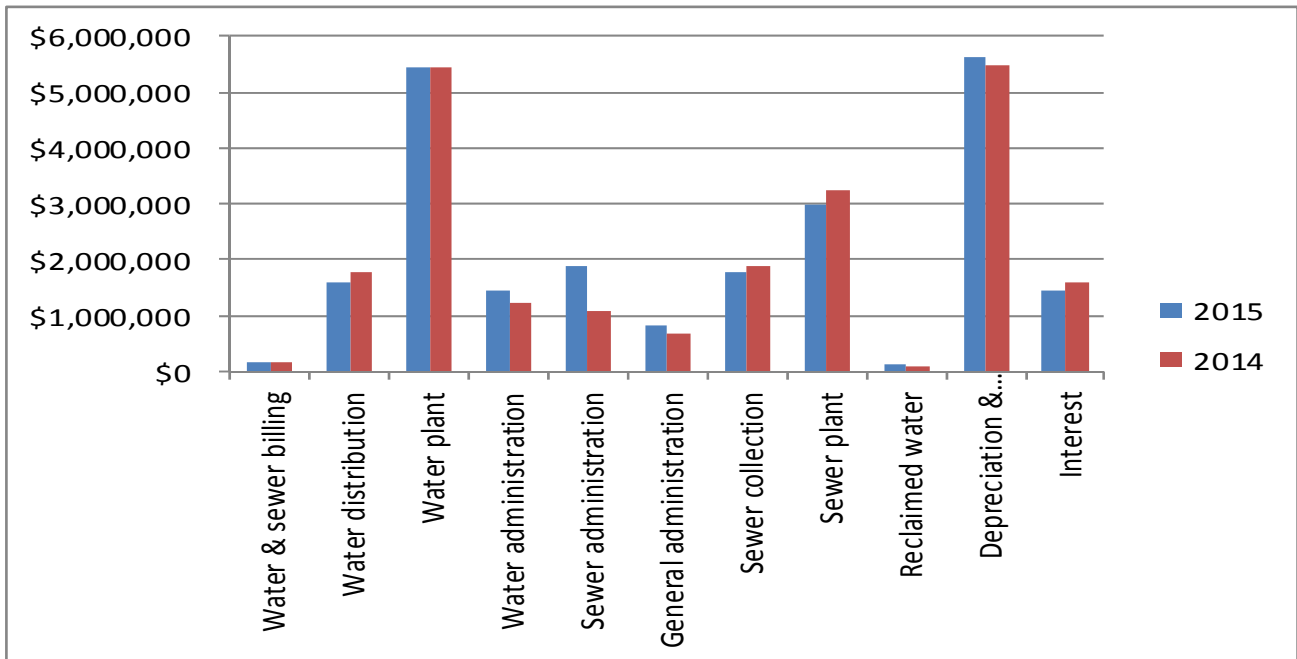
Business-Type Activities

Revenues for business-type activities increased 1.4%. The primary factor underlying the increase was rate increases effective January 1, 2015, along with increased capital contributions. Expenses of the business type-activities increased approximately 2.9%.

Revenues – Business-type Activities



Expenses – Business-type Activities



Financial Analysis of the Financial Statements (Continued):

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

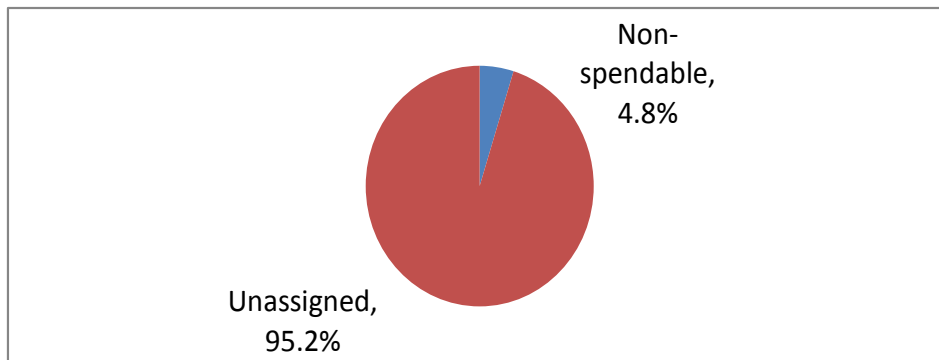
Governmental Funds

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 spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$43,918,773, an increase of \$14,861,429 in comparison with the prior year of \$29,057,344. The increase is due primarily to a bond issue of \$15 million to reimburse prior year capital spending.

The General Fund is the chief operating fund of the City. The 2015 ending fund balance of \$35,469,448 has the following composition: An amount of \$1,712,291, or 4.8%, is non-spendable for inventory and prepaid items. The remainder of \$33,757,157, or 95.2%, is unassigned. (Included in unassigned fund balance is an amount of \$28,203,212 that is identified for financial stabilization purposes such as contingency, emergency, cash flow, debt service, property/liability/health insurance, retiree health benefits, and capital outlay).

General Fund - Fund Balance Composition – 2015



The most significant continuing revenue sources in the General Fund are derived from taxes. Of total General Fund revenues, \$38,469,449, or 66.9%, was from taxes. Local option sales tax increased by \$1,689,252 (from \$27,254,742 to \$28,943,994). 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 \$721,902 (from \$6,259,903 to \$5,538,001) 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 \$709. This amount is consistent with the City's goal for a minimal year-end balance after paying annual debt service.

In the Road Impact Fee Fund, due to continued strong collections in 2015, the Road Impact Fund had a fund balance of \$397,976. Anticipated collections from new development are expected to increase the fund balance.

Due to strong collections, the facilities tax fund saw its fund balance increase from \$6.3 million to \$6.7 million. Over \$1.6 million was spent from the fund for growth-related expenditures in the fire (\$874,000) and sanitation (\$769,000) departments.

Financial Analysis of the Financial Statements (Continued):

In the Hotel/Motel Tax Fund, the fund balance increased due primarily to increased collections in 2015. The fund, budgeted to include tourism/parks/streetscape project expenditures, had an increase in fund balance from \$2.0 million to \$2.7 million.

The City established a new special revenue fund in fiscal year 2015, the In Lieu of Parkland Fund and transferred amounts previously accounted for in the General Fund to the new fund. See further discussion below.

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.

The budgetary highlights during 2015 are as follows: The original General Fund budget of \$56,134,703 included no allocation from accumulated fund balance. It was amended during the first quarter to transfer \$2,280,119 to the new In Lieu of Parkland fund. This amount had been collected initially in the General Fund prior to the new fund's creation. In the second quarter, an additional \$310,000 was budgeted in the Facilities Tax Fund for the Sanitation department to purchase mechanical cranes for the City's transfer station. In the third quarter, more than \$900,000 was budgeted in the Stormwater fund to transfer to the Capital Projects fund for its portion of the 3rd Avenue and Hillsboro Road projects. Then, in the fourth quarter, the budget was amended to include a budgeted transfer of \$695,000 to ensure no budgeted fund had a cash or fund balance deficit at fiscal year-end.

With these amendments, the final General Fund budget (including transfers) equaled \$59,109,822. Due primarily to the combination of (a) cost containment measures, (b) personnel vacancies, and (c) unused capital budgeted in the Traffic Operations Center department, actual results ended with a surplus for the year of \$2,754,997 increasing the fund balance to \$35,469,448.

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, 2015, is \$827,173,462 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads, highways and bridges.

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

- The City received \$65,363,412 in developer-contributed assets.
- \$2,196,020 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.
- The new public works building opened in July 2014.
- In August 2014, construction was completed on Hillsboro Road Improvements (from State Route 96W to Independence Square).
- Construction of the Carothers Parkway South Extension continued during the year with completion occurring in September 2015.
- In December 2014, construction was completed on the McEwen Drive at Wilson Pike Intersection Improvements.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Capital Asset and Debt Administration (Continued):

City of Franklin's Capital Assets

	Governmental	Business-Type	Total
	<u>Activities</u>	<u>Activities</u>	
Land	\$ 53,159,881	\$ 5,320,148	\$ 58,480,029
Construction in Progress	26,054,114	7,763,047	33,817,161
Buildings and Improvements	70,450,410	11,291,016	81,741,426
Improvements other than Buildings	23,931,960	-	23,931,960
Utility Plant in Service	-	212,871,266	212,871,266
Infrastructure	629,159,224	-	629,159,224
Machinery & Equipment	<u>52,888,637</u>	<u>4,495,376</u>	<u>57,384,013</u>
Total Capital Assets	855,644,226	241,740,853	1,097,385,079
Less Accumulated Depreciation	<u>(194,639,902)</u>	<u>(75,571,715)</u>	<u>(270,211,617)</u>
Net Capital Assets	<u>\$ 661,004,324</u>	<u>\$ 166,169,138</u>	<u>\$ 827,173,462</u>

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 44.

City of Franklin's Outstanding Debt

At the end of the current year, the City of Franklin had bonded debt and capital leases of \$178,364,634. Of this amount, \$140,461,492 comprises general obligation bonds backed by the full faith and credit of the government, and \$37,903,142 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.

	Governmental	Business-Type	Total
	<u>Activities</u>	<u>Activities</u>	
General Obligation Bonds	\$ 137,273,000	\$ -	\$ 137,273,000
Governmental-Activities Capital Leases	3,188,492	-	3,188,492
Revenue and Tax Bonds	-	37,903,142	37,903,142
Total Outstanding Debt	<u>\$ 140,461,492</u>	<u>\$ 37,903,142</u>	<u>\$ 178,364,634</u>

The City's debt (bonds and capital leases) increased by \$4,096,710 (from \$174,267,924 to \$178,364,634) during the current fiscal year. Governmental activities issued \$15,000,000 in fixed rate debt. Governmental activities had \$2,196,020 in new capital leases. A total of \$10,807,090 (\$7,449,000 governmental and \$3,358,090 business-type) debt was repaid during the year. A total of \$2,292,220 of governmental-activities capital leases was repaid 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 debt can be found in the notes to the financial statements section of this report beginning on page 47.

Economic Factors and Next Year's Budget and Rates:

The unemployment rate (not seasonally adjusted) for June 2015 for the City of Franklin was 4.3%, compared to the State of Tennessee's rate of 6.3% and a national average of 5.5%. All of these factors were considered in preparing the City's budget for fiscal year 2016 in which budgeted current revenues equal expenditures for the General Fund.

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, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 23,103,065	\$ 14,186,675	\$ 37,289,740
Cash and cash equivalents-restricted	602,732	866,452	1,469,184
Investments	13,968,684	-	13,968,684
Investments-restricted	-	12,586,140	12,586,140
Receivables:			
Accounts, net of uncollectibles	3,099,100	4,382,662	7,481,762
Property taxes, net of uncollectibles	14,676,468	-	14,676,468
Grants	1,214,070	-	1,214,070
Special assessments	53,762	-	53,762
Intergovernmental, including \$287,224 restricted	4,943,854	-	4,943,854
Fines, net of uncollectibles	492,613	-	492,613
Local option sales tax	5,041,960	-	5,041,960
Other	2,577,242	-	2,577,242
Inventory	1,282,340	359,740	1,642,080
Prepaid items and other assets	480,404	-	480,404
Net investment in joint venture - Conference Center	5,706,333	-	5,706,333
Capital assets, not being depreciated:			
Land	53,159,881	5,320,148	58,480,029
Construction in progress	26,054,114	7,763,047	33,817,161
Capital assets, net of accumulated depreciation:			
Buildings and improvements	56,795,128	2,039,525	58,834,653
Improvements other than buildings	15,323,196	-	15,323,196
Utility plant in service	-	150,213,577	150,213,577
Infrastructure	492,039,270	-	492,039,270
Machinery and equipment	17,632,735	832,841	18,465,576
Total assets	<u>738,246,951</u>	<u>198,550,807</u>	<u>936,797,758</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refundings	310,045	1,091,527	1,401,572
Pensions	2,794,617	364,169	3,158,786
Total deferred outflows of resources	<u>3,104,662</u>	<u>1,455,696</u>	<u>4,560,358</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION (Cont.)
 JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 9,347,453	\$ 1,613,196	\$ 10,960,649
Accrued expenses	3,681,132	-	3,681,132
Accrued interest	1,403,014	249,584	1,652,598
Unearned revenue	362,214	-	362,214
Long-term liabilities:			
Due within one year	12,417,003	3,813,717	16,230,720
Due in more than one year	137,203,985	35,898,451	173,102,436
Derivative instruments - interest rate swaps	4,383,725	-	4,383,725
Net pension liability	7,069,231	934,576	8,003,807
Total liabilities	<u>175,867,757</u>	<u>42,509,524</u>	<u>218,377,281</u>
DEFERRED INFLOWS OF RESOURCES			
January 1, 2015 property tax levy	13,175,581	-	13,175,581
Total deferred outflows of resources	<u>13,175,581</u>	<u>-</u>	<u>13,175,581</u>
NET POSITION			
Net investment in capital assets	526,598,701	128,272,969	654,871,670
Restricted for:			
Grant program use	20,212	-	20,212
State street aid	287,224	-	287,224
Drug fund use	295,296	-	295,296
Water and sewer	-	13,452,592	13,452,592
Unrestricted	25,106,842	15,771,418	40,878,260
Total net position	<u>\$ 552,308,275</u>	<u>\$ 157,496,979</u>	<u>\$ 709,805,254</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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government							
Governmental activities:							
Elected officials	\$ 275,250	\$ -	\$ -	\$ -	\$ (275,250)	\$ -	\$ (275,250)
Administration	489,702	-	-	-	(489,702)	-	(489,702)
Human resources	965,080	-	-	-	(965,080)	-	(965,080)
Legal	349,276	-	-	-	(349,276)	-	(349,276)
Communications	314,956	-	-	-	(314,956)	-	(314,956)
Capital investment planning	179,584	-	-	-	(179,584)	-	(179,584)
Project & facilities management	1,161,760	-	-	-	(1,161,760)	-	(1,161,760)
Revenue management	227,607	-	-	-	(227,607)	-	(227,607)
Finance	802,805	-	-	-	(802,805)	-	(802,805)
Information technology	4,520,824	-	-	-	(4,520,824)	-	(4,520,824)
Purchasing	176,188	-	-	-	(176,188)	-	(176,188)
Court	199,857	-	-	-	(199,857)	-	(199,857)
Building & neighborhood services	2,335,652	2,005,472	54,635	173	(275,372)	-	(275,372)
Planning	1,383,565	452,862	-	-	(930,703)	-	(930,703)
Engineering	763,790	-	-	145,266	(618,524)	-	(618,524)
Traffic operations center	828,506	-	-	-	(828,506)	-	(828,506)
General government	4,370,952	34,854	320,853	-	(4,015,245)	-	(4,015,245)
Public safety:							
Police	14,418,465	782,681	47,607	-	(13,588,177)	-	(13,588,177)
Fire	14,864,908	-	-	-	(14,864,908)	-	(14,864,908)
Parks	4,435,890	-	-	-	(4,435,890)	-	(4,435,890)
Streets-maintenance	18,681,983	10,780	2,193,912	65,382,484	48,905,193	-	48,905,193
Streets-traffic	1,185,174	-	-	-	(1,185,174)	-	(1,185,174)
Streets-fleet	1,017,846	-	-	-	(1,017,846)	-	(1,017,846)
Sanitation	7,593,469	7,384,798	-	-	(208,671)	-	(208,671)
Storm water	1,776,125	2,658,906	-	-	882,781	-	882,781
Transit	2,372,642	94,072	1,513,783	-	(764,787)	-	(764,787)
Interest and amortization on long-term debt	4,087,064	-	-	-	(4,087,064)	-	(4,087,064)
	89,778,920	13,424,425	4,130,790	65,527,923	(6,695,782)	-	(6,695,782)
Business-type activities:							
Water and sewer	23,353,227	25,283,748	-	9,517,652	-	11,448,173	11,448,173
Total primary government	\$ 113,132,147	\$ 38,708,173	\$ 4,130,790	\$ 75,045,575	\$ (6,695,782)	\$ 11,448,173	\$ 4,752,391
General revenues:							
Property taxes					13,278,605	-	13,278,605
Sales taxes					28,943,994	-	28,943,994
Wholesale privilege tax					1,544,139	-	1,544,139
Beer privilege tax					21,660	-	21,660
Wholesale liquor tax					1,190,758	-	1,190,758
Liquor privilege tax					90,800	-	90,800
Hotel/motel tax					3,162,382	-	3,162,382
Other state shared taxes					13,223,732	-	13,223,732
Access fees and taxes					7,360,679	-	7,360,679
Franchise taxes					2,450,568	-	2,450,568
Investment earnings (loss)					(668,516)	156,360	(512,156)
Other					-	13,714	13,714
Total general revenues					70,598,801	170,074	70,768,875
Transfers					200,000	(200,000)	-
Total general revenues and transfers					70,798,801	(29,926)	70,768,875
Change in net position					64,103,019	11,418,247	75,521,266
Net position - beginning of year, as restated					488,205,256	146,078,732	634,283,988
Net position - end of year					\$ 552,308,275	\$ 157,496,979	\$ 709,805,254

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

CITY OF FRANKLIN, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<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	\$ 11,772,646	\$ 1,000	\$ 709	\$ 11,931,442	\$ 23,705,797
Investments	8,464,338	-	-	5,504,346	13,968,684
Receivables:					
Accounts	991,968	-	-	2,107,132	3,099,100
Property taxes, net of uncollectibles (\$131,758)	6,367,088	527,580	7,254,220	527,580	14,676,468
Grants	93,813	574,723	-	545,534	1,214,070
Special assessments	53,762	-	-	-	53,762
Intergovernmental	4,600,212	-	-	343,642	4,943,854
Fines, net of uncollectibles (\$222,883)	492,613	-	-	-	492,613
Local option sales tax	5,041,960	-	-	-	5,041,960
Other	2,340,789	228,887	-	7,566	2,577,242
Due from other funds	9,229,381	-	-	-	9,229,381
Inventory	1,249,787	-	-	32,553	1,282,340
Prepaid items	462,504	-	-	-	462,504
Total assets	<u>\$ 51,160,861</u>	<u>\$ 1,332,190</u>	<u>\$ 7,254,929</u>	<u>\$ 20,999,795</u>	<u>\$ 80,747,775</u>
LIABILITIES					
Accounts payable	\$ 6,826,795	\$ 1,064,470	\$ -	\$ 1,456,188	\$ 9,347,453
Accrued expenses	2,459,394	-	-	99,038	2,558,432
Due to other funds	-	9,229,381	-	-	9,229,381
Unearned revenue	279,697	-	-	82,517	362,214
Total liabilities	<u>9,565,886</u>	<u>10,293,851</u>	<u>-</u>	<u>1,637,743</u>	<u>21,497,480</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property tax-Jan. 1, 2015 levy	4,866,201	527,580	7,254,220	527,580	13,175,581
Unavailable revenue-property taxes	170,394	-	-	-	170,394
Unavailable revenue-assessments	53,762	-	-	-	53,762
Unavailable revenue-franchise fees	455,230	-	-	-	455,230
Unavailable revenue-court fines	492,614	-	-	-	492,614
Unavailable revenue-grant proceeds	87,326	570,099	-	281,199	938,624
Unavailable revenue-reimbursements	-	45,317	-	-	45,317
Total deferred inflows of resources	<u>6,125,527</u>	<u>1,142,996</u>	<u>7,254,220</u>	<u>808,779</u>	<u>15,331,522</u>
FUND BALANCES (DEFICITS)					
Non-Spendable	1,712,291	-	-	32,553	1,744,844
Restricted	-	-	-	602,732	602,732
Committed	-	-	709	12,674,316	12,675,025
Assigned	-	-	-	5,243,672	5,243,672
Unassigned	33,757,157	(10,104,657)	-	-	23,652,500
Total fund balances (deficits)	<u>35,469,448</u>	<u>(10,104,657)</u>	<u>709</u>	<u>18,553,273</u>	<u>43,918,773</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 51,160,861</u>	<u>\$ 1,332,190</u>	<u>\$ 7,254,929</u>	<u>\$ 20,999,795</u>	<u>\$ 80,747,775</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, 2015

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)		\$ 43,918,773
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	855,644,226	
Less related accumulated depreciation	(194,639,902)	
Investment in joint venture - Conference Center	5,706,333	666,710,657
Receivables not available to pay for current expenditures and, therefore, are unavailable in the funds		
Property taxes	170,394	
Assessments	53,762	
Franchise fees	455,230	
Court fines	492,614	
Grant revenues	938,624	
Reimbursements	45,317	2,155,941
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	(137,273,000)	
Bond premiums	(2,376,696)	
Deferred loss on refunding	310,045	
Derivative instruments	(4,383,725)	
Leases outstanding	(3,188,492)	
Net pension liability	(7,069,231)	
Deferred outflows of resources - pensions	2,794,617	
Employee benefits and other	(7,887,600)	(159,074,082)
Payables, such as accrued interest payable, are not due and payable in the current period, and therefore are not reported in the funds		
		(1,403,014)
Net position - governmental activities (Page 13)		<u>\$ 552,308,275</u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Multi-Purpose Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 38,469,449	\$ 508,038	\$ 6,350,472	\$ 6,267,530	\$ 51,595,489
Licenses and permits	4,920,075	-	-	3,794,441	8,714,516
Fines and fees	589,142	-	-	169,227	758,369
Intergovernmental	13,069,755	2,379,755	838,508	3,501,732	19,789,750
Charges for services	52,316	-	-	10,142,052	10,194,368
Use of money and property	385,231	(14,090)	1,514	420,035	792,690
Miscellaneous and other	3,301	-	-	-	3,301
Total revenues	<u>57,489,269</u>	<u>2,873,703</u>	<u>7,190,494</u>	<u>24,295,017</u>	<u>91,848,483</u>
Expenditures:					
Current:					
Elected officials	275,250	-	-	-	275,250
Administration	483,622	-	-	-	483,622
Human resources	1,121,520	-	-	-	1,121,520
Legal	342,493	-	-	-	342,493
Communications	313,200	-	-	-	313,200
Capital investment planning	176,967	-	-	-	176,967
Project & facilities management	1,093,598	-	-	-	1,093,598
Revenue management	210,378	-	-	-	210,378
Public safety:					
Police	13,660,593	1,886	-	84,623	13,747,102
Fire	13,767,240	-	-	362,473	14,129,713
Finance	787,545	-	-	-	787,545
Municipal information and technology	4,074,719	-	-	-	4,074,719
Purchasing	173,490	-	-	-	173,490
Court	201,815	-	-	-	201,815
Building & neighborhood services	2,356,810	-	-	-	2,356,810
Planning	1,406,527	-	-	-	1,406,527
Engineering	759,768	-	-	-	759,768
Traffic operations center	484,244	-	-	-	484,244
Parks	3,239,260	-	-	-	3,239,260
Streets-maintenance	3,313,516	782,033	-	2,404,452	6,500,001
Streets-traffic	1,198,941	-	-	-	1,198,941
Streets-fleet	1,073,512	-	-	-	1,073,512
General government	328,235	188,527	-	1,344,354	1,861,116
Sanitation	-	-	-	7,490,571	7,490,571
Storm water	-	-	-	1,638,451	1,638,451
Transit	-	-	-	2,243,080	2,243,080
Debt service	-	-	12,244,986	-	12,244,986
Capital outlay	427,800	12,570,379	-	3,083,696	16,081,875
Total expenditures	<u>51,271,043</u>	<u>13,542,825</u>	<u>12,244,986</u>	<u>18,651,700</u>	<u>95,710,554</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, 2015

	<u>General Fund</u>	<u>Multi-Purpose Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 6,218,226	\$ (10,669,122)	\$ (5,054,492)	\$ 5,643,317	\$ (3,862,071)
Other financing sources (uses):					
Issuance of debt	-	17,196,020	-	-	17,196,020
Premium on debt issuance	-	1,327,480	-	-	1,327,480
Transfers from other funds	-	919,140	4,860,083	3,463,229	9,242,452
Transfers to other funds	(3,463,229)	-	-	(5,579,223)	(9,042,452)
Total other financing sources (uses)	<u>(3,463,229)</u>	<u>19,442,640</u>	<u>4,860,083</u>	<u>(2,115,994)</u>	<u>18,723,500</u>
Net changes in fund balances	2,754,997	8,773,518	(194,409)	3,527,323	14,861,429
Fund balances (deficits) - beginning	<u>32,714,451</u>	<u>(18,878,175)</u>	<u>195,118</u>	<u>15,025,950</u>	<u>29,057,344</u>
Fund balances (deficits) - ending	<u>\$ 35,469,448</u>	<u>\$ (10,104,657)</u>	<u>\$ 709</u>	<u>\$ 18,553,273</u>	<u>\$ 43,918,773</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, 2015

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) \$ 14,861,429

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	\$ 16,081,875	
Disposals and adjustments of capital assets	(2,754,652)	
Depreciation expense	(17,636,427)	
Change in investment in joint venture - Conference Center	<u>(87,364)</u>	(4,396,568)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds for:

Property taxes	16,641	
Franchise fees	(12,336)	
Court fines	(18,835)	
Hotel/motel taxes	(128,637)	
Grant revenues and reimbursements	(847,646)	
Contributed capital assets	<u>65,363,410</u>	64,372,597

The issuances of long-term debt and related items provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Specifically, these items are as follows:

Bond issuance	(15,000,000)	
Bond payments	7,449,000	
Change in fair value of derivative instruments	(724,589)	
Lease issuance, including prior year unavailable proceeds	(2,196,020)	
Lease payments	<u>2,292,220</u>	(8,179,389)

Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities for:

Bond premiums additions	(1,327,480)	
Amortization of bond premiums	142,186	
Deferred refunding amounts	<u>(47,643)</u>	(1,232,937)

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	(615,016)	
Accrued interest	(45,920)	
Pension and OPEB expense	<u>(661,177)</u>	(1,322,113)

Change in net position of governmental activities (Page 14) \$ 64,103,019

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, 2015

Revenues:	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Taxes:				
Real and personal property taxes	\$ 5,389,034	\$ 5,389,034	\$ 5,538,001	\$ 148,967
Penalty and interest	50,000	50,000	30,529	(19,471)
TVA in lieu of tax	306,131	306,131	326,887	20,756
Sales tax	28,758,770	28,758,770	28,943,994	185,224
Beer tax	1,671,710	1,671,710	1,544,139	(127,571)
Beer privilege tax	21,900	21,900	21,660	(240)
Wholesale liquor tax	1,139,270	1,139,270	1,190,758	51,488
Liquor privilege tax	91,460	91,460	90,800	(660)
Mixed drink tax	690,970	690,970	782,681	91,711
Business tax	12,240	12,240	-	(12,240)
Total Taxes	38,131,485	38,131,485	38,469,449	337,964
Licenses and permits:				
Mechanical licenses	3,640	3,640	3,877	237
Mechanical permits	190,670	190,670	138,384	(52,286)
Building permits	1,340,440	1,340,440	1,426,188	85,748
Technology fee	-	-	44,129	44,129
Plumbing licenses	3,100	3,100	3,025	(75)
Plumbing permits	152,620	152,620	94,177	(58,443)
Electric permits	314,620	314,620	237,101	(77,519)
Inspection fees	86,400	86,400	261,679	175,279
Site review, rezoning and submittal fees	157,880	157,880	177,933	20,053
Beer permits and licenses	12,270	12,270	13,250	980
Yard sale permits	9,000	9,000	7,605	(1,395)
Business license	318,810	318,810	15,904	(302,906)
Alarm permits	30,000	30,000	30,320	320
Miscellaneous permits	5,000	5,000	3,600	(1,400)
Franchise fees	2,449,980	2,449,980	2,462,903	12,923
Total Licenses and permits	5,074,430	5,074,430	4,920,075	(154,355)
Fines and fees:				
Fines - city court	655,220	655,220	343,286	(311,934)
Fines - general sessions/circuit court	77,500	77,500	232,766	155,266
Parking fines	15,000	15,000	10,427	(4,573)
Confiscated Goods	-	-	-	-
Building & street standards appeals fees	1,000	1,000	-	(1,000)
Business tax fees	3,000	3,000	1,163	(1,837)
Tree bank fees	1,000	1,000	-	(1,000)
Beer board violations	1,000	1,000	1,500	500
Total Fines and fees	753,720	753,720	589,142	(164,578)

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues (Cont.):				
Charges for services:				
Regional fire training	3,000	3,000	-	(3,000)
Maps sold	1,000	1,000	2,952	1,952
Plans sold	2,000	2,000	2,628	628
Records sold	1,200	1,200	26	(1,174)
Special event services fee	-	-	1,200	1,200
Accident reports	500	500	633	133
Fingerprinting fees	1,500	1,500	-	(1,500)
Offender registry	2,000	2,000	1,800	(200)
License seizure fees	1,500	1,500	750	(750)
Citizens academies	2,000	2,000	-	(2,000)
Background checks	1,000	1,000	-	(1,000)
3rd party billable overtime	50,000	50,000	31,547	(18,453)
Compost vouchers	3,000	3,000	10,780	7,780
Charge station fees	250	250	-	(250)
Total Charges for services	<u>68,950</u>	<u>68,950</u>	<u>52,316</u>	<u>(16,634)</u>
Intergovernmental:				
State income tax	1,250,000	1,250,000	3,081,197	1,831,197
Sales tax	4,804,530	4,804,530	5,033,141	228,611
State beer tax	30,450	30,450	31,743	1,293
State excise tax	94,685	94,685	115,165	20,480
In lieu of tax - TVA	712,240	712,240	769,381	57,141
Increase in state shared taxes	323,463	323,463	-	(323,463)
Business tax from state	3,126,720	3,126,720	3,410,424	283,704
Business tax recording fee	-	-	339,322	339,322
Federal and state financial assistance programs	1,288,539	1,288,539	289,382	(999,157)
Total Intergovernmental	<u>11,630,627</u>	<u>11,630,627</u>	<u>13,069,755</u>	<u>1,439,128</u>
Use of money and property:				
Interest income	179,820	179,820	145,098	(34,722)
Rebates on purchases	65,000	65,000	61,349	(3,651)
Rent - mall and other	1	1	1	-
Park concessions and rentals	45,310	45,310	41,329	(3,981)
Sale of surplus assets	60,000	60,000	137,454	77,454
Electric charging stations	360	360	-	(360)
Total Use of money and property	<u>350,491</u>	<u>350,491</u>	<u>385,231</u>	<u>34,740</u>
Miscellaneous:				
Miscellaneous income	125,000	125,000	3,301	(121,699)
In-kind grant contributions	-	-	-	-
Performance bond proceeds	-	-	-	-
Total Miscellaneous	<u>125,000</u>	<u>125,000</u>	<u>3,301</u>	<u>(121,699)</u>
Total revenues	<u>\$ 56,134,703</u>	<u>\$ 56,134,703</u>	<u>\$ 57,489,269</u>	<u>\$ 1,354,566</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, 2015

Expenditures:	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Elected officials:				
Current				
Personnel	\$ 230,272	\$ 230,272	\$ 231,342	\$ 1,070
Services	50,606	50,606	33,246	(17,360)
Supplies	8,865	8,865	9,873	1,008
Business expenses	422	422	789	367
Total current	290,165	290,165	275,250	(14,915)
Total Elected officials	290,165	290,165	275,250	(14,915)
Administration:				
Current				
Personnel	480,745	489,466	483,569	(5,897)
Services	103,955	103,955	54,470	(49,485)
Supplies	51,275	51,275	68,764	17,489
Business expenses	13,464	13,464	6,754	(6,710)
Reimbursement of interfund services	(129,935)	(129,935)	(129,935)	-
Total current	519,504	528,225	483,622	(44,603)
Total Administration	519,504	528,225	483,622	(44,603)
Human resources:				
Current				
Personnel	856,596	867,753	856,000	(11,753)
Services	523,515	523,515	384,895	(138,620)
Supplies	27,125	27,125	16,198	(10,927)
Business expenses	4,966	4,966	6,896	1,930
Debt service/leases	149,141	149,141	175,486	26,345
Reimbursement of interfund services	(317,955)	(317,955)	(317,955)	-
Total current	1,243,388	1,254,545	1,121,520	(133,025)
Capital outlay	28,000	28,000	38,928	10,928
Total Human resources	1,271,388	1,282,545	1,160,448	(122,097)
Legal:				
Current				
Personnel	330,530	339,264	347,789	8,525
Services	138,800	138,800	80,226	(58,574)
Supplies	13,800	13,800	7,961	(5,839)
Business expenses	8,050	8,050	4,784	(3,266)
Reimbursement of interfund services	(98,267)	(98,267)	(98,267)	-
Total current	392,913	401,647	342,493	(59,154)
Total Legal	392,913	401,647	342,493	(59,154)

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, 2015

Expenditures (Cont.):	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Communications:				
Current				
Personnel	309,447	314,364	301,490	(12,874)
Services	60,050	60,050	48,018	(12,032)
Supplies	32,210	32,210	40,811	8,601
Operational units	4,000	4,000	165	(3,835)
Business expenses	4,649	4,649	4,803	154
Reimbursement of interfund services	(82,087)	(82,087)	(82,087)	-
Total current	328,269	333,186	313,200	(19,986)
Total Communications	328,269	333,186	313,200	(19,986)
Capital investment planning:				
Current				
Personnel	209,058	212,643	215,259	2,616
Services	23,655	23,655	5,423	(18,232)
Supplies	5,570	5,570	1,960	(3,610)
Business expenses	2,240	2,240	2,445	205
Reimbursement of interfund services	(48,120)	(48,120)	(48,120)	-
Total current	192,403	195,988	176,967	(19,021)
Total Capital investment planning	192,403	195,988	176,967	(19,021)
Project & facilities management:				
Current				
Personnel	412,146	417,407	387,122	(30,285)
Services	815,200	815,200	860,217	45,017
Supplies	88,650	88,650	83,006	(5,644)
Business expenses	15,823	15,823	37,071	21,248
Reimbursement of interfund services	(273,818)	(273,818)	(273,818)	-
Total current	1,058,001	1,063,262	1,093,598	30,336
Capital outlay	37,000	37,000	36,559	(441)
Total Project & facilities management	1,095,001	1,100,262	1,130,157	29,895
Revenue management:				
Current				
Personnel	795,624	808,735	860,216	51,481
Services	25,080	25,080	17,378	(7,702)
Supplies	35,300	35,300	32,786	(2,514)
Business expenses	495,392	495,392	476,154	(19,238)
Reimbursement of interfund services	(1,176,156)	(1,176,156)	(1,176,156)	-
Total current	175,240	188,351	210,378	22,027
Total Revenue management	175,240	188,351	210,378	22,027

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, 2015

Expenditures (Cont.):	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Police department:				
Current				
Personnel	10,975,657	11,227,371	10,937,678	(289,693)
Services	771,346	771,346	954,187	182,841
Supplies	811,050	768,550	624,844	(143,706)
Operational units	71,400	71,400	86,458	15,058
Business expenses	458,059	458,059	512,223	54,164
Debt service/leases	705,704	721,212	545,203	(176,009)
Total current	13,793,216	14,017,938	13,660,593	(357,345)
Capital outlay	-	-	87,500	87,500
Total Police department	13,793,216	14,017,938	13,748,093	(269,845)
Fire department:				
Current				
Personnel	11,613,598	11,877,562	11,959,130	81,568
Services	920,790	878,290	817,189	(61,101)
Supplies	441,750	725,435	693,562	(31,873)
Operational units	10,000	10,000	819	(9,181)
Business expenses	125,861	125,861	97,655	(28,206)
Debt service/leases	481,755	270,065	198,885	(71,180)
Total current	13,593,754	13,887,213	13,767,240	(119,973)
Capital outlay	-	60,000	-	(60,000)
Total Fire department	13,593,754	13,947,213	13,767,240	(179,973)
Finance:				
Current				
Personnel	790,241	802,385	830,939	28,554
Services	51,347	51,347	52,949	1,602
Supplies	12,775	12,775	17,619	4,844
Business expenses	66,670	66,670	68,816	2,146
Reimbursement of interfund services	(182,778)	(182,778)	(182,778)	-
Total current	738,255	750,399	787,545	37,146
Capital outlay	-	50,000	-	(50,000)
Total Finance	738,255	800,399	787,545	(12,854)
Information technology:				
Current				
Personnel	1,448,371	1,492,092	1,519,409	27,317
Services	1,431,000	1,431,000	1,705,913	274,913
Supplies	262,000	262,000	346,060	84,060
Business expenses	31,229	31,229	33,741	2,512
Debt service/leases	441,421	534,956	469,596	(65,360)
Total current	3,614,021	3,751,277	4,074,719	323,442
Capital outlay	50,000	50,000	-	(50,000)
Total Municipal information and technology	3,664,021	3,801,277	4,074,719	273,442

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, 2015

Expenditures (Cont.):	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Purchasing:				
Current				
Personnel	188,730	190,980	194,606	3,626
Services	36,300	36,300	19,459	(16,841)
Supplies	5,400	5,400	4,240	(1,160)
Business expenses	1,281	1,281	1,551	270
Reimbursement of interfund services	(46,366)	(46,366)	(46,366)	-
Total current	185,345	187,595	173,490	(14,105)
Total Purchasing	185,345	187,595	173,490	(14,105)
Court:				
Current				
Personnel	198,538	204,034	176,752	(27,282)
Services	21,740	21,740	13,184	(8,556)
Supplies	4,700	4,700	5,710	1,010
Business expenses	5,061	5,061	4,930	(131)
Debt service/leases	1,296	1,296	1,239	(57)
Total current	231,335	236,831	201,815	(35,016)
Total Court	231,335	236,831	201,815	(35,016)
Building & neighborhood services:				
Current				
Personnel	2,094,299	2,127,978	2,017,703	(110,275)
Services	117,069	117,069	119,129	2,060
Supplies	39,340	124,340	132,700	8,360
Operational units	45,436	45,436	54,635	9,199
Business expenses	11,670	11,670	18,358	6,688
Debt service/leases	43,114	13,717	14,285	568
Total current	2,350,928	2,440,210	2,356,810	(83,400)
Total Building & neighborhood services	2,350,928	2,440,210	2,356,810	(83,400)
Planning & sustainability:				
Current				
Personnel	1,252,786	1,261,793	1,265,077	3,284
Services	254,085	254,085	87,660	(166,425)
Supplies	47,500	47,500	48,241	741
Business expenses	4,507	4,507	5,549	1,042
Total current	1,558,878	1,567,885	1,406,527	(161,358)
Total Planning & sustainability	1,558,878	1,567,885	1,406,527	(161,358)

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, 2015

Expenditures (Cont.):	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Engineering:				
Current				
Personnel	887,614	896,772	775,333	(121,439)
Services	167,730	167,730	127,839	(39,891)
Supplies	16,980	59,080	65,575	6,495
Business expenses	7,199	7,199	6,940	(259)
Debt service/leases	19,986	5,426	4,077	(1,349)
Reimbursement of interfund services	(219,996)	(219,996)	(219,996)	-
Total current	879,513	916,211	759,768	(156,443)
Total Engineering	879,513	916,211	759,768	(156,443)
Traffic operations center:				
Current				
Personnel	277,198	278,774	172,817	(105,957)
Services	652,550	652,550	233,869	(418,681)
Supplies	19,060	19,060	43,727	24,667
Business expenses	15,280	15,280	19,011	3,731
Debt service/leases	14,820	14,820	14,820	-
Total current	978,908	980,484	484,244	(496,240)
Capital outlay	1,650,000	1,650,000	186,326	(1,463,674)
Total Traffic operations center	2,628,908	2,630,484	670,570	(1,959,914)
Parks:				
Current				
Personnel	2,145,933	2,166,154	1,910,274	(255,880)
Services	416,580	416,580	532,939	116,359
Supplies	453,325	608,882	560,600	(48,282)
Operational units	265,403	265,403	63,904	(201,499)
Business expenses	66,730	66,730	91,961	25,231
Debt service/leases	160,203	124,394	79,582	(44,812)
Total current	3,508,174	3,648,143	3,239,260	(408,883)
Capital outlay	-	-	78,487	78,487
Total Parks	3,508,174	3,648,143	3,317,747	(330,396)
Streets-Maintenance:				
Current				
Personnel	2,200,963	2,232,244	2,010,164	(222,080)
Services	978,855	978,855	933,430	(45,425)
Supplies	406,063	467,181	263,658	(203,523)
Operational units	1,000	1,000	-	(1,000)
Business expenses	67,905	67,905	14,448	(53,457)
Debt service/leases	138,712	121,559	91,816	(29,743)
Total current	3,793,498	3,868,744	3,313,516	(555,228)
Total Streets-maintenance	3,793,498	3,868,744	3,313,516	(555,228)

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, 2015

Expenditures (Cont.):	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Streets-Traffic:				
Current				
Personnel	679,100	697,805	723,606	25,801
Services	101,060	101,060	94,518	(6,542)
Supplies	302,991	302,991	264,750	(38,241)
Business expenses	46,075	46,075	75,804	29,729
Debt service/leases	45,297	45,297	40,263	(5,034)
Total current	1,174,523	1,193,228	1,198,941	5,713
Capital outlay	42,500	42,500	-	(42,500)
Total Streets-traffic	1,217,023	1,235,728	1,198,941	(36,787)
Streets - Fleet:				
Current				
Personnel	612,373	624,884	580,366	(44,518)
Services	385,285	385,285	565,423	180,138
Supplies	(291,830)	(291,830)	(167,278)	124,552
Business expenses	6,293	6,293	5,444	(849)
Debt service/leases	104,542	104,542	89,557	(14,985)
Total current	816,663	829,174	1,073,512	244,338
Total Streets-fleet	816,663	829,174	1,073,512	244,338
General government:				
Current				
Personnel	1,734,693	307,908	(739,100)	(1,047,008)
Services	135,500	135,500	158,573	23,073
Supplies	(30,000)	(30,000)	188,724	218,724
Operational units	-	-	50,623	50,623
Business expenses	75,000	23,170	103,520	80,350
Debt service/leases	-	-	19,485	19,485
Appropriations	-	85,000	85,000	-
Total current	1,915,193	521,578	(133,175)	(654,753)
Total General government	1,915,193	521,578	(133,175)	(654,753)
Contributions:				
Appropriations	495,716	495,716	461,410	(34,306)
Total Contributions	495,716	495,716	461,410	(34,306)
Total expenditures	\$ 55,635,303	\$ 55,465,495	\$ 51,271,043	\$ (4,194,452)
Excess of revenues over expenditures	\$ 499,400	\$ 669,208	\$ 6,218,226	\$ 5,549,018

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses):				
Transfer to other funds	(499,400)	(3,644,327)	(3,463,229)	(181,098)
Total other financing sources (uses)	<u>(499,400)</u>	<u>(3,644,327)</u>	<u>(3,463,229)</u>	<u>(181,098)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ (2,975,119)</u>	<u>\$ 2,754,997</u>	<u>\$ 5,730,116</u>
Fund balance - beginning of year			<u>32,714,451</u>	
Fund balance - end of year			<u>\$ 35,469,448</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, 2015

ASSETS

Current assets:

Cash and cash equivalents	\$ 14,186,675
Cash and cash equivalents-restricted	866,452
Investments-restricted	12,586,140
Accounts receivable, net of allowance for doubtful accounts (\$9,000)	4,382,662
Inventory	359,740
Total current assets	<u>32,381,669</u>

Noncurrent assets:

Capital assets (net of accumulated depreciation):

Land	5,320,148
Buildings and improvements	2,039,525
Utility plant in service	150,213,577
Machinery and equipment	832,841
Construction in progress	7,763,047
Total capital assets (net of accumulated depreciation):	<u>166,169,138</u>
Total assets	<u>198,550,807</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refundings	1,091,527
Deferred charge on pension	364,169
	<u>1,455,696</u>

LIABILITIES

Current liabilities:

Accounts payable	1,613,196
Accrued interest	249,584
Compensated absences payable	289,257
Current maturities of long-term debt	3,524,460
Total current liabilities	<u>5,676,497</u>

Long-term liabilities:

Compensated absences	435,215
Long-term debt, less current maturities	35,463,236
Net pension liability	934,576
Total long-term liabilities	<u>36,833,027</u>
Total liabilities	<u>42,509,524</u>

NET POSITION

Net investment in capital assets	128,272,969
Restricted-system improvements	13,452,592
Unrestricted	15,771,418
Total net position	<u>\$ 157,496,979</u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND (WATER AND SEWER FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating revenues:	
Metered water sales	\$ 9,543,369
Sewer service charges	14,557,438
Reclaimed water sales	80,505
Other revenues from operations	<u>1,102,436</u>
Total operating revenues	<u>25,283,748</u>
Operating expenses:	
Water and sewer billing expenses	153,855
Water distribution expenses	1,599,383
Water plant expenses	5,440,959
Water administration	1,447,510
Sewer administration	1,881,665
General administration	828,484
Sewer collection expenses	1,788,858
Sewer plant expenses	2,995,255
Reclaimed water expenses	131,487
Depreciation	<u>5,627,823</u>
Total operating expenses	<u>21,895,279</u>
Operating income	<u>3,388,469</u>
Nonoperating revenues (expenses):	
Interest income	156,360
Gain (loss) on sale of assets	13,714
Interest expense	<u>(1,457,948)</u>
Total nonoperating revenues (expenses)	<u>(1,287,874)</u>
Income before contributions and transfers	<u>2,100,595</u>
Contributions and transfers:	
Tap and access fees	3,825,616
Capital contributions	(14,365)
Developer contributions	5,706,401
Transfer to debt service fund	<u>(200,000)</u>
Total contributions and transfers	<u>9,317,652</u>
Change in position	11,418,247
Net position, beginning of year, as restated	<u>146,078,732</u>
Net position, end of year	<u>\$ 157,496,979</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, 2015

Cash flows from operating activities:

Cash received from customers	\$ 24,974,125
Cash paid to employees for services	(2,897,763)
Cash paid to suppliers of goods and services	<u>(13,463,113)</u>
Net cash provided by operating activities	<u>8,613,249</u>

Cash flows from capital and related financing activities:

Purchases of property, plant and equipment	(5,720,683)
Contributions from access and tap fees and grant funds	3,811,251
Sales of property, plant and equipment	46,309
Interest paid on long-term debt	(1,484,732)
Payments on long-term debt and capital lease obligations	(3,358,090)
Transfer to debt service fund	<u>(200,000)</u>
Net cash used in capital and related financing activities	<u>(6,905,945)</u>

Cash flows from investing activities:

Purchases of investments, net	739,263
Interest received from investments	<u>156,360</u>
Net cash used in investing activities	<u>895,623</u>

Net decrease in cash and restricted cash	2,602,927
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Cash and restricted cash, beginning of year	<u>12,450,200</u>
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Cash and restricted cash, end of year	<u><u>\$ 15,053,127</u></u>
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Cash and cash equivalents consist of:

Unrestricted cash and cash equivalents	\$ 14,186,675
Restricted cash and cash equivalents	866,452
Total cash and cash equivalents	<u><u>\$ 15,053,127</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, 2015

Reconciliation of operating income to net cash provided by operations:

Operating income	\$ 3,388,469
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	5,627,823
Net pension liability and related amounts	69,258
Change in:	
Accounts receivable	(309,623)
Inventory	(46,621)
Compensated absences	(9,396)
Accounts payable	(106,661)
Net cash provided by operating activities	<u>\$ 8,613,249</u>

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

Capital assets added as developer contributions	<u>\$ 5,706,401</u>
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CITY OF FRANKLIN, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND (PENSION FUND)
DECEMBER 31, 2014

ASSETS

Cash and equivalents	\$ 6,875,051
Investments:	
Domestic fixed income securities	21,326,678
Domestic equities	37,314,089
International equities	16,130,151
Real estate	4,701,067
Timber	3,076,110
Total investments	<u>82,548,095</u>
Total assets	<u>89,423,146</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 89,423,146</u></u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND (PENSION FUND)
FOR THE YEAR ENDED DECEMBER 31, 2014

Additions:

Contributions:

Employer contributions	\$ 2,354,417
Employee contributions	419,334
Total contributions	<u>2,773,751</u>

Investment income:

Net appreciation in investments	5,145,415
Investment earnings	828,404
Total investment income	<u>5,973,819</u>

Total additions

8,747,570

Deductions:

Pension benefits	3,234,121
Administration expense	561,992

Total deductions

3,796,113

Net increase

4,951,457

Net position restricted for pension benefits - beginning

84,471,689

Net position restricted for pension benefits - ending

\$ 89,423,146

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Franklin 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, 2015, 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 County (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 \$5,706,333 at June 30, 2015, 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. Basis of presentation - 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. The effect of all significant interfund activity has been removed from these statements. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Basis of presentation - government-wide financial statements (Cont.)

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 the 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.

Generally, 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Basis of presentation - fund financial statements

Separate financial statements are provided for governmental funds and the proprietary fund. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements. Non major funds are combined and reported in a single column.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Measurement focus and basis of accounting (Cont.)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned and expenses 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.

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. Generally, expenditures are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures, as well as expenditures related to compensated absences and employee benefits, and claims and judgments are recorded only when payment is due.

Property taxes, 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.

E. Budgetary information

Annual budgets are adopted on a basis consistent with U.S. 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.

F. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (Cont.)

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, and amounts of employer contributions to the pension plan made subsequent to the measurement date.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items of this type that qualify for reporting on the statement of net position: (1) property taxes levied on January 1, 2015, will not be available for collection until fiscal year 2016, beginning October 2015; (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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (Cont.)

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.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

G. Revenues and expenditures/expenses (Cont.)

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.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 2015, 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.

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

In the governmental funds, bond premiums and discounts are treated as other financing sources or uses or expenditures in the year of issue. In the government-wide and proprietary fund statements, bond premiums and discounts are deferred and amortized over the term of the related bonds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

H. Estimates

Estimates used in the preparation of financial statements require management to make assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. Recent Accounting Pronouncements and Related Restatement

In June 2012, the GASB issued Statement No. 67, "Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25," the objective of which is to improve financial reporting by state and local governmental pension plans. Statement No. 67 replaces the requirement of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," and No. 50, "Pension Disclosures" for pension plans that are administered through trust or equivalent arrangements that meet certain criteria. The Statement requires defined benefit pension plans to present two financial statements - a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement also requires that notes to the financial statements of defined benefit pension plans include descriptive information, such as the types of benefits provided, the classes of plan members covered and the composition of the pension plan's board. Such pension plans also should disclose information about pension plan investments as well as contributions, reserves and allocated insurance contracts. The Statement specifies certain required supplementary information and measurement of the net pension liability as the total pension liability, less the amount of the pension plan's fiduciary net position. The Statement is effective for financial statements of plans for fiscal years beginning after June 15, 2013. Accordingly, the City has adopted the requirements of the Statement for its pension plan for calendar year 2015, as the plan reports on a calendar year basis.

In June 2012, the GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions," which is intended to improve the usefulness of information in employer and governmental nonemployer contributing entity financial reports and enhance value for assessing accountability by requiring recognition of the entire net pension liability and more comprehensive measure of pension expense. The new standard intends to improve the accounting and financial reporting by state and local governments for pensions and by providing more transparency about the pension plan through new note disclosures and supplementary information. It will result in the City recognizing the net pension liability on the statement of net position for its pension plan. The net pension liability is the discounted liability determined based on the expected benefit payments for past periods of service (i.e., the Total Pension Liability) less the net position of the plan based on the fair value of assets at the measurement date (i.e., the Fiduciary Net Position). The Statement requires retroactive application through restatement of beginning net position. Additionally, the new standard computes the annual actuarially determined contribution in a new manner. Other measurement changes include recognizing annual pension cost. The provisions of Statement No. 68 are included in this report.

In November 2013, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68." This Statement amends GASB No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The City adopted GASB Nos. 68 and 71 during fiscal year 2015. The provisions of Statement No. 71 are included in this report.

The following table summarizes the impact of the implementation of the Statements in the Statement of Net Position as of June 30, 2014:

	As Previously Reported <u>June 30, 2014</u>	Application of New Accounting <u>Standard</u>	As Restated <u>June 30, 2014</u>
Governmental Activities:			
Net Position (1)	\$504,422,074	(\$16,216,818)	\$488,205,256
Business-Type Activities:			
Net Position (1)	\$146,579,881	(\$501,149)	\$146,078,732

(1) The restatement of net position was made entirely to unrestricted net position.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit fund equity

The Multi-Purpose Capital Project Fund has a deficit fund balance at June 30, 2015 of (\$10,104,657) 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 NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

The City is authorized to invest funds in, among other things, financial institutions and direct obligations of the Federal Government. During 2015, the City, except for the Pension Fund, invested in certificates of deposit, interest-bearing checking accounts, and government sponsored agency securities.

1. Deposits

Custodial credit risk: 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, 2015, all bank deposits were fully collateralized or insured.

2. Investments

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, 2015, investments of the City had average weighted maturities as noted below.

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.

As of June 30, 2015, the City, exclusive of the Pension Fund, had the following investments with the noted weighted average maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of Deposit	\$ 1,935,906	0.40
Cash Equivalents and Money Market Accounts	7,070,018	-
U.S. Treasury Securities	10,032,625	1.37
Federal Home Loan Bank	5,004,625	0.26
Federal Home Loan Mortgage Corp	<u>2,511,650</u>	2.08
Total Investments at Fair Value	<u>\$ 26,554,824</u>	
Portfolio Weighted Avg. Maturity		0.80

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, 2015, 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.

NOTE 3 - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Cont.)

A. Deposits and Investments (Cont.)

As of December 31, 2014, the City of Franklin's Pension Fund had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Investments Available for Sale	\$ 89,423,146	
Total Investments at Fair Value	\$ 89,423,146	
Portfolio Weighted Avg. Maturity		n/a

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 4D. The pension policy does not include reference to credit risk, interest rate risk, concentration risk, or foreign currency risk.

B. 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.

Receivables as of June 30, 2015, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Multi-Purpose Capital Project Fund	Debt Service Fund	Water & Sewer Fund	Other Governmental Funds	Total
Receivables:						
Accounts	\$ 991,968	\$ -	\$ -	\$ 4,391,662	\$ 2,107,132	\$ 7,490,762
Property taxes	6,498,846	527,580	7,254,220	-	527,580	14,808,226
Grants	93,813	574,723	-	-	545,534	1,214,070
Special assessments	53,762	-	-	-	-	53,762
Intergovernmental	4,600,212	-	-	-	343,642	4,943,854
Fines	715,496	-	-	-	-	715,496
Local option sales tax	5,041,960	-	-	-	-	5,041,960
Other	2,340,789	228,887	-	-	7,566	2,577,242
Gross receivables	20,336,846	1,331,190	7,254,220	4,391,662	3,531,454	36,845,372
Less: Allowance for uncollectibles	(354,641)	-	-	(9,000)	-	(363,641)
Net total receivables	\$ 19,982,205	\$ 1,331,190	\$ 7,254,220	\$ 4,382,662	\$ 3,531,454	\$ 36,481,731

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	\$ 31,027
Tree bank reserve	225,070
Sidewalk reserve	23,600
Affordable housing reserves	82,517
Total unearned revenue for fund financial statements	\$ 362,214

CITY OF FRANKLIN, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont.)

C. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2015
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 52,508,430	\$ -	\$ 651,451	\$ -	\$ 53,159,881
Construction in process	31,357,266	(14,749,814)	9,446,662	-	26,054,114
Total capital assets, not being depreciated	83,865,696	(14,749,814)	10,098,113	-	79,213,995
Capital assets, being depreciated:					
Buildings and improvements	70,265,628	-	184,782	-	70,450,410
Improvements other than buildings	23,636,086	-	295,874	-	23,931,960
Machinery and equipment	50,677,465	-	3,197,936	986,764	52,888,637
Infrastructure	549,252,756	14,749,814	67,668,580	2,511,926	629,159,224
Total capital assets, being depreciated	693,831,935	14,749,814	71,347,172	3,498,690	776,430,231
Accumulated depreciation					
Buildings and improvements	12,239,474	-	1,415,808	-	13,655,282
Improvements other than buildings	7,445,304	-	1,163,460	-	8,608,764
Machinery and equipment	32,794,865	-	3,141,556	680,519	35,255,902
Infrastructure	125,267,870	-	11,915,603	63,519	137,119,954
Total accumulated depreciation	177,747,513	-	17,636,427	744,038	194,639,902
Total capital assets being depreciated, net	516,084,422	14,749,814	53,710,745	2,754,652	581,790,329
Total governmental activities capital assets, net	599,950,118	-	63,808,858	2,754,652	661,004,324
Business-type activities:					
Capital assets, not being depreciated:					
Land	5,288,148	-	32,000	-	5,320,148
Construction in process	4,371,749	(2,183,046)	5,574,344	-	7,763,047
Total capital assets, not being depreciated	9,659,897	(2,183,046)	5,606,344	-	13,083,195
Capital assets, being depreciated:					
Buildings and improvements	11,291,016	-	-	-	11,291,016
Utility plant in service	204,986,310	2,183,046	5,701,910	-	212,871,266
Machinery and equipment	4,429,534	-	118,830	52,988	4,495,376
Total capital assets, being depreciated	220,706,860	2,183,046	5,820,740	52,988	228,657,658
Accumulated depreciation					
Buildings and improvements	8,956,843	-	294,648	-	9,251,491
Utility plant in service	57,588,140	-	5,069,549	-	62,657,689
Machinery and equipment	3,419,302	-	263,626	20,393	3,662,535
Total accumulated depreciation	69,964,285	-	5,627,823	20,393	75,571,715
Total capital assets being depreciated, net	150,742,575	2,183,046	192,917	32,595	153,085,943
Business-type activities capital assets, net	160,402,472	-	5,799,261	32,595	166,169,138
Total capital assets, net	\$ 760,352,590	\$ -	\$ 69,608,119	\$ 2,787,247	\$ 827,173,462

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont.)

C. Capital Assets (Cont.)

Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2015, as follows:

Governmental activities:	
General government	\$ 128,176
Police department	1,092,556
Fire department	596,727
Highways and streets	12,279,082
Fleet management	20,316
Human resources	7,128
Traffic operations center	356,350
Stormwater	117,277
Sanitation	710,610
Transit	129,561
Parks	1,276,300
Maintenance	64,680
Information and technology	<u>857,664</u>
Total depreciation expense – governmental activities	17,636,427
Business-type activities:	
Water and sewer	<u>5,627,823</u>
Total depreciation expense	<u>\$ 23,264,250</u>

D. 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, 2015:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Sanitation	\$ 500,000
General	Transit system	683,110
General	In lieu of parkland	2,280,119
Sanitation	Debt service	584,509
Road impact	Debt service	2,960,579
Hotel/motel	Debt service	1,114,995
Stormwater	Capital projects	919,140
Water/Sewer	Debt service	<u>200,000</u>
Total		<u>\$ 9,242,452</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 In Lieu of Parkland were to transfer fees initially collected in the General Fund to the newly created fund.
- 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 Stormwater to the Capital Projects fund was to reimburse its portion of expenditures for the 3rd Avenue and Hillsboro Road projects.
- The transfer from Water/Sewer to the Debt Service fund is to reimburse its portion of costs in the consolidated public works building.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont.)

D. Interfund Receivables, Payables and Transfers (Cont.)

The interfund balance as of June 30, 2015, 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.

Due from	Due to	Amount
Capital projects	General	9,229,381
Total		\$ 9,229,381

E. Capital Leases

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

1. U.S. Bankcorp for \$1,751,828; 1.07% interest rate
2. Banc of America Public Capital Corp. for \$2,092,000; 1.69% interest rate
3. JPMorgan Chase Bank for \$2,875,000; 1.69% interest rate

Both of the \$1,751,828 U.S. Bankcorp lease and the Banc of America lease of \$2,092,000 have been utilized to their full extent under the respective agreements. Of the \$2,875,000 JPMorgan Chase Bank lease, \$1,843,683 has been used with \$1,031,317 remaining.

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 assets acquired through capital leases are as follows:

Assets:	
Police Vehicles & Equipment	\$ 789,500
Chipper	67,192
Sanitation Vehicles & Equipment	1,662,474
Information & technology hardware	615,157
Information & technology data center	134,102
Information & technology power equipment system	250,892
Human Resources Information System	406,657
Copiers	27,248
Light Trucks/Vehicles	401,834
Fleet Equipment	138,396
Salt Brine mixer	83,591
Traffic Equipment	77,478
Parks Vehicles & Equipment	204,012
Fire Ladder Truck	199,521
Fire Vehicles	137,123
Vehicles & Equipment for Street Departments	190,496
INFOR Software	301,838
	5,687,511
Less: Accumulated Depreciation	(590,866)
Total	\$ 5,096,645

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont.)

E. Capital Leases (Cont.)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

<u>Year Ending June 30,</u>	
2016	\$ 2,102,805
2017	<u>1,132,272</u>
Total minimum lease payments	3,235,077
Less: Amount representing interest	<u>(46,585)</u>
Present value of minimum lease payments	3,188,492
Amount due within one year	<u>2,065,600</u>
Long-term portion	<u>\$ 1,122,892</u>

F. Long-term Debt

Long-term debt at June 30, 2015, 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	\$ 864,000
Tennessee Municipal Variable Rate Pooled Loan Program - 2001, variable rate of interest, final maturity May 25, 2018	504,000
City of Clarksville, Pooled Loan Program - 2004 variable rate of interest, final maturity May 25, 2017	1,080,000
City of Lawrenceburg, TN Loan Agreement 2005 variable rate of interest, final maturity July 1, 2020	2,105,000
Series 2007 - General Obligation Public Improvement Bonds - 101-A-1, variable rate of interest, final maturity June 1, 2037	20,000,000
Series 2009A - General Obligation Public Improvement Bonds 2.50% interest, final maturity March 1, 2017	4,130,000
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 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	11,990,000
Series 2012 - General Obligation Refunding Bonds, 2.13% interest, final maturity May 1, 2027	18,985,000
Series 2013A - General Obligation Bonds, 2.00% to 4.00% interest, final maturity March 1, 2034	7,150,000
Series 2013B - General Obligation Bonds, Pension Plan Funding, 1.00% to 3.50% interest, federally taxable, final maturity March 1, 2024	9,115,000
Series 2015 - General Obligation Bonds, 3.00% to 5.00% interest, final maturity April 1, 2035	<u>15,000,000</u>
Total Governmental Activities Long-Term Debt	<u>\$ 137,273,000</u>

CITY OF FRANKLIN, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont.)

F. Long-term Debt (Cont.)

The aforementioned bonds are secured by the full faith and credit of the City. During 2015, 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.

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	\$ 19,765,000
Series 2011 - SunTrust Loan Program, 2.48% interest, final maturity May 25, 2026	15,215,000

Notes payable:

Drinking Water SRF Loan provided through ARRA funding, 2.82% interest; final maturity December 20, 2030	1,232,061
Clean Water SRF Loan provided through ARRA funding, 2.69% interest; final maturity October 20, 2032	<u>1,691,081</u>

Total Business-Type Activities Long-Term Debt	<u>\$ 37,903,142</u>
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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 2015, 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, 2015, are as follows:

Year Ending	Revenue and Tax Bonds					
	General Obligation Bonds		and Notes		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 7,783,000	\$ 5,036,405	\$ 3,411,934	\$ 1,430,642	\$ 11,194,934	\$ 6,467,047
2017	7,992,000	4,899,061	3,510,885	1,293,872	11,502,885	6,192,933
2018	7,168,000	4,733,270	3,579,947	1,152,999	10,747,947	5,886,269
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
2021-2025	41,440,000	17,179,440	17,100,719	2,139,888	58,540,719	19,319,328
2026-2030	39,475,000	8,308,587	2,547,402	150,009	42,022,402	8,458,596
2031-2035	15,005,000	2,231,471	324,722	9,465	15,329,722	2,240,936
2036-2037	3,825,000	207,324	-	-	3,825,000	207,324
Totals	<u>\$ 137,273,000</u>	<u>\$ 51,371,410</u>	<u>\$ 37,903,142</u>	<u>\$ 8,048,060</u>	<u>\$ 175,176,142</u>	<u>\$ 59,419,470</u>

Interest on variable rate debt with associated interest rate swaps has been calculated at the fixed swap rate. Interest on variable rate debt without interest rate swaps has been calculated at the interest rate in effect at June 30, 2015.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont.)

F. Long-term Debt (Cont.)

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

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions/ Amortization	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 129,722,000	\$ 15,000,000	\$ 7,449,000	\$ 137,273,000	\$ 7,783,000
Unamortized bond premiums	1,191,402	1,327,480	142,186	2,376,696	190,866
Interest rate swaps	3,659,136	724,589	-	4,383,725	-
Total bonds payable	<u>134,572,538</u>	<u>17,052,069</u>	<u>7,591,186</u>	<u>144,033,421</u>	<u>7,973,866</u>
Capital lease obligations	3,284,692	2,196,020	2,292,220	3,188,492	2,065,600
Compensated absences	6,167,784	2,992,553	2,377,537	6,782,800	2,377,537
Net pension liability (1)	3,790,738	3,278,493	-	7,069,231	-
Total long-term liabilities	<u>\$ 147,815,752</u>	<u>\$ 25,519,135</u>	<u>\$ 12,260,943</u>	<u>\$ 161,073,944</u>	<u>\$ 12,417,003</u>
Business-type activities:					
Revenue and tax bonds	\$ 41,261,232	\$ -	\$ 3,358,090	\$ 37,903,142	\$ 3,411,934
Unamortized bond premiums	1,197,080	-	112,526	1,084,554	112,526
Total bonds payable	<u>42,458,312</u>	<u>-</u>	<u>3,470,616</u>	<u>38,987,696</u>	<u>3,524,460</u>
Compensated absences	733,867	279,862	289,257	724,472	289,257
Net pension liability (1)	501,149	433,427	-	934,576	-
Total long-term liabilities	<u>\$ 43,693,328</u>	<u>\$ 713,289</u>	<u>\$ 3,759,873</u>	<u>\$ 40,646,744</u>	<u>\$ 3,813,717</u>

(1) As restated, in accordance with GASB No. 68. See Note 1-I.

The following is a reconciliation of the additions to governmental activities debt above and the amount reported in the Multi-Purpose Capital Project Fund on page 18:

Additions to:	
General obligation bonds	\$ 15,000,000
Unamortized premiums	1,327,480
Capital leases	<u>2,196,020</u>
Issuance of debt in the Multi-Purpose Capital Project Fund	<u>\$ 18,523,500</u>

Issuance of Bonds

In April 2015, the City issued \$15,000,000 General Obligation Bonds, Series 2015. The Series 2015 bonds were issued to provide monies together with other legally available funds of the City to finance the: (i) acquisition of land for and the design, construction and equipping of public facilities, including fire stations; (ii) design, construction and improvements to streets and roads and acquisition of rights-of-way; (iii) design, construction and improvements to sidewalks, signalization, and signage; (iv) acquisition of all related real and personal property; (v) payment of legal, fiscal, administrative, architectural and engineering costs incident to any of the foregoing (collectively, the "Projects"); (vi) reimbursement to the City for prior expenditures for the foregoing; and (vii) payment of costs of issuance of the Bonds. The bonds were authorized for issuance by initial resolution on February 24, 2015.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont.)

F. Long-term Debt (Cont.)

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, 2015, expected development in the area is proceeding as projected in the debt repayment plan. Through June 30, 2015, the City has lent \$2,318,709 to the Industrial Development Board under standby loan agreement. This amount will be repaid through future property taxes on the development. The City does not guarantee or have any obligation for the repayment of the bonds.

Swap Agreements

The City has two interest rate swap agreements which are considered to be derivative financial instruments under GASB Statement No. 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.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont.)

F. Long-term Debt (Cont.)

(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, 2015, none of the original notional amount has been retired.

2005 Swap Agreement

In 2005, the City entered into an interest rate swap agreement with SunTrust Bank in connection with its \$4,500,000 variable rate loan from the City of Lawrenceburg Public Building Authority. Under the swap the City makes monthly payments based on a fixed rate of 3.65% and receives monthly payments based on 75% of the one-month LIBOR plus 18 basis points. The swap has a notional amount of \$4,500,000 and expires on July 1, 2020. Of the original notional amount, \$2,395,000 has been retired as of June 30, 2015. 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.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Cont.)

F. Long-term Debt (Cont.)

Swap Agreement	2007 Swap Agreement with FMS <u>Wertmanagement</u> <u>Bank</u>	2005 Swap Agreement with <u>SunTrust Bank</u>
Original Notional Amount	\$ 20,000,000	\$ 4,500,000
Less Amount Retired	-	<u>(2,395,000)</u>
Current Notional Amount	<u>\$20,000,000</u>	<u>\$ 2,105,000</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	\$ 78,843
City Receives*	63% of 5 Year LIBOR CMS	LIBOR x 75% + 0.18%
Payments received by the City*	\$ 212,972	\$ 6,531
Net receipts/(disbursements)*	\$ (505,028)	\$ (72,312)
Fair Value of Swap Agreement	\$ (4,240,020)	\$ (143,705)

* Based on the period July 1, 2014 to June 30, 2015.

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. The fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swaps.

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

Tax Risk

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

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, 2015 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, 2015 of Aaa/AAA/AAA, or SunTrust, with ratings of Baa1/A-/BBB+.

CITY OF FRANKLIN, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE3: DETAILED NOTES ON ALL FUNDS (Cont.)

G. 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	CDBG Fund	Governmental Funds Totals
Fund balances														
Non-spendable	\$ 1,712,291	\$ -	\$ -	\$ -	\$ 32,553	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,744,844
Restricted	-	-	-	287,224	-	-	-	-	295,296	-	-	-	20,212	602,732
Committed	-	-	709	-	585,733	397,976	6,717,764	4,783,235	-	-	-	189,608	-	12,675,025
Assigned	-	-	-	-	-	-	-	-	-	2,749,596	2,494,076	-	-	5,243,672
Unassigned	33,757,157	(10,104,657)	-	-	-	-	-	-	-	-	-	-	-	23,652,500
Total fund balances	<u>\$ 35,469,448</u>	<u>\$ (10,104,657)</u>	<u>\$ 709</u>	<u>\$ 287,224</u>	<u>\$ 618,286</u>	<u>\$ 397,976</u>	<u>\$ 6,717,764</u>	<u>\$ 4,783,235</u>	<u>\$ 295,296</u>	<u>\$ 2,749,596</u>	<u>\$ 2,494,076</u>	<u>\$ 189,608</u>	<u>\$ 20,212</u>	<u>\$ 43,918,773</u>
Reason for restriction/commitment														
Non-spendable inventory/prepays	\$ 1,712,291	\$ -	\$ -	\$ -	\$ 32,553	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,744,844
Restricted by state law	-	-	-	287,224	-	-	-	-	295,296	-	-	-	-	582,520
Restricted by federal regulations for fund purpose	-	-	-	-	-	-	-	-	-	-	-	-	20,212	20,212
Committed by Board ordinance for fund purpose	-	-	709	-	585,733	397,976	6,717,764	4,783,235	-	-	-	189,608	-	12,675,025
Assigned by Board resolution	-	-	-	-	-	-	-	-	-	2,749,596	2,494,076	-	-	5,243,672
Unassigned *	33,757,157	-	-	-	-	-	-	-	-	-	-	-	-	33,757,157
Unassigned - negative fund balance	-	(10,104,657)	-	-	-	-	-	-	-	-	-	-	-	(10,104,657)
Total fund balances	<u>\$ 35,469,448</u>	<u>\$ (10,104,657)</u>	<u>\$ 709</u>	<u>\$ 287,224</u>	<u>\$ 618,286</u>	<u>\$ 397,976</u>	<u>\$ 6,717,764</u>	<u>\$ 4,783,235</u>	<u>\$ 295,296</u>	<u>\$ 2,749,596</u>	<u>\$ 2,494,076</u>	<u>\$ 189,608</u>	<u>\$ 20,212</u>	<u>\$ 43,918,773</u>

Fund Balance Policy - General Fund:

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

	Percent of General Fund budgeted expenditures	Amount
Contingency Reserve	5%	\$ 2,955,491
Emergency Reserve	5%	2,955,491
Cash Flow Reserve	14%	8,275,375
Debt Service Reserve	3%	1,773,295
Property/Casualty/Health Insurance Reserve	4%	2,364,393
Retiree Health Benefits Reserve	2%	1,182,196
Capital Outlay Reserve	Above 45%	8,696,971
Total Reserves		<u>\$ 28,203,212</u>

NOTE 4 - OTHER INFORMATION

A. 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.

B. 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:

<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	\$ 1,222,118	\$ 7,722,292	\$ (7,586,285)	\$ 1,358,125
6/30/2014	\$ 1,084,328	\$ 6,971,370	\$ (6,833,580)	\$ 1,222,118

C. Commitments and Contingencies

1. Grants

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.

2. Litigation

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.

NOTE 4 - OTHER INFORMATION (Cont.)

C. Commitments and Contingencies (Cont.)

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>
2016	\$ 46,325
2017	46,325
2018	46,325
2019	46,325
2020	46,325
2021 - 2029	<u>416,925</u>
Total	<u>\$ 648,550</u>

4. Construction Contracts

As of June 30, 2015, construction funds of \$3,573,510 are restricted assets of the Water and Sewer Fund. These funds are restricted for future capital projects.

During 2015, various street, public works and park improvement projects were in process. At June 30, 2015, there was approximately \$8,527,500 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.

5. 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, 2016. Renewals of the contracts are expected in the normal course of operations. At June 30, 2015, the contracts are in a liability position; however, the City's portion of the contracts, approximately 6%, is immaterial to the financial statements. City practice has been to hedge no more than 60% of estimated purchases.

D. Employee Retirement Systems and Pension Plans

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. 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.

NOTE 4 - OTHER INFORMATION (Cont.)

D. Employee Retirement Systems and Pension Plans (Cont.)

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, 2015. Accordingly, all financial statement information regarding the Plan is as of December 31, 2014 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 the benefit terms

Membership of the Plan consisted of the following at January 1, 2015, the date of the latest actuarial valuation:

Retirees participants and beneficiaries	155
Disabled participants	4
Vested terminated participants	146
Active plan members	<u>560</u>
Total	<u>865</u>

Eligibility and 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.

NOTE 4 - OTHER INFORMATION (Cont.)

D. Employee Retirement Systems and Pension Plans (Cont.)

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

The City has established an informal policy to annually contribute an actuarial determined amount in four (4) quarterly installments on approximately the first day of each quarter during the fiscal year based on the previous January 1 actuarial valuation. The contribution for fiscal year 2015 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

Annual Pension Cost and Net Pension Liability

The City's net pension liability was measured as of January 1, 2015, 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, 2015 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	17 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, 2015 valuation were based on the results 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	15.8%
International Equity	20%	4.0%
Fixed income	25%	4.0%
Real estate	5%	13.9%
Timber	5%	5.8%
Cash	0%	0.0%

100%

NOTE 4 - OTHER INFORMATION (Cont.)

D. Employee Retirement Systems and Pension Plans (Cont.)

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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 1/1/14	\$88,763,576	\$84,471,689	\$4,291,887
Changes for the year:			
Service cost	1,977,349		1,977,349
Interest	6,583,224		6,583,224
Differences between expected and actual experience	3,336,925		3,336,925
Contributions-employer		2,354,417	(2,354,417)
Contributions-employee		419,334	(419,334)
Net investment income		5,973,819	(5,973,819)
Benefit payments, including refunds of employee contributions	(3,234,121)	(3,234,121)	-
Administrative expense		(561,992)	561,992
Other changes		-	-
Net changes	<u>8,663,377</u>	<u>4,951,457</u>	<u>3,711,920</u>
Balances at 12/31/14	<u>\$97,426,953</u>	<u>\$89,423,146</u>	<u>\$8,003,807</u>

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

Governmental activities	\$7,069,231
Business-type activities	<u>934,576</u>
Net pension liability	<u>\$8,003,807</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	<u>\$20,806,966</u>	<u>\$8,003,807</u>	<u>(\$2,512,626)</u>

NOTE 4 - OTHER INFORMATION (Cont.)

D. Employee Retirement Systems and Pension Plans (Cont.)

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, 2015, the City recognized pension expense of \$2,947,550, which included \$2,603,375 for governmental activities and \$344,175 for business-type activities.

At June 30, 2015 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	\$ 2,860,221	\$ -
Net difference between projected and actual earnings on pension plan investments	258,575	-
Employer contributions subsequent to measurement date	40,000	-
Total	\$ 3,158,796	\$ -

Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended		
June 30:		
2016	\$	541,348
2017		541,348
2018		541,348
2019		541,348
2020		476,702
Thereafter		476,702

Payable to the Pension Plan

At June 30, 2015, the City did not have a payable relating to contributions to the Plan required for the year ended June 30, 2015.

NOTE 4 - OTHER INFORMATION (Cont.)

E. Other Post Employment Benefits

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.

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, 2015, were as follows:

Annual required contribution	\$ 317,900
Interest on the net OPEB asset	(6,500)
Adjustment to the annual required contribution	<u>12,700</u>
Annual OPEB cost	324,100
Contributions made	<u>(167,000)</u>
Decrease in net pension asset	157,100
Net OPEB asset, beginning of year	<u>(215,000)</u>
 Net OPEB asset, end of year	 <u><u>\$(57,900)</u></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:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
June 30, 2015	\$324,100	51.5%	\$(57,900)
June 30, 2014	297,900	40.6%	(215,000)
June 30, 2013	318,700	36.1%	(392,100)

Funding Status and Funding Progress

The funded status of the OPEB Plan as of the valuation date June 30, 2015, was as follows:

Actuarial accrued liability (a)	\$4,113,800
Actuarial value of plan assets (b)	<u>1,122,700</u>
Unfunded actuarial accrued liability (a) - (b)	<u><u>\$2,991,100</u></u>
Funded ratio (b)/(a)	27.3%
Covered payroll (c)	\$28,205,179
Unfunded actuarial accrued liability as a percentage of covered payroll [(a)-(b)]/(c)	10.6%

NOTE 4 - OTHER INFORMATION (Cont.)

E. Other Post Employment Benefits (Cont.)

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, 2015 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Projected unit credit method
Amortization method	Level dollar, closed
Remaining amortization period	23 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%

REQUIRED SUPPLEMENTARY INFORMATION



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

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FUNDING PROGRESS - RETIREE HEALTH INSURANCE
 June 30, 2015
 (Unaudited)

City of Franklin Retiree Health Insurance							
Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
6/30/2015	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%
6/30/2010	6/30/2010	980,600	3,324,000	2,343,400	29.5%	29,389,625	8.0%

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, 2015
 (Unaudited)

City of Franklin Retiree Health Insurance			
Year	Annual Required Contribution (ARC)	Amount Contributed	Percentage Contributed
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%
6/30/2010	271,200	422,700	155.9%

The above schedule is designed to show the extent to which employer contributions to the retiree health insurance plan compare to the annual required contribution (ARC).

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

	2015
Total pension liability	
Service cost	\$ 1,977,349
Interest	6,583,224
Changes of benefit items	-
Differences between expected and actual experience	3,336,925
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(3,234,121)
Net change in total pension liability	8,663,377
Total pension liability-beginning	88,763,576
Total pension liability-ending (a)	\$ 97,426,953
Plan fiduciary net position	
Contributions-employer	\$ 2,354,417
Contributions-employee	419,334
Net investment income	5,973,819
Benefit payments, including refunds of employee contributions	(3,234,121)
Administrative expenses	(561,992)
Other	-
Net change in plan fiduciary net position	4,951,457
Plan fiduciary net position-beginning	84,471,689
Plan fiduciary net position-ending (b)	\$ 89,423,146
Net pension liability-ending (a) - (b)	\$ 8,003,807
Plan fiduciary net position as a percentage of the total pension liability	91.8%
Covered employee payroll	28,205,179
Pension liability as a percentage of covered employee payroll	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.
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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Unaudited)

	2015
Actuarially determined contribution	\$ 2,417,920
Contributions in relation to the actuarially determine contribution	2,354,417
Contribution deficiency (excess)	\$ 63,503
Covered employee payroll	27,440,025
Contributions as a percentage of covered employee payroll	8.58%

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%

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

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF INVESTMENT RETURNS
(Unaudited)

2015

Annual money-weighted rate of return,
net of investment expenses

6.42%

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

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, 2015

	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	\$ 350,968	\$ 14,089	\$ 397,976	\$ 4,384,095	\$ 1,451,573	\$ 294,425	\$ 2,312,549	\$ 2,494,076	\$ 126,073	\$ 105,618	\$ 11,931,442
Investments	-	-	-	2,501,395	3,002,951	-	-	-	-	-	5,504,346
Receivables:											
Accounts (net of allowance for uncollectible accounts)	-	1,244,337	-	-	408,298	3,040	450,588	-	-	869	2,107,132
Property tax	527,580	-	-	-	-	-	-	-	-	-	527,580
Grants	-	7,686	-	-	-	-	-	527,840	10,008	-	545,534
Intergovernmental	343,642	-	-	-	-	-	-	-	-	-	343,642
Other	-	-	-	5,583	1,983	-	-	-	-	-	7,566
Inventory	-	32,553	-	-	-	-	-	-	-	-	32,553
Total assets	<u>\$ 1,222,190</u>	<u>\$ 1,298,665</u>	<u>\$ 397,976</u>	<u>\$ 6,891,073</u>	<u>\$ 4,864,805</u>	<u>\$ 297,465</u>	<u>\$ 2,763,137</u>	<u>\$ 2,494,076</u>	<u>\$ 653,913</u>	<u>\$ 116,495</u>	<u>\$ 20,999,795</u>
LIABILITIES											
Accounts payable	\$ 407,386	\$ 612,607	\$ -	\$ 173,309	\$ 50,304	\$ 2,169	\$ 13,541	\$ -	\$ 186,864	\$ 10,008	\$ 1,456,188
Accrued expenses	-	67,772	-	-	31,266	-	-	-	-	-	99,038
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	82,517	82,517
Total liabilities	<u>407,386</u>	<u>680,379</u>	<u>-</u>	<u>173,309</u>	<u>81,570</u>	<u>2,169</u>	<u>13,541</u>	<u>-</u>	<u>186,864</u>	<u>92,525</u>	<u>1,637,743</u>
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenues	527,580	-	-	-	-	-	-	-	277,441	3,758	808,779
Total deferred inflows of resources	<u>527,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,441</u>	<u>3,758</u>	<u>808,779</u>
FUND BALANCES											
Non-spendable	-	32,553	-	-	-	-	-	-	-	-	32,553
Restricted	287,224	-	-	-	-	295,296	-	-	-	20,212	602,732
Committed	-	585,733	397,976	6,717,764	4,783,235	-	-	-	189,608	-	12,674,316
Assigned	-	-	-	-	-	-	2,749,596	2,494,076	-	-	5,243,672
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>287,224</u>	<u>618,286</u>	<u>397,976</u>	<u>6,717,764</u>	<u>4,783,235</u>	<u>295,296</u>	<u>2,749,596</u>	<u>2,494,076</u>	<u>189,608</u>	<u>20,212</u>	<u>18,553,273</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,222,190</u>	<u>\$ 1,298,665</u>	<u>\$ 397,976</u>	<u>\$ 6,891,073</u>	<u>\$ 4,864,805</u>	<u>\$ 297,465</u>	<u>\$ 2,763,137</u>	<u>\$ 2,494,076</u>	<u>\$ 653,913</u>	<u>\$ 116,495</u>	<u>\$ 20,999,795</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	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	\$ 508,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 508,038
Hotel / motel tax	-	-	-	-	-	-	3,291,019	-	-	-	3,291,019
Facilities tax	-	-	-	2,468,473	-	-	-	-	-	-	2,468,473
Licenses and permits	-	-	3,358,431	-	-	-	-	211,848	-	224,162	3,794,441
Fines and fees	-	-	-	-	-	169,227	-	-	-	-	169,227
Intergovernmental											
Gas & motor fuel	1,201,382	-	-	-	-	-	-	-	-	-	1,201,382
Petroleum special	135,395	-	-	-	-	-	-	-	-	-	135,395
Gas 1989	192,894	-	-	-	-	-	-	-	-	-	192,894
Gas 3 cent	358,012	-	-	-	-	-	-	-	-	-	358,012
Grants	-	93,309	-	-	-	-	-	-	1,296,953	223,787	1,614,049
Charges for services	-	7,389,074	-	-	2,658,906	-	-	-	94,072	-	10,142,052
Use of money and property	696	292,773	124	13,939	14,442	45,256	37,172	2,109	13,273	251	420,035
Contributions	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>2,396,417</u>	<u>7,775,156</u>	<u>3,358,555</u>	<u>2,482,412</u>	<u>2,673,348</u>	<u>214,483</u>	<u>3,328,191</u>	<u>213,957</u>	<u>1,404,298</u>	<u>448,200</u>	<u>24,295,017</u>
Expenditures:											
Current:											
General government	-	-	-	-	-	-	892,649	-	-	451,705	1,344,354
Police	-	-	-	-	-	84,623	-	-	-	-	84,623
Fire	-	-	-	362,473	-	-	-	-	-	-	362,473
Parks	-	-	-	-	-	-	-	-	-	-	-
Highways and streets	2,404,452	-	-	-	-	-	-	-	-	-	2,404,452
Storm water	-	-	-	-	1,638,451	-	-	-	-	-	1,638,451
Sanitation	-	7,477,480	-	13,091	-	-	-	-	-	-	7,490,571
Transit	-	-	-	-	-	-	-	-	2,243,080	-	2,243,080
Capital outlay	-	-	-	1,642,695	843,587	-	541,999	-	55,415	-	3,083,696
Total expenditures	<u>2,404,452</u>	<u>7,477,480</u>	<u>-</u>	<u>2,018,259</u>	<u>2,482,038</u>	<u>84,623</u>	<u>1,434,648</u>	<u>-</u>	<u>2,298,495</u>	<u>451,705</u>	<u>18,651,700</u>
Excess (deficiency) of revenues over (under) expenditures	(8,035)	297,676	3,358,555	464,153	191,310	129,860	1,893,543	213,957	(894,197)	(3,505)	5,643,317
Other financing sources (uses):											
Transfers in	-	500,000	-	-	-	-	-	2,280,119	683,110	-	3,463,229
Transfers out	-	(584,509)	(2,960,579)	-	(919,140)	-	(1,114,995)	-	-	-	(5,579,223)
Total other financing sources (uses)	<u>-</u>	<u>(84,509)</u>	<u>(2,960,579)</u>	<u>-</u>	<u>(919,140)</u>	<u>-</u>	<u>(1,114,995)</u>	<u>2,280,119</u>	<u>683,110</u>	<u>-</u>	<u>(2,115,994)</u>
Net changes in fund balances	(8,035)	213,167	397,976	464,153	(727,830)	129,860	778,548	2,494,076	(211,087)	(3,505)	3,527,323
Fund balances - beginning	<u>295,259</u>	<u>405,119</u>	<u>-</u>	<u>6,253,611</u>	<u>5,511,065</u>	<u>165,436</u>	<u>1,971,048</u>	<u>-</u>	<u>400,695</u>	<u>23,717</u>	<u>15,025,950</u>
Fund balances - ending	<u>\$ 287,224</u>	<u>\$ 618,286</u>	<u>\$ 397,976</u>	<u>\$ 6,717,764</u>	<u>\$ 4,783,235</u>	<u>\$ 295,296</u>	<u>\$ 2,749,596</u>	<u>\$ 2,494,076</u>	<u>\$ 189,608</u>	<u>\$ 20,212</u>	<u>\$ 18,553,273</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property tax	\$ 500,000	\$ 500,000	\$ 508,038	8,038
Intergovernmental:				
Gasoline tax, State of Tennessee:				
Gas & motor fuel	1,207,391	1,207,391	1,201,382	(6,009)
Petroleum special	140,926	140,926	135,395	(5,531)
Gas 1989	194,249	194,249	192,894	(1,355)
Gas 3 cent	361,836	361,836	358,012	(3,824)
Use of money and property:				
Interest earned	<u>50</u>	<u>50</u>	<u>696</u>	<u>646</u>
Total revenues	<u>2,404,452</u>	<u>2,404,452</u>	<u>2,396,417</u>	<u>(8,035)</u>
Expenditures:				
Current:				
Highways and streets:				
Street maintenance and improvement	<u>2,404,452</u>	<u>2,404,452</u>	<u>2,404,452</u>	<u>-</u>
Total expenditures	<u>2,404,452</u>	<u>2,404,452</u>	<u>2,404,452</u>	<u>-</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	(8,035)	<u>\$ (8,035)</u>
Fund balance - beginning			<u>295,259</u>	
Fund balance - ending			<u>\$ 287,224</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Grants	\$ -	\$ -	\$ 93,309	\$ 93,309
Charges for services:				
Garbage fees	7,886,245	7,886,245	7,244,710	(641,535)
Other revenues	37,575	37,575	29,509	(8,066)
Sale/lease of waste containers	85,000	85,000	114,855	29,855
Uses of money and property:				
Sale of surplus property	140,000	140,000	292,773	152,773
Total revenues	<u>8,148,820</u>	<u>8,148,820</u>	<u>7,775,156</u>	<u>(373,664)</u>
Expenditures:				
Current:				
Personnel	2,914,293	2,914,293	2,768,727	(145,566)
Services	3,311,055	3,311,055	3,348,130	37,075
Supplies	459,850	459,850	471,788	11,938
Operational units	207,787	207,787	155,840	(51,947)
Business expenses	(309,339)	(309,339)	120,839	430,178
Debt service/leases	626,094	626,094	612,156	(13,938)
Capital outlay	350,000	350,000	-	(350,000)
Total expenditures	<u>7,559,740</u>	<u>7,559,740</u>	<u>7,477,480</u>	<u>(82,260)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>589,080</u>	<u>589,080</u>	<u>297,676</u>	<u>(291,404)</u>
Other financing sources (uses):				
Operating transfers from other funds	500,000	500,000	500,000	-
Operating transfers to other funds	(589,080)	(589,080)	(584,509)	(4,571)
Total other financing sources (uses)	<u>(89,080)</u>	<u>(89,080)</u>	<u>(84,509)</u>	<u>(4,571)</u>
Net changes in fund balances	<u>\$ 500,000</u>	<u>\$ 500,000</u>	213,167	<u>\$ (286,833)</u>
Fund balance - beginning			<u>405,119</u>	
Fund balance - ending			<u>\$ 618,286</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits:				
Road impact fee	\$ 3,800,000	\$ 3,800,000	\$ 3,358,431	\$ (441,569)
Use of money and property:				
Interest earned	-	-	124	124
Total revenues	<u>3,800,000</u>	<u>3,800,000</u>	<u>3,358,555</u>	<u>(441,445)</u>
Expenditures:				
Other costs	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,800,000</u>	<u>3,800,000</u>	<u>3,358,555</u>	<u>(441,445)</u>
Other financing sources (uses):				
Operating transfers from other funds	-	125,000	-	(125,000)
Operating transfers to other funds	<u>(2,980,603)</u>	<u>(2,980,603)</u>	<u>(2,960,579)</u>	<u>20,024</u>
Net changes in fund balances	<u>\$ 819,397</u>	<u>\$ 944,397</u>	397,976	<u>\$ (546,421)</u>
Fund balance - beginning			<u>-</u>	
Fund balance - ending			<u>\$ 397,976</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits:				
Facilities tax	\$ 3,697,190	\$ 3,697,190	\$ 2,468,473	\$ (1,228,717)
Use of money and property:				
Interest earned	<u>10,000</u>	<u>10,000</u>	<u>13,939</u>	<u>3,939</u>
Total revenues	<u>3,707,190</u>	<u>3,707,190</u>	<u>2,482,412</u>	<u>(1,224,778)</u>
Expenditures:				
Other costs	671,360	675,415	375,564	(299,851)
Capital outlay	<u>3,642,500</u>	<u>3,952,500</u>	<u>1,642,695</u>	<u>(2,309,805)</u>
Total expenditures	<u>4,313,860</u>	<u>4,627,915</u>	<u>2,018,259</u>	<u>(2,609,656)</u>
Net changes in fund balances	<u>\$ (606,670)</u>	<u>\$ (920,725)</u>	464,153	<u>\$ 1,384,878</u>
Fund balance - beginning			<u>6,253,611</u>	
Fund balance - ending			<u>\$ 6,717,764</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services:				
Customer service	2,398,840	2,398,840	2,658,906	260,066
Uses of money and property:				
Interest earnings	10,000	10,000	14,442	4,442
Total revenues	<u>2,408,840</u>	<u>2,408,840</u>	<u>2,673,348</u>	<u>264,508</u>
Expenditures:				
Current:				
Personnel	1,005,924	1,005,924	1,047,100	41,176
Services	265,709	265,709	231,667	(34,042)
Supplies	300,870	300,870	130,700	(170,170)
Operational units	180,451	180,451	206,424	25,973
Business expenses	30,858	30,858	22,560	(8,298)
Capital outlay	3,002,000	3,937,766	843,587	(3,094,179)
Total expenditures	<u>4,785,812</u>	<u>5,721,578</u>	<u>2,482,038</u>	<u>(3,239,540)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,376,972)</u>	<u>(3,312,738)</u>	<u>191,310</u>	<u>3,504,048</u>
Other financing sources (uses):				
Operating transfers to other funds	-	-	(919,140)	(919,140)
Net changes in fund balances	<u>\$ (2,376,972)</u>	<u>\$ (3,312,738)</u>	<u>(727,830)</u>	<u>\$ 2,584,908</u>
Fund balance - beginning			<u>5,511,065</u>	
Fund balance - ending			<u>\$ 4,783,235</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and fees:				
Drug fines	\$ 93,070	\$ 93,070	\$ 58,790	\$ (34,280)
Seized assets/unclaimed evidence	79,091	79,091	110,437	31,346
Use of money and property:				
Interest earned	1,000	1,000	937	(63)
Sale of surplus property	-	-	44,319	44,319
Total revenues	<u>173,161</u>	<u>173,161</u>	<u>214,483</u>	<u>41,322</u>
Expenditures:				
Current:				
Public safety:				
Drug-related	<u>127,000</u>	<u>127,000</u>	<u>84,623</u>	<u>(42,377)</u>
Total expenditures	<u>127,000</u>	<u>127,000</u>	<u>84,623</u>	<u>(42,377)</u>
Net changes in fund balances	<u>\$ 46,161</u>	<u>\$ 46,161</u>	129,860	<u>\$ 83,699</u>
Fund balance - beginning			<u>165,436</u>	
Fund balance - ending			<u>\$ 295,296</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Hotel / Motel tax	\$ 2,804,480	\$ 2,864,480	\$ 3,291,019	\$ 426,539
Use of money and property:				
Distributions from conference center	-	-	34,854	34,854
Interest earned	20,000	20,000	2,318	(17,682)
Contributions	31,000	31,000	-	(31,000)
Total revenues	<u>2,855,480</u>	<u>2,915,480</u>	<u>3,328,191</u>	<u>412,711</u>
Expenditures:				
Current:				
Miscellaneous	280,000	325,000	202,110	(122,890)
Appropriations	890,735	890,735	690,539	(200,196)
Capital outlay	810,000	870,000	541,999	(328,001)
Total expenditures	<u>1,980,735</u>	<u>2,085,735</u>	<u>1,434,648</u>	<u>(651,087)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>874,745</u>	<u>829,745</u>	<u>1,893,543</u>	<u>1,063,798</u>
Other financing sources (uses):				
Operating transfers to other funds	<u>(1,119,842)</u>	<u>(1,119,842)</u>	<u>(1,114,995)</u>	<u>(4,847)</u>
Net changes in fund balances	<u>\$ (245,097)</u>	<u>\$ (290,097)</u>	778,548	<u>\$ 1,068,645</u>
Fund balance - beginning			<u>1,971,048</u>	
Fund balance - ending			<u>\$ 2,749,596</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits:				
In lieu of parkland fees	\$ -	\$ -	\$ 211,848	\$ 211,848
Use of money and property:				
Interest earned	-	-	2,109	2,109
Total revenues	<u>-</u>	<u>-</u>	<u>213,957</u>	<u>213,957</u>
Expenditures:				
Other costs	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>213,957</u>	<u>213,957</u>
Other financing sources (uses):				
Operating transfers from other funds	-	2,280,119	2,280,119	-
Net changes in fund balances	<u>\$ -</u>	<u>\$ 2,280,119</u>	2,494,076	<u>\$ 213,957</u>
Fund balance - beginning			<u>-</u>	
Fund balance - ending			<u>\$ 2,494,076</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Grants	\$ 1,081,340	\$ 1,526,264	\$ 1,296,953	\$ (229,311)
Charges for services:				
Transit fares	100,600	100,600	94,072	(6,528)
Uses of money and property:				
Rental income	9,700	9,700	9,700	-
Interest earnings	10,000	10,000	3,573	(6,427)
Sale of surplus property	7,500	7,500	-	(7,500)
Total revenues	<u>1,209,140</u>	<u>1,654,064</u>	<u>1,404,298</u>	<u>(249,766)</u>
Expenditures:				
Current:				
Operations	1,583,540	2,198,272	2,243,080	44,808
Capital outlay	125,000	125,000	55,415	(69,585)
Total expenditures	<u>1,708,540</u>	<u>2,323,272</u>	<u>2,298,495</u>	<u>(24,777)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(499,400)</u>	<u>(669,208)</u>	<u>(894,197)</u>	<u>(224,989)</u>
Other financing sources (uses):				
Operating transfers from other funds	<u>499,400</u>	<u>739,208</u>	<u>683,110</u>	<u>(56,098)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ 70,000</u>	<u>(211,087)</u>	<u>\$ (281,087)</u>
Fund balance - beginning			<u>400,695</u>	
Fund balance - ending			<u>\$ 189,608</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Grants	\$ 192,125	\$ 264,629	\$ 223,787	\$ (40,842)
Licenses and permits:				
In lieu of affordable housing fees	-	224,162	224,162	-
Uses of money and property:				
Interest	125	125	251	126
Total revenues	<u>192,250</u>	<u>488,916</u>	<u>448,200</u>	<u>(40,716)</u>
Expenditures:				
Current:				
Operations	<u>192,125</u>	<u>488,791</u>	<u>451,705</u>	<u>(37,086)</u>
Total expenditures	<u>192,125</u>	<u>488,791</u>	<u>451,705</u>	<u>(37,086)</u>
Net changes in fund balances	<u>\$ 125</u>	<u>\$ 125</u>	(3,505)	<u>\$ (3,630)</u>
Fund balance - beginning			<u>23,717</u>	
Fund balance - ending			<u>\$ 20,212</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property tax apportionment	\$ 6,443,176	\$ 6,443,176	\$ 6,350,472	\$ (92,704)
Intergovernmental:				
Rebates on BAB / RZEDB bonds	825,401	825,401	838,508	13,107
Use of money and property:				
Interest earned	<u>5,000</u>	<u>5,000</u>	<u>1,514</u>	<u>(3,486)</u>
Total revenues	<u>7,273,577</u>	<u>7,273,577</u>	<u>7,190,494</u>	<u>(83,083)</u>
Expenditures:				
Principal	7,449,000	7,449,000	7,449,000	-
Interest	4,812,133	4,812,133	4,644,723	(167,410)
Current:				
Debt service fees	<u>28,925</u>	<u>28,925</u>	<u>151,263</u>	<u>122,338</u>
Total expenditures	<u>12,290,058</u>	<u>12,290,058</u>	<u>12,244,986</u>	<u>(45,072)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,016,481)</u>	<u>(5,016,481)</u>	<u>(5,054,492)</u>	<u>(38,011)</u>
Other financing sources (uses)				
Operating transfers from other funds				
From Water & Sewer	200,000	200,000	200,000	-
From Sanitation	589,080	589,080	584,509	(4,571)
From Road Impact	2,980,603	2,980,603	2,960,579	(20,024)
From Hotel/Motel	<u>1,119,842</u>	<u>1,119,842</u>	<u>1,114,995</u>	<u>(4,847)</u>
	<u>4,889,525</u>	<u>4,889,525</u>	<u>4,860,083</u>	<u>(29,442)</u>
Net changes in fund balances	<u>\$ (126,956)</u>	<u>\$ (126,956)</u>	(194,409)	<u>\$ (67,453)</u>
Fund balance - beginning			<u>195,118</u>	
Fund balance - ending			<u>\$ 709</u>	

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Source/Grant Name	CFDA Number	Grant Number	Balance 6/30/2014 (Receivable) Unearned	Cash Receipts	Expenditures	Adjustments ***	Balance 6/30/2015 (Receivable) Unearned
U.S. DEPARTMENT OF JUSTICE							
Bulletproof Vest Partnership Program	16.607	N/A	\$ (3,300)	\$ 3,300	\$ (4,370)	\$ -	\$ (4,370)
Total U.S. Department of Justice			<u>(3,300)</u>	<u>3,300</u>	<u>(4,370)</u>	<u>-</u>	<u>(4,370)</u>
U.S. DEPARTMENT OF TRANSPORTATION							
Federal Transit Formula Grant (Transit Operating Assistance Grant) **	20.507 *	TN-04-0038	-	14,073	(14,073)	-	-
Federal Transit Formula Grant (Transit Capital Grant) **	20.507 *	TN-90-0303	-	17,714	(17,714)	-	-
Federal Transit Formula Grant (Transit Capital Grant) **	20.507 *	TN-90-X339-00	-	158,273	(158,273)	-	-
Federal Transit Formula Grant (Transit Capital Grant) **	20.507 *	TN-90-X352-00	(434,611)	769,771	(336,394)	-	(1,234)
Federal Transit Formula Grant (Transit Capital Grant) **	20.507 *	TN-90-X365-00	-	263,454	(425,000)	-	(161,546)
Federal Transit Formula Grant (Transit Capital Grant) **	20.507 *	TN-90-X384-00	-	66,020	(88,116)	-	(22,096)
Federal Transit Formula Grant (Replacement Vehicle-PM-Planning & Equipment) **	20.507 *	TN-90-X328-00	-	51,198	(51,198)	-	-
Passed through the TN Department of Transportation							
Federal Transit Investment Grants **	20.500 *	TN-04-0045-02	-	10,735	(14,046)	-	(3,311)
Passed through the Nashville Metropolitan Transit Authority							
New Freedom Program **	20.521	TN-57-X002	(8,486)	35,234	(26,748)	-	-
Passed through the TN Department of Transportation							
Highway Planning and Construction (Bicentennial Park)	20.205 *	#109424.00	-	-	(4,624)	-	(4,624)
Highway Planning and Construction (Mack Hatcher Parkway NW Quad)	20.205 *	#101454.01	-	1,114,021	(241,285)	(1,328,816)	(456,080)
Passed through the TN Department of Transportation Governor's Highway Safety Office							
Alcohol Open Container Requirements (Franklin Fight Against Impaired Driving)	20.607	154AL-14-55	(7,413)	25,524	(18,111)	-	-
Alcohol Open Container Requirements (Franklin Fight Against Impaired Driving)	20.607	154AL-15-61	-	17,230	(25,126)	-	(7,896)
Total U.S. Department of Transportation			<u>(450,510)</u>	<u>2,543,247</u>	<u>(1,420,708)</u>	<u>(1,328,816)</u>	<u>(656,787)</u>
U.S. DEPARTMENT OF THE INTERIOR							
Passed through the TN Historical Commission							
Historic Preservation Fund Grants-In-Aid (City & Rest Haven Cemeteries)	15.904	32701-01780	-	5,146	(5,146)	-	-
Passed through the TN Department of Environment and Conservation							
Recreational Trails Program	20.219	32701-02182	-	4,159	(13,926)	-	(9,767)
Total U.S. Department of the Interior			<u>-</u>	<u>9,305</u>	<u>(19,072)</u>	<u>-</u>	<u>(9,767)</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Community Development Block Grants/Entitlement Grants	14.218	B-MC-47-0014	(6,729)	224,266	(217,544)	(10,000)	(10,007)
Passed through the TN Housing Development Agency							
Emergency Solutions Grant Program (Emergency Shelter Grant)	14.231	ESG-13-15	-	49,077	(54,973)	-	(5,896)
Total U.S. Department of Housing and Urban Development			<u>(6,729)</u>	<u>273,343</u>	<u>(272,517)</u>	<u>(10,000)</u>	<u>(15,903)</u>
U.S. DEPARTMENT OF HOMELAND SECURITY - FEMA							
Passed through the TN Emergency Management Agency							
Hazard Mitigation Grant	97.039	HMGP-1909-0061	(91,419)	91,419	-	-	-
Total U.S. Department of Homeland Security			<u>(91,419)</u>	<u>91,419</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Federal Assistance			<u>\$ (551,958)</u>	<u>\$ 2,920,614</u>	<u>\$ (1,716,667)</u>	<u>\$ (1,338,816)</u>	<u>\$ (686,827)</u>

* Major program

** Passed through to The Transportation Management Association Group

*** Adjustments primarily relate to costs incurred in prior years which were approved for reimbursement by the granting agency in the current year.

Note: All Federal financial assistance programs utilize the accrual basis of accounting.

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Source/Grant Name</u>	<u>State Grant Number</u>	<u>Balance 6/30/2014 (Receivable) Unearned</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Adjustments ***</u>	<u>Balance 6/30/2015 (Receivable) Unearned</u>
TENNESSEE DEPARTMENT OF TRANSPORTATION						
Federal Transit Formula Grant (Transit Capital Grant) **	TN-90-0303	\$ (2,013)	\$ 2,013	\$ (2,214)	\$ -	\$ (2,214)
Federal Transit Capital Investment Grants **	TN-04-0045-02	-	1,342	(1,756)	-	(414)
Federal Transit Formula Grant (Transit Operating Assistance Grant) **	TN-04-0038	(671)	2,348	(1,677)	-	-
Replacement Vehicle-PM-Planning & Equipment **	TN-90-X328-00	(5,542)	11,265	(6,315)	-	(592)
Federal Transit Formula Grant (Transit Operating Assistance Grant) **	TN-90-X339-00	(3,020)	3,021	(20,004)	-	(20,003)
New Freedom Program **	TN-57-X002	(7,395)	20,767	(13,374)	-	(2)
Federal Transit Formula Grant (Transit Capital Grant) **	TN-90-X352-00	(56,196)	43,633	(48,552)	14,478	(46,637)
Federal Transit Formula Grant (Transit Capital Grant) **	TN-90-X365-00	-	32,932	(53,125)	-	(20,193)
Federal Transit Formula Grant (Transit Capital Grant) **	TN-90-X384-00	-	-	-	-	-
Transit Operating Assistance Grant **	GG154094300	-	-	(249,600)	-	(249,600)
Mack Hatcher Parkway NW Quad	#101454.01	-	278,505	(60,321)	(332,204)	(114,020)
Franklin ITS Infrastructure	116144.00	-	20,465	(50,105)	(44)	(29,684)
Franklin ITS Infrastructure	116144.01	-	58,962	(95,161)	-	(36,199)
Total Tennessee Department of Transportation		<u>(74,837)</u>	<u>475,253</u>	<u>(602,204)</u>	<u>(317,770)</u>	<u>(519,558)</u>
TENNESSEE DEPARTMENT OF ENVIRONMENT & CONSERVATION						
Household Hazardous Waste Facility	34420	-	35,000	(35,000)	-	-
Recycling Rebate FY2014	RR-FY14	(4,790)	4,790	-	-	-
Recycling Rebate FY2015	RR-FY15	-	-	(7,686)	-	(7,686)
Total Tennessee Department of Environment and Conservation		<u>(4,790)</u>	<u>39,790</u>	<u>(42,686)</u>	<u>-</u>	<u>(7,686)</u>
TENNESSEE EMERGENCY MANAGEMENT AGENCY						
Hazard Mitigation Grant Program	E-24547	(15,237)	16,293	-	(1,056)	-
Total Tennessee Emergency Management Agency		<u>(15,237)</u>	<u>16,293</u>	<u>-</u>	<u>(1,056)</u>	<u>-</u>
Total State Financial Assistance		<u>\$ (94,864)</u>	<u>\$ 531,336</u>	<u>\$ (644,890)</u>	<u>\$ (318,826)</u>	<u>\$ (527,244)</u>

** Passed through to The Transportation Management Association Group

*** Adjustments primarily relate to costs incurred in prior years which were approved for reimbursement by the granting agency in the current year.

Note: All state financial assistance programs utilize the accrual basis of accounting.

See independent auditors' report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT
 JUNE 30, 2015

	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
2016	\$ 425,000	\$ 2,246	\$ 163,000	\$ 1,310	\$ 530,000	\$ 2,808	\$ 320,000	\$ 76,833	\$ -	\$ 718,000	\$ -	\$ 1,559,925	\$ 2,040,000	\$ 103,250
2017	439,000	1,141	168,000	887	550,000	1,430	330,000	65,153	-	718,000	-	1,559,925	2,090,000	52,250
2018	-	-	173,000	450	-	-	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	-	-	-	-
	<u>\$ 864,000</u>	<u>\$ 3,388</u>	<u>\$ 504,000</u>	<u>\$ 2,647</u>	<u>\$ 1,080,000</u>	<u>\$ 4,238</u>	<u>\$ 2,105,000</u>	<u>\$ 277,218</u>	<u>\$ 20,000,000</u>	<u>\$ 11,906,237</u>	<u>\$ 30,625,000</u>	<u>\$ 14,269,927</u>	<u>\$ 4,130,000</u>	<u>\$ 155,500</u>

Notes:

- (1) The City has an interest rate swap (variable to fixed) agreement with SunTrust Bank.
- (2) The City has an interest rate swap (variable to fixed) agreement with Wertmanagement Bank.
- (3) The City receives a 45% direct payment interest rebate on this issue, subject to reduction by the annually adjusted sequestration rate. The sequestration rate for July-September 2014 was 7.2%; October 2014-June 2015 was 7.3%.

(Continued)

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS (Cont.)
GENERAL OBLIGATION DEBT
 JUNE 30, 2015

	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
2016	\$ -	\$ 795,729	\$ 1,175,000	\$ 402,100	\$ 1,405,000	\$ 404,380	\$ 300,000	\$ 204,717	\$ 940,000	\$ 227,635	\$ 485,000	\$ 537,472	\$ 7,783,000	\$ 5,036,405
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	4,899,061
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	4,733,270
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>\$ 9,735,121</u>	<u>\$ 11,990,000</u>	<u>\$ 2,175,000</u>	<u>\$ 18,985,000</u>	<u>\$ 2,730,127</u>	<u>\$ 7,150,000</u>	<u>\$ 2,456,893</u>	<u>\$ 9,115,000</u>	<u>\$ 1,367,288</u>	<u>\$ 15,000,000</u>	<u>\$ 6,287,827</u>	<u>\$ 137,273,000</u>	<u>\$ 51,371,410</u>

Note:

- (4) The City receives a 45% direct payment interest rebate on this issue, subject to reduction by the annually adjusted sequestration rate. The sequestration rate for July-September 2014 was 7.2%; October 2014-June 2015 was 7.3%.

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
PROPRIETARY FUND DEBT
 JUNE 30, 2015

	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
2016	\$ 2,050,000	\$ 977,375	\$ 1,220,000	\$ 374,811	\$ 64,296	\$ 33,918	\$ 77,638	\$ 44,538	\$ 3,411,934	\$ 1,430,642
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
	<u>\$ 19,765,000</u>	<u>\$ 5,005,750</u>	<u>\$ 15,215,000</u>	<u>\$ 2,325,425</u>	<u>\$ 1,232,062</u>	<u>\$ 290,247</u>	<u>\$ 1,691,080</u>	<u>\$ 426,638</u>	<u>\$ 37,903,142</u>	<u>\$ 8,048,060</u>

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, 2015
UNAUDITED

Utility Services

<u>Service:</u>	<u>Number of Customers</u>	<u>Fees</u>
Water	17,653	\$ 9,543,369
Sewer	19,594	14,557,438
Reclaimed	45	80,505

Utility Rates

<u>Water Residential Rates:</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
Gallons		
First 1,000 Gallons	\$ 11.86	\$ 14.30
Next 9,000 Gallons	4.22	6.53
Next 15,000 Gallons	5.15	7.11
All Additional Gallons	6.08	7.69
Water Commercial Rates:		
Gallons		
First 1,000 Gallons	\$ 18.49	\$ 22.21
Next 9,000 Gallons	4.20	6.45
Next 15,000 Gallons	5.13	7.03
All Additional Gallons	6.06	7.61
Sewer Residential Rates:		
Gallons		
First 1,000 Gallons	\$ 16.55	\$ 21.63
Next 14,000 Gallons	4.63	7.26
All Additional Gallons	3.84	6.11
Sewer Commercial Rates:		
Gallons		
First 1,000 Gallons	\$ 41.98	\$ 45.46
Next 14,000 Gallons	5.18	8.09
Add Additional Gallons	4.19	6.20
Reclaimed Water Rate:		
Gallons		
For each 1,000 Gallons	\$ 0.97	\$ 0.97

Rates above were effective January 1, 2015. A minimum bill of 1,000 gallons per customer is levied.

Other Utility Fees

<u>Tap Fees:</u>	<u>Water Tap Fee</u>	<u>Sewer Tap Fee</u>
Meter Size		
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, 2015
UNAUDITED

Installation Charges:

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

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

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

Access Fees:

<u>Meter Size</u>	<u>Water Access Fee</u>	<u>Sewer Access Fee</u>
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:

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

See independent auditor's report.

**CITY OF FRANKLIN, TENNESSEE
AWWA WATER SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

**AWWA Free Water Audit Software:
Reporting Worksheet**

WAS v5.0
American Water Works Association
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Water Audit Report for: City of Franklin Water Management (0000246)
 Reporting Year: 2015 / 7/2014 - 6/2015

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

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

Volume from own sources:	+ ? 8	502.866	MG/Yr
Water imported:	+ ? 9	1,549.977	MG/Yr
Water exported:	+ ?		MG/Yr
WATER SUPPLIED:		2,052.843	MG/Yr

Master Meter and Supply Error Adjustments

Pcnt:	+ ? 8	0	MG/Yr
Value:	+ ? 10	0	MG/Yr
Enter negative % or value for under-registration Enter positive % or value for over-registration			

AUTHORIZED CONSUMPTION

Billed metered:	+ ? 8	1,548.809	MG/Yr
Billed unmetered:	+ ? 9	0.000	MG/Yr
Unbilled metered:	+ ? 10	0.000	MG/Yr
Unbilled unmetered:	+ ?	25.661	MG/Yr
AUTHORIZED CONSUMPTION:		1,574.470	MG/Yr

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

Master Meter and Supply Error Adjustments

Pcnt:	+ ?	1.25%	MG/Yr
Value:	+ ?	0	MG/Yr

Click here: ? for help using option buttons below

Use buttons to select percentage of water supplied OR value

Pcnt:	+ ?	0.25%	MG/Yr
Value:	+ ?	0	MG/Yr
Pcnt:	+ ?	2.00%	MG/Yr
Value:	+ ?	0	MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

478.373 MG/Yr

Apparent Losses

Unauthorized consumption:	+ ?	5.132	MG/Yr
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed			
Customer metering inaccuracies:	+ ? 7	31.608	MG/Yr
Systematic data handling errors:	+ ?	3.872	MG/Yr
Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed			
Apparent Losses:		40.612	MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:	+ ?	437.761	MG/Yr
WATER LOSSES:		478.373	MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **504.034** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+ ? 9	289.6	miles
Number of active AND inactive service connections:	+ ? 6	18,016	
Service connection density:	+ ?	62	conn./mile main
Are customer meters typically located at the curbside or property line?	+ ?	Yes	
Average length of customer service line: (length of service line, beyond the property boundary, that is the responsibility of the utility)			
Average length of customer service line has been set to zero and a data grading score of 10 has been applied			
Average operating pressure:	+ ? 7	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):	+ ? 9	\$2,550.00	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 81 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, 2015
 UNAUDITED

🏠

AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v6.0
 American Water Works Association
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Water Audit Report for: City of Franklin Water Management (0000246)

Reporting Year: 2015 7/2014 - 6/2015

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 81 out of 100 ***

System Attributes:

	Apparent Losses:	40.612	MG/Yr	
	+ Real Losses:	437.761	MG/Yr	
	= Water Losses:	478.373	MG/Yr	
? Unavoidable Annual Real Losses (UARL): 109.08 MG/Yr				
			Annual cost of Apparent Losses:	\$472,729
			Annual cost of Real Losses:	\$1,116,291
				Valued at Variable Production Cost Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:		Non-revenue water as percent by volume of Water Supplied:	24.6%	
		Non-revenue water as percent by cost of operating system:	16.3%	Real Losses valued at Variable Production Cost
Operational Efficiency:		Apparent Losses per service connection per day:	6.18	gallons/connection/day
		Real Losses per service connection per day:	66.57	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	0.95	gallons/connection/day/psi
From Above, Real Losses = Current Annual Real Losses (CARL):			437.76	million gallons/year
			4.01	Infrastructure Leakage Index (ILI) [CARL/UARL]:

* 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, 2015

Tax Year	Balance June 30, 2014	Taxes Levied	Adjustments and Collections	Balance June 30, 2015
2014	\$ -	\$ 13,742,347	\$ (13,551,648)	\$ 190,699
2013	196,015	-	(165,156)	30,859
2012	32,543	-	(17,327)	15,216
2011	19,065	-	(2,018)	17,047
2010	17,329	-	(627)	16,702
2009	18,279	-	(400)	17,879
2008	9,349	-	(193)	9,156
2007	17,441	-	(104)	17,337
2006	2,741	-	(138)	2,603
2005	1,293	-	(55)	1,238
	<u>\$ 314,055</u>	<u>\$ 13,742,347</u>	<u>\$ (13,737,666)</u>	<u>\$ 318,736</u>

Balances included in the schedule above are:

Considered current revenue	\$ 30,493
Allowance for uncollectible accounts: 2005-2014 levies	117,849
Unavailable revenue	170,394
	<u>\$ 318,736</u>

Balances not included in the schedule above are:

2015 tax levy due October 1, 2015 considered unavailable revenue and amounts payable to others and amounts due from years prior to 2005 (\$13,909, fully reserved)	\$ 14,489,490
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Total property tax receivable	<u>\$ 14,808,226</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. 91

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. 95

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. 100

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. 105

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. 107

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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$ 314,309,351	\$ 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
Restricted for:										
Street maintenance and improvements	900,412	1,069,415	1,048,827	31,817	-	-	-	-	-	-
Other projects	295,536	381,491	257,521	335,343	2,168,363	288,957	161,351	145,326	484,412	602,732
Capital projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	34,680,258	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
Total net position	<u>\$ 350,185,557</u>	<u>\$ 408,982,591</u>	<u>\$ 422,761,298</u>	<u>\$ 422,882,631</u>	<u>\$ 424,798,456</u>	<u>\$ 430,435,702</u>	<u>\$ 441,237,078</u>	<u>\$ 470,179,998</u>	<u>\$ 488,205,256</u>	<u>\$ 552,308,275</u>
Business-type activities:										
Net investment in capital assets	\$ 83,019,594	\$ 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
Restricted for:										
Water & Sewer	-	-	-	-	13,376,540	9,975,225	6,684,374	8,150,100	13,391,806	13,452,592
Unrestricted	13,957,292	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
Total net position	<u>\$ 96,976,886</u>	<u>\$ 108,692,850</u>	<u>\$ 115,085,617</u>	<u>\$ 120,663,479</u>	<u>\$ 121,154,636</u>	<u>\$ 123,191,621</u>	<u>\$ 127,785,673</u>	<u>\$ 134,798,196</u>	<u>\$ 146,078,732</u>	<u>\$ 157,496,979</u>
Primary government:										
Net investment in capital assets	\$ 397,328,945	\$ 453,483,827	\$ 492,488,351	\$ 505,957,132	\$ 493,556,849	\$ 499,002,615	\$ 501,651,961	\$ 538,681,894	\$ 592,411,721	\$ 654,871,670
Restricted for:										
Street maintenance and improvements	900,412	1,069,415	1,048,827	31,817	-	-	-	-	-	-
Other projects	295,536	381,491	257,521	335,343	272,367	288,957	161,351	145,326	484,412	602,732
Capital projects	-	-	-	-	-	-	-	-	-	-
Water & Sewer	-	-	-	-	13,376,540	9,975,225	6,684,374	8,150,100	13,391,806	13,452,592
Unrestricted	48,637,550	62,740,708	44,052,216	37,221,818	38,747,336	44,360,526	60,525,065	58,000,874	27,996,049	40,878,260
Total net position	<u>\$ 447,162,443</u>	<u>\$ 517,675,441</u>	<u>\$ 537,846,915</u>	<u>\$ 543,546,110</u>	<u>\$ 545,953,092</u>	<u>\$ 553,627,323</u>	<u>\$ 569,022,751</u>	<u>\$ 604,978,194</u>	<u>\$ 634,283,988</u>	<u>\$ 709,805,254</u>

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Changes in Net Position

(Prepared using the accrual basis of accounting)

Governmental activities:	2006	2007	2008	2009	2010	2011	2012	2013	2014 (1)	2015
Revenues:										
Program revenues:										
Charges for services-BNS	\$ 1,887,000	\$ 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
Charges for services-Sanitation	2,472,557	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
Charges for services-Storm water	1,868,164	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
Charges for services-Police	1,108,503	998,848	983,845	1,267,107	1,245,405	990,092	1,134,311	1,233,320	784,561	782,681
Charges for services-Streets	-	-	-	-	-	940	6,100	7,160	7,400	10,780
Other charges for services	453,708	395,219	674,752	555,202	127,492	450,152	647,572	580,724	702,425	581,788
Operating grants & contributions	2,095,578	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
Capital grants & contributions	32,471,262	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
General revenues:										
Property taxes	9,880,639	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
Sales taxes	22,005,703	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
Other taxes and fees	19,154,473	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
Other	2,203,517	1,663,403	2,568,298	1,327,007	1,188,770	(173,794)	(4,881,649)	4,630,117	(790,266)	(668,516)
Transfers	-	-	(225,000)	(45,000)	(45,000)	-	-	-	-	200,000
Total revenues	95,601,104	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
Expenses:										
General government:										
General government	12,312,610	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
Capital investment planning	-	-	-	-	193,505	233,651	208,446	162,049	184,077	179,584
Administration	1,195,689	1,250,834	1,146,961	882,070	390,182	507,073	595,811	492,554	456,302	489,702
City recorder	305,395	984,697	1,154,396	1,177,821	395,054	1,295,430	1,361,604	176,518	304,303	227,607
Public safety:										
Police	9,891,449	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
Fire	9,693,129	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
Highways and streets	8,846,698	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
Street-Fleet	-	-	-	-	662,683	523,234	592,074	601,240	902,173	1,017,846
Engineering	731,762	1,033,507	1,088,120	1,239,061	797,691	1,007,478	1,228,832	1,306,664	1,420,165	1,592,296
Storm water	682,426	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
Sanitation	6,068,689	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
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
Parks	1,370,912	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
Maintenance	278,848	381,635	583,917	595,609	523,339	747,101	863,314	710,947	802,988	1,161,760
Elected officials	-	-	176,746	161,495	193,640	133,300	202,515	183,406	297,496	275,250
Planning	1,009,100	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
Building & neighborhood services	1,340,976	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
Courts	197,477	241,389	245,205	242,314	265,380	249,454	284,907	220,481	214,427	199,857
Human resources	655,974	653,686	644,672	845,231	689,024	952,403	1,049,741	787,765	951,829	965,080
Channel 10	87,641	119,458	127,036	151,468	261,568	315,291	324,603	304,243	319,154	314,956
Finance	787,936	986,677	950,729	1,032,382	793,781	865,832	893,037	700,548	717,444	802,805
Legal	-	134,768	358,431	217,008	239,619	344,610	387,283	293,197	466,434	349,276
Purchasing	-	172,489	188,179	123,527	131,633	145,891	159,188	141,705	165,711	176,188
Municipal information and tech	1,569,736	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
Interest expense on long-term debt	1,605,208	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
Total expenses	58,631,655	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
Change in net position	\$ 36,969,449	\$ 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
Business-Type activities:										
Revenues:										
Program revenues:										
Charges for services	\$ 13,183,105	\$ 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
Capital grants & contributions	3,371,583	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
General revenues:										
Other sources	868,311	820,123	535,059	38,719	68,934	180,868	(7,153)	140,371	113,591	170,074
Transfers	-	-	225,000	45,000	45,000	-	-	-	-	(200,000)
Total revenues	17,422,999	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
Expenses:										
Water & sewer	17,550,937	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
Change in net position	\$ (127,938)	\$ 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
Total change in net position	\$ 36,841,511	\$ 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

(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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Non-Spendable	\$ 308,850	\$ 294,580	\$ 236,942	\$ 513,119	\$ 489,453	\$ 522,733	\$ 1,423,017	\$ 1,741,675	\$ 1,141,340	\$ 1,712,291
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	27,114,706	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
Total General Fund	27,423,556	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
All Other Governmental Funds										
Special Revenue Funds										
Non-Spendable	-	-	-	-	-	-	-	-	46,013	32,553
Restricted	12,071,932	11,945,075	9,462,222	3,761,542	272,367	288,957	161,351	145,326	484,412	602,732
Committed	1,640,902	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
Assigned	-	-	-	-	-	-	-	1,124,507	1,971,048	5,243,672
Unassigned	-	(793,331)	(440,843)	(3,838,212)	(3,561,327)	(1,088,155)	(1,246,711)	(854,829)	-	-
Total Special Revenue Funds	13,712,834	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
Debt Service Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	465,190	1,099,568	318,138	84,729	195,118	709
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Debt Service Fund	-	-	-	-	465,190	1,099,568	318,138	84,729	195,118	709
Capital Project Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	9,120,160	-	-	12,691,653	12,058,809	9,266,485	382,419	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(1,216,204)	-	(13,849,061)	(11,992,169)	-	-	-	-	(18,878,175)	(10,104,657)
Total Capital Projects Fund	(1,216,204)	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)
Total All Other Governmental Funds	12,496,630	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
Total Governmental Funds	\$ 39,920,186	\$ 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

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

Revenues	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Taxes	\$ 40,358,863	\$ 43,954,432	\$ 43,623,109	\$ 40,086,682	\$ 41,242,751	\$ 42,519,192	\$ 42,985,437	\$ 45,969,516	\$ 49,228,473	\$ 51,595,489
Licenses and permits	6,908,558	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
Fines and fees	1,022,408	985,180	951,314	1,213,327	1,213,643	945,045	1,084,450	824,280	829,485	758,369
Intergovernmental	7,039,176	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
Charges for services	4,327,217	4,664,553	5,276,826	6,676,550	6,941,540	8,908,640	9,186,271	9,264,390	8,557,376	10,194,368
Uses of money and property	4,022,396	2,045,124	2,827,770	1,593,380	1,313,866	1,394,821	1,319,104	816,950	622,019	792,690
Miscellaneous	352,038	512,774	118,122	387,919	331,740	215,110	496,948	1,513,225	648,436	3,301
Total revenues	64,030,656	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
Expenditures										
Elected officials	-	-	176,746	161,435	193,640	136,692	202,515	183,406	297,496	275,250
Administration	1,165,433	1,209,609	1,151,644	861,498	379,780	495,904	582,714	478,456	445,982	483,622
Human resources	84,048	640,239	645,386	802,800	689,703	889,713	1,069,174	823,598	910,719	1,121,520
Legal	-	123,775	355,360	218,523	234,653	334,594	387,358	283,786	463,730	342,493
Communications	737,586	105,768	116,387	110,511	250,304	305,346	318,505	300,211	317,233	313,200
Capital investment planning	-	-	-	-	193,505	236,110	206,418	159,152	183,594	176,967
Project & facilities management	987,339	373,350	522,552	581,352	511,567	738,229	782,167	634,151	729,970	1,093,598
Revenue management	302,844	969,927	1,112,775	1,167,045	385,355	1,283,643	1,341,821	1,66,427	359,289	210,378
Public safety:										
Police	9,435,821	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
Fire	8,897,622	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
Finance	-	845,587	905,888	959,004	755,271	836,972	877,470	687,679	716,542	787,545
Municipal information and technology	803,731	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
Purchasing	-	164,113	184,052	119,616	129,065	140,776	156,738	134,412	162,559	173,490
Court	645,668	239,496	239,482	243,246	268,352	247,575	281,966	217,568	239,857	201,815
Building & neighborhood services	194,797	1,709,602	1,827,452	1,952,948	1,857,185	1,869,310	1,958,127	2,101,158	2,321,624	2,356,810
Planning	1,296,516	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
Engineering	688,975	852,251	1,050,935	1,277,226	727,311	588,560	761,838	631,300	687,014	759,768
Traffic operations center	-	-	-	-	-	1,100,104	333,495	459,315	396,044	484,244
Parks	276,082	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
Streets-maintenance	2,441,732	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
Streets-traffic	-	-	-	-	-	913,788	948,377	790,995	1,280,969	1,198,941
Streets-fleet	-	-	-	-	662,683	849,948	586,722	596,448	874,303	1,073,512
General government	5,087,787	(215,294)	1,059,147	713,022	3,227,691	943,197	1,127,485	1,735,157	11,666,677	1,861,116
Sanitation	5,548,426	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
Storm water	633,195	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
Transit	1,240,277	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
Debt service										
Principal	2,725,000	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
Interest	1,520,878	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
Other charges	74,417	243,294	156,521	158,249	109,485	583,532	85,493	199,479	28,317	151,263
Capital outlay - noncapital	6,859,583	3,011,051	552,973	718,047	-	-	-	-	-	-
Capital outlay - capital	18,862,605	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
Total expenditures	70,510,362	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
Excess (deficiency) of revenues over (under) expenditures	(6,479,706)	(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)
Other financing sources (uses):										
Proceeds from issuance of long-term debt	4,315,468	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
Transfer to bond escrow agent	-	-	-	-	-	(17,317,803)	-	(22,500,000)	-	1,327,480
Operating transfers in	9,673,897	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
Operating transfers out	(9,673,897)	(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)
Total other financing sources (uses)	4,315,468	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
Net changes in fund balances	\$ (2,164,238)	\$ 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
Debt service as a % of noncapital expenditures	8.36%	10.11%	9.78%	9.97%	9.73%	14.75%	14.86%	15.20%	13.04%	15.38%

CITY OF FRANKLIN, TENNESSEE

Revenue Capacity Information -
Local Sales Tax Collections

FISCAL YEAR	Estimate of Taxable Sales to Local Sales Tax	Local Sales Tax		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
		Rate (City & Willamson County)						
2015	\$ 2,598,787,340	2.25%	\$ 58,472,715	\$ (29,236,358)	\$ (292,364)	\$ 28,943,994	50.35%	
2014	2,447,114,882	2.25%	55,060,085	(27,530,042)	(275,300)	27,254,742	47.88%	
2013	2,334,072,548	2.25%	52,516,632	(26,258,316)	(262,583)	25,995,733	49.35%	
2012	2,172,607,228	2.25%	48,883,663	(24,441,831)	(244,418)	24,197,413	47.48%	
2011	2,040,014,905	2.25%	45,900,335	(22,950,168)	(229,502)	22,720,666	44.81%	
2010	1,882,812,211	2.25%	42,363,275	(21,181,637)	(211,816)	20,969,821	45.41%	
2009	1,899,219,214	2.25%	42,732,432	(21,366,216)	(213,662)	21,152,554	42.25%	
2008	2,081,744,916	2.25%	46,839,261	(23,419,630)	(234,196)	23,185,434	42.31%	
2007	2,144,580,382	2.25%	48,253,059	(24,126,529)	(241,265)	23,885,264	45.08%	
2006	1,975,820,696	2.25%	44,455,966	(22,227,983)	(222,280)	22,005,703	46.65%	

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				
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
2006	838,883,725	719,932,760	98,346,952	-	38,205,538	685,190	1,696,054,165	6,162,312,297	27.52%	0.5500

Source: Tax Aggregate Report of Tennessee

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

CITY OF FRANKLIN, TENNESSEE

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

Fiscal Year	Direct Rate					Overlapping Rate		Total Direct and Overlapping
	City of Franklin*					Williamson County **		
	General Fund	Debt Service Fund	Street Aid Fund	Capital Projects Fund	Total Direct Rate	Total Overlapping Rate		
2015	\$ 0.1716	\$ 0.2049	\$ 0.0150	\$ 0.0150	\$ 0.4065	\$ 2.9775	\$ 3.3840	
2014	0.1979	0.1786	---	---	0.3765	2.9775	3.3540	
2013	0.2149	0.1616	---	---	0.3765	2.9510	3.3275	
2012	0.2108	0.1657	---	---	0.3765	2.9510	3.3275	
2011	0.2410	0.1930	---	---	0.4340	3.1800	3.6140	
2010	0.3200	0.1140	---	---	0.4340	3.1700	3.6040	
2009	0.4340	---	---	---	0.4340	3.1700	3.6040	
2008	0.4340	---	---	---	0.4340	3.0700	3.5040	
2007	0.4340	---	---	---	0.4340	3.0300	3.4640	
2006	0.5500	---	---	---	0.5500	3.5900	4.1400	

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:

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
2006	2.7200

CITY OF FRANKLIN, TENNESSEE

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

<u>Taxpayer</u>	<u>2006</u>		<u>2015</u>	
	<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			\$ 112,482,900	3.27%
CBL Associates (Galleria Mall)	\$ 36,411,360	2.15%	66,458,400	1.93%
Highwoods			57,704,500	1.68%
Boyle Investments	13,610,360	0.80%	50,583,400	1.47%
Trammell Crow Investments			37,403,500	1.09%
Lionstone Investments			29,792,480	0.87%
NWI/Duke Weeks			29,329,700	0.85%
SVT			27,582,600	0.80%
Berkshire Communities			24,208,600	0.70%
Venterra Realty			21,843,500	0.63%
Williams W. Fred Trust	16,366,760	0.96%		
Landings F C LP	15,861,235	0.94%		
Wyndchase LLC	14,784,000	0.87%		
Williamson County Farmers Coop	12,138,030	0.72%		
Franklin Cool Springs Corp	9,883,675	0.58%		
Alara Franklin Corp	9,600,000	0.57%		
Thoroughbred Village LLC	9,221,160	0.54%		
Noble Investments	8,792,520	0.52%		
Totals	<u>\$ 146,669,100</u>	<u>8.65%</u>	<u>\$ 457,389,580</u>	<u>13.30%</u>

* Total assessed valuation in 2006 (tax year 2005) was \$1,696,054,165.

** Total assessed valuation in 2015 (tax year 2014) is \$3,440,062,708.

CITY OF FRANKLIN, TENNESSEE

Revenue Capacity Information -
Property Tax Levies and Collections

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Collected Within One Year of Levy</u>	<u>Percent Collected</u>	<u>Collections in Subsequent Years</u>	<u>Total Collections</u>	<u>Total Collections as Percent of Total Levy</u>	<u>Outstanding Delinquent Taxes</u>
2015	\$ 13,742,347	\$ 13,551,648	98.61%	\$ -	\$ 13,551,648	98.61%	\$ 190,699
2014	12,342,702	12,146,687	98.41%	165,156	12,311,843	99.75%	30,859
2013	11,902,186	11,724,940	98.51%	162,030	11,886,970	99.87%	15,216
2012	11,718,525	11,519,012	98.30%	182,466	11,701,478	99.85%	17,047
2011	11,785,700	11,507,981	97.64%	261,017	11,768,998	99.86%	16,702
2010	11,468,281	11,159,219	97.31%	291,183	11,450,402	99.84%	17,879
2009	10,739,928	10,429,879	97.11%	300,893	10,730,772	99.91%	9,156
2008	10,214,031	10,042,817	98.32%	153,877	10,196,694	99.83%	17,337
2007	9,611,622	9,435,282	98.17%	173,737	9,609,019	99.97%	2,603
2006	9,118,460	8,943,537	98.08%	173,685	9,117,222	99.99%	1,238

CITY OF FRANKLIN, TENNESSEE

Debt Capacity Information -
Ratios of Outstanding Debt by Type

Fiscal Year	Governmental Activities		Business-type Activities		Total Outstanding Debt	Personal Income **	Percentage of Personal Income	Population ***	Debt Per Capita
	General Obligation Bonds *	Capital Leases	Water & Sewer Revenue & Tax Bonds *	Capital Leases					
2015	\$ 139,649,696	\$ 3,188,492	\$ 38,987,696	\$ -	\$ 181,825,884	\$ 69,439	3.95%	66,370	\$ 2,739.58
2014	130,913,402	3,284,692	42,458,312	-	176,656,406	69,439	3.83%	66,370	2,661.69
2013	120,136,535	2,357,012	45,875,189	-	168,368,736	69,439	3.88%	62,487	2,694.46
2012	126,742,579	1,413,816	48,839,368	77,313	177,073,076	66,195	4.28%	62,487	2,833.76
2011	133,230,841	1,366,034	51,972,602	177,540	186,747,017	62,447	4.79%	62,487	2,988.57
2010	122,794,047	1,881,353	53,969,872	-	178,645,272	57,088	5.57%	56,219	3,177.67
2009	82,749,628	-	46,243,053	-	128,992,681	53,118	4.32%	56,219	2,294.47
2008	60,117,258	-	35,200,000	-	95,317,258	55,893	3.03%	56,219	1,695.46
2007	63,580,258	-	37,310,000	-	100,890,258	54,145	3.77%	49,412	2,041.82
2006	46,586,662	-	39,350,000	-	85,936,662	52,544	3.31%	49,412	1,739.19

* This amount includes unamortized premiums

** U.S. Bureau of Economic Analysis Statistics for Williamson County: 2013 is the most recent year available.

*** Tennessee Certified Populations

CITY OF FRANKLIN, TENNESSEE

Debt Capacity Information -
Ratios of General Bonded Debt Outstanding

<u>FISCAL YEAR</u>	<u>General Obligation Debt *</u>	<u>Less: Amounts Available in Debt Service Fund **</u>	<u>Net General Obligation Debt Service</u>	<u>Appraised Value ***</u>	<u>Ratio of Net General Obligation Debt to Appraised Value</u>	<u>Population ****</u>	<u>Net General Obligation Debt Per Capita</u>
2015	\$ 139,649,696	\$ 709	\$ 139,648,987	\$ 11,413,859,405	1.22%	66,370	\$ 2,104.10
2014	130,913,402	195,118	130,718,284	11,065,624,425	1.18%	66,370	1,969.54
2013	120,136,535	84,729	120,051,806	10,442,405,019	1.15%	62,487	1,921.23
2012	126,742,579	318,138	126,424,441	10,298,785,436	1.23%	62,487	2,023.21
2011	133,230,841	1,099,568	132,131,273	9,963,638,570	1.33%	62,487	2,114.54
2010	122,794,047	465,190	122,328,857	10,225,661,696	1.20%	56,219	2,175.93
2009	82,749,628	-	82,749,628	9,637,668,952	0.86%	56,219	1,471.92
2008	60,117,258	-	60,117,258	7,948,798,841	0.76%	56,219	1,069.34
2007	63,580,258	-	63,580,258	7,433,188,531	0.86%	49,412	1,286.74
2006	46,586,662	-	46,586,662	6,162,312,297	0.76%	49,412	942.82

* 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, 2015**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Estimated Share of Overlapping Debt</u>
Williamson County	\$ 567,750,000	38.75% *	\$ 220,003,125
Franklin Special School District	39,731,732	100.00% **	<u>39,731,732</u>
Subtotal, overlapping debt			259,734,857
City of Franklin direct debt of governmental activities			<u>142,838,188</u> ***
Total direct and overlapping debt			<u>\$ 402,573,045</u>

* Based upon Assessed Value of Property in:

County	\$ 8,878,542,113
City	\$ 3,440,062,708

** 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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed Value	\$ 1,696,054,165	\$ 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
General Obligation Debt*	\$ 46,586,662	\$ 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
Debt as % of Assessed Value	2.75%	2.81%	2.51%	3.29%	4.57%	4.81%	3.99%	3.73%	3.93%	4.06%

Note - The City has no legal debt limit.

* This amount includes unamortized premiums.

CITY OF FRANKLIN, TENNESSEE

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

Fiscal Year	Gross Revenues*	Contributions, Taps, & Access Fees	Direct Operating Expense**	Net Revenue Available for Debt Service	Debt Service Requirements ***			Coverage
					Principal	Interest	Total	
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
2006	14,051,415	3,371,583	11,146,363	6,276,635	1,965,000	1,900,607	3,865,607	1.62

* 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 **	Education Level in		School Enrollment *****	Unemployment Rate *****
			Per Capita Personal Income ***	Years of Schooling****		
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%
2006	49,412	2,596,304,128	52,544	13.9	9,057	4.0%

* 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: 2013 is most recent year available

**** 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	2006			2015		
	Employees *	Rank	County Employment	Employees **	Rank	Percentage of Total City Employment
Community Health Systems				3,092	1	8.26%
Nissan North America				1,850	2	4.94%
Williamson Medical Center	905	3	1.88%	1,400	3	3.74%
Parallon Business Solutions				1,100	4	2.94%
Verizon Wireless				1,001	5	2.67%
Lee Company	493	4	1.02%	910	6	2.43%
Optum				801	7	2.14%
Ford Motor Credit				800	8	2.14%
Healthways				717	9	1.92%
Mars Petcare				659	10	1.76%
Cool Spring Galleria	3,500	1	7.27%			
Primus	1,500	2	3.12%			
Progeny Marketing Innovations	450	5	0.94%			
Plastech Engineered Products	360	6	0.75%			
Civil Constructors, Inc.	350	7	0.73%			
APCOM Inc.	300	8	0.62%			
MedSolutions	265	9	0.55%			
Lasko Metal Products	250	10	0.52%			
Total	<u>8,373</u>		<u>17.40%</u>	<u>12,330</u>		<u>32.93%</u>

* City's 2006 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 2015.

Note: Williamson County Office of Economic Development does not report Williamson County Government, Williamson County Schools, and Cool Springs Galleria Mall in its Local Industry Employers 2015

CITY OF FRANKLIN, TENNESSEE

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration	11	9	9	9	5	5	6	5	6	6
Building and Neighborhood Services	23	25	27	27	28	28	28	30	31	32
Capital Investment Planning	*	*	*	*	2	2	2	1	2	2
Communications	1	1	1	1	3	3	3	3	3	3
Court	3	3	3	3	3	2	2	2	2	2
Engineering	6	9	11	9	8	8	8	10	11	12
Finance	11	11	11	11	11	11	9	9	10	10
Fire	142	156	158	158	158	158	158	160	161	171
HR	6	6	6	8	8	9	10	11	11	11
IT	10	14	17	17	17	17	17	19	18	20
Law	*	3	3	3	3	4	4	4	5	4
Parks	18	20	25	29	29	30	31	33	34	31
Planning and Sustainability	11	12	13	17	18	18	18	15	17	16
Police	160	169	176	176	176	175	175	175	176	156
Projects and Facilities Management	5	5	5	5	7	6	6	6	7	7
Purchasing	*	2	2	2	2	2	3	3	3	3
Revenue Management	7	11	14	14	14	13	14	15	14	13
Solid Waste	51	53	56	59	51	51	52	49	48	49
Stormwater	9	11	11	11	11	11	16	16	17	18
Streets	37	41	41	43	52	52	47	49	52	53
Traffic Operations Center	3	3	3	3	3	3	3	4	3	4
Water & Sewer	83	79	81	80	81	82	83	84	84	85
TOTAL	597	643	673	685	690	690	695	703	715	708

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Calls for service	62,600	55,400	68,758	74,127	76,545	64,719	75,700	77,964	80,205	77,818
Fire										
Number of alarms	4,952	5,200	5,410	5,540	5,878	5,746	5,767	6,115	6,501	6,790
Sanitation										
Landfill usage	76,319	79,121	81,535	70,525	71,589	64,619	59,212	54,190	65,116	81,651
Recycling (tons)	*	*	*	5,957	5,233	5,556	6,209	6,781	8,605	7,897
Codes										
Single family permits	850	780	668	618	170	309	331	485	519	480
Water										
Average daily usage	6,035,953	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
Water storage capacity (gallons)	10,000,000	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

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles (radio equipped)	139	131	133	149	136	133	152	156	136	139
Fire										
Fire stations	5	5	6	6	6	6	6	6	6	7
Fire response vehicles	15	17	17	19	19	19	19	22	22	22
Fire hydrants	1,915	1,916	1,954	2,045	2,074	1,957	3,155*	3,325*	3,326*	3,416*
Street										
Streets (miles)	275	290	287	283	283	285	286	293	304	317
Parks										
Number of parks	6	9	10	16	16	16	16	16	16	16
Water										
Water lines (miles)	275	285	274	272	276	284	283	285	288	293
Sewer lines (miles)	311	328	337	347	350	355	352	354	360	371

Source: City of Franklin departments

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

INTERNAL CONTROL AND COMPLIANCE SECTION



HISTORIC
F R A N K L I N
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, 2015 (except for the Fiduciary Pension Fund, which was as of and for the year ended December 31, 2014), 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 8, 2015.

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 & Associates, PLLC

Nashville, Tennessee
December 8, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each 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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.



Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Crosslin & Associates, PLLC

Nashville, Tennessee
December 8, 2015

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)	_____ yes	_____ <u>X</u> no
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Identification of major programs:
CFDA Number and Name of Federal Program or Cluster

Federal Transit Cluster:
 20.507 - Federal Transit Administration
 Capital Grants
 20.500 - Federal Transit Administration
 Investment Grants
 20.205 -Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
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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, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

None Reported

SECTION III – FEDERAL AUDIT FINDINGS AND QUESTIONS COSTS

None Reported

SECTION IV – SUMMARY OF PRIOR AUDIT FINDINGS

2014 -1 - Recording Permit Receipts and Revenue

Criteria:

Tennessee Code Annotated 6-56-111 requires that public funds received by the City be deposited as soon as practical, but no later than three (3) working days after receipt.

Condition:

During fiscal year 2014, the City’s Revenue Management and Finance Departments identified certain receipts that had not been deposited within the three (3) working day requirement. The City further identified that the deposits related to permit fees charged and collected by the Building and Neighborhood Services (BNS) Department. Accordingly, permit revenue and cash deposits were not timely recorded.

Context:

Fees for services relating to permits are collected by the BNS Department.

Cause:

The non-compliant transactions occurred during a period of conversion to new project management software in the BNS Department. City management believes that the employee responsible for recording activity in the system had certain issues in transitioning to the new system. As a result, transactions were held by the employee. However, the employee did not communicate any issues to a supervisor or department head so that the issues could be addressed and resolved.

Effect:

The City is not in compliance with the requirements of Tennessee law relating to deposits. Additionally, the City’s permit revenue was not recorded in the general ledger on a timely basis. The matter caused an internal investigation as well as required reporting to the Tennessee Comptroller of the Treasury’s Office.

Recommendation:

Management should continually monitor and revise as needed its system of internal control. This incident should be used, constructively, as a training tool for all personnel handling City receipts regarding the importance of timely deposits. The City should consider ways to strengthen opportunities for employee communication when problems occur with internal controls or information systems. Additionally, the City should consider the results of its internal investigation and provide such results to the Tennessee Comptroller of the Treasury’s Office for review and comment.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION IV – SUMMARY OF PRIOR AUDIT FINDINGS - Continued

2014 -1 - Recording Permit Receipts and Revenue – Continued

View of Responsible Officials and Planned Corrective Actions:

Near the end of fiscal year 2014, Finance and Revenue Management staff identified a potential issue related to revenue being recorded not matching the permits that were being issued in our Building and Neighborhood Services Department (BNS). Because we exercise appropriate segregation of duties, staff identified a single BNS employee that was not making timely deposits. This employee was simply holding checks. The confusion for this employee seemed to center on the fact that one check was paying for multiple fees (building permit, tap fee, road impact fee, etc.). This issue was further complicated by the fact that a new software program (Infor community development platform) had been implemented this past spring. The fact that these deposits were not made in a timely manner placed us out of compliance with Tennessee Code 6-56-111. The transactions in question were clearly tied to the work of a single employee who was advised of the deficiency and of the expectation of future compliance.

The City Administrator directed an internal investigation and the City reported the event to the County Sherriff's Office for investigation. In September, the Sherriff's Office completed their investigation, which included interviews with the employee, and had no finding of criminal wrongdoing. The City's full investigation on the matter offer no indication of misappropriation; no unaccounted for funds; and, confirm that the non-compliant behavior was isolated to the single employee. Also, any and all noncompliant transactions occurred during a period of conversion to a new internal project management software. To date, our best explanation of the noncompliant behavior is that it involves no malice nor fraud but was attributable to a single non-performing employee.

The City of Franklin is committed to fiscal responsibility and relies on strong internal controls to achieve such. We maintain a written fiscal policy regarding the receiving and depositing of cash. Our staff is trained in all policies and it is the expectation that the City is fully compliant.

Status:

This item has been resolved in fiscal year 2015.