

City of Franklin, Tennessee

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2017

CITY OF FRANKLIN, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

Prepared by:
City of Franklin
Department of Finance

**CITY OF FRANKLIN, TENNESSEE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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INTRODUCTORY SECTION



HISTORIC
FRANKLIN
TENNESSEE

ADMINISTRATION



Dr. Ken Moore
Mayor

Eric S. Stuckey
City Administrator

HISTORIC
FRANKLIN
TENNESSEE

December 12, 2017

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, 2017.

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

Crosslin, PLLC, a firm of licensed certified public accountants, have audited the City of Franklin's financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City of Franklin for the fiscal year ended June 30, 2017, 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, 2017 are fairly presented in all material respects in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the government

The City of Franklin, incorporated in 1799, is located in Middle Tennessee. The local economy is a well-balanced blend of financial, agricultural, wholesale, retail, manufacturing, and service industries. No single industry is critical to the region's economy. The City covers an area of 41 square miles, and serves a population of 70,908 according to the 2017 special census. The City is one of the fastest growing municipalities in the State of Tennessee, with the population increasing by 13% since the 2010 census. The City is empowered to levy both real and personal properties located within its boundaries. In addition, it is empowered by State statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing board and upon request of the property owner.

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

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

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

Three meetings of the full board and a public hearing are necessary for approving the budget. Although the legal level of budgetary control is at the fund level, the budget is prepared by fund, function, and department. Additional appropriations in a fund require two readings by the Board, one of which is a public hearing. Budget-to-actual comparisons are provided within this report for each individual governmental fund for which a budget has been adopted. For the General Fund, this comparison is presented beginning on page 20 as part of the basic financial statements. For the other governmental funds with appropriated annual budgets, the comparisons are presented beginning on page 72.

Local economy

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

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

Sufficient vacant property, zoned for retail use, is available for further development. According to the Williamson County Economic Dashboard – July 2017, the area has a low commercial vacancy rate of 5.3% with new "Class A" office space continuing to be developed. The surrounding road network has been vastly improved with many of the upgrades at developer cost.

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

Long-term financial planning and major initiatives

During FY 2017, the governing body overhauled its process for evaluating and prioritizing capital investment projects to be accomplished within the next ten years. The ultimate intent of this 10-year CIP (FY 2017-2026) is to match available funding with needed projects and to highlight any funding shortfalls. Staff compiled a comprehensive list of projects anticipated within the next ten (10) years and scored these projects using objective questions based on the City's strategic plan, **FranklinForward**. The projects were then listed, both by category and combined, in the following project tiers: Top 25%, Top 50%, Bottom 50%, and Bottom 25%. Ultimately, the Board selected the projects to be funded in the initial phase of the 10-year CIP. The Board funded projects will be referred to as "5-star" high priority projects. The CIP document will be continually adjusted to reflect the Board's final decisions. The priorities approved for funding in Phase I of the FY 2017-2026 Capital Investment Program (CIP) are:

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

Phase II of the FY 2017-2026 CIP will be discussed and decided during FY 2018.

Relevant financial policies

The City has adopted financial policies related to investments, General Fund reserves, debt management, tax compliance on debt, utilization of reserve funds, pension funding, cash receipting, and disbursements. The investment policy, updated in December 2011, provides for the primary objectives, in order of priority, of investment activities of non-pension funds shall be safety, liquidity, and return. The reserve policy established an emergency and cash flow reserve of a minimum of 33% of budgeted General Fund expenditures (which is \$24.5 million in 2017). As of September 2014, the reserve policy also includes a capital funding reserve for fund balance in excess of 45% of budgeted General Fund expenditures (which is \$10.4 million in 2017). The debt policy provides written guidance and restrictions for the amount and type of debt the City will issue, the issuance process, and the management of the debt portfolio. In August 2012, the City adopted a policy for the utilization and replacement of committed funds. In October 2014, the City adopted a pension funding policy. The City also adopted a cash receipting policy in November 2014. In fiscal year 2017, the City adopted a disbursements policy, approved documentation of its internal controls, and closed its books within 60 days of fiscal year end.

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

Awards and acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Finance Reporting to the City of Franklin for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the twenty-sixth (26th) 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

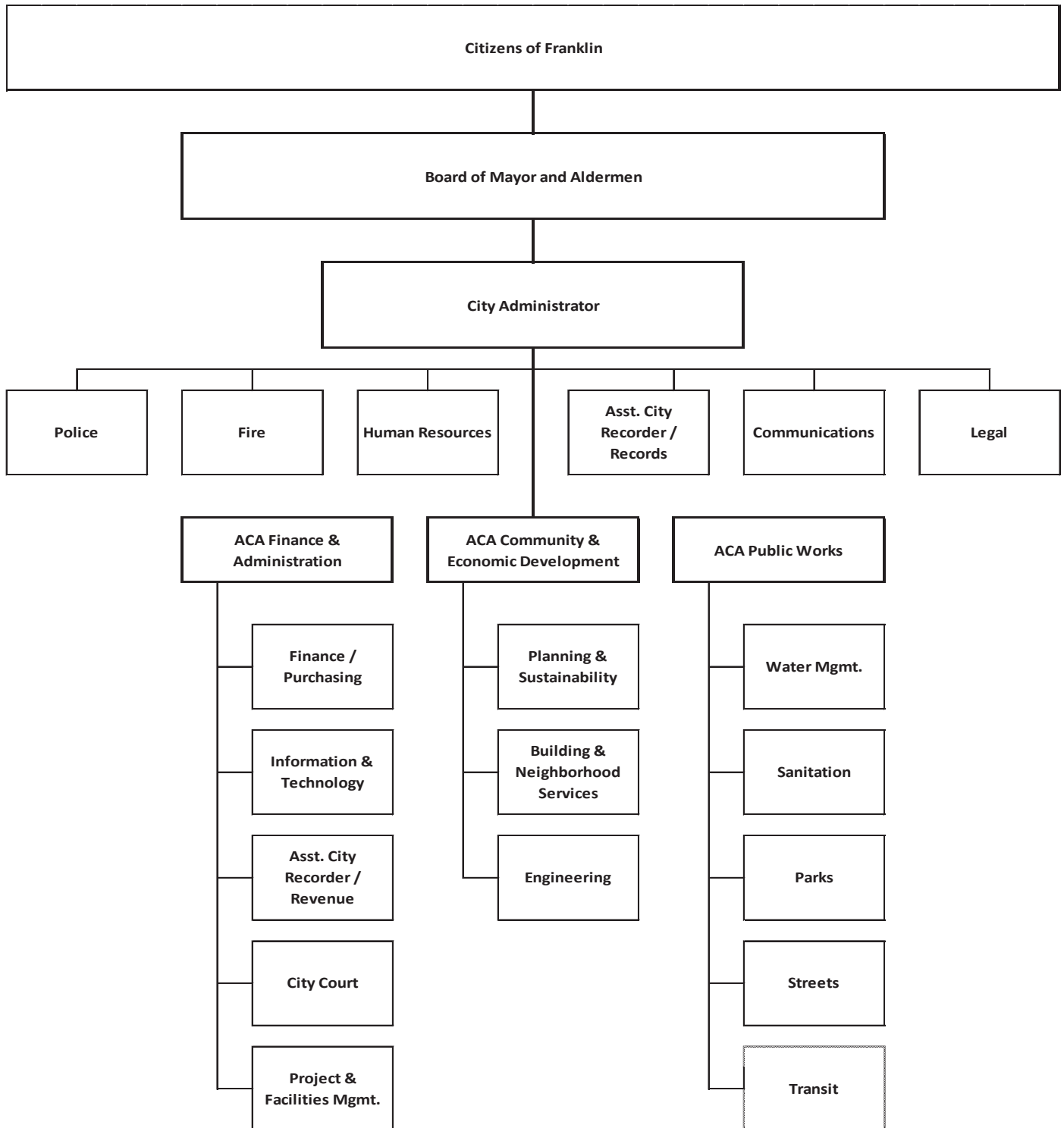
June 30, 2016

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, 2017



CITY OF FRANKLIN, TENNESSEE
LIST OF ELECTED AND APPOINTED OFFICIALS
 JUNE 30, 2017

Elected Officials

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

Appointed Officials

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

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, 2017, (except for the Fiduciary Pension Fund, which is as of December 31, 2016 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, 2017 (except for the Fiduciary Pension Fund which is as of December 31, 2016), 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, 2016), in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the City include summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended June 30, 2016, from which the summarized information was derived. We have previously audited the City's 2016 financial statements, and we expressed an unmodified opinion on those statements in our report, dated December 13, 2016. In our opinion, the summarized comparative information presented herein as of and for the year end June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, the schedule of funding progress - retiree health insurance on page 65, the schedule of employer contributions - retiree health insurance on page 65, the schedule of changes in the net pension liability and related ratios - pension plan on page 66, the schedule of employer contributions - pension plan on page 67, and the schedule of investment returns - pension plan on page 68, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Franklin, Tennessee's basic financial statements. The introductory section, combining and individual fund financial statements and schedules as listed in the table of contents, the schedules on pages 86 through 90 and 111 through 117, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Tennessee and are also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, the supplementary schedules on pages 86 through 90, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the supplementary schedules on pages 86 through 90, and the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, the schedules on pages 111 through 117, 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 12, 2017, on our consideration of the City of Franklin, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Crosslin, PLLC

Nashville, Tennessee
December 12, 2017

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

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, 2017. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. We encourage readers to consider the information presented here in conjunction with the Letter of Transmittal, which can be found on pages i through iii of this report, and in conjunction with the basic financial statements, starting on page 12 of this report.

Financial Highlights

- **Net Position.** The assets and deferred outflows of resources of the City of Franklin exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$766,736,511, compared to \$741,849,717 in the previous fiscal year. Of this amount, \$82,716,281 (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 \$93,992,478. In the prior year, this amount was \$57,412,984. The increase of \$36,579,494 is due primarily to development-related activity during the year and a bond issuance in June 2017.
- **General Fund - Fund Balance.** At the end of the current fiscal year, fund balance in the General Fund is \$43,283,142, or 69% of General Fund expenditures (including transfers to other funds) of \$62,506,793. The fund balance increased \$4,033,556 from the prior year. The primary impacts on the fund balance in 2017 are increased revenue, cost containment measures implemented by the City to stay within current revenues, and budgeted capital costs in the Traffic Operations Center department that were not incurred.
- **Budget.** The City's 2017 original General Fund budget had a draw of \$1,296,282 from accumulated fund balance. Although the final budget anticipated a draw of up to \$5.1 million, actual results showed an increase in fund balance by \$4.0 million.
- **Capital Assets.** The City has undertaken several infrastructure projects including improvements to Hillsboro Road, 3rd Avenue North Trail/Greenway, and water plant improvements.
- **Debt.** The City's debt (bonds, bond premiums, and capital leases) increased by \$27,497,702 (from \$170,567,996 to \$198,065,698) during the current fiscal year. There was \$42,443,425 in new bonds, loans, leases, and premiums, including the issuance of \$12 million water and sewer revenue bonds and \$23,120,000 GO Public Improvements Bonds. A total of \$14,626,004 (\$11,115,119 governmental and \$3,510,885 business-type) debt was repaid and \$319,719 premium was amortized during the year.

Overview of the Financial Statements

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

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

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

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

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

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

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

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

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

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

The City maintains fourteen (14) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and the Multi-Purpose Capital Project Fund, which are considered to be major funds. Data from the other nonmajor governmental funds is combined into a single, aggregated presentation in the form of combining statements on pages 70 and 71 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 27, the Special Revenue Funds on pages 72 through 82, and the Debt Service Fund on page 83 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 28 through 31 of this report.

Fiduciary Funds. A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The City uses a fiduciary fund to account for its pension plan. The fiduciary fund is not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used in proprietary funds. The *fiduciary fund financial statements* can be found on pages 32 through 33 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 34 through 64 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 65 through 68 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pension and OPEB. Combining and individual fund statements and schedules can be found on pages 69 through 82 of this report.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$766,736,511 at the close of the most recent fiscal year.

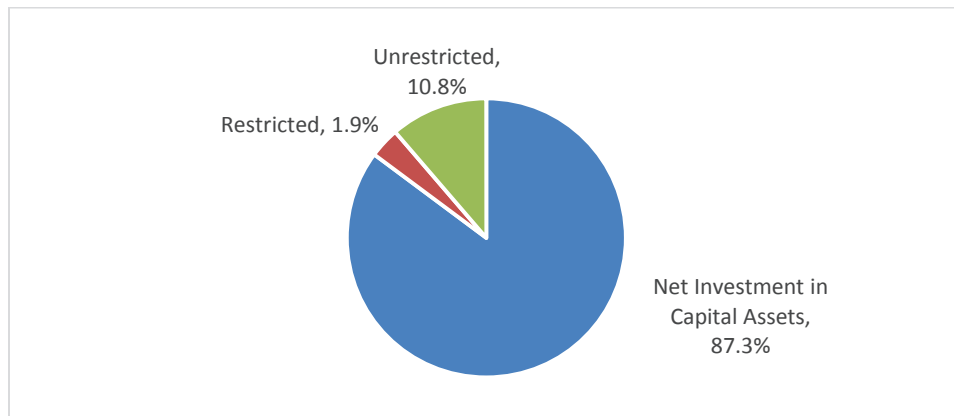
City of Franklin's Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 135,715,446	\$ 97,580,946	\$ 45,680,047	\$ 37,258,110	\$ 181,395,493	\$ 134,839,056
Capital assets, net of accumulated depreciation	655,811,823	660,482,247	188,876,677	173,712,376	844,688,500	834,194,623
Total assets	<u>791,527,269</u>	<u>758,063,193</u>	<u>234,556,724</u>	<u>210,970,486</u>	<u>1,026,083,993</u>	<u>969,033,679</u>
Deferred outflows of resources	<u>14,617,239</u>	<u>13,320,131</u>	<u>2,791,505</u>	<u>2,751,809</u>	<u>17,408,744</u>	<u>16,071,940</u>
Current and other liabilities	18,299,192	16,047,324	3,276,116	1,450,365	21,575,308	17,497,689
Long-term liabilities outstanding	187,308,428	169,344,104	49,428,601	38,787,431	236,737,029	208,131,535
Total liabilities	<u>205,607,620</u>	<u>185,391,428</u>	<u>52,704,717</u>	<u>40,237,796</u>	<u>258,312,337</u>	<u>225,629,224</u>
Deferred inflows of resources	<u>18,443,889</u>	<u>17,626,678</u>	<u>-</u>	<u>-</u>	<u>18,443,889</u>	<u>17,626,678</u>
Net position:						
Net investment in capital assets	525,024,950	531,232,432	144,008,929	139,229,139	669,033,879	670,461,571
Restricted	5,228,990	1,741,592	9,757,361	8,916,035	14,986,351	10,657,627
Unrestricted	51,839,059	35,391,194	30,877,222	25,339,325	82,716,281	60,730,519
Total net position	<u>\$ 582,092,999</u>	<u>\$ 568,365,218</u>	<u>\$ 184,643,512</u>	<u>\$ 173,484,499</u>	<u>\$ 766,736,511</u>	<u>\$ 741,849,717</u>

The government's net position increased by \$24,886,794. A portion of the increase is attributed to the acquisition of capital assets (less depreciation and new debt). A significant portion of the remaining increase is from development-related activity revenues and controlled spending through efforts by the City's Board and departments to contain expenses without reducing service levels.

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

By far, the largest portion of the City's net position, \$669,033,879, or 87.3%, 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, \$14,986,351, or 1.9%, represents resources that are subject to external restriction on how they may be used. The remaining balance of \$82,716,281, or 10.8%, 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, 2017**

Governmental and business-type activities increased the City's net position by \$13,727,781 and \$11,159,013, respectively. Key elements of this increase are as follows:

City of Franklin's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 14,430,345	\$ 14,951,254	\$ 28,803,497	\$ 27,749,661	\$ 43,233,842	\$ 42,700,915
Operating grants & contributions	2,729,040	4,863,442	-	-	2,729,040	4,863,442
Capital grants & contributions	10,976,064	13,545,685	9,382,488	12,429,719	20,358,552	25,975,404
General revenues:						
Property taxes	18,023,515	13,679,737	-	-	18,023,515	13,679,737
Sales taxes	32,694,269	31,309,367	-	-	32,694,269	31,309,367
Other taxes and fees	37,168,655	42,283,630	-	-	37,168,655	42,283,630
Other	2,059,244	(1,956,347)	287,640	253,837	2,346,884	(1,702,510)
Total revenues	118,081,132	118,676,768	38,473,625	40,433,217	156,554,757	159,109,985
Expenses:						
General government:						
Elected officials	282,123	343,182	-	-	282,123	343,182
Administration	561,385	499,029	-	-	561,385	499,029
Human resources	1,193,032	1,093,125	-	-	1,193,032	1,093,125
Legal	491,048	354,340	-	-	491,048	354,340
Communications	452,958	363,446	-	-	452,958	363,446
Capital investment planning	-	87,490	-	-	-	87,490
Project & facilities management	1,109,682	1,176,182	-	-	1,109,682	1,176,182
Revenue management	273,544	205,230	-	-	273,544	205,230
Finance	863,803	836,283	-	-	863,803	836,283
Information & technology	4,465,981	4,104,824	-	-	4,465,981	4,104,824
Purchasing	207,506	177,659	-	-	207,506	177,659
Court	388,088	228,932	-	-	388,088	228,932
Building & neighborhood services	2,737,738	2,427,771	-	-	2,737,738	2,427,771
Planning	1,567,652	1,680,480	-	-	1,567,652	1,680,480
Engineering	1,013,726	806,847	-	-	1,013,726	806,847
Traffic operations center	1,128,998	862,274	-	-	1,128,998	862,274
General	3,728,463	12,305,479	-	-	3,728,463	12,305,479
Police	15,715,821	15,009,053	-	-	15,715,821	15,009,053
Fire	17,431,159	15,873,431	-	-	17,431,159	15,873,431
Parks	5,497,455	4,709,152	-	-	5,497,455	4,709,152
Streets-maintenance	27,553,529	21,253,447	-	-	27,553,529	21,253,447
Streets-traffic	1,494,982	1,351,671	-	-	1,494,982	1,351,671
Streets-fleet	875,366	881,735	-	-	875,366	881,735
Sanitation	7,972,577	8,388,763	-	-	7,972,577	8,388,763
Storm water	2,361,491	2,105,446	-	-	2,361,491	2,105,446
Transit	2,035,623	1,705,932	-	-	2,035,623	1,705,932
Interest expense on long-term debt:	4,074,621	3,988,622	-	-	4,074,621	3,988,622
Water & sewer:	-	-	26,189,612	24,245,697	26,189,612	24,245,697
Total expenses	105,478,351	102,819,825	26,189,612	24,245,697	131,667,963	127,065,522
Transfers	1,125,000	200,000	(1,125,000)	(200,000)	-	-
Changes in net position	13,727,781	16,056,943	11,159,013	15,987,520	24,886,794	32,044,463
Net position, beginning of year	568,365,218	552,308,275	173,484,499	157,496,979	741,849,717	709,805,254
Net position, end of year	\$ 582,092,999	\$ 568,365,218	\$ 184,643,512	\$ 173,484,499	\$ 766,736,511	\$ 741,849,717

Governmental Activities

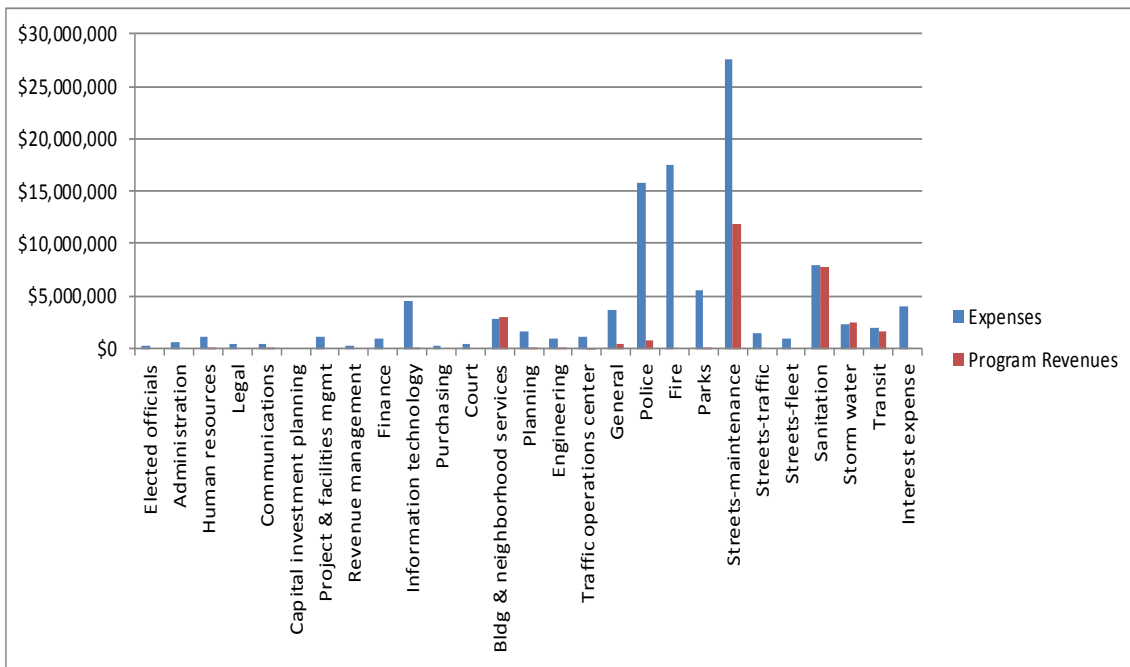
Revenues for governmental activities decreased approximately 0.5% due primarily to decreased grants and charges for services in the sanitation fund (construction debris was no longer collected) in 2017 compared to 2016. The overall increase in current expenses of governmental activities amounted to approximately 2.6%. A significant portion of the increase is due to increased street-related activity in 2017.

Business-Type Activities

Revenues for business-type activities decreased 4.8%. The primary factor underlying the increase was less development related donations in 2017 compared to 2016. Expenses of the business type-activities increased approximately 8.0%.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

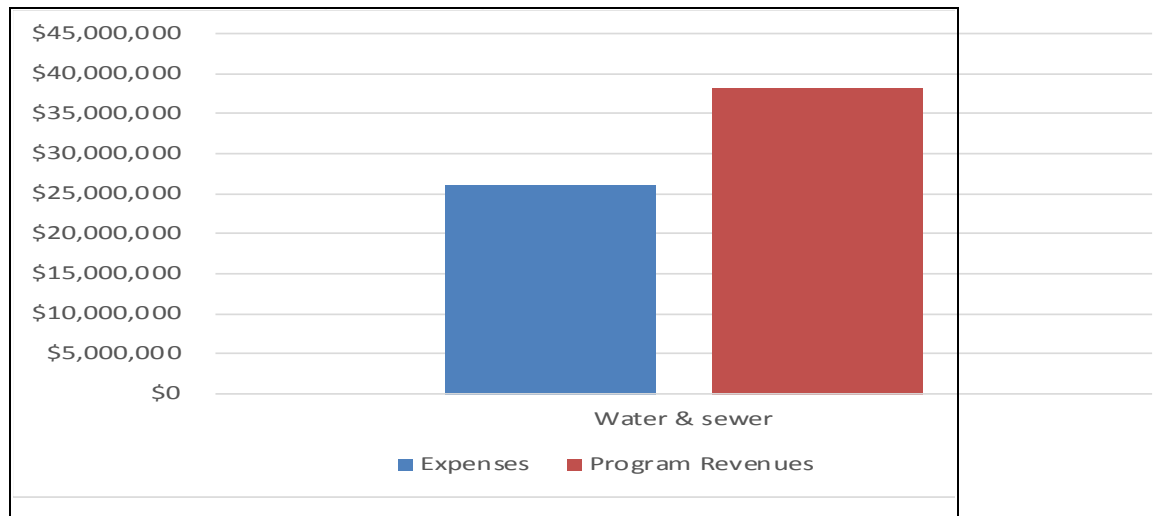
Expenses and Program Revenues – Governmental Activities



Governmental Activities

Expenses for governmental activities was \$105,478,351. Expenses were offset by \$28,135,449 in program revenues. The remainder of \$77,342,902 was covered by \$89,945,683 in general revenues such as property, sales, and other taxes and \$1,125,000 from the Water and Sewer fund for its portion of the public works facility and water and sewer elements within road projects. The amount of \$13,727,781 represents the improvement in net position in 2017.

Expenses and Program Revenues – Business-type Activities



Business-Type Activities

Expenses for business-type activities was \$26,189,612. The water and sewer fund also transferred \$1,125,000 for its portion of the public works facility and water and sewer elements within road projects. Expenses were offset by \$38,185,985 in program and general revenues. (Program revenues include \$28.8 million in charges for services.) The amount of \$11,159,013 represents the improvement in net position in 2017.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

Financial Analysis of Governmental Funds

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

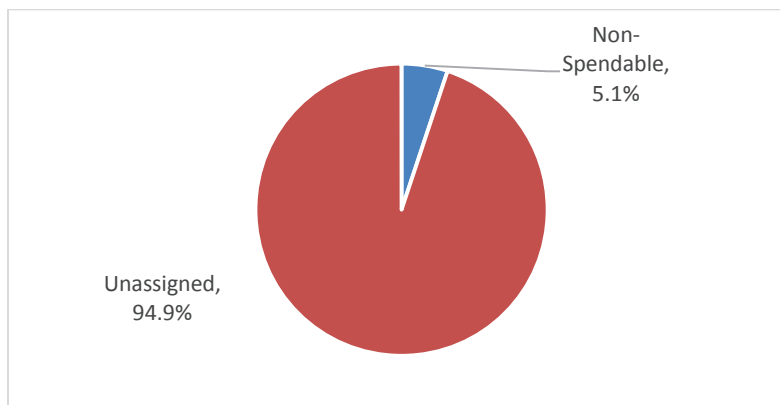
Governmental Funds

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

At June 30, 2017, the City's governmental funds reported combined ending fund balances of \$93,992,478, an increase of \$36,579,494 in comparison with the prior year of \$57,412,984. The increase is due primarily to development-related revenue and a \$23.2 million bond issue closed in June 2017.

The General Fund is the chief operating fund of the City. The 2017 ending fund balance of \$43,283,142 has the following composition: An amount of \$2,223,101, or 5.1%, is non-spendable for inventory and prepaid items. The remainder of \$41,060,041, or 94.9%, is unassigned. (Additional information on fund balance can be found in Note 3L within the notes to the financial statements).

General Fund - Fund Balance Composition – 2017



The most significant continuing revenue sources in the General Fund are derived from taxes. Of total General Fund revenues, \$46,737,714, or 70.2%, was from taxes. Local option sales tax increased by \$1,384,902 (from \$31,309,367 to \$32,694,269). 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 increased by \$4,714,003 (from \$4,973,334 to \$9,687,337) as a property tax rate of \$.4176 was approved compared to the certified rate following property reappraisal of \$.3176.

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 \$90,197. This amount is consistent with the City's goal for a minimal year-end balance after paying annual debt service.

The Road Impact Fee Fund, due to another strong year of collection though lower than 2016, had a fund balance of \$5,889,789. Also, due to strong collections but also lower than 2016, the Facilities Tax Fund saw its fund balance increase from \$6,976,276 to \$10,441,436. Approximately \$385,000 was spent from the fund for growth-related expenditures in the fire (\$214,000), parks (\$45,000), and sanitation (\$126,000) departments. Funding of construction on the new fire station in the Goose Creek area is anticipated during 2018 from this fund.

In the Hotel/Motel Tax Fund, the fund balance increased due primarily due to collections in excess of budgeted tourism/parks/streetscape project expenditures. The fund balance increased from \$2,634,109 to \$3,827,284. The County Facilities Tax Fund was established in 2017 with prior year county facilities taxes received by the City of \$3.4 million and transferred from the Capital Projects Fund.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

Budgetary Highlights

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

Original budget compared to final budget

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

Fund	Original Budget	Final Budget	Change
General	\$64,147,848	\$68,127,169	\$3,979,321
Street Aid	\$2,629,600	\$2,962,440	\$332,840
Sanitation	\$9,339,934	\$9,552,982	\$213,048
Road Impact	\$6,375,140	\$8,375,140	\$2,000,000
Facilities Tax	\$4,274,789	\$4,274,789	\$0
County Facilities Tax	\$0	\$0	\$0
Storm water	\$5,170,662	\$5,259,622	\$88,960
Drug	\$72,500	\$142,500	\$70,000
Hotel/Motel	\$2,529,432	\$2,797,432	\$268,000
In Lieu of Parkland	\$0	\$0	\$0
Transit	\$2,246,755	\$2,473,603	\$226,848
CDBG	\$286,975	\$286,975	\$0
Debt Service	\$13,220,298	\$13,220,298	\$0
	<u>\$110,293,933</u>	<u>\$117,472,950</u>	<u>\$7,179,017</u>

The original General Fund budget was \$64,147,848. The final budget (including transfers) was increased by \$3,979,321 to \$68,127,169. During the year, the budget was amended to include \$332,840 for a transfer to the Street Aid Fund for filling of sidewalk gaps within the community, \$165,775 for new positions in Building and Neighborhood Services and Information Technology, \$30,650 to replace a police car, \$1,600,000 to reimburse expenditures in the Capital Projects Fund, \$132,142 to transfer property tax to the Debt Service and Capital Projects funds, \$1,717,914 to ensure the Sanitation, Transit, and Debt Services funds were not in a deficit fund balance or cash balance position.

Other amendments during the year affected the special revenue funds. The Street Aid Fund was amended for the filling of sidewalk gaps mentioned above. The Sanitation Fund was amended by \$213,048 for leasing of a new wheel loader and replacement of a rear loader. The Road Impact Fee Fund was amended by \$2,000,000 to reimburse the Capital Projects Fund for roadway expenditures. The Storm water Fund was amended by \$88,960 for personnel costs and to reimburse the Capital Projects Fund for storm water related costs. The Drug Fund was amended \$70,000 for purchase of vehicles for drug enforcement. The Hotel/Motel Tax Fund was amended by \$268,000 to reimburse the Capital Projects Fund for streetscape related costs and expenditures related to downtown Franklin. The Transit Fund was amended to include \$51,848 for additional operating costs and pass-through expenditures.

There were no amendments to the Facilities Tax, CDBG and Debt Service funds. (There were no expenditures budgeted in the County Facilities Tax or In Lieu of Parkland Fund.)

Final budget compared to actual results

In the General Fund, the final budget (including transfers) of \$68.1 million anticipated \$63.0 million in current revenues and a \$5.1 million allocation from fund balance. Actual results showed an increase in fund balance of \$4.0 million.

Actual revenues were over \$66.5 million. This was \$3.5 million more than anticipated current revenues. The additional revenue was due primarily to increased property taxes under the approved rate.

In conjunction with the additional revenue, cost containment measures allowed the City to finish the year with \$62.5 million in expenditures, or \$5 million less than the final budget of \$68.1 million to be paid from current revenues. The primary cost reduction was unused capital budgeted in the Traffic Operations Center department.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

Due to increased building activity, development-related revenue in the Road Impact Fee and Facilities Tax Fund was greater than anticipated in the final budget. Road Impact Fees were budgeted at \$6.8 million. The actual amount was almost \$7.2 million. Facilities Taxes were budgeted at \$2.9 million. Actual collections were almost \$3.9 million.

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, 2017, is \$844,688,500 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads, highways and bridges.

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

	Governmental	Business-Type	Total
	Activities	Activities	
Land	\$ 57,135,136	\$ 5,543,049	\$ 62,678,185
Construction in progress	12,988,293	26,727,324	39,715,617
Buildings and improvements	57,570,428	1,765,740	59,336,168
Improvements other than buildings	16,139,145	-	16,139,145
Utility plant in service	-	153,369,616	153,369,616
Infrastructure	494,630,557	-	494,630,557
Machinery & equipment	17,348,264	1,470,948	18,819,212
Total capital assets	<u>\$ 655,811,823</u>	<u>\$ 188,876,677</u>	<u>\$ 844,688,500</u>

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

- The City's governmental activities received \$10,206,079 in developer-contributed assets.
- \$1,895,225 in leases permitted acquisition of vehicles for the parks, sanitation, and police departments, equipment in the streets department, and software for the court and fire departments.
- Fire Station 8 (Westhaven) opened in August 2016.
- The Third Avenue Trail Greenway, part of Bicentennial Park Phase 1, was completed.
- Construction continued on Phase 2 of the three-lane widening of Hillsboro Road. Completion is anticipated in winter 2018.
- Construction continued on sidewalk along State Route 96 (Murfreesboro Road) West.
- Construction was approved for the sidewalk along State Route 96 (Murfreesboro Road) East.
- Progress continued on modifications to the City's Water Treatment Plant. Completion is anticipated in winter 2018.
- Work began on Liberty Pike widening.
- The Cool Springs traffic signal timing project was completed.
- Planning for the Columbia Avenue widening was underway.
- Progress on Curd Branch and Watson Branch Sewer Interceptor was underway.
- Progress on Goose Creek Sanitary Sewer west of I-65 to east of I-65 was underway.
- SCADA (supervisory control and data acquisition) improvements were underway.
- Lighting for safe routes to school at Hunters Bend Elementary was underway.
- Progress on Ladd Park Sewer Interceptor was made.
- A new utility billing and cashing system was nearing completion. The system was fully implemented in November 2017.

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 45.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

Long-term Debt

At the end of the current year, the City of Franklin had bonded debt (including premiums) and capital leases of \$198,065,698. Of this amount, \$152,329,478 comprises general obligation bonds backed by the full faith and credit of the government. Of the \$45,736,220 of business-type activities debt, \$33,705,483 is Revenue and Tax Bonds secured by both the taxing power of the City and specific revenue sources (i.e., revenue and tax bonds) of the Water & Sewer fund; \$12,000,000 is secured by Water and Sewer fund revenues; and \$30,737 represents capital leases.

City of Franklin's Outstanding Debt

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds-Capital *	\$ 142,874,127	\$ -	\$ 142,874,127
General Obligation Bonds-Pension *	7,285,052	-	7,285,052
Revenue and Tax Bonds *	-	45,705,483	45,705,483
Capital Leases	2,170,299	30,737	2,201,036
Total Outstanding Debt	\$ 152,329,478	\$ 45,736,220	\$ 198,065,698

* Includes unamortized premiums.

The City's debt (bonds, bond premiums, and capital leases) increased by \$27,497,702 (from \$170,567,996 to \$198,065,698) during the current fiscal year.

There was \$28,524,654 in new governmental debt (\$23,120,000 bond issue for various governmental projects, \$1,864,488 in new capital leases, and \$3,540,166 in new premiums). Water and sewer had \$13,918,771 in new debt (\$12,000,000 issued for water plant improvements, \$694,634 in state revolving fund loans for SCADA improvements, \$30,737 of new capital leases, and \$1,193,400 in new premiums). A total of \$14,626,004 (\$7,047,000 GO bonds-capital, \$945,000 GO bonds-pension, \$3,123,119 governmental leases, and \$3,510,885 business-type bonds) was repaid during the year. A total of \$319,719 (\$176,348 GO bonds-capital, \$8,469 GO bonds-pension, and \$134,902 business-type bonds) in premiums were amortized during the year.

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

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

Economic Factors and Next Year's Budget and Rates

The unemployment rate (not seasonally adjusted) for June 2017 for the City of Franklin was 2.9%, compared to the State of Tennessee's rate of 4.2% and a national average of 4.5%. In addition to the unemployment rate, factors considered in preparing the City's budget for fiscal year 2018 included:

1. Reduction by the State of the Hall income tax from 5% to 4%. The rate will reduce an additional 1% each year until eliminated. The 2018 budget includes \$1,000,000 for this revenue, a reduction from \$1,250,000 in the 2017 budget). This limitation may significantly affect the availability of fund resources for future use.
2. The property tax rate for fiscal year 2018 of 41.76 cents per \$100 of assessed value allows payment of debt service, streets maintenance, and funding for capital projects. The property tax rate remains unchanged from the previous year.

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:

BASIC FINANCIAL STATEMENTS



HISTORIC
FRANKLIN
TENNESSEE

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION
 JUNE 30, 2017
 With Comparative Totals as of June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>2016</u>
ASSETS				
Cash and cash equivalents	\$ 31,335,395	\$ 1,217,454	\$ 32,552,849	\$ 31,453,437
Cash and cash equivalents-restricted	18,153,362	2,997,754	21,151,116	10,602,006
Investments	40,504,433	28,924,865	69,429,298	39,407,277
Investments-restricted	-	6,759,607	6,759,607	-
Receivables (net of allowance for uncollectibles)	37,857,927	5,321,256	43,179,183	45,390,438
Inventory	1,293,772	459,111	1,752,883	1,571,567
Prepaid items and other assets	1,005,459	-	1,005,459	785,596
Net investment in joint venture - Conference Center	5,565,098	-	5,565,098	5,628,735
Capital assets, not being depreciated:				
Land	57,135,136	5,543,049	62,678,185	62,437,185
Construction in progress	12,988,293	26,727,324	39,715,617	29,264,755
Capital assets, net of accumulated depreciation:				
Buildings and improvements	57,570,428	1,765,740	59,336,168	57,499,895
Improvements other than buildings	16,139,145	-	16,139,145	15,707,606
Utility plant in service	-	153,369,616	153,369,616	152,533,636
Infrastructure	494,630,557	-	494,630,557	497,570,509
Machinery and equipment	17,348,264	1,470,948	18,819,212	19,181,037
Total assets	<u>791,527,269</u>	<u>234,556,724</u>	<u>1,026,083,993</u>	<u>969,033,679</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refundings	236,599	868,472	1,105,071	1,253,248
Pensions	14,380,640	1,923,033	16,303,673	14,818,692
Total deferred outflows of resources	<u>14,617,239</u>	<u>2,791,505</u>	<u>17,408,744</u>	<u>16,071,940</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION (Cont.)
 JUNE 30, 2017
 With Comparative Totals as of June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>2016</u>
LIABILITIES				
Accounts payable	\$ 11,898,133	\$ 2,900,126	\$ 14,798,259	\$ 11,114,226
Accrued liabilities	4,433,125	-	4,433,125	4,171,925
Accrued interest payable	1,284,237	375,990	1,660,227	1,552,358
Unearned revenue	683,697	-	683,697	659,180
Long-term liabilities:				
Due within one year	13,669,040	4,504,363	18,173,403	17,289,998
Due in more than one year	151,881,934	42,044,741	193,926,675	169,248,872
Net pension liability	21,757,454	2,879,497	24,636,951	21,592,665
Total liabilities	<u>205,607,620</u>	<u>52,704,717</u>	<u>258,312,337</u>	<u>225,629,224</u>
DEFERRED INFLOWS OF RESOURCES				
January 1, 2017 property tax levy	18,443,889	-	18,443,889	17,626,678
Total deferred inflows of resources	<u>18,443,889</u>	<u>-</u>	<u>18,443,889</u>	<u>17,626,678</u>
NET POSITION				
Net investment in capital assets	525,024,950	144,008,929	669,033,879	670,461,571
Restricted for:				
Grant program use	86,263	-	86,263	85,185
State street aid	502,481	-	502,481	373,415
Sanitation use	610,969	-	610,969	767,350
Drug fund use	541,205	-	541,205	515,642
Development	3,488,072	-	3,488,072	-
Water and sewer	-	9,757,361	9,757,361	8,916,035
Unrestricted	51,839,059	30,877,222	82,716,281	60,730,519
Total net position	<u>\$ 582,092,999</u>	<u>\$ 184,643,512</u>	<u>\$ 766,736,511</u>	<u>\$ 741,849,717</u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total	2016
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		
Primary government								
Governmental activities:								
Elected officials	\$ 282,123	\$ -	\$ -	\$ -	\$ (282,123)	\$ -	\$ (282,123)	\$ (343,182)
Administration	561,385	-	-	-	(561,385)	-	(561,385)	(499,029)
Human resources	1,193,032	49	-	-	(1,192,983)	-	(1,192,983)	(1,093,125)
Legal	491,048	-	-	-	(491,048)	-	(491,048)	(354,340)
Communications	452,958	2,500	-	-	(450,458)	-	(450,458)	(359,846)
Capital investment planning	-	-	-	-	-	-	-	(87,490)
Project & facilities management	1,109,682	-	-	-	(1,109,682)	-	(1,109,682)	(1,161,111)
Revenue management	273,544	-	-	-	(273,544)	-	(273,544)	(205,230)
Finance	863,803	-	-	-	(863,803)	-	(863,803)	(836,283)
Information technology	4,465,981	3,682	-	-	(4,462,299)	-	(4,462,299)	(4,102,072)
Purchasing	207,506	-	-	-	(207,506)	-	(207,506)	(177,659)
Court	388,088	-	-	-	(388,088)	-	(388,088)	(228,932)
Building & neighborhood services	2,737,738	2,999,288	51,256	-	312,806	-	312,806	555,868
Planning	1,567,652	161,101	-	-	(1,406,551)	-	(1,406,551)	(1,508,295)
Engineering	1,013,726	1,650	-	-	(1,012,076)	-	(1,012,076)	(806,797)
Traffic operations center	1,128,998	-	20,148	(52,573)	(1,161,423)	-	(1,161,423)	(805,356)
General government	3,728,463	158,340	230,374	-	(3,339,749)	-	(3,339,749)	(10,454,630)
Public safety:								
Police	15,715,821	703,245	47,103	-	(14,965,473)	-	(14,965,473)	(14,171,971)
Fire	17,431,159	-	-	-	(17,431,159)	-	(17,431,159)	(15,873,431)
Parks	5,497,455	-	153,708	-	(5,343,747)	-	(5,343,747)	(4,633,911)
Streets-maintenance	27,553,529	21,200	971,157	10,807,363	(15,753,809)	-	(15,753,809)	(5,862,845)
Streets-traffic	1,494,982	-	-	-	(1,494,982)	-	(1,494,982)	(1,351,671)
Streets-fleet	875,366	-	-	-	(875,366)	-	(875,366)	(881,735)
Sanitation	7,972,577	7,709,098	-	-	(263,479)	-	(263,479)	(20,273)
Storm water	2,361,491	2,565,543	-	-	204,052	-	204,052	356,468
Transit	2,035,623	104,649	1,255,294	221,274	(454,406)	-	(454,406)	(563,944)
Interest and amortization on long-term debt	4,074,621	-	-	-	(4,074,621)	-	(4,074,621)	(3,988,622)
	105,478,351	14,430,345	2,729,040	10,976,064	(77,342,902)	-	(77,342,902)	(69,459,444)
Business-type activities:								
Water and sewer	26,189,612	28,803,497	-	9,382,488	-	11,996,373	11,996,373	15,933,683
Total primary government	\$ 131,667,963	\$ 43,233,842	\$ 2,729,040	\$ 20,358,552	\$ (77,342,902)	\$ 11,996,373	\$ (65,346,529)	\$ (53,525,761)
General revenues:								
Property taxes					18,023,515	-	18,023,515	13,679,737
Sales taxes					32,694,269	-	32,694,269	31,309,367
Wholesale privilege tax					1,655,448	-	1,655,448	1,612,550
Beer privilege tax					23,306	-	23,306	23,706
Wholesale liquor tax					1,343,791	-	1,343,791	1,349,136
Liquor privilege tax					103,800	-	103,800	94,605
Hotel/motel tax					3,710,589	-	3,710,589	3,557,971
Other intergovernmental state shared taxes					15,842,220	-	15,842,220	17,777,101
Access fees and taxes					12,250,087	-	12,250,087	15,579,078
Franchise taxes					2,239,414	-	2,239,414	2,289,483
Investment earnings (loss)					2,059,244	232,687	2,291,931	(1,713,942)
Other					-	54,953	54,953	11,432
Total general revenues					89,945,683	287,640	90,233,323	85,570,224
Transfers					1,125,000	(1,125,000)	-	-
Total general revenues and transfers					91,070,683	(837,360)	90,233,323	85,570,224
Change in net position					13,727,781	11,159,013	24,886,794	32,044,463
Net position - beginning of year					568,365,218	173,484,499	741,849,717	709,805,254
Net position - end of year					\$ 582,092,999	\$ 184,643,512	\$ 766,736,511	\$ 741,849,717

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

CITY OF FRANKLIN, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
 JUNE 30, 2017

With Comparative Totals as of June 30, 2016

	<u>General</u>	<u>Multi-Purpose Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
					<u>2017</u>	<u>2016</u>
ASSETS						
Cash and cash equivalents	\$ 18,340,144	\$ 17,008,555	\$ -	\$ 14,140,058	\$ 49,488,757	\$ 28,255,777
Investments	21,075,956	-	-	19,428,477	40,504,433	21,328,486
Receivables (net of allowance for uncollectibles)	23,517,916	1,278,023	9,613,209	3,448,779	37,857,927	40,350,017
Due from other funds	-	-	-	-	-	7,537,312
Inventory	1,234,509	-	-	59,263	1,293,772	1,232,335
Prepaid items	988,592	-	-	16,867	1,005,459	704,396
Total assets	<u>\$ 65,157,117</u>	<u>\$ 18,286,578</u>	<u>\$ 9,613,209</u>	<u>\$ 37,093,444</u>	<u>\$ 130,150,348</u>	<u>\$ 99,408,323</u>
LIABILITIES						
Accounts payable	\$ 8,652,880	\$ 1,916,173	\$ 330,639	\$ 998,441	\$ 11,898,133	\$ 9,888,364
Accrued liabilities	2,978,225	-	-	-	2,978,225	3,227,349
Due to other funds	-	-	-	-	-	7,537,312
Unearned revenue	441,297	-	-	242,400	683,697	659,180
Total liabilities	<u>12,072,402</u>	<u>1,916,173</u>	<u>330,639</u>	<u>1,240,841</u>	<u>15,560,055</u>	<u>21,312,205</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property tax-Jan. 1, 2017 levy	8,521,576	-	9,192,373	729,940	18,443,889	17,626,678
Unavailable revenue-property taxes	168,619	-	-	-	168,619	125,685
Unavailable revenue-assessments	53,762	-	-	-	53,762	53,762
Unavailable revenue-grant proceeds	65,901	861,486	-	12,443	939,830	1,874,888
Unavailable revenue-court fines	493,935	-	-	-	493,935	488,621
Unavailable revenue-franchise fees	497,780	-	-	-	497,780	489,148
Unavailable revenue-reimbursements	-	-	-	-	-	24,352
Total deferred inflows of resources	<u>9,801,573</u>	<u>861,486</u>	<u>9,192,373</u>	<u>742,383</u>	<u>20,597,815</u>	<u>20,683,134</u>
FUND BALANCES						
Non-Spendable	2,223,101	-	-	76,130	2,299,231	1,936,731
Restricted	-	15,508,919	-	5,228,990	20,737,909	1,685,971
Committed	-	-	90,197	24,451,333	24,541,530	17,248,117
Assigned	-	-	-	5,353,767	5,353,767	7,060,075
Unassigned	41,060,041	-	-	-	41,060,041	29,482,090
Total fund balances	<u>43,283,142</u>	<u>15,508,919</u>	<u>90,197</u>	<u>35,110,220</u>	<u>93,992,478</u>	<u>57,412,984</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 65,157,117</u>	<u>\$ 18,286,578</u>	<u>\$ 9,613,209</u>	<u>\$ 37,093,444</u>	<u>\$ 130,150,348</u>	<u>\$ 99,408,323</u>

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

CITY OF FRANKLIN, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017
With Comparative Totals as of June 30, 2016

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

	2017	2016
Fund balance - total governmental funds (Page 15)	\$ 93,992,478	\$ 57,412,984
Capital and other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Capital assets, at cost	884,793,746	870,925,422
Less related accumulated depreciation	(228,981,923)	(210,443,175)
Investment in joint venture - Conference Center	5,565,098	5,628,735
	661,376,921	666,110,982
Receivables not available to pay for current expenditures and, therefore, are unavailable in the funds		
Property taxes	168,619	125,685
Assessments	53,762	53,762
Franchise fees	497,780	489,148
Court fines	493,935	488,621
Grant revenues	939,830	1,874,888
Reimbursements	-	24,352
	2,153,926	3,056,456
Long-term items, including bonds and leases payable, are not due in the current period and, therefore, are not reported in the governmental funds		
Bonds outstanding	(144,618,000)	(129,490,000)
Bond premiums	(5,541,179)	(2,185,830)
Deferred loss on refunding	236,599	273,249
Derivative instruments	(4,677,019)	(6,631,146)
Leases outstanding	(2,170,299)	(3,428,930)
Net pension liability	(21,757,454)	(19,023,183)
Deferred outflows of resources - pensions	14,380,640	13,046,882
Employee benefits and other	(9,999,377)	(9,448,391)
	(174,146,089)	(156,887,349)
Payables, such as accrued interest payable, are not due and payable in the current period, and therefore are not reported in the funds	(1,284,237)	(1,327,855)
Net position - governmental activities (Page 13)	\$ 582,092,999	\$ 568,365,218

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<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 2017</u>	<u>2016</u>
Revenues:						
Taxes	\$ 46,737,714	\$ 1,691,715	\$ 6,710,855	\$ 8,198,727	\$ 63,339,011	\$ 57,346,463
Licenses and permits	5,386,807	-	-	7,317,604	12,704,411	14,855,454
Fines and fees	618,794	-	-	134,703	753,497	845,422
Charges for services	139,034	-	-	10,379,078	10,518,112	10,952,510
Intergovernmental	13,239,636	1,795,155	846,359	3,745,483	19,626,633	23,052,657
Use of money and property	396,977	-	4,355	285,340	686,672	979,599
Miscellaneous and other	21,387	1,123,695	-	10,312	1,155,394	2,489,638
Total revenues	<u>66,540,349</u>	<u>4,610,565</u>	<u>7,561,569</u>	<u>30,071,247</u>	<u>108,783,730</u>	<u>110,521,743</u>
Expenditures:						
Governance and Management:						
Elected officials	282,124	-	-	-	282,124	343,182
Administration	535,330	-	-	-	535,330	492,182
Human resources	1,165,049	-	-	-	1,165,049	1,211,867
Legal	498,133	-	-	-	498,133	333,265
Communications	489,797	-	-	-	489,797	352,429
Capital investment planning	-	-	-	-	-	162,466
Public safety:						
Police	15,353,065	9,119	-	122,177	15,484,361	14,701,228
Fire	16,861,972	18,900	-	122,553	17,003,425	15,753,191
Finance and Administration:						
Finance	940,697	-	-	-	940,697	824,104
Purchasing	191,513	-	-	-	191,513	176,129
Information technology	4,076,827	109,278	-	-	4,186,105	3,727,271
Revenue management	261,826	-	-	-	261,826	192,958
Court	351,533	93,152	-	-	444,685	319,159
Project & facilities management	1,069,858	-	-	-	1,069,858	1,111,055
Community & Economic Development:						
Building & neighborhood services	2,728,068	22,316	-	-	2,750,384	2,423,538
Planning	1,560,527	-	-	-	1,560,527	1,637,525
Engineering	991,964	-	-	-	991,964	802,701
Traffic operations center	777,609	-	-	-	777,609	498,106
Economic development	53,592	-	-	-	53,592	67,277
Public Works:						
Streets-maintenance	3,826,764	6,006,121	-	4,457,909	14,290,794	8,221,079
Streets-traffic	1,508,872	-	-	-	1,508,872	1,360,638
Streets-fleet	922,877	17,409	-	-	940,286	945,575
Parks	4,148,128	21,597	-	44,579	4,214,304	3,538,547
Other General Government:						
General expenses	(743,635)	200,673	-	1,215,205	672,243	3,680,359
Appropriations	464,936	500,000	-	-	964,936	473,706
Sanitation	-	-	-	7,834,536	7,834,536	8,308,687
Storm water	-	-	-	2,314,747	2,314,747	2,112,676
Transit	-	-	-	1,890,367	1,890,367	1,574,974
Debt service	-	-	12,896,749	-	12,896,749	12,772,944
Capital outlay	188,787	4,113,216	-	1,361,426	5,663,429	12,344,902
Total expenditures	<u>58,506,213</u>	<u>11,111,781</u>	<u>12,896,749</u>	<u>19,363,499</u>	<u>101,878,242</u>	<u>100,463,720</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<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 2017</u>	<u>Total Governmental Funds 2016</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 8,034,136	\$ (6,501,216)	\$ (5,335,180)	\$ 10,707,748	\$ 6,905,488	\$ 10,058,023
Other financing sources (uses):						
Issuance of debt	-	25,008,840	-	-	25,008,840	3,236,188
Premium on debt issuance	-	3,540,166	-	-	3,540,166	-
Transfers from other funds	-	4,836,071	5,420,377	5,028,651	15,285,099	9,303,969
Transfers to other funds	(4,000,580)	(3,487,056)	-	(6,672,463)	(14,160,099)	(9,103,969)
Total other financing sources (uses)	<u>(4,000,580)</u>	<u>29,898,021</u>	<u>5,420,377</u>	<u>(1,643,812)</u>	<u>29,674,006</u>	<u>3,436,188</u>
Net changes in fund balances	4,033,556	23,396,805	85,197	9,063,936	36,579,494	13,494,211
Fund balances (deficits) - beginning	<u>39,249,586</u>	<u>(7,887,886)</u>	<u>5,000</u>	<u>26,046,284</u>	<u>57,412,984</u>	<u>43,918,773</u>
Fund balances - ending	<u>\$ 43,283,142</u>	<u>\$ 15,508,919</u>	<u>\$ 90,197</u>	<u>\$ 35,110,220</u>	<u>\$ 93,992,478</u>	<u>\$ 57,412,984</u>

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, 2017

With Comparative Totals for the Fiscal Year Ended June 30, 2016

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

	<u>2017</u>		<u>2016</u>	
Net changes in fund balances - total governmental funds (Page 18)	\$ 36,579,494		\$ 13,494,211	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. Specifically these items are as follows:				
Acquisition of capital assets	5,476,144		12,725,947	
Disposals, adjustments and reclassifications of capital assets	(1,246,262)		(8,608,080)	
Depreciation expense	(19,106,385)		(18,072,094)	
Change in investment in joint venture - Conference Center	<u>(63,637)</u>	(14,940,140)	<u>(77,598)</u>	(14,031,825)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds for:				
Property taxes	42,934		(44,709)	
Franchise fees	8,632		33,918	
Court fines	5,314		(3,993)	
Grant revenues and reimbursements	(935,058)		915,299	
Contributed capital assets	<u>10,206,079</u>	9,327,901	<u>13,432,150</u>	14,332,665
The issuances of long-term debt and related items provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Specifically, these items are as follows:				
Bond issuance	(23,120,000)		-	
Bond payments	7,992,000		7,783,000	
Change in fair value of derivative instruments	1,954,127		(2,247,421)	
Lease issuance, including prior year unavailable proceeds	(1,888,840)		(3,236,188)	
Lease payments	<u>3,123,119</u>	(11,939,594)	<u>2,995,750</u>	5,295,141
Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities for:				
Bond premiums	(3,540,166)		-	
Amortization of bond premiums	184,817		190,866	
Deferred refunding amounts	<u>(36,650)</u>	(3,391,999)	<u>(36,796)</u>	154,070
Expenses and losses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds and certain expenditures in the governmental funds are capitalized:				
Accrued absences and other liabilities	40,538		(1,802,215)	
Accrued interest	43,618		75,159	
Pension and OPEB expense	<u>(1,992,037)</u>	(1,907,881)	<u>(1,460,263)</u>	(3,187,319)
Change in net position of governmental activities (Page 14)	<u>\$ 13,727,781</u>		<u>\$ 16,056,943</u>	

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

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	June 30, 2017				
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	2016 Actual
	Original	Final			
Revenues:					
Taxes:					
Real and personal property taxes	\$ 5,866,618	\$ 5,941,618	\$ 9,687,337	\$ 3,745,719	\$ 4,973,334
Penalty and interest	40,000	40,000	36,671	(3,329)	34,026
In lieu of tax	271,369	271,369	298,347	26,978	326,438
Sales tax	33,183,778	33,183,778	32,694,269	(489,509)	31,309,367
Wholesale beer tax	1,695,419	1,695,419	1,655,448	(39,971)	1,612,550
Beer privilege tax	22,869	22,869	23,306	437	23,706
Wholesale liquor tax	1,284,010	1,284,010	1,343,791	59,781	1,349,136
Liquor privilege tax	97,155	97,155	103,800	6,645	94,605
Mixed drink tax	789,113	789,113	894,745	105,632	846,714
Business tax	13,104	13,104	-	(13,104)	-
	<u>43,263,435</u>	<u>43,338,435</u>	<u>46,737,714</u>	<u>3,399,279</u>	<u>40,569,876</u>
Licenses and permits:					
Mechanical licenses	5,422	5,422	2,931	(2,491)	6,939
Mechanical permits	152,669	152,669	87,549	(65,120)	94,346
Building permits	1,696,631	1,772,738	2,153,262	380,524	2,136,322
Technology fee	62,500	62,500	80,630	18,130	88,690
Plumbing licenses	3,583	3,583	3,359	(224)	2,875
Plumbing permits	128,518	128,518	58,624	(69,894)	69,760
Electric permits	324,514	324,514	239,084	(85,430)	279,828
Inspection fees	232,452	232,452	308,305	75,853	171,788
Site review, rezoning and submittal fees	168,609	168,609	161,101	(7,508)	172,185
Beer permits and licenses	16,189	16,189	13,750	(2,439)	14,750
Yard sale permits	8,186	8,186	7,010	(1,176)	7,395
Business license	327,080	327,080	12,330	(314,750)	13,702
Alarm permits	31,315	31,315	23,990	(7,325)	26,540
Miscellaneous permits	4,774	4,774	4,100	(674)	4,900
Franchise fees	2,536,790	2,536,790	2,230,782	(306,008)	2,255,565
	<u>5,699,232</u>	<u>5,775,339</u>	<u>5,386,807</u>	<u>(388,532)</u>	<u>5,345,585</u>
Intergovernmental:					
State income tax	1,250,000	1,250,000	1,468,649	218,649	4,493,574
Sales tax	5,498,128	5,498,128	5,505,573	7,445	5,373,890
State beer tax	34,912	34,912	32,046	(2,866)	32,407
State excise tax	100,964	100,964	230,531	129,567	152,620
In lieu of tax - TVA	782,311	782,311	748,991	(33,320)	778,995
Business tax from state	3,155,336	3,155,336	4,537,922	1,382,586	3,762,344
Business tax recording fee	-	-	452,693	452,693	376,761
Federal & state grants	1,828,300	1,828,300	263,231	(1,565,069)	1,612,487
	<u>12,649,951</u>	<u>12,649,951</u>	<u>13,239,636</u>	<u>589,685</u>	<u>16,583,078</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	June 30, 2017				
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	2016 Actual
	Original	Final			
Revenues:					
Charges for services:					
Regional fire training	-	-	-	-	1,500
Maps sold	1,545	1,545	3,682	2,137	2,752
Plans sold	2,575	2,575	1,650	(925)	50
Records sold	1,267	1,267	49	(1,218)	-
Special event services fee	-	-	2,500	2,500	3,600
Traffic impact analysis review fee	135,000	135,000	65,548	(69,452)	(1,507)
Accident reports	514	514	1,514	1,000	77
Offender registry	2,060	2,060	1,800	(260)	1,800
License seizure fees	633	633	1,150	517	1,515
3rd party billable overtime	45,153	45,153	39,941	(5,212)	27,279
Compost vouchers	2,246	2,246	21,200	18,954	18,040
Charge station fees	262	262	-	(262)	-
	<u>191,255</u>	<u>191,255</u>	<u>139,034</u>	<u>(52,221)</u>	<u>55,106</u>
Fines and fees:					
Fines - city court	245,754	245,754	239,364	(6,390)	275,777
Fines - general sessions/circuit court	181,481	181,481	184,110	2,629	188,375
Parking fines	133,701	133,701	95,349	(38,352)	10,707
Confiscated goods	-	-	-	-	201
Beer board violations	1,056	1,056	-	(1,056)	-
Building & street standards appeals fees	1,056	1,056	-	(1,056)	-
Business tax fees	4,264	4,264	4,364	100	3,485
Tree bank fees	56,206	56,206	12,767	(43,439)	53,841
Sidewalk reserve fees	-	-	82,840	82,840	-
	<u>623,518</u>	<u>623,518</u>	<u>618,794</u>	<u>(4,724)</u>	<u>532,386</u>
Use of money and property:					
Interest income	217,582	217,582	108,152	(109,430)	191,631
Rebates on purchases	68,624	68,624	64,081	(4,543)	64,639
Rent - mall and other	1	1	12,001	12,000	8,001
Park concessions and rentals	53,582	53,582	78,049	24,467	68,780
Sale of surplus assets	77,250	77,250	134,694	57,444	118,278
Total Use of money and property	<u>417,039</u>	<u>417,039</u>	<u>396,977</u>	<u>(20,062)</u>	<u>451,329</u>
Miscellaneous:					
Insurance reimbursements	-	30,650	-	(30,650)	-
Miscellaneous income	7,136	21,804	21,387	(417)	2,512
Allocation from fund balance	1,296,282	5,079,178	-	(5,079,178)	-
Total Miscellaneous	<u>1,303,418</u>	<u>5,131,632</u>	<u>21,387</u>	<u>(5,110,245)</u>	<u>2,512</u>
Total revenues	<u>\$ 64,147,848</u>	<u>\$ 68,127,169</u>	<u>\$ 66,540,349</u>	<u>\$ (1,586,820)</u>	<u>\$ 63,539,872</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (Continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 With Comparative Totals for the Fiscal Year Ended June 30, 2016

	June 30, 2017				
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	2016 Actual
	Original	Final			
Expenditures:					
Governance & Management:					
Elected officials:					
Personnel	\$ 259,925	\$ 259,925	\$ 230,168	\$ (29,757)	\$ 245,070
Services	51,106	51,106	38,353	(12,753)	87,446
Supplies	11,290	11,290	12,157	867	9,676
Business expenses	1,040	1,040	1,446	406	990
	<u>323,361</u>	<u>323,361</u>	<u>282,124</u>	<u>(41,237)</u>	<u>343,182</u>
Administration:					
Personnel	596,799	604,393	530,330	(74,063)	510,140
Services	97,925	97,925	86,090	(11,835)	48,295
Supplies	54,830	54,830	55,283	453	58,893
Business expenses	12,457	12,457	10,251	(2,206)	7,200
Payments on capital leases	7,640	7,640	(7,641)	(15,281)	7,641
Reimbursement of interfund services	(138,983)	(138,983)	(138,983)	-	(139,987)
	<u>630,668</u>	<u>638,262</u>	<u>535,330</u>	<u>(102,932)</u>	<u>492,182</u>
Human resources:					
Personnel	875,901	942,682	1,024,588	81,906	879,839
Services	537,711	537,711	379,255	(158,456)	432,711
Supplies	40,055	40,055	65,695	25,640	32,505
Business expenses	7,831	7,831	9,788	1,957	6,953
Payments on capital leases	208,176	208,176	19,658	(188,518)	184,210
Reimbursement of interfund services	(333,935)	(333,935)	(333,935)	-	(324,351)
	<u>1,335,739</u>	<u>1,402,520</u>	<u>1,165,049</u>	<u>(237,471)</u>	<u>1,211,867</u>
Legal:					
Personnel	441,910	474,389	492,368	17,979	378,088
Services	148,790	148,790	96,574	(52,216)	48,050
Supplies	16,405	16,405	26,651	10,246	9,668
Business expenses	9,220	9,220	5,806	(3,414)	3,748
Reimbursement of interfund services	(123,265)	(123,265)	(123,266)	(1)	(106,289)
	<u>493,060</u>	<u>525,539</u>	<u>498,133</u>	<u>(27,406)</u>	<u>333,265</u>
Communications:					
Personnel	367,866	420,918	426,722	5,804	356,559
Services	57,945	57,945	50,189	(7,756)	29,481
Supplies	159,942	159,942	123,976	(35,966)	40,835
Operational units	4,200	4,200	2,895	(1,305)	3,961
Business expenses	4,788	4,788	4,964	176	4,583
Reimbursement of interfund services	(118,948)	(118,948)	(118,949)	(1)	(82,990)
	<u>475,793</u>	<u>528,845</u>	<u>489,797</u>	<u>(39,048)</u>	<u>352,429</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

Expenditures:	June 30, 2017				
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	2016 Actual
	Original	Final			
Capital investment planning:					
Personnel	-	-	-	-	202,492
Services	-	-	-	-	4,797
Supplies	-	-	-	-	988
Business expenses	-	-	-	-	2,921
Reimbursement of interfund services	-	-	-	-	(48,732)
	-	-	-	-	162,466
Total Governance & Management	<u>3,258,621</u>	<u>3,418,527</u>	<u>2,970,433</u>	<u>(448,094)</u>	<u>2,895,391</u>
Public Safety:					
Police department-administration:					
Personnel	1,297,138	1,336,790	1,377,409	40,619	3,877,566
Services	788,939	788,939	1,105,095	316,156	886,883
Supplies	988,667	988,666	907,186	(81,480)	620,044
Operational units	10,353	10,353	36,203	25,850	33,214
Business expenses	501,776	501,776	154,076	(347,700)	418,643
Payments on capital leases	641,228	641,228	697,641	56,413	438,449
	<u>4,228,101</u>	<u>4,267,752</u>	<u>4,277,610</u>	<u>9,858</u>	<u>6,274,799</u>
Police department-criminal investigations:					
Personnel	3,246,208	3,287,010	2,744,925	(542,085)	2,684,236
Services	42,442	42,442	552,698	510,256	49,591
Supplies	4,350	4,350	4,643	293	39,396
Operational units	11,802	11,802	8,669	(3,133)	10,209
Business expenses	-	-	89,154	89,154	559
	<u>3,304,802</u>	<u>3,345,604</u>	<u>3,400,089</u>	<u>54,485</u>	<u>2,783,991</u>
Police department-patrol:					
Personnel	7,255,746	7,531,008	7,259,582	(271,426)	4,890,911
Services	77,649	77,649	96,965	19,316	98,709
Supplies	75,900	75,900	88,629	12,729	74,636
Operational units	51,369	51,370	57,292	5,922	43,449
Business expenses	-	-	172,898	172,898	4,061
	<u>7,460,664</u>	<u>7,735,927</u>	<u>7,675,366</u>	<u>(60,561)</u>	<u>5,111,766</u>
Fire department:					
Personnel	12,947,077	13,368,806	14,536,117	1,167,311	12,692,807
Services	1,108,512	1,108,512	886,873	(221,639)	937,928
Supplies	696,305	696,305	806,106	109,801	669,309
Operational units	10,000	10,000	4,224	(5,776)	240
Business expenses	110,665	110,665	139,425	28,760	110,285
Payments on capital leases	536,185	536,185	489,227	(46,958)	535,118
	<u>15,408,744</u>	<u>15,830,473</u>	<u>16,861,972</u>	<u>1,031,499</u>	<u>14,945,687</u>
Total Public Safety	<u>30,402,311</u>	<u>31,179,756</u>	<u>32,215,037</u>	<u>1,035,281</u>	<u>29,116,243</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	June 30, 2017				
	Budgeted Amounts		Actual	Variance with	2016 Actual
	Original	Final		Final Budget	
			Over (Under)		
Expenditures:					
Finance & Administration:					
Finance:					
Personnel	871,205	972,237	1,009,072	36,835	896,890
Services	55,825	55,825	44,955	(10,870)	52,669
Supplies	33,550	33,550	24,335	(9,215)	11,415
Business expenses	68,966	68,966	73,245	4,279	66,191
Reimbursement of interfund services	(210,909)	(210,909)	(210,910)	(1)	(203,061)
	<u>818,637</u>	<u>919,669</u>	<u>940,697</u>	<u>21,028</u>	<u>824,104</u>
Purchasing:					
Personnel	206,483	212,090	209,893	(2,197)	196,702
Services	35,214	35,214	19,329	(15,885)	23,423
Supplies	10,751	10,751	11,127	376	295
Business expenses	1,609	1,609	1,775	166	1,590
Reimbursement of interfund services	(50,610)	(50,610)	(50,611)	(1)	(45,881)
	<u>203,447</u>	<u>209,054</u>	<u>191,513</u>	<u>(17,541)</u>	<u>176,129</u>
Information technology:					
Personnel	1,714,837	1,818,002	1,834,133	16,131	1,669,042
Services	1,617,470	1,617,470	1,401,942	(215,528)	1,391,044
Supplies	442,255	443,755	330,929	(112,826)	129,576
Business expenses	37,072	37,072	40,567	3,495	34,586
Payments on capital leases	287,423	287,423	469,256	181,833	408,543
	<u>4,099,057</u>	<u>4,203,722</u>	<u>4,076,827</u>	<u>(126,895)</u>	<u>3,632,791</u>
Revenue management:					
Personnel	883,042	915,996	994,343	78,347	908,625
Services	32,130	32,130	16,417	(15,713)	18,000
Supplies	38,735	38,735	28,061	(10,674)	22,259
Business expenses	427,516	427,516	381,293	(46,223)	394,518
Reimbursement of interfund services	(1,158,288)	(1,158,288)	(1,158,288)	-	(1,150,444)
	<u>223,135</u>	<u>256,089</u>	<u>261,826</u>	<u>5,737</u>	<u>192,958</u>
Court:					
Personnel	195,153	201,302	206,181	4,879	190,593
Services	22,182	42,510	65,525	23,015	10,279
Supplies	3,450	3,450	3,718	268	1,857
Business expenses	5,841	5,841	5,798	(43)	4,556
Payments on capital leases	89,289	89,289	70,311	(18,978)	87,522
	<u>315,915</u>	<u>342,392</u>	<u>351,533</u>	<u>9,141</u>	<u>294,807</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (Continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 With Comparative Totals for the Fiscal Year Ended June 30, 2016

	June 30, 2017				
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	2016 Actual
	Original	Final			
Expenditures:					
Project & facilities management:					
Personnel	388,449	403,317	420,044	16,727	401,712
Services	693,036	693,036	842,345	149,309	851,473
Supplies	135,220	135,220	104,745	(30,475)	96,986
Business expenses	19,712	19,712	21,008	1,296	18,189
Reimbursement of interfund services	(318,283)	(318,283)	(318,284)	(1)	(257,305)
Capital outlay	250,000	250,000	-	(250,000)	-
	<u>1,168,134</u>	<u>1,183,002</u>	<u>1,069,858</u>	<u>(113,144)</u>	<u>1,111,055</u>
Total Finance & Administration	<u>6,828,325</u>	<u>7,113,928</u>	<u>6,892,254</u>	<u>(221,674)</u>	<u>6,231,844</u>
Community & Economic Development:					
Building & neighborhood services:					
Personnel	2,330,136	2,461,110	2,381,547	(79,563)	2,158,242
Services	175,118	177,418	165,793	(11,625)	104,720
Supplies	102,730	110,930	83,922	(27,008)	65,593
Operational units	59,515	59,515	51,443	(8,072)	62,319
Business expenses	17,785	17,785	25,979	8,194	18,394
Payments on capital leases	21,551	21,551	19,384	(2,167)	14,270
	<u>2,706,835</u>	<u>2,848,309</u>	<u>2,728,068</u>	<u>(120,241)</u>	<u>2,423,538</u>
Planning & sustainability:					
Personnel	1,353,161	1,397,426	1,407,954	10,528	1,322,045
Services	140,650	140,650	96,816	(43,834)	285,214
Supplies	23,700	23,700	47,378	23,678	23,779
Operational units	10,850	10,850	-	(10,850)	-
Business expenses	14,373	14,373	8,379	(5,994)	6,487
	<u>1,542,734</u>	<u>1,586,999</u>	<u>1,560,527</u>	<u>(26,472)</u>	<u>1,637,525</u>
Engineering:					
Personnel	1,065,802	1,125,838	1,124,690	(1,148)	898,723
Services	155,015	155,015	77,100	(77,915)	93,182
Supplies	29,996	29,996	19,600	(10,396)	32,925
Business expenses	13,568	13,568	19,120	5,552	11,976
Payments on capital leases	5,413	5,413	5,413	-	4,104
Reimbursement of interfund services	(253,959)	(253,959)	(253,959)	-	(238,209)
	<u>1,015,835</u>	<u>1,075,871</u>	<u>991,964</u>	<u>(83,907)</u>	<u>802,701</u>
Traffic operations center:					
Personnel	269,937	278,557	284,756	6,199	258,175
Services	627,499	627,499	399,927	(227,572)	199,452
Supplies	27,632	27,632	78,322	50,690	29,264
Business expenses	13,644	13,644	14,604	960	11,215
	<u>938,712</u>	<u>947,332</u>	<u>777,609</u>	<u>(169,723)</u>	<u>498,106</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	June 30, 2017				
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	2016 Actual
	Original	Final			
Expenditures:					
Economic Development:					
Appropriations	70,211	70,211	53,592	(16,619)	67,277
	<u>70,211</u>	<u>70,211</u>	<u>53,592</u>	<u>(16,619)</u>	<u>67,277</u>
Total Community & Economic Development	<u>6,274,327</u>	<u>6,528,722</u>	<u>6,111,760</u>	<u>(416,962)</u>	<u>5,429,147</u>
Public Works:					
Streets-Maintenance:					
Personnel	2,417,973	2,500,813	2,419,980	(80,833)	2,231,051
Services	1,029,150	1,029,150	800,928	(228,222)	1,075,155
Supplies	340,715	340,715	318,628	(22,087)	288,766
Operational units	750	750	106	(644)	2,814
Business expenses	100,856	100,856	95,837	(5,019)	90,801
Payments on capital leases	236,560	236,560	191,285	(45,275)	135,682
	<u>4,126,004</u>	<u>4,208,844</u>	<u>3,826,764</u>	<u>(382,080)</u>	<u>3,824,269</u>
Streets-Traffic:					
Personnel	734,964	760,336	779,552	19,216	679,666
Services	116,413	116,413	120,302	3,889	99,816
Supplies	531,684	531,684	489,619	(42,065)	396,268
Business expenses	77,919	77,919	69,198	(8,721)	139,556
Payments on capital leases	63,244	63,244	50,201	(13,043)	45,332
	<u>1,524,224</u>	<u>1,549,596</u>	<u>1,508,872</u>	<u>(40,724)</u>	<u>1,360,638</u>
Streets-Fleet:					
Personnel	652,116	676,250	697,654	21,404	639,963
Services	511,442	511,442	412,690	(98,752)	502,639
Supplies	(106,888)	(106,888)	(283,369)	(176,481)	(305,350)
Business expenses	8,073	8,073	8,780	707	7,366
Payments on capital leases	103,746	103,746	87,122	(16,624)	100,957
	<u>1,168,489</u>	<u>1,192,623</u>	<u>922,877</u>	<u>(269,746)</u>	<u>945,575</u>
Parks:					
Personnel	2,560,918	2,631,754	2,422,685	(209,069)	2,025,959
Services	661,298	661,298	769,558	108,260	613,314
Supplies	598,551	598,551	643,883	45,332	513,932
Operational units	253,078	253,078	48,572	(204,506)	94,078
Business expenses	96,076	96,076	91,741	(4,335)	87,536
Payments on capital leases	178,512	178,512	171,689	(6,823)	181,192
	<u>4,348,433</u>	<u>4,419,269</u>	<u>4,148,128</u>	<u>(271,141)</u>	<u>3,516,011</u>
Total Public Works	<u>11,167,150</u>	<u>11,370,332</u>	<u>10,406,641</u>	<u>(963,691)</u>	<u>9,646,493</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	June 30, 2017				
	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)	2016 Actual
	Original	Final			
Expenditures:					
Other General Fund:					
General expenses:					
Personnel	2,177,875	620,147	(831,130)	(1,451,277)	443,006
Services	247,500	227,172	142,369	(84,803)	139,039
Supplies	2,000	2,000	(58,195)	(60,195)	241,845
Operational units	-	-	-	-	1,402,797
Business expenses	1,870	1,870	592	(1,278)	74,556
Payments on capital leases	-	-	2,729	2,729	-
	<u>2,429,245</u>	<u>851,189</u>	<u>(743,635)</u>	<u>(1,594,824)</u>	<u>2,301,243</u>
Contributions:					
Appropriations	498,913	498,913	464,936	(33,977)	460,021
	<u>498,913</u>	<u>498,913</u>	<u>464,936</u>	<u>(33,977)</u>	<u>460,021</u>
Total Other General Fund	<u>2,928,158</u>	<u>1,350,102</u>	<u>(278,699)</u>	<u>(1,628,801)</u>	<u>2,761,264</u>
Capital Outlay:					
Police - administration	-	-	30,649	30,649	-
Police - patrol	-	30,650	-	(30,650)	-
Fire	-	-	16,194	16,194	64,776
Finance	25,000	25,000	-	(25,000)	-
Information technology	-	-	(27,835)	(27,835)	27,835
Building & neighborhood services	-	63,300	63,300	-	-
Traffic operations center	2,300,000	2,300,000	31,951	(2,268,049)	60,361
Parks	-	-	74,528	74,528	24,967
Total Capital Outlay	<u>2,325,000</u>	<u>2,418,950</u>	<u>188,787</u>	<u>(2,230,163)</u>	<u>177,939</u>
Total expenditures	<u>63,183,892</u>	<u>63,380,317</u>	<u>58,506,213</u>	<u>(4,874,104)</u>	<u>56,258,321</u>
Excess of revenues over expenditures	<u>963,956</u>	<u>4,746,852</u>	<u>8,034,136</u>	<u>3,287,284</u>	<u>7,281,551</u>
Other financing sources (uses):					
Transfers to other funds	(963,956)	(4,746,852)	(4,000,580)	746,272	(3,501,413)
Total other financing sources (uses)	<u>(963,956)</u>	<u>(4,746,852)</u>	<u>(4,000,580)</u>	<u>746,272</u>	<u>(3,501,413)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,033,556</u>	<u>\$ 4,033,556</u>	<u>\$ 3,780,138</u>
Fund balance - beginning of year			<u>39,249,586</u>		<u>35,469,448</u>
Fund balance - end of year			<u>\$ 43,283,142</u>		<u>\$ 39,249,586</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND (WATER AND SEWER FUND)
 JUNE 30, 2017
 With Comparative Totals as of June 30, 2016

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,217,454	\$ 4,883,631
Cash and cash equivalents-restricted	2,997,754	8,916,035
Investments	28,924,865	18,078,791
Investments-restricted	6,759,607	-
Receivables (net of allowance for uncollectibles)	5,321,256	5,040,421
Inventory and prepaids	459,111	339,232
Total current assets	45,680,047	37,258,110
Noncurrent assets:		
Capital assets (net of accumulated depreciation):		
Land	5,543,049	5,543,049
Construction in progress	26,727,324	12,952,188
Buildings and improvements	1,765,740	1,894,438
Utility plant in service	153,369,616	152,533,636
Machinery and equipment	1,470,948	789,065
Total capital assets (net of accumulated depreciation):	188,876,677	173,712,376
Total assets	234,556,724	210,970,486
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refundings	868,472	979,999
Pensions	1,923,033	1,771,810
	2,791,505	2,751,809
LIABILITIES		
Current liabilities:		
Accounts payable	2,900,126	1,225,862
Accrued interest payable	375,990	224,503
Total current liabilities	3,276,116	1,450,365
Long-term liabilities:		
Due within one year	4,504,363	3,964,413
Due in more than one year	42,044,741	32,253,536
Net pension liability	2,879,497	2,569,482
Total long-term liabilities	49,428,601	38,787,431
Total liabilities	52,704,717	40,237,796
NET POSITION		
Net investment in capital assets	144,008,929	139,229,139
Restricted-system improvements	9,757,361	8,916,035
Unrestricted	30,877,222	25,339,325
Total net position	\$ 184,643,512	\$ 173,484,499

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, 2017
 With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Metered water sales	\$ 10,556,568	\$ 10,252,017
Sewer service charges	17,022,240	16,215,570
Reclaimed water sales	133,598	123,806
Other revenues from operations	<u>1,091,091</u>	<u>1,158,268</u>
Total operating revenues	<u>28,803,497</u>	<u>27,749,661</u>
Operating expenses:		
Water and sewer billing expenses	186,883	153,208
Water distribution expenses	2,082,477	1,528,187
Water plant expenses	6,177,217	5,537,002
Water administration	1,606,642	1,326,063
Sewer administration	1,635,126	2,083,431
General administration	1,089,440	1,010,348
Sewer collection expenses	2,470,827	2,068,953
Sewer plant expenses	3,657,971	3,505,664
Reclaimed water expenses	91,637	64,283
Depreciation	<u>5,839,178</u>	<u>5,640,067</u>
Total operating expenses	<u>24,837,398</u>	<u>22,917,206</u>
Operating income	<u>3,966,099</u>	<u>4,832,455</u>
Nonoperating revenues (expenses):		
Interest income	232,687	242,405
Gain (loss) on sale of assets	54,953	11,432
Interest expense	<u>(1,352,214)</u>	<u>(1,328,491)</u>
Total nonoperating revenues (expenses)	<u>(1,064,574)</u>	<u>(1,074,654)</u>
Income before contributions and transfers	<u>2,901,525</u>	<u>3,757,801</u>
Contributions and transfers:		
Tap and access fees	4,468,223	6,060,647
Capital contributions	11,315	8,731
Developer contributions	4,902,950	6,360,341
Transfer to debt service fund	(200,000)	(200,000)
Transfer to capital projects fund	<u>(925,000)</u>	<u>-</u>
Total contributions and transfers	<u>8,257,488</u>	<u>12,229,719</u>
Change in position	11,159,013	15,987,520
Net position, beginning of year	<u>173,484,499</u>	<u>157,496,979</u>
Net position, end of year	<u>\$ 184,643,512</u>	<u>\$ 173,484,499</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, 2017

With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from customers	\$ 28,522,662	\$ 27,091,902
Cash paid to employees for services	(3,928,221)	(3,518,540)
Cash paid to suppliers of goods and services	<u>(13,298,651)</u>	<u>(13,867,919)</u>
Net cash provided by operating activities	<u>11,295,790</u>	<u>9,705,443</u>
Cash flows from noncapital financing activities:		
Transfer to debt service fund	<u>(200,000)</u>	<u>(200,000)</u>
Net cash used in noncapital financing activities	<u>(200,000)</u>	<u>(200,000)</u>
Cash flows from capital and related financing activities:		
Purchases of property, plant and equipment	(16,069,792)	(6,822,964)
Contributions from access and tap fees and grant funds	4,479,538	6,069,378
Sales of property, plant and equipment	54,953	11,432
Transfer to capital projects fund	(925,000)	-
Interest paid on long-term debt	(1,224,102)	(1,354,570)
Proceeds from issuance of long-term debt	12,694,634	-
Premium from issuance of long-term debt	1,193,400	-
Payments on long-term debt	<u>(3,510,885)</u>	<u>(3,411,934)</u>
Net cash used in capital and related financing activities	<u>(3,307,254)</u>	<u>(5,508,658)</u>
Cash flows from investing activities:		
Purchases of investments, net	(17,605,681)	(5,492,651)
Interest received from investments	<u>232,687</u>	<u>242,405</u>
Net cash used in investing activities	<u>(17,372,994)</u>	<u>(5,250,246)</u>
Net decrease in cash and restricted cash	(9,584,458)	(1,253,461)
Cash and restricted cash, beginning of year	<u>13,799,666</u>	<u>15,053,127</u>
Cash and restricted cash, end of year	<u>\$ 4,215,208</u>	<u>\$ 13,799,666</u>
Cash and cash equivalents consist of:		
Unrestricted cash and cash equivalents	\$ 1,217,454	\$ 4,883,631
Restricted cash and cash equivalents	<u>2,997,754</u>	<u>8,916,035</u>
Total cash and cash equivalents	<u>\$ 4,215,208</u>	<u>\$ 13,799,666</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, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of operating income to net cash provided by operations:		
Operating income	\$ 3,966,099	\$ 4,832,455
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,839,178	5,640,067
Net pension liability and related amounts	158,792	227,265
Change in:		
Accounts receivable	(280,835)	(657,759)
Inventory	(119,879)	20,508
Compensated absences	58,171	30,241
Accounts payable	1,674,264	(387,334)
Net cash provided by operating activities	<u>\$ 11,295,790</u>	<u>\$ 9,705,443</u>
Supplemental schedule of non-cash capital and related financing activities:		
Capital assets added as developer contributions	<u>\$ 4,902,950</u>	<u>\$ 6,360,341</u>
Issuance of capital lease	<u>\$ 30,737</u>	<u>\$ -</u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND (PENSION FUND)
DECEMBER 31, 2016
With Comparative Totals as of December 31, 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	\$ 16,017,985	\$ 1,241,952
Investments:		
Domestic fixed income securities	19,478,491	22,000,817
Domestic equities	25,362,933	35,467,045
International equities	18,668,884	19,772,227
Real estate	7,961,758	4,986,160
Timber	<u>3,878,079</u>	<u>3,364,210</u>
Total investments	<u>75,350,145</u>	<u>85,590,459</u>
Receivable from employer	<u>1,944,313</u>	<u>-</u>
Total assets	<u>93,312,443</u>	<u>86,832,411</u>
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 93,312,443</u>	<u>\$ 86,832,411</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, 2016
With Comparative Totals for the Fiscal Year Ended December 31, 2015

	<u>2016</u>	<u>2015</u>
Additions:		
Contributions:		
Employer contributions	\$ 3,888,628	\$ 2,846,724
Employee contributions	<u>548,163</u>	<u>525,364</u>
Total contributions	<u>4,436,791</u>	<u>3,372,088</u>
Investment income:		
Investment earnings (loss)	<u>6,452,638</u>	<u>(1,678,689)</u>
Total investment income (loss)	<u>6,452,638</u>	<u>(1,678,689)</u>
Total additions	<u>10,889,429</u>	<u>1,693,399</u>
Deductions:		
Pension benefits	4,238,026	3,699,996
Administration expense	<u>171,371</u>	<u>584,138</u>
Total deductions	<u>4,409,397</u>	<u>4,284,134</u>
Net change	6,480,032	(2,590,735)
Net position restricted for pension benefits - beginning	<u>86,832,411</u>	<u>89,423,146</u>
Net position restricted for pension benefits - ending	<u>\$ 93,312,443</u>	<u>\$ 86,832,411</u>

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

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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

The accompanying financial statements present the government and component units, if any. Component units are entities for which the government is considered financially accountable. Component units, although legally separate entities, are required to be presented in the government’s financial statements using either a “blended” or “discrete” presentation. Based on the City’s analysis as of June 30, 2017, the City had no component units that were required to be included in these financial statements.

Joint Operation of the Cool Springs Conference Center: In June 1999, the City completed construction of the Conference Center at Cool Springs (Conference Center), which operates a conference center facility. An Interlocal Agreement executed between the City and Williamson County, Tennessee (the Parties) provides for equal ownership by each of the Parties of a one-half undivided interest in the Conference Center and further specifies that each of the Parties shall be entitled to one-half of the net revenue and shall be responsible for one-half of all costs and expenses of the operation and maintenance of the Conference Center. The City’s undivided interest in the investment in the Conference Center facility totaled \$5,565,098 at June 30, 2017, and is accounted for as a joint venture asset of the City. The City’s one-half interest in Conference Center operations is presented with governmental activities in the statements of net position and activities. Complete financial statements for the Conference Center may be obtained from the Department of Finance at City Hall.

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

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

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

B. Description of government-wide financial statements

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

C. Basis of presentation - government-wide financial statements

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

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

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

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

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

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

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

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

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

D. Basis of presentation - fund financial statements

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fiduciary fund type:

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

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

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

E. Measurement focus and basis of accounting

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

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

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

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

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

F. Budgetary information

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

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

1. Cash and cash equivalents

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

2. Investments

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

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

3. Inventories and prepaid items

Inventories are valued at cost in the governmental activities and 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, donated works of art and similar items, and any capital assets received in service concession arrangements are reported at acquisition value.

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

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

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

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5. *Deferred outflows/inflows of resources*

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

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, 2017, will not be available for collection until fiscal year 2018, beginning October 2017; (2) A second item, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from uncollected property taxes (including penalties and interest), franchise fees, hotel/motel taxes, court fines, and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City may also report deferred inflows of resources related to pensions, however, the City has no such items at June 30, 2017.

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. See Note 1 G8 below.

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.

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

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

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

H. Revenues and expenditures/expenses

1. Program revenues

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

2. Property taxes

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

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

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

For fiscal year 2017, taxes were levied at a rate of .4176 per \$100 of assessed valuation.

3. Compensated absences

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

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

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

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

5. *Bond premiums and discounts*

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

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

I. *Estimates*

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

J. *Recent accounting pronouncements*

The following recent accounting pronouncement is expected to have a significant impact on the City's financial statements in the upcoming period. Management is currently in the process of determining the full impact of the Statement to the City's financial statements.

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

The new information will enhance the decision-usefulness of the financial reports for assessing accountability, and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. The net OPEB liability information, including ratios, will offer an up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan. The comparability of the reported information for similar types of OPEB plans will be improved by the changes related to the attribution method used to determine the total OPEB liability. The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison with actuarially determined rates, if such rates are determined. In addition, new information about rates of return on OPEB plan investments will inform financial report users about the effects of market conditions on the OPEB plan's assets over time and provide information for users to assess the relative success of the OPEB plan's investment strategy and the relative contribution that investment, where applicable, earnings provide to the OPEB plan's ability to pay benefits to plan members when they come due.

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NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget information

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

NOTE 3 - DETAILED NOTE ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

The City's policies limit deposits to those instruments allowed by applicable state laws as described above. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance, by the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2017, all bank deposits were fully collateralized or insured.

B. Investments

The City is authorized to invest funds in, among other things, financial institutions and direct obligations of the Federal Government. During 2017, the City, except for the Pension Fund, invested in certificates of deposit, money market accounts, and government sponsored agency securities. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

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

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

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As of June 30, 2017, the City had the following investments measured at fair value per GASB Statement 72 and the noted weighted average maturities:

	<u>Fair Value Measurements Using</u>				Weighted Average Maturity (Years)
	6/30/2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments by fair value level					
Certificates of Deposit	\$ 2,141,277	\$ 2,141,277	\$ -	\$ -	0.40
Money Market Accounts	7,338,906	7,338,906	-	-	-
Debt securities					
U.S. Treasury securities	29,315,447	29,315,447	-	-	1.17
Federal Home Loan Bank	2,497,575	-	2,497,575	-	0.75
Federal Home Loan Mortgage Corp.	19,932,550	-	19,932,550	-	1.29
Federal National Mortgage Association	12,475,900	-	12,475,900	-	1.63
Federal Farm Credit Bank	2,487,250	-	2,487,250	-	1.13
Total Investments at Fair Value	<u>\$ 76,188,905</u>	<u>\$ 38,795,630</u>	<u>\$ 37,393,275</u>	<u>\$ -</u>	<u>1.13</u>
Portfolio Weighted Avg. Maturity					
Investment derivative instruments					
Interest rate swaps (liability)	\$ (4,677,019)		\$ (4,677,019)		
Total Investment derivative instruments	<u>\$ (4,677,019)</u>		<u>\$ (4,677,019)</u>		

The certificates of deposit and money market accounts are in banks covered by the State collateral pool or under FDIC. All federal securities, guaranteed by or linked to the U.S. government, are rated Aaa by Moody's and AA+ by Standard & Poor's. (Treasury securities and Federal Home Loan Mortgage Company also have a AAA rating from Fitch). As of June 30, 2017, the investments that constituted a concentration risk due to the investments exceeding 5% of the portfolio balance were the money market accounts, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and U.S. Treasury Securities.

Interest Rate Risk: Investments held for longer periods are subject to increased risk for adverse interest rate changes. City policy provides that to the extent practicable, investments are matched with anticipated cash flows. Typically, certificates of deposit are issued for periods less than one year and, when applicable, investments in the Local Government Investment Pool are available daily. At June 30, 2017, investments of the City had average weighted maturities as noted above.

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

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As of December 31, 2016, the City of Franklin's Pension Fund had the following investments measured at fair value per GASB Statement 72:

	12/31/2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Local managed investments				
Money market accounts ⁽¹⁾	\$ 15,419,287	\$ 15,419,287	\$ -	\$ -
Domestic equities ⁽²⁾	2,587,211	2,587,211	-	-
International equities ⁽⁵⁾	6,242,691	-	6,242,691	-
	<u>24,249,189</u>			
State managed investments (TCRS)				
Money market accounts ⁽⁶⁾	\$ 598,698	598,698	-	-
Fixed income securities ⁽⁶⁾	19,478,491	-	19,478,491	-
Domestic equities ⁽⁶⁾	22,775,722	22,775,722	-	-
International equities ⁽⁶⁾	12,426,193	-	12,426,193	-
	<u>55,279,104</u>			
Total investments at fair value level	<u>79,528,293</u>	<u>\$ 41,380,918</u>	<u>\$ 38,147,375</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Local managed investments				
Real estate funds ⁽³⁾	3,162,175			
Timber funds ⁽⁴⁾	3,878,079			
	<u>7,040,254</u>			
State managed investments (TCRS)				
Real estate funds ⁽⁶⁾	4,799,583			
	<u>4,799,583</u>			
Total investments at the NAV	<u>11,839,837</u>			
Total investments measured at fair value	<u>\$ 91,368,130</u>			

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Investments measured at the net asset value (NAV)				
Local managed investments				
Real estate funds ⁽³⁾	\$ 3,162,175	\$ -	Quarterly	30-60 days
Timber funds ⁽⁴⁾	3,878,079	-	-	-
	<u>7,040,254</u>			
State managed investments (TCRS)				
Real estate funds ⁽⁶⁾	4,799,583	-	-	-
Total investments measured at the NAV	<u>\$ 11,839,837</u>			

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

⁽²⁾ Invested in Polen large cap growth, McKee large cap value, SouthernSun smid cap, Landmark private equity, and Hamilton private equity.

⁽³⁾ Invested in Bailard REIT. The valuation has significant unobservable inputs including capitalization rates, discount rates, and expected property cash flows.

⁽⁴⁾ Invested in RMK timber fund II, RMS forest fund III, and FIA timber

⁽⁵⁾ Invested in Vanguard International, Schwab Emerging Market, and Westwood Emerging Market.

⁽⁶⁾ Investments managed per agreement with the State by Tennessee Consolidated Retirement System (TCRS) money managers.

Allocation was developed comparing City portion to total of assets from TCRS Asset Allocation Analysis Report for period ending December 31, 2016.

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

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

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C. Receivables

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

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

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

	General Fund	Multi-Purpose Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total
Receivables:					
Accounts	\$ 1,046,353	\$ -	\$ -	\$ 2,056,175	\$ 3,102,528
Property taxes	10,727,158	-	9,192,373	729,940	20,649,471
Due from IDB	2,594,124	-	-	-	2,594,124
Local option sales tax	5,491,545	-	-	-	5,491,545
Special assessments	53,762	-	-	-	53,762
Due from County	58,428	-	-	-	58,428
State shared revenue	3,006,425	-	-	341,681	3,348,106
Grants	116,467	1,127,773	-	111,129	1,355,369
Fines	737,217	-	-	-	737,217
Reimbursements	10,259	150,250	420,836	-	581,345
Other	66,678	-	-	209,854	276,532
Gross receivables	23,908,416	1,278,023	9,613,209	3,448,779	38,248,427
Less: Allowance for uncollectibles	(390,500)	-	-	-	(390,500)
Net receivables	\$ 23,517,916	\$ 1,278,023	\$ 9,613,209	\$ 3,448,779	\$ 37,857,927

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	\$ 128,509
Tree bank reserve	283,263
Sidewalk reserve	10,000
Affordable housing reserves	242,400
Sponsorship reserve	19,525
Total unearned revenue for fund financial statements	\$ 683,697

Receivables in the Water and Sewer Fund, totaling \$5,321,256 at June 30, 2017, represent accounts due from customers for services provided. The receivables are presented net of an allowance of \$9,000.

CITY OF FRANKLIN, TENNESSEE
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D. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2017
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 56,894,136	\$ -	\$ 241,000	\$ -	\$ 57,135,136
Construction in process	16,312,567	(5,113,720)	1,789,446	-	12,988,293
Total capital assets, not being depreciated	<u>73,206,703</u>	<u>(5,113,720)</u>	<u>2,030,446</u>	<u>-</u>	<u>70,123,429</u>
Capital assets, being depreciated:					
Buildings and improvements	70,670,538	3,345,484	53,763	-	74,069,785
Improvements other than buildings	25,525,414	1,368,973	354,389	-	27,248,776
Machinery and equipment	54,516,124	64,776	2,285,924	700,605	56,166,219
Infrastructure	647,006,643	334,487	10,957,701	1,113,293	657,185,538
Total capital assets, being depreciated	<u>797,718,719</u>	<u>5,113,720</u>	<u>13,651,777</u>	<u>1,813,898</u>	<u>814,670,318</u>
Accumulated depreciation					
Buildings and improvements	15,065,081	-	1,434,276	-	16,499,357
Improvements other than buildings	9,817,808	-	1,291,823	-	11,109,631
Machinery and equipment	36,124,152	-	3,256,779	562,976	38,817,955
Infrastructure	149,436,134	-	13,123,507	4,660	162,554,981
Total accumulated depreciation	<u>210,443,175</u>	<u>-</u>	<u>19,106,385</u>	<u>567,636</u>	<u>228,981,924</u>
Total capital assets being depreciated, net	<u>587,275,544</u>	<u>5,113,720</u>	<u>(5,454,608)</u>	<u>1,246,262</u>	<u>585,688,394</u>
Total governmental activities capital assets, net	<u>660,482,247</u>	<u>-</u>	<u>(3,424,162)</u>	<u>1,246,262</u>	<u>655,811,823</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	5,543,049	-	-	-	5,543,049
Construction in process	12,952,188	(1,997,688)	15,772,824	-	26,727,324
Total capital assets, not being depreciated	<u>18,495,237</u>	<u>(1,997,688)</u>	<u>15,772,824</u>	<u>-</u>	<u>32,270,373</u>
Capital assets, being depreciated:					
Buildings and improvements	11,291,016	-	-	-	11,291,016
Utility plant in service	220,436,045	1,997,688	4,246,369	-	226,680,102
Machinery and equipment	4,701,860	-	984,286	-	5,686,146
Total capital assets, being depreciated	<u>236,428,921</u>	<u>1,997,688</u>	<u>5,230,655</u>	<u>-</u>	<u>243,657,264</u>
Accumulated depreciation					
Buildings and improvements	9,396,578	-	128,698	-	9,525,276
Utility plant in service	67,902,409	-	5,408,077	-	73,310,486
Machinery and equipment	3,912,795	-	302,403	-	4,215,198
Total accumulated depreciation	<u>81,211,782</u>	<u>-</u>	<u>5,839,178</u>	<u>-</u>	<u>87,050,960</u>
Total capital assets being depreciated, net	<u>155,217,139</u>	<u>1,997,688</u>	<u>(608,523)</u>	<u>-</u>	<u>156,606,304</u>
Business-type activities capital assets, net	<u>173,712,376</u>	<u>-</u>	<u>15,164,301</u>	<u>-</u>	<u>188,876,677</u>
Total capital assets, net	<u>\$ 834,194,623</u>	<u>\$ -</u>	<u>\$ 11,740,139</u>	<u>\$ 1,246,262</u>	<u>\$ 844,688,500</u>

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Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2017, as follows:

Governmental activities:	
Project & facilities management	\$ 42,296
Building and neighborhood services	5,275
Court	9,674
Information and technology	721,745
Traffic operations center	351,680
Human resources	91,269
Police department	945,129
Fire department	749,801
Highways and streets	13,505,340
Fleet management	21,795
Parks	1,413,855
General government	128,327
Sanitation	820,366
Stormwater	154,577
Transit	<u>145,256</u>
Total depreciation expense – governmental activities	19,106,385
Business-type activities:	
Water and sewer	<u>5,839,178</u>
Total depreciation expense	<u>\$ 24,945,563</u>

E. Accrued Liabilities

Accrued liabilities reported by governmental activities at June 30, 2017, were as follows:

Accrued employee payroll and benefits	\$ 2,927,607
Accrued employee insurance claims	<u>1,505,518</u>
Total accrued liabilities	<u>\$ 4,433,125</u>

F. Pension Plan

The financial statements of the plan are presented solely in this Comprehensive Annual Financial Report of the City; there are no separate financial statements issued for the plan. Administrative costs are paid from the pension fund as shown on page 33.

Summary of Significant Accounting Policies

Pensions

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

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General Information about the Pension Plan

Plan Description

The City of Franklin administers the City of Franklin Employees' Pension Plan and Trust (the "Plan"), a single employer defined benefit pension plan. The assets of the Plan are held for investment and may be used only for the payment of benefits to members of the Plan. The Plan's fiscal year ends on December 31. It was deemed impractical to report the financial activity of the Plan as of and for the year ended June 30, 2017. Accordingly, all financial statement information regarding the Plan is as of December 31, 2016 and the year then ended. Section 4-204(2)(p) of the City's Charter assigns the Human Resources Director the responsibility to administer the pension program under the direction of the City Administrator. All of the benefits and provisions of the Plan are at the discretion of the Board of Mayor and Aldermen consistent with the laws of Tennessee and the Federal government. The following is a general description of the Plan; refer to the Plan document for further details. The Plan is operated under the direction of the Employee Pension Committee, which consists of the following eight members: City Mayor, Alderman, Employee Representatives (2), Citizens (2), Human Resources Director and Assistant City Administrator – Finance.

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

Benefits provided

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

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

Employees covered by benefit terms

Membership of the Plan consisted of the following at January 1, 2017, the date of the latest actuarial valuation:

Retiree participants and beneficiaries	186
Disabled participants	3
Vested terminated participants	164
Active plan members	<u>554</u>
Total	<u><u>907</u></u>

Contributions

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

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

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

Net Pension Liability

The City's net pension liability was measured as of January 1, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Inflation	2.0%
Mortality	RP-2000 healthy annuitant mortality table, as appropriate, with blue-collar adjustment.
Projected salary increases	3.5%
Investment rate of return	7.5%

The actuarial assumptions used in the January 1, 2017 valuation were based on a limited update of an actuarial experience study for the 10-year period ending December 31, 2014.

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

For pension investments that were locally managed during 2016:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	11.1%
International equity	20%	7.6%
Fixed income	25%	1.4%
Real estate	5%	12.1%
Timber	5%	7.1%
Short term securities	0%	0.0%
Total	<u>100%</u>	

The annual money-weighted rate of return, net of investment expenses, was 7.3% for the year ended December 31, 2016. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested. Further information can be found on page 68.

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For pension investments that were transferred in November 2016 to be state managed:

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as 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. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established 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 inflation of 3%. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equity	33%	6.46%
Developed market international equity	17%	6.26%
Emerging market international equity	5%	6.40%
Private equity and strategic lending	8%	4.61%
U.S. fixed income	29%	0.98%
Real estate	7%	4.73%
Short-term securities	<u>1%</u>	0.00%
	<u>100%</u>	

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5% based on a blending of the three factors described above.

The annual money-weighted rate of return, net of investment expenses, was 1.6% for the one month of the year ended December 31, 2016. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested. Further information can be found on page 68.

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.

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Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at 1/1/2016	\$ 108,425,076	\$ 86,832,411	\$ 21,592,665
Changes for the year:			
Service cost	\$ 1,911,994	\$ -	\$ 1,911,994
Interest	7,983,916	-	7,983,916
Differences between expected and actual experience	3,866,434	-	3,866,434
Contributions - employer	-	3,888,628	(3,888,628)
Contributions - employee	-	548,163	(548,163)
Net investment income	-	6,452,638	(6,452,638)
Benefit payments, including refunds of employee contributions	(4,238,026)	(4,238,026)	-
Administrative expense	-	(171,371)	171,371
Net changes	<u>9,524,318</u>	<u>6,480,032</u>	<u>3,044,286</u>
Balances at 12/31/2016	<u>\$ 117,949,394</u>	<u>\$ 93,312,443</u>	<u>\$ 24,636,951</u>

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

Governmental activities	\$ 21,757,454
Business-type activities	<u>2,879,497</u>
Net pension liability	<u><u>\$ 24,636,951</u></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>\$39,875,920</u>	<u>\$24,636,951</u>	<u>\$12,070,620</u>

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, 2017, the City recognized pension expense of \$5,447,933, which included \$4,893,142 for governmental activities and \$554,791 for business-type activities. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,056,159	\$ -
Net difference between projected and actual earnings on pension plan investments	<u>5,247,514</u>	<u>-</u>
Total	<u><u>\$ 16,303,673</u></u>	<u><u>\$ -</u></u>

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

Year ended June 30:	
2018	\$ 2,547,043
2019	2,547,041
2020	2,482,398
2021	820,480
2022	787,362
Thereafter	7,119,349

Payable to the Pension Plan

As of June 30, 2017, the City did not have a payable relating to required contributions to the plan.

Tennessee Consolidated Retirement System (TCRS)

Plan description

Employees of Franklin hired 1/1/2017 and thereafter are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits provided

Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Employees covered by the benefit terms

At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	-
Active plan members	<u>32</u>
Total	<u><u>32</u></u>

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Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees. For the year ended June 30, 2017, the employer contributions for Franklin were based on a rate of 6.5% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

The TCRS used a measurement date of June 30, 2016, for its most recent actuarial valuation. Since the City was not a political subdivision employer until January 1, 2017, an actuarial valuation study has not yet been performed. The next measurement date of June 30, 2017, will incorporate the City of Franklin as a political subdivision of the TCRS plan.

G. Other Post Employment Benefits (OPEB)

Plan Description

The City of Franklin self-insures its retired employees for healthcare benefits (the "OPEB Plan"). Benefits are established and amended by an insurance committee. The City provides health insurance from the date the employee retires up until the age of 65. No health insurance is available to retirees with less than 20 years of service. For retirees after 20 years of service and at least age 62, retirees pay 15% of the Cobra rates for single coverage and 20% of the Cobra rate for family coverage. For retirees after 30 years and at least age 55, retirees pay Cobra rates less \$275.00/month for single coverage or less \$535.50/month for family coverage. Retirees hired before July 1, 2006 with at least 25 years of service are eligible for insurance under Option II (high deductible plan) at the Cobra rate less \$200.00 per month for single coverage or \$500.00 per month for family coverage. Retirees hired after July 1, 2006 with 25 years of service are eligible for the Option II insurance plan but must also be at least age 55.

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

The OPEB Plan is not administered through a trust that is within the scope of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit's Other than Pension Plans*. The City will adopt the employer reporting for the OPEB Plan as required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension Plans*, in fiscal year 2018, See Note 1J.

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 Obligation (Asset)

The City's annual OPEB cost and net OPEB asset for the year ended June 30, 2017, were as follows:

Annual required contribution	\$ 368,500
Interest on the net OPEB asset	(2,400)
Adjustment to the annual required contribution	<u>5,100</u>
Annual OPEB cost	371,200
Contributions made	<u>(197,600)</u>
Decrease in net pension asset	173,600
Net OPEB asset, beginning of year	<u>(81,200)</u>
Net OPEB obligation, end of year	<u>\$ 92,400</u>

The net OPEB obligation is included in accrued liabilities in the statement of net position.

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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</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>(Asset)</u> <u>Obligation</u>
June 30, 2017	\$ 371,200	53.2%	\$ 92,400
June 30, 2016	345,000	106.8%	(81,200)
June 30, 2015	324,100	51.5%	(57,900)

Funding Status and Funding Progress

The funded status of the OPEB Plan as of the valuation date June 30, 2017, was as follows:

Actuarial accrued liability (a)	\$ 4,917,400
Actuarial value of plan assets (b)	<u>1,362,500</u>
Unfunded actuarial accrued liability (a) - (b)	<u>\$ 3,554,900</u>
Funded ratio (b)/(a)	27.7%
Covered payroll (c)	\$ 30,904,891
Unfunded actuarial accrued liability as a percentage of covered payroll [(a)-(b)]/(c)	11.5%

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, 2017 actuarial valuation using the following methods and assumptions:

Actuarial cost method	Projected unit credit method
Amortization method	Level dollar, closed
Remaining amortization period	21 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%

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H. Construction and Other Significant Commitments

1. Construction Contracts

As of June 30, 2017, there was \$11,841,385 of uncompleted construction projects of the Water and Sewer Fund.

During 2017, various street, public works and park improvement projects were in process. At June 30, 2017, there was approximately \$14,261,579 in uncompleted construction projects. These projects are funded by the General, Road Impact, Facilities Tax, Storm Water, Hotel/Motel Tax, and the Multi-Purpose Capital Project funds.

2. Fuel-Hedging Program

The City participates in a fuel hedging program with the Metropolitan Government of Nashville and Davidson County, Tennessee. The City's objective is to hedge the changes in cash flows due to market price fluctuations related to a portion of expected purchases of fuel. The City is committed to its portion of the fuel hedges through June 30, 2018. Renewals of the contracts are expected in the normal course of operations. At June 30, 2017, the contracts are in a liability position; however, the City's portion of the contracts, approximately 4%, is immaterial to the financial statements. City practice has been to hedge no more than 60% of estimated purchases.

3. Water Purchase Contract

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 46,325
2019	46,325
2020	46,325
2021	46,325
2022	46,325
2023 - 2029	<u>324,275</u>
Total	<u>\$ 555,900</u>

4. Defined Contribution Plans

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

Employees hired on or after February 15, 2010, may select the City of Franklin 2010 Defined Contribution Plan which also requires a 5% contribution but includes a 5% employer match. An additional 3% may be contributed that would be matched by the City. The City's match for the year ended June 30, 2017, totaled \$397,393.

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

I. Risk Management

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City decided it is more economically feasible to purchase commercial insurance for certain general liability, auto liability, errors and omissions, worker's compensation, and physical damage coverage. The City pays an annual premium to Travelers Companies for its general liability and casualty insurance coverage.

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The City also carries commercial insurance for all other risks of loss, including employees' health and accident and environmental. In the past three fiscal years, the City has had certain settlements which exceeded insurance coverage, primarily personnel-related judgments.

Self-insured Employee Health Insurance

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

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

Fiscal Year Ending	Claims Liability, July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Liability, June 30
6/30/2017	\$ 1,822,710	\$ 10,186,236	\$ (10,503,428)	\$ 1,505,518
6/30/2016	\$ 1,358,125	\$ 9,661,027	\$ (9,196,442)	\$ 1,822,710

J. Capital Leases

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

1. JPMorgan Chase Bank	\$ 2,875,000	\$ 2,843,921	\$ 31,079	\$ 455,454	1.060%
2. JPMorgan Chase Bank	2,761,067	2,722,278	38,789	901,952	1.220%
3. U.S. Bancorp Govt Leasing	2,250,000	1,414,309	835,691	843,630	1.294%
Totals	<u>\$ 7,886,067</u>	<u>\$ 6,980,508</u>	<u>\$ 905,559</u>	<u>\$ 2,201,036</u>	

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

Information & technology hardware	\$ 383,800
INFOR Software	319,009
Human Resources Information System	14,656
Police Vehicles & Equipment	1,688,462
Fire Ladder Truck #5	790,577
Fire Emergency Equipment	399,912
Fire Vehicles	247,091
Vehicles & Equipment for Street Departments	1,084,536
Light Trucks/Vehicles	104,602
Fleet Equipment	20,600
Parks Vehicles & Equipment	449,594
Sanitation Vehicles & Equipment	1,102,945
Court E-Ticketing System	233,593
Fire Station Alerting System	141,131
	<u>\$ 6,980,508</u>

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Of the expenditures above, \$5,541,647 have been capitalized. Accumulated amortization related to such capital assets totaled \$1,095,357 at June 30, 2017.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

Year Ending June 30,	
2018	\$ 2,177,800
2019	<u>58,545</u>
Total minimum lease payments	2,236,345
Less: Amount representing interest	<u>(35,309)</u>
Present value of minimum lease payments	2,201,036
Amount due within one year	<u>2,173,583</u>
Long-term portion	<u>\$ 27,453</u>

K. Long-term Debt

Long-term debt (excluding unamortized premiums) at June 30, 2017, is comprised of the following:

Governmental Activities:

General obligation bonds:

Tennessee Municipal Variable Rate Pooled Loan Program - 2001, variable rate of interest, final maturity May 25, 2018	\$ 173,000
City of Lawrenceburg, TN Loan Agreement 2005 variable rate of interest, final maturity July 1, 2020	1,455,000
Series 2007 - General Obligation Public Improvement Bonds - 101-A-1, variable rate of interest, final maturity June 1, 2037	20,000,000
Series 2009B - General Obligation Build America Bonds (BAB), 4.45% to 5.70% interest, federally taxable, final maturity March 1, 2029	30,625,000
Series 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	9,605,000
Series 2012 - General Obligation Refunding Bonds, 2.13% interest, final maturity May 1, 2027	16,145,000
Series 2013A - General Obligation Bonds, 2.00% to 4.00% interest, final maturity March 1, 2034	6,545,000
Series 2013B - General Obligation Bonds, Pension Plan Funding, 1.00% to 3.50% interest, federally taxable, final maturity March 1, 2024	7,230,000
Series 2015 - General Obligation Bonds, 3.00% to 5.00% interest, final maturity April 1, 2035	13,995,000
Series 2017 - General Obligation Bonds, 2.00% to 5.00% interest, final maturity April 1, 2037	<u>23,120,000</u>
Total Governmental Activities Long-Term Debt	<u>\$ 144,618,000</u>

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The bonds are secured by the full faith and credit of the City. During 2017, debt service for the debt was provided by the Debt Service Fund through property tax collections as well as transfers from the Sanitation Fund, Road Impact Fund and the Hotel/Motel Tax Fund.

Business - Type Activities:

Revenue and tax bonds:

Series 2005 - Sewer and Water Revenue and Tax Refunding Bonds, 3.00% to 5.00% interest, final maturity April 1, 2025	\$ 15,600,000
Series 2011 - SunTrust Loan Program, 2.48% interest, final maturity May 25, 2026	12,745,000
Series 2017 - Sewer and Water Revenue Bonds, 3.00% to 5.00% interest, final maturity February 1, 2037	12,000,000

Notes payable:

Drinking Water SRF Loan provided through ARRA funding, 2.82% interest; final maturity December 20, 2030	1,101,633
Clean Water SRF Loan provided through ARRA funding, 2.69% interest; final maturity October 20, 2032	1,533,690
State Revolving Fund Loan 0.89% interest; loan term to be 15 years	<u>694,634</u>

Total Business-Type Activities Long-Term Debt \$ 43,674,957

The bonds are secured by the full faith and credit of the City and backed by the revenues of the Water and Sewer Fund. During 2017, debt service for the debt was provided solely by the Water and Sewer Fund.

The annual requirements, by type of issue, to amortize outstanding bonds and notes payable at June 30, 2017, are as follows:

Year Ending June 30,	Revenue and Tax Bonds and Notes				Total	
	General Obligation Bonds Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 8,118,000	\$ 5,513,368	\$ 3,973,101	\$ 1,656,693	\$ 12,091,101	\$ 7,170,061
2019	7,945,000	5,505,123	4,130,430	1,524,256	12,075,430	7,029,379
2020	8,185,000	5,219,193	4,204,721	1,360,405	12,389,721	6,579,598
2021	8,440,000	4,920,614	4,274,131	1,193,965	12,714,131	6,114,579
2022	8,325,000	4,600,452	4,358,663	1,025,188	12,683,663	5,625,640
2023-2027	49,710,000	17,573,977	14,210,859	2,929,972	63,920,859	20,503,949
2028-2032	33,225,000	7,412,308	4,424,393	1,328,667	37,649,393	8,740,975
2033-2037	20,670,000	2,187,221	4,098,659	500,393	24,768,659	2,687,614
Totals	<u>\$ 144,618,000</u>	<u>\$ 52,932,254</u>	<u>\$ 43,674,957</u>	<u>\$ 11,519,539</u>	<u>\$ 188,292,957</u>	<u>\$ 64,451,793</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, 2017.

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

CITY OF FRANKLIN, TENNESSEE
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JUNE 30, 2017

Long-term liability activity for the year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions/ Amortization</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds-capital	\$ 121,315,000	\$ 23,120,000	\$ 7,047,000	\$ 137,388,000	\$ 7,163,000
Premium-GO bonds-capital	2,122,309	3,540,166	176,348	5,486,127	335,217
Total GO bonds-capital	<u>123,437,309</u>	<u>26,660,166</u>	<u>7,223,348</u>	<u>142,874,127</u>	<u>7,498,217</u>
General obligation bonds-pension	8,175,000	-	945,000	7,230,000	955,000
Premium-GO bonds-pension	63,521	-	8,469	55,052	8,469
Total GO bonds-pension	<u>8,238,521</u>	<u>-</u>	<u>953,469</u>	<u>7,285,052</u>	<u>963,469</u>
Capital leases	3,428,930	1,864,488	3,123,119	2,170,299	2,142,846
Total bonds and leases payable	<u>135,104,760</u>	<u>28,524,654</u>	<u>11,299,936</u>	<u>152,329,478</u>	<u>10,604,532</u>
Park acquisition agreement	1,285,714	-	214,286	1,071,428	214,286
Compensated absences	7,299,301	3,325,253	3,151,505	7,473,049	2,850,222
Derivatives-interest rate swaps	6,631,146	-	1,954,127	4,677,019	-
Total long-term liabilities	<u>\$ 150,320,921</u>	<u>\$ 31,849,907</u>	<u>\$ 16,619,854</u>	<u>\$ 165,550,974</u>	<u>\$ 13,669,040</u>
Business-type activities:					
Revenue and tax bonds	\$ 34,491,208	\$ 12,694,634	\$ 3,510,885	\$ 43,674,957	\$ 3,973,101
Premium	972,028	1,193,400	134,902	2,030,526	172,196
Total bonds payable	<u>35,463,236</u>	<u>13,888,034</u>	<u>3,645,787</u>	<u>45,705,483</u>	<u>4,145,297</u>
Capital leases	-	30,737	-	30,737	30,737
Total bonds and leases payable	<u>35,463,236</u>	<u>13,918,771</u>	<u>3,645,787</u>	<u>45,736,220</u>	<u>4,176,034</u>
Compensated absences	754,713	386,500	328,329	812,884	328,329
Total long-term liabilities	<u>\$ 36,217,949</u>	<u>\$ 14,305,271</u>	<u>\$ 3,974,116</u>	<u>\$ 46,549,104</u>	<u>\$ 4,504,363</u>

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

Issuance of Long-term Debt

The City approved or issued the following debt in 2017:

1. The City issued \$12,000,000 of revenue bonds for water treatment plant improvements. The City issued \$23,120,000 of general obligation bonds for governmental capital including road projects. The City added \$1,895,225 in capital leases.
2. The City has approved issuance of \$3.5 million of state revolving fund loans to finance the improvements to the SCADA system. To date, \$694,634 has been issued. The City has approved issuance of \$100 million of state revolving fund loans to finance the improvements to the Wastewater Treatment plant. See Note 3P.

The City has also entered into an agreement for acquisition of parkland that will become Carter Hill Park along Columbia Avenue. The agreement specifies total payment of \$1.5 million to local civil war preservation groups in exchange for land that will become the park. The payments are to be made over a period of 7 years beginning in fiscal year 2016. Two payments have been made as of June 30, 2017.

Debt issuance of general obligation bonds of \$23,820,000 and capital leases of \$1,864,488 are reconciled to other financing sources of the debt service fund of \$25,008,840 through \$24,352 of prior year unavailable lease proceeds recognized in the fund in the current year.

Contingent Liability

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

CITY OF FRANKLIN, TENNESSEE
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JUNE 30, 2017

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, 2017, expected development in the area is proceeding as projected in the debt repayment plan. Through June 30, 2017, the City has lent \$2,594,124 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 derivative financial instruments under GASB Statement 53, "Accounting and Financial Reporting for Derivative Instruments." Accordingly, the derivatives are reported in the statement of net position at fair value, and are tested for effectiveness to qualify for hedge accounting.

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

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

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

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

2007 Swap Agreement

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

CITY OF FRANKLIN, TENNESSEE
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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, 2017, 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, \$3,045,000 has been retired as of June 30, 2017. SunTrust may terminate the agreement at any time in the event of a default and the City may terminate the agreement at any time by paying a termination payment in an amount equal to the market value at the date of termination.

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

Swap Agreement	2007 Swap Agreement with FMS Wertmanagement Bank	2005 Swap Agreement with SunTrust Bank
Original Notional Amount	\$ 20,000,000	\$ 4,500,000
Less Amount Retired	<u>-</u>	<u>(3,045,000)</u>
Current Notional Amount	<u>\$ 20,000,000</u>	<u>\$ 1,455,000</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	\$ 54,849
City Receives*	63% of 5 Year LIBOR CMS	LIBOR x 75% + 0.18%
Payments received by the City*	\$ 198,460	\$ 10,163
Net receipts/(disbursements)*	(519,540)	(44,686)
Fair Value of Swap Agreement	\$ (4,622,149)	\$ (54,870)

* Based on the period July 1, 2016 to June 30, 2017.

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

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

Tax Risk

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

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, 2017 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, 2017 of Baa2/A-/rating withdrawn, or SunTrust, with ratings of Baa1/A-/A-.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

L. Fund Balances

	General Fund	Multi-Purpose Capital Project Fund	Debt Service Fund	State Street Aid Fund	Sanitation Fund	Road Impact Fee Fund	Facilities Tax Fund	County Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel / Motel Tax Fund	In Lieu of Parkland Fund	Transit Authority Fund	CDBG Fund	Other Governmental Funds Totals
Fund balances:															
Non-Spendable	\$ 2,223,101	\$ -	\$ -	\$ -	\$ 76,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,299,231
Restricted	-	15,508,919	-	502,481	610,969	-	-	3,488,072	-	541,205	-	-	-	86,263	20,737,909
Committed	-	-	90,197	-	-	5,889,789	10,441,436	-	4,687,695	-	2,557,655	500,000	374,758	-	24,541,530
Assigned	-	-	-	-	-	-	-	-	-	-	1,269,629	4,084,138	-	-	5,353,767
Unassigned	41,060,041	-	-	-	-	-	-	-	-	-	-	-	-	-	41,060,041
Total fund balances	\$ 43,283,142	\$ 15,508,919	\$ 90,197	\$ 502,481	\$ 687,099	\$ 5,889,789	\$ 10,441,436	\$ 3,488,072	\$ 4,687,695	\$ 541,205	\$ 3,827,284	\$ 4,584,138	\$ 374,758	\$ 86,263	\$ 93,992,478

Reason for Restriction/Commitment:

Non-spendable inventory/prepays	\$ 2,223,101	\$ -	\$ -	\$ -	\$ 76,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,299,231
Restricted by related debt	-	15,508,919	-	-	-	-	-	-	-	-	-	-	-	-	15,508,919
Restricted by state law	-	-	-	502,481	610,969	-	-	-	-	541,205	-	-	-	-	1,654,655
Restricted by federal regulations for fund purpose	-	-	-	-	-	-	-	-	-	-	-	-	-	86,263	86,263
Restricted by agreement with the County	-	-	-	-	-	-	-	3,488,072	-	-	-	-	-	-	3,488,072
Committed by Board ordinance for fund purpose	-	-	90,197	-	-	5,889,789	10,441,436	-	4,687,695	-	2,557,655	500,000	374,758	-	24,541,530
Assigned by Board resolution	-	-	-	-	-	-	-	-	-	-	1,269,629	4,084,138	-	-	5,353,767
Unassigned *	41,060,041	-	-	-	-	-	-	-	-	-	-	-	-	-	41,060,041
Unassigned - negative fund balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	\$ 43,283,142	\$ 15,508,919	\$ 90,197	\$ 502,481	\$ 687,099	\$ 5,889,789	\$ 10,441,436	\$ 3,488,072	\$ 4,687,695	\$ 541,205	\$ 3,827,284	\$ 4,584,138	\$ 374,758	\$ 86,263	\$ 93,992,478

Fund Balance Policy – General Fund

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

	Amount
Contingency Commitment	\$ 3,406,358
Emergency Commitment	3,406,358
Cash Flow Commitment	9,537,804
Debt Service Commitment	2,043,815
Property/Casualty/Health Insurance Commitment	2,725,087
Retiree Health Benefits Commitment	1,362,543
Supplemental Reserve	8,175,260
Capital Outlay Reserve	10,402,815
Total Reserves	\$ 41,060,041

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

M. Interfund Receivables, Payables and Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The following is a summary of transfers during the year ended June 30, 2017:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Sanitation	\$ 750,000
General	Transit	458,755
General	Street aid	332,840
General	Debt service	792,914
General	Capital projects	1,666,071
Sanitation	Debt service	618,054
Road impact	Debt service	2,689,493
Road impact	Capital projects	2,000,000
Storm water	Capital projects	50,000
Hotel/motel	Debt service	1,119,916
Hotel/motel	Capital projects	195,000
Capital projects	County facilities tax	3,487,056
Water/Sewer	Debt service	200,000
Water/Sewer	Capital projects	925,000
Total		<u>\$ 15,285,099</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 transfer from the General Fund to the Street Aid Fund was to provide funds for filling of sidewalk gaps in the community.
- The transfer from the General Fund to the Debt Service Fund was to provide funds from property tax for debt service.
- The transfer from the General Fund to the Capital Projects fund was to provide funds for capital expenditures.
- 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 the Road Impact Fund to the Capital Projects Fund was to provide funds for arterial road related capital expenditures.
- The transfer from the Hotel/Motel Tax Fund to the Capital Projects fund was to provide funds for streetscape related capital expenditures.
- The transfer from the Capital Projects Fund to the County Facilities Tax Fund was to establish the beginning balance in the new fund.
- The transfer from Water/Sewer to the Debt Service fund is to provide funds for a portion of costs in the consolidated public works building.
- The transfer from Water/Sewer to the Capital Projects Fund is to provide funds for water/sewer related capital expenditures for utility relocation.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

N. Contingencies

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

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

O. Tax abatements

In accordance with GASB Statement No. 77, *Tax Abatement Disclosures*, City property tax revenues were reduced by \$247,086 in fiscal year 2017 under three (3) in lieu of property tax agreements. The first is an agreement with the City only. The second and third agreements are with the City, County, and the Industrial Development Board.

The amount is comprised of:

	<u>Estimated Property Tax</u>	<u>In Lieu of Tax Payment</u>	<u>Difference</u>
1. Franklin Housing Authority	\$237,437 ^A	\$ 23,239	\$214,198
2. Community Health System (CHS)	73,084 ^B	40,196	32,888
3. Nissan	<u>234,912^C</u>	<u>234,912</u>	<u>-</u>
Totals	<u>\$545,433</u>	<u>\$298,347</u>	<u>\$247,086</u>

^A The estimated property tax amount for the Franklin Housing Authority was developed from total cost of all of the authority's sites per its master housing plan. The agreement began in 1967 and has no specified end date.

^B The estimated property tax amount for Community Health Systems was developed based on the agreement's provision that the in lieu of payment was 55% of the estimated property tax. The agreement ended this fiscal year.

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

P. Subsequent events

In 2016, the City approved for the Tennessee Consolidated Retirement System (TCRS) to assume the administration of the City's closed pension plan. This is anticipated to occur in fiscal year 2018.

In August 2017, the City approved for \$700,000 of excess property tax collections within the Tax Increment Financing (TIF) District to be used to reduce a portion of the variable rate held by the Industrial Development Board. This amount was established as a payable during 2017, and payment was made in October 2017.

During September 2017, the City received approval from the Tennessee Local Development Authority for the issuance of \$100,000,000 in State Revolving Fund (SRF) Loans. The loans will be used to provide financing for improvements and expansion of the wastewater treatment facility. The first loan totals \$1,275,000 and contains \$225,000 of principal forgiveness. The second and third loans total \$98,500,000 and will be repaid over a 30 year period with interest at 1.47%. The loans will contain federal funding and various other contractual provisions.

REQUIRED SUPPLEMENTARY INFORMATION



HISTORIC
FRANKLIN
TENNESSEE

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FUNDING PROGRESS - RETIREE HEALTH INSURANCE
 June 30, 2017
 (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)
6/30/2017	6/30/2017	\$ 1,362,500	\$ 4,917,400	\$ 3,554,900	27.7%	\$ 30,904,891	11.5%
6/30/2016	6/30/2016	1,300,800	4,241,500	2,940,700	30.7%	30,410,847	9.7%
6/30/2015	6/30/2015	1,122,700	4,113,800	2,991,100	27.3%	28,205,179	10.6%
6/30/2014	6/30/2014	1,142,500	4,854,400	3,711,900	23.5%	27,440,025	13.5%
6/30/2013	6/30/2013	1,064,000	4,460,600	3,396,600	23.9%	28,902,947	11.8%
6/30/2012	6/30/2012	1,075,000	3,702,500	2,627,500	29.0%	29,869,786	8.8%

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, 2017
 (Unaudited)

City of Franklin Retiree Health Insurance			
Year	Annual Required Contribution (ARC)	Amount Contributed	Percentage Contributed
6/30/2017	\$371,200	\$197,600	53.2%
6/30/2016	345,000	368,300	106.8%
6/30/2015	317,900	167,000	52.5%
6/30/2014	287,200	120,800	42.1%
6/30/2013	302,400	114,900	38.0%
6/30/2012	301,800	272,800	90.4%

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

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

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

This schedule is presented to illustrate information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.
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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
CITY OF FRANKLIN EMPLOYEES' PENSION PLAN
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 3,888,628	\$ 2,846,724	\$ 2,417,920
Contributions in relation to the actuarially determined contribution	<u>3,888,628</u>	<u>2,846,724</u>	<u>2,354,417</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,503</u>
Covered payroll	\$ 30,832,419	\$ 30,362,659	\$ 28,205,179
Contributions as a percentage of covered payroll	12.6%	9.4%	8.3%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, six months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	16 years
Inflation rate	2.0%
Mortality	RP-2000 mortality with blue collar adjustments
Asset valuation method	Market value
Projected salary increases	3.5%, average, including inflation
Investment rate of return	7.50%
Retirement age	Based on a table starting at 55, increasing to 100% by age 70

<p>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.</p>

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF INVESTMENT RETURNS
CITY OF FRANKLIN EMPLOYEES' PENSION PLAN
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expenses	7.3%	-2.5%	6.4%

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

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



HISTORIC
FRANKLIN
TENNESSEE

NONMAJOR GOVERNMENTAL FUNDS SUMMARY PAGE:

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

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

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

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

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

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, 2017

With Comparative Totals as of June 30, 2016

	Special Revenue Funds											Totals	
	State Street Aid Fund	Sanitation Fund	Road Impact Fee Fund	Facilities Tax Fund	County Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel / Motel Tax Fund	In Lieu of Parkland Fund	Transit Authority Fund	CDBG Fund	2017	2016
ASSETS													
Cash and cash equivalents	\$ 162,075	\$ 116,739	\$ 925,600	\$ 3,088,408	\$ 3,488,072	\$ 1,351,366	\$ 538,824	\$ 3,440,742	\$ 585,242	\$ 115,821	\$ 327,169	\$ 14,140,058	\$ 18,892,929
Investments	-	-	5,001,322	7,415,661	-	3,014,647	-	-	3,996,847	-	-	19,428,477	5,615,365
Receivables (net of uncollectible accounts)	1,071,621	1,218,410	2,049	15,137	-	449,977	5,981	409,859	2,049	271,380	2,316	3,448,779	3,623,458
Inventory and prepaids	-	76,130	-	-	-	-	-	-	-	-	-	76,130	57,121
Total assets	<u>\$ 1,233,696</u>	<u>\$ 1,411,279</u>	<u>\$ 5,928,971</u>	<u>\$ 10,519,206</u>	<u>\$ 3,488,072</u>	<u>\$ 4,815,990</u>	<u>\$ 544,805</u>	<u>\$ 3,850,601</u>	<u>\$ 4,584,138</u>	<u>\$ 387,201</u>	<u>\$ 329,485</u>	<u>\$ 37,093,444</u>	<u>\$ 28,188,873</u>
LIABILITIES													
Accounts payable	\$ 1,275	\$ 724,180	\$ 39,182	\$ 77,770	\$ -	\$ 128,295	\$ 3,600	\$ 23,317	\$ -	\$ -	\$ 822	\$ 998,441	\$ 1,148,645
Unearned revenue	-	-	-	-	-	-	-	-	-	-	242,400	242,400	233,294
Total liabilities	<u>1,275</u>	<u>724,180</u>	<u>39,182</u>	<u>77,770</u>	<u>-</u>	<u>128,295</u>	<u>3,600</u>	<u>23,317</u>	<u>-</u>	<u>-</u>	<u>243,222</u>	<u>1,240,841</u>	<u>1,381,939</u>
DEFERRED INFLOWS OF RESOURCES													
Unavailable revenues	729,940	-	-	-	-	-	-	-	-	12,443	-	742,383	760,650
Total deferred inflows of resources	<u>729,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,443</u>	<u>-</u>	<u>742,383</u>	<u>760,650</u>
FUND BALANCES													
Non-spendable	-	76,130	-	-	-	-	-	-	-	-	-	76,130	57,121
Restricted	502,481	610,969	-	-	3,488,072	-	541,205	-	-	-	86,263	5,228,990	1,685,971
Committed	-	-	5,889,789	10,441,436	-	4,687,695	-	2,557,655	500,000	374,758	-	24,451,333	17,243,117
Assigned	-	-	-	-	-	-	-	1,269,629	4,084,138	-	-	5,353,767	7,060,075
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>502,481</u>	<u>687,099</u>	<u>5,889,789</u>	<u>10,441,436</u>	<u>3,488,072</u>	<u>4,687,695</u>	<u>541,205</u>	<u>3,827,284</u>	<u>4,584,138</u>	<u>374,758</u>	<u>86,263</u>	<u>35,110,220</u>	<u>26,046,284</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,233,696</u>	<u>\$ 1,411,279</u>	<u>\$ 5,928,971</u>	<u>\$ 10,519,206</u>	<u>\$ 3,488,072</u>	<u>\$ 4,815,990</u>	<u>\$ 544,805</u>	<u>\$ 3,850,601</u>	<u>\$ 4,584,138</u>	<u>\$ 387,201</u>	<u>\$ 329,485</u>	<u>\$ 37,093,444</u>	<u>\$ 28,188,873</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, 2017
 With Comparative Totals for the Fiscal Year Ended June 30, 2016

	Special Revenue Funds											Totals	
	State Street Aid Fund	Sanitation Fund	Road Impact Fee Fund	Facilities Tax Fund	County Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel / Motel Tax Fund	In Lieu of Parkland Fund	Transit Authority Fund	CDBG Fund	2017	2016
Revenues:													
Taxes													
Property tax	\$ 623,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 623,685	\$ 526,008
Hotel / motel tax	-	-	-	-	-	-	-	3,710,589	-	-	-	3,710,589	3,557,971
Facilities tax	-	-	-	3,864,453	-	-	-	-	-	-	-	3,864,453	4,827,968
Licenses and permits	-	-	7,180,150	-	-	-	-	-	137,454	-	-	7,317,604	9,509,869
Fines and fees	-	-	-	-	-	-	134,703	-	-	-	-	134,703	313,036
Intergovernmental													
Gas & motor fuel	1,260,229	-	-	-	-	-	-	-	-	-	-	1,260,229	1,250,711
Petroleum special	134,055	-	-	-	-	-	-	-	-	-	-	134,055	135,027
Gas 1989	201,956	-	-	-	-	-	-	-	-	-	-	201,956	201,000
Gas 3 cent	374,830	-	-	-	-	-	-	-	-	-	-	374,830	373,058
Grants	-	-	-	-	-	-	-	-	-	1,544,039	230,374	1,774,413	1,603,198
Charges for services	-	7,708,886	-	-	-	2,565,543	-	-	-	104,649	-	10,379,078	10,897,404
Use of money and property	1,201	78,140	27,363	(13,900)	1,016	24,644	13,037	103,258	20,718	28,785	1,078	285,340	524,974
Other revenues:	-	212	10,100	-	-	-	-	-	-	-	-	10,312	-
Total revenues	2,595,956	7,787,238	7,217,613	3,850,553	1,016	2,590,187	147,740	3,813,847	158,172	1,677,473	231,452	30,071,247	33,720,224
Expenditures:													
Current:													
General government	-	-	-	-	-	-	-	984,831	-	-	230,374	1,215,205	1,392,801
Police	-	-	-	-	-	-	122,177	-	-	-	-	122,177	105,011
Fire	-	-	-	122,553	-	-	-	-	-	-	-	122,553	407,592
Parks	-	-	-	44,579	-	-	-	-	-	-	-	44,579	-
Highways and streets	2,799,730	-	1,658,179	-	-	-	-	-	-	-	-	4,457,909	2,699,899
Storm water	-	-	-	-	-	2,314,747	-	-	-	-	-	2,314,747	2,058,504
Sanitation	-	7,834,536	-	-	-	-	-	-	-	-	-	7,834,536	8,308,687
Transit	-	-	-	-	-	-	-	-	-	1,890,367	-	1,890,367	1,574,974
Capital outlay	-	164,899	-	218,261	-	411,480	-	320,925	-	245,861	-	1,361,426	5,078,602
Total expenditures	2,799,730	7,999,435	1,658,179	385,393	-	2,726,227	122,177	1,305,756	-	2,136,228	230,374	19,363,499	21,626,070
Excess (deficiency) of revenues over (under) expenditures	(203,774)	(212,197)	5,559,434	3,465,160	1,016	(136,040)	25,563	2,508,091	158,172	(458,755)	1,078	10,707,748	12,094,154
Other financing sources (uses):													
Transfers in	332,840	750,000	-	-	3,487,056	-	-	-	-	458,755	-	5,028,651	1,001,413
Transfers out	-	(618,054)	(4,689,493)	-	-	(50,000)	-	(1,314,916)	-	-	-	(6,672,463)	(5,602,556)
Total other financing sources (uses)	332,840	131,946	(4,689,493)	-	3,487,056	(50,000)	-	(1,314,916)	-	458,755	-	(1,643,812)	(4,601,143)
Net changes in fund balances	129,066	(80,251)	869,941	3,465,160	3,488,072	(186,040)	25,563	1,193,175	158,172	-	1,078	9,063,936	7,493,011
Fund balances - beginning	373,415	767,350	5,019,848	6,976,276	-	4,873,735	515,642	2,634,109	4,425,966	374,758	85,185	26,046,284	18,553,273
Fund balances - ending	\$ 502,481	\$ 687,099	\$ 5,889,789	\$ 10,441,436	\$ 3,488,072	\$ 4,687,695	\$ 541,205	\$ 3,827,284	\$ 4,584,138	\$ 374,758	\$ 86,263	\$ 35,110,220	\$ 26,046,284

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2016 Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Taxes:					
Property tax	\$ 689,756	\$ 755,827	\$ 623,685	\$ (132,142)	\$ 526,008
Intergovernmental:					
Gasoline tax, State of Tennessee:					
Gas & motor fuel	1,229,800	1,229,800	1,260,229	30,429	1,250,711
Petroleum special	143,541	143,541	134,055	(9,486)	135,027
Gas 1989	197,854	197,854	201,956	4,102	201,000
Gas 3 cent	368,552	368,552	374,830	6,278	373,058
Use of money and property:					
Interest earned	300	300	1,201	901	286
Total revenues	<u>2,629,803</u>	<u>2,695,874</u>	<u>2,595,956</u>	<u>(99,918)</u>	<u>2,486,090</u>
Expenditures:					
Highways and streets:					
Street maintenance and improvement	2,629,600	2,962,440	2,799,093	(163,347)	2,398,633
Supplies	-	-	637	637	1,266
	<u>2,629,600</u>	<u>2,962,440</u>	<u>2,799,730</u>	<u>(162,710)</u>	<u>2,399,899</u>
Total expenditures	<u>2,629,600</u>	<u>2,962,440</u>	<u>2,799,730</u>	<u>(162,710)</u>	<u>2,399,899</u>
Excess (deficiency) of revenues over (under) expenditures					
	<u>203</u>	<u>(266,566)</u>	<u>(203,774)</u>	<u>62,792</u>	<u>86,191</u>
Other financing sources (uses):					
Operating transfers from other funds	-	332,840	332,840	-	-
Total other financing sources (uses)	<u>-</u>	<u>332,840</u>	<u>332,840</u>	<u>-</u>	<u>-</u>
Net changes in fund balances					
	<u>\$ 203</u>	<u>\$ 66,274</u>	129,066	<u>\$ 62,792</u>	86,191
Fund balance - beginning			<u>373,415</u>		<u>287,224</u>
Fund balance - ending			<u>\$ 502,481</u>		<u>\$ 373,415</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SANITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2016 Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Charges for services:					
Garbage fees	\$ 8,872,227	\$ 8,872,227	\$ 7,708,886	\$ (1,163,341)	\$ 8,346,213
Intergovernmental:					
Grants	-	-	-	-	22,277
Use of money and property:					
Interest earned	-	-	113	113	22
Sale of surplus property	50,000	50,000	78,027	28,027	189,011
Other revenues:	450,000	450,000	212	(449,788)	-
Total revenues	<u>9,372,227</u>	<u>9,372,227</u>	<u>7,787,238</u>	<u>(1,584,989)</u>	<u>8,557,523</u>
Expenditures:					
Sanitation:					
Personnel	3,004,483	3,004,483	3,017,836	13,353	2,757,882
Services	4,381,885	4,381,885	3,387,201	(994,684)	4,087,944
Supplies	427,447	427,447	390,953	(36,494)	384,020
Operational units	218,414	218,414	218,414	-	229,837
Business expenses	106,704	106,704	111,310	4,606	103,299
Payments on capital leases	577,045	625,193	708,822	83,629	745,705
	<u>8,715,978</u>	<u>8,764,126</u>	<u>7,834,536</u>	<u>(929,590)</u>	<u>8,308,687</u>
Capital outlay	-	164,900	164,899	(1)	-
Total expenditures	<u>8,715,978</u>	<u>8,929,026</u>	<u>7,999,435</u>	<u>(929,591)</u>	<u>8,308,687</u>
Excess (deficiency) of revenues over (under) expenditures	<u>656,249</u>	<u>443,201</u>	<u>(212,197)</u>	<u>(655,398)</u>	<u>248,836</u>
Other financing sources (uses):					
Operating transfers from other funds	-	750,000	750,000	-	500,000
Operating transfers to other funds	(623,956)	(623,956)	(618,054)	(5,902)	(599,772)
Total other financing sources (uses)	<u>(623,956)</u>	<u>126,044</u>	<u>131,946</u>	<u>(5,902)</u>	<u>(99,772)</u>
Net changes in fund balances	<u>\$ 32,293</u>	<u>\$ 569,245</u>	<u>(80,251)</u>	<u>\$ (649,496)</u>	<u>149,064</u>
Fund balance - beginning			<u>767,350</u>		<u>618,286</u>
Fund balance - ending			<u>\$ 687,099</u>		<u>\$ 767,350</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
ROAD IMPACT FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2016 Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Licenses and permits:					
Road impact fee	\$ 6,810,334	\$ 6,810,334	\$ 7,180,150	\$ 369,816	\$ 7,586,724
Use of money and property:					
Interest earned	1,000	1,000	27,363	26,363	9,154
Other revenue	-	-	10,100	10,100	-
Total revenues	<u>6,811,334</u>	<u>6,811,334</u>	<u>7,217,613</u>	<u>406,279</u>	<u>7,595,878</u>
Expenditures:					
Highways and streets:					
Services	<u>3,637,141</u>	<u>3,637,141</u>	<u>1,631,179</u>	<u>(2,005,962)</u>	<u>300,000</u>
	<u>3,637,141</u>	<u>3,637,141</u>	<u>1,631,179</u>	<u>(2,005,962)</u>	<u>300,000</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>27,000</u>	<u>27,000</u>	<u>-</u>
Total expenditures	<u>3,637,141</u>	<u>3,637,141</u>	<u>1,658,179</u>	<u>(1,978,962)</u>	<u>300,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,174,193</u>	<u>3,174,193</u>	<u>5,559,434</u>	<u>2,385,241</u>	<u>7,295,878</u>
Other financing sources (uses):					
Operating transfers to other funds	<u>(2,737,999)</u>	<u>(4,737,999)</u>	<u>(4,689,493)</u>	<u>(48,506)</u>	<u>(2,674,006)</u>
Net changes in fund balances	<u>\$ 436,194</u>	<u>\$ (1,563,806)</u>	869,941	<u>\$ 2,433,747</u>	4,621,872
Fund balance - beginning			<u>5,019,848</u>		<u>397,976</u>
Fund balance - ending			<u>\$ 5,889,789</u>		<u>\$ 5,019,848</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
FACILITIES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2016 Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u> <u>Over (Under)</u>	
Revenues:					
Licenses and permits:					
Facilities tax	\$ 2,900,000	\$ 2,900,000	\$ 3,864,453	\$ 964,453	\$ 4,827,968
Use of money and property:					
Interest earned	10,000	10,000	(13,900)	(23,900)	58,120
Total revenues	<u>2,910,000</u>	<u>2,910,000</u>	<u>3,850,553</u>	<u>940,553</u>	<u>4,886,088</u>
Expenditures:					
Fire:					
Services	-	-	40,071	40,071	50,944
Supplies	75,000	75,000	81,685	6,685	356,211
Business expenses	-	-	797	797	437
	<u>75,000</u>	<u>75,000</u>	<u>122,553</u>	<u>47,553</u>	<u>407,592</u>
Capital outlay	<u>4,008,434</u>	<u>4,008,434</u>	<u>91,568</u>	<u>(3,916,866)</u>	<u>3,556,937</u>
	<u>4,083,434</u>	<u>4,083,434</u>	<u>214,121</u>	<u>(3,869,313)</u>	<u>3,964,529</u>
Parks:					
Supplies	<u>66,833</u>	<u>66,833</u>	<u>44,579</u>	<u>(22,254)</u>	<u>-</u>
	<u>66,833</u>	<u>66,833</u>	<u>44,579</u>	<u>(22,254)</u>	<u>-</u>
Sanitation:					
Capital outlay	<u>124,522</u>	<u>124,522</u>	<u>126,693</u>	<u>2,171</u>	<u>663,047</u>
Total sanitation	<u>124,522</u>	<u>124,522</u>	<u>126,693</u>	<u>2,171</u>	<u>663,047</u>
Total expenditures	<u>4,274,789</u>	<u>4,274,789</u>	<u>385,393</u>	<u>(3,889,396)</u>	<u>4,627,576</u>
Net changes in fund balances	<u>\$ (1,364,789)</u>	<u>\$ (1,364,789)</u>	3,465,160	<u>\$ 4,829,949</u>	258,512
Fund balance - beginning			<u>6,976,276</u>		<u>6,717,764</u>
Fund balance - ending			<u>\$ 10,441,436</u>		<u>\$ 6,976,276</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
COUNTY FACILITIES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2016 Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u> <u>Over (Under)</u>	
Revenues:					
Licenses and permits:					
Facilities tax	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property:					
Interest earned	-	-	1,016	1,016	-
Total revenues	<u>-</u>	<u>-</u>	<u>1,016</u>	<u>1,016</u>	<u>-</u>
Expenditures:					
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	1,016	1,016	-
Other financing sources (uses):					
Operating transfers from other funds	-	3,487,056	3,487,056	-	-
Net changes in fund balances	<u>\$ -</u>	<u>\$ 3,487,056</u>	<u>\$ 3,488,072</u>	<u>\$ 1,016</u>	<u>\$ -</u>
Fund balance - beginning			-		-
Fund balance - ending			<u>\$ 3,488,072</u>		<u>\$ -</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, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2016 Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Charges for services:					
Customer service	\$ 2,704,224	\$ 2,704,224	\$ 2,565,543	\$ (138,681)	\$ 2,462,709
Use of money and property:					
Interest earnings	10,000	10,000	(8,864)	(18,864)	83,972
Sale of surplus property	-	-	33,508	33,508	-
Total revenues	<u>2,714,224</u>	<u>2,714,224</u>	<u>2,590,187</u>	<u>(124,037)</u>	<u>2,546,681</u>
Expenditures:					
Storm water:					
Personnel	1,312,840	1,351,800	1,345,212	(6,588)	1,177,449
Services	403,838	403,838	411,596	7,758	302,910
Supplies	310,943	310,943	146,231	(164,712)	189,384
Operational units	189,677	189,677	189,677	-	181,976
Business expenses	50,427	50,427	71,205	20,778	36,420
Payments on capital leases	230,580	230,580	150,826	(79,754)	170,365
	<u>2,498,305</u>	<u>2,537,265</u>	<u>2,314,747</u>	<u>(222,518)</u>	<u>2,058,504</u>
Capital outlay	<u>2,672,357</u>	<u>2,672,357</u>	<u>411,480</u>	<u>(2,260,877)</u>	<u>397,677</u>
Total expenditures	<u>5,170,662</u>	<u>5,209,622</u>	<u>2,726,227</u>	<u>(2,483,395)</u>	<u>2,456,181</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,456,438)</u>	<u>(2,495,398)</u>	<u>(136,040)</u>	<u>2,359,358</u>	<u>90,500</u>
Other financing sources (uses):					
Operating transfers to other funds	-	(50,000)	(50,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ (2,456,438)</u>	<u>\$ (2,545,398)</u>	<u>\$ (186,040)</u>	<u>\$ 2,359,358</u>	<u>\$ 90,500</u>
Fund balance - beginning			<u>4,873,735</u>		<u>4,783,235</u>
Fund balance - ending			<u>\$ 4,687,695</u>		<u>\$ 4,873,735</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2016 Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Fines and fees:					
Drug fines	\$ 116,458	\$ 116,458	\$ 89,633	\$ (26,825)	\$ 185,730
Seized assets/unclaimed evidence	-	-	45,070	45,070	127,306
Use of money and property:					
Interest earned	1,000	1,000	3,407	2,407	1,874
Sale of surplus property	6,552	6,552	9,630	3,078	10,447
Total revenues	<u>124,010</u>	<u>124,010</u>	<u>147,740</u>	<u>23,730</u>	<u>325,357</u>
Expenditures:					
Police:					
Supplies	-	70,000	96,700	26,700	50,909
Operational units	72,500	72,500	23,066	(49,434)	52,220
Business expenses	-	-	2,411	2,411	1,882
Total expenditures	<u>72,500</u>	<u>142,500</u>	<u>122,177</u>	<u>(20,323)</u>	<u>105,011</u>
Net changes in fund balances	<u>\$ 51,510</u>	<u>\$ (18,490)</u>	25,563	<u>\$ 44,053</u>	220,346
Fund balance - beginning			<u>515,642</u>		<u>295,296</u>
Fund balance - ending			<u>\$ 541,205</u>		<u>\$ 515,642</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
HOTEL / MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2016 Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u> <u>Over (Under)</u>	
Revenues:					
Taxes:					
Hotel / Motel tax	\$ 3,406,850	\$ 3,479,849	\$ 3,710,589	\$ 230,740	\$ 3,557,971
Use of money and property:					
Distributions from conference center	-	-	92,792	92,792	123,453
Interest earned	4,000	4,000	10,466	6,466	6,750
Total revenues	<u>3,410,850</u>	<u>3,483,849</u>	<u>3,813,847</u>	<u>329,998</u>	<u>3,688,174</u>
Expenditures:					
General:					
Services	-	23,000	42,545	19,545	197,772
Supplies	-	50,000	93,015	43,015	162,574
Appropriations	837,680	837,680	849,271	11,591	767,131
	<u>837,680</u>	<u>910,680</u>	<u>984,831</u>	<u>74,151</u>	<u>1,127,477</u>
Capital outlay	566,666	566,666	320,925	(245,741)	347,406
Total expenditures	<u>1,404,346</u>	<u>1,477,346</u>	<u>1,305,756</u>	<u>(171,590)</u>	<u>1,474,883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,006,504</u>	<u>2,006,503</u>	<u>2,508,091</u>	<u>501,588</u>	<u>2,213,291</u>
Other financing sources (uses):					
Operating transfers to other funds	<u>(1,125,086)</u>	<u>(1,320,086)</u>	<u>(1,314,916)</u>	<u>(5,170)</u>	<u>(2,328,778)</u>
Net changes in fund balances	<u>\$ 881,418</u>	<u>\$ 686,417</u>	1,193,175	<u>\$ 506,758</u>	(115,487)
Fund balance - beginning			<u>2,634,109</u>		<u>2,749,596</u>
Fund balance - ending			<u>\$ 3,827,284</u>		<u>\$ 2,634,109</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
IN LIEU OF PARKLAND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2016 Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Licenses and permits:					
In lieu of parkland fees	\$ 1,202,525	\$ 1,202,525	\$ 137,454	\$ (1,065,071)	\$ 1,923,145
Use of money and property:					
Interest earned	5,000	5,000	20,718	15,718	8,745
Total revenues	<u>1,207,525</u>	<u>1,207,525</u>	<u>158,172</u>	<u>(1,049,353)</u>	<u>1,931,890</u>
Expenditures:					
Parks:	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ 1,207,525</u>	<u>\$ 1,207,525</u>	158,172	<u>\$ (1,049,353)</u>	1,931,890
Fund balance - beginning			<u>4,425,966</u>		<u>2,494,076</u>
Fund balance - ending			<u>\$ 4,584,138</u>		<u>\$ 4,425,966</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
TRANSIT AUTHORITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2016 Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Over (Under)</u>	
Revenues:					
Intergovernmental:					
Grants	\$ 1,184,899	\$ 1,184,899	\$ 1,544,039	\$ 359,140	\$ 1,251,055
Charges for services:					
Transit fares	85,000	85,000	104,649	19,649	88,460
Use of money and property:					
Rental income	9,700	9,700	9,700	-	9,700
Interest earnings	3,200	3,200	7,610	4,410	4,391
Sale of surplus property	-	-	11,475	11,475	18,640
Total revenues	<u>1,282,799</u>	<u>1,282,799</u>	<u>1,677,473</u>	<u>394,674</u>	<u>1,372,246</u>
Expenditures:					
Transit:					
Services	100	100	-	(100)	38
Supplies	500	500	-	(500)	-
Operational units	1,941,155	2,168,003	1,890,367	(277,636)	1,574,936
	<u>1,941,755</u>	<u>2,168,603</u>	<u>1,890,367</u>	<u>(278,236)</u>	<u>1,574,974</u>
Capital outlay	<u>305,000</u>	<u>305,000</u>	<u>245,861</u>	<u>(59,139)</u>	<u>113,535</u>
Total expenditures	<u>2,246,755</u>	<u>2,473,603</u>	<u>2,136,228</u>	<u>(337,375)</u>	<u>1,688,509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(963,956)</u>	<u>(1,190,804)</u>	<u>(458,755)</u>	<u>732,049</u>	<u>(316,263)</u>
Other financing sources (uses):					
Operating transfers from other funds	<u>963,956</u>	<u>1,138,956</u>	<u>458,755</u>	<u>(680,201)</u>	<u>501,413</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ (51,848)</u>	<u>\$ -</u>	<u>\$ 51,848</u>	<u>185,150</u>
Fund balance - beginning			<u>374,758</u>		<u>189,608</u>
Fund balance - ending			<u>\$ 374,758</u>		<u>\$ 374,758</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2016 Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget Over (Under)</u>	
Revenues:					
Intergovernmental:					
Grants	\$ 280,410	\$ 280,410	\$ 230,374	\$ (50,036)	\$ 329,866
Use of money and property:					
Interest	150	150	1,078	928	431
Total revenues	<u>280,560</u>	<u>280,560</u>	<u>231,452</u>	<u>(49,108)</u>	<u>330,297</u>
Expenditures:					
General:					
Services	286,975	286,975	180,475	(106,500)	265,324
Operational units	-	-	49,899	49,899	-
Total expenditures	<u>286,975</u>	<u>286,975</u>	<u>230,374</u>	<u>(56,601)</u>	<u>265,324</u>
Net changes in fund balances	<u>\$ (6,415)</u>	<u>\$ (6,415)</u>	\$ 1,078	<u>\$ 7,493</u>	\$ 64,973
Fund balance - beginning			<u>85,185</u>		<u>20,212</u>
Fund balance - ending			<u>\$ 86,263</u>		<u>\$ 85,185</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
With Comparative Totals for the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2016 Actual</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Taxes:					
Property tax apportionment	\$ 7,503,769	\$ 7,503,769	\$ 6,710,855	\$ (792,914)	\$ 7,338,632
Intergovernmental:					
Rebates on BAB / RZEDB bonds	904,051	904,051	846,359	(57,692)	840,316
Use of money and property:					
Interest earned	5,000	5,000	4,355	(645)	3,296
Total revenues	<u>8,412,820</u>	<u>8,412,820</u>	<u>7,561,569</u>	<u>(851,251)</u>	<u>8,182,244</u>
Expenditures:					
Debt service:					
Principal	7,992,000	7,992,000	7,992,000	-	7,783,000
Interest	5,199,456	5,199,456	4,886,022	(313,434)	4,973,106
Debt service fees	28,842	28,842	18,727	(10,115)	16,838
Total expenditures	<u>13,220,298</u>	<u>13,220,298</u>	<u>12,896,749</u>	<u>(323,549)</u>	<u>12,772,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,807,478)</u>	<u>(4,807,478)</u>	<u>(5,335,180)</u>	<u>(527,702)</u>	<u>(4,590,700)</u>
Other financing sources (uses):					
Operating transfers from other funds:					
From General	-	792,914	792,914	-	-
From Water & Sewer	200,000	200,000	200,000	-	200,000
From Sanitation	623,956	623,956	618,054	(5,902)	599,772
From Road Impact	2,874,529	2,874,529	2,689,493	(185,036)	2,674,006
From Hotel/Motel	1,113,993	1,113,993	1,119,916	5,923	1,121,213
Total other financing sources (uses)	<u>4,812,478</u>	<u>5,605,392</u>	<u>5,420,377</u>	<u>(185,015)</u>	<u>4,594,991</u>
Net changes in fund balances	<u>\$ 5,000</u>	<u>\$ 797,914</u>	85,197	<u>\$ (712,717)</u>	4,291
Fund balance - beginning			<u>5,000</u>		<u>709</u>
Fund balance - ending			<u>\$ 90,197</u>		<u>\$ 5,000</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Source/Grant Program or Cluster Title	CFDA Number	Grant Number / Pass-through Entity Identifying Number	Balance 6/30/2016 (Receivable) Unearned	Adjustments	Cash Receipts	Total Federal Expenditures	Balance 6/30/2017 (Receivable) Unearned	Passed through to Subrecipients
U.S. DEPARTMENT OF JUSTICE								
Office of Criminal Justice Program	16.738	44919	\$ -	\$ -	\$ 15,000	\$ (15,000)	\$ -	\$ -
Bulletproof Vest Partnership Program	16.607	N/A	-	-	4,190	(4,190)	-	-
TOTAL U.S. DEPARTMENT OF JUSTICE			-	-	19,190	(19,190)	-	-
U.S. DEPARTMENT OF TRANSPORTATION								
<i>Federal Transit Cluster:</i>								
Federal Transit Formula Grant (Transit Capital Grant-FY2009 5307 Allocation for Franklin Transit) *	20.507	TN-90-X303-00	(19,486)	-	143,476	(123,990)	-	(123,990)
Federal Transit Formula Grant (Transit Capital Grant-Allocation for 5307 FY2012) *	20.507	TN-90-X352-00	-	-	191,403	(203,087)	(11,684)	(191,403)
Federal Transit Formula Grant (Transit Capital Grant-FY14 5307 Allocation) *	20.507	TN-90-X384-00	(151,615)	-	199,093	(47,478)	-	(47,478)
Federal Transit Formula Grant (Transit Capital Grant-Allocation for 5307 FY2015) *	20.507	TN-90-X392-00	(34,020)	-	34,020	-	-	-
Federal Transit Formula Grant (Replacement Vehicle-PM-Planning & Equipment) *	20.507	TN-90-X328-00	-	-	46,600	(46,600)	-	(46,600)
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY16 5307 Allocation) *	20.526	TN-2017-020-00	-	-	593,705	(678,118)	(84,413)	(678,118)
			(205,121)	-	1,208,297	(1,099,273)	(96,097)	(1,087,589)
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY14 Bus & Bus Facilities) *	20.526	TN-2016-019-00	-	-	64,406	(64,406)	-	(64,406)
Total Federal Transit Cluster			(205,121)	-	1,272,703	(1,163,679)	(96,097)	(1,151,995)
<i>Transit Services Programs Cluster:</i>								
New Freedom Program *	20.521	TN-57-X002	(14,239)	-	14,239	-	-	-
Total Transit Services Programs Cluster			(14,239)	-	14,239	-	-	-
<i>Highway Planning and Construction Cluster:</i>								
Hillsboro Rd @ Claude Yates Drive ***	20.205	108409.00	-	-	20,171	(77,346)	(57,175)	-
Highway Planning and Construction (Bicentennial Park) ***	20.205	109424.00	(242,602)	-	242,602	-	-	-
Highway Planning and Construction (Mack Hatcher Parkway NW Quad) ***	20.205	101454.01	(708,850)	171,900	-	(109,840)	(646,790)	-
Highway Planning and Construction (Columbia Ave to Downs Blvd) ***	20.205	121454.00	(151,004)	-	414,679	(438,984)	(175,309)	-
Highway Planning and Construction (Safe Route to Schools - Hunters Bend Elem) ***	20.205	118151.00	-	-	740	(55,987)	(55,247)	-
Franklin ITS Infrastructure ***	20.205	116144.00	-	(15,840)	21,420	(5,580)	-	-
Franklin ITS Infrastructure ***	20.205	116144.01	-	(34,925)	34,925	(19,981)	(19,981)	-
			(1,102,456)	121,135	734,537	(707,718)	(954,502)	-
Recreational Trails Program ****	20.219	32701-02182	(52,573)	-	52,573	(33,888)	(33,888)	-
Total Highway Planning and Construction Cluster:			(1,155,029)	121,135	787,110	(741,606)	(988,390)	-
Alcohol Open Container Requirements (Franklin Fight Against Impaired Driving) **	20.607	154AL-16-24	(8,769)	-	21,443	(12,674)	-	-
Alcohol Open Container Requirements (Franklin Fight Against Impaired Driving) **	20.607	154AL-17-78	-	-	8,536	(9,086)	(550)	-
Total Alcohol Open Container Requirements			(8,769)	-	29,979	(21,760)	(550)	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			(1,383,158)	121,135	2,104,031	(1,927,045)	(1,085,037)	(1,151,995)
U.S. DEPARTMENT OF THE INTERIOR								
Tennessee Civil War National Heritage Area via Middle Tennessee State University *****	15.939	N/A	-	-	12,000	(12,000)	-	(12,000)
TOTAL U.S. DEPARTMENT OF THE INTERIOR			-	-	12,000	(12,000)	-	(12,000)
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
<i>CDBG - Entitlement Grants Cluster:</i>								
Community Development Block Grants/Entitlement Grants *****	14.218	B-MC-47-0014	(29,414)	-	258,796	(230,375)	(993)	-
Total CDBG - Entitlement Grants Cluster			(29,414)	-	258,796	(230,375)	(993)	-
Emergency Solutions Grant Program (Emergency Shelter Grant)	14.231	ESG-15-16	(7,278)	-	7,278	-	-	-
Emergency Solutions Grant Program (Emergency Shelter Grant)	14.231	ESG-16-47	-	-	43,892	(50,693)	(6,801)	-
Total Emergency Solutions Grant Program			(7,278)	-	51,170	(50,693)	(6,801)	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			(36,692)	-	309,966	(281,068)	(7,794)	-
U.S. DEPARTMENT OF HOMELAND SECURITY - FEDERAL EMERGENCY MANAGEMENT AGENCY								
Administration and Completion of Flood Mitigation Assistance *****	97.029	FMA-PJ-04-2013-003	-	-	563	(563)	-	-
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			-	-	563	(563)	-	-
Total Federal Assistance			\$ (1,419,850)	\$ 121,135	\$ 2,445,750	\$ (2,239,866)	\$ (1,092,831)	\$ (1,163,995)

* Passed through to The Transportation Management Association Group
 ** Passed through the TN Department of Transportation Governor's Highway Safety Office
 *** Passed through the TN Department of Transportation
 **** Passed through the TN Department of Environment and Conservation
 ***** Passed through to Middle Tennessee State University
 ***** Passed through the TN Housing Development Agency
 ***** Passed through the TN Department of Military - TN Emergency Management Agency

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Source/Grant Name	State Grant Number	Balance 6/30/2016 (Receivable) Unearned	Adjustments	Cash Receipts	Expenditures	Balance 6/30/2017 (Receivable) Unearned
TENNESSEE DEPARTMENT OF TRANSPORTATION						
Federal Transit Formula Grant (Transit Capital Grant-FY2009 5307 Allocation for Franklin Transit) *	TN-90-0303-00	\$ -	\$ -	\$ 15,052	\$ (15,052)	\$ -
Federal Transit Formula Grant (Transit Capital Grant-Allocation for 5307 FY2012) *	TN-90-X352-00	-	-	23,334	(25,386)	(2,052)
Federal Transit Formula Grant (Transit Capital Grant-FY14 5307 Allocation) *	TN-90-X384-00	(57,949)	28	63,856	(5,935)	-
Federal Transit Formula Grant (Replacement Vehicle-PM-Planning & Equipment) *	TN-90-X328-00	-	-	5,194	(5,194)	-
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY14 Bus & Bus Facilities) *	TN-2016-019-00	-	-	7,045	(8,051)	(1,006)
New Freedom Program *	TN-57-X002	(21,964)	-	10,982	-	(10,982)
Transit Operating Assistance Grant *	Z-16-UROP05-00	(249,600)	-	249,600	-	-
Transit Operating Assistance Grant *	Z-16-UROP12-00	-	-	253,300	(253,300)	-
Mack Hatcher Parkway NW Quad	101454.01	(177,213)	-	-	(27,460)	(204,673)
Columbia Ave to Downs Blvd	121454.00	(37,751)	-	103,670	(109,746)	(43,827)
Hillsboro Rd @ Claude Yates Drive	108409.00	(810,318)	-	1,190,000	(379,682)	-
Special Litter Grant	Z13ALG016	(6,863)	-	6,863	-	-
Franklin ITS Infrastructure	116144.00	(15,840)	15,840	-	-	-
Franklin ITS Infrastructure	116144.01	(34,925)	34,925	-	-	-
Total Tennessee Department of Transportation		(1,412,423)	50,793	1,928,896	(829,805)	(262,539)
TENNESSEE DEPARTMENT OF ENVIRONMENT & CONSERVATION						
Recycling Rebate FY2016	RR-FY16	(4,142)	-	4,142	-	-
Total Tennessee Department of Economic and Community Development		(4,142)	-	4,142	-	-
Total State Financial Assistance		\$ (1,416,565)	\$ 50,793	\$ 1,933,038	\$ (829,805)	\$ (262,539)

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - DE MINIMUS INDIRECT COST RATE

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

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT
 JUNE 30, 2017

	Tennessee Municipal Bond Fund Variable Rate Pool Loan Program 2001		Public Building Authority of the City of Lawrenceburg, TN Loan Agreement 2005 (1)		Public Building Authority of the City of Franklin, TN Loan Agreement 2007 (2)		Federally Taxable Build America Bonds Series 2009 (3)		Federally Taxable Recovery Zone Bonds Series 2010 (4)		General Improvement Refunding Bonds Series 2010	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 173,000	\$ 1,626	\$ 345,000	\$ 53,108	\$ -	\$ 718,000	\$ 2,140,000	\$ 1,559,925	\$ -	\$ 795,729	\$ 1,240,000	\$ 330,550
2019	-	-	355,000	60,997	-	718,000	2,205,000	1,464,695	-	795,729	1,280,000	293,350
2020	-	-	370,000	41,489	-	718,000	2,270,000	1,364,368	-	795,729	1,315,000	254,950
2021	-	-	385,000	14,053	-	718,000	2,340,000	1,258,813	-	795,729	1,360,000	215,500
2022	-	-	-	-	-	718,000	2,410,000	1,146,493	-	795,729	1,410,000	161,100
2023	-	-	-	-	-	718,000	2,490,000	1,027,198	-	795,729	1,470,000	104,700
2024	-	-	-	-	-	718,000	2,565,000	905,188	1,985,000	795,729	1,530,000	45,900
2025	-	-	-	-	1,175,000	718,000	2,650,000	776,938	2,140,000	703,923	-	-
2026	-	-	-	-	1,225,000	675,818	2,740,000	641,125	2,195,000	602,273	-	-
2027	-	-	-	-	1,300,000	631,840	2,835,000	493,850	2,255,000	495,266	-	-
2028	-	-	-	-	1,350,000	585,170	2,935,000	337,925	2,315,000	380,261	-	-
2029	-	-	-	-	1,400,000	536,705	3,045,000	173,562	2,380,000	259,881	-	-
2030	-	-	-	-	1,450,000	486,445	-	-	2,455,000	131,956	-	-
2031	-	-	-	-	1,525,000	434,390	-	-	-	-	-	-
2032	-	-	-	-	1,575,000	379,643	-	-	-	-	-	-
2033	-	-	-	-	1,650,000	323,100	-	-	-	-	-	-
2034	-	-	-	-	1,725,000	263,865	-	-	-	-	-	-
2035	-	-	-	-	1,800,000	201,938	-	-	-	-	-	-
2036	-	-	-	-	1,875,000	137,318	-	-	-	-	-	-
2037	-	-	-	-	1,950,000	70,005	-	-	-	-	-	-
	<u>\$ 173,000</u>	<u>\$ 1,626</u>	<u>\$ 1,455,000</u>	<u>\$ 169,646</u>	<u>\$ 20,000,000</u>	<u>\$ 10,470,237</u>	<u>\$ 30,625,000</u>	<u>\$ 11,150,077</u>	<u>\$ 15,725,000</u>	<u>\$ 8,143,663</u>	<u>\$ 9,605,000</u>	<u>\$ 1,406,050</u>

Notes:

- (1) The City has an interest rate swap (variable to fixed) agreement with SunTrust Bank.
- (2) The City has an interest rate swap (variable to fixed) agreement with Wertmanagement Bank.
- (3) The City receives a 35% direct payment interest rebate on this issue, subject to reduction by the annually adjusted sequestration rate.
The sequestration rate for July-September 2016 was 6.8%; October 2016-June 2017 was 6.9%.
- (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 2016 was 6.8%; October 2016-June 2017 was 6.9%.

(Continued)

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS (Cont.)
GENERAL OBLIGATION DEBT
 JUNE 30, 2017

	General Improvement Refunding Bonds Series 2012		Public Improvement Bonds Series 2013A		Pension Obligation Bonds Series 2013B		Public Improvement Bonds Series 2015		Public Improvement Bonds Series 2017		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,465,000	\$ 343,889	\$ 315,000	\$ 192,617	\$ 955,000	\$ 208,313	\$ 535,000	\$ 530,690	\$ 950,000	\$ 778,921	\$ 8,118,000	\$ 5,513,368
2019	1,495,000	312,684	320,000	186,318	970,000	193,510	565,000	503,940	755,000	975,900	7,945,000	5,505,123
2020	1,530,000	280,840	325,000	179,917	1,000,000	164,410	585,000	481,340	790,000	938,150	8,185,000	5,219,193
2021	1,560,000	248,252	330,000	173,418	1,030,000	134,410	605,000	463,790	830,000	898,650	8,440,000	4,920,614
2022	1,595,000	215,023	340,000	166,817	1,060,000	106,600	635,000	433,540	875,000	857,150	8,325,000	4,600,452
2023	1,630,000	181,050	350,000	158,318	1,090,000	74,800	665,000	401,790	915,000	813,400	8,610,000	4,274,985
2024	1,665,000	146,331	355,000	149,567	1,125,000	39,375	700,000	368,540	960,000	767,650	10,885,000	3,936,280
2025	1,700,000	110,867	365,000	140,693	-	-	730,000	333,540	980,000	748,450	9,740,000	3,532,411
2026	1,735,000	74,656	375,000	131,203	-	-	760,000	304,340	1,030,000	699,450	10,060,000	3,128,865
2027	1,770,000	37,701	385,000	120,890	-	-	790,000	273,940	1,080,000	647,950	10,415,000	2,701,437
2028	-	-	400,000	107,800	-	-	815,000	250,240	1,135,000	593,950	8,950,000	2,255,346
2029	-	-	410,000	94,200	-	-	850,000	217,640	1,190,000	537,200	9,275,000	1,819,188
2030	-	-	425,000	80,260	-	-	880,000	183,640	1,250,000	477,700	6,460,000	1,360,001
2031	-	-	440,000	65,810	-	-	920,000	148,440	1,315,000	415,200	4,200,000	1,063,840
2032	-	-	455,000	50,850	-	-	945,000	120,840	1,365,000	362,600	4,340,000	913,933
2033	-	-	470,000	35,380	-	-	975,000	92,490	1,420,000	308,000	4,515,000	758,970
2034	-	-	485,000	19,400	-	-	1,005,000	63,240	1,480,000	251,200	4,695,000	597,705
2035	-	-	-	-	-	-	1,035,000	32,085	1,535,000	192,000	4,370,000	426,023
2036	-	-	-	-	-	-	-	-	1,600,000	130,600	3,475,000	267,918
2037	-	-	-	-	-	-	-	-	1,665,000	66,600	3,615,000	136,605
	<u>\$ 16,145,000</u>	<u>\$ 1,951,293</u>	<u>\$ 6,545,000</u>	<u>\$ 2,053,458</u>	<u>\$ 7,230,000</u>	<u>\$ 921,418</u>	<u>\$ 13,995,000</u>	<u>\$ 5,204,065</u>	<u>\$ 23,120,000</u>	<u>\$ 11,460,721</u>	<u>\$ 144,618,000</u>	<u>\$ 52,932,254</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
PROPRIETARY FUND DEBT
JUNE 30, 2017

	Sewer & Water Revenue & Tax refunding Bonds-Series 2005		Sewer & Water Refunding SunTrust Loan 2011		Sewer & Water Water Plant Bonds-Series 2017		Drinking Water SRF & ARRA Loan		Clean Water SRF & ARRA Loan		Clean Water SRF		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 2,150,000	\$ 769,125	\$ 1,280,000	\$ 314,308	\$ 370,000	\$ 497,471	\$ 68,023	\$ 30,191	\$ 81,924	\$ 40,252	\$ 23,154	\$ 5,346	\$ 3,973,101	\$ 1,656,693
2019	2,220,000	661,625	1,310,000	281,625	400,000	508,000	69,965	28,248	84,156	38,020	46,309	6,738	4,130,430	1,524,256
2020	2,240,000	550,625	1,345,000	249,064	415,000	492,000	71,964	26,250	86,448	35,728	46,309	6,738	4,204,721	1,360,405
2021	2,255,000	438,625	1,380,000	215,636	430,000	475,400	74,020	24,193	88,802	33,373	46,309	6,738	4,274,131	1,193,965
2022	2,280,000	325,875	1,415,000	181,340	450,000	458,200	76,134	22,080	91,220	30,955	46,309	6,738	4,358,663	1,025,188
2023	1,555,000	211,875	1,450,000	146,175	470,000	435,700	78,310	19,904	93,704	28,471	46,309	6,738	3,693,323	848,863
2024	1,450,000	134,125	1,485,000	110,143	495,000	412,200	80,546	17,667	96,257	25,919	46,309	6,738	3,653,112	706,792
2025	1,450,000	61,625	1,520,000	73,243	520,000	387,450	82,848	15,366	98,878	23,298	46,309	6,738	3,718,035	567,720
2026	-	-	1,560,000	35,464	545,000	361,450	85,215	12,999	101,570	20,605	46,309	6,738	2,338,094	437,256
2027	-	-	-	-	570,000	334,200	87,648	10,565	104,338	17,838	46,309	6,738	808,295	369,341
2028	-	-	-	-	600,000	305,700	90,153	8,061	107,178	14,998	46,309	6,738	843,640	335,497
2029	-	-	-	-	630,000	275,700	92,729	5,485	110,098	12,078	46,309	6,738	879,136	300,001
2030	-	-	-	-	665,000	244,200	95,377	2,837	113,096	9,079	46,309	6,738	919,782	262,854
2031	-	-	-	-	690,000	217,600	48,701	403	116,176	6,000	46,309	6,738	901,186	230,741
2032	-	-	-	-	715,000	190,000	-	-	119,340	2,836	46,309	6,738	880,649	199,574
2033	-	-	-	-	745,000	161,400	-	-	40,505	226	23,154	3,367	808,659	164,993
2034	-	-	-	-	775,000	131,600	-	-	-	-	-	-	775,000	131,600
2035	-	-	-	-	805,000	100,600	-	-	-	-	-	-	805,000	100,600
2036	-	-	-	-	840,000	68,400	-	-	-	-	-	-	840,000	68,400
2037	-	-	-	-	870,000	34,800	-	-	-	-	-	-	870,000	34,800
	<u>\$ 15,600,000</u>	<u>\$ 3,153,500</u>	<u>\$ 12,745,000</u>	<u>\$ 1,606,998</u>	<u>\$ 12,000,000</u>	<u>\$ 6,092,071</u>	<u>\$ 1,101,633</u>	<u>\$ 224,249</u>	<u>\$ 1,533,690</u>	<u>\$ 339,676</u>	<u>\$ 694,634</u>	<u>\$ 103,045</u>	<u>\$ 43,674,957</u>	<u>\$ 11,519,539</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF BOND AND NOTE INDEBTEDNESS - WATER AND SEWER FUND
 JUNE 30, 2017

Amount Issued	Purpose	Due Date	Interest Rate	Outstanding as of 6/30/2017
\$ 24,670,000	Revenue & Tax Bonds: Series 2005- Sewer and Water Revenue and Tax Refunding ⁽¹⁾⁽²⁾	April 2025	Fixed	\$ 15,600,000
19,430,000	Revenue & Tax Bonds: Series 2011- SunTrust Loan Program ⁽¹⁾⁽²⁾	May 2026	Fixed	12,745,000
1,500,000	Notes Payable: 2009- Drinking Water SRF Loan through ARRA ⁽¹⁾⁽³⁾	December 2030	Fixed	1,101,633
1,888,200	Notes Payable: 2009- Clean Water SRF Loan through ARRA ⁽¹⁾⁽³⁾	October 2032	Fixed	1,533,690
1,677,259	Notes Payable: 2016- SCADA SRF Loan ⁽¹⁾	2031	Fixed	694,634
1,822,741	Notes Payable: 2016- SCADA SRF Loan ⁽¹⁾⁽⁴⁾	2031	Fixed	-
<u>\$ 12,000,000</u>	Plus: Revenue Bonds: Series 2017- Water and Sewer Revenue	February 2037	Fixed	<u>\$ 12,000,000</u>
<u>\$ 62,988,200</u>	Total Bonded Debt			<u>\$ 43,674,957</u>

Notes:

- (1) Indebtedness payable from and secured by water and sewer system revenues and a general obligation pledge of the City.
 SRF loans also secured by state-shared taxes. All indebtedness is anticipated to be paid from water and sewer system revenues.
- (2) Prior Lien Obligation.
- (3) Outstanding Parity Obligation.
- (4) Approved but not outstanding as of 6/30/17.

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, 2017

Tax Year	Balance June 30, 2016	Taxes Levied	Adjustments and Collections	Balance June 30, 2017
2016	\$ -	\$ 19,203,126	\$ (19,013,067)	\$ 190,059
2015	192,487	-	(150,134)	42,353
2014	18,378	-	(9,868)	8,510
2013	10,543	-	(883)	9,660
2012	10,275	-	(566)	9,709
2011	10,251	-	(51)	10,200
2010	15,633	-	(65)	15,568
2009	17,202	-	-	17,202
2008	8,193	-	(62)	8,131
2007	17,161	-	(602)	16,559
	<u>\$ 300,123</u>	<u>\$ 19,203,126</u>	<u>\$ (19,175,298)</u>	<u>\$ 327,951</u>

The balance June 30, 2017 is comprised of:

Considered current revenue	\$ 31,624
Allowance for uncollectible accounts: 2007-2016 levies	127,708
Unavailable revenue	<u>168,619</u>
	<u>327,951</u>

Balances not included in the schedule above are:

2017 tax levy due October 1, 2017 considered unavailable revenue and amounts payable to others and amounts due from years prior to 2007 (fully reserved)	<u>20,321,520</u>
--	-------------------

Total property tax receivable (as shown on page 44) \$ 20,649,471

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. 92

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. 96

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. 101

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. 106

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. 108

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Net investment in capital assets	\$ 387,399,795	\$ 398,721,876	\$ 391,009,711	\$ 393,091,861	\$ 394,771,670	\$ 427,956,937	\$ 473,270,481	\$ 526,598,701	\$ 531,232,432	\$ 525,024,950
Restricted for:										
Grant program use	-	-	19,138	19,266	-	23,545	23,717	20,212	85,185	86,263
State street aid	1,048,827	31,817	-	-	16,563	-	295,259	287,224	373,415	502,481
Sanitation use	-	-	-	-	-	-	-	-	767,350	610,969
Drug fund use	257,521	335,343	253,229	269,691	144,788	121,781	165,436	295,296	515,642	541,205
Other projects	-	-	1,895,996	-	-	-	-	-	-	3,488,072
Unrestricted	34,055,155	23,793,595	31,620,382	37,054,884	46,304,057	42,077,735	14,450,363	25,106,842	35,391,194	51,839,059
Total net position	<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>	<u>\$ 568,365,218</u>	<u>\$ 582,092,999</u>
Business-type activities:										
Net investment in capital assets	\$ 105,088,556	\$ 107,235,256	\$ 102,547,138	\$ 105,910,754	\$ 106,880,291	\$ 110,724,957	\$ 119,141,240	\$ 128,272,969	\$ 139,229,139	\$ 144,008,929
Restricted for:										
Water & Sewer	-	-	13,376,540	9,975,225	6,684,374	8,150,100	13,391,806	13,452,592	8,916,035	9,757,361
Unrestricted	9,997,061	13,428,223	5,230,958	7,305,642	14,221,008	15,923,139	13,545,686	15,771,418	25,339,325	30,877,222
Total net position	<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>	<u>\$ 173,484,499</u>	<u>\$ 184,643,512</u>
Primary government:										
Net investment in capital assets	\$ 492,488,351	\$ 505,957,132	\$ 493,556,849	\$ 499,002,615	\$ 501,651,961	\$ 538,681,894	\$ 592,411,721	\$ 654,871,670	\$ 670,461,571	\$ 669,033,879
Restricted for:										
Grant program use	-	-	19,138	19,266	-	23,545	23,717	20,212	85,185	86,263
State street aid	1,048,827	31,817	-	-	16,563	-	295,259	287,224	373,415	502,481
Sanitation use	-	-	-	-	-	-	-	-	767,350	610,969
Drug fund use	257,521	335,343	253,229	269,691	144,788	121,781	165,436	295,296	515,642	541,205
Other projects	-	-	1,895,996	-	-	-	-	-	-	3,488,072
Water & Sewer	-	-	13,376,540	9,975,225	6,684,374	8,150,100	13,391,806	13,452,592	8,916,035	9,757,361
Unrestricted	44,052,216	37,221,818	36,851,340	44,360,526	60,525,065	58,000,874	27,996,049	40,878,260	60,730,519	82,716,281
Total net position	<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>	<u>\$ 741,849,717</u>	<u>\$ 766,736,511</u>

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Fund Balances - Governmental Funds

(Prepared using the modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Non-Spendable	\$ 236,942	\$ 513,119	\$ 489,453	\$ 522,733	\$ 1,423,017	\$ 1,741,675	\$ 1,141,340	\$ 1,712,291	\$ 1,879,610	\$ 2,223,101
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>30,526,839</u>	<u>28,249,674</u>	<u>25,424,920</u>	<u>24,439,033</u>	<u>24,588,314</u>	<u>27,148,443</u>	<u>31,573,111</u>	<u>33,757,157</u>	<u>37,369,976</u>	<u>41,060,041</u>
Total General Fund	<u>30,763,781</u>	<u>28,762,793</u>	<u>25,914,373</u>	<u>24,961,766</u>	<u>26,011,331</u>	<u>28,890,118</u>	<u>32,714,451</u>	<u>35,469,448</u>	<u>39,249,586</u>	<u>43,283,142</u>
All Other Governmental Funds										
Special Revenue Funds										
Non-Spendable	-	-	-	-	-	-	46,013	32,553	57,121	76,130
Restricted	9,462,222	3,761,542	272,367	288,957	161,351	145,326	484,412	602,732	1,685,971	5,228,990
Committed	3,573,362	4,754,751	7,303,746	8,040,949	9,524,052	8,762,925	12,524,477	12,674,316	17,243,117	24,451,333
Assigned	-	-	-	-	-	1,124,507	1,971,048	5,243,672	7,060,075	5,353,767
Unassigned	<u>(440,843)</u>	<u>(3,838,212)</u>	<u>(3,561,327)</u>	<u>(1,088,155)</u>	<u>(1,246,711)</u>	<u>(854,829)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Revenue Funds	<u>12,594,741</u>	<u>4,678,081</u>	<u>4,014,786</u>	<u>7,241,751</u>	<u>8,438,692</u>	<u>9,177,929</u>	<u>15,025,950</u>	<u>18,553,273</u>	<u>26,046,284</u>	<u>35,110,220</u>
Debt Service Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	465,190	1,099,568	318,138	84,729	195,118	709	5,000	90,197
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Service Fund	<u>-</u>	<u>-</u>	<u>465,190</u>	<u>1,099,568</u>	<u>318,138</u>	<u>84,729</u>	<u>195,118</u>	<u>709</u>	<u>5,000</u>	<u>90,197</u>
Capital Projects Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	15,508,919
Committed	-	-	12,691,653	12,058,809	9,266,485	382,419	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>(13,849,061)</u>	<u>(11,992,169)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,878,175)</u>	<u>(10,104,657)</u>	<u>(7,887,886)</u>	<u>-</u>
Total Capital Projects Fund	<u>(13,849,061)</u>	<u>(11,992,169)</u>	<u>12,691,653</u>	<u>12,058,809</u>	<u>9,266,485</u>	<u>382,419</u>	<u>(18,878,175)</u>	<u>(10,104,657)</u>	<u>(7,887,886)</u>	<u>15,508,919</u>
Total All Other Governmental Funds	<u>(1,254,320)</u>	<u>(7,314,088)</u>	<u>17,171,629</u>	<u>20,400,128</u>	<u>18,023,315</u>	<u>9,645,077</u>	<u>(3,657,107)</u>	<u>8,449,325</u>	<u>18,163,398</u>	<u>50,709,336</u>
Total Governmental Funds	<u>\$ 29,509,461</u>	<u>\$ 21,448,705</u>	<u>\$ 43,086,002</u>	<u>\$ 45,361,894</u>	<u>\$ 44,034,646</u>	<u>\$ 38,535,195</u>	<u>\$ 29,057,344</u>	<u>\$ 43,918,773</u>	<u>\$ 57,412,984</u>	<u>\$ 93,992,478</u>

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Changes in Fund Balances - Governmental Funds

(Prepared using the modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 43,623,109	\$ 40,086,682	\$ 41,242,751	\$ 42,519,192	\$ 42,985,437	\$ 45,969,516	\$ 49,228,473	\$ 51,595,489	\$ 57,346,463	\$ 63,339,011
Licenses and permits	6,502,784	3,765,669	3,266,126	6,198,399	5,329,720	7,603,115	11,397,587	8,714,516	14,855,454	12,704,411
Fines and fees	951,314	1,213,327	1,213,643	945,045	1,084,450	824,280	829,485	758,369	845,422	753,497
Intergovernmental	17,980,903	15,100,893	8,155,250	16,698,318	25,631,707	15,973,111	16,290,803	19,789,750	23,052,657	19,626,633
Charges for services	5,276,826	6,676,550	6,941,540	8,908,640	9,186,271	9,264,390	8,557,376	10,194,368	10,952,510	10,518,112
Use of money and property	2,827,770	1,593,380	1,313,866	1,394,821	1,319,104	816,950	622,019	792,690	979,599	686,672
Miscellaneous	118,122	387,919	331,740	215,110	496,948	1,513,225	648,436	3,301	2,489,638	1,155,394
Total revenues	<u>77,280,828</u>	<u>68,824,420</u>	<u>62,464,916</u>	<u>76,879,525</u>	<u>86,033,637</u>	<u>81,964,587</u>	<u>87,574,179</u>	<u>91,848,483</u>	<u>110,521,743</u>	<u>108,783,730</u>
Expenditures										
Elected officials	176,746	161,435	193,640	136,692	202,515	183,406	297,496	275,250	343,182	282,124
Administration	1,151,644	861,498	379,780	495,904	582,714	478,456	445,982	483,622	492,182	535,330
Human resources	645,386	802,800	689,703	889,713	1,069,174	823,598	910,719	1,121,520	1,211,867	1,165,049
Legal	355,360	218,523	234,653	334,594	387,358	283,786	463,730	342,493	333,265	498,133
Communications	116,387	110,511	250,304	305,346	318,505	300,211	317,233	313,200	352,429	489,797
Capital investment planning	-	-	193,505	236,110	206,418	159,152	183,594	176,967	162,466	-
Project & facilities management	522,552	581,352	511,567	738,229	782,167	634,151	729,970	1,093,598	1,111,055	1,069,858
Revenue management	1,112,775	1,167,045	385,355	1,283,643	1,341,821	166,427	359,289	210,378	192,958	261,826
Public safety:										
Police	12,818,426	12,961,061	13,704,946	14,499,023	14,414,109	13,703,100	13,977,946	13,747,102	14,701,228	15,484,361
Fire	12,864,924	12,144,030	12,155,554	12,450,359	12,460,480	12,817,855	13,268,813	14,129,713	15,753,191	17,003,425
Finance	905,888	959,004	755,271	836,972	877,470	687,679	716,542	787,545	824,104	940,697
Municipal information and technology	1,585,448	1,817,211	1,875,688	2,030,532	2,621,668	3,953,288	3,676,541	4,074,719	3,727,271	4,186,105
Purchasing	184,052	119,616	129,065	140,776	156,738	134,412	162,559	173,490	176,129	191,513
Court	239,482	243,246	268,352	247,575	281,966	217,568	239,857	201,815	319,159	444,685
Building & neighborhood services	1,827,452	1,952,948	1,857,185	1,869,310	1,958,127	2,101,158	2,321,624	2,356,810	2,423,538	2,750,384
Planning	1,320,076	1,388,681	1,400,790	1,362,339	1,220,100	1,216,935	1,419,450	1,406,527	1,637,525	1,560,527
Engineering	1,050,935	1,277,226	727,311	588,560	761,838	631,300	687,014	759,768	802,701	991,964
Traffic operations center	-	-	-	1,100,104	333,495	459,315	396,044	484,244	498,106	777,609
Parks	1,947,593	2,155,891	2,318,156	3,162,220	2,561,137	2,682,797	3,024,341	3,239,260	3,538,547	4,214,304
Streets-maintenance	4,861,308	6,863,021	6,641,212	6,066,942	6,282,477	6,367,667	6,008,306	6,500,001	8,221,079	14,290,794
Streets-traffic	-	-	-	913,788	948,377	790,995	1,280,969	1,198,941	1,360,638	1,508,872
Streets-fleet	-	-	662,683	849,948	586,722	596,448	874,303	1,073,512	945,575	940,286
General government	1,059,147	713,022	3,227,691	943,197	1,127,485	1,735,157	11,666,677	1,861,116	4,221,342	1,690,771
Sanitation	6,438,933	6,129,249	5,636,808	7,366,610	7,265,672	7,025,547	6,446,791	7,490,571	8,308,687	7,834,536
Storm water	573,359	644,762	1,048,680	1,246,262	1,401,563	1,517,703	1,918,130	1,638,451	2,112,676	2,314,747
Transit	1,014,582	1,026,204	858,064	1,195,802	1,185,600	1,381,776	1,553,237	2,243,080	1,574,974	1,890,367
Debt service										
Principal	3,463,000	3,628,000	4,584,980	5,823,000	6,361,000	6,469,000	6,670,000	7,449,000	7,783,000	7,992,000
Interest	2,161,712	2,309,437	1,350,478	4,199,034	4,261,808	4,277,301	4,298,262	4,644,723	4,973,106	4,886,022
Other charges	156,521	158,249	109,485	583,532	85,493	199,479	28,317	151,263	16,838	18,727
Capital outlay - noncapital	552,973	718,047	-	-	-	-	-	-	-	-
Capital outlay - capital	41,685,682	41,358,605	25,089,968	18,595,950	16,004,450	16,944,065	32,567,975	16,081,875	12,344,902	5,663,429
Total expenditures	<u>100,792,343</u>	<u>102,470,674</u>	<u>87,240,874</u>	<u>90,492,066</u>	<u>88,048,447</u>	<u>88,939,732</u>	<u>116,911,711</u>	<u>95,710,554</u>	<u>100,463,720</u>	<u>101,878,242</u>
Excess (deficiency) of revenues over (under) expenditures	(23,511,515)	(33,646,254)	(24,775,958)	(13,612,541)	(2,014,810)	(6,975,145)	(29,337,532)	(3,862,071)	10,058,023	6,905,488
Other financing sources (uses):										
Proceeds from issuance of long-term debt	520,183	25,630,498	45,881,353	33,206,236	687,562	23,975,694	19,859,681	17,196,020	3,236,188	25,008,840
Transfer to bond escrow agent	-	-	-	(17,317,803)	-	(22,500,000)	-	1,327,480	-	3,540,166
Operating transfers in	5,245,176	4,383,016	6,955,030	7,831,891	5,794,421	6,740,323	7,767,550	9,242,452	9,303,969	15,285,099
Operating transfers out	(5,470,176)	(4,428,016)	(7,000,030)	(7,831,891)	(5,794,421)	(6,740,323)	(7,767,550)	(9,042,452)	(9,103,969)	(14,160,099)
Total other financing sources (uses)	<u>295,183</u>	<u>25,585,498</u>	<u>45,836,353</u>	<u>15,888,433</u>	<u>687,562</u>	<u>1,475,694</u>	<u>19,859,681</u>	<u>18,723,500</u>	<u>3,436,188</u>	<u>29,674,006</u>
Net changes in fund balances	<u>\$ (23,216,332)</u>	<u>\$ (8,060,756)</u>	<u>\$ 21,060,395</u>	<u>\$ 2,275,892</u>	<u>\$ (1,327,248)</u>	<u>\$ (5,499,451)</u>	<u>\$ (9,477,851)</u>	<u>\$ 14,861,429</u>	<u>\$ 13,494,211</u>	<u>\$ 36,579,494</u>
Debt service as a % of noncapital expenditures	9.52%	9.72%	9.55%	13.94%	14.74%	14.93%	13.00%	15.19%	14.54%	13.35%

CITY OF FRANKLIN, TENNESSEE

Revenue Capacity Information -
Local Sales Tax Collections

FISCAL YEAR	Estimate of Taxable Sales to Local Sales Tax	Local Sales Tax Rate (City & Williamson County)	Total Local Sales Tax Collected	Less: County Portion (1/2 of tax)	Less: County Admin Fee (1% of City's 1/2 of tax)	Local Sales Tax Received by City	Percent of General Fund Revenue
2017	\$ 2,935,512,368	2.25%	\$ 66,049,028	\$ (33,024,514)	\$ (330,245)	\$ 32,694,269	49.1%
2016	2,811,166,510	2.25%	63,251,246	(31,625,623)	(316,256)	31,309,367	49.3%
2015	2,598,787,340	2.25%	58,472,715	(29,236,358)	(292,364)	28,943,994	50.4%
2014	2,447,114,882	2.25%	55,060,085	(27,530,042)	(275,300)	27,254,742	47.9%
2013	2,334,072,548	2.25%	52,516,632	(26,258,316)	(262,583)	25,995,733	49.4%
2012	2,172,607,228	2.25%	48,883,663	(24,441,831)	(244,418)	24,197,413	47.5%
2011	2,040,014,905	2.25%	45,900,335	(22,950,168)	(229,502)	22,720,666	44.8%
2010	1,882,812,211	2.25%	42,363,275	(21,181,637)	(211,816)	20,969,821	45.4%
2009	1,899,219,214	2.25%	42,732,432	(21,366,216)	(213,662)	21,152,554	42.3%
2008	2,081,744,916	2.25%	46,839,261	(23,419,630)	(234,196)	23,185,434	42.3%

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

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		
2017***	\$ 0.2262	\$ 0.1614	\$ 0.0150	\$ 0.0150	\$ 0.4176	\$ 2.6790	\$ 3.0966	
2016	0.1517	0.2248	0.0150	0.0150	0.4065	3.0541	3.4606	
2015	0.1716	0.2049	0.0150	0.0150	0.4065	2.9775	3.3840	
2014	0.1979	0.1786	---	---	0.3765	2.9775	3.3540	
2013	0.2149	0.1616	---	---	0.3765	2.9510	3.3275	
2012	0.2108	0.1657	---	---	0.3765	2.9510	3.3275	
2011	0.2410	0.1930	---	---	0.4340	3.1800	3.6140	
2010	0.3200	0.1140	---	---	0.4340	3.1700	3.6040	
2009	0.4340	---	---	---	0.4340	3.1700	3.6040	
2008	0.4340	---	---	---	0.4340	3.0700	3.5040	

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:

2017	1.8500
2016	2.0000
2015	2.2000
2014	2.2000
2013	2.2000
2012	2.2000
2011	2.2000
2010	2.2000
2009	2.2000
2008	2.2000

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

CITY OF FRANKLIN, TENNESSEE

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

<u>Taxpayer</u>	<u>2008</u>		<u>2017</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>				
Highwoods Properties			\$ 108,282,800	2.33%
Spectrum			99,229,800	2.13%
Galleria Associates (CBL Assoc.)	\$ 47,035,400	1.96%	82,445,900	1.77%
Stock Bridge Capital			61,800,600	1.33%
Boyle Investments			54,509,300	1.17%
Middle Tennessee Electric			54,043,100	1.16%
Crow Holdings			50,787,300	1.09%
LCFRE Carothers			40,618,700	0.87%
SVT			35,194,300	0.76%
Mid-America Apts. LP			34,548,400	0.74%
Carothers Office	26,064,120	1.09%		
Williams W. Fred Trust	18,519,400	0.77%		
Landings F C LP	19,022,465	0.79%		
Wyndchase at Aspen Grove	20,000,000	0.83%		
Williamson Farms Corp	16,843,295	0.70%		
Franklin Cool Springs Corp	13,689,435	0.57%		
Alara Franklin Corp	13,862,320	0.58%		
Crescent Resources	13,607,440	0.57%		
Lightman Cool Springs	12,992,320	0.54%		
Totals	<u>\$ 201,636,195</u>	<u>8.40%</u>	<u>\$ 621,460,200</u>	<u>13.37%</u>

* Total assessed valuation in 2008 (tax year 2007) was \$2,399,581,643.

** Total assessed valuation in 2017 (tax year 2016) is \$4,648,444,160. □

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>
2017	\$ 19,203,126	\$ 19,013,067	99.01%	\$ -	\$ 19,013,067	99.01%	\$ 190,059
2016	14,306,693	14,114,206	98.65%	150,134	14,264,340	99.70%	42,353
2015	13,742,347	13,551,648	98.61%	182,189	13,733,837	99.94%	8,510
2014	12,342,702	12,146,687	98.41%	186,355	12,333,042	99.92%	9,660
2013	11,902,186	11,724,940	98.51%	167,537	11,892,477	99.92%	9,709
2012	11,718,525	11,519,012	98.30%	189,313	11,708,325	99.91%	10,200
2011	11,785,700	11,507,981	97.64%	262,151	11,770,132	99.87%	15,568
2010	11,468,281	11,159,219	97.31%	291,860	11,451,079	99.85%	17,202
2009	10,739,928	10,429,879	97.11%	301,918	10,731,797	99.92%	8,131
2008	10,214,031	10,042,817	98.32%	154,655	10,197,472	99.84%	16,559

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					
2017	\$ 150,159,179	\$ 2,170,299	\$ 45,705,483	\$ 30,737	\$ 198,065,698	\$ 6,198,706,452	3.2%	70,908	\$ 2,793
2016	131,675,830	3,428,930	35,463,236	-	170,567,996	4,756,804,270	3.6%	66,370	2,570
2015	139,649,696	3,188,492	38,987,696	-	181,825,884	4,608,666,430	3.9%	66,370	2,740
2014	130,913,402	3,284,692	42,458,312	-	176,656,406	4,608,666,430	3.8%	66,370	2,662
2013	120,136,535	2,357,012	45,875,189	-	168,368,736	4,339,034,793	3.9%	62,487	2,694
2012	126,742,579	1,413,816	48,839,368	77,313	177,073,076	4,136,326,965	4.3%	62,487	2,834
2011	133,230,841	1,366,034	51,972,602	177,540	186,747,017	3,902,125,689	4.8%	62,487	2,989
2010	122,794,047	1,881,353	53,969,872	-	178,645,272	3,209,430,272	5.6%	56,219	3,178
2009	82,749,628	-	46,243,053	-	128,992,681	2,986,240,842	4.3%	56,219	2,294
2008	60,117,258	-	35,200,000	-	95,317,258	3,142,248,567	3.0%	56,219	1,695

* This amount includes unamortized premiums

** Personal income is disclosed on page 106.

*** 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>
2017	\$ 150,159,179	\$ 90,197	\$ 150,068,982	\$ 14,931,225,106	1.0%	70,908	\$2,116
2016	131,675,830	5,000	131,670,830	11,591,451,146	1.1%	66,370	1,984
2015	139,649,696	709	139,648,987	11,413,859,405	1.2%	66,370	2,104
2014	130,913,402	195,118	130,718,284	11,065,624,425	1.2%	66,370	1,970
2013	120,136,535	84,729	120,051,806	10,442,405,019	1.1%	62,487	1,921
2012	126,742,579	318,138	126,424,441	10,298,785,436	1.2%	62,487	2,023
2011	133,230,841	1,099,568	132,131,273	9,963,638,570	1.3%	62,487	2,115
2010	122,794,047	465,190	122,328,857	10,225,661,696	1.2%	56,219	2,176
2009	82,749,628	-	82,749,628	9,637,668,952	0.9%	56,219	1,472
2008	60,117,258	-	60,117,258	7,948,798,841	0.8%	56,219	1,069

* 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, 2017**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Estimated Share of Overlapping Debt</u>
Williamson County	\$ 548,714,000	39.88% *	\$ 218,827,143
Franklin Special School District	41,503	100.00% **	<u>41,503</u>
Subtotal, overlapping debt			218,868,646
City of Franklin direct debt of governmental activities			<u>152,329,478</u> ***
Total direct and overlapping debt			<u><u>\$ 371,198,124</u></u>

* Based upon Assessed Value of Property in:

County	\$ 11,655,484,879
City	\$ 4,648,444,160

** 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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value	\$ 2,399,581,643	\$ 2,516,989,208	\$ 2,689,334,028	\$ 2,769,192,347	\$ 3,178,038,662	\$ 3,217,787,361	\$ 3,333,559,875	\$ 3,440,062,708	\$ 3,576,977,148	\$ 4,648,444,160
General Obligation Debt*	\$ 60,117,258	\$ 82,749,628	\$ 122,794,047	\$ 133,230,841	\$ 126,742,579	\$ 120,136,535	\$ 130,913,402	\$ 139,649,696	\$ 131,675,830	\$ 150,159,179
Debt as % of Assessed Value	2.5%	3.3%	4.6%	4.8%	4.0%	3.7%	3.9%	4.1%	3.7%	3.2%

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	
2017	\$ 29,091,137	\$ 9,382,488	\$ 20,123,220	\$ 18,350,405	\$ 3,973,101	\$ 1,656,693	5,629,794	3.26
2016	28,003,498	12,429,719	17,477,139	22,956,078	3,510,885	1,293,872	4,804,757	4.78
2015	25,453,822	9,517,652	16,467,456	18,504,018	3,411,934	1,430,642	4,842,576	3.82
2014	23,212,942	11,263,738	15,635,777	18,840,903	3,358,090	1,565,559	4,923,649	3.83
2013	22,257,118	6,728,662	14,880,678	14,105,102	3,671,566	1,721,346	5,392,912	2.62
2012	21,246,536	5,307,632	15,293,416	11,260,752	3,113,470	1,714,353	4,827,823	2.33
2011	19,592,351	3,841,390	14,961,368	8,472,373	3,032,418	1,493,066	4,525,484	1.87
2010	16,329,275	3,881,605	13,206,129	7,004,751	3,032,418	1,553,890	4,586,308	1.53
2009	16,637,366	8,613,893	13,584,035	11,667,224	2,180,000	1,605,445	3,785,445	3.08
2008	14,683,178	9,909,838	12,586,828	12,006,188	2,110,000	1,652,048	3,762,048	3.19

* Includes nonoperating revenues

** Excludes depreciation and interest expense; Includes transfers

*** Includes revenue and tax bonds and notes

CITY OF FRANKLIN, TENNESSEE

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

Year	Population *	Personal Income **	Per Capita Personal Income ***	Education Level in Years of Schooling****	School Enrollment *****	Unemployment Rate *****
2017	70,908	\$ 6,198,706,452	\$ 87,419	15.1	14,245	2.9%
2016	66,370	4,756,804,270	71,671	15.1	14,245	3.5%
2015	66,370	4,608,666,430	69,439	14.4	14,801	4.3%
2014	66,370	4,608,666,430	69,439	14.6	13,366	5.3%
2013	62,487	4,339,034,793	69,439	14.2	12,480	5.9%
2012	62,487	4,136,326,965	66,195	14.2	12,058	5.9%
2011	62,487	3,902,125,689	62,447	14.2	12,229	7.1%
2010	56,219	3,209,430,272	57,088	14.5	11,193	6.9%
2009	56,219	2,986,240,842	53,118	14.4	10,950	8.4%
2008	56,219	3,142,248,567	55,893	14.4	10,489	4.8%

* Tennessee Certified Population reports

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

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

**** Starting in 2016, U.S. Census. Prior to 2016, Williamson County Office of Economic Development, for Adults Age 25 or Older

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

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

CITY OF FRANKLIN, TENNESSEE

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

Employer	2008			2017		
	Employees *	Rank	Percentage of Total County Employment	Employees **	Rank	Percentage of Total City Employment
Community Health Systems	801	5	1.51%	3,255	1	7.99%
Nissan North America				1,850	2	4.54%
Williamson Medical Center	1,300	2	2.45%	1,609	3	3.95%
Optum				1,600	4	3.93%
Mars Petcare	500	10	0.94%	1,000	5	2.45%
Ford Motor Credit				860	6	2.11%
Verizon Wireless				763	7	1.87%
Lee Company	520	7	0.98%	646	8	1.59%
Vanderbilt University Medical Center	500	8	0.94%	580	9	1.42%
Evicore Healthcare				519	10	1.27%
Cool Spring Galleria	3,500	1	6.59%			
Healthways	1,000	3	1.88%			
AIM Healthcare	815	4	1.53%			
Civil Constructors, Inc.	500	9	0.94%			
Progeny Marketing Innovations	550	6	1.04%			
Total	9,986		18.80%	12,682		31.13%

* City's 2008 Comprehensive Annual Financial Report. Prior to 2013, the CAFR represented Franklin employers by county statistics.

** Williamson County Office of Economic Development, Williamson, Inc. 2017 Trends Report

CITY OF FRANKLIN, TENNESSEE

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Administration	9	9	5	5	6	5	6	6	6	6
Building and Neighborhood Services	27	27	28	28	28	30	31	32	33	35
Capital Investment Planning	*	*	2	2	2	1	2	2	2	0
Communications	1	1	3	3	3	3	3	3	4	4
Court	3	3	3	2	2	2	2	2	3	3
Engineering	11	9	8	8	8	10	11	12	12	13
Finance	11	11	11	11	9	9	10	10	10	10
Fire	158	158	158	158	158	160	161	171	171	171
HR	6	8	8	9	10	11	11	11	11	11
IT	17	17	17	17	17	19	18	20	20	21
Law	3	3	3	4	4	4	5	4	4	5
Parks	25	29	29	30	31	33	34	31	37	39
Planning and Sustainability	13	17	18	18	18	15	17	16	16	16
Police	176	176	176	175	175	175	176	156	157	142
Projects and Facilities Management	5	5	7	6	6	6	7	7	7	5
Purchasing	2	2	2	2	3	3	3	3	3	3
Revenue Management	14	14	14	13	14	15	14	13	13	13
Solid Waste	56	59	51	51	52	49	48	49	49	45
Storm water	11	11	11	11	16	16	17	18	19	20
Streets	41	43	52	52	47	49	52	53	53	54
Traffic Operations Center	3	3	3	3	3	4	3	4	3	3
Water & Sewer	81	80	81	82	83	84	84	85	86	92
TOTAL	673	685	690	690	695	703	715	708	719	711

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Calls for service	68,758	74,127	76,545	64,719	75,700	77,964	80,205	77,818	67,533	57,154**
Fire										
Number of alarms	5,410	5,540	5,878	5,746	5,767	6,115	6,501	6,790	7,039	7,856
Sanitation										
Landfill usage	81,535	70,525	71,589	64,619	59,212	54,190	65,116	81,651	95,393	81,137
Recycling (tons)	*	5,957	5,233	5,556	6,209	6,781	8,605	7,897	7,904	8,726
Codes										
Single family permits	668	618	170	309	331	485	519	480	691	636
Water										
Average daily usage	5,860,000	5,675,000	5,300,000	5,704,268	5,872,863	5,805,912	5,690,082	5,636,146	5,755,000	5,737,000
Water storage capacity (gallons)	11,000,000	11,000,000	11,500,000	12,000,000	12,000,000	12,000,000	11,500,000	13,000,000	13,000,000	13,000,000

Source: City of Franklin departments

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

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

CITY OF FRANKLIN, TENNESSEE

**Operating Information -
Capital Asset Statistics by Function**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles (radio equipped)	133	149	136	133	152	156	136	139	136	150
Fire										
Fire stations	6	6	6	6	6	6	6	7	7	8
Fire response vehicles	17	19	19	19	19	22	22	22	22	22
Fire hydrants	1,954	2,045	2,074	1,957	3,155*	3,325*	3,326*	3,416*	3576*	3675*
Street										
Streets (miles)	287	283	283	285	286	293	304	317	325	347
Parks										
Number of parks	10	16	16	16	16	16	16	16	16	16
Water										
Water lines (miles)	274	272	276	284	283	285	288	293	296	301
Sewer lines (miles)	337	347	350	355	352	354	360	371	387	393

Source: City of Franklin departments

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

COMPLIANCE AND OTHER INFORMATION SECTION



HISTORIC
F R A N K L I N
TENNESSEE

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Utility Services

<u>Service:</u>	<u>Number of Customers</u>	<u>Fees</u>
Water	17,932	\$ 10,556,568
Sewer	24,332	17,022,240
Reclaimed	80	133,598

Utility Rates

The following rates were effective January 1, 2017. A minimum bill of 1,000 gallons per customer is levied.

Water Residential Rates:		<u>Inside City Limits</u>	<u>Outside City Limits</u>
<u>Gallons</u>			
First 1,000 Gallons	\$	11.86	\$ 14.30
Next 9,000 Gallons		4.71	7.29
Next 15,000 Gallons		5.64	7.87
All Additional Gallons		6.57	8.45
Water Commercial Rates:		<u>Inside City Limits</u>	<u>Outside City Limits</u>
<u>Gallons</u>			
First 1,000 Gallons	\$	18.49	\$ 22.21
Next 9,000 Gallons		4.69	7.21
Next 15,000 Gallons		5.62	7.79
All Additional Gallons		6.55	8.37
Sewer Residential Rates:		<u>Inside City Limits</u>	<u>Outside City Limits</u>
<u>Gallons</u>			
First 1,000 Gallons	\$	16.55	\$ 21.63
Next 14,000 Gallons		5.54	8.68
All Additional Gallons		4.75	7.53
Sewer Commercial Rates:		<u>Inside City Limits</u>	<u>Outside City Limits</u>
<u>Gallons</u>			
First 1,000 Gallons	\$	41.98	\$ 45.46
Next 14,000 Gallons		6.09	9.51
Add Additional Gallons		5.10	7.62
Reclaimed Water Rate:		<u>Inside City Limits</u>	<u>Outside City Limits</u>
<u>Gallons</u>			
For each 1,000 Gallons	\$	0.97	\$ 0.97

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

Other Utility Fees

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

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE (Cont.)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 UNAUDITED

Utility Rates

The following rates are effective January 1, 2018. A minimum bill of 1,000 gallons per customer is levied.

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

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

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE (Cont.)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 UNAUDITED

Installation Charges:

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

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

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

Access Fees:

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

Irrigation:

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

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY MAJOR CUSTOMERS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 UNAUDITED

The following table presents information on the ten largest customers of the System during the fiscal year ended June 30, 2017, ranked according to consumption and billings.

TOP TEN WATER CUSTOMERS

Customer	Gallons of Water		Revenue	% of Total Water Revenues
	Purchased (1,000)	% of Total Water Consumed		
Williamson Medical (Hospital)	33,557	2.13%	\$207,109	2.02%
Franklin Estates (Residential)	25,539	1.62%	\$139,796	1.36%
Carrington Hills (Residential)	14,814	0.94%	\$96,254	0.94%
APCOM Inc. (Manufacturing)	12,290	0.78%	\$74,675	0.73%
Williamson County Jail	12,141	0.77%	\$74,559	0.73%
Battle Ground Academy (School)	11,304	0.72%	\$70,525	0.69%
Vulcan Materials (Quarry)	11,197	0.71%	\$68,757	0.67%
Prescott Place (Residential)	10,682	0.68%	\$64,801	0.63%
Star Heritage Place (Residential)	7,484	0.48%	\$41,628	0.41%
Ashley Co Apts (Residential)	6,207	0.39%	\$37,645	0.37%
TOTAL	<u>145,215</u>	<u>9.23%</u>	<u>\$875,749</u>	<u>8.54%</u>

TOP TEN WASTEWATER CUSTOMERS

Customer	Gallons Billed		Revenue	% of Total Sewer Revenues
	(1,000)	% of Total Gallons Billed		
Ashton Brook Apt (Residential)	29,350	1.20%	\$117,905	0.73%
BMPP Aspen Grove (Residential)	26,652	1.09%	\$111,436	0.69%
Community Health (Medical)	26,551	1.08%	\$115,722	0.71%
Franklin Estates (Residential)	25,539	1.04%	\$127,975	0.79%
Williamson Medical (Hospital)	23,400	0.96%	\$98,362	0.61%
Alara Cool Springs (Residential)	17,995	0.73%	\$78,785	0.49%
BRE Apartment Holdings (Residential)	16,965	0.69%	\$74,844	0.46%
Cool Springs Galleria (Retail Mall)	13,892	0.57%	\$60,710	0.37%
APCOM Inc. (Manufacturing)	12,290	0.50%	\$52,717	0.33%
Battle Ground Academy (School)	11,304	0.46%	\$49,788	0.31%
TOTAL	<u>203,938</u>	<u>8.32%</u>	<u>\$888,244</u>	<u>5.48%</u>

TOP TEN RECLAIMED WATER CUSTOMERS

Customer	Gallons of Water		Revenue	% of Total Water Revenues
	Purchased (1,000)	% of Total Water Consumed		
City of Franklin Parks (City Parks)	46,851	37.71%	\$45,445	36.71%
Vanderbilt Legends Club (Golf Course)	10,007	8.06%	\$1,099	0.89%
Battle Ground Academy (School)	5,369	4.32%	\$5,798	4.68%
Carlisle Homeowners (Residential)	3,902	3.14%	\$3,789	3.06%
Southern Land Co. (Residential/Commercial)	3,209	2.58%	\$3,112	2.51%
Berry Farms Town Ctr (Residential)	2,815	2.27%	\$3,654	2.95%
John Deere Landscaping (Retail Nursery)	1,884	1.52%	\$1,828	1.48%
Franklin High School (School)	1,800	1.45%	\$1,748	1.41%
Rizer Point Homeowners (Residential)	1,542	1.24%	\$1,548	1.25%
Boyle Investment (Residential/Commercial)	852	0.69%	\$832	0.67%
TOTAL	<u>78,231</u>	<u>62.97%</u>	<u>\$68,853</u>	<u>55.61%</u>

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

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

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF HISTORICAL UTILITY SYSTEM GROWTH
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 UNAUDITED

WATER PRODUCTION

<u>Year</u>	Average Daily Production (MGD)	Maximum Daily Production (MGD)
2012	1.34	2.73
2013	1.18	2.95
2014	1.34	2.78
2015	1.60	2.66
2016	1.21	2.35

WATER SYSTEM USAGE

<u>Year</u>	Gallons Sold (000)	Total Revenues
2012	1,626,547	\$8,842,549
2013	1,598,926	8,746,584
2014	1,485,715	8,860,972
2015	1,548,809	9,543,369
2016	1,573,538	10,252,017

WASTEWATER SYSTEM USAGE


<u>Year</u>	Gallons Sold (000)	Total Revenues
2012	2,305,363	\$11,473,094
2013	2,344,749	12,219,785
2014	2,275,611	13,060,064
2015	2,356,667	14,557,438
2016	2,449,963	16,215,570

RECLAIMED WATER USAGE

<u>Year</u>	Gallons Sold (000)	Total Revenues
2012	54,419	\$146,724
2013	45,756	135,041
2014	76,561	130,051
2015	88,916	80,505
2016	124,230	123,806

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

CITY OF FRANKLIN, TENNESSEE
AWWA WATER SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 UNAUDITED



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

WAS v6.0
 American Water Works Association
 Copyright © 2014. All Rights Reserved

Water Audit Report for: **City of Franklin Water Management (0000246)**

Reporting Year: **2017** / 7/2016 - 6/2017

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

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

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

WATER SUPPLIED

Volume from own sources: 325.782 MG/Yr

Water imported: 1,788.651 MG/Yr

Water exported: MG/Yr

WATER SUPPLIED: 2,114.433 MG/Yr

AUTHORIZED CONSUMPTION

Billed metered: 1,634.058 MG/Yr

Billed unmetered: 0.020 MG/Yr

Unbilled metered: MG/Yr

Unbilled unmetered: 26.430 MG/Yr

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

AUTHORIZED CONSUMPTION: 1,660.509 MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption) 453.924 MG/Yr

Apparent Losses

Unauthorized consumption: MG/Yr

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

Customer metering inaccuracies: 33.348 MG/Yr

Systematic data handling errors: 4.085 MG/Yr

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

Apparent Losses: 42.719 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 411.204 MG/Yr

WATER LOSSES: 453.924 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 480.354 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: 295.0 miles

Number of active AND inactive service connections: 18.678

Service connection density: conn./mile main

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

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

Average operating pressure: 70.0 psi

COST DATA

Total annual cost of operating water system: \$10,135,397 \$/Year

Customer retail unit cost (applied to Apparent Losses): \$11.64 \$/1000 gallons (US)

Variable production cost (applied to Real Losses): \$2,550.00 \$/Million gallons Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

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

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

PRIORITY AREAS FOR ATTENTION:

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

1: Water imported

2: Unauthorized consumption

3: Systematic data handling errors

CITY OF FRANKLIN, TENNESSEE
AWWA WATER SCHEDULE (Cont.)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017
 UNAUDITED

AWWA

Free Water Audit Software:
System Attributes and Performance Indicators

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

Water Audit Report for: **City of Franklin Water Management (0000246)**

Reporting Year: **2017** | **7/2016 - 6/2017**

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

System Attributes:

Apparent Losses:	42,719	MG/Yr	
+ Real Losses:	411,204	MG/Yr	
= Water Losses:	453,924	MG/Yr	
Unavoidable Annual Real Losses (UARL):	112.36	MG/Yr	
Annual cost of Apparent Losses:	\$497,253		
Annual cost of Real Losses:	\$1,048,571		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:	22.7%	
		Non-revenue water as percent by cos of operating system:	15.9%	Real Losses valued at Variable Production Cost
Operational Efficiency:	{	Apparent Losses per service connection per day:	6.27	gallons/connection/day
		Real Losses per service connection per day:	60.32	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	0.86	gallons/connection/day/psi
		From Above, Real Losses = Current Annual Real Losses (CARL):	411.20	million gallons/year
		Infrastructure Leakage Index (ILI) [CARL/UARL]:	3.66	

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Tennessee (the "City"), as of and for the year ended June 30, 2017 (except for the Fiduciary Pension Fund, which was as of and for the year ended December 31, 2016), 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 12, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crosslin, PLLC

Nashville, Tennessee
December 12, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for The Major Federal Program

We have audited the City of Franklin, Tennessee's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2017. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.



Report on Internal Control Over Compliance

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

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

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

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

Crosslin, PLLC
Nashville, Tennessee
December 12, 2017

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness identified?	_____ yes	_____ <u>X</u> no
Significant deficiencies identified not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no

Federal Awards

Internal control over major programs:		
Material weakness identified?	_____ yes	_____ <u>X</u> no
Significant deficiencies identified not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported

Type of auditors' report issued on compliance: for major federal programs:	<u>Unmodified</u>	
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	_____ yes	_____ <u>X</u> no
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Identification of major program:

Federal Transit Cluster - CFDA Nos. 20.507 and 20.526

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</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, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

None Reported

SECTION III - FEDERAL AUDIT FINDINGS AND QUESTIONS COSTS

None Reported

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

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