

ADMINISTRATION

Kristine Brock

Assistant City Administrator/CFO
Finance & Administration



Dr. Ken Moore
Mayor

Eric S. Stuckey
City Administrator

H I S T O R I C
F R A N K L I N
T E N N E S S E E

From: City of Franklin

Re: Reissue of Annual Report FY 2020

The City of Franklin has reissued audited financial statements for fiscal year 2020. After the issuance of the fiscal year 2020 audited financial statements, the City concluded certain expenditures related to State Revolving Fund loans for the Water & Sewer Utility were omitted from the Schedule of Expenditures of Federal Awards, but were included on the Schedule of State Financial Assistance. The SEFA has been restated to include \$40,184,793 from the Environmental Protection Agency (passed through the Tennessee Departments of Environment and Conservation). The financial statements were not adjusted as a result of the change.

As a result of the inclusion of these loans, the State Revolving Loan Fund program has been audited as a major program under the Uniform Guidance for the fiscal year 2020.

In addition, the City determined they had received ownership of several alleys that were not included in the financial statements. The following has been updated in the financial statements for fiscal year 2020: In the statement of net position, capital assets have been increased for additions of \$19,890,179. In the statement of activities, expenses for Streets-maintenance has been increased \$483,794.

City of Franklin, Tennessee

Comprehensive Annual Financial Report



Picture Credit to Michael Wessner

For the Fiscal Year Ended June 30, 2020

CITY OF FRANKLIN, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

Prepared by:
City of Franklin
Department of Finance

**CITY OF FRANKLIN, TENNESSEE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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**CITY OF FRANKLIN, TENNESSEE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION



HISTORIC
F R A N K L I N
TENNESSEE

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ADMINISTRATION


Dr. Ken Moore
 Mayor

Eric S. Stuckey
 City Administrator

 HISTORIC
FRANKLIN
 TENNESSEE

December 8, 2020

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, 2020.

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, has 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, 2020, 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, 2020 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 43 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. The legal level of budgetary control, the level at which management cannot overspend the without the approval of the governing body, is the fund level. 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 have three 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 and Road Impact Fund, this comparison is presented on pages 30-31 as part of the basic financial statements. For the other governmental funds with appropriated annual budgets, the comparisons are presented beginning on page 96.

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. Like other businesses, the mall was closed during the first of the COVID-19 pandemic but reopened in May 2020.

Sufficient vacant property, zoned for retail use, is available for further development. According to the Williamson County Economic Dashboard – April 2020, the area has a low commercial vacancy rate of 16.4% 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, Mars Petcare, Tivity Health, eviCore Healthcare, Medhost, Jackson National Life, Franklin American Mortgage, Premise Health, Schneider Electric, Ramsey Solutions, Mitsubishi Motors North America, Medacta USA, Acadia Healthcare, Parallon Business Solutions, CKE Restaurants, Iasis Healthcare, Capella Healthcare, and Lutheran Health Network.

Long-term financial planning and major initiatives

In FY 2019, the governing body completed the second review of its ten-year capital investment plan (CIP). The ultimate intent of this 10-year CIP (FY 2019-2028) is to match available funding with needed projects and to highlight any funding shortfalls. Staff compiled a comprehensive list of projects anticipated within the next ten (10) years and scored these projects using objective questions based on the City's strategic plan, **FranklinForward**. The projects were then listed in the following project tiers: Top 25%, Top 50%, Bottom 50%, and Bottom 25%. Ultimately, the Board selected the projects to be funded in the initial phase of the 10-year CIP. The Board funded projects were referred to as "5-star" high priority projects. The CIP

document will be continually adjusted every two years to reflect the Board's final decisions. In the first CIP, FY 2017-2026, the governing body prioritized the nine (9) projects for funding. These projects were funded in the original 2020 budget.

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

During FY2020, the governing body amended the budget to approve funding for twenty-two (22) additional projects. These projects were included in the FY 2019-2028 CIP:

1. Southeast Park (Phase 1)
2. Long Ln and Old Peytonsville Rd Connector
3. Bicentennial Park
4. 5th Ave Parking Lot
5. Mallory/N. Royal Oaks & Liberty Pike Intersection Improvements
6. Greenway & Bridge (Harlinsdale to Chestnut Bend)
7. Lockwood Glen Park
8. Jordan Road (Aspen Grove Dr-Mallory Ln)
9. Lewisburg Ave Sidewalk Improvements
10. FSSD (Freedom Middle/Poplar Grove)
11. Maplewood Stormwater Project
12. Liberty Pike Improvements
13. Main Barn, Harlinsdale
14. Eastern Flank Circle Road
15. Greenway Aspen Grove Park to Mack Hatcher
16. McEwen Drive Interchange Modifications
17. Church St. (Columbia to 2nd Ave S.)
18. Pratt Ln Bridge Replacements
19. USACE - Home Raising Project
20. West Main Bridge Widening Project
21. Thompson Alley Neighborhood Park
22. Main St. Sidewalk Repair Project

All told, the City of Franklin planned to spend over \$41 million in FY 2020 working on approved capital projects.

In addition, construction continued in earnest during FY 2020 of the third leg of the loop around Franklin, Mack Hatcher NW, funded primarily by the State of Tennessee.

The City will review its available resources for ongoing capital investment in light of the COVID-19 pandemic during FY 2021.

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 \$26.2 million in 2020). 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 \$15.8 million in 2020). The debt policy provides written guidance and restrictions for the amount and type of debt the City will issue, the issuance process, and the management of the debt portfolio. In August 2012, the City adopted a policy for the utilization and replacement of committed funds. In October 2014, the City adopted a pension funding policy. The City also

adopted a cash receipting policy in November 2014. In fiscal year 2017, the City adopted a disbursements policy, approved documentation of its internal controls, and closed its books within 60 days of fiscal year end. In fiscal year 2018, policies relating to travel, purchasing, disbursements and human resources were updated. In fiscal year 2019, a capital asset policy was approved. In fiscal year 2020, a grant policy was approved and the Human Resources Manual was revised. Also, policies relating to purchasing, vendor protest procedures, alternative payments, and investments were updated.


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

Awards and acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Franklin for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the twenty-ninth (29th) 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,

A handwritten signature in black ink, appearing to read "Eric S. Stuckey". The signature is written in a cursive style with a long, sweeping underline.

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

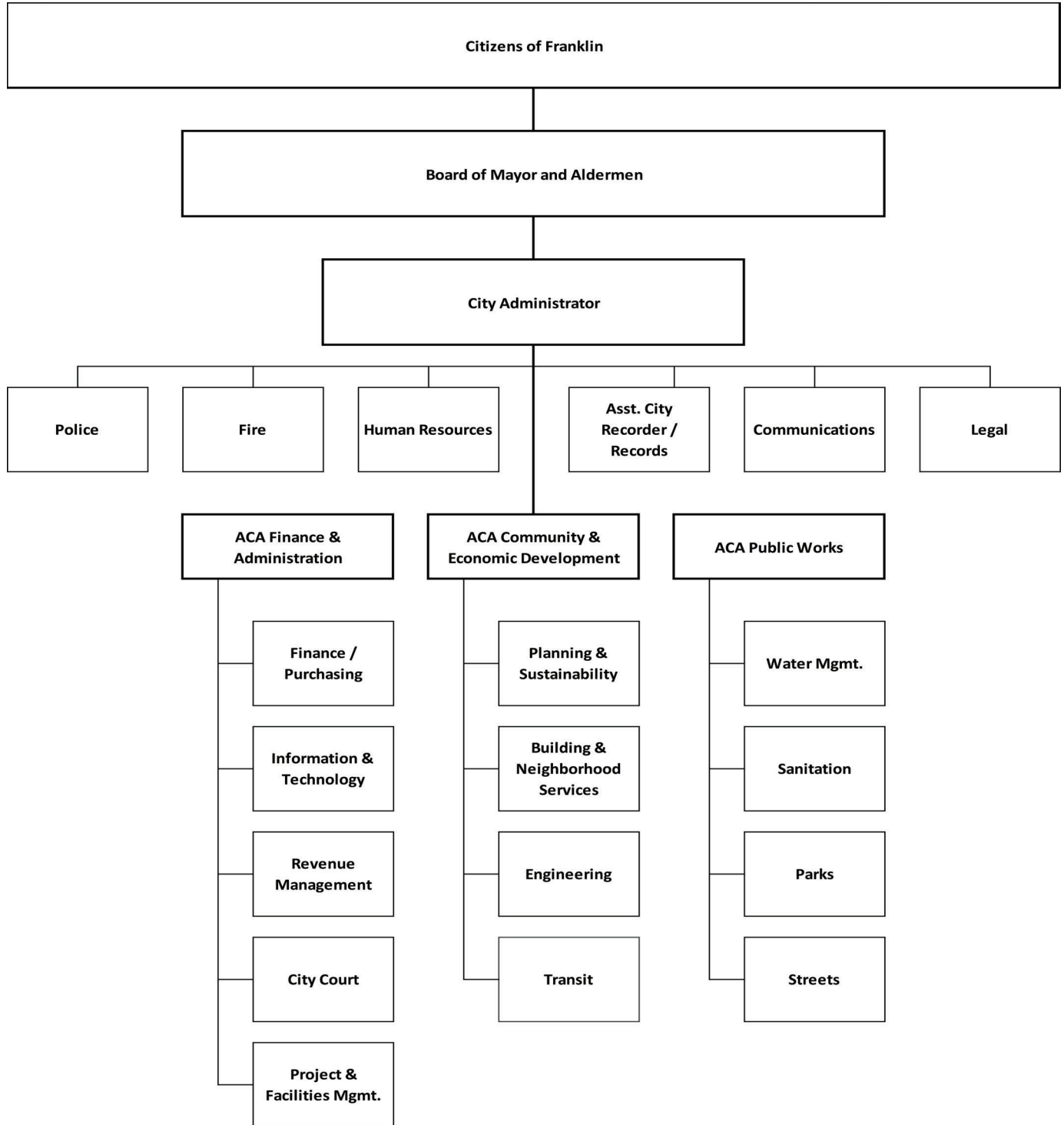
June 30, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF FRANKLIN, TENNESSEE ORGANIZATIONAL CHART

FOR THE FISCAL YEAR ENDED JUNE 30, 2020



CITY OF FRANKLIN, TENNESSEE
LIST OF ELECTED AND APPOINTED OFFICIALS
 JUNE 30, 2020

Elected Officials

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

Appointed Officials

City Administrator	Eric Stuckey
Assistant City Administrator / Chief Financial Officer	Kristine Brock (CPFO)
Assistant City Administrator / Community & Economic Development	Vernon Gerth
Assistant City Administrator / Public Works	Mark Hilty
Building & Neighborhood Services (BNS) Director	Tom Marsh
City Attorney	Shauna Billingsley
Engineering Director	Paul Holzen, P.E.
Fire Chief (Interim)	Glenn Johnson
Human Resources Director	Kevin Townsel
Information Technology (IT) Interim Director	Jason Potts
Parks Director	Lisa Clayton
Planning & Sustainability Director	Emily Hunter Wright
Police Chief	Deb Faulkner
Sanitation & Environmental Services (SES) Director	Jack Tucker
Streets Director	Steve Grubb
Water Management Director	Michelle Hatcher, P.E.

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FINANCIAL SECTION



HISTORIC
FRANKLIN
TENNESSEE

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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, 2020, (except for the Fiduciary Pension Fund, which is as of December 31, 2019 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, 2020 (except for the Fiduciary Pension Fund which is as of December 31, 2019), and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund and road impact fee fund for the year then ended (except for the Fiduciary Pension Fund, which is for the year ended December 31, 2019), in accordance with accounting principles generally accepted in the United States of America.

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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, 2019, from which the summarized information was derived. We have previously audited the City's 2019 financial statements, and we expressed an unmodified opinion on those statements in our report, dated December 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the year end June 30, 2019, 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 9 through 17, the schedule of changes in total OPEB liability and related ratios on page 85, the schedule of changes in the net pension liability and related ratios – pension plan on pages 86 and 87, the schedule of employer contributions - pension plan on pages 88 and 89, and the schedule of investment returns - pension plan on page 90 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 109 through 119 and 144 through 148, 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 109 through 114 and page 146, 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 109 through 114 and page 146, and the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section, the supplementary schedules on pages 115 through 120, the schedules on pages 144 through 145 and pages 147 through 149, 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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, on our consideration of the City of Franklin, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Franklin, Tennessee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Nashville, Tennessee
December 8, 2020
(with the exception of Note 3 P,
as to which the date is December 14, 2021)

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**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

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, 2020. 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 iii through vi of this report, and in conjunction with the basic financial statements, starting on page 20 of this report.

Financial Highlights

- **COVID-19.** The City and its residents felt the impact of the public health crisis. Operations of the City had to change to respond to the emergency. Fire and police personnel responded to COVID-19 related calls. City staff transitioned to remote work where possible as City facilities were closed at the start of the pandemic. As of this report, City facilities are open but with reduced in-person staffing. Expenses for personal protection equipment, social distancing, and remote work were necessary. Public meetings of the City were held electronically as allowed by the State of Tennessee. Prior to March 2020, revenues were trending upward. From March through June 2020, revenues such as sales tax and hotel/motel tax declined. However, development revenues like road impact fees and facilities taxes continued strong during the period.
- **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 \$887,145,118, compared to \$844,980,233 in the previous fiscal year. Of this amount, \$77,146,934 (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 \$146,878,940. In the prior year, this amount was \$148,433,320. The decrease of \$1,554,380 is due primarily to the impact of COVID-19 and use of bond proceeds.
- **General Fund – Fund Balance.** At the end of the current fiscal year, fund balance in the General Fund is \$53,216,286, or 76% of General Fund expenditures (including transfers to other funds) of \$69,942,268. The fund balance increased \$14,312 from the prior year. The primary impacts on the fund balance in 2020 are decreased revenue and cost containment measures implemented to stay within the reduced revenues.
- **Budget.** The City's 2020 original General Fund budget had a draw of \$2,345,485 from accumulated fund balance. Although the final budget anticipated a draw of \$7.3 million, actual results showed a slight increase in fund balance of \$14,312.
- **Capital Assets.** The City continued working on several infrastructure projects including major road resurfacing, Public Safety Communication System, Fire Station 7, Henpeck Lane sewer improvements, and wastewater plan improvements.
- **Debt.** The City's debt (bonds and bond premiums) increased by \$28,100,310 (from \$217,534,329 to \$245,634,639) during the current fiscal year. There was \$78,814,933 in new bonds, loans, and premiums. A total of \$49,602,930 (\$45,245,000 governmental and \$4,357,930 business-type) debt was repaid or refunded and \$1,111,693 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).

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

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 20 through 23 of this report.

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, Road Impact Fee 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 94 and 95 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 30 through 37, Road Impact Fee Fund on page 38, special revenue funds (excluding Road Impact Fee Fund) on pages 96 through 105, and the Debt Service Fund on page 106 to demonstrate compliance.

The *basic governmental fund financial statements* can be found on pages 24 through 29 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 39 through 42 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 the City of Franklin Employees' Pension Plan (closed 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 43 through 44 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 45 through 82 of this report.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

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 85 through 90 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 93 through 106 of this report.

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 \$887,145,118 at the close of the most recent fiscal year.

City of Franklin's Net Position

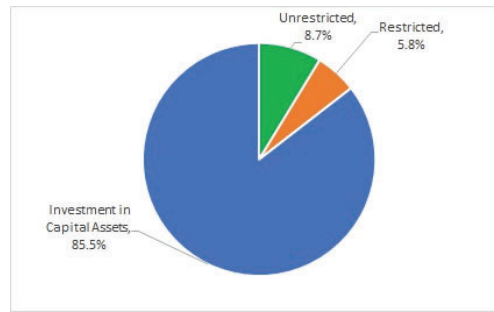
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 190,927,931	\$ 190,338,333	\$ 60,679,468	\$ 50,984,530	\$ 251,607,399	\$ 241,322,863
Capital assets, net of accumulated depreciation	704,819,282	680,890,344	261,639,169	215,230,796	966,458,451	896,121,140
Total assets	<u>895,747,213</u>	<u>871,228,677</u>	<u>322,318,637</u>	<u>266,215,326</u>	<u>1,218,065,850</u>	<u>1,137,444,003</u>
Deferred outflows of resources	<u>26,886,652</u>	<u>35,928,607</u>	<u>4,104,848</u>	<u>5,230,749</u>	<u>30,991,500</u>	<u>41,159,356</u>
Current and other liabilities	18,156,506	16,182,342	11,575,568	5,238,218	29,732,074	21,420,560
Long-term liabilities outstanding	213,597,143	233,691,060	92,154,445	57,359,355	305,751,588	291,050,415
Total liabilities	<u>231,753,649</u>	<u>249,873,402</u>	<u>103,730,013</u>	<u>62,597,573</u>	<u>335,483,662</u>	<u>312,470,975</u>
Deferred inflows of resources	<u>25,685,069</u>	<u>20,960,058</u>	<u>743,502</u>	<u>192,093</u>	<u>26,428,571</u>	<u>21,152,151</u>
Net position:						
Net investment in capital assets	581,817,963	553,517,545	176,897,094	166,254,831	758,715,057	719,772,376
Restricted	40,400,685	42,855,983	10,882,442	10,181,496	51,283,127	53,037,479
Unrestricted	42,976,500	39,950,296	34,170,434	32,220,082	77,146,934	72,170,378
Total net position	<u>\$ 665,195,148</u>	<u>\$ 636,323,824</u>	<u>\$ 221,949,970</u>	<u>\$ 208,656,409</u>	<u>\$ 887,145,118</u>	<u>\$ 844,980,233</u>

The government's net position increased by \$42,164,885. 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 that continued steadily during the pandemic and controlled spending to reduce expenses during the COVID-19 period.

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, \$758,715,057, or 85.5%, 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, \$51,283,127, or 5.8%, represents resources that are subject to external restriction on how they may be used. The remaining balance of \$77,146,934, or 8.7%, 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, 2020**



Governmental and business-type activities increased the City's net position by \$28,871,324 and \$13,293,561, respectively. Key elements of this increase are as follows:

City of Franklin's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 15,534,906	\$ 15,433,920	\$ 32,254,195	\$ 31,626,191	\$ 47,789,101	\$ 47,060,111
Operating grants & contributions	3,810,803	3,193,791	-	-	3,810,803	3,193,791
Capital grants & contributions	26,519,429	25,749,867	9,027,798	9,269,803	35,547,227	35,019,670
General Revenues:						
Property taxes	20,084,308	19,031,452	-	-	20,084,308	19,031,452
Sales taxes	35,453,379	36,168,178	-	-	35,453,379	36,168,178
Other taxes and fees	43,979,564	40,728,490	1,346,001	1,273,512	45,325,565	42,002,002
Other	4,682,564	2,217,556	3,410	(188,483)	4,685,974	2,029,073
Total revenues	<u>150,064,953</u>	<u>142,523,254</u>	<u>42,631,404</u>	<u>41,981,023</u>	<u>192,696,357</u>	<u>184,504,277</u>
Expenses:						
General government:						
Elected officials	358,690	290,502	-	-	358,690	290,502
Administration	1,313,132	1,074,343	-	-	1,313,132	1,074,343
Human resources	1,373,293	1,292,914	-	-	1,373,293	1,292,914
Legal	560,168	770,499	-	-	560,168	770,499
Communications	373,353	404,136	-	-	373,353	404,136
Project & facilities management	1,201,740	1,210,030	-	-	1,201,740	1,210,030
Revenue management	164,454	233,289	-	-	164,454	233,289
Finance	953,767	931,609	-	-	953,767	931,609
Information & technology	4,553,022	4,952,583	-	-	4,553,022	4,952,583
Purchasing	269,962	227,691	-	-	269,962	227,691
Court	287,357	213,302	-	-	287,357	213,302
Building & neighborhood services	3,154,457	3,037,683	-	-	3,154,457	3,037,683
Planning	1,429,692	1,549,808	-	-	1,429,692	1,549,808
Engineering	1,507,041	1,344,905	-	-	1,507,041	1,344,905
Traffic operations center	1,085,967	922,142	-	-	1,085,967	922,142
General	6,392,927	6,353,001	-	-	6,392,927	6,353,001
Police	18,484,182	17,637,337	-	-	18,484,182	17,637,337
Fire	20,499,375	19,239,506	-	-	20,499,375	19,239,506
Parks	6,906,698	6,137,924	-	-	6,906,698	6,137,924
Streets-maintenance	27,291,660	26,887,596	-	-	27,291,660	26,887,597
Streets-traffic	1,744,863	1,519,505	-	-	1,744,863	1,519,505
Streets-fleet	931,275	849,701	-	-	931,275	849,701
Sanitation	10,211,325	9,040,276	-	-	10,211,325	9,040,276
Storm water	2,728,992	2,465,549	-	-	2,728,992	2,465,549
Transit	2,566,793	2,405,778	-	-	2,566,793	2,405,778
Interest expense on long-term debt:	4,484,444	5,281,715	-	-	4,484,444	5,281,715
Water & sewer:	-	-	29,702,843	29,846,225	29,702,843	29,846,225
Total expenses	<u>120,828,629</u>	<u>116,273,325</u>	<u>29,702,843</u>	<u>29,846,225</u>	<u>150,531,472</u>	<u>146,119,550</u>
Income before transfers	29,236,324	26,249,929	12,928,561	12,134,798	42,164,885	38,384,727
Transfers	(365,000)	200,000	365,000	(200,000)	-	-
Changes in net position	<u>28,871,324</u>	<u>26,449,929</u>	<u>13,293,561</u>	<u>11,934,798</u>	<u>42,164,885</u>	<u>38,384,727</u>
Net position, beginning of year	<u>636,323,824</u>	<u>609,873,895</u>	<u>208,656,409</u>	<u>196,721,611</u>	<u>844,980,233</u>	<u>806,595,506</u>
Net position, end of year	<u>\$ 665,195,148</u>	<u>\$ 636,323,824</u>	<u>\$ 221,949,970</u>	<u>\$ 208,656,409</u>	<u>\$ 887,145,118</u>	<u>\$ 844,980,233</u>

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

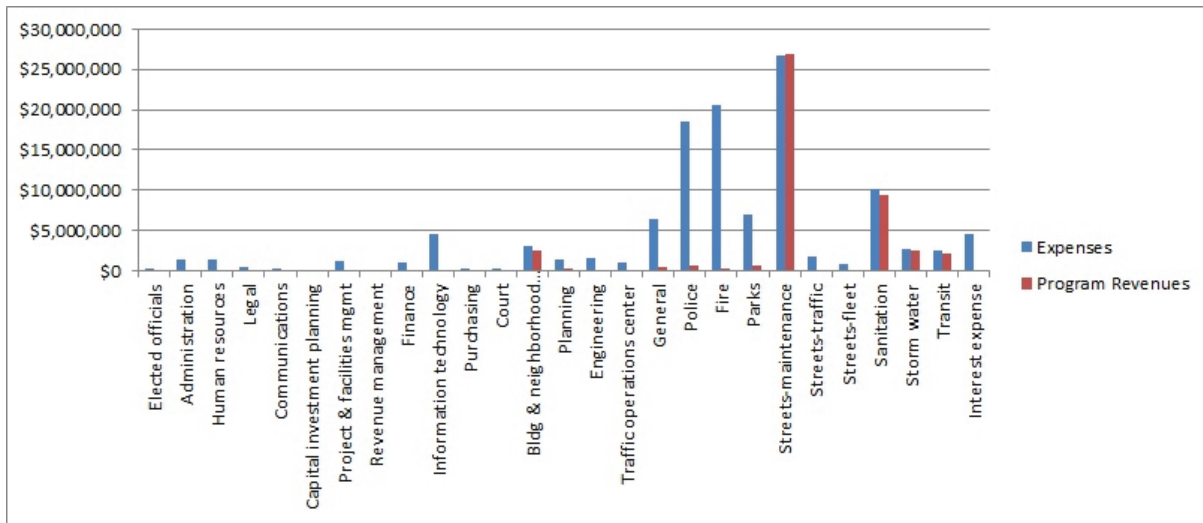
Governmental Activities

Revenues for governmental activities increased approximately 5.3% due to several factors including additional grants, property tax, and development fees. The overall increase in current expenses of governmental activities amounted to approximately 3.9%. A significant portion of the increase is due to capital activity in 2020 related to streets, fire, police, parks, and sanitation.

Business-Type Activities

Revenues for business-type activities increased 1.5%. The primary factor underlying the increase was planned rate increases and interest income revenue in 2020 compared to 2019. Expenses of the business-type activities increased approximately 0.5%.

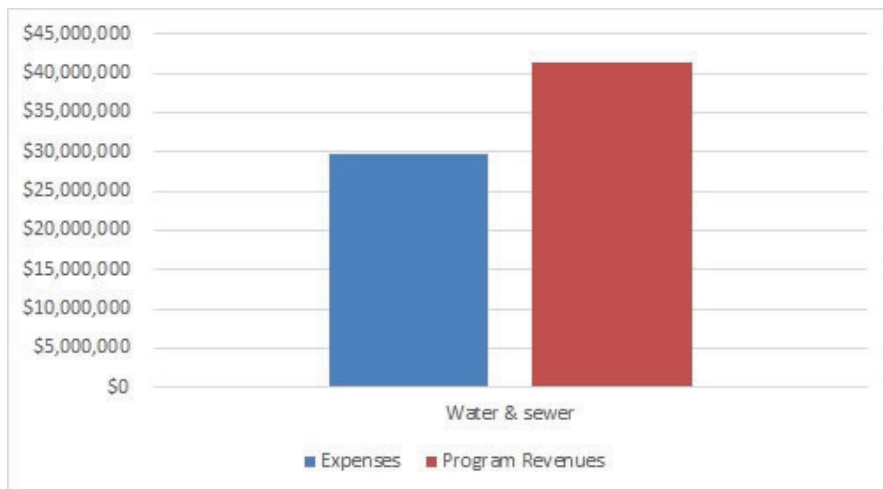
Expenses and Program Revenues – Governmental Activities



Governmental Activities

Expenses for governmental activities were \$120,828,629. Expenses were offset by \$45,865,138 in program revenues. The remainder of \$74,963,491 was covered by \$104,199,815 in general revenues such as property, sales, and other taxes and \$(365,000) net to the Water and Sewer fund for utility work on Henpeck Lane less its portion of the public works facility and other utility related expenses from the 2019-2028 CIP. The amount of \$28,871,324 represents the improvement in net position in 2020.

Expenses and Program Revenues – Business-type Activities



**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Business-Type Activities

Expenses for business-type activities were \$29,702,843. Expenses were offset by \$41,281,993 in program and general revenues. (Program revenues include \$32.3 million in charges for services). There is also the net \$365,000 transfer mentioned above and \$1,349,411 in other income. The amount of \$13,293,561 represents the improvement in net position in 2020.

Financial Analysis of Governmental Funds

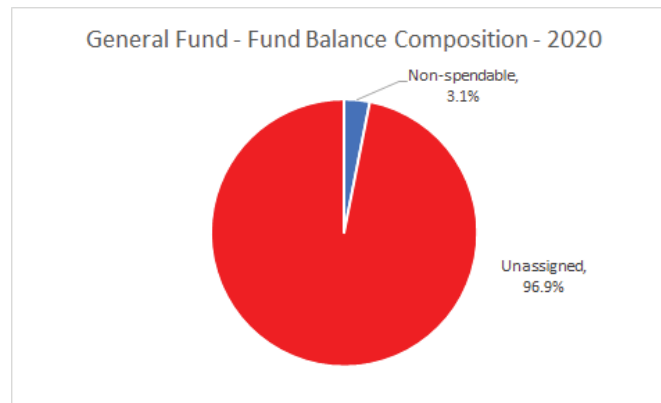
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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, 2020, the City's governmental funds reported combined ending fund balances of \$146,878,940, a decrease of \$1,554,380 in comparison with the prior year of \$148,433,320. The decrease is due primarily to revenue reductions caused by COVID-19 and work on capital projects.

The General Fund is the chief operating fund of the City. The 2020 ending fund balance of \$53,216,286 has the following composition: An amount of \$1,624,813, or 3.1%, is non-spendable for inventory and prepaid items. The remainder of \$51,591,473, or 96.9%, is unassigned. (Additional information on fund balance can be found in the notes to the financial statements on page 79).



The most significant continuing revenue sources in the General Fund are derived from taxes. Of total General Fund revenues, \$48,399,112, or 69.2%, was from taxes. Local option sales tax decreased by \$714,799 (from \$36,168,178 to \$35,453,379). The decrease in local option sales tax is a sign of the economic impact of COVID-19 in the region. This revenue has been the City's most significant due to the retail success in the Cool Springs area and continued growth of commercial properties, including new corporate and regional headquarters in the area. Property taxes for the General Fund decreased by \$1,430,266 (from \$9,318,972 to \$7,888,706) as more was allocated to the debt service fund.

The Debt Service Fund, which receives property taxes for debt previously paid by the General Fund, and transfers from the Sanitation Fund, Road Impact Fund, and Hotel/Motel Tax Fund for their portion of debt, had a fund balance of \$804,607. This amount is higher than normal with the City's goal in 2021 to reduce back to a minimal year-end balance after paying annual debt service.

Now a major fund in 2020, the Road Impact Fee Fund had another strong year of collection and ended with a fund balance of \$22,442,977. The Facilities Tax Fund saw its fund balance decrease from \$15,091,277 to \$10,694,849. Over \$6,000,000 was spent from the fund for growth-related capital expenditures in the fire (\$5,828,280), parks (\$25,871), and sanitation (\$180,540) departments. Funding of construction on the new fire station in the Goose Creek area is included in the fire expenditures from this fund.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

The Multi-Purpose Capital Project Fund had a decrease in fund balance from \$35,931,258 to \$34,491,104 as a result of expenses related to ongoing capital projects.

In the Hotel/Motel Tax Fund, the fund balance decreased due primarily to reduced collections from less travel during the pandemic. The fund balance decreased from \$7,671,058 to \$7,503,829. The County Facilities Tax Fund, established in 2017 with prior year county facilities taxes received by the City, had a decrease in fund balance from \$3,958,958 to \$3,673,984 due to a transfer to the water/sewer fund for utility work on Henpeck Lane.

Budgetary Highlights

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

Original budget compared to final budget

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

Fund	Original Budget	Final Budget	Change
General	\$ 73,789,465	\$ 79,517,649	\$ 5,728,184
Street Aid	\$ 3,800,600	\$ 4,050,600	\$ 250,000
Sanitation	\$ 10,852,262	\$ 11,002,262	\$ 150,000
Road Impact	\$ 5,710,869	\$ 8,051,285	\$ 2,340,416
Facilities Tax	\$ 8,215,322	\$ 9,699,264	\$ 1,483,942
County Facilities Tax	\$ 1,285,000	\$ 1,285,000	\$ 0
Storm Water	\$ 5,110,229	\$ 5,110,229	\$ 0
Drug	\$ 134,900	\$ 134,900	\$ 0
Hotel/Motel	\$ 2,501,742	\$ 3,654,014	\$ 1,152,272
Parkland Dedication	\$ 0	\$ 1,526,508	\$ 1,526,508
Transit	\$ 3,128,060	\$ 4,128,060	\$ 1,000,000
CDBG	\$ 251,000	\$ 319,000	\$ 68,000
Debt Service	\$ 15,455,385	\$ 17,955,385	\$ 2,500,000
	\$ 130,234,834	\$ 146,434,156	\$ 16,199,322

The original General Fund budget was \$73,789,465. The final budget (including transfers) was increased by \$5,728,184 to \$79,517,649. During the year, the budget was amended to include \$1,750,000 for the 96W Trail project, \$1,000,000 to ensure the Transit fund was not in a deficit fund balance or cash balance position, \$825,000 for communication system improvements, \$380,000 for reimbursement to the Road Impact and Parkland Dedication Funds of fees for an affordable senior housing project, \$136,725 for miscellaneous projects, and \$100,000 intersection signalization improvements.

Final budget compared to actual results

In the General Fund, the final budget (including transfers) of \$79.5 million anticipated \$72.2 million in current revenues and a \$7.3 million allocation from fund balance. Actual results showed an increase in fund balance of \$14,312.

Actual revenues were almost \$70 million. This was \$2.2 million less than anticipated current revenues. The revenue was due primarily to decreased local sales tax collections between March and June 2020 at the onset of the COVID-19 pandemic.

In conjunction with the reduced revenue, the City finished the year with \$69.9 million in expenditures (including transfers), or virtually breakeven with current revenues.

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, 2020, is \$966,458,451 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads, highways and bridges.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

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

	Governmental	Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Land	\$ 60,569,402	\$ 5,923,524	\$ 66,492,926
Construction in progress	32,857,721	69,512,474	102,370,195
Buildings and improvements	53,674,815	16,155,930	69,830,745
Improvements other than buildings	12,676,890	-	12,676,890
Utility plant in service	-	168,905,093	168,905,093
Infrastructure	523,457,336	-	523,457,336
Machinery & equipment	21,583,118	1,142,148	22,725,266
Total capital assets	<u>\$ 704,819,282</u>	<u>\$ 261,639,169</u>	<u>\$ 966,458,451</u>

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

- The City's governmental activities received \$24,946,237 in developer-contributed assets.
- Construction on Fire Station 7.
- Major road resurfacing on Liberty Pike, Cool Springs, Mallory Lane, N Royal Oaks, Cannon-Fair-Battle Streets.
- Feasibility study on a new City Hall.
- Jim Warren Park Tennis Court Improvements.
- Acquisition of right of way for Franklin Road Improvements.
- Battle Avenue Drainage Improvements.
- Design of Bicentennial Park Improvements.
- Design of Harlinsdale Park Path.
- Watson Branch Culvert Replacement.
- Design of Mallory Lane Improvements.
- Construction on Municipal Services Complex Improvements.
- Construction on Moores Lane to Cool Springs Sidewalk.
- Construction on Mallory Lane Phase 2 Sidewalk.
- Construction on Poplar Grove Sidewalk.
- Design on Sanitary Sewer Main Rehabilitation.
- Design of Jordan Road Improvements.
- Fire Training Center Burn Building Addition.
- Public Communication System.
- Work on Eastern Flank Battlefield Road.
- Construction continued on the Wastewater Reclamation Plant.
- Construction on Henpeck Lane Sewer Extension.
- South Prong Sewer.
- Advanced Metering Program continued.
- Design on Southeast Park.
- Design on Southeast Park Bridge.
- Construction on the East McEwen Drive Roundabout.

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 58.

Long-term Debt

At the end of the current year, the City of Franklin had bonded debt (including premiums) of \$245,634,639. Of this amount, \$160,358,676 comprises general obligation bonds backed by the full faith and credit of the government. Of the \$85,275,963 of business-type activities debt, \$73,468,950 is Revenue and Tax Bonds secured by both the taxing power of the City and specific revenue sources (i.e., revenue and tax bonds) of the Water & Sewer fund, and \$11,807,013 is secured by Water and Sewer fund revenues.

**CITY OF FRANKLIN, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

City of Franklin's Outstanding Debt

	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds - Capital *	\$ 156,053,676	\$ -	\$ 156,053,676
General Obligation Bonds - Pension *	4,305,000	-	4,305,000
Revenue and Tax Bonds *	-	85,275,963	85,275,963
Total Outstanding Debt	\$ 160,358,676	\$ 85,275,963	\$ 245,634,639

* Includes unamortized premiums

The City's debt (bonds and bond premiums) increased by \$28,100,310 (from \$217,534,329 to \$245,634,639) during the current fiscal year.

There was \$38,630,224 in new governmental debt. Water and Sewer had \$40,184,709 in new debt (in state revolving fund loans). A total of \$49,602,930 (\$44,245,000 GO bonds-capital, \$1,000,000 GO bonds-pension, and \$4,357,930 business-type bonds) was repaid during the year. A total of \$1,111,693 (\$939,497 GO bonds-capital and \$172,196 business-type bonds) in premiums were amortized during the year.

The City of Franklin maintains an "Aaa/AAA" Rating for general obligation debt. This rating was first received by Moody's in 2000 and last affirmed in November 2019 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 72.

Economic Factors and Next Year's Budget and Rates

The unemployment rate (not seasonally adjusted) for June 2020 for the City of Franklin was 6.7%, compared to the State of Tennessee's rate of 10.1% and a national average of 11.2%. In addition to the unemployment rate, factors considered in preparing the City's budget for fiscal year 2021 included:

1. Reduction by the State of the Hall income tax from 2% to 1%. The rate will reduce an additional 1% each year until eliminated. The 2021 budget includes \$250,000 for this revenue, a reduction from \$500,000 in the 2020 budget. This limitation may significantly affect the availability of fund resources for future use.
2. The property tax rate for fiscal year 2021 of 41.76 cents per \$100 of assessed value allows payment of debt service, streets maintenance, and funding for capital projects. The property tax rate remains unchanged from the previous year.
3. On February 6, 2018, voters in Williamson County approved by referendum an increase in the county-wide local option sales tax of 0.50%, from 2.25% to 2.75%. The tax became effective April 1, 2018. The City of Franklin entered into an interlocal agreement with Williamson County to contribute the City's portion of this tax increase for the purposes of funding school debt service for a period of three years. The City's General Fund will receive funds from the tax increase beginning May 2021.
4. Projections for Sales Taxes and Hotel/Motel Taxes were reduced due to the COVID-19 pandemic.

Requests for Information

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

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

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BASIC FINANCIAL STATEMENTS



HISTORIC
F R A N K L I N
TENNESSEE

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION
 JUNE 30, 2020
 With Comparative Totals for the Fiscal Year Ended June 30, 2019

	Governmental Activities	Business-type Activities	Total	2019
ASSETS				
Cash and cash equivalents	\$ 24,063,001	\$ 5,309,690	\$ 29,372,691	\$ 16,405,505
Cash and cash equivalents-restricted	8,746,952	2,039,298	10,786,250	9,456,537
Investments	77,666,272	23,270,571	100,936,843	103,724,830
Investments-restricted	31,653,733	8,843,144	40,496,877	43,571,764
Receivables (net of allowance for uncollectibles)	41,680,089	19,730,353	61,410,442	60,497,879
Inventory	1,272,452	1,486,412	2,758,864	1,709,520
Prepaid items and other assets	418,202	-	418,202	430,022
Net pension asset (TCRS)	-	-	-	9,178
Net investment in joint venture - Conference Center	5,427,230	-	5,427,230	5,517,628
Capital assets, not being depreciated:				
Land	60,569,402	5,923,524	66,492,926	64,228,512
Construction in progress	32,857,721	69,512,474	102,370,195	39,365,142
Capital assets, net of accumulated depreciation				
Buildings and improvements	53,674,815	16,155,930	69,830,745	72,260,161
Improvements other than buildings	12,676,890	-	12,676,890	13,472,682
Utility plant in service	-	168,905,093	168,905,093	169,349,890
Infrastructure	523,457,336	-	523,457,336	514,917,481
Machinery and equipment	21,583,118	1,142,148	22,725,266	22,527,272
Total assets	<u>895,747,213</u>	<u>322,318,637</u>	<u>1,218,065,850</u>	<u>1,137,444,003</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refundings	276,923	533,888	810,811	645,415
OPEB	9,641,375	1,314,734	10,956,109	13,695,136
Pensions	16,968,355	2,256,226	19,224,581	26,818,805
Total deferred outflows of resources	<u>26,886,653</u>	<u>4,104,848</u>	<u>30,991,501</u>	<u>41,159,356</u>

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

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

JUNE 30, 2020

With Comparative Totals for the Fiscal Year Ended June 30, 2019

	Governmental Activities	Business-type Activities	Total	2019
LIABILITIES				
Accounts payable	\$ 12,290,935	\$ 11,264,187	\$ 23,555,122	\$ 15,077,500
Accrued liabilities	3,561,298	-	3,561,298	3,406,699
Accrued interest payable	1,506,837	311,381	1,818,218	2,135,976
Unearned revenue	797,436	-	797,436	800,385
Long-term liabilities:				
Due within one year	14,118,624	4,948,696	19,067,320	18,856,591
Due in more than one year	156,611,247	81,360,358	237,971,605	209,356,567
Derivatives - interest rate swap	1,070	-	1,070	4,700,308
OPEB liability	18,368,316	2,504,771	20,873,087	20,233,120
Net pension liability	24,497,886	3,340,620	27,838,506	37,903,829
Total liabilities	<u>231,753,649</u>	<u>103,730,013</u>	<u>335,483,662</u>	<u>312,470,975</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred charge on refunding	-	-	-	36,881
January 1 property tax levy	20,232,709	-	20,232,709	19,514,653
OPEB	1,125,421	153,465	1,278,886	1,598,608
Pension	4,326,939	590,037	4,916,976	2,009
Total deferred inflows of resources	<u>25,685,069</u>	<u>743,502</u>	<u>26,428,571</u>	<u>21,152,151</u>
NET POSITION				
Net investment in capital assets	581,817,963	176,897,094	758,715,057	719,772,376
Restricted for:				
State street aid	601,819	-	601,819	496,410
Sanitation use	1,000,240	-	1,000,240	1,922,723
Drug fund use	520,472	-	520,472	438,184
CDBG program use	113,066	-	113,066	100,451
Development	38,165,088	-	38,165,088	39,890,216
Water and sewer	-	10,882,442	10,882,442	10,180,317
Pensions	-	-	-	9,178
Unrestricted	42,976,500	34,170,434	77,146,934	72,170,378
Total net position	<u>\$ 665,195,148</u>	<u>\$ 221,949,970</u>	<u>\$ 887,145,118</u>	<u>\$ 844,980,233</u>

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

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CITY OF FRANKLIN, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

						<u>Total Governmental Funds</u>	
	<u>General</u>	<u>Multi-Purpose Capital Project Fund</u>	<u>Road Impact Fee Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental</u>	<u>2020</u>	<u>2019</u>
ASSETS							
Cash and cash equivalents	\$ 18,735,412	\$ 2,837,371	\$ 4,158,755	\$ 225,047	\$ 6,853,368	\$ 32,809,953	\$ 20,650,025
Investments	29,540,422	32,764,031	18,201,831	576,725	28,236,996	109,320,005	120,283,429
Receivables (net of allowance for uncollectibles)	26,022,408	513,852	102,127	11,031,784	4,009,918	41,680,089	42,124,845
Inventory and prepaid	1,206,611	-	-	-	65,841	1,272,452	1,324,385
Prepaid items	418,202	-	-	-	-	418,202	430,022
Total assets	\$ 75,923,055	\$ 36,115,254	\$ 22,462,713	\$ 11,833,556	\$ 39,166,123	\$ 185,500,701	\$ 184,812,706
LIABILITIES							
Accounts payable	\$ 8,924,749	\$ 1,287,100	\$ 19,736	\$ 401	\$ 2,058,949	\$ 12,290,935	\$ 10,186,136
Accrued liabilities	3,561,298	-	-	-	-	3,561,298	3,406,699
Unearned revenue	524,691	-	-	-	272,745	797,436	800,385
Total liabilities	13,010,738	1,287,100	19,736	401	2,331,694	16,649,669	14,393,220
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property tax-Jan. 1 levy	8,386,828	-	-	11,028,548	817,333	20,232,709	19,514,653
Unavailable revenue-property taxes	184,730	-	-	-	-	184,730	184,126
Unavailable revenue-assessments	53,762	-	-	-	-	53,762	53,762
Unavailable revenue-grant proceeds	384,782	337,050	-	-	-	721,832	1,391,234
Unavailable revenue-court fines	201,728	-	-	-	-	201,728	218,554
Unavailable revenue-franchise fees	484,201	-	-	-	-	484,201	495,542
Unavailable revenue-hotel/motel Tax	-	-	-	-	93,130	93,130	128,295
Total deferred inflows of resources	9,696,031	337,050	-	11,028,548	910,463	21,972,092	21,986,166
FUND BALANCES							
Non-spendable	1,624,813	-	-	-	65,841	1,690,654	1,754,407
Restricted	-	34,491,104	-	-	5,909,581	40,400,685	42,847,984
Committed	-	-	22,442,977	804,607	18,008,344	41,255,928	39,173,328
Assigned	-	-	-	-	11,940,200	11,940,200	13,175,194
Unassigned	51,591,473	-	-	-	-	51,591,473	51,482,407
Total fund balances	53,216,286	34,491,104	22,442,977	804,607	35,923,966	146,878,940	148,433,320
Total liabilities, deferred inflows of resources, and fund balances	\$ 75,923,055	\$ 36,115,254	\$ 22,462,713	\$ 11,833,556	\$ 39,166,123	\$ 185,500,701	\$ 184,812,706

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, 2020

With Comparative Totals for the Fiscal Year Ended June 30, 2019

Amounts reported for the governmental activities in the Statement of Net Position (Pages 20 and 21) are different because:

	2020		2019	
Fund balance - total governmental funds (Page 24)	\$ 146,878,940		\$ 148,433,320	
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	996,542,466		952,611,804	
Less related accumulated depreciation	(291,723,184)		(271,721,460)	
Investment in joint venture - conference center	5,427,230		5,517,628	
Net pension asset	-	710,246,512	7,999	686,415,971
Receivables not available to pay for current expenditures and, therefore are unavailable in the funds				
Property taxes	184,730		184,126	
Assessments	53,762		53,762	
Franchise fees	484,201		495,542	
Court fines	201,728		218,554	
Hotel/motel tax	93,130		128,295	
Grant revenues	721,832	1,739,383	1,391,234	2,471,513
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	(141,105,000)		(154,800,000)	
Bond premiums	(19,253,676)		(13,112,949)	
Deferred loss on refunding	276,923		(36,881)	
Derivative instruments	(1,070)		(4,700,308)	
Net pension liability	(24,497,886)		(33,465,273)	
Deferred outflows of resources - pensions	16,968,355		23,876,888	
Deferred inflows of resources - pensions	(4,326,939)		(1,748)	
Total OPEB liability	(18,368,316)		(17,805,145)	
Deferred outflows of resources - OPEB	9,641,375		12,051,719	
Deferred inflows of resources - OPEB	(1,125,421)		(1,406,776)	
Compensated absences	(9,942,625)	(191,734,280)	(9,164,529)	(198,565,002)
Payables, such as accrued interest payable and park acquisition agreement, are not due and payable in the current period and, therefore, are not reported in the funds				
Accrued interest payable	(1,506,837)		(1,789,122)	
Park acquisition agreement	(428,570)	(1,935,407)	(642,856)	(2,431,978)
Net position - governmental activities (Page 21)	\$ 665,195,148		\$ 636,323,824	

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	Multi-Purpose					Total Governmental Funds	
	General	Capital Project Fund	Road Impact Fee Fund	Debt Service Fund	Other Governmental	2020	2019
Revenues:							
Taxes	\$ 48,399,112	\$ -	\$ -	\$ 10,958,447	\$ 779,036	\$ 60,136,595	\$ 59,591,031
Hotel/ motel tax	-	-	-	-	3,138,814	3,138,814	4,103,235
Facilities tax	-	-	-	-	3,940,537	3,940,537	3,370,185
Licenses and permits	5,162,031	-	12,251,152	-	1,464,200	18,877,383	14,187,525
Fines and fees	388,668	-	-	-	172,111	560,779	511,864
Intergovernmental	13,481,823	1,571,288	-	333,953	-	15,387,064	17,022,399
Gas & motor fuel	-	-	-	-	1,290,479	1,290,479	1,342,649
Petroleum special	-	-	-	-	140,774	140,774	140,793
Gas 1989	-	-	-	-	204,037	204,037	214,189
Gas 3 cent	-	-	-	-	378,067	378,067	396,877
Gas 2018	-	-	-	-	647,388	647,388	536,489
Grants	836,320	-	-	-	2,402,099	3,238,419	2,193,146
Charges for services	72,775	-	-	-	12,093,480	12,166,255	12,099,847
Use of money and property	1,538,428	-	702,406	142,438	1,704,530	4,087,802	4,101,263
Miscellaneous and other	77,423	2,732,032	-	-	-	2,809,455	797,299
Total revenues	69,956,580	4,303,320	12,953,558	11,434,838	28,355,552	127,003,848	120,608,791
Expenditures:							
Governance and Management:							
Elected officials	358,690	-	-	-	-	358,690	290,502
Administration	1,261,084	-	-	-	-	1,261,084	1,043,428
Human resources	1,270,498	-	-	-	-	1,270,498	1,151,251
Legal	548,969	-	-	-	-	548,969	758,081
Communication	377,977	-	-	-	-	377,977	395,004
Public Safety:							
Police	16,623,853	-	-	-	100,672	16,724,525	16,047,894
Fire	18,889,431	6,686	-	-	355,701	19,251,818	18,008,050
Finance and Administration:							
Finance	931,572	-	-	-	-	931,572	917,289
Purchasing	260,486	-	-	-	-	260,486	224,772
Information and technology	3,835,596	-	-	-	-	3,835,596	4,199,948
Revenue management	135,472	-	-	-	-	135,472	241,134
Court	276,896	-	-	-	-	276,896	212,987
Project & facilities management	1,154,390	-	-	-	-	1,154,390	1,160,709
Community & Economic Development:							
Building & neighborhood services	3,145,299	-	-	-	-	3,145,299	2,973,446
Planning	1,395,702	-	-	-	-	1,395,702	1,557,636
Engineering	1,449,218	-	-	-	-	1,449,218	1,292,986
Traffic operations center	846,202	-	-	-	-	846,202	704,590
Economic development	90,844	-	-	-	-	90,844	78,327
Public Works:							
Parks	5,264,130	113,869	-	-	6,005	5,384,004	4,623,110
Streets-traffic	1,431,534	299,926	-	-	-	1,731,460	1,470,673
Streets-fleet	942,337	-	-	-	-	942,337	808,172
Highways and streets	4,015,592	2,679,408	1,984,905	-	3,634,540	12,314,445	12,524,502
Other General Government:							
General expenses	(2,059,637)	-	-	-	1,379,810	(679,827)	1,964,093
Appropriations	486,738	-	-	-	-	486,738	466,424
Storm water	-	-	-	-	2,555,688	2,555,688	2,282,043
Sanitation	-	10,327	-	-	9,207,309	9,217,636	8,132,491
Transit	-	-	-	-	2,446,053	2,446,053	2,277,206
Principal	-	-	-	9,520,000	-	9,520,000	8,846,301
Interest	-	-	-	5,720,563	-	5,720,563	5,550,713
Debt Service Fees	40,523	-	38,728	2,712,852	12,799	2,804,902	142,027
Capital outlay	1,470,839	12,135,373	99,875	-	9,041,310	22,747,397	11,937,017
Total expenditures	64,444,235	15,245,589	2,123,508	17,953,415	28,739,887	128,506,634	112,282,806

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

						<u>Total Governmental Funds</u>	
	<u>General</u>	<u>Multi-Purpose Capital Project Fund</u>	<u>Road Impact Fee Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental</u>	<u>2020</u>	<u>2019</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 5,512,345	\$ (10,942,269)	\$ 10,830,050	\$ (6,518,577)	\$ (384,335)	\$ (1,502,786)	\$ 8,325,985
Other financing sources (uses):							
Issuance of debt	-	-	-	-	-	-	52,525,000
Issuance of refunding debt	-	-	-	31,550,000	-	31,550,000	-
Premium on debt issuance	-	-	-	7,080,224	-	7,080,224	8,462,517
Transfers from other funds	-	6,106,830	-	2,500,000	621,653	9,228,483	5,900,884
From Water & Sewer	-	-	-	200,000	-	200,000	200,000
From Sanitation	-	-	-	208,317	-	208,317	96,930
From Road Impact	-	2,340,415	-	2,636,421	-	4,976,836	2,755,143
From Hotel/Motel	-	1,054,870	-	1,092,153	-	2,147,023	1,312,355
Transfers to other funds	(5,498,033)	-	(4,976,836)	-	(6,650,790)	(17,125,659)	(10,065,312)
Other financing uses-issuance of refunding debt:							
Refunding of debt	-	-	-	(35,725,000)	-	(35,725,000)	(26,280,000)
Refunding of debt-additional to escrow agent	-	-	-	(328,518)	-	(328,518)	(390,360)
Payment of swap	-	-	-	(2,263,300)	-	(2,263,300)	-
Total other financing sources (uses)	<u>(5,498,033)</u>	<u>9,502,115</u>	<u>(4,976,836)</u>	<u>6,950,297</u>	<u>(6,029,137)</u>	<u>(51,594)</u>	<u>34,517,157</u>
Net changes in fund balances	14,312	(1,440,154)	5,853,214	431,720	(6,413,472)	(1,554,380)	42,843,142
Fund balances (deficits) - beginning	<u>53,201,974</u>	<u>35,931,258</u>	<u>16,589,763</u>	<u>372,887</u>	<u>42,337,438</u>	<u>148,433,320</u>	<u>105,590,178</u>
Fund balances (deficits) - ending	<u>\$ 53,216,286</u>	<u>\$ 34,491,104</u>	<u>\$ 22,442,977</u>	<u>\$ 804,607</u>	<u>\$ 35,923,966</u>	<u>\$ 146,878,940</u>	<u>\$ 148,433,320</u>

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

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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, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

Amounts reported for the governmental activities in the Statement of Net Activities (Page 23) are different because:

	<u>2020</u>		<u>2019</u>	
Net changes in fund balances - total governmental funds (Page 27)	\$ (1,554,380)		\$ 42,843,142	
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	22,433,983		13,003,902	
Disposals, adjustments and reclassifications of capital assets	(2,068,465)		(492,270)	
Depreciation expense	(21,382,817)		(20,561,881)	
Change in park acquisition agreement	214,286		214,286	
Change in investment in joint venture - Conference Center	(90,398)	(893,411)	(25,607)	(7,861,570)
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	604		(825)	
Franchise fees	(11,341)		(16,780)	
Court fines	(16,826)		(33,844)	
Hotel/motel tax	(35,165)		-	
Grant revenues and reimbursements	(669,402)		(241,836)	
Contributed capital assets	24,946,237	24,214,107	23,511,624	23,218,339
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	(31,550,000)		(52,525,000)	
Bond refunding	36,053,518		26,280,000	
Bond payments	9,520,000		7,945,000	
Change in fair value of derivative instruments	(64,062)		(1,058,139)	
Redemption of swap	4,763,300		-	
Lease payments	-	18,722,756	884,974	(18,473,165)
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	(7,080,224)		(8,462,517)	
Amortization of bond premiums	939,497		547,061	
Deferred refunding amounts	(14,714)	(6,155,441)	(238,428)	(8,153,884)
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	(778,096)		(907,149)	
Accrued interest	282,285		(325,692)	
Pension expense (closed plan)	(2,594,697)		(3,296,611)	
Pension expense (TCRS plan)	(102,339)		(41,086)	
Contributions subsequent to measurement date (closed plan)	-		1,500,000	
Contributions subsequent to measurement date (TCRS plan)	422,700		278,209	
OPEB expense	(2,692,160)	(5,462,307)	(2,330,604)	(5,122,933)
Change in net position of governmental activities (Page 23)		<u>\$ 28,871,324</u>		<u>\$ 26,449,929</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
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	June 30, 2020				
	Budgeted Amounts		Actual	Variance with Final Budget	2019
	Original	Final			
Revenues:					
Taxes:					
Real and personal property taxes	\$ 7,713,643	\$ 7,713,643	\$ 7,888,706	\$ 175,063	\$ 9,318,972
Penalty and interest	28,548	28,548	58,579	30,031	43,857
In lieu of tax	228,202	228,202	398,936	170,734	259,875
Sales tax	37,123,985	37,123,985	35,453,379	(1,670,606)	36,168,178
Wholesale beer tax	1,751,244	1,751,244	1,905,377	154,133	1,556,121
Beer privilege tax	24,260	24,260	21,740	(2,520)	107,282
Wholesale liquor tax	1,525,649	1,525,649	1,761,915	236,266	1,487,062
Liquor privilege tax	116,190	116,190	84,371	(31,819)	91,759
Mixed drink tax	1,068,950	1,068,950	826,109	(242,841)	1,148,352
	<u>49,580,671</u>	<u>49,580,671</u>	<u>48,399,112</u>	<u>(1,181,559)</u>	<u>50,181,458</u>
Licenses and permits:					
Mechanical licenses	3,282	3,282	4,475	1,193	6,087
Mechanical permits	127,661	127,661	107,589	(20,072)	122,624
Building permits	1,876,250	1,876,250	1,714,700	(161,550)	1,548,109
Technology fee	85,663	85,663	61,730	(23,933)	63,510
Plumbing licenses	3,388	3,388	-	(3,388)	-
Plumbing permits	114,080	114,080	76,747	(37,333)	87,336
Electric permits	285,023	285,023	232,907	(52,116)	249,847
Inspection fees	546,198	546,198	206,990	(339,208)	201,821
Site review, rezoning and submittal fees	188,881	188,881	190,613	1,732	197,191
Beer permits and licenses	14,696	14,696	12,660	(2,036)	14,750
Yard sale permits	4,239	4,239	3,750	(489)	6,125
Business license	13,608	13,608	16,163	2,555	18,827
Alarm permits	24,569	24,569	26,140	1,571	23,380
Miscellaneous permits	5,273	5,273	18,280	13,007	27,045
Franchise fees	2,464,717	2,464,717	2,489,287	24,570	2,566,246
	<u>5,757,528</u>	<u>5,757,528</u>	<u>5,162,031</u>	<u>(595,497)</u>	<u>5,132,898</u>
Intergovernmental:					
State income tax	500,000	500,000	636,288	136,288	2,205,687
Sales tax	6,101,430	6,101,430	5,787,947	(313,483)	6,308,464
State beer tax	38,479	38,479	33,215	(5,264)	47,859
State excise tax	256,829	256,829	281,061	24,232	254,236
In lieu of tax - TVA	834,432	834,432	872,269	37,837	839,835
Business tax from State	4,498,753	4,498,753	4,703,004	204,251	4,515,866
Business tax recording fee	444,860	444,860	475,283	30,423	457,457
Federal & State grants	1,829,190	2,589,190	1,529,076	(1,060,114)	387,640
	<u>14,503,973</u>	<u>15,263,973</u>	<u>14,318,143</u>	<u>(945,830)</u>	<u>15,017,044</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
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	June 30, 2020				2019
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Revenues:					
Charges for services:					
City sponsored training	-	-	-	-	390
Regional fire training	-	-	3,810	3,810	1,500
Maps sold	2,837	2,837	3,560	723	4,020
Plans sold	2,814	2,814	3,700	886	1,850
Records sold	1,384	1,384	914	(470)	8
Special event services fee	1,748	1,748	2,696	948	2,000
Traffic impact analysis review fee	51,782	51,782	-	(51,782)	21,000
Accident reports	1,647	1,647	755	(892)	3
Offender registry	1,639	1,639	2,100	461	2,850
License seizure fees	847	847	905	58	470
3rd party billable overtime	48,158	48,158	35,535	(12,623)	43,618
Compost vouchers	16,715	16,715	18,800	2,085	17,555
	<u>129,571</u>	<u>129,571</u>	<u>72,775</u>	<u>(56,796)</u>	<u>95,264</u>
Fines and fees:					
Fines - city court	209,693	209,693	161,984	(47,709)	142,441
Fines - general sessions/circuit court	126,762	126,762	160,594	33,832	172,559
Parking fines	77,016	77,016	66,090	(10,926)	55,157
Technology fee - court	47,753	47,753	-	(47,753)	-
Beer board violations	1,000	1,000	-	(1,000)	3,000
Building & street standards appeals fees	1,000	1,000	-	(1,000)	3,276
Business tax fees	4,659	4,659	-	(4,659)	-
Tree bank fees	27,300	27,300	-	(27,300)	19,904
	<u>495,183</u>	<u>495,183</u>	<u>388,668</u>	<u>(106,515)</u>	<u>396,337</u>
Use of money and property:					
Interest income	675,000	675,000	1,208,681	533,681	1,229,262
Rebates on purchases	69,181	69,181	91,858	22,677	115,951
Rent - mall and other	12,001	12,001	9,001	(3,000)	12,001
Park concessions and rentals	83,359	83,359	82,365	(994)	202,413
Christmas Tree Lighting Donations	20,000	20,000	18,000	(2,000)	-
Sale of surplus assets	97,513	97,513	128,067	30,554	296,337
Electric Charging Stations-Garages	-	-	456	456	-
	<u>957,054</u>	<u>957,054</u>	<u>1,538,428</u>	<u>581,374</u>	<u>1,855,964</u>
Miscellaneous:					
Miscellaneous income	20,000	20,000	77,423	57,423	25,454
Allocation from fund balance	2,345,485	7,313,669	-	(7,313,669)	-
	<u>2,365,485</u>	<u>7,333,669</u>	<u>77,423</u>	<u>(7,256,246)</u>	<u>25,454</u>
Total revenues	<u>\$ 73,789,465</u>	<u>\$ 79,517,649</u>	<u>\$ 69,956,580</u>	<u>\$ (9,561,069)</u>	<u>\$ 72,704,419</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
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	June 30, 2020				2019
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Expenditures:					
Governance & Management:					
Elected officials:					
Personnel	243,181	243,181	252,555	(9,374)	247,764
Services	114,860	112,860	99,834	13,026	31,077
Supplies	12,250	12,250	3,739	8,511	9,314
Business expenses	2,465	2,465	2,562	(97)	2,347
	<u>372,756</u>	<u>370,756</u>	<u>358,690</u>	<u>12,066</u>	<u>290,502</u>
Administration:					
Personnel	1,245,662	1,311,599	1,314,698	(3,099)	1,131,496
Services	135,075	135,075	109,994	25,081	83,630
Supplies	68,470	101,155	85,494	15,661	57,864
Business expenses	13,048	13,048	11,796	1,252	12,268
Reimbursement of interfund services	(260,898)	(260,897)	(260,898)	1	(241,830)
	<u>1,201,357</u>	<u>1,299,980</u>	<u>1,261,084</u>	<u>38,896</u>	<u>1,043,428</u>
Human resources:					
Personnel	1,070,069	1,111,737	1,119,992	(8,255)	1,060,301
Services	524,378	423,228	389,261	33,967	326,098
Supplies	72,641	72,641	54,067	18,574	48,093
Operational units	-	-	-	-	62
Business expenses	19,929	19,929	8,687	11,242	18,206
Reimbursement of interfund services	(301,509)	(301,509)	(301,509)	-	(301,509)
	<u>1,385,508</u>	<u>1,326,026</u>	<u>1,270,498</u>	<u>55,528</u>	<u>1,151,251</u>
Legal:					
Personnel	557,151	571,287	583,738	(12,451)	752,703
Services	181,055	151,055	94,449	56,606	132,593
Supplies	29,800	29,800	17,991	11,809	5,112
Business expenses	11,593	11,593	6,016	5,577	7,196
Reimbursement of interfund services	(153,225)	(153,225)	(153,225)	-	(139,523)
	<u>626,374</u>	<u>610,510</u>	<u>548,969</u>	<u>61,541</u>	<u>758,081</u>
Communications:					
Personnel	403,467	403,467	398,806	4,661	412,049
Services	90,905	80,905	55,855	25,050	57,116
Supplies	38,150	28,150	15,959	12,191	18,520
Operational units	4,600	4,600	2,779	1,821	2,411
Business expenses	5,564	5,564	5,810	(246)	5,469
Reimbursement of interfund services	(101,532)	(101,532)	(101,232)	(300)	(100,561)
	<u>441,154</u>	<u>421,154</u>	<u>377,977</u>	<u>43,177</u>	<u>395,004</u>
Total Governance & Management	<u>4,027,149</u>	<u>4,028,426</u>	<u>3,817,218</u>	<u>211,208</u>	<u>3,638,266</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
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	June 30, 2020				2019
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Expenditures:					
Public Safety:					
Police department-administration:					
Personnel	1,822,693	1,920,130	1,652,782	267,348	1,474,143
Services	1,788,553	1,788,553	1,607,028	181,525	1,537,439
Supplies	835,129	835,129	868,766	(33,637)	809,725
Operational units	20,825	20,825	19,088	1,737	19,911
Business expenses	184,740	184,740	135,802	48,938	139,406
Payments on capital leases	-	-	-	-	520,469
	<u>4,651,940</u>	<u>4,749,377</u>	<u>4,283,466</u>	<u>465,911</u>	<u>4,501,093</u>
Police department-criminal investigations:					
Personnel	3,127,296	3,132,352	2,904,374	227,978	2,984,413
Services	89,348	89,348	65,276	24,072	81,354
Supplies	-	-	3,500	(3,500)	26,818
Operational units	19,354	19,354	15,060	4,294	31,132
Business expenses	103,460	103,460	101,154	2,306	103,222
	<u>3,339,458</u>	<u>3,344,514</u>	<u>3,089,364</u>	<u>255,150</u>	<u>3,226,939</u>
Police department-patrol:					
Personnel	7,938,744	8,224,117	8,767,644	(543,527)	8,259,313
Services	86,753	86,753	69,949	16,804	76,244
Supplies	148,728	148,728	149,635	(907)	124,868
Operational units	42,264	42,264	32,673	9,591	66,835
Business expenses	200,457	200,457	231,122	(30,665)	196,933
	<u>8,416,946</u>	<u>8,702,319</u>	<u>9,251,023</u>	<u>(548,704)</u>	<u>8,724,193</u>
Fire department:					
Personnel	15,755,513	16,599,224	17,097,984	(498,760)	16,079,006
Services	1,292,274	1,292,274	1,027,240	265,034	1,002,333
Supplies	762,050	762,050	620,979	141,071	691,666
Operational units	6,000	6,000	421	5,579	4,902
Business expenses	145,968	145,968	142,807	3,161	130,895
Payments on capital leases	-	-	-	-	59,865
	<u>17,961,805</u>	<u>18,805,516</u>	<u>18,889,431</u>	<u>(83,915)</u>	<u>17,968,667</u>
Total Public Safety	<u>34,370,149</u>	<u>35,601,726</u>	<u>35,513,284</u>	<u>88,442</u>	<u>34,420,892</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
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	June 30, 2020				
	Budgeted Amounts		Actual	Variance with Final Budget	2019
	Original	Final			
Expenditures:					
Finance & Administration:					
Finance:					
Personnel	953,487	971,293	976,306	(5,013)	958,798
Services	46,965	43,965	76,401	(32,436)	35,675
Supplies	30,350	30,350	20,775	9,575	19,080
Business expenses	104,440	104,040	92,919	11,121	105,247
Reimbursement of interfund services	(230,377)	(230,377)	(234,829)	4,452	(201,511)
	<u>904,865</u>	<u>919,271</u>	<u>931,572</u>	<u>(12,301)</u>	<u>917,289</u>
Purchasing:					
Personnel	337,676	281,864	290,706	(8,842)	256,361
Services	72,069	41,974	23,179	18,795	22,298
Supplies	8,930	8,930	3,050	5,880	700
Business expenses	2,240	2,240	2,513	(273)	2,133
Reimbursement of interfund services	(58,962)	(58,962)	(58,962)	-	(56,720)
	<u>361,953</u>	<u>276,046</u>	<u>260,486</u>	<u>15,560</u>	<u>224,772</u>
Information technology:					
Personnel	2,300,349	2,335,962	2,418,277	(82,315)	2,246,342
Services	1,936,660	1,740,160	1,616,453	123,707	1,872,067
Supplies	428,900	322,800	427,394	(104,594)	260,408
Business expenses	43,511	43,511	36,759	6,752	38,982
Payments on capital leases	-	-	-	-	107,175
Reimbursement of interfund services	(667,739)	(667,739)	(663,287)	(4,452)	(310,167)
	<u>4,041,681</u>	<u>3,774,694</u>	<u>3,835,596</u>	<u>(60,902)</u>	<u>4,214,807</u>
Revenue management:					
Personnel	1,056,426	1,032,821	1,020,658	12,163	1,066,337
Services	33,750	24,700	19,106	5,594	15,869
Supplies	36,900	34,100	21,923	12,177	32,425
Business expenses	426,753	414,753	416,270	(1,517)	382,620
Reimbursement of interfund services	(1,342,485)	(1,342,485)	(1,342,485)	-	(1,256,117)
	<u>211,344</u>	<u>163,889</u>	<u>135,472</u>	<u>28,417</u>	<u>241,134</u>
Court:					
Personnel	283,741	247,439	214,025	33,414	154,347
Services	57,425	52,225	50,021	2,204	49,958
Supplies	8,600	8,100	7,564	536	4,061
Business expenses	5,717	5,717	5,286	431	4,621
	<u>355,483</u>	<u>313,481</u>	<u>276,896</u>	<u>36,585</u>	<u>212,987</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
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	June 30, 2020				2019
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Expenditures:					
Project & facilities management:					
Personnel	427,290	438,575	448,962	(10,387)	430,886
Services	814,125	814,125	918,790	(104,665)	1,002,913
Supplies	88,350	88,350	83,801	4,549	66,019
Business expenses	26,198	26,198	33,839	(7,641)	25,098
Reimbursement of interfund services	(331,002)	(331,002)	(331,002)	-	(364,207)
	<u>1,024,961</u>	<u>1,036,246</u>	<u>1,154,390</u>	<u>(118,144)</u>	<u>1,160,709</u>
Total Finance & Administration	<u>6,900,287</u>	<u>6,483,627</u>	<u>6,594,412</u>	<u>(110,785)</u>	<u>6,971,698</u>
Community & Economic Development:					
Building & neighborhood services:					
Personnel	3,125,639	3,125,639	2,868,867	256,772	2,686,867
Services	224,960	176,960	139,960	37,000	194,130
Supplies	128,150	126,150	100,427	25,723	61,927
Business expenses	37,222	37,222	36,045	1,177	30,522
Payments on capital leases	-	-	-	-	9,467
	<u>3,515,971</u>	<u>3,465,971</u>	<u>3,145,299</u>	<u>320,672</u>	<u>2,982,913</u>
Planning & sustainability:					
Personnel	1,392,675	1,427,547	1,261,300	166,247	1,315,080
Services	180,250	125,250	100,312	24,938	202,282
Supplies	39,400	39,400	25,733	13,667	24,928
Operational units	-	-	450	(450)	7,500
Business expenses	8,838	8,838	7,907	931	7,846
	<u>1,621,163</u>	<u>1,601,035</u>	<u>1,395,702</u>	<u>205,333</u>	<u>1,557,636</u>
Engineering:					
Personnel	1,534,775	1,580,663	1,609,579	(28,916)	1,379,181
Services	132,018	71,518	91,485	(19,967)	165,286
Supplies	44,258	44,258	52,794	(8,536)	26,202
Business expenses	14,130	14,130	10,577	3,553	15,107
Reimbursement of interfund services	(315,217)	(315,217)	(315,217)	-	(292,790)
	<u>1,409,964</u>	<u>1,395,352</u>	<u>1,449,218</u>	<u>(53,866)</u>	<u>1,292,986</u>
Traffic operations center:					
Personnel	420,063	428,494	362,636	65,858	408,517
Services	432,525	266,525	332,951	(66,426)	127,164
Supplies	85,201	79,201	135,870	(56,669)	152,821
Business expenses	17,652	17,652	14,745	2,907	16,088
	<u>955,441</u>	<u>791,872</u>	<u>846,202</u>	<u>(54,330)</u>	<u>704,590</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
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	June 30, 2020				2019
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Expenditures:					
Economic Development:					
Appropriations	96,027	96,027	90,844	5,183	78,327
	<u>96,027</u>	<u>96,027</u>	<u>90,844</u>	<u>5,183</u>	<u>78,327</u>
Total Community & Economic Development	<u>7,598,566</u>	<u>7,350,257</u>	<u>6,927,265</u>	<u>422,992</u>	<u>6,616,452</u>
Public Works:					
Streets-Maintenance:					
Personnel	2,706,260	2,706,260	2,792,189	(85,929)	2,605,408
Services	856,920	851,920	842,106	9,814	1,122,373
Supplies	365,385	327,385	259,673	67,712	300,694
Operational units	-	-	226	(226)	-
Business expenses	134,710	134,710	121,398	13,312	97,507
Payments on capital leases	-	-	-	-	116,500
	<u>4,063,275</u>	<u>4,020,275</u>	<u>4,015,592</u>	<u>4,683</u>	<u>4,242,482</u>
Streets-Traffic:					
Personnel	876,424	901,218	923,716	(22,498)	893,335
Services	182,961	156,061	128,846	27,215	126,851
Supplies	399,548	346,548	325,688	20,860	361,586
Business expenses	64,538	64,538	53,284	11,254	57,233
Payments on capital leases	-	-	-	-	13,426
	<u>1,523,471</u>	<u>1,468,365</u>	<u>1,431,534</u>	<u>36,831</u>	<u>1,452,431</u>
Streets-Fleet:					
Personnel	800,467	826,499	847,312	(20,813)	803,201
Services	377,610	372,987	305,972	67,015	271,810
Supplies	(311,700)	(315,200)	(218,977)	(96,223)	(274,736)
Business expenses	13,672	13,672	8,030	5,642	7,897
	<u>880,049</u>	<u>897,958</u>	<u>942,337</u>	<u>(44,379)</u>	<u>808,172</u>
Parks:					
Personnel	3,115,963	3,091,569	2,953,214	138,355	2,730,526
Services	1,109,922	1,065,522	953,114	112,408	1,131,174
Supplies	725,732	649,876	577,217	72,659	588,525
Operational units	238,500	738,500	699,476	39,024	15,644
Business expenses	116,838	96,838	81,109	15,729	89,392
Payments on capital leases	-	-	-	-	17,008
	<u>5,306,955</u>	<u>5,642,305</u>	<u>5,264,130</u>	<u>378,175</u>	<u>4,572,269</u>
Total Public Works	<u>11,773,750</u>	<u>12,028,903</u>	<u>11,653,593</u>	<u>375,310</u>	<u>11,075,354</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
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	June 30, 2020				2019
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
Expenditures:					
Other General Government:					
General expenses:					
Personnel	2,521,650	1,278,910	(2,339,393)	3,618,303	319,636
Services	278,422	278,422	112,410	166,012	167,054
Supplies	2,000	2,000	164,846	(162,846)	(35,063)
Business expenses	4,450	4,450	43,023	(38,573)	2,500
Payments on capital leases	-	-	-	-	(6,368)
	<u>2,806,522</u>	<u>1,563,782</u>	<u>(2,019,114)</u>	<u>3,582,896</u>	<u>447,759</u>
Contributions:					
Appropriations	480,894	485,894	486,738	(844)	466,424
Total Contributions	<u>480,894</u>	<u>485,894</u>	<u>486,738</u>	<u>(844)</u>	<u>466,424</u>
Total Other General Government	<u>3,287,416</u>	<u>2,049,676</u>	<u>(1,532,376)</u>	<u>3,582,052</u>	<u>914,183</u>
Capital Outlay:					
Police - administration	1,000,000	1,000,000	-	1,000,000	-
Fire	-	-	-	-	177,000
Information technology	75,000	75,000	-	75,000	39,762
Project & facilities management	250,000	250,000	99,503	150,497	42,095
Traffic operations center	2,450,000	2,350,000	92,864	2,257,136	261,166
Streets-maintenance	294,000	244,000	603,671	(359,671)	209,451
Streets-traffic	212,000	212,000	141,386	70,614	110,000
Parks	297,777	463,983	533,415	(69,432)	385,213
Total Capital Outlay	<u>4,578,777</u>	<u>4,594,983</u>	<u>1,470,839</u>	<u>3,124,144</u>	<u>1,224,687</u>
Total expenditures	<u>72,536,094</u>	<u>72,137,598</u>	<u>64,444,235</u>	<u>7,693,363</u>	<u>64,861,532</u>
Excess of revenues over expenditures	<u>1,253,371</u>	<u>7,380,051</u>	<u>5,512,345</u>	<u>(1,867,706)</u>	<u>7,842,887</u>
Other financing sources (uses):					
Transfers to other funds	(1,253,371)	(7,380,051)	(5,498,033)	1,882,018	(4,100,884)
Total other financing sources (uses)	<u>(1,253,371)</u>	<u>(7,380,051)</u>	<u>(5,498,033)</u>	<u>1,882,018</u>	<u>(4,100,884)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	14,312	<u>\$ 14,312</u>	3,742,003
Fund balance - beginning of year			53,201,974		49,459,971
Fund balance - end of year			<u>\$ 53,216,286</u>		<u>\$ 53,201,974</u>

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

CITY OF FRANKLIN, TENNESSEE
ROAD IMPACT FEE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2019</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Licenses and permits	\$ 9,800,438	\$ 9,800,438	\$ 12,251,152	\$ 2,450,714	\$ -
Use of money and property:					
Interest earned	200,000	200,000	702,406	502,406	-
Total revenues	<u>10,000,438</u>	<u>10,000,438</u>	<u>12,953,558</u>	<u>2,953,120</u>	<u>-</u>
Expenditures:					
Current:					
Highways and streets	3,000,000	3,000,000	1,984,905	1,015,095	-
Debt Service Fees	-	-	38,728	(38,728)	-
Capital outlay	-	-	99,875	(99,875)	-
Total expenditures	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,123,508</u>	<u>876,492</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,000,438</u>	<u>7,000,438</u>	<u>10,830,050</u>	<u>3,829,612</u>	<u>-</u>
Other financing sources (uses):					
Transfers out	(2,710,869)	(5,051,285)	(4,976,836)	74,449	-
Total other financing sources (uses)	<u>(2,710,869)</u>	<u>(5,051,285)</u>	<u>(4,976,836)</u>	<u>74,449</u>	<u>-</u>
Net change in fund balances	<u>\$ 4,289,569</u>	<u>\$ 1,949,153</u>	5,853,214	<u>\$ 3,904,061</u>	-
Fund balance - beginning			<u>16,589,763</u>		<u>11,339,848</u>
Fund balance - ending			<u>\$ 22,442,977</u>		<u>\$ 11,339,848</u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND (WATER AND SEWER FUND)
JUNE 30, 2020

With Comparative Totals for the Fiscal Year Ended June 30, 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,309,690	\$ 3,611,407
Cash and cash equivalents-restricted	2,039,298	1,600,610
Investments	23,270,571	18,433,458
Investments-restricted	8,843,144	8,579,707
Receivables (net of allowance for uncollectibles)	19,730,353	18,373,034
Net pension asset	-	1,179
Inventory and prepaids	1,486,412	385,135
Total current assets	60,679,468	50,984,530
Noncurrent assets:		
Capital assets (net of accumulated depreciation):		
Land	5,923,524	5,910,999
Construction in progress	69,512,474	21,747,745
Buildings and improvements	16,155,930	17,128,298
Utility plant in service	168,905,093	169,349,890
Machinery and equipment	1,142,148	1,093,864
Total capital assets (net of accumulated depreciation):	261,639,169	215,230,796
Total assets	322,318,637	266,215,326
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refundings	533,888	645,415
OPEB	1,314,734	1,643,417
Pensions	2,256,226	2,941,917
Total deferred outflows of resources	4,104,848	5,230,749
LIABILITIES		
Current liabilities:		
Accounts payable	11,264,187	4,891,364
Accrued interest payable	311,381	346,854
Total current liabilities	11,575,568	5,238,218
Long-term liabilities:		
Due within one year	4,948,697	4,968,940
Due in more than one year	81,360,357	45,523,884
Total OPEB liability	2,504,771	2,427,975
Net pension liability	3,340,620	4,438,556
Total long-term liabilities	92,154,445	57,359,355
Total liabilities	103,730,013	62,597,573
DEFERRED INFLOWS OF RESOURCES		
OPEB	153,465	191,832
Pensions	590,037	261
Total deferred inflows of resources	743,502	192,093
NET POSITION		
Net investment in capital assets	176,897,094	166,254,831
Restricted-system improvements	10,882,442	10,180,317
Restricted-pensions	-	1,179
Unrestricted	34,170,434	32,220,082
Total net position	\$ 221,949,970	\$ 208,656,409

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, 2020
 With Comparative Totals for the Fiscal Year Ended June 30, 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Metered water sales	\$ 11,500,806	\$ 11,692,199
Sewer service charges	19,726,163	18,790,102
Reclaimed water sales	108,355	128,937
Other revenues from operations	918,871	1,014,953
Total operating revenues	<u>32,254,195</u>	<u>31,626,191</u>
Operating expenses:		
Water and sewer billing expenses	172,936	159,288
Water distribution expenses	1,146,199	2,615,424
Water plant expenses	6,260,343	5,881,138
Water administration	2,033,865	1,762,769
Sewer administration	2,939,304	2,420,264
General administration	1,464,565	1,330,456
Sewer collection expenses	3,206,696	3,215,170
Sewer plant expenses	3,726,778	3,665,559
Reclaimed water expenses	109,097	87,010
Depreciation	7,443,407	7,349,666
Total operating expenses	<u>28,503,190</u>	<u>28,486,744</u>
Operating income	<u>3,751,005</u>	<u>3,139,447</u>
Nonoperating revenues (expenses):		
Interest income	1,346,001	1,273,512
Gain (loss) on sale of assets	3,410	(188,483)
Interest expense	(1,199,653)	(1,359,481)
Total nonoperating revenues (expenses)	<u>149,758</u>	<u>(274,452)</u>
Income before contributions and transfers	<u>3,900,763</u>	<u>2,864,995</u>
Contributions and transfers:		
Impact fees	3,691,563	3,028,419
Capital contributions	(8,515)	1,366
Developer contributions	5,344,750	6,240,018
Transfer from county facilities tax	1,285,000	-
Transfer to debt service fund	(200,000)	(200,000)
Transfer to capital projects fund	(720,000)	-
Total contributions and transfers	<u>9,392,798</u>	<u>9,069,803</u>
Change in net position	<u>13,293,561</u>	<u>11,934,798</u>
Net position, beginning of year	<u>208,656,409</u>	<u>196,721,611</u>
Net position, end of year	<u>\$ 221,949,970</u>	<u>\$ 208,656,409</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, 2020

With Comparative Totals for the Fiscal Year Ended June 30, 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from customers	\$ 33,406,793	\$ 31,309,112
Cash paid to employees for services	(4,709,981)	(4,056,811)
Cash paid to suppliers of goods and services	(10,370,787)	(14,056,419)
Net cash provided by operating activities	<u>18,326,025</u>	<u>13,195,882</u>
Cash flows from noncapital financing activities:		
Transfer to debt service fund	(200,000)	(200,000)
Net cash used in noncapital financing activities	<u>(200,000)</u>	<u>(200,000)</u>
Cash flows from capital and related financing activities:		
Purchases of property, plant and equipment	(48,507,030)	(13,688,927)
Contributions from access and tap fees and grant funds	3,683,048	3,029,785
Sales of property, plant and equipment	3,410	(188,483)
Transfer from county facilities tax fund	1,285,000	-
Transfer to capital projects fund	(720,000)	-
Interest paid on long-term debt	(1,295,795)	(1,472,058)
Payments on SRF loan eligible projects not reimbursed	(2,509,917)	(10,344,492)
Proceeds from issuance of long-term debt	40,184,710	11,170,188
Payments on long-term debt	(4,357,931)	(4,303,193)
Net cash used in capital and related financing activities	<u>(12,234,505)</u>	<u>(15,797,180)</u>
Cash flows from investing activities:		
Purchases of investments, net	(5,100,550)	(6,782,520)
Interest received from investments	1,346,001	1,273,512
Net cash used in investing activities	<u>(3,754,549)</u>	<u>(5,509,008)</u>
Net change in cash and restricted cash	2,136,971	(8,310,306)
Cash and restricted cash, beginning of year	<u>5,212,017</u>	<u>13,522,323</u>
Cash and restricted cash, end of year	<u>\$ 7,348,988</u>	<u>\$ 5,212,017</u>
Cash and cash equivalents consist of:		
Unrestricted cash and cash equivalents	\$ 5,309,690	\$ 3,611,407
Restricted cash and cash equivalents	2,039,298	1,600,610
Total cash and cash equivalents	<u>\$ 7,348,988</u>	<u>\$ 5,212,017</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, 2020

With Comparative Totals for the Fiscal Year Ended June 30, 2019

	2020	2019
Reconciliation of operating income to net cash provided by operations:		
Operating income	\$ 3,751,005	\$ 3,139,447
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	7,443,407	7,349,666
Net pension liability and related amounts	178,710	418,970
OPEB and related amounts	367,112	317,809
Change in:		
Accounts receivable-operating	1,152,598	(317,079)
Inventory	(1,101,277)	70,824
Compensated absences	161,647	82,343
Accounts payable	6,372,823	2,133,902
Net cash provided by operating activities	\$ 18,326,025	\$ 13,195,882
 Supplemental schedule of non-cash capital and related financing activities:		
Capital assets added as developer contributions	\$ 5,344,750	\$ 6,240,018

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2019
With Comparative Totals as of December 31, 2018

	Franklin Employees' Pension Plan	2018
ASSETS		
Cash and equivalents	\$ 2,330,907	\$ 1,164,061
Total cash and equivalents	2,330,907	1,164,061
Investments:		
Domestic fixed income securities	37,189,356	33,505,512
Domestic equities	48,487,389	41,116,184
International equities	21,183,810	16,406,829
Real estate	9,650,403	8,994,105
Timber	4,483,922	3,659,066
Total investments	120,994,880	103,681,696
Total assets	123,325,787	104,845,757
 NET POSITION RESTRICTED FOR PENSIONS	 \$ 123,325,787	 \$ 104,845,757

Franklin Employees' Pension Plan as of December 31, 2019.
This pension was closed to new hires after December 16, 2016.

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Franklin Employees' Pension Plan	2018
Additions:		
Contributions:		
Employer contributions	\$ 5,988,709	\$ 4,254,456
Employee contributions	702,598	831,941
Total contributions	<u>6,691,307</u>	<u>5,086,397</u>
Investment income:		
Net appreciation in fair value of investments	18,743,979	(3,237,304)
Total investment income	<u>18,743,979</u>	<u>(3,237,304)</u>
Total additions	<u>25,435,286</u>	<u>1,849,093</u>
Deductions:		
Pension benefits	6,812,691	5,310,361
Administration expense	142,565	114,344
Total deductions	<u>6,955,256</u>	<u>5,424,705</u>
Net increase in fiduciary net position	18,480,030	(3,575,612)
Net position restricted for pension benefits - beginning	<u>104,845,757</u>	<u>108,421,369</u>
Net position restricted for pension benefits - ending	<u>\$ 123,325,787</u>	<u>\$ 104,845,757</u>

Franklin Employees' Pension Plan as of December 31, 2019.
This pension plan was closed to new hires after December 16, 2016.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, 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 \$5,427,230 at June 30, 2020, 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, 2020

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

The *Road Impact Fee Fund* was established 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.

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

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.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Additionally, the City reports the following fiduciary fund type:

The *City of Franklin Employees' Pension Fund* accounts for the activities of the closed pension plan maintained for employees of the City hired prior to January 1, 2017, which accumulates resources for pension payments to qualified employees.

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 estimate 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*.

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F. Budgetary information

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

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

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

1. Cash and cash equivalents

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

2. Investments

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

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

3. Inventories and prepaid items

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

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

4. Capital assets

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

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

CITY OF FRANKLIN, TENNESSEE
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Capital assets of the City are depreciated using the straight-line method over the following useful lives:

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

5. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category: (1) deferred charge on bond refundings resulting from the difference in the carrying amount of refunded debt and its requisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt; (2) deferred outflows of resources relating to pensions resulting from differences between expected and actual actuarial experience, certain changes in actuarial assumptions, differences between actual and expected investment earnings, and amounts of employer contributions to the pension plan made subsequent to the measurement date; (3) deferred outflows of resources relating to OPEB resulting from differences between expected and actuarial experience and certain changes in actuarial assumptions.

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, 2020, will not be available for collection until fiscal year 2021, beginning October 2020; (2) A second item, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from uncollected property taxes (including penalties and interest), franchise fees, hotel/motel taxes, court fines, and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to pensions and OPEB.

6. *Net position flow assumption*

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

7. *Fund balance flow assumptions*

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

8. *Fund balance policies*

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

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

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

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

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 2020, taxes were levied at a rate of .4176 per \$100 of assessed valuation.

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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 to employees as a result of termination and/or retirement.

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

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

5. *Bond premiums and discounts*

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

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

I. *Estimates*

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

J. *Recent accounting pronouncements*

The City has included the applicable accounting and reporting requirement of statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which has certain provisions effective for the fiscal period ending June 30, 2020. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.

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

The GASB issued Statement No. 84, *Fiduciary Activities*, which has certain provisions effective for the fiscal period ending December 31, 2020 (fiscal year 2021 for the City). This Statement improves financial reporting by establishing criteria for activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report fiduciary activities.

The GASB issued Statement No. 87, *Leases*, which has certain provisions effective for fiscal period that ends June 30, 2022 (fiscal year 2022 for the City). This Statement improves accounting and financial reporting by requiring reporting of certain lease liabilities that currently are not reported, requiring lessees and lessors to report leases under a single model, and requiring notes related to the timing, significance, and purpose of leasing arrangements.

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The GASB issued statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which has certain provisions effective for the fiscal period that ends December 31, 2021 (fiscal year 2022 for the City). This Statement establishes accounting requirements for interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

The GASB issued statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, which has certain provisions for the fiscal period that ends December 31, 2020 (fiscal year 2021 for the City). This Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

The GASB issued statement No. 91, *Conduit Debt Obligations*, which has certain provisions for the fiscal period that ends December 31, 2022 (fiscal year 2023 for the City). This Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice.

K. Restatement and reclassifications

2019 net position balances have been reclassified in the Statement of Net Position to reflect unspent bond proceeds in the net investment in capital assets category in governmental activities. Net investment in capital assets was increased \$36,278,219 and unrestricted net position decreased by the same amount.

Net position in the fiduciary funds has been restated to reflect the removal of investment balances for the TCRS plan, as the assets are held by the TCRS. Total assets and net position restricted for pension benefits was decreased \$344,954. Our opinion is not modified as a result of this matter.

CITY OF FRANKLIN, TENNESSEE
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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, 2020, 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 2020, 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 observable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described as follows:

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

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As of June 30, 2020, 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)
	6/30/2020	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	\$ 2,643,325	\$ 2,643,325	\$ -	\$ -	0.08
Money Market Accounts	1,202,214	1,202,214	-	-	-
Debt securities					
U.S. Treasury securities	35,451,313	35,451,313	-	-	0.88
Federal Home Loan Bank	54,565,197	-	54,565,197	-	1.10
Federal Home Loan Mortgage Corp.	4,044,242	-	4,044,242	-	1.54
Federal National Mortgage Association	5,483,944	-	5,483,944	-	2.56
Federal Farm Credit Bank	38,043,485	-	38,043,485	-	1.52
Total Investments at Fair Value	<u>\$ 141,433,720</u>	<u>\$ 39,296,852</u>	<u>\$ 102,136,868</u>	<u>\$ -</u>	<u>1.20</u>
Portfolio Weighted Avg. Maturity					
Investments derivative instruments					
Interest rate swaps (liability)	\$ (1,070)		\$ (1,070)		
Total Investment derivative instruments	<u>\$ (1,070)</u>		<u>\$ (1,070)</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, 2020, the investments that constituted a concentration risk due to the investments exceeding 5% of the portfolio balance were the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, and U.S. Treasury Securities.

Interest Rate Risk: Investments held for longer periods are subject to increased risk for adverse interest rate changes. City policy provides that to the extent practicable, investments are matched with anticipated cash flows. Typically, certificates of deposit are issued for periods less than one year and investments in the Local Government Investment Pool are available daily. At June 30, 2020, investments of the City had weighted average 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, 2019, the City of Franklin Employees' Pension Plan (closed plan) had the following investments measured at fair value per GASB Statement 72:

	12/31/2019	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				
Cash and equivalents ¹	\$ 1,154,029	\$ 1,154,029	\$ -	\$ -
	<u>1,154,029</u>			
State managed investments (TCRS)				
Cash and equivalents ²	\$ 1,176,878	1,176,878	-	-
Domestic fixed income ²	37,189,356	-	37,189,356	-
Domestic equities ^{2 3}	48,487,389	48,487,389	-	-
International equity ²	21,183,810	-	21,183,810	-
	<u>108,037,433</u>			
Total investments at fair value level	<u>109,191,462</u>	<u>\$ 50,818,296</u>	<u>\$ 58,373,166</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
State managed investments (TCRS)				
Real estate funds ²	9,650,403			
Timber funds ^{2 4}	4,483,922			
Total investments at the NAV	<u>14,134,325</u>			
Total investments measured at fair value	<u>\$ 123,325,787</u>			
			Redemption	
		Unfunded	Frequency (if	Redemption
Investments measured at the net asset value (NAV)	<u>Fair Value</u>	<u>Commitments</u>	<u>Currently Eligible)</u>	<u>Notice Period</u>
Local managed investments				
Real estate funds ²	\$ 9,650,403	-	-	-
Timber funds ^{2 4}	\$ 4,483,922	-	-	-
	<u>14,134,325</u>			

¹ Invested in First American prime obligation fund, class z

² Investments managed per agreement with the State by Tennessee Consolidated Retirements System (TCRS) money managers.

³ Landmark private equity and Hamilton private equity changed to State managed during 2019.

⁴ RMK timber fund II, RMS forest fund III, and FIA timber changed to State managed during 2019.

Allocation for state managed investments was developed from TCRS Asset Allocation Analysis Report for period ending December 31, 2019.

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

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

CITY OF FRANKLIN, TENNESSEE
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C. Receivables

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

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

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

	General Fund	Multi-Purpose Capital Project Fund	Road Impact Fee Fund	Debt Service Fund	Other Governmental Funds	Total
Receivables:						
Accounts	\$ 1,377,770	\$ -	\$ -	\$ -	\$ 2,344,880	\$ 3,722,650
Property taxes	11,293,400	-	-	11,028,548	817,333	23,139,281
Due from IDB	2,385,835	-	-	-	-	2,385,835
Local option sales tax	5,897,765	-	-	-	-	5,897,765
Special assessments	53,762	-	-	-	-	53,762
Due from county	266,534	-	-	-	-	266,534
State shared revenue	4,088,268	-	-	-	441,429	4,529,697
Grants	422,209	305,565	-	-	247,844	975,618
Fines	790,521	-	-	-	-	790,521
Interest	165,746	208,287	102,127	3,236	158,432	637,828
Gross receivables	26,741,810	513,852	102,127	11,031,784	4,009,918	42,399,491
Less: Allowance for uncollectibles	(719,402)	-	-	-	-	(719,402)
Net receivables	\$ 26,022,408	\$ 513,852	\$ 102,127	\$ 11,031,784	\$ 4,009,918	\$ 41,680,089

Receivables in the Water and Sewer Fund at June 30, 2020 represent accounts due from customers for services provided, special assessments, due from the state for SRF loan reimbursements, and interest income. The receivables are presented net of an allowance of \$857,172.

Receivables	
Customers	\$ 6,307,992
Special assessments	120,697
Due from State (SRF Loans)	13,978,652
Interest	180,184
Gross receivables	20,587,525
Less: Allowance for uncollectibles	(857,172)
Net receivables	\$ 19,730,353

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	\$ 142,839
Tree bank reserve	257,502
Sidewalk reserve	101,375
Affordable housing reserves	272,745
Sponsorship reserve	22,975
Total unearned revenue for fund financial statements	\$ 797,436

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D. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 58,317,513	\$ -	\$ 2,251,889	\$ -	\$ 60,569,402
Construction in process-non-infrastructure	6,584,183	(614,007)	9,453,570	-	15,423,746
Construction in process-infrastructure	11,033,214	(52,244)	6,453,005	-	17,433,975
Total capital assets, not being depreciated	75,934,910	(666,251)	18,158,464	-	93,427,123
Capital assets, being depreciated:					
Buildings and improvements	74,559,616	5,579	-	-	74,565,195
Improvements other than buildings	27,248,776	550,696	-	-	27,799,472
Machinery and equipment	66,873,485	57,732	4,275,519	1,435,173	69,771,563
Infrastructure	707,995,018	52,244	24,946,237	2,014,386	730,979,113
Total capital assets, being depreciated	876,676,895	666,251	29,221,756	3,449,559	903,115,344
Accumulated depreciation:					
Buildings and improvements	19,427,753	-	1,462,627	-	20,890,380
Improvements other than buildings	13,776,094	-	1,346,488	-	15,122,582
Machinery and equipment	45,440,077	-	4,111,602	1,363,234	48,188,445
Infrastructure	193,077,536	-	14,462,100	17,860	207,521,776
Total accumulated depreciation	271,721,460	-	21,382,817	1,381,094	291,723,183
Total capital assets being depreciated, net	604,955,435	666,251	7,838,939	2,068,465	611,392,160
Total governmental activities capital assets, net	680,890,344	-	25,997,403	2,068,465	704,819,282
Business-type activities:					
Capital assets, not being depreciated:					
Land	5,910,999	-	12,525	-	5,923,524
Construction in process	21,747,745	(265,424)	48,030,153	-	69,512,474
Total capital assets, not being depreciated	27,658,744	(265,424)	48,042,678	-	75,435,998
Capital assets, being depreciated:					
Buildings and improvements	28,175,100	-	-	-	28,175,100
Utility plant in service	254,227,131	265,424	5,344,748	-	259,837,303
Machinery and equipment	5,770,275	-	464,353	-	6,234,628
Total capital assets, being depreciated	288,172,506	265,424	5,809,101	-	294,247,031
Accumulated depreciation:					
Buildings and improvements	11,046,802	-	972,367	-	12,019,169
Utility plant in service	84,877,241	-	6,054,970	-	90,932,211
Machinery and equipment	4,676,410	-	416,070	-	5,092,480
Total accumulated depreciation	100,600,453	-	7,443,407	-	108,043,860
Total capital assets being depreciated, net	187,572,053	265,424	(1,634,306)	-	186,203,171
Business-type activities capital assets, net	215,230,797	-	46,408,372	-	261,639,169
Total capital assets, net	\$ 896,121,140	\$ -	\$ 72,405,775	\$ 2,068,465	\$ 966,458,451

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Depreciation expense was charged to functions/programs of the primary government for the year ended June 30, 2020, as follows:

Governmental activities:	
Project & facilities management	\$ 43,741
Building and neighborhood services	10,550
Information and technology	707,594
Engineering	3,150
Traffic operations center	230,407
Human resources	91,269
Police department	1,482,509
Fire department	1,147,369
Highways and streets	14,849,285
Traffic	17,534
Fleet management	12,377
Parks	1,478,903
General government	128,327
Sanitation	921,422
Stormwater	137,640
Transit	120,740
Total depreciation expense - governmental activities	<u>21,382,817</u>
Business-type activities:	
Water and sewer	7,443,407
Total depreciation expense	<u><u>\$ 28,826,224</u></u>

E. Accrued Liabilities

Accrued liabilities reported by governmental funds at June 30, 2020, were as follows:

Accrued employee payroll	\$ 1,919,439
Accrued employee insurance claims	1,641,859
Total accrued liabilities	<u><u>\$ 3,561,298</u></u>

F. Pension Plan

The City of Franklin participates in two (2) pension plans: The City of Franklin Employees' Pension Plan and Trust (the closed plan) and the Tennessee Consolidated Retirement System (TCRS plan). The Employees' Pension 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), a multiple employer defined benefit pension plan administered by the State of Tennessee Department of the Treasury.

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 closed plan in the Fiduciary Pension Funds and the TCRS. 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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City of Franklin Employees' Pension Plan and Trust (closed plan)

General Information about the City of Franklin Employees' Pension Plan

Plan Description. The City of Franklin administers the City of Franklin Employees' Pension Plan and Trust, 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 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, 2020. Accordingly, all financial statement information regarding the Plan is as of December 31, 2019 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 seven members: City Mayor, Alderman, Employee Representatives (2), Citizens (2), and Human Resources Director. 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 44.

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, 2020, the date of the latest actuarial valuation:

Inactive plan participants:	
Retiree participants and beneficiaries	235
Terminated employees entitled to deferred benefits	179
Disabled participants	<u>3</u>
Inactive plan participants total	<u>417</u>
Active plan participants:	
Vested	403
Nonvested	<u>63</u>
Active plan participants total	<u>466</u>
Total participants	<u><u>883</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.

Plan members hired February 15, 2010 through December 31, 2016 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

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approval was due to actuarial reports that showed that the Plan was underfunded and would require substantial increases in annual contributions for many years in order to bring the Plan to a fully-funded level.

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

All employees hired beginning January 1, 2017 are enrolled in the TCRS defined benefit plan.

Net Pension Liability (Asset)

The City's net pension liability was measured as of January 1, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2%
Salary increases	Prior year, 4% annual increase. Beginning December 31, 2018, based on age (age 25, 7.5%, Age 30, 7.0%, Age 35, 6.0%, Age 40, 5%, Age 45, 4.5%, Age 50, 4%, Age 55, 3.5%, and Ages 60+. 3%).
Investment rate of return	Prior year, 7.3%. Beginning December 31, 2019, 7.2%
Cost-of-living adjustment	2.1%

Mortality rates were based on 105% for the RP-2014 Healthy Annuitants and Non-Annuitants, Blue Collar Mortality Tables, adjusted back to 2006, separate for males and females.

The actuarial assumptions used in the January 1, 2020 valuation were based on a limited update of an actuarial experience study for the 10-year period ending December 31, 2018.

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:

During 2019, domestic equity and timber investments changed to state managed. The only investments remaining as locally managed is short term securities being held for pension payments and fees.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Short term securities	0.0%	0%
Total		0%

For closed pension investments managed by TCRS, the target allocation and long-term expected return would be the same as the TCRS pension plan. For the year ended December 31, 2019, the annual money-weighted rate of return based on monthly cash flows on pension investments, net of pension plan investment expense, was 18.1%. The

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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 90.

Discount rate. The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 1/1/2019	\$ 142,749,586	\$ 104,845,757	\$ 37,903,829
Changes for year:			
Service cost	2,438,659	-	2,438,659
Interest	10,165,977	-	10,165,977
Differences between expected and actual experience	622,830	-	622,830
Changes of assumptions	1,706,426	-	1,706,426
Contributions - employer	-	702,598	(702,598)
Contributions - employee	291,703	5,988,709	(5,697,006)
Net investment income	-	18,743,979	(18,743,979)
Benefit payments, including refunds of employee contributions	(6,812,691)	(6,812,691)	-
Administrative expense	-	(142,565)	142,565
Net changes	<u>8,412,904</u>	<u>18,480,030</u>	<u>(10,067,126)</u>
Balances at 12/31/2019	<u>\$ 151,162,490</u>	<u>\$ 123,325,787</u>	<u>\$ 27,836,703</u>

Tennessee Consolidated Retirement System (TCRS)

General Information about the Pension Plan

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

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 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.

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Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to July 2nd of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2019, 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	50
Active employees	<u>144</u>
Total employees	<u>194</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. City of Franklin makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, the employer contributions for City of Franklin were \$422,700 based on a rate of 5.0 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept City of Franklin's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Pension liabilities (assets). City of Franklin's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 percent to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best- estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class.

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These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from City of Franklin will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 335,776	\$ 344,954	\$ (9,178)
Changes for year:			
Service cost	372,276	-	372,276
Interest	51,291	-	51,291
Differences between expected and actual experience	246,960	-	246,960
Changes of assumptions	-	-	-
Contributions - employer	-	344,345	(344,345)
Contributions - employee	-	278,151	(278,151)
Net investment income	-	48,394	(48,394)
Benefit payments, including refunds of employee contributions	(1,183)	(1,183)	-
Administrative expense	-	(11,344)	11,344
Net changes	<u>669,344</u>	<u>658,363</u>	<u>10,981</u>
Balances at June 30, 2019	<u>\$ 1,005,120</u>	<u>\$ 1,003,317</u>	<u>\$ 1,803</u>

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The City reports for the plans the following net pension liability (asset) as of June 30, 2020 in the Statement of Net Position:

Net pension liability	Governmental activities	Business-type activities	Total
Closed Plan	\$ 24,496,299	\$ 3,340,404	\$ 27,836,703
TCRS Plan	1,587	216	1,803
	<u>\$ 24,497,886</u>	<u>\$ 3,340,620</u>	<u>\$ 27,838,506</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 current discount rate (7.2% for the closed plan, 7.25% for the TCRS plan) 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 (6.2% closed plan, 6.25% TCRS plan) or 1-percentage-point higher (8.2% closed plan, 8.25% TCRS plan) than the current rate:

Sensitivity to discount rate	1% Decrease	Current Rate	1% Increase
Closed Plan	\$ 46,776,356	\$ 27,836,703	\$ 12,090,934
TCRS Plan	268,805	1,803	(199,779)
	<u>\$ 47,045,161</u>	<u>\$ 27,838,506</u>	<u>\$ 11,891,155</u>

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

For the year ended June 30, 2020, the City recognized pension (negative pension) expense of \$2,453,051 as follows:

Pension (negative pension) expense	Governmental activities	Business-type activities	Total
Closed Plan	\$ 2,594,697	\$ 201,206	\$ 2,795,903
TCRS Plan	(320,356)	(22,496)	(342,852)
	<u>\$ 2,274,341</u>	<u>\$ 178,710</u>	<u>\$ 2,453,051</u>

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At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience:		
Closed Plan	\$ 14,856,388	\$ -
TCRS Plan	342,016	-
Changes of assumptions:		
Closed Plan	3,603,477	-
Net difference between projected and actual earnings on pension plan investments:		
Closed Plan		(4,914,490)
TCRS Plan		(2,486)
Contributions made subsequent to the measurement date:		
TCRS Plan	422,700	not applicable
Total	<u>\$ 19,224,581</u>	<u>\$ (4,916,976)</u>

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

Deferred outflows of resources and deferred inflows of resources related to pension are recognized as follows in the Statement of Net Position:

Deferred Outflows of Resources	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Closed Plan	\$ 16,244,681	\$ 2,215,184	\$ 18,459,865
TCRS Plan	723,674	41,042	764,716
	<u>\$ 16,968,355</u>	<u>\$ 2,256,226</u>	<u>\$ 19,224,581</u>
Deferred Inflows of Resources	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Closed Plan	\$ (4,324,750)	\$ (589,739)	\$ (4,914,489)
TCRS Plan	(2,189)	(298)	(2,487)
	<u>\$ (4,326,939)</u>	<u>\$ (590,037)</u>	<u>\$ (4,916,976)</u>

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For the plans, amounts reported as deferred outflow of resources or deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Closed Plan</u>	<u>TCRS Plan</u>	<u>Total</u>
2021	\$ 1,537,112	\$ 36,345	\$ 1,573,457
2022	1,273,453	36,344	1,309,797
2023	1,747,188	36,497	1,783,685
2024	(832,719)	36,887	(795,832)
2025	1,265,930	37,140	1,303,070
Thereafter	8,554,411	156,317	8,710,728

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

Payable to the Pension Plans

As of June 30, 2020, the City of Franklin did not have a payable relating to required contributions to the closed plan.

G. Other Post Employment Benefits (OPEB)

Plan Description and Benefits Provided. The City of Franklin self-insures its retired employees for healthcare benefits in a single employer plan (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 Option I (low deductible plan) single coverage and 20% of the Cobra rate for Option I family coverage. For the closed plan, retirees after 30 years and at least age 55 pay Cobra rates less \$275.00/month for Option I single coverage or less \$535.50/month for Option I family coverage. For the TCRS plan, retirees after 30 years of service and at least age 55 are eligible to select Option 1 coverage.

Closed plan 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/month for single coverage or \$500/month for family coverage. Closed plan 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. TCRS plan retirees after 30 years and at least age 55 may select Option II coverage (instead of Option I). Beginning July 1, 2019, the City pays 40% of the total monthly premium for Option II coverage in lieu of the \$200 for single or \$500 for family.

The plan does not have vested inactives as health insurance is not available at normal retirement age of 65. Active employees are eligible if they retire prior to age 65.

The OPEB Plan does not issue separate financial statements, and as such, all required disclosures and supplementary information are included as part of the City's annual financial report. There are no assets accumulated in a GASB-compliant trust.

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

Employees covered by the benefit terms. At the measurement date of June 30, 2020, the following employees were covered by the benefit terms:

Retirees (covered)	38
Actives (covered)	<u>680</u>
Total	<u><u>718</u></u>

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Total OPEB Liability

The City of Franklin's total OPEB liability of \$20,873,087 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date. \$18,368,316 of the total OPEB liability is included in governmental activities and \$2,504,771 is included in business-type activities.

Actuarial assumptions and other inputs. The City's 2019 OPEB actuarial report was prepared with a change in assumption for the incorporation of the 2013 Yamamoto Aging Table. This change was the primary factor in the significant increase in OPEB liability between June 30, 2018 and June 30, 2019. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation method	Entry age normal
Asset valuation method	Not applicable
Funding policy	Funded on a pay-as-you-go basis. The City funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for post-employment benefits.
Amortization period	For contribution calculations: 20 years (closed) beginning July 1, 2018. Experience gains or losses are amortized over the average working lifetime of all participants which for the current period is 6 years. Plan amendments are recognized immediately. Investment gains or losses are amortized over a 5 year period. Changes in actuarial assumptions are amortized over the average working lifetime of all participants.
Discount rate	2.79 percent per annum based on the S&P 500 High Grade 20 Year Rate Index as of June 28, 2019
Salary increases	2.00 percent per annum
Expected long-term rate of return on plan assets	Not applicable
Plan participation	100% of future eligible retirees are assumed to elect the medical coverage upon retirement.
Marital status	64% of future eligible retirees are assumed to cover a spouse
Healthcare cost trend rate	7.5 percent graded uniformly to 6.7% over 3 years and following the Getzen model thereafter to an ultimate rate of 3.90% in the year 2076
Administrative expenses	Assumed to be \$524 per annum
Retiree contributions	For member, annual premium for Option 1, \$8,435 and Option 2, \$7,540. For spouse, annual premium for Option 1, \$9,456 and Option 2, \$8,477. Retirees with Option 1 pay 15% for single coverage and 20% for family coverage. Retirees with Option 2 pay 60% of the rate shown above for employee or family coverage
Mortality rates	Active and retired: 105% RP-2014 Blue Collar Mortality Tables for Males and Females adjusted back to 2006. For disabled: 105% RP-2014 Disabled Retiree Mortality Tables for Males and Females adjusted back to 2006.
Coordination with Medicare	Not applicable

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Changes in the Total OPEB liability

	Total OPEB Liability (a)
Balance at June 30, 2019	\$ 20,233,120
Changes for the year:	
Service cost	559,038
Interest	566,552
Change of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit payments	(485,623)
Net changes	639,967
Balance at June 30, 2020	20,873,087

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City of Franklin, as well as what the City of Franklin's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.79 percent) or 1-percentage-point higher (3.79 percent) than the current discount rate.

	1% Decrease (1.79)%	Current Discount Rate (2.79)%	1% Increase (3.79)%
Total OPEB Liability	\$ 23,177,960	\$ 20,873,087	\$ 18,827,676

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City of Franklin, as well as what the City of Franklin's total OPEB liability would be if it were calculated using healthcare costs trend rates that are 1-percentage-point lower (6.50 percent decreasing to 5.75 percent) or 1-percentage-point higher (8.50 percent decreasing to 7.75 percent) than the current healthcare cost trend rates:

	1% Decrease (6.50% to 5.75% over 3 year and following the Gertzen model less 1% thereafter)	Healthcare Cost Trend Rates (7.50% to 6.75% over 3 year and following the Gertzen model)	1% Increase (8.50% to 7.75% over 3 year and following the Gertzen model plus 1% thereafter)
Total OPEB Liability	\$ 18,340,464	\$ 20,873,087	\$ 23,844,689

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

For the year ended June 30, 2020, the City of Franklin recognized OPEB expense of \$3,059,273.

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
OPEB (negative OPEB) expense	\$ 2,692,160	\$ 367,113	\$ 3,059,273

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The City reports the following total OPEB liability (asset) as of June 30, 2020 in the Statement of Net Position:

	Governmental activities	Business-type activities	Total
OPEB liability	\$ 18,368,316	\$ 2,504,771	\$ 20,873,087

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:	\$ -	\$ 1,278,886
Changes of assumptions:	10,956,109	-
Total	<u>\$ 10,956,109</u>	<u>\$ 1,278,886</u>

Deferred outflows of resources and deferred inflows of resources related to OPEB are recognized as follows in the Statement of Net Position:

	Governmental activities	Business-type activities	Total
Deferred Outflows of Resources	\$ 9,641,375	\$ 1,314,734	\$ 10,956,109
	Governmental activities	Business-type activities	Total
Deferred Inflows of Resources	\$ 1,125,421	\$ 153,465	\$ 1,278,886

For the City of Franklin OPEB plan, amounts reported as deferred outflows or resources or deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	\$ 2,419,305
2022	2,419,305
2023	2,419,305
2024	2,419,308

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

H. Construction and Other Significant Commitments

1. Construction Contracts

During 2020, various street, public works and park improvement projects were in process. At June 30, 2020, there was approximately \$20,354,822 in uncompleted contracts for these projects. The projects are funded by the General, Sanitation, Road Impact, Facilities Tax, Storm Water, Hotel/Motel Tax, and the Multi-Purpose Capital Project funds. There were \$95,218,766 of uncompleted contracts for Water and Sewer Fund projects.

2. Fuel-Hedging Program

The City participates in a fuel hedging program with the Metropolitan Government of Nashville and Davidson County,

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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, 2020. Renewals of the contracts are expected in the normal course of operations. At June 30, 2020, the contracts are in an asset position; however, the City's portion of the contracts, approximately 4%, is immaterial to the financial statements. City practice has been to hedge no more than 60% of estimated purchases.

3. Water Purchase Contract

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 46,325
2022	46,325
2023	46,325
2024	46,325
2025	46,325
2026 - 2029	185,300
Total	<u>\$ 416,925</u>

4. Defined Contribution Plans

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

Employees hired February 15, 2010 through December 31, 2016, may select the City of Franklin 2010 Defined Contribution Plan which 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, 2020, totaled \$296,387.

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.

Also, the City has established a deferred compensation pension plan for employees who are members of the TCRS defined benefit pension plan. Upon their two-year anniversary of hire, eligible employees who contribute to a 457 plan will have up to a 2% salary match provided by the City to a 401(a) plan. The employee is 100% vested at the time of two-year anniversary of hire. Employee participation is voluntary and may be initiated or ended at any time after two years of employment. The City's match for the year ended June 30, 2020, totaled \$13,369.

I. Risk Management

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

Self-insured Employee Health Insurance

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

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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. Claim liabilities are included in accrued liabilities in the statement of net position. 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
6/30/2020	\$ 1,561,389	\$ 9,491,169	\$ (9,410,699)	\$ 1,641,859
6/30/2019	\$ 1,430,584	\$ 9,845,434	\$ (9,714,629)	\$ 1,561,389

J. Long-term Debt

Long-term debt (excluding unamortized premiums) at June 30, 2020, is comprised of the following:

Governmental Activities:

General Obligation Bonds:

City of Lawrenceburg, TN Loan Agreement 2005 variable rate of interest, final maturity July 1, 2020	\$ 385,000
Series 2010 - General Obligation Refunding Bonds, 2.00% to 4.00% interest, final maturity March 1, 2024	5,770,000
Series 2012 - General Obligation Refunding Bonds, 2.13% interest, final maturity May 1, 2027	11,655,000
Series 2013A - General Obligation Bonds, 2.00% to 4.00% interest, final maturity March 1, 2034	5,585,000
Series 2013B - General Obligation Bonds, Pension Plan Funding, 1.00% to 3.50% interest, federally taxable, final maturity March 1, 2024	4,305,000
Series 2015 - General Obligation Bonds, 3.00% to 5.00% interest, final maturity April 1, 2035	12,310,000
Series 2017 - General Obligation Bonds, 2.00% to 5.00% interest, final maturity April 1, 2037	20,625,000
Series 2019A - General Obligation Bonds, 4.00% to 5.00% interest, final maturity March 1, 2039	28,020,000
Series 2019B - General Obligation Refunding Bonds, 5.00% interest, final maturity March 1, 2029	20,900,000
Series 2019C - General Obligation Bonds, 4.00% to 5.00% interest, final maturity June 1, 2032	29,245,000
Series 2019D - General Obligation Refunding Bonds, 1.00% to 3.50% interest, federally taxable, final maturity June 1, 2027	2,305,000
Total Governmental Activities Long-Term Debt	<u>\$ 141,105,000</u>

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The bonds are secured by the full faith and credit of the City. During 2020, 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	\$ 8,990,000
Series 2011 - Truist (formally SunTrust) Loan Program, 2.48% interest, final maturity May 25, 2026	8,810,000
Series 2017 - Sewer and Water Revenue Bonds, 3.00% to 5.00% interest, final maturity February 1, 2037	10,815,000

Notes payable:

Drinking Water SRF Loan provided through ARRA funding, 2.82% interest; final maturity December 20, 2030	891,679
Clean Water SRF Loan provided through ARRA funding, 2.69% interest; final maturity October 20, 2032	1,281,163
State Revolving Fund Loan (CG2 2016-367) 0.89% interest; final maturity June 20, 2033	1,593,529
State Revolving Fund Loan (SRF 2016-374) 0.89% interest; final maturity June 20, 2033	281,947
State Revolving Fund Loan (CG5 2017-375) 0.89% interest; final maturity August 20, 2049	1,246,640
State Revolving Fund Loan (SRF 2017-376) 1.47% interest; loan term to be 30 years	49,852,067

Total Business-Type Activities Long-Term Debt	<u><u>\$ 83,762,025</u></u>
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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 2020, debt service for the debt was provided solely by the Water and Sewer Fund.

CITY OF FRANKLIN, TENNESSEE
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The annual requirements, by type of issue, to amortize outstanding bonds and notes payable at June 30, 2020, are as follows:

Year Ending June 30,	General Obligation Bonds		Revenue and Tax Bonds and Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 9,385,000	\$ 5,932,144	\$ 4,399,002	\$ 1,954,291	\$ 13,784,002	\$ 7,886,435
2022	10,160,000	5,572,934	4,485,274	1,783,773	14,645,274	7,356,707
2023	10,540,000	5,165,461	4,820,776	1,599,576	15,360,776	6,765,037
2024	11,555,000	4,739,016	5,130,146	1,436,482	16,685,146	6,175,498
2025	10,780,000	4,305,603	5,216,788	1,275,666	15,996,788	5,581,269
2026-2030	52,660,000	14,224,368	13,619,729	4,907,287	66,279,729	19,131,655
2031-2035	26,735,000	4,652,835	12,400,843	3,456,488	39,135,843	8,109,323
2036-2040	9,290,000	811,400	10,205,604	2,140,368	19,495,604	2,951,768
2041-2045	-	-	9,143,133	1,388,880	9,143,133	1,388,880
2046-2050	-	-	9,795,950	691,408	9,795,950	691,408
2051-2053	-	-	4,544,780	72,756	4,544,780	72,756
Totals	<u>\$ 141,105,000</u>	<u>\$ 45,403,761</u>	<u>\$ 83,762,025</u>	<u>\$ 20,706,975</u>	<u>\$ 224,867,025</u>	<u>\$ 66,110,736</u>

Interest on variable rate debt with an associated interest rate swap 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, 2020.

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

The above bonds and notes payable contain provisions that in the event of default, the lenders can exercise one or more of the following options: 1) make the outstanding bond and/or note payable with accrued interest due and payable, 2) use any remedy allowed by state or federal law.

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Long-term liability activity for the year ended June 30, 2020, 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	\$ 149,495,000	\$ 31,550,000	\$ 44,245,000	\$ 136,800,000	\$ 8,355,000
Premium-GO bonds-capital	13,112,949	7,080,224	939,497	19,253,676	939,497
Total GO bonds-capital	<u>162,607,949</u>	<u>38,630,224</u>	<u>45,184,497</u>	<u>156,053,676</u>	<u>9,294,497</u>
General obligation bonds-pension	5,305,000	-	1,000,000	4,305,000	1,030,000
Total bonds payable	<u>167,912,949</u>	<u>38,630,224</u>	<u>46,184,497</u>	<u>160,358,676</u>	<u>10,324,497</u>
Park acquisition agreement	642,856	-	214,286	428,570	214,286
Compensated absences	9,164,529	4,357,937	3,579,841	9,942,625	3,579,841
Derivatives-interest rate swaps	4,700,308	64,062	4,763,300	1,070	-
Net pension liability	33,465,273	1,587	8,968,974	24,497,886	-
Total OPEB liability	<u>17,805,145</u>	<u>563,171</u>	<u>-</u>	<u>18,368,316</u>	<u>-</u>
Total long-term liabilities	<u>\$ 233,691,060</u>	<u>\$ 43,616,981</u>	<u>\$ 63,710,898</u>	<u>\$ 213,597,143</u>	<u>\$ 14,118,624</u>
Business-type activities:					
Revenue and tax bonds	\$ 47,935,246	\$ 40,184,709	\$ 4,357,930	\$ 83,762,025	\$ 4,399,002
Premium	1,686,134	-	172,196	1,513,938	172,196
Total bonds payable	<u>49,621,380</u>	<u>40,184,709</u>	<u>4,530,126</u>	<u>85,275,963</u>	<u>4,571,198</u>
Compensated absences	871,444	539,147	377,499	1,033,092	377,498
Net pension liability	4,438,556	216	1,098,152	3,340,620	-
Total OPEB liability	<u>2,427,975</u>	<u>76,796</u>	<u>-</u>	<u>2,504,771</u>	<u>-</u>
Total long-term liabilities	<u>\$ 57,359,355</u>	<u>\$ 40,800,868</u>	<u>\$ 6,005,777</u>	<u>\$ 92,154,446</u>	<u>\$ 4,948,696</u>

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

Issuance of Long-term Debt

The proprietary fund added \$40,184,709 of state revolving loan funds in FY 2020. The only new debt in the governmental funds was from refundings described below.

Refunding of Long-term Debt

On November 20, 2019, the City issued Series 2019C for \$29,245,000 in general obligation refunding bonds with an average coupon rate of 4.76%. The City issued the bonds to current refund the Series 101-A-1 variable rate loan issued by the Public Building Authority of the City of Franklin, Tennessee, outstanding in the amount of \$20,000,000 and dated January 25, 2007 and advance refund its General Obligation Public Improvement Bonds, Series 2020 (Federally Taxable-Recovery Zone Economic Development Bonds) outstanding in the amount of \$15,725,000 and dated July 7, 2020. The City received an interest rate subsidy of up to 45% on the recovery zone bonds. However, the subsidy has been lowered in recent years due to federal sequestration. The refunding eliminated risk of future appropriation of interest subsidy for recovery era municipal bond programs. The \$20,000,000 of principal on the current refunding was redeemed by the escrow agent on March 1, 2020.

The City received \$36,319,878 in proceeds to satisfy the refunding requirements (\$20,000,000 on the 101-A-1 Loan, \$16,053,518 on the Series 2010 to escrow, and \$266,360 to pay cost of issuance). The difference between the \$29,245,000 par amount and the \$36,053,518 is due to bond premium of \$7,074,878, less issuance costs. There was no penalty or premium due from the City for calling either the 101-A-1 loan of 2007 bonds prior to maturity. The true interest cost of the Series 2019C bonds is 1.74% with a 13-year final maturity structure. The first principal payment occurs on June 1, 2020 and for each year thereafter until final maturity on June 1, 2032.

Also, on November 20, 2019, the City issued Series 2019D (Taxable) for \$2,305,000 in general obligation refunding bonds with an average coupon rate of 2.04%. The City issued the bonds to fund in part early termination costs associated with the interest rate swap agreement on the 101-A-1 loan. Along with \$2,500,000 in City contribution, a swap termination payment was made of \$4,763,300 and \$47,046 to pay cost of issuance. The difference between the \$2,305,000 par amount plus the \$2,500,000 city contribution and the \$4,763,300 payment is due to the bond premium of

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\$5,346, less issuance costs. The true interest cost of the Series 2019D bonds is 2.06% with an 8-year final maturity structure. The first principal payment occurs on June 1, 2020 and for each year thereafter until final maturity on June 1, 2027. The termination of the swap with FMS Wertmanagement Bank eliminated exposure to the end of LIBOR indices at the end of 2021 and long term swap counterparty risk.

From the combined Series 2019C and 2019D issues, the interest savings on a gross basis over an 18-year period is \$3,139,781, or \$1,490,819 on a present value basis. The percentage of savings of the refunded bonds is 4.17%, which is considered to be significant.

Contingent Liability

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

At the inception of the project, the Industrial Development Board had approximately two years of debt service escrowed. As of January 2008, this escrow was fully spent and the City of Franklin began, as agreed, to make available short-term loans while the proceeds from the Development District were insufficient to cover the debt service. These loans cannot exceed \$5 million at any time during that period. As of June 30, 2020, expected development in the area is proceeding as projected in the debt repayment plan. Through June 30, 2020, the City has lent \$2,385,835 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 one interest rate swap agreement which is a 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.

The pay-fixed interest rate swap transaction is 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.

There are two main strategies the City pursued with respect to the transaction. A 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 the swap 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

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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.

2005 Swap Agreement

In 2005, the City entered into an interest rate swap agreement with Truist (formerly 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, \$4,115,000 has been retired as of June 30, 2020. 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	2005 Swap Agreement with Truist (Formally SunTrust) Bank
Original Notional Amount	\$ 4,500,000
Less Amount Retired	(4,115,000)
Current Notional Amount	<u>\$ 385,000</u>
Effective Date	9/1/2005
Termination Date	7/1/2020
Final Bond Maturity	7/1/2020
City Pays	3.65% Fixed
Payments made by the City*	\$ 29,020
City Receives*	LIBOR x 75% + 0.18%
Payments received by the City*	\$ 15,412
Net receipts/(disbursements)*	(6,356)
Fair Value of Swap Agreements	(1,070)

* Based on the period July 1, 2019 to June 30, 2020.

The City also had a swap related to debt that was refunded during fiscal year 2020. The swap was settled in November 2019 for \$4,763,300.

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

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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 swap.

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, 2020 had no credit risk since the swap had negative values. If the value were a positive amount, then the City would be exposed to risk with Truist Bank (merged name of SunTrust Bank and BB&T Bank), with a rating by Moody's/Standard & Poor's/Fitch as of June 30, 2020 of A3/A-/A+.

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K. Fund Balances

Fund balances:	General	Multi-Purpose	Road Impact	Debt	State	Sanitation	Facilities	County	Storm	Drug	Hotel/Motel	Parkland	Transit	CDBG	Governmental
	Fund	Capital Project	Fee	Service	Street Aid	Fund	Tax Fund	Tax Fund	Water	Fund	Tax Fund	Dedication	Authority	Fund	Funds Totals
Non-Spendable	\$ 1,624,813	\$ -	\$ -	\$ -	\$ -	\$ 65,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,690,654
Restricted	-	34,491,104	-	-	601,819	1,000,240	-	3,673,984	-	520,472	-	-	-	113,066	40,400,685
Committed	-	-	22,442,977	804,607	-	-	10,694,849	-	2,695,401	-	3,800,182	-	817,912	-	41,255,928
Assigned	-	-	-	-	-	-	-	-	-	-	3,703,647	8,236,553	-	-	11,940,200
Unassigned	51,591,473	-	-	-	-	-	-	-	-	-	-	-	-	-	51,591,473
Total fund balances	\$ 53,216,286	\$ 34,491,104	\$ 22,442,977	\$ 804,607	\$ 601,819	\$ 1,066,081	\$ 10,694,849	\$ 3,673,984	\$ 2,695,401	\$ 520,472	\$ 7,503,829	\$ 8,236,553	\$ 817,912	\$ 113,066	\$ 146,878,940
Reason for Restriction/Commitment:															
Non-spendable inventory prepaids	\$ 1,624,813	\$ -	\$ -	\$ -	\$ -	\$ 65,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,690,654
Restricted by state law	-	34,491,104	-	-	601,819	1,000,240	-	3,673,984	-	520,472	-	-	-	-	40,287,619
Restricted by federal regulations for fund purpose	-	-	-	-	-	-	-	-	-	-	-	-	-	113,066	113,066
Committed by Board ordinance for fund purpose	-	-	22,442,977	804,607	-	-	10,694,849	-	2,695,401	-	3,800,182	-	817,912	-	41,255,928
Assigned by Board resolutions	-	-	-	-	-	-	-	-	-	-	3,703,647	8,236,553	-	-	11,940,200
Unassigned*	51,591,473	-	-	-	-	-	-	-	-	-	-	-	-	-	51,591,473
Total fund balances	\$ 53,216,286	\$ 34,491,104	\$ 22,442,977	\$ 804,607	\$ 601,819	\$ 1,066,081	\$ 10,694,849	\$ 3,673,984	\$ 2,695,401	\$ 520,472	\$ 7,503,829	\$ 8,236,553	\$ 817,912	\$ 113,066	\$ 146,878,940

Fund Balance Policy - General Fund

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

Contingency Commitment	Amount
Emergency Commitment	\$ 3,975,882
Cash Flow Commitment	3,975,882
Debt Service Commitment	11,132,471
Property/Casualty/Health Insurance Commitment	2,385,529
Retiree Health Benefits Commitment	3,180,706
Supplemental Reserve	1,590,353
Capital Outlay Reserve	9,542,118
Total Reserves	15,808,532
	\$ 51,591,473

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

L. 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, 2020:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Street Aid	\$ 250,000
General	Transit	371,653
General	Debt service	2,500,000
General	Capital projects	2,376,380
Sanitation	Debt service	208,317
Road impact	Debt service	2,636,421
Road impact	Capital projects	2,340,415
Facilities tax	Capital projects	1,483,942
County facilities tax	Water/Sewer	1,285,000
Hotel/motel	Debt service	1,092,153
Hotel/motel	Capital projects	1,054,870
Parkland Dedication	Capital projects	1,526,508
Water/Sewer	Debt service	200,000
Water/Sewer	Capital projects	720,000
Total		<u>\$ 18,045,659</u>

The purposes of the transfers are:

- The transfer from the General Fund to the Street Aid Fund was to provide additional funds for the sidewalk gap project.
- The transfer from the General Fund to the Transit System fund is for providing the annual operating subsidy.
- The transfer from the General, Sanitation, Road Impact, 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 General Fund to the Capital Projects Fund was to provide additional funding for a variety of Capital Improvement Projects.
- The transfer from the County Facilities Tax Fund to the Water/Sewer Fund was to provide funds for major road projects.
- The transfer from the Hotel/Motel fund to the Capital Projects Fund was to provide additional funds for costs on the Harlinsdale and Battlefield parks projects.
- The transfer from the Parkland Dedication fund to the Capital Projects Fund was to provide additional funds for costs on Bicentennial Park, Liberty Park, Eastern Flank, and Southeast Multipurpose Park.
- 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.

M. Contingencies

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

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

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

N. Tax abatements

In accordance with GASB Statement No. 77, *Tax Abatement Disclosures*, City property tax revenues were reduced by \$37,848 in fiscal year 2020 under five (5) in lieu of property tax agreements. The first three are agreements with the City only. The Nissan and Ramsey Solution agreements are with the City, County, and the Industrial Development Board. The last agreement is a refund to Community Health Systems from a prior year.

The amount is comprised of:

	<u>Estimated Property Tax</u>		<u>In Lieu of Tax Payment</u>		<u>Difference</u>
1. Franklin Housing Authority (1967)	\$ 27,444	A	\$ 20,394	\$	7,050
2. Franklin Housing Authority (2018)	35,809	B	171,651		(135,842)
3. Franklin Housing Authority (2019)	11,275	C	-		11,275
4. Nissan	202,118	D	172,388		29,730
5. Ramsey Solutions	84,442	E	35,503		48,939
6. Community Health Systems	-	F	(1,000)		1,000
Totals	<u>\$ 361,088</u>		<u>\$ 398,936</u>	\$	<u>(37,848)</u>

- A The estimated property tax amount for the Franklin Housing Authority-1967 was developed from total cost of the authority's sites per its master housing plan at an assessed residential rate of 25%. The agreement began in 1967 and has no specified end date. Reddick Street properties that have been renovated are now included in FHA-2018.
- B The estimated property tax amount for the Franklin Housing Authority-2018 developed from total cost of 3 sites (Senior Residence at Reddick Street completed in November 2013, Reddick Street Apartments completed in November 2016, and Chickasaw Senior Community completed in December 2019) at an assessed residential rate of 25%. The agreement began in 2018 and has no specific end date.
- C The estimated property tax amount for the Franklin Housing Authority-2019 developed from total cost of 64 renovated units at Spring Street/Johnson Circle. The PILOT agreement was approved on September 10, 2019.
- D The estimated property tax amount is based on the value calculated by the Williamson County property tax assessor. The in lieu of funds are 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.
- E The estimated property tax amount is based on the cost of land and building improvements for the Ramsey Solutions facility. The Industrial Development Board owns the facility and leases to Ramsey Solutions. The City passed the tax abatements on October 13, 2015.
- F This was a refund to Community Health Systems from a prior year.

O. Risks and Uncertainties

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the pandemic continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and contributed to significant deterioration and instability in financial markets. The pandemic may have a continued material adverse impact on economic and market conditions, triggering a period of economic slowdown.

Although the City cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the City's results of future operations, financial position, and liquidity in fiscal year 2021.

CITY OF FRANKLIN, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

P. Reissuance of Audited Financial Statements

After issuance of the fiscal year 2020 audited financial statements, the City discovered they should have reported certain expenditures related to the State Revolving Fund CFDA number 66.458 on the Schedule of Expenditures of Federal Awards (SEFA), however they were reported on the Schedule of State Financial Assistance (SESA). The expenditures have been updated to be excluded from the SESA and included on the SEFA. Because of these changes, a revised Schedule of Expenditures of Federal Awards and State Financial Assistance are presented. The changes to the SEFA increase the total of expenditures reported by \$40,184,793 and reduced the total amount of expenditures reported on the SESA by the same amount. The financial statements were not adjusted as a result of the change. As a result of the inclusion of these loans, the State Revolving Loan Fund program has been audited as a major program under the Uniform Guidance for the fiscal year 2020. See the Compliance Section for the results of the additional testing.

In addition, the City concluded certain infrastructure assets contributed by the developer were not included in the financial statements. The financial statements have been restated to include these assets. The following has been updated in the financial statements for the fiscal year 2020: In the statement of net position, capital assets and net position have been increased by \$19,890,179. In the statement of activities, expenses for Streets-maintenance has been increased by \$483,794.

Q. Subsequent events

On July 14, 2020, the Board of Mayor and Aldermen approved temporary suspension of penalties for delinquent water, sewer, reclaimed water, stormwater, and sanitation collection services through September 30, 2020. By granting further suspension, customers with delinquent bills may request a payment agreement during the month of July, which are typically 60 days in duration, without incurring penalty while fulfilling terms of the agreement. Customers with delinquent balances are contacted in multiple ways including letters, unpaid balances shown on monthly bills and automatic phone messages. (Prior to this approval, City of Franklin Mayor issued Executive Orders beginning April 3, 2020, which allowed for suspension of penalties due to the sudden closure of businesses and reduced economic activity during the COVID-19 pandemic, for periods of 7 days. The final Executive Order to include this temporary suspension was issued on June 5, 2020.)

On August 7, 2020, the City received \$1,815,648 one-time direct appropriation grant from the State of Tennessee. There was no requirement to file a plan of use of the grant funds. This appropriation is intended to assist local governments due to the COVID-19 pandemic.

As of this report, the City has submitted applications for reimbursement of COVID-19 costs of \$1,213,710 allocated to the City in the TN CARES Act. No grant receivable was set up in 2020 as the TN CARES Act was not approved by the State until after June 30, 2020. It is anticipated that all TN CARES funds will be received by the City in FY 2021.

At the City's October 2020 Budget and Finance Committee, a budget amendment to the fiscal year 2021 budget was proposed. The Fiscal Year 2020-2021 Budget, built in the earliest weeks of the COVID-19 pandemic, represented the best estimates of revenues at the time and was prudently conservative given the great unknowns when faced with unprecedented shutdowns of vital segments of the economy in Franklin, in Tennessee, and in the nation as a whole. Now that six months have elapsed, the City is in a much better financial position ending FY 2020 than anticipated and can make reasonable revisions to both anticipated revenues and expenditures for the remainder of this fiscal year (FY 2020-2021). The amendment proposes a \$2 million increase in general/government revenue. From this increase, there are 3 proposed appropriations. The first are pay adjustments for a one-time increase in the holiday bonus from \$100 to \$350, a 2% general pay increase as of January 2021, and an allocation to address policy pay compression. The second is master planning / preliminary design for a new City Hall, Phase 1. The third is budget restoration of vacancies, capital equipment, and enhancements not included in the original budget. The Board of Mayor and Aldermen is expected to vote on the budget amendment in October/November 2020.

REQUIRED SUPPLEMENTARY INFORMATION



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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 559,038	\$ 532,417	\$ 142,900
Interest	566,552	155,371	158,282
Changes of benefit items	-	(6,939)	-
Differences between expected and actual experience	-	(1,918,330)	-
Changes of assumptions or other inputs	-	16,434,163	-
Benefit payments	<u>(485,623)</u>	<u>(451,742)</u>	<u>(645,903)</u>
Net change in total OPEB liability	639,967	14,744,940	(344,721)
Total OPEB liability-beginning	20,233,120	5,488,180	5,832,900
Total OPEB liability-ending	<u>\$ 20,873,087</u>	<u>\$ 20,233,120</u>	<u>\$ 5,488,179</u>
Covered-employee payroll	<u>\$ 40,104,752</u>	<u>\$ 39,318,384</u>	<u>\$ 31,118,096</u>
Total OPEB liability as a percentage of covered-employee payroll	52.0%	51.5%	17.6%

Notes to Schedule

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

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

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability						
Service cost	\$ 2,438,659	\$ 2,017,416	\$ 1,894,635	\$ 1,911,994	\$ 2,093,993	\$ 1,977,349
Interest	10,165,977	9,572,072	9,280,014	7,983,916	7,209,696	6,583,224
Cash balance increase	291,703	297,918	-	-	-	-
Changes of benefit items	-	-	-	-	-	-
Differences between expected and actual experience	622,830	2,887,307	5,354,543	3,866,434	5,394,430	3,336,925
Changes of assumptions	1,706,426	1,191,865	2,293,802	-	-	-
Benefit payments, including refunds of employee contributions	(6,812,691)	(5,310,361)	(4,668,158)	(4,238,026)	(3,699,996)	(3,234,121)
Net change in total pension liability	<u>8,412,904</u>	<u>10,656,217</u>	<u>14,154,836</u>	<u>9,524,318</u>	<u>10,998,123</u>	<u>8,663,377</u>
Total pension liability-beginning	<u>142,749,586</u>	<u>132,093,369</u>	<u>117,949,394</u>	<u>108,425,076</u>	<u>97,426,953</u>	<u>88,763,576</u>
Total pension liability-ending (a)	<u>\$ 151,162,490</u>	<u>\$ 142,749,586</u>	<u>\$ 132,104,230</u>	<u>\$ 117,949,394</u>	<u>\$ 108,425,076</u>	<u>\$ 97,426,953</u>
Plan fiduciary net position						
Contributions-employer	\$ 5,988,709	\$ 4,254,456	\$ 4,471,922	\$ 3,888,628	\$ 2,846,724	\$ 2,354,417
Contributions-employee	702,598	831,941	593,845	548,163	525,364	419,334
Net investment income (loss)	18,743,979	(3,237,304)	14,823,429	6,452,638	(1,678,689)	5,973,819
Benefit payments, including refunds of employee contributions	(6,812,691)	(5,310,361)	(4,668,158)	(4,238,026)	(3,699,996)	(3,234,121)
Administrative expenses	(142,565)	(114,344)	(112,112)	(171,371)	(584,138)	(561,992)
Net change in plan fiduciary net position	<u>18,480,030</u>	<u>(3,575,612)</u>	<u>15,108,926</u>	<u>6,480,032</u>	<u>(2,590,735)</u>	<u>4,951,457</u>
Plan fiduciary net position-beginning	<u>104,845,757</u>	<u>108,421,369</u>	<u>93,312,443</u>	<u>86,832,411</u>	<u>89,423,146</u>	<u>84,471,689</u>
Plan fiduciary net position-ending (b)	<u>\$ 123,325,787</u>	<u>\$ 104,845,757</u>	<u>\$ 108,421,369</u>	<u>\$ 93,312,443</u>	<u>\$ 86,832,411</u>	<u>\$ 89,423,146</u>
Net pension liability-ending (a) - (b)	<u>\$ 27,836,703</u>	<u>\$ 37,903,829</u>	<u>\$ 23,682,861</u>	<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	81.6%	73.4%	82.1%	79.1%	80.1%	91.8%
Covered payroll	\$ 30,013,785	\$ 31,795,391	\$ 31,118,096	\$ 30,832,419	\$ 30,362,659	\$ 28,205,179
Pension liability as a percentage of covered payroll	92.7%	119.2%	76.1%	79.9%	71.1%	28.4%

Notes to Schedule:

Changes of assumptions - In 2019, amounts reported as changes of assumptions resulted from change to the inflation rate and investment rate of return, salary increases, mortality rates, and withdrawal rates.

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability			
Service cost	\$ 372,276	\$ 124,730	\$ -
Interest	51,291	12,799	-
Changes of benefit items	-	-	52,267
Differences between expected and actual experience	246,960	146,886	-
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(1,183)	(906)	-
Net change in total pension liability	<u>669,344</u>	<u>283,509</u>	<u>52,267</u>
Total pension liability-beginning	<u>335,776</u>	<u>52,267</u>	<u>-</u>
Total pension liability-ending (a)	<u>\$ 1,005,120</u>	<u>\$ 335,776</u>	<u>\$ 52,267</u>
Plan fiduciary net position			
Contributions-employer	\$ 344,345	\$ 166,897	\$ 23,007
Contributions-employee	278,151	128,382	17,698
Net investment income (loss)	48,394	15,395	2,220
Benefit payments, including refunds of employee contributions	(1,183)	(906)	-
Administrative expenses	(11,344)	(6,220)	(1,519)
Net change in plan fiduciary net position	<u>658,363</u>	<u>303,548</u>	<u>41,406</u>
Plan fiduciary net position-beginning	<u>344,954</u>	<u>41,406</u>	<u>-</u>
Plan fiduciary net position-ending (b)	<u>\$ 1,003,317</u>	<u>\$ 344,954</u>	<u>\$ 41,406</u>
Net pension (asset) liability-ending (a) - (b)	<u>\$ 1,803</u>	<u>\$ (9,178)</u>	<u>\$ 10,861</u>
Plan fiduciary net position as a percentage of the total pension (asset) liability	99.82%	102.73%	79.22%
Covered payroll	\$ 5,563,006	\$ 2,567,642	\$ 353,953
Pension (asset) liability as a percentage of covered payroll	0.03%	-0.36%	3.07%

Notes to Schedule:

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

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

(Continued)

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 5,988,709	\$ 4,254,456	\$ 4,205,916	\$ 3,888,628	\$ 2,846,724	\$ 2,417,920
Contributions in relation to the actuarially determined contribution	<u>5,988,709</u>	<u>4,254,456</u>	<u>4,471,922</u>	<u>3,888,628</u>	<u>2,846,724</u>	<u>\$ 2,354,417</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (266,006)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,503</u>
Covered payroll	\$ 29,943,545	\$ 31,749,672	\$ 31,055,014	\$ 30,862,127	\$ 30,284,298	\$ 28,366,470
Contributions as a percentage of covered payroll	20.0%	13.4%	14.4%	12.6%	9.4%	8.3%

Notes to Schedule*Valuation date:*

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Amortization period	20 years closed period
Remaining amortization period	Varies by year
Asset valuation method	Fair market value
Inflation rate	2.0%
Salary increases	Prior year, 4% annual increase. Beginning December 31, 2018, based on age (Age 25, 7.5%, Age 30, 7.0%, Age 35, 6.0%, Age 40, 5%, Age 45, 4.5%, Age 50, 4%, Age 55, 3.5%, and Age 60+, 3%)
Investment rate of return	Prior year, 7.3%. Beginning December 31, 2019, 7.2%
Retirement age	Pattern of retirement determined by experience study. For administrative employees, 2003 SOA Pension Plan Turnover Study-Basic Age Table used. For police and fire employees, 115% of 2003 SOA Pension Plan Turnover Study-Basic Age Table used.
Mortality	105% of the RP-2014 Health Annuity and Non-Annuity, Blue Collar Mortality Tables, adjusted back to 2006, separate for males and females.

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

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 422,700	\$ 344,345	\$ 166,897	\$ 172,503	\$ 23,007
Contributions in relation to the actuarially determined contribution	<u>422,700</u>	<u>344,345</u>	<u>166,897</u>	<u>172,503</u>	<u>23,007</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,453,990	\$ 5,564,163	\$ 2,567,642	\$ 2,653,892	\$ 353,953
Contributions as a percentage of covered payroll	5.0%	5.0%	6.5%	6.5%	6.5%

*GASB 68 requires a 10-year schedule for this data to be presented starting *with the implementation of GASB 68*. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Notes to Schedule

Valuation date: Actuarially determined contribution rates and covered payroll for fiscal year 2020 were calculated based on the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation rate	2.5%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.0%
Investment rate of return	7.25%, net of investment expense, including inflation
Mortality	Customized table based on actual experience including projection of mortality improvement using Scale MP-2017 (generational projection)
Cost of living adjustments	2.25%, if provided

(Continued)

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expenses	18.1%	-4.0%	16.1%	7.3%	-2.5%	6.4%

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

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



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**CITY OF FRANKLIN, TENNESSEE
NONMAJOR GOVERNMENTAL FUNDS**

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.

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 transfers to the debt service fund to pay parks/tourism related debt service, capital outlay including parks related improvements, and support toward the Williamson County Convention and Visitors Bureau.

Parkland Dedication 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, 2020

With Comparative Totals for the Fiscal Year Ended June 30, 2019

	Special Revenue Funds											
	State Street Aid Fund	Sanitation Fund	Facilities Tax Fund	County Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel/Motel Tax Fund	Parkland Dedication Fund	Transit Authority Fund	CDBG Fund	2020	2019
ASSETS												
Cash and cash equivalents	\$ 49,471	\$ 27	\$ 2,154,665	\$ 685,355	\$ 425,993	\$ 393,162	\$ 1,330,491	\$ 1,575,648	\$ 166,911	\$ 71,645	\$ 6,853,368	\$ 9,352,292
Investments	134,247	117	9,343,421	2,971,954	1,844,142	122,942	5,953,113	6,832,591	723,790	310,679	28,236,996	46,876,173
Receivables (net of allowance for uncollectibles)	1,259,515	1,618,488	52,424	16,675	450,690	4,368	314,029	38,336	244,717	10,676	4,009,918	4,937,779
Inventory and prepaids	-	65,841	-	-	-	-	-	-	-	-	65,841	34,840
Total assets	\$ 1,443,233	\$ 1,684,473	\$ 11,550,510	\$ 3,673,984	\$ 2,720,825	\$ 520,472	\$ 7,597,633	\$ 8,446,575	\$ 1,135,418	\$ 393,000	\$ 39,166,123	\$ 61,201,084
LIABILITIES												
Accounts payable	\$ 24,081	\$ 618,392	\$ 855,661	\$ -	\$ 25,424	\$ -	\$ 674	\$ 210,022	\$ 317,506	\$ 7,189	\$ 2,058,949	\$ 1,061,993
Unearned revenue	-	-	-	-	-	-	-	-	-	272,745	272,745	262,156
Total liabilities	24,081	618,392	855,661	-	25,424	-	674	210,022	317,506	279,934	2,331,694	1,324,149
DEFERRED INFLOWS OF RESOURCES												
Unavailable revenue-property tax-Jan. 1 levy	817,333	-	-	-	-	-	-	-	-	-	817,333	787,921
Unavailable revenue-grant proceeds	-	-	-	-	-	-	93,130	-	-	-	-	33,518
Unavailable revenue-hotel/motel Tax	-	-	-	-	-	-	93,130	-	-	-	93,130	128,295
Total deferred inflows of resources	817,333	-	-	-	-	-	93,130	-	-	-	910,463	949,734
FUND BALANCES												
Non-spendable	-	65,841	-	-	-	-	-	-	-	-	65,841	34,840
Restricted	601,819	1,000,240	-	3,673,984	-	520,472	-	-	-	113,066	5,909,581	6,916,726
Committed	-	-	10,694,849	-	2,695,401	-	3,800,182	-	817,912	-	18,008,344	38,800,441
Assigned	-	-	-	-	-	-	3,703,647	8,236,553	-	-	11,940,200	13,175,194
Total fund balances	601,819	1,066,081	10,694,849	3,673,984	2,695,401	520,472	7,503,829	8,236,553	817,912	113,066	35,923,966	58,927,201
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,443,233	\$ 1,684,473	\$ 11,550,510	\$ 3,673,984	\$ 2,720,825	\$ 520,472	\$ 7,597,633	\$ 8,446,575	\$ 1,135,418	\$ 393,000	\$ 39,166,123	\$ 61,201,084

See independent auditor's report.
2019 includes Road Impact Fee Fund, which became a major fund in 2020.

CITY OF FRANKLIN, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	Special Revenue Funds											
	State Street Aid Fund	Sanitation Fund	Facilities Tax Fund	County Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel/Motel Tax Fund	Parkland Dedication Fund	Transit Authority Fund	CDBG Fund	2020	2019
Revenues:												
Taxes:												
Property tax	\$ 779,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 779,036	\$ 748,375
Hotel/ motel tax	-	-	-	-	-	-	3,138,814	-	-	-	3,138,814	4,103,235
Facilities tax	-	-	3,051,110	889,427	-	-	-	-	-	-	3,940,537	3,370,185
Licenses and permits	-	-	-	-	-	-	-	1,464,200	-	-	1,464,200	9,054,627
Fines and fees	-	-	-	-	-	172,111	-	-	-	-	172,111	115,527
Intergovernmental:												
Gas & motor fuel	1,290,479	-	-	-	-	-	-	-	-	-	1,290,479	1,342,649
Petroleum special	140,774	-	-	-	-	-	-	-	-	-	140,774	140,793
Gas 1989	204,037	-	-	-	-	-	-	-	-	-	204,037	214,189
Gas 3 cent	378,067	-	-	-	-	-	-	-	-	-	378,067	396,877
Gas 2018	647,388	-	-	-	-	-	-	-	-	-	647,388	536,489
Grants	-	-	-	-	-	-	-	-	2,132,319	-	2,132,319	2,402,099
Charges for services	-	9,479,172	-	-	2,550,882	-	-	-	63,426	-	2,402,099	1,863,427
Use of money and property	50,168	253,753	434,377	110,599	110,925	9,273	385,549	292,983	44,288	12,615	1,704,530	12,004,583
Total revenues	3,489,949	9,732,925	3,483,487	1,000,026	2,661,807	181,384	3,524,363	1,757,183	2,240,033	282,395	28,353,552	36,028,008
Expenditures:												
Current:												
Police	-	-	1,576	-	-	99,096	-	-	-	-	100,672	116,138
Fire	-	-	355,701	-	-	-	-	-	-	-	355,701	99,248
Parks	-	-	6,005	-	-	-	-	-	-	-	6,005	58,349
Highways and streets	3,634,540	-	-	-	-	-	-	-	-	-	3,634,540	4,151,838
General government	-	-	-	-	-	-	1,110,030	-	-	-	1,379,810	1,353,658
Storm water	-	-	-	-	2,555,688	-	-	-	-	269,780	2,555,688	2,282,043
Sanitation	-	9,207,309	-	-	-	-	-	-	-	-	9,207,309	8,128,728
Transit	-	-	-	-	-	-	-	-	2,446,053	-	-	69,486
Principal	-	-	-	-	-	-	-	-	-	-	-	462
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service Fees	-	-	-	-	-	-	12,799	-	-	-	12,799	-
Capital outlay	-	1,208,781	6,034,691	-	1,210,728	-	421,740	-	165,370	-	9,041,310	3,936,113
Total expenditures	3,634,540	10,416,090	6,397,973	-	3,766,416	99,096	1,544,569	-	2,611,423	269,780	28,739,887	22,473,269
Excess (deficiency) of revenues over (under) expenditures	(144,591)	(683,165)	(2,912,486)	1,000,026	(1,104,609)	82,288	1,979,794	1,757,183	(371,390)	12,615	(384,335)	13,554,739
Other financing sources (uses):												
Transfers in	250,000	-	-	-	-	-	-	-	371,653	-	621,653	1,525,884
Transfers out	-	(208,317)	(1,483,942)	(1,285,000)	-	-	(2,147,023)	(1,526,508)	-	-	(6,650,790)	(5,964,428)
Total other financing sources (uses)	250,000	(208,317)	(1,483,942)	(1,285,000)	-	-	(2,147,023)	(1,526,508)	371,653	-	(6,029,137)	(4,438,544)
Net changes in fund balances	105,409	(891,482)	(4,396,428)	(284,974)	(1,104,609)	82,288	(167,229)	230,675	263	12,615	(6,413,472)	9,116,195
Fund balances - beginning	496,410	1,957,563	15,091,277	3,958,958	3,800,010	438,184	7,671,058	8,005,878	817,649	100,451	42,337,438	49,811,006
Fund balances - ending	\$ 601,819	\$ 1,066,081	\$ 10,694,849	\$ 3,673,984	\$ 2,695,401	\$ 520,472	\$ 7,503,829	\$ 8,236,553	\$ 817,912	\$ 113,066	\$ 35,923,966	\$ 58,927,201

See independent auditor's report. 2019 includes Road Impact Fee Fund, which became a major fund in 2020.

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, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget	2019
	Original	Final			
Revenues:					
Taxes:					
Property tax	\$ 774,694	\$ 774,694	\$ 779,036	\$ 4,342	\$ 748,375
Intergovernmental:					
Gasoline tax, State of Tennessee:					
Gas & motor fuel	1,408,625	1,408,625	1,290,479	(118,146)	1,342,649
Petroleum special	138,101	138,101	140,774	2,673	140,793
Gas 1989	220,961	220,961	204,037	(16,924)	214,189
Gas 3 cent	414,302	414,302	378,067	(36,235)	396,877
Gas 2018	580,023	580,023	647,388	67,365	536,489
Use of money and property:					
Interest earned	7,500	7,500	50,168	42,668	8,049
Total revenues	<u>3,544,206</u>	<u>3,544,206</u>	<u>3,489,949</u>	<u>(54,257)</u>	<u>3,387,421</u>
Expenditures:					
Current:					
Highways and streets:					
Street maintenance and improvement	3,800,000	4,050,000	3,633,541	416,459	3,784,840
Supplies	600	600	999	(399)	1,606
Total current	<u>3,800,600</u>	<u>4,050,600</u>	<u>3,634,540</u>	<u>416,060</u>	<u>3,786,446</u>
Total expenditures	<u>3,800,600</u>	<u>4,050,600</u>	<u>3,634,540</u>	<u>416,060</u>	<u>3,786,446</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(256,394)</u>	<u>(506,394)</u>	<u>(144,591)</u>	<u>361,803</u>	<u>(399,025)</u>
Other financing sources (uses):					
Operating transfers from other funds	-	-	-	-	250,000
Transfers from other funds	250,000	500,000	250,000	(250,000)	-
Total other financing sources (uses)	<u>250,000</u>	<u>500,000</u>	<u>250,000</u>	<u>(250,000)</u>	<u>250,000</u>
Net changes in fund balances	<u>\$ (6,394)</u>	<u>\$ (6,394)</u>	105,409	<u>\$ 111,803</u>	(149,025)
Fund balance - beginning			<u>496,410</u>		<u>645,435</u>
Fund balance - ending			<u>\$ 601,819</u>		<u>\$ 496,410</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, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget	2019
	Original	Final			
Revenues:					
Special event services fee	\$ 5,437	\$ 5,437	\$ -	\$ (5,437)	\$ -
Charges for services:					
Garbage fees	9,611,188	9,611,188	9,310,396	(300,792)	9,341,314
Customer service	-	-	97,775	97,775	-
Use of money and property:					
Interest earned	63,654	63,654	10,608	(53,046)	15,916
Sale of surplus property	600,000	600,000	243,145	(356,855)	-
Miscellaneous income	67,380	67,380	71,001	3,621	-
Total revenues	<u>10,347,659</u>	<u>10,347,659</u>	<u>9,732,925</u>	<u>(614,734)</u>	<u>9,357,230</u>
Expenditures:					
Sanitation:					
Personnel	3,392,317	3,392,317	3,450,069	(57,752)	3,363,543
Services	3,969,006	3,969,006	4,115,587	(146,581)	3,735,850
Supplies	1,070,439	1,070,439	783,506	286,933	477,333
Operational units	752,528	752,528	752,529	(1)	457,091
Business expenses	118,562	118,562	105,618	12,944	94,446
Payments on capital leases	-	-	-	-	69,948
	<u>9,302,852</u>	<u>9,302,852</u>	<u>9,207,309</u>	<u>95,543</u>	<u>8,198,211</u>
Capital outlay:					
Capital outlay - Sanitation	<u>1,201,020</u>	<u>1,351,020</u>	<u>1,208,781</u>	<u>142,239</u>	<u>265,000</u>
	<u>1,201,020</u>	<u>1,351,020</u>	<u>1,208,781</u>	<u>142,239</u>	<u>265,000</u>
Total expenditures	<u>10,503,872</u>	<u>10,653,872</u>	<u>10,416,090</u>	<u>237,782</u>	<u>8,463,211</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(156,213)</u>	<u>(306,213)</u>	<u>(683,165)</u>	<u>(376,952)</u>	<u>894,019</u>
Other financing sources (uses):					
Transfers to other funds	<u>(348,390)</u>	<u>(348,390)</u>	<u>(208,317)</u>	<u>140,073</u>	<u>(96,930)</u>
Total other financing sources (uses)	<u>(348,390)</u>	<u>(348,390)</u>	<u>(208,317)</u>	<u>140,073</u>	<u>(96,930)</u>
Net changes in fund balances	<u>\$ (504,603)</u>	<u>\$ (654,603)</u>	<u>(891,482)</u>	<u>\$ (236,879)</u>	<u>797,089</u>
Fund balance - beginning			<u>1,957,563</u>		<u>1,160,474</u>
Fund balance - ending			<u>\$ 1,066,081</u>		<u>\$ 1,957,563</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, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with	2019
	Original	Final		Final Budget	
Revenues:					
Licenses and permits:					
Facilities tax	\$ 2,875,000	\$ 2,875,000	\$ 3,051,110	\$ 176,110	\$ 2,610,311
Use of money and property:					
Interest earned	200,000	200,000	434,377	234,377	513,487
Total revenues	<u>3,075,000</u>	<u>3,075,000</u>	<u>3,485,487</u>	<u>410,487</u>	<u>3,123,798</u>
Expenditures:					
Police:					
Supplies	-	-	1,576	(1,576)	-
	<u>-</u>	<u>-</u>	<u>1,576</u>	<u>(1,576)</u>	<u>-</u>
Fire:					
Services	7,000	7,000	23,617	(16,617)	33,764
Supplies	306,592	306,592	331,959	(25,367)	64,984
Business expenses	-	-	125	(125)	500
	<u>313,592</u>	<u>313,592</u>	<u>355,701</u>	<u>(42,109)</u>	<u>99,248</u>
Parks:					
Services	-	-	5,980	(5,980)	55,370
Supplies	-	-	25	(25)	945
Business expenses	-	-	-	-	60
	<u>-</u>	<u>-</u>	<u>6,005</u>	<u>(6,005)</u>	<u>56,375</u>
Sanitation:					
Services	-	-	-	-	465
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>465</u>
Capital outlay:					
Capital outlay - Fire	7,636,210	7,636,210	5,828,280	1,807,930	1,937,918
Capital outlay - Parks	75,500	75,500	25,871	49,629	-
Capital outlay - Sanitation	190,020	190,020	180,540	9,480	348,733
	<u>7,901,730</u>	<u>7,901,730</u>	<u>6,034,691</u>	<u>1,867,039</u>	<u>2,286,651</u>
Total expenditures	<u>8,215,322</u>	<u>8,215,322</u>	<u>6,397,973</u>	<u>1,817,349</u>	<u>2,442,739</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,140,322)</u>	<u>(5,140,322)</u>	<u>(2,912,486)</u>	<u>2,227,836</u>	<u>681,059</u>
Other financing sources (uses):					
Transfers to other funds	-	(1,483,942)	(1,483,942)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(1,483,942)</u>	<u>(1,483,942)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ (5,140,322)</u>	<u>\$ (6,624,264)</u>	<u>(4,396,428)</u>	<u>\$ 2,227,836</u>	<u>681,059</u>
Fund balance - beginning			<u>15,091,277</u>		<u>14,410,218</u>
Fund balance - ending			<u>\$ 10,694,849</u>		<u>\$ 15,091,277</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, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget	2019
	Original	Final			
Revenues:					
Licenses and permits:					
Facilities tax	\$ 1,250,000	\$ 1,250,000	\$ 889,427	\$ (360,573)	\$ 759,874
Use of money and property:					
Interest earned	60,000	60,000	110,599	50,599	144,567
Total revenues	<u>1,310,000</u>	<u>1,310,000</u>	<u>1,000,026</u>	<u>(309,974)</u>	<u>904,441</u>
Other financing sources (uses):					
Transfers to other funds	-	-	-	-	(1,750,000)
Operating transfers to other funds	(1,285,000)	(1,285,000)	(1,285,000)	-	-
Total other financing sources (uses)	<u>(1,285,000)</u>	<u>(1,285,000)</u>	<u>(1,285,000)</u>	<u>-</u>	<u>(1,750,000)</u>
Net changes in fund balances	<u>\$ 25,000</u>	<u>\$ 25,000</u>	(284,974)	<u>\$ (309,974)</u>	(845,559)
Fund balance - beginning			<u>3,958,958</u>		<u>4,804,517</u>
Fund balance - ending			<u>\$ 3,673,984</u>		<u>\$ 3,958,958</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, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with	2019
	Original	Final		Final Budget	
Revenues:					
Inspection fees	\$ 25,000	\$ 25,000	\$ 22,300	\$ (2,700)	\$ -
Charges for services:					
Customer service	2,585,000	2,585,000	2,550,332	(34,668)	2,578,324
Use of money and property:					
Interest earned	37,500	37,500	89,204	51,704	132,436
Sale of surplus property	-	-	(29)	(29)	-
Total revenues	<u>2,647,500</u>	<u>2,647,500</u>	<u>2,661,807</u>	<u>14,307</u>	<u>2,710,760</u>
Expenditures:					
Storm water:					
Personnel	1,632,440	1,632,440	1,709,489	(77,049)	1,597,874
Services	351,238	351,238	348,656	2,582	214,821
Supplies	208,938	208,938	129,629	79,309	137,077
Operational units	301,014	301,014	301,012	2	261,195
Business expenses	66,599	66,599	66,902	(303)	71,076
	<u>2,560,229</u>	<u>2,560,229</u>	<u>2,555,688</u>	<u>4,541</u>	<u>2,282,043</u>
Capital outlay:					
Capital outlay	2,550,000	2,550,000	1,210,728	1,339,272	750,143
	<u>2,550,000</u>	<u>2,550,000</u>	<u>1,210,728</u>	<u>1,339,272</u>	<u>750,143</u>
Total expenditures	<u>5,110,229</u>	<u>5,110,229</u>	<u>3,766,416</u>	<u>1,343,813</u>	<u>3,032,186</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,462,729)</u>	<u>(2,462,729)</u>	<u>(1,104,609)</u>	<u>1,358,120</u>	<u>(321,426)</u>
Other financing sources (uses):					
Transfers to other funds	-	-	-	-	(50,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
Net changes in fund balances	<u>\$ (2,462,729)</u>	<u>\$ (2,462,729)</u>	<u>(1,104,609)</u>	<u>\$ 1,358,120</u>	<u>(371,426)</u>
Fund balance - beginning			<u>3,800,010</u>		<u>4,171,436</u>
Fund balance - ending			<u>\$ 2,695,401</u>		<u>\$ 3,800,010</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, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget	2019
	Original	Final			
Revenues:					
Fines and fees:					
Drug fines	\$ 116,033	\$ 116,033	\$ 76,687	\$ (39,346)	\$ 89,263
Seized assets/unclaimed evidence	97,015	97,015	95,424	(1,591)	26,264
Use of money and property:					
Interest earned	12,000	12,000	8,825	(3,175)	13,629
Sale of surplus property	18,316	18,316	448	(17,868)	-
Total revenues	<u>243,364</u>	<u>243,364</u>	<u>181,384</u>	<u>(61,980)</u>	<u>129,156</u>
Expenditures:					
Police:					
Supplies	-	-	64,530	(64,530)	89,324
Operational units	72,500	72,500	31,323	41,177	24,260
Business expenses	2,400	2,400	3,243	(843)	2,554
	<u>74,900</u>	<u>74,900</u>	<u>99,096</u>	<u>(24,196)</u>	<u>116,138</u>
Capital outlay:					
Capital outlay - Police	60,000	60,000	-	60,000	83,356
	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>83,356</u>
Total expenditures	<u>134,900</u>	<u>134,900</u>	<u>99,096</u>	<u>35,804</u>	<u>199,494</u>
Net changes in fund balances	<u>\$ 108,464</u>	<u>\$ 108,464</u>	82,288	<u>\$ (26,176)</u>	(70,338)
Fund balance - beginning			<u>438,184</u>		<u>508,522</u>
Fund balance - ending			<u>\$ 520,472</u>		<u>\$ 438,184</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, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with	2019
	Original	Final		Final Budget	
Revenues:					
Taxes:					
Hotel/Motel tax	\$ 3,920,520	\$ 3,920,520	\$ 3,138,814	\$ (781,706)	\$ 4,103,235
Use of money and property:					
Interest earned	100,000	100,000	251,991	151,991	214,714
Distributions from conference center	-	-	133,558	133,558	304,680
Total revenues	<u>4,020,520</u>	<u>4,020,520</u>	<u>3,524,363</u>	<u>(496,157)</u>	<u>4,622,629</u>
Expenditures:					
General:					
Services	-	-	32,970	(32,970)	1,974
Supplies	23,500	23,500	85,431	(61,931)	-
Appropriations	1,028,804	1,028,804	1,004,428	24,376	979,812
	<u>1,052,304</u>	<u>1,052,304</u>	<u>1,122,829</u>	<u>(70,525)</u>	<u>981,786</u>
Capital outlay:					
Capital outlay - Parks	338,036	435,438	421,740	13,698	379,516
	<u>338,036</u>	<u>435,438</u>	<u>421,740</u>	<u>13,698</u>	<u>379,516</u>
Total expenditures	<u>1,390,340</u>	<u>1,487,742</u>	<u>1,544,569</u>	<u>(56,827)</u>	<u>1,361,302</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,630,180</u>	<u>2,532,778</u>	<u>1,979,794</u>	<u>(552,984)</u>	<u>3,261,327</u>
Other financing sources (uses):					
Transfers to other funds	(1,111,402)	(2,166,272)	(2,147,023)	19,249	(1,312,355)
Total other financing sources (uses)	<u>(1,111,402)</u>	<u>(2,166,272)</u>	<u>(2,147,023)</u>	<u>19,249</u>	<u>(1,312,355)</u>
Net changes in fund balances	<u>\$ 1,518,778</u>	<u>\$ 366,506</u>	(167,229)	<u>\$ (533,735)</u>	1,948,972
Fund balance - beginning			<u>7,671,058</u>		<u>5,722,086</u>
Fund balance - ending			<u>\$ 7,503,829</u>		<u>\$ 7,671,058</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
PARKLAND DEDICATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget	2019
	Original	Final			
Revenues:					
Parkland dedication fees	\$ 1,500,000	\$ 1,500,000	\$ 1,464,200	\$ (35,800)	\$ 1,394,772
Interest earned	75,000	75,000	292,983	217,983	241,394
Total revenues	<u>1,575,000</u>	<u>1,575,000</u>	<u>1,757,183</u>	<u>182,183</u>	<u>1,636,166</u>
Other financing sources (uses):					
Transfers to other funds	-	(1,526,508)	(1,526,508)	-	-
Operating transfers from other funds	-	-	-	-	228,582
Total other financing sources (uses)	<u>-</u>	<u>(1,526,508)</u>	<u>(1,526,508)</u>	<u>-</u>	<u>228,582</u>
Net changes in fund balances	<u>\$ 1,575,000</u>	<u>\$ 48,492</u>	230,675	<u>\$ 182,183</u>	1,864,748
Fund balance - beginning			<u>8,005,878</u>		<u>6,141,130</u>
Fund balance - ending			<u>\$ 8,236,553</u>		<u>\$ 8,005,878</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, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with	2019
	Original	Final		Final Budget	
Revenues:					
Intergovernmental:					
Grants	\$ 1,962,489	\$ 1,962,489	\$ 2,132,319	\$ 169,830	\$ 1,489,582
Charges for services:					
Transit fares	149,000	149,000	63,426	(85,574)	84,945
Use of money and property:					
Interest earned	20,000	20,000	33,788	13,788	27,227
Rental income	9,700	9,700	10,500	800	9,700
Total revenues	<u>2,141,189</u>	<u>2,141,189</u>	<u>2,240,033</u>	<u>98,844</u>	<u>1,611,454</u>
Expenditures:					
Transit:					
Services	-	-	27	(27)	-
Operational units	2,546,060	3,546,060	2,446,026	1,100,034	2,277,206
	<u>2,546,060</u>	<u>3,546,060</u>	<u>2,446,053</u>	<u>1,100,007</u>	<u>2,277,206</u>
Capital outlay:					
Capital outlay	582,000	582,000	165,370	416,630	130,132
	<u>582,000</u>	<u>582,000</u>	<u>165,370</u>	<u>416,630</u>	<u>130,132</u>
Total expenditures	<u>3,128,060</u>	<u>4,128,060</u>	<u>2,611,423</u>	<u>1,516,637</u>	<u>2,407,338</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(986,871)</u>	<u>(1,986,871)</u>	<u>(371,390)</u>	<u>1,615,481</u>	<u>(795,884)</u>
Other financing sources (uses):					
Operating transfers from other funds	-	-	-	-	795,884
Transfers from other funds	1,003,371	2,003,371	371,653	(1,631,718)	-
Total other financing sources (uses)	<u>1,003,371</u>	<u>2,003,371</u>	<u>371,653</u>	<u>(1,631,718)</u>	<u>795,884</u>
Net changes in fund balances	<u>\$ 16,500</u>	<u>\$ 16,500</u>	263	<u>\$ (16,237)</u>	-
Fund balance - beginning			<u>817,649</u>		<u>817,649</u>
Fund balance - ending			<u>\$ 817,912</u>		<u>\$ 817,649</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, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget	2019
	Original	Final			
Revenues:					
Intergovernmental:					
Grants	\$ 255,000	\$ 323,000	\$ 269,780	\$ (53,220)	\$ 373,845
Use of money and property:					
Interest earned	306	306	12,615	12,309	10,761
Total revenues	<u>255,306</u>	<u>323,306</u>	<u>282,395</u>	<u>(40,911)</u>	<u>384,606</u>
Expenditures:					
General:					
Services	251,000	319,000	239,316	79,684	338,735
Operational units	-	-	30,464	(30,464)	35,111
	<u>251,000</u>	<u>319,000</u>	<u>269,780</u>	<u>49,220</u>	<u>373,846</u>
Total expenditures	<u>251,000</u>	<u>319,000</u>	<u>269,780</u>	<u>49,220</u>	<u>373,846</u>
Net changes in fund balances	<u>\$ 4,306</u>	<u>\$ 4,306</u>	12,615	<u>\$ 8,309</u>	10,760
Fund balance - beginning			<u>100,451</u>		<u>89,691</u>
Fund balance - ending			<u>\$ 113,066</u>		<u>\$ 100,451</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
With Comparative Totals for the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2019</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Taxes:					
Property tax apportionment	\$ 10,704,090	\$ 10,704,090	\$ 10,958,447	\$ 254,357	\$ 8,661,198
Intergovernmental:					
Rebates on BAB / RZEDB bonds	358,077	358,077	333,953	(24,124)	818,444
Use of money and property:					
Interest earned	100,000	100,000	142,438	42,438	108,247
Total revenues	<u>11,162,167</u>	<u>11,162,167</u>	<u>11,434,838</u>	<u>272,671</u>	<u>9,587,889</u>
Expenditures:					
Debt service:					
Principal	9,520,000	9,520,000	9,520,000	-	7,945,000
Interest	5,921,387	5,921,387	5,720,563	200,824	5,544,524
Debt Service Fees	13,998	2,513,998	2,712,852	(198,854)	142,027
Total expenditures	<u>15,455,385</u>	<u>17,955,385</u>	<u>17,953,415</u>	<u>1,970</u>	<u>13,631,551</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,293,218)</u>	<u>(6,793,218)</u>	<u>(6,518,577)</u>	<u>274,641</u>	<u>(4,043,662)</u>
Other financing sources (uses):					
Issuance of debt	-	-	-	-	22,940,000
Issuance of refunding debt	-	-	31,550,000	31,550,000	-
Premium on debt issuance	-	-	7,080,224	7,080,224	3,870,894
Transfers in	-	2,500,000	2,500,000	-	-
From Water & Sewer	200,000	200,000	200,000	-	200,000
From Sanitation	348,390	348,390	208,317	(140,073)	96,930
From Road Impact	2,642,606	2,642,606	2,636,421	(6,185)	2,755,143
From Hotel/Motel	1,114,924	1,114,924	1,092,153	(22,771)	1,117,355
Other financing sources-issuance of refunding debt:					
Refunding of debt	-	-	(35,725,000)	(35,725,000)	(26,280,000)
Refunding of debt-additional to escrow agent	-	-	(328,518)	(328,518)	(390,360)
Payment to swap	-	-	(2,263,300)	(2,263,300)	-
Total other financing sources (uses)	<u>4,305,920</u>	<u>6,805,920</u>	<u>6,950,297</u>	<u>144,377</u>	<u>4,309,962</u>
Net change in fund balances	<u>\$ 12,702</u>	<u>\$ 12,702</u>	431,720	<u>\$ 419,018</u>	266,300
Fund balance - beginning			<u>372,887</u>		<u>106,587</u>
Fund balance - ending			<u>\$ 804,607</u>		<u>\$ 372,887</u>

See independent auditor's report.

**CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Source/Grant Name	CFDA Number	Grant Number Pass-through Entity Identifying Number	Balance 6/30/2019 (Receivable) Unearned	Adjustments	Cash Receipts	Total Federal Expenditures	Balance 6/30/2020 (Receivable) Unearned	Passed through to Subrecipients
U.S. DEPARTMENT OF JUSTICE Bulleproof Vest Partnership Program	16.607	2017BUBX17088745	\$ (3,518)	\$ -	\$ 3,518	\$ -	\$ -	\$ -
TOTAL U.S. DEPARTMENT OF JUSTICE			(3,518)		3,518			
U.S. DEPARTMENT OF TRANSPORTATION Federal Transit Cluster:								
Federal Transit Formula Grant (Transit Capital Grant-Allocation for 5307 FY2012) *	20.507	TN-90-X352-00	-	-	196	(196)	-	-
Federal Transit Formula Grant (Transit Capital Grant-FY14.5307 Allocation) *	20.507	TN-90-X384-00	-	-	251,306	(251,306)	-	-
Federal Transit Formula Grant (PM& Transit Operating Assistance Grant for 5307 FY2018) *	20.507	TN-2018-026-00	-	-	7,750	(7,750)	-	-
Federal Transit Formula Grant (PM& Transit Operating Assistance Grant for 5307 FY2018) *	20.507	TN-2018-021-00	(835,397)	-	977,523	(180,262)	(38,136)	-
Federal Transit Formula Grant (PM& Transit Operating Assistance Grant for 5307) *	20.507	TN-2020-008-00	-	-	287,749	(287,749)	-	-
Federal Transit Formula Grant (CARES Act Grant for 5307) *	20.507	TN-2020-018-00	-	-	794,052	(993,656)	(199,604)	-
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY16 5307 Allocation) *	20.507	TN-2017-020-00	(1,040)	-	33,623	(35,058)	(2,475)	-
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY2015 5339) *	20.526	TN-2017-059-00	-	-	32,208	(32,208)	-	(32,208)
Total Federal Transit Cluster			(836,437)		2,384,407	(1,788,185)	(240,215)	(32,208)
Highway Planning and Construction Cluster:								
Traffic Signal Improvements SR-96	20.205	127913.00	-	-	-	(71,575)	(71,575)	-
Highway Planning and Construction (Mack Hatcher Parkway NW Quad) ***	20.205	101454.01	(884,841)	-	882,443	(227,551)	(229,949)	-
Highway Planning and Construction (Columbia Ave to Downs Blvd) ***	20.205	121454.00	(34,187)	-	319,776	(300,092)	(14,503)	-
Franklin ITS Infrastructure	20.205	116144.00	(16,931)	-	2,253	-	(14,678)	-
Franklin ITS Infrastructure	20.205	116144.01	(109,096)	3,300	103,603	(16,128)	(18,321)	-
Total Highway Planning and Construction Cluster:			(1,045,055)	3,300	1,308,075	(615,346)	(349,026)	
Alcohol Open Container Requirements (Franklin Fight Against Impaired Driving) **	20.600	PT-19-25/402	-	9	4,228	(4,237)	-	-
Total Alcohol Open Container Requirements				9	4,228	(4,237)		
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			(1,881,492)	3,309	3,696,710	(2,407,768)	(589,241)	(32,208)
U.S. DEPARTMENT OF THE INTERIOR Spivey Tract (part of the Franklin Battlefield)*** Hayes House Hineyville Historic District	15.928 15.904 15.904	P18AP00443 32701-03546 32701-03578	- - (4,500)	- - -	637,500 14,280 4,770	(637,500) (14,280) (2,70)	- - -	- - -
TOTAL U.S. DEPARTMENT OF THE INTERIOR			(4,500)		656,550	(652,050)		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT CDBG - Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants ***** Total CDBG - Entitlement Grants Cluster	14.218	B-MC-47-0014	(63,672)	-	326,265	(269,780)	(7,187)	-
			(63,672)		326,265	(269,780)	(7,187)	
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			(63,672)		326,265	(269,780)	(7,187)	
Fire Gatlinburg (Tennessee) - Major Disaster Declaration***** Hurricane HARVEY (Texas) - Major Disaster Declaration***** Hurricane IRMA (Florida) - Major Disaster Declaration***** Hurricane FLORENCE (SC) - Major Disaster Declaration***** Hurricane FLORENCE (SC) - Major Disaster Declaration***** COVID 19 Major Disaster Declaration *****	97.036 97.036 97.036 97.036 97.036 97.036	FEMA-DR-4293-TN TEMA 1654-RR-8974 TEMA 1654-RR-8499 TEMA-1501-RR-8292 TEMA-1501-RR-8056 COVID-19	(31,161) - - (2,924) (44,749) -	- - - - - -	- 8,446 5,356 - - -	- (16,892) (10,712) - - (225,000)	(31,161) (8,446) (5,356) (2,924) (44,749) -	- - - - -
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			(78,834)		13,802	(252,604)	(317,656)	
ENVIRONMENTAL PROTECTION AGENCY State Revolving Fund SRF 2016-378***** State Revolving Fund SRF 2017-376*****	66.458 66.458	SRF 2016-374 SRF 2017-376	- -	- -	4,900 40,179,893	(4,900) (40,179,893)	- -	- -
TOTAL ENVIRONMENTAL PROTECTION AGENCY					45,079,793	(40,184,793)		
Total Federal Assistance			(2,032,016)	3,309	\$ 44,881,638	(43,766,995)	\$ (914,066)	\$ (32,208)

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

See independent auditor's report

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Source/Grant Name	State Grant Number	Balance 6/30/2019 (Receivable) Unearned	Adjustments	Cash Receipts	Expenditures	Balance 6/30/2020 (Receivable) Unearned
TENNESSEE DEPARTMENT OF TRANSPORTATION						
Federal Transit Formula Grant (Transit Capital Grant-Allocation for 5307 FY2012) *	TN-90-X352-00	\$ -	\$ -	25	(25)	\$ -
Federal Transit Formula Grant (Transit Capital Grant-FY 14 5307 Allocation) *	TN-90-X384-00	-	-	31,413	(31,413)	-
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY2015 5339)	TN-2017-059-00	(335)	-	4,026	(3,691)	-
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY2016 5307)	TN-2017-020-00	(260)	-	4,070	(4,252)	(442)
Federal Transit Formula Grant (Transit Operating Assistance Grant-FY2018 5307)	TN-2019-021-00	(33,258)	-	33,258	-	-
Transit Operating Assistance Grant *	94 UROP-S3-016	-	-	270,900	(270,900)	-
Mack Hatcher Parkway NW Quad	101454.01	(221,210)	-	220,611	(56,890)	(57,489)
Columbia Ave to Downs Blvd	121454.00	(8,546)	-	79,944	(75,023)	(3,625)
Hartinsdale Main Barn Restoration	2019 TN Approp. Act, Sec 62, Item 56	-	-	100,000	-	100,000
Total Tennessee Department of Transportation		(263,609)	-	744,247	(442,194)	38,444
TENNESSEE DEPARTMENT OF AGRICULTURE						
Tennessee Agricultural Enhancement Program (TAEAP)	32510-02319	-	-	18,884	(18,884)	-
Total Tennessee Department of Agriculture		-	-	18,884	(18,884)	-
Total State Financial Assistance		\$ (263,609)	\$ -	\$ 763,131	\$ (461,078)	\$ 38,444

*Passed through to The Transportation Management Association Group

See independent auditor's report.

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 MINIMIS INDIRECT COST RATE

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

NOTE 4 - STATE REVOLVING LOAN FUND

At June 30, 2020, there was an outstanding balance of \$55,147,025 on loans obtained through the State Revolving Loan Fund. Payments during the current fiscal year totaled \$357,930.

NOTE 5 - REVISED SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

After the issuance of the fiscal year 2020 audit report, it was discovered in preparation of the Schedule of Expenditures of Federal Awards (SEFA), the City should have reported certain expenditures related to the State Revolving Fund CFDA number 66.458 on the SEFA, however they were reported on the Schedule of State Financial Assistance (SESA) in its audit report dated December 8, 2020. The expenditures have been updated to be excluded from the SEFA and included on the SEFA. Because of these changes, a revised Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance are presented. The changes to the SEFA increase the total of expenditures reported by \$40,184,793 and reduced the total amount of expenditures reported on the SEFA by the same amount. In addition, the State Revolving Fund program was selected as a major program, a revised Schedule of Findings and Questioned Costs is presented, and the audit reports have been dual-dated.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT
 JUNE 30, 2020

	Public Building Authority of the City of Lawrenceburg, TN Loan Agreement 2005 (1)		General Improvement Refunding Bonds Series 2010		General Improvement Refunding Bonds Series 2012		General Improvement Refunding Bonds Series 2013A		Pension Obligation Bonds Series 2013B		Public Improvement Bonds Series 2015	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	385,000	1,171	1,360,000	215,500	1,560,000	248,252	330,000	173,418	1,030,000	134,410	605,000	463,790
2022	-	-	1,410,000	161,100	1,595,000	215,024	340,000	166,817	1,060,000	106,600	635,000	433,540
2023	-	-	1,470,000	104,700	1,630,000	181,050	350,000	158,318	1,090,000	74,800	665,000	401,790
2024	-	-	1,530,000	45,900	1,665,000	146,331	355,000	149,567	1,125,000	39,375	700,000	368,540
2025	-	-	-	-	1,700,000	110,867	365,000	140,693	-	-	730,000	333,540
2026	-	-	-	-	1,735,000	74,656	375,000	131,203	-	-	760,000	304,340
2027	-	-	-	-	1,770,000	37,701	385,000	120,890	-	-	790,000	273,940
2028	-	-	-	-	-	-	400,000	107,800	-	-	815,000	250,240
2029	-	-	-	-	-	-	410,000	94,200	-	-	850,000	217,640
2030	-	-	-	-	-	-	425,000	80,260	-	-	880,000	183,640
2031	-	-	-	-	-	-	440,000	65,810	-	-	920,000	148,440
2032	-	-	-	-	-	-	455,000	50,850	-	-	945,000	120,840
2033	-	-	-	-	-	-	470,000	35,380	-	-	975,000	92,490
2034	-	-	-	-	-	-	485,000	19,400	-	-	1,005,000	63,240
2035	-	-	-	-	-	-	-	-	-	-	1,035,000	32,085
2036	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 385,000</u>	<u>\$ 1,171</u>	<u>\$ 5,770,000</u>	<u>\$ 527,200</u>	<u>\$ 11,655,000</u>	<u>\$ 1,013,881</u>	<u>\$ 5,585,000</u>	<u>\$ 1,494,606</u>	<u>\$ 4,305,000</u>	<u>\$ 355,185</u>	<u>\$ 12,310,000</u>	<u>\$ 3,688,095</u>

Notes:

(1) The City has an interest rate swap (variable to fixed) agreement with SunTrust Bank.

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS (Cont.)
GENERAL OBLIGATION DEBT
 JUNE 30, 2020

	Public Improvement Bonds Series 2017		Public Improvement Bonds Series 2019A		Public Improvement Refunding Bonds Series 2019B		Public Improvement Bonds Series 2019C		Public Improvement Refunding Bonds Series 2019D		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	830,000	898,650	1,380,000	1,292,850	1,905,000	1,045,000	-	1,412,400	-	46,703	9,385,000	5,932,144
2022	875,000	857,150	1,455,000	1,223,850	2,000,000	949,750	425,000	1,412,400	365,000	46,703	10,160,000	5,572,934
2023	915,000	813,400	1,525,000	1,151,100	2,095,000	849,750	425,000	1,391,150	375,000	39,403	10,540,000	5,165,461
2024	960,000	767,650	1,220,000	1,074,850	2,195,000	745,000	1,425,000	1,369,900	380,000	31,903	11,555,000	4,739,016
2025	980,000	748,450	1,275,000	1,013,850	2,305,000	635,250	3,040,000	1,298,650	385,000	24,303	10,780,000	4,305,603
2026	1,030,000	699,450	1,340,000	950,100	2,420,000	520,000	3,185,000	1,146,650	395,000	16,603	11,240,000	3,843,002
2027	1,080,000	647,950	1,405,000	883,100	2,535,000	399,000	3,370,000	987,400	405,000	8,508	11,740,000	3,358,489
2028	1,135,000	593,950	1,485,000	812,850	2,655,000	272,250	3,940,000	818,900	-	-	10,430,000	2,855,990
2029	1,190,000	537,200	1,555,000	738,600	2,790,000	139,500	4,130,000	621,900	-	-	10,925,000	2,349,040
2030	1,250,000	477,700	1,450,000	660,850	-	-	4,320,000	415,400	-	-	8,325,000	1,817,850
2031	1,315,000	415,200	1,520,000	588,350	-	-	2,450,000	199,400	-	-	6,645,000	1,417,200
2032	1,365,000	362,600	1,595,000	512,350	-	-	2,535,000	101,400	-	-	6,895,000	1,148,040
2033	1,420,000	308,000	1,675,000	432,600	-	-	-	-	-	-	4,540,000	868,470
2034	1,480,000	251,200	1,750,000	365,600	-	-	-	-	-	-	4,720,000	699,440
2035	1,535,000	192,000	1,365,000	295,600	-	-	-	-	-	-	3,935,000	519,685
2036	1,600,000	130,600	1,420,000	241,000	-	-	-	-	-	-	3,020,000	371,600
2037	1,665,000	66,600	1,475,000	184,200	-	-	-	-	-	-	3,140,000	250,800
2038	-	-	1,535,000	125,200	-	-	-	-	-	-	1,535,000	125,200
2039	-	-	1,595,000	63,800	-	-	-	-	-	-	1,595,000	63,800
2040	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 20,625,000</u>	<u>\$ 8,767,750</u>	<u>\$ 28,020,000</u>	<u>\$ 12,610,700</u>	<u>\$ 20,900,000</u>	<u>\$ 5,555,500</u>	<u>\$ 29,245,000</u>	<u>\$ 11,175,550</u>	<u>\$ 2,305,000</u>	<u>\$ 214,123</u>	<u>\$ 141,105,000</u>	<u>\$ 45,403,761</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
PROPRIETARY FUND DEBT
JUNE 30, 2020

	Sewer & Water Revenue & Tax Refunding Bonds-Series 2005		Sewer & Water Refunding SunTrust Loan 2011		Drinking Water SRF & ARRA Loan		Clean Water SRF & ARRA Loan		Clean Water SRF (Scada-Revere)		Clean Water SRF (Scada-CDM)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	2,255,000	438,625	1,380,000	215,636	74,020	24,193	88,802	33,373	116,136	13,716	20,556	2,424
2022	2,280,000	325,875	1,415,000	181,340	76,134	22,079	91,220	30,955	117,180	12,672	20,736	2,244
2023	1,555,000	211,875	1,450,000	146,175	78,310	19,904	93,704	28,471	118,224	11,628	20,928	2,052
2024	1,450,000	134,125	1,485,000	110,143	80,546	17,666	96,257	25,919	119,280	10,572	21,108	1,872
2025	1,450,000	61,625	1,520,000	73,243	82,847	15,366	98,878	23,298	120,348	9,504	21,300	1,680
2026	-	-	1,560,000	35,464	85,215	12,998	101,570	20,605	121,428	8,424	21,492	1,488
2027	-	-	-	-	87,648	10,565	104,338	17,838	122,508	7,344	21,684	1,296
2028	-	-	-	-	90,153	8,060	107,178	14,998	123,612	6,240	21,876	1,104
2029	-	-	-	-	92,729	5,485	110,098	12,078	124,704	5,148	22,068	912
2030	-	-	-	-	95,377	2,836	113,097	9,079	125,820	4,032	22,272	708
2031	-	-	-	-	48,700	402	116,176	6,000	126,948	2,904	22,464	516
2032	-	-	-	-	-	-	119,340	2,836	128,088	1,764	22,668	312
2033	-	-	-	-	-	-	40,505	226	129,253	624	22,795	111
2034	-	-	-	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 8,990,000</u>	<u>\$ 1,172,125</u>	<u>\$ 8,810,000</u>	<u>\$ 762,001</u>	<u>\$ 891,679</u>	<u>\$ 139,555</u>	<u>\$ 1,281,163</u>	<u>\$ 225,676</u>	<u>\$ 1,593,529</u>	<u>\$ 94,572</u>	<u>\$ 281,947</u>	<u>\$ 16,719</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS (cont.)
PROPRIETARY FUND DEBT
 JUNE 30, 2020

	Sewer & Water Water Plant		SRF Loan CG5 17-375 (Wastewater Plant)		SRF Loan CG5 17-376 (Wastewater Plant)		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	430,000	475,400	34,488	18,096	-	732,828	4,399,002	1,954,291
2022	450,000	458,200	35,004	17,580	-	732,828	4,485,274	1,783,773
2023	470,000	435,700	35,520	17,064	999,090	726,708	4,820,776	1,599,577
2024	495,000	412,200	36,048	16,536	1,346,907	707,448	5,130,146	1,436,481
2025	520,000	387,450	36,576	16,008	1,366,839	687,492	5,216,788	1,275,666
2026	545,000	361,450	37,116	15,468	1,387,068	667,236	3,858,889	1,123,133
2027	570,000	334,200	37,668	14,916	1,407,597	646,680	2,351,443	1,032,839
2028	600,000	305,700	38,220	14,364	1,428,435	625,824	2,409,474	976,290
2029	630,000	275,700	38,796	13,788	1,449,576	604,656	2,467,971	917,767
2030	665,000	244,200	39,360	13,224	1,471,026	583,176	2,531,952	857,255
2031	690,000	217,600	39,948	12,636	1,492,788	561,384	2,537,024	801,443
2032	715,000	190,000	40,536	12,048	1,514,880	539,256	2,540,512	746,216
2033	745,000	161,400	41,136	11,448	1,537,308	516,816	2,515,997	690,625
2034	775,000	131,600	41,748	10,836	1,560,054	494,028	2,376,802	636,464
2035	805,000	100,600	42,360	10,224	1,583,148	470,916	2,430,508	581,740
2036	840,000	68,400	42,996	9,588	1,606,575	447,456	2,489,571	525,444
2037	870,000	34,800	43,632	8,952	1,630,353	423,648	2,543,985	467,400
2038	-	-	44,268	8,316	1,654,482	399,492	1,698,750	407,808
2039	-	-	44,928	7,656	1,678,959	374,976	1,723,887	382,632
2040	-	-	45,600	6,984	1,703,811	350,100	1,749,411	357,084
2041	-	-	46,272	6,312	1,729,029	324,852	1,775,301	331,164
2042	-	-	46,956	5,628	1,754,616	299,232	1,801,572	304,860
2043	-	-	47,652	4,932	1,780,584	273,240	1,828,236	278,172
2044	-	-	48,348	4,236	1,806,936	246,852	1,855,284	251,088
2045	-	-	49,068	3,516	1,833,672	220,080	1,882,740	223,596
2046	-	-	49,800	2,784	1,860,810	192,912	1,910,610	195,696
2047	-	-	50,532	2,052	1,888,347	165,336	1,938,879	167,388
2048	-	-	51,276	1,308	1,916,298	137,352	1,967,574	138,660
2049	-	-	52,044	540	1,944,660	108,960	1,996,704	109,500
2050	-	-	8,744	16	1,973,439	80,148	1,982,183	80,164
2051	-	-	-	-	2,002,647	50,904	2,002,647	50,904
2052	-	-	-	-	2,032,233	21,228	2,032,233	21,228
2053	-	-	-	-	509,900	624	509,900	624
	\$ 10,815,000	\$ 4,594,600	\$ 1,246,640	\$ 287,056	\$ 49,852,067	\$ 13,414,668	\$ 83,762,025	\$ 20,706,972

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
 THE FISCAL YEAR ENDED JUNE 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2020
Government Activities:									
BONDS PAYABLE									
Payable through Debt Service Fund									
2005 City of Lawrenceburg Loan Agreement	\$ 4,500,000	3.650% swap	7/21/2005	7/1/2020	\$ 755,000	\$ -	\$ 370,000	\$ -	\$ 385,000
2007 Franklin PBA Loan Agreement	20,000,000	3.590% swap	1/25/2007	6/1/2037	20,000,000	-	-	20,000,000	-
2010 General Obligation Recovery Zone Bonds (taxable)	15,725,000	4.625% to 5.375%	7/7/2010	3/1/2030	15,725,000	-	-	15,725,000	-
2010 General Obligation Refunding Bonds	16,590,000	2.000% to 4.000%	10/19/2010	3/1/2024	7,085,000	-	1,315,000	-	5,770,000
2012 Sun Trust Refunding Bond Agreement	22,500,000	2.130%	2/11/2012	5/1/2027	13,185,000	-	1,530,000	-	11,655,000
2013A General Obligation Public Improvement Bonds	7,405,000	2.000% to 4.000%	12/20/2013	3/1/2034	5,910,000	-	325,000	-	5,585,000
2013B General Obligation Pension Bonds (taxable)	10,000,000	1.000% to 3.500%	12/20/2013	3/1/2024	5,305,000	-	1,000,000	-	4,305,000
2015 General Obligation Public Improvement Bonds	15,000,000	3.000% to 5.000%	4/16/2015	4/1/2035	12,895,000	-	585,000	-	12,310,000
2017 General Obligation Public Improvement Bonds	23,120,000	2.000% to 5.000%	6/27/2017	4/1/2037	21,415,000	-	790,000	-	20,625,000
2019A General Obligation Public Improvement Bonds	29,585,000	4.000% to 5.000%	5/15/2019	3/1/2039	29,585,000	-	1,565,000	-	28,020,000
2019B General Obligation Public Improvement Bonds	22,940,000	5.000%	5/15/2019	3/1/2029	22,940,000	-	2,040,000	-	20,900,000
2019C General Obligation Refunding Bonds	29,245,000	4.000% to 5.000%	11/20/2019	6/1/2032	-	29,245,000	-	-	29,245,000
2019D General Obligation Refunding Bonds (taxable)	2,305,000	1.000% to 3.500%	11/20/2019	6/1/2027	-	2,305,000	-	-	2,305,000
Total Bonds Payable through Debt Service Fund					154,800,000	31,550,000	9,520,000	35,725,000	141,105,000

Business-type Activities:

BONDS PAYABLE

Payable through Water and Sewer Fund									
2005 Water and Sewer Refunding Bonds	\$ 24,670,000	3.000% to 5.000%	3/30/2005	4/1/2025	\$ 11,230,000	\$ -	\$ 2,240,000	\$ -	\$ 8,990,000
2011 Sun Trust Loan Program	19,430,000	2.48%	9/29/2011	5/25/2026	10,155,000	-	1,345,000	-	8,810,000
2017A Water and Sewer Revenue Bonds	12,000,000	3.000% to 5.000%	2/16/2017	2/1/2037	11,230,000	-	415,000	-	10,815,000
Total Bonds Payable through Water and Sewer Fund					32,615,000	-	4,000,000	-	28,615,000

NOTES PAYABLE

Payable through Water and Sewer Fund									
Drinking Water SRF Loan through ARRA	\$ 1,500,000	2.820%	2/21/2018	12/20/2030	\$ 963,643	\$ -	\$ 71,964	\$ -	\$ 891,679
Clean Water SRF Loan through ARRA	1,888,200	2.690%	1/1/2011	10/20/2032	1,367,611	-	86,448	-	1,281,163
State Revolving Fund Loan (CG2 2016-367)	1,822,741	.890%	6/1/2016	6/20/2033	1,708,645	-	115,116	-	1,593,529
State Revolving Fund Loan (SRF 2016-374)	1,677,259	.890%	6/1/2016	6/20/2033	333,173	4,816	56,042	-	281,947
State Revolving Fund Loan (CG5 2017-375)	1,275,000	1.470%	9/28/2017	8/20/2049	1,275,000	-	28,360	-	1,246,640
State Revolving Fund Loan (SRF 2017-376)	78,500,000	1.470%	3/21/2018	30 years	9,672,174	40,179,893	-	-	49,852,067
Total Bonds Payable through Water and Sewer Fund					15,320,246	40,184,709	357,930	-	55,147,025
Total Bonds and Notes Payable through Water and Sewer Fund					\$ 47,935,246	\$ 40,184,709	\$ 4,357,930	\$ -	\$ 83,762,025

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, 2020

Tax Year	Balance June 30, 2019	Taxes Levied	Adjustments and Collections	Balance June 30, 2020
2019	\$ -	\$ 21,688,376	\$ (21,436,320)	\$ 252,056
2018	249,928	-	(185,197)	64,731
2017	50,928	-	(40,495)	10,433
2016	30,954	-	(23,818)	7,136
2015	6,268	-	(683)	5,585
2014	5,054	-	(390)	4,664
2013	6,747	-	(173)	6,574
2012	8,596	-	(43)	8,554
2011	9,769	-	(36)	9,733
2010	15,302	-	(38)	15,264
	<u>\$ 383,546</u>	<u>\$ 21,688,376</u>	<u>\$ (21,687,194)</u>	<u>\$ 384,729</u>

The balance at June 30, 2020 is comprised of:

Considered current revenue	\$ 91,235
Allowance for uncollectible accounts: 2010-2019 levies	108,764
Unavailable revenue	<u>184,730</u>
	<u>384,729</u>

Balances not included in the schedule above are:

2020 tax levy due October 1, 2020 considered unavailable revenue and amounts due from years prior to 2010 (fully reserved)	<u>22,754,553</u>
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Total property tax receivable (as shown on page 57) \$ 23,139,282

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.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 UNAUDITED

Utility Services

<u>Service</u>	<u>Number of Customers</u>	<u>Fees</u>
Water	18,100	\$ 11,500,806
Sewer	26,025	19,726,163
Reclaimed	90	108,355

Utility Rates

The following rates were effective January 1, 2020. 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	\$ 13.36	\$ 15.50
Next 9,000 Gallons	5.18	7.90
Next 15,000 Gallons	6.11	8.48
All Additional Gallons	7.04	9.06

Water Commercial Rates:

<u>Gallons</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
First 1,000 Gallons	\$ 19.99	\$ 23.71
Next 9,000 Gallons	5.16	7.82
Next 15,000 Gallons	6.09	8.40
All Additional Gallons	7.02	8.98

Sewer Residential Rates:

<u>Gallons</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
First 1,000 Gallons	\$ 18.87	\$ 23.95
Next 14,000 Gallons	6.27	9.66
All Additional Gallons	5.48	8.51

Sewer Commercial Rates:

<u>Gallons</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
First 1,000 Gallons	\$ 44.30	\$ 47.78
Next 14,000 Gallons	6.82	10.49
All Additional Gallons	5.83	8.60

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, 2020
 UNAUDITED

Installation Charger:

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

Impact Fees*: Meter Size	Water Impact Fee	Sewer Impact Fee
3/4"	\$ 2,089	\$ 3,544
1"	8,358	14,175
1-1/2"	20,009	34,020
2"	26,745	45,360
3"	58,506	99,225
4"	83,580	141,750
6"	200,592	34,200
8"	250,740	425,250

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

*Beginning in 2019, Access and SDF fees were combined for an Impact fee.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE (Cont.)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 UNAUDITED

Utility Rates

The following rates are effective January 1, 2021. A minimum bill of 1,000 gallons per customer is levied.

Water Residential Rates:			
Gallons	Inside City Limits		Outside City Limits
First 1,000 Gallons	\$ 14.11		\$ 16.55
Next 9,000 Gallons	5.29		8.01
Next 15,000 Gallons	6.22		8.59
All Additional Gallons	7.15		9.17
Water Commercial Rates:			
Gallons	Inside City Limits		Outside City Limits
First 1,000 Gallons	\$ 20.74		\$ 24.46
Next 9,000 Gallons	5.27		7.93
Next 15,000 Gallons	6.20		8.51
All Additional Gallons	7.13		9.09
Sewer Residential Rates:			
Gallons	Inside City Limits		Outside City Limits
First 1,000 Gallons	\$ 20.03		\$ 25.11
Next 14,000 Gallons	6.41		9.80
All Additional Gallons	5.62		8.65
Sewer Commercial Rates:			
Gallons	Inside City Limits		Outside City Limits
First 1,000 Gallons	\$ 45.46		\$ 48.94
Next 14,000 Gallons	6.96		10.63
All Additional Gallons	5.97		8.74
Reclaimed Water Rate:			
Gallons	Inside City Limits		Outside City Limits
For each 1,000 Gallons	\$ 0.97		\$ 0.97

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

CITY OF FRANKLIN, TENNESEE
SCHEDULE OF UTILITY MAJOR CUSTOMERS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

The following table presents information on the ten largest customers of the System during the fiscal year ended June 30, 2020, ranked according to consumption and billings.

Customer	TOP TEN WATER CUSTOMERS			
	Gallons of Water Purchased (1,000)	% of Total Water Consumed	Revenue	% of Total Water Revenues
Franklin Estates (Residential)	26,812	1.85%	\$ 171,833	1.61%
Williamson Medical (Hospital)	19,668	1.36%	\$ 136,562	1.28%
Viera Holdings LLC (Residential)	17,321	1.18%	\$ 135,206	1.26%
Carrington Hills (Residential)	16,228	1.12%	\$ 111,189	1.04%
Franklin Housing Authority (Residential)	12,505	0.87%	\$ 68,029	0.64%
Williamson County Jail	12,225	0.84%	\$ 84,653	0.79%
Prescott Place (Residential)	10,942	0.76%	\$ 75,071	0.70%
IMI Tennessee Inc (Mfg)	10,531	0.73%	\$ 72,938	0.68%
Apcom Inc. (Mfg)	9,392	0.65%	\$ 65,057	0.61%
River Oaks Apartments (Residential)	7,635	0.53%	\$ 57,764	0.54%
TOTAL	143,259	9.89%	\$ 978,302	9.15%

Customer	TOP TEN WASTEWATER CUSTOMERS			
	Gallons Billed (1,000)	% of Total Gallons Billed	Revenue	% of Total Sewer Revenues
IMT Capital REIT IV LLC (Residential)	35,342	1.40%	\$ 205,154	1.01%
Star Brentwood LLC (Residential)	33,108	1.31%	\$ 179,013	0.88%
100 Gillespie Drive LLC (Residential)	27,989	1.11%	\$ 161,526	0.80%
Franklin Estates (Residential)	26,812	1.07%	\$ 218,747	1.07%
Williamson Medical Center (Hospital)	19,668	0.78%	\$ 114,542	0.57%
Gateway Village (Residential)	19,148	0.76%	\$ 111,145	0.55%
Carrington Hills (Residential)	16,228	0.64%	\$ 104,384	0.51%
Cool Springs Galleria (Retail)	15,777	0.62%	\$ 91,089	0.45%
Mid America Apartments LP (Residential)	14,084	0.56%	\$ 81,634	0.40%
PB One Aspen Grove LLC (Residential)	13,601	0.54%	\$ 78,752	0.39%
TOTAL	221,757	8.79%	\$ 1,345,986	6.63%

Customer	TOP TEN RECLAIMED WATER CUSTOMERS			
	Gallons of Water Purchased (1,000)	% of Total Water Consumed	Revenue	% of Total Water Revenues
Boyle Investment (Business/Res)	18,699	19.52%	\$ 18,028	15.15%
Rural Plains Partnership (Business)	15,347	16.03%	\$ 15,697	13.19%
City of Franklin Parks	12,880	13.45%	\$ 12,496	10.50%
Berry Farms (Business/Residential)	5,860	6.11%	\$ 6,547	5.51%
Ramsey Solutions (Business)	5,512	5.76%	\$ 15,033	12.63%
Battle Ground Academy (School)	4,385	4.58%	\$ 4,355	3.66%
Carlisle HOA (Residential)	4,086	4.27%	\$ 3,975	3.34%
Franklin 1st United Methodist (Church)	3,821	3.99%	\$ 3,820	3.21%
John Deere Landscape (Business)	3,458	3.61%	\$ 3,362	2.82%
Rizer Point HOA (Residential)	3,161	3.31%	\$ 4,457	3.75%
TOTAL	77,209	80.63%	\$ 87,770	73.76%

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


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

AWWA WATER SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

UNAUDITED



AWWA Free Water Audit Software:
Reporting Worksheet

WAS v5.0
 American Water Works Association
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? Click to access definition
+ Click to add a comment

Water Audit Report for: City of Franklin Water Management (0000246)
 Reporting Year: **2020** / 7/2019 - 6/2020

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

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

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

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

WATER SUPPLIED

Volume from own sources:	+	?	8	885.534	MG/Yr
Water imported:	+	?	9	1,674.000	MG/Yr
Water exported:	+	?	?		MG/Yr
WATER SUPPLIED:				2,559.534	MG/Yr

Master Meter and Supply Error Adjustments

Pent:	+	?	8	Value:	
	+	?	10	Value:	MG/Yr
	+	?	?	Value:	MG/Yr

Enter negative % or value for under-registration
Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION

Billed metered:	+	?	8	1,597.000	MG/Yr
Billed unmetered:	+	?	9	0.020	MG/Yr
Unbilled metered:	+	?	9	61.169	MG/Yr
Unbilled unmetered:	+	?	5	5.950	MG/Yr
AUTHORIZED CONSUMPTION:				1,664.139	MG/Yr

Click here: ? for help using option buttons below

Pent:	+	?	?	Value:	
	+	?	5	5.950	MG/Yr

Use buttons to select percentage of water supplied OR value

Pent:	+	?	?	Value:	
	+	?	10	3.334	MG/Yr

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

WATER LOSSES (Water Supplied - Authorized Consumption) 895.395 MG/Yr

Apparent Losses

Unauthorized consumption:	+	?	10	3.334	MG/Yr
Customer metering inaccuracies:	+	?	7	33.840	MG/Yr
Systematic data handling errors:	+	?	?	3.993	MG/Yr
Apparent Losses:				41.167	MG/Yr

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

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 854.228 MG/Yr

WATER LOSSES: 895.395 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 962.514 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+	?	9	306.0	miles
Number of active AND inactive service connections:	+	?	6	22,410	
Service connection density:	+	?	?	73	conn./mile main

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

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

Average operating pressure:	+	?	7	70.0	psi
-----------------------------	---	---	---	------	-----

COST DATA

Total annual cost of operating water system:	+	?	10	\$18,316,648	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+	?	9	\$12.15	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+	?	8	\$2,500.00	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 84 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: Volume from own sources

2: Water imported

3: Systematic data handling errors

CITY OF FRANKLIN, TENNESSEE
AWWA WATER SCHEDULE (Cont.)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 UNAUDITED

AWWA Free Water Audit Software:
WAS v5.0
American Water Works Association
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System Attributes and Performance Indicators

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

Reporting Year: 2020 7/2019 - 6/2020

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 84 out of 100 ***

System Attributes:

	Apparent Losses:	41.167	MG/Yr	
	+ Real Losses:	854.228	MG/Yr	
	= Water Losses:	895.395	MG/Yr	
?	Unavoidable Annual Real Losses (UARL):	128.19	MG/Yr	
	Annual cost of Apparent Losses:	\$500,173		
	Annual cost of Real Losses:	\$2,135,571		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:	37.6%	
		Non-revenue water as percent by cost of operating system:	15.3%	Real Losses valued at Variable Production Cost
?	Operational Efficiency: {	Apparent Losses per service connection per day:	5.03	gallons/connection/day
		Real Losses per service connection per day:	104.43	gallons/connection/day
		Real Losses per length of main per day*:	N/A	
		Real Losses per service connection per day per psi pressure:	1.49	gallons/connection/day/psi
		From Above, Real Losses = Current Annual Real Losses (CARL):	854.23	million gallons/year
?		Infrastructure Leakage Index (ILI) [CARL/UARL]:	6.66	

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

STATISTICAL SECTION

HISTORIC
F R A N K L I N
TENNESSEE

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**CITY OF FRANKLIN, TENNESSEE
STATISTICAL SECTION SUMMARY PAGE**

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. 124

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. 128

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. 133

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. 138

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. 140

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 393,091,861	\$ 394,771,670	\$ 427,956,937	\$ 473,270,481	\$ 526,598,701	\$ 531,232,432	\$ 528,657,327	\$ 528,661,334	\$ 553,517,545	\$ 581,817,963
Restricted for:										
Grant program use	19,266	-	23,545	23,717	20,212	85,185	86,263	89,691	100,451	113,066
State street aid	-	16,563	-	295,259	287,224	373,415	502,481	645,435	496,410	601,819
Sanitation use	-	-	-	-	-	767,350	610,969	1,160,474	1,922,723	1,000,240
Drug fund use	269,691	144,788	121,781	165,436	295,296	515,642	541,205	508,522	438,184	520,472
Other projects	-	-	-	-	-	-	3,488,072	4,804,517	39,890,216	38,165,088
Pensions	-	-	-	-	-	-	-	-	7,999	-
Unrestricted	37,054,884	46,304,057	42,077,735	14,450,363	25,106,842	35,391,194	46,798,463	74,003,922	39,950,296	42,976,500
Total net position	\$ 430,435,702	\$ 441,237,078	\$ 470,179,998	\$ 488,205,256	\$ 552,308,275	\$ 568,365,218	\$ 580,684,780	\$ 609,873,895	\$ 636,323,824	\$ 665,195,148
Business-type activities:										
Net investment in capital assets	\$ 105,910,754	\$ 106,880,291	\$ 110,724,957	\$ 119,141,240	\$ 128,272,969	\$ 139,229,139	\$ 144,008,929	\$ 160,464,694	\$ 166,254,831	\$ 176,897,094
Restricted for:										
Water & Sewer	9,975,225	6,684,374	8,150,100	13,391,806	13,452,592	8,916,035	9,757,361	10,665,267	10,180,317	10,882,442
Pensions	-	-	-	-	-	-	-	-	1,179	-
Unrestricted	7,305,642	14,221,008	15,923,139	13,545,686	15,771,418	25,339,325	30,877,222	25,591,650	32,220,082	34,170,434
Total net position	\$ 123,191,621	\$ 127,785,673	\$ 134,798,196	\$ 146,078,732	\$ 157,496,979	\$ 173,484,499	\$ 184,643,512	\$ 196,721,611	\$ 208,656,409	\$ 221,949,970
Primary government:										
Net investment in capital assets	\$ 499,002,615	\$ 501,651,961	\$ 538,681,894	\$ 592,411,721	\$ 654,871,670	\$ 670,461,571	\$ 672,666,256	\$ 689,126,028	\$ 719,772,376	\$ 758,715,057
Restricted for:										
Grant program use	19,266	-	23,545	23,717	20,212	85,185	86,263	89,691	100,451	113,066
State street aid	-	16,563	-	295,259	287,224	373,415	502,481	645,435	496,410	601,819
Sanitation use	-	-	-	-	-	767,350	610,969	1,160,474	1,922,723	1,000,240
Drug fund use	269,691	144,788	121,781	165,436	295,296	515,642	541,205	508,522	438,184	520,472
Other projects	-	-	-	-	-	-	3,488,072	4,804,517	39,890,216	38,165,088
Water & Sewer	9,975,225	6,684,374	8,150,100	13,391,806	13,452,592	8,916,035	9,757,361	10,665,267	10,180,317	10,882,442
Pensions	-	-	-	-	-	-	-	-	9,178	-
Unrestricted	44,360,526	60,525,065	58,000,874	27,996,049	40,878,260	60,730,519	76,975,737	99,595,572	72,170,378	77,146,934
Total net position	\$ 553,627,323	\$ 569,022,751	\$ 604,978,194	\$ 634,283,988	\$ 709,805,254	\$ 741,849,717	\$ 764,628,344	\$ 806,595,506	\$ 844,980,233	\$ 887,145,118

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Changes in Net Position

(Prepared using the accrual basis of accounting)

Governmental activities:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Program revenues:										
Charges for services-Communications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,600	\$ 2,500	\$ 2,900	\$ 2,000	\$ 2,696
Charges for services-Human resources	-	-	-	-	-	-	49	6	-	-
Charges for services-IT	-	-	-	-	-	2,752	3,682	1,234	4,020	3,560
Charges for services-BNS	1,521,266	1,839,074	1,878,490	2,332,672	2,005,472	2,921,320	2,999,288	3,169,678	2,369,851	2,482,131
Charges for services-Planning	-	-	-	-	-	172,185	161,101	227,186	197,199	191,527
Charges for services-Engineering	-	-	-	-	-	50	1,650	1,500	1,850	3,700
Charges for services-Gen Govt	385,558	568,711	580,724	608,111	487,716	121,946	158,340	256,860	326,081	134,014
Charges for services-Police	990,092	1,134,311	1,146,251	784,561	782,681	814,774	703,245	374,937	498,781	583,248
Charges for services-Streets	940	6,100	7,160	7,400	10,780	18,040	21,200	302,720	17,555	18,800
Charges for services-Sanitation	6,673,158	6,888,014	6,855,652	6,084,125	7,384,798	8,346,213	7,709,098	8,359,191	9,341,314	9,479,172
Charges for services-Storm water	2,108,109	2,151,430	2,363,177	2,328,343	2,658,906	2,461,914	2,565,543	2,531,201	2,590,324	2,572,632
Charges for services-Transit	64,594	78,861	87,069	94,314	94,072	88,460	104,649	112,418	84,945	63,426
Operating grants & contributions	4,217,716	5,572,231	4,489,556	4,317,671	4,130,790	4,863,442	2,729,040	4,333,905	3,193,791	3,810,803
Capital grants & contributions	11,893,536	26,221,640	24,640,622	32,121,297	65,527,923	13,545,685	11,071,103	16,204,360	25,749,867	26,519,429
General revenues:										
Property taxes	11,728,305	11,550,562	11,659,973	11,878,892	13,278,605	13,679,737	18,023,515	18,621,275	19,031,452	20,084,308
Sales taxes	22,720,666	24,197,413	25,995,733	27,254,742	28,943,994	31,309,367	32,694,269	34,151,972	36,168,178	35,453,379
Other taxes and fees	22,723,385	21,811,094	24,254,006	30,286,052	29,044,718	42,283,630	37,168,655	46,850,308	40,728,490	48,662,128
Other	(173,794)	(4,881,649)	4,630,117	(790,266)	(668,516)	(1,956,347)	2,059,244	1,757,971	2,217,556	-
Transfers	-	-	-	-	200,000	200,000	1,125,000	825,000	200,000	(365,001)
Total revenues	84,853,531	97,137,792	108,588,530	117,307,914	153,881,939	118,876,768	119,301,171	138,084,622	142,723,254	149,699,952
Expenses:										
General government:										
Elected officials	133,300	202,515	183,406	297,496	275,250	343,182	282,123	332,480	290,502	358,690
Administration	507,073	595,811	492,554	456,302	489,702	499,029	561,385	1,231,613	1,074,343	1,313,132
Human resources	952,403	1,049,741	787,765	951,829	965,080	1,093,125	1,193,032	1,101,869	1,292,914	1,373,293
Legal	344,610	387,283	293,197	466,434	349,276	354,340	491,048	455,753	770,499	560,168
Communications	315,291	324,603	304,243	319,154	314,956	363,446	452,958	366,611	404,136	373,353
Capital investment planning	233,651	208,446	162,049	184,077	179,584	87,490	-	-	-	-
Project & facilities management	747,101	863,314	710,947	802,988	1,161,760	1,176,182	1,109,682	1,170,752	1,210,030	1,201,740
Revenue management	1,295,430	1,361,604	176,518	304,303	227,607	205,230	273,544	219,961	233,289	164,454
Finance	865,832	893,037	700,548	717,444	802,805	836,283	863,803	804,287	931,609	953,767
Information technology	3,468,124	3,993,526	4,756,627	4,213,881	4,520,824	4,104,824	4,465,981	4,931,812	4,952,583	4,553,022
Purchasing	145,891	159,188	141,705	165,711	176,188	177,659	207,506	213,132	227,691	269,962
Court	249,454	284,907	220,481	214,427	199,857	228,932	388,088	244,404	213,302	287,357
Building & neighborhood services	1,852,075	1,900,692	2,164,831	2,351,310	2,335,652	2,427,771	2,737,738	2,959,894	3,037,683	3,154,457
Planning	1,408,303	1,223,706	1,235,714	1,425,121	1,383,565	1,680,480	1,567,652	1,405,791	1,549,808	1,429,692
Engineering	612,030	768,730	648,601	696,853	763,790	806,847	1,013,726	1,169,263	1,344,905	1,507,041
Traffic operations center	395,448	460,102	658,063	723,312	828,506	862,274	1,128,998	1,074,055	922,142	1,085,967
General government	1,294,801	3,205,578	2,442,032	1,949,294	4,370,952	12,305,479	3,728,463	(700,908)	6,353,001	6,392,927
Public safety:										
Police	15,461,749	15,154,496	14,363,457	14,538,599	14,418,465	15,009,053	15,715,821	17,012,348	17,637,337	18,484,182
Fire	13,197,463	13,197,477	13,540,246	13,939,150	14,864,908	15,873,431	17,431,159	18,887,397	19,239,506	20,499,375
Parks	3,801,959	3,688,466	3,866,135	4,244,661	4,435,890	4,709,152	5,497,455	6,026,047	6,137,924	6,906,698
Streets-maintenance	16,734,751	21,221,774	16,431,675	18,426,769	19,867,157	22,605,118	29,466,122	31,268,410	28,407,101	29,036,523
Street-fleet	523,234	592,074	601,240	902,173	1,017,846	881,735	875,366	875,834	849,701	931,275
Sanitation	8,180,396	7,961,729	7,837,722	7,279,885	7,593,469	8,388,763	7,972,577	8,496,222	9,040,276	10,211,325
Storm water	1,319,328	1,508,125	1,622,743	2,016,390	1,776,125	2,105,446	2,361,491	2,521,031	2,465,549	2,728,992
Transit	1,257,352	1,398,956	1,623,600	1,736,112	2,372,642	1,705,932	2,035,623	2,240,269	2,405,778	2,566,793
Interest expense on long-term debt	3,919,236	3,730,536	3,679,511	3,742,163	4,087,064	3,988,622	4,074,621	4,587,179	5,281,715	4,484,444
Total expenses	79,216,285	86,336,416	79,645,610	83,065,838	89,778,920	102,819,825	105,895,962	108,895,506	116,273,324	120,828,629
Change in net position	\$ 5,637,246	\$ 10,801,376	\$ 28,942,920	\$ 34,242,076	\$ 64,103,019	\$ 16,056,943	\$ 13,405,209	\$ 29,189,116	\$ 26,449,929	\$ 28,871,324
Business-Type activities:										
Revenues:										
Program revenues:										
Charges for services	\$ 19,411,483	\$ 21,253,689	\$ 22,116,747	\$ 23,099,351	\$ 25,283,748	\$ 27,749,661	\$ 28,803,497	\$ 30,650,210	\$ 31,626,191	\$ 32,254,195
Capital grants & contributions	3,841,390	5,307,632	6,728,662	11,263,738	9,517,652	12,429,719	9,382,488	11,005,568	9,269,803	9,027,798
General revenues:										
Other sources	180,868	(7,153)	140,371	113,591	170,074	253,837	287,640	424,211	1,085,029	1,349,411
Transfers	-	-	-	-	(200,000)	(200,000)	(1,125,000)	(825,000)	(200,000)	365,000
Total revenues	23,433,741	26,554,168	28,985,780	34,476,680	34,771,474	40,233,217	37,348,625	41,254,989	41,781,023	42,996,404
Expenses:										
Water & sewer	21,396,756	21,960,116	21,973,257	22,694,995	23,353,227	24,245,697	26,189,612	28,476,942	29,846,225	29,702,843
Change in net position	\$ 2,036,985	\$ 4,594,052	\$ 7,012,523	\$ 11,781,685	\$ 11,418,247	\$ 15,987,520	\$ 11,159,013	\$ 12,778,047	\$ 11,934,798	\$ 13,293,561
Total change in net position	\$ 7,674,231	\$ 15,395,428	\$ 35,955,443	\$ 46,023,761	\$ 75,521,266	\$ 32,044,463	\$ 24,564,222	\$ 41,967,162	\$ 38,384,727	\$ 42,164,885

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Fund Balances - Governmental Funds

(Prepared using the modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Non-Spendable	\$ 522,733	\$ 1,423,017	\$ 1,741,675	\$ 1,141,340	\$ 1,712,291	\$ 1,879,610	\$ 2,223,101	\$ 2,061,344	\$ 1,719,567	\$ 1,624,813
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	24,439,033	24,588,314	27,148,443	31,573,111	33,757,157	37,369,976	41,060,041	47,398,627	51,482,407	51,591,473
Total General Fund	24,961,766	26,011,331	28,890,118	32,714,451	35,469,448	39,249,586	43,283,142	49,459,971	53,201,974	53,216,286
All Other Governmental Funds										
Capital Projects Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	15,508,919	6,212,614	35,931,258	34,491,104
Committed	12,058,809	9,266,485	382,419	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(18,878,175)	(10,104,657)	(7,887,886)	-	-	-	-
Total Capital Projects Fund	12,058,809	9,266,485	382,419	(18,878,175)	(10,104,657)	(7,887,886)	15,508,919	6,212,614	35,931,258	34,491,104
Road Impact Fee Fund*										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	22,442,977
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Road Impact Fee Fund	-	-	-	-	-	-	-	-	-	22,442,977
Debt Service Fund										
Non-Spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	1,099,568	318,138	84,729	195,118	709	5,000	90,197	106,587	372,887	804,607
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Debt Service Fund	1,099,568	318,138	84,729	195,118	709	5,000	90,197	106,587	372,887	804,607
Special Revenue Funds										
Non-Spendable	-	-	-	46,013	32,553	57,121	76,130	65,380	34,840	65,841
Restricted	288,957	161,351	145,326	484,412	602,732	1,685,971	5,228,990	7,143,259	6,916,726	5,909,581
Committed	8,040,949	9,524,052	8,762,925	12,524,477	12,674,316	17,243,117	24,451,333	33,796,210	38,800,441	18,008,344
Assigned	-	-	1,124,507	1,971,048	5,243,672	7,060,075	5,353,767	8,806,157	13,175,194	11,940,200
Unassigned	(1,088,155)	(1,246,711)	(854,829)	-	-	-	-	-	-	-
Total Special Revenue Funds	7,241,751	8,438,692	9,177,929	15,025,950	18,553,273	26,046,284	35,110,220	49,811,006	58,927,201	35,923,966
Total All Other Governmental Funds	20,400,128	18,023,315	9,645,077	(3,657,107)	8,449,325	18,163,398	50,709,336	56,130,207	95,231,346	93,662,654
Total Governmental Funds	\$ 45,361,894	\$ 44,034,646	\$ 38,535,195	\$ 29,057,344	\$ 43,918,773	\$ 57,412,984	\$ 93,992,478	\$ 105,590,178	\$ 148,433,320	\$ 146,878,940

*Prior to FY2020, Road Impact Fee Fund was included in Special Revenue Funds

CITY OF FRANKLIN, TENNESSEE

Financial Trends Information -
Changes in Fund Balances - Governmental Funds

(Prepared using the modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 42,519,192	\$ 42,985,437	\$ 45,969,516	\$ 49,228,473	\$ 51,595,489	\$ 57,346,463	\$ 63,339,011	\$ 66,814,751	\$ 67,064,451	\$ 67,215,946
Licenses and permits	6,198,399	5,329,720	7,603,115	11,397,587	8,714,516	14,855,454	12,704,411	19,574,405	14,187,525	18,877,383
Fines and fees	945,045	1,084,450	824,280	829,485	758,369	583,422	583,497	583,048	511,864	560,779
Intergovernmental	16,698,318	25,631,707	15,973,111	16,290,803	19,789,750	23,052,657	19,626,633	21,724,943	21,846,542	21,286,228
Charges for services	8,908,640	9,186,271	9,264,390	8,557,376	10,194,368	10,952,510	10,518,112	11,109,359	12,099,847	12,166,255
Use of money and property	1,394,821	1,319,104	816,950	622,019	792,690	979,599	686,672	874,412	4,101,263	4,087,802
Miscellaneous	215,110	496,948	1,513,225	648,436	3,301	2,489,638	1,155,394	262,053	797,299	2,809,455
Total revenues	76,879,525	86,033,637	81,964,587	87,574,179	91,848,483	110,521,743	108,783,730	120,942,521	120,608,791	127,003,848
Expenditures										
Elected officials	136,692	202,515	183,406	297,496	275,250	343,182	282,124	332,480	290,502	358,690
Administration	495,904	582,714	478,456	445,982	483,622	492,182	535,330	1,064,210	1,043,428	1,261,084
Human resources	889,713	1,069,174	823,598	910,719	1,121,520	1,211,867	1,165,049	987,380	1,151,251	1,270,498
Legal	334,594	387,358	283,786	463,730	342,493	333,265	498,133	453,393	758,081	548,969
Communications	305,346	318,505	300,211	317,233	313,200	352,429	489,797	362,973	395,004	377,977
Capital investment planning	236,110	206,418	159,152	183,594	176,967	162,466	-	-	-	-
Project & facilities management	738,229	782,167	634,151	729,970	1,093,598	1,111,055	1,069,858	1,118,898	1,160,709	1,154,390
Revenue management	1,283,643	1,341,821	1,66,427	359,289	210,378	192,958	261,826	211,611	241,134	135,472
Public safety:										
Police	14,499,023	14,414,109	13,703,100	13,977,946	13,747,102	14,701,228	15,484,361	16,561,112	16,568,363	16,724,525
Fire	12,450,359	12,460,480	12,817,855	13,268,813	14,129,713	15,753,191	17,003,425	18,106,943	18,067,915	19,251,818
Finance	836,972	877,470	687,679	716,542	787,545	824,104	940,697	818,603	917,289	931,572
Information and technology	2,030,532	2,621,668	3,953,288	3,676,541	4,074,719	3,727,271	4,186,105	4,349,878	4,307,123	3,835,596
Purchasing	140,776	156,738	134,412	162,559	173,490	176,129	191,513	222,261	224,772	260,486
Court	247,575	281,966	289,857	239,857	201,815	319,159	444,685	317,866	212,987	276,896
Building & neighborhood services	1,869,310	1,958,127	2,101,158	2,321,624	2,356,810	2,423,538	2,750,384	2,909,042	2,982,913	3,145,299
Planning	1,362,339	1,220,100	1,216,935	1,419,450	1,406,527	1,637,525	1,560,527	1,471,756	1,557,636	1,395,702
Engineering	588,560	761,838	631,300	687,014	759,768	802,701	991,964	1,123,986	1,292,986	1,449,218
Traffic operations center	1,100,104	333,495	459,315	396,044	484,244	498,106	777,609	736,150	704,590	846,202
Economic Development	45,313	42,742	46,313	52,811	32,811	67,277	53,592	67,518	78,327	90,844
Parks	3,162,220	2,561,137	2,682,797	3,024,341	3,239,541	3,538,547	4,214,304	4,638,144	4,697,744	5,384,004
Streets-maintenance	6,066,942	6,282,477	6,367,667	6,008,306	6,500,001	8,221,079	14,290,794	15,781,520	12,641,002	12,314,445
Streets-traffic	913,788	948,377	790,995	1,198,941	1,198,941	1,360,638	1,508,872	1,377,220	1,484,099	1,731,460
Streets-fleet	849,948	586,722	596,448	874,303	1,073,512	945,575	940,286	836,861	808,172	942,337
General government	481,069	668,119	1,277,170	1,184,017	1,314,706	3,680,359	672,243	(1,363,747)	1,959,699	(679,827)
Appropriations	416,815	416,624	429,849	411,674	513,599	473,706	964,936	466,424	486,738	466,738
Sanitation	7,366,610	7,265,672	7,025,547	6,446,791	7,490,571	8,308,687	7,834,537	7,958,336	8,202,439	9,217,636
Storm water	1,246,262	1,401,563	1,517,703	1,918,130	1,638,451	2,112,676	2,314,747	2,554,078	2,282,043	2,555,688
Transit	1,195,802	1,185,600	1,381,776	1,553,237	2,243,080	1,574,974	1,890,367	2,086,098	2,277,206	2,446,053
Debt service:										
Principal	5,823,030	6,361,000	6,469,000	6,670,000	7,449,000	7,783,000	7,992,000	8,118,000	7,945,000	9,520,000
Interest	4,199,034	4,261,808	4,277,301	4,298,262	4,644,723	4,973,106	4,886,022	5,514,705	5,544,524	5,720,563
Other charges	583,532	199,479	28,317	28,317	151,263	16,838	18,726	7,976	142,027	2,804,902
Capital outlay - capital	18,595,950	16,004,450	16,944,065	32,567,975	16,081,875	12,344,902	5,663,429	11,727,276	11,937,017	22,747,397
Total expenditures	90,492,066	88,048,447	88,939,732	116,911,711	95,710,554	100,463,720	101,878,242	110,975,890	112,282,806	128,506,634
Excess (deficiency) of revenues over (under) expenditures	(13,612,541)	(2,014,810)	(6,975,145)	(29,337,532)	(3,862,071)	10,058,023	6,905,488	9,966,631	8,325,985	(1,502,786)
Other financing sources (uses):										
Proceeds from issuance of long-term debt	33,206,236	687,562	23,975,694	19,859,681	17,196,020	3,236,188	25,008,840	806,069	52,525,000	31,550,000
Premiums from issuance of long-term debt	(17,317,803)	-	(22,500,000)	-	1,327,480	-	3,540,166	-	(2,670,360)	(8,462,517)
Transfer to bond escrow agent	7,831,891	5,794,421	6,740,323	7,767,550	9,242,452	9,303,969	15,285,099	10,496,177	10,265,312	14,168,841
Operating transfers in	(7,831,891)	(5,794,421)	(6,740,323)	(7,767,550)	(9,242,452)	(9,303,969)	(14,160,099)	(9,671,177)	(10,065,312)	(17,125,659)
Operating transfers out	15,888,433	687,562	1,475,694	19,859,681	18,723,500	3,436,188	29,674,006	1,631,069	34,517,157	(51,594)
Total other financing sources (uses)	2,275,892	(1,327,248)	(5,495,451)	(9,477,851)	14,861,429	13,494,211	36,579,494	11,597,700	42,843,142	(1,554,380)
Net changes in fund balances	13,94%	14.74%	14.93%	13.00%	15.19%	14.48%	13.38%	13.74%	13.44%	14.41%
Debt service as a % of noncapital expenditures										

CITY OF FRANKLIN, TENNESSEE

Revenue Capacity Information
Local Sales Tax Collections

FISCAL YEAR	Estimate of Taxable Sales to Local Sales Tax	Local Sales Tax	Total Local Sales Tax Collected	Less: County	Less: County	Local Sales Tax Received by City	Percent of General Fund Revenue
		Rate (City & Williamson County)		Portion (1/2 of tax)	Admin Fee (1% of City's 1/2 of tax)		
2020	\$ 3,183,243,914	2.75%	\$ 71,622,988	\$ (35,811,494)	\$ (358,115)	\$ 35,453,379	50.7%
2019	3,247,423,397	2.75%	73,067,026	(36,533,513)	(365,335)	36,168,178	49.7%
2018	3,066,394,800	2.75%	68,993,883	(34,496,941)	(344,969)	34,151,972	49.4%
2017	2,935,512,368	2.25%	66,049,028	(33,024,514)	(330,245)	32,694,269	49.1%
2016	2,811,166,510	2.25%	63,251,246	(31,625,623)	(316,256)	31,309,367	49.3%
2015	2,598,787,340	2.25%	58,472,715	(29,236,358)	(292,364)	28,943,994	50.4%
2014	2,447,114,882	2.25%	55,060,085	(27,530,042)	(275,300)	27,254,742	47.9%
2013	2,334,072,548	2.25%	52,516,632	(26,258,316)	(262,583)	25,995,733	49.4%
2012	2,172,607,228	2.25%	48,883,663	(24,441,831)	(244,418)	24,197,413	47.5%
2011	2,040,014,905	2.25%	45,900,335	(22,950,168)	(229,502)	22,720,666	44.8%

Tennessee Code Annotated Section 67-6-702 authorizes the levy of a local option sales tax. The tax is applied only to the first \$1,600 of any single article of personal property. In February 2018, the voters of Williamson County approved by referendum an increase in the local option sales tax rate from 2.25% to 2.75%, which is the maximum rate authorized by state law. The new rate became effective, April 1, 2018. The City of Franklin entered into an intergovernmental agreement with Williamson County through which the City's additional revenues, generated under the new tax rate (0.50%) will remain with the County for the purposes of funding County School debt service for a period of 3 years beginning April 1, 2018.

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

CITY OF FRANKLIN, TENNESSEE

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

FISCAL YEAR	Real Property Assessment			Personal Property Assessment			Public Utility Assessment			Total Taxable Assessed Value 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	Total Taxable Assessed Value	Estimated Actual Taxable Value	Actual Value		
2020	\$ 2,383,570,565	\$ 2,611,168,485	\$ 195,053,443	\$ 106,128	\$ 64,804,129	\$ -	\$ 5,254,702,750	\$ 18,920,390,435	27.77%	0.4176	
2019	2,307,323,295	2,485,463,471	190,862,365	110,259	64,399,468	-	5,048,158,858	18,208,229,470	27.72%	0.4176	
2018	2,225,948,965	2,394,850,296	196,029,038	127,836	66,131,091	-	4,883,087,226	15,696,174,389	31.11%	0.4176	
2017	2,124,725,620	2,290,475,081	164,777,885	115,036	68,350,538	-	4,648,444,160	14,931,225,106	31.13%	0.4176	
2016	1,686,264,015	1,675,073,222	157,978,412	84,526	57,576,973	-	3,576,977,148	11,591,451,146	30.86%	0.4065	
2015	1,628,904,915	1,586,857,868	163,708,520	53,322	60,066,953	471,130	3,440,062,708	11,413,859,405	30.14%	0.4065	
2014	1,572,195,410	1,549,098,572	156,642,888	69,209	55,553,796	-	3,333,559,875	11,065,624,425	30.13%	0.3765	
2013	1,523,744,360	1,487,649,998	148,889,463	1,275,280	56,228,260	-	3,217,787,361	10,442,405,019	30.81%	0.3765	
2012	1,492,455,650	1,477,904,852	152,009,171	915,060	54,282,799	471,130	3,178,038,662	10,298,785,436	30.86%	0.3765	
2011	1,396,203,808	1,171,557,561	148,428,180	531,997	52,470,801	-	2,769,192,347	9,963,638,570	27.79%	0.4340	

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	
2020	\$ 0.1916	\$ 0.2110	\$ 0.0150	---	\$ 0.4176	\$ 2.8090	\$ 3.2266
2019***	0.2290	0.1736	0.0150	---	0.4176	2.7390	3.1566
2018***	0.2137	0.1889	0.0150	---	0.4176	2.6890	3.1066
2017***	0.2262	0.1614	0.0150	0.0150	0.4176	2.6790	3.0966
2016	0.1517	0.2248	0.0150	0.0150	0.4065	3.0541	3.4606
2015	0.1716	0.2049	0.0150	0.0150	0.4065	2.9775	3.3840
2014	0.1979	0.1786	---	---	0.3765	2.9775	3.3540
2013	0.2149	0.1616	---	---	0.3765	2.9510	3.3275
2012	0.2108	0.1657	---	---	0.3765	2.9510	3.3275
2011	0.2410	0.1930	---	---	0.4340	3.1800	3.6140

From fiscal years 2011-2014, the direct rate was separated between the General Fund and the Debt Service Fund. From fiscal year 2015-2017, the direct rate was separated between the General Fund, the Debt Service Fund, the Street Aid Fund, and the Capital Projects Fund. Beginning in fiscal year 2019, the direct rate was separated between the General Fund, the Debt Service Fund, and the Street Aid 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:

2020	2.1600
2019	2.0900
2018	2.0700
2017	1.8500
2016	2.0000
2015	2.2000
2014	2.2000
2013	2.2000
2012	2.2000
2011	2.2000

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

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

***FY2019 General Fund rate is inclusive of \$.1918 for General Fund operations and \$.0372 for the General Fund Capital Funding account.

CITY OF FRANKLIN, TENNESSEE

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

<u>Taxpayer</u>	<u>2011</u>		<u>2020</u>	
	<u>Assessed</u> <u>Valuation</u>	<u>Percent of</u> <u>Total</u> <u>Valuation</u>	<u>Assessed</u> <u>Valuation</u>	<u>Percent of</u> <u>Total</u> <u>Valuation</u>
<u>Real and Personal Property Tax</u>				
Highwoods Properties			\$ 125,899,200	2.40%
Galleria Associates (CBL Assoc.)	50,087,120	1.81%	94,040,760	1.79%
IMT			86,490,800	1.65%
Boyle Investments			85,620,720	1.63%
Middle Tennessee Electric			69,865,392	1.33%
Hall Emery			68,235,600	1.30%
Stock Bridge Capital			61,254,800	1.17%
Chartwell Hospitality			58,128,900	1.11%
KBS			44,775,800	0.85%
LCFRE Carothers			40,618,700	0.77%
HRLP Cool Springs LLC	27,141,960	0.98%		
Carothers Office ACQ LLC	26,064,120	0.94%		
Wyndchase, LLC	20,000,000	0.72%		
Landings F C LP	19,022,465	0.69%		
Crescent Resources	18,614,722	0.67%		
Williamson Farmers Co-Op	16,581,002	0.60%		
Boyle Cool Springs Joint Venture	15,194,640	0.55%		
Alara Franklin Corp	13,862,320	0.50%		
Franklin Cool Springs Corp	13,711,402	0.50%		
Totals	<u>\$ 220,279,751</u>	<u>7.96%</u>	<u>\$ 734,930,672</u>	<u>14.00%</u>

* Total assessed valuation in 2011 (tax year 2010) was \$2,769,192,347.

** Total assessed valuation in 2020 (tax year 2019) is \$5,254,702,750.

CITY OF FRANKLIN, TENNESSEE

Revenue Capacity Information -
Property Tax Levies and Collections

Fiscal Year	Total Tax Levy	Collected Within One Year of Levy	Percent Collected	Collections in Subsequent Years	Total Collections	Total Collections as Percent of Total Levy	Outstanding Delinquent Taxes
2020	\$ 21,688,376	\$ 21,436,320	98.8%	\$ -	\$ 21,436,320	98.8%	\$ 252,056
2019	20,834,771	20,584,843	98.8%	185,197	20,770,040	99.7%	64,731
2018	20,126,690	19,895,443	98.9%	220,814	20,116,257	99.9%	10,433
2017	19,203,126	19,013,067	99.0%	182,923	19,195,990	100.0%	7,136
2016	14,306,693	14,114,206	98.7%	186,902	14,301,108	100.0%	5,585
2015	13,742,347	13,551,648	98.6%	186,035	13,737,683	100.0%	4,664
2014	12,342,702	12,146,687	98.4%	189,441	12,336,128	99.9%	6,574
2013	11,902,186	11,724,940	98.5%	168,693	11,893,633	99.9%	8,553
2012	11,718,525	11,519,012	98.3%	189,780	11,708,792	99.9%	9,733
2011	11,785,700	11,507,981	97.6%	262,455	11,770,436	99.9%	15,264

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							
2020	\$ 160,358,676	\$ -	\$ 85,275,963	\$ -	\$ 245,634,639	\$ 6,727,183,776	3.7%	70,908	3,464		
2019	167,912,949	-	49,621,380	-	217,534,329	6,727,183,776	3.2%	70,908	3,068		
2018	141,697,493	884,974	42,926,581	17,187	185,526,235	6,727,183,776	2.8%	70,908	2,616		
2017	150,159,179	2,170,299	45,705,483	30,737	198,065,698	6,452,698,908	3.1%	70,908	2,793		
2016	131,675,830	3,428,930	35,463,236	-	170,567,996	6,149,445,980	2.8%	66,370	2,570		
2015	139,649,696	3,188,492	38,987,696	-	181,825,884	6,090,575,790	3.0%	66,370	2,740		
2014	130,913,402	3,284,692	42,458,312	-	176,656,406	5,614,570,150	3.1%	66,370	2,662		
2013	120,136,535	2,357,012	45,875,189	-	168,368,736	4,975,089,966	3.4%	62,487	2,694		
2012	126,742,579	1,413,816	48,839,368	77,313	177,073,076	4,899,355,722	3.6%	62,487	2,834		
2011	133,230,841	1,366,034	51,972,602	177,540	186,747,017	4,454,885,691	4.2%	62,487	2,989		

* This amount includes unamortized premiums

** Personal income is disclosed on page 138. (Values are updated to match income table updates.)

*** Tennessee Certified Populations reports

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

CITY OF FRANKLIN, TENNESSEE

Debt Capacity Information -
Ratios of General Bonded Debt Outstanding

FISCAL YEAR	General Obligation Debt *	Less: Amounts Available in Debt Service Fund **	Net General Obligation Debt Service	Appraised Value ***	Ratio of Net General Obligation Debt to Appraised Value	Population ****	Net General Obligation Debt Per Capita
2020	\$ 160,358,676	\$ 804,607	\$ 159,554,069	\$ 18,920,390,435	0.8%	70,908	\$ 2,250
2019	167,912,949	372,887	167,540,062	18,208,229,470	0.9%	70,908	2,363
2018	141,697,493	106,587	141,590,906	15,696,174,389	0.9%	70,908	1,997
2017	150,159,179	90,197	150,068,982	14,931,225,106	1.0%	70,908	2,116
2016	131,675,830	5,000	131,670,830	11,591,451,146	1.1%	66,370	1,984
2015	139,649,696	709	139,648,987	11,413,859,405	1.2%	66,370	2,104
2014	130,913,402	195,118	130,718,284	11,065,624,425	1.2%	66,370	1,970
2013	120,136,535	84,729	120,051,806	10,442,405,019	1.1%	62,487	1,921
2012	126,742,579	318,138	126,424,441	10,298,785,436	1.2%	62,487	2,023
2011	133,230,841	1,099,568	132,131,273	9,963,638,570	1.3%	62,487	2,115

* 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, 2020**

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Estimated Share of Overlapping Debt</u>
Williamson County	\$ 804,180,000	40.05% *	\$ 322,074,090
Franklin Special School District	53,176,125	100.00% **	53,176,125
Subtotal, overlapping debt			<u>375,250,215</u>
City of Franklin direct debt of governmental activities			<u>245,634,639 ***</u>
Total direct and overlapping debt			<u>\$ 620,884,854</u>

* Based upon Assessed Value of Property in:

County	\$ 13,121,341,627
City	\$ 5,254,702,750

** All of the Special School District is located within the City of Franklin. Amount shown includes a bond total of \$52,275,000 and a Note Payable total of \$901,125.

*** This amount includes unamortized premiums.

CITY OF FRANKLIN, TENNESSEE

**Debt Capacity Information -
Legal Debt Margin Information**

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed Value	\$ 2,769,192,347	\$ 3,178,038,662	\$ 3,217,787,361	\$ 3,333,559,875	\$ 3,440,062,708	\$ 3,576,977,148	\$ 4,648,444,160	\$ 4,883,087,226	\$ 5,048,158,858	\$ 5,254,702,750
General Obligation Debt*	\$ 133,230,841	\$ 126,742,579	\$ 120,136,535	\$ 130,913,402	\$ 139,649,696	\$ 131,675,830	\$ 150,159,179	\$ 141,697,493	\$ 167,912,949	\$ 160,358,676
Debt as % of Assessed Value	4.8%	4.0%	3.7%	3.9%	4.1%	3.7%	3.2%	2.9%	3.3%	3.1%

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	
2020	\$ 33,603,606	\$ 9,027,798	\$ 20,339,783	\$ 22,291,621	\$ 4,399,002	\$ 1,954,291	6,353,293	3.51
2019	32,711,220	9,269,803	21,137,078	20,843,945	4,407,812	1,492,297	5,900,109	3.53
2018	31,074,421	11,005,568	21,319,614	20,760,375	4,303,193	1,547,782	5,850,975	3.55
2017	29,091,137	9,382,488	20,123,220	18,350,405	3,973,101	1,656,693	5,629,794	3.26
2016	28,003,498	12,429,719	17,477,139	22,956,078	3,510,885	1,293,872	4,804,757	4.78
2015	25,453,822	9,517,652	16,467,456	18,504,018	3,411,934	1,430,642	4,842,576	3.82
2014	23,212,942	11,263,738	15,635,777	18,840,903	3,358,090	1,565,559	4,923,649	3.83
2013	22,257,118	6,728,662	14,880,678	14,105,102	3,671,566	1,721,346	5,392,912	2.62
2012	21,246,536	5,307,632	15,293,416	11,260,752	3,113,470	1,714,353	4,827,823	2.33
2011	19,592,351	3,841,390	14,961,368	8,472,373	3,032,418	1,493,066	4,525,484	1.87

* 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		School Enrollment ****	Unemployment Rate *****
				Years of Schooling *****	School Enrollment		
2020	70,908	\$ 6,727,183,776	\$ 94,872	15.5	17,428	6.7%	
2019	70,908	6,727,183,776	94,872	15.2	16,754	2.8%	
2018	70,908	6,727,183,776	94,872	15.2	16,345	2.8%	
2017	70,908	6,452,698,908	91,001	15.2	15,652	2.8%	
2016	66,370	6,149,445,980	92,654	15.2	14,245	3.7%	
2015	66,370	6,090,575,790	91,767	15.1	13,821	4.3%	
2014	66,370	5,614,570,150	84,595	15.1	13,487	4.8%	
2013	62,487	4,975,089,966	79,618	15.0	12,037	5.4%	
2012	62,487	4,899,355,722	78,406	14.9	11,834	5.3%	
2011	62,487	4,454,885,691	71,293	14.9	11,193	6.3%	

* Tennessee Certified Population reports

** Personal Income is calculation of Population times Per Capita Personal Income. (Values are updated to match per capita personal income updates.)

*** U.S. Bureau of Economic Analysis (BEA) for Williamson County: Local Area Personal Income. (Values are updated to match income table updates.)

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

***** Tennessee Department of Education Annual Reports. Population of Franklin is compared to County's to estimate the enrollment from Franklin. (Values are updated to match school enrollment updates.)

***** 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	2011			2020**		
	Employees *	Rank	Percentage of Total County Employment	Employees **	Rank	Percentage of Total City Employment
Community Health Systems	1,800	2	3.46%	2,378	1	5.75%
Fresenius Medical Care				2,020	2	4.88%
HCA Healthcare, Inc.	1,300	3	2.50%	2,002	3	4.84%
Williamson Medical Center				1,896	4	4.58%
Optum				1,600	5	3.87%
Nissan North America	1,300	4	2.50%	1,550	6	3.75%
Cigna				1,500	7	3.63%
Paralon Business Solutions, LLC				1,100	8	2.66%
Mars Petcare	680	8	1.31%	1,000	9	2.42%
Ramsey Solutions				902	10	2.18%
Lee Company	520	10	1.00%			
Cool Spring Galleria	3,500	1	6.73%			
Verizon Wireless	1,000	5	1.92%			
AIM Healthcare	815	6	1.57%			
Healthways	800	7	1.54%			
Progeny Marketing Innovations	550	9	1.06%			
Total	12,265		23.59%	15,948		38.56%

* City's 2011 Comprehensive Annual Financial Report. Prior to 2013, the CAFR represented Franklin employers by county statistics.

** Number of employees (job counts) were provided by Williamson, Inc. and were based on information available at the time of data capture.

CITY OF FRANKLIN, TENNESSEE

Operating Information -
Authorized Full Time Employees by Function

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Administration	5	6	5	6	6	6	6	9	10	11
Building and Neighborhood Services	28	28	30	31	32	33	35	36	36	36
Capital Investment Planning	2	2	1	2	2	2	0	0	0	0
Communications	3	3	3	3	3	4	4	4	4	4
Court	2	2	2	2	2	3	3	2	3	3
Engineering	8	8	10	11	12	12	13	13	14	15
Finance	11	9	9	10	10	10	10	9	9	9
Fire	158	158	160	161	171	171	171	172	172	172
HR	9	10	11	11	11	11	11	12	12	12
IT	17	17	19	18	20	20	21	22	23	24
Law	4	4	4	5	4	4	5	5	5	5
Parks	30	31	33	34	31	37	39	41	44	46
Planning and Sustainability	18	18	15	17	16	16	16	15	15	15
Police	175	175	175	176	156	157	142	143	142	145
Projects and Facilities Management	6	6	6	7	7	7	5	6	6	6
Purchasing	2	3	3	3	3	3	3	3	3	4
Revenue Management	13	14	15	14	13	13	13	14	14	14
Solid Waste	51	52	49	48	49	49	45	45	45	45
Storm water	11	16	16	17	18	19	20	21	22	22
Streets	52	47	49	52	53	53	54	58	59	60
Traffic Operations Center	3	3	4	3	4	3	3	4	4	4
Water & Wastewater	82	83	84	84	85	86	92	94	96	96
TOTAL	690	695	703	715	708	719	711	728	738	748

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 authorized, vacant, but unfunded positions are not reflected in the counts.

CITY OF FRANKLIN, TENNESSEE

Operating Information -
Operating Indicators by Function

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Calls for service	64,719	75,700	77,964	80,205	77,818	67,533	57,154*	68,966**	60,201	59,138
Fire										
Number of alarms	5,746	5,767	6,115	6,501	6,790	7,039	7,856	9,058	8,879	8,695
Sanitation										
Landfill usage	64,619	59,212	54,190	65,116	81,651	95,393	81,137	87,536	86,120	94,043
Recycling (tons)	5,556	6,209	6,781	8,605	7,897	7,904	8,726	7,875	6,623	4,862****
Codes										
Single family permits	309	331	485	519	480	691	636	495	358	348
Water										
Average daily usage	5,704,268	5,872,863	5,805,912	5,690,082	5,636,146	5,755,000	5,737,000	5,770,000****	6,314,000	6,994,000
Water storage capacity (gallons)	12,000,000	12,000,000	12,000,000	11,500,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000

Source: City of Franklin departments

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

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

*** The calculation of this figure includes Water plant staff estimates of the lowest usage months as a result of a plant shut down.

****As a result of COVID-19, recycling service was stopped from 3/17/2020-6/24/2020.

CITY OF FRANKLIN, TENNESSEE

Operating Information -
Capital Asset Statistics by Function

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles (radio equipped)	133	152	156	136	139	136	150	140	128***	136
Fire										
Fire stations	6	6	6	6	7	7	8	8	8	8
Fire response vehicles	19	19	22	22	22	22	22	22	23	26
Fire hydrants	1,957	3,155*	3,325*	3,326*	3,416*	3,576*	3,675*	3,810*	3,921*	3,930
Street										
Streets (miles)	285	286	293	304	317	325	347	339**	344	351
Parks										
Number of parks	16	16	16	16	16	16	16	16	17	17
Water										
Water lines (miles)	284	283	285	288	293	296	301	302	303	306
Sewer lines (miles)	355	352	354	360	371	387	393	408	415	419
Reclaimed lines (miles)	--	--	--	--	--	--	--	28	28	28

Source: City of Franklin departments

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

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

***Switch to 700mghz radios. Pool cars and special use vehicles were not assigned the new radios (portables are being used in those vehicles).

INTERNAL CONTROL AND COMPLIANCE SECTION



H I S T O R I C
F R A N K L I N
T E N N E S S E E

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF HISTORICAL UTILITY SYSTEM GROWTH
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 UNAUDITED

WATER PRODUCTION

<u>Year</u>	Average Daily Production <u>(MGD)</u>	Maximum Daily Production <u>(MGD)</u>
2013	1.18	2.95
2014	1.34	2.78
2015	1.60	2.66
2016	1.21	2.35
2017	0.68	1.90
2018	2.04	3.41
2019	2.40	3.00

WATER SYSTEM USAGE

<u>Year</u>	Gallons Sold (000)	Total Revenues
2013	1,598,926	\$ 8,746,584
2014	1,485,715	\$ 8,860,972
2015	1,548,809	\$ 9,543,369
2016	1,573,538	\$ 10,252,017
2017	1,634,058	\$ 10,556,568
2018	1,605,061	\$ 11,034,782
2019	1,541,561	\$ 11,692,199

WASTEWATER SYSTEM USAGE

<u>Year</u>	Gallons Sold (000)	Total Revenues
2013	2,344,749	\$ 12,219,785
2014	2,275,611	\$ 13,060,064
2015	2,356,667	\$ 14,557,438
2016	2,449,963	\$ 16,215,570
2017	2,572,765	\$ 17,022,240
2018	2,492,648	\$ 18,430,468
2019	2,558,374	\$ 18,790,102

RECLAIMED WATER USAGE

<u>Year</u>	Gallons Sold (000)	Total Revenues
2013	45,756	\$ 135,041
2014	76,561	\$ 130,051
2015	88,916	\$ 80,505
2016	124,230	\$ 123,806
2017	133,039	\$ 133,598
2018	133,708	\$ 135,473
2019	111,427	\$ 128,937

Notes : The reclaimed water 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. For all years reported, the average daily production and maximum daily production figures are based on a calendar year.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF DEBT
JUNE 30, 2020

General Obligation Bonded Debt

Total Bonded Debt ¹	\$ 158,905,000
Less: Self Supporting Debt	(17,800,000)
Net Bonded Debt	\$ 141,105,000

Overlapping Bonded Debt ²	\$ 863,275,517
Less: Self Supporting Bonded Debt	(74,265,000)
Net Overlapping Bonded Debt	\$ 789,010,517

	City of Franklin	City and Net Overlapping
Bonded Debt Per Capita	\$ 2,241	\$ 14,416
Net Direct Bonded Debt Per Capita	\$ 1,990	\$ 13,117
Bonded Debt / Actual Value	3.02%	19.45%
Net Bonded Debt / Assessed Value	2.69%	17.70%
Bonded Debt / Actual Value	0.84%	5.40%
Net Bonded Debt / Actual Value	0.75%	4.92%

	Franklin	Williamson County
FY 2020 Assessed Value	\$ 5,254,702,750	\$ 13,121,341,627
FY 2020 Appraised Value	\$ 18,920,390,435	\$ 51,807,972,032
2019 Population ³	70,908	238,412

Williamson County's Bonded Debt as of June 30, 2020 ⁴

Bonded Debt	\$ 804,180,000
Self Supporting Bonded Debt	(74,265,000)
Net Bonded Debt	\$ 729,915,000

Franklin's Assessed Value as a Percentage of Williamson County's Assessed Value: 39.7%

Franklin Special School District Bonded Debt as of June 30, 2020 ⁵

Bonded Debt	\$ 59,095,517
-------------	---------------

Franklin's Assessed Value as a Percentage of Franklin Special School District's Assessed Value:
100%

Notes:

(1) Includes self-supporting tax-backed water and sewer revenue and tax bonds.

Excludes revenue bonds and loans without GO backing. Excludes unamortized premiums.

(2) Source: Overlapping debt is for Williamson County and Franklin Special School District

(3) Source: City of Franklin special census. County population is U.S. Census July 1, 2019 estimate

(4) Source: Williamson County

(5) Source: Franklin Special School District

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF BOND AND NOTE INDEBTEDNESS - WATER AND SEWER FUND
 JUNE 30, 2020

Amount Issued	Purpose	Due Date	Interest Rate	Outstanding as of 6/30/2020
\$ 24,670,000	Revenue & Tax Bonds: Series 2005 - Sewer and Water Revenue and Tax Refunding (1) (2)	April 2025	Fixed	\$ 8,990,000
19,430,000	Revenue & Tax Bonds: Series 2011 - Truist (formally SunTrust) Loan Program (1) (2)	May 2026	Fixed	8,810,000
12,000,000	Revenue Bonds: Series 2017 - Water and Sewer Revenue	February 2037	Fixed	10,815,000
1,500,000	Notes Payable: 2009 - Drinking Water SRF Loan through ARRA (1) (3)	December 2030	Fixed	891,679
1,888,200	Notes Payable: 2009 - Clean Water SRF Loan through ARRA (1) (3)	October 2032	Fixed	1,281,163
1,822,741	Notes Payable: 2016 - SCADA SRF Loan through ARRA (1)	2031	Fixed	1,593,529
1,677,259	Notes Payable: 2016 - SCADA SRF Loan through ARRA (1)	2031	Fixed	281,947
1,275,000	Notes Payable: 2017 - Wastewater Plant SRF Loan	August 2049	Fixed	1,246,640
<u>78,500,000</u>	Notes Payable: 2017 - Wastewater Plant SRF Loan	30 years	Fixed	<u>49,852,067</u>
<u>\$ 142,763,200</u>	Total Bonded Debt			<u>\$ 83,762,025</u>

Notes:

- (1) Indebtedness payable from and secured by water and sewer system revenues and a general obligation pledge of the City. SRF loans also secured by state-shared taxes. All indebtedness is anticipated to be paid from water and sewer system revenues.
- (2) Prior Lien Obligation.
- (3) Outstanding Parity Obligation.

**CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF GENERAL OBLIGATION DEBT
JUNE 30, 2020**

	<u>Amount of Indebtedness</u>	<u>Per Capita</u> ¹	<u>Percentage Of Assessed Valuation</u> ²	<u>Percentage Of Full Valuation</u> ³
Gross Direct Indebtedness	\$ 158,905,000	\$ 2,241	3.02%	0.84%
Net Direct Indebtedness	\$ 141,105,000	\$ 1,990	2.69%	0.75%
Gross Direct and Gross Overlapping Indebtedness ^{4 5}	\$ 1,022,180,517	\$ 14,416	19.45%	5.40%
Net Direct and Net Overlapping Indebtedness ^{4 5}	\$ 930,115,517	\$ 13,117	17.70%	4.92%

Notes:

- (1) The City's certified population as of June 30, 2020 is 70,908.
- (2) The City's assessed valuation of taxable property as of June 30, 2020 is \$5,254,702,750.
- (3) The City's estimated full valuation of taxable property as of June 30, 2020 is \$18,920,390,435.
- (4) The County's debt outstanding is \$804,180,000 as of June 30, 2020. The City's share is \$322,074,090. (40.05%)
Of the County's debt outstanding, \$74,265,000 is self-supporting. The City's share is \$29,743,132. (40.05%)
- (5) The Franklin Special School District's debt outstanding is \$53,176,125 as of June 30, 2020. The City's share is \$53,176,125 (100%)

**CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF INDEBTEDNESS AND DEBT RATIOS
JUNE 30, 2020**

	For Fiscal Year Ending June 30					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
INDEBTEDNESS						
TAX SUPPORTED						
General Obligation Bonds ¹	\$ 137,273,000	\$ 129,490,000	\$ 144,618,000	\$ 136,500,000	\$ 154,800,000	\$ 141,105,000
TOTAL TAX SUPPORTED	<u>\$ 137,273,000</u>	<u>\$ 129,490,000</u>	<u>\$ 144,618,000</u>	<u>\$ 136,500,000</u>	<u>\$ 154,800,000</u>	<u>\$ 141,105,000</u>
REVENUE SUPPORTED						
Water & Sewer Bonds with General Obligation backing	\$ 34,980,000	\$ 31,710,000	\$ 28,345,000	\$ 24,915,000	\$ 21,385,000	\$ 17,800,000
Water & Sewer Bonds without General Obligation backing	\$ 0	\$ 0	\$ 12,000,000	\$ 11,630,000	\$ 11,230,000	\$ 10,815,000
Water & Sewer Loans without General Obligation backing	\$ 2,923,142	\$ 2,781,208	\$ 3,329,957	\$ 4,523,251	\$ 15,320,246	\$ 55,147,025
TOTAL REVENUE SUPPORTED	<u>\$ 37,903,142</u>	<u>\$ 34,491,208</u>	<u>\$ 43,674,957</u>	<u>\$ 41,068,251</u>	<u>\$ 47,935,246</u>	<u>\$ 83,762,025</u>
TOTAL DEBT	\$ 175,176,142	\$ 163,981,208	\$ 188,292,957	\$ 177,568,251	\$ 202,735,246	\$ 224,867,025
Less: Revenue Supported Debt	\$(2,923,142)	\$(2,781,208)	\$(15,329,957)	\$(16,153,251)	\$(26,550,246)	\$(65,962,025)
Less: Debt Service Fund Balance	(709)	(5,000)	(90,197)	(106,587)	(372,887)	(804,607)
NET DIRECT DEBT	\$ 172,252,291	\$ 161,195,000	\$ 172,872,803	\$ 161,308,413	\$ 175,812,113	\$ 158,100,393
OVERLAPPING DEBT ²	\$ 259,734,857	\$ 263,920,946	\$ 218,868,646	\$ 304,236,383	\$ 352,174,546	\$ 375,250,215
NET DIRECT & OVERLAPPING DEBT	\$ 431,987,148	\$ 425,115,946	\$ 391,741,449	\$ 465,544,796	\$ 527,986,659	\$ 533,350,608
PROPERTY TAX BASE ³						
Actual Value	11,413,859,405	11,591,451,146	14,931,255,106	15,696,174,389	18,208,229,470	18,920,390,435
Assessed Value	3,440,062,708	3,576,977,148	4,648,444,160	4,883,087,226	5,008,158,858	5,254,702,750

Notes:

- (1) Does not include capital leases.
- (2) Overlapping Debt includes the City's portion of Williamson County's debt and of the Franklin Special School District
- (3) Actual and Assessed Values are from Tennessee Tax Aggregate Report

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF INDEBTEDNESS AND DEBT RATIOS (Cont.)
JUNE 30, 2020

<u>DEBT RATIOS</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
TOTAL DEBT to Actual Value	1.53%	1.41%	1.26%	0.13%	1.11%	1.19%
TOTAL DEBT to Assessed Value	5.09%	4.58%	4.05%	3.64%	4.05%	4.28%
NET DIRECT DEBT to Actual Value	1.51%	1.39%	1.16%	1.03%	0.97%	0.84%
NET DIRECT DEBT to Assessed Value	5.01%	4.51%	3.72%	3.30%	3.51%	3.01%
OVERLAPPING DEBT to Actual Value	2.28%	2.28%	1.47%	1.94%	1.93%	1.98%
OVERLAPPING DEBT to Assessed Value	7.55%	7.38%	4.71%	6.23%	7.03%	7.14%
NET DIRECT & OVERLAPPING DEBT to Actual Value	3.78%	3.67%	2.62%	2.97%	2.90%	2.82%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	12.56%	11.88%	8.43%	9.53%	10.54%	10.15%
<u>PER CAPITA RATIOS</u>						
POPULATION ¹	66,370	66,370	70,908	70,908	70,908	70,908
PER CAPITA PERSONAL INCOME ²	92,305	93,028	95,339	95,339	95,339	95,339
Actual Value to POPULATION	\$ 171,973	\$ 174,649	\$ 210,572	\$ 221,360	\$ 256,787	\$ 266,830
Assessed Value to POPULATION	\$ 51,832	\$ 53,894	\$ 65,556	\$ 68,865	\$ 70,629	\$ 74,106
Total Debt to POPULATION	\$ 2,639	\$ 2,471	\$ 2,655	\$ 2,504	\$ 2,859	\$ 3,171
Net Direct Debt to POPULATION	\$ 2,595	\$ 2,429	\$ 2,438	\$ 2,275	\$ 2,479	\$ 2,230
Overlapping Debt to POPULATION	\$ 3,913	\$ 3,977	\$ 3,087	\$ 4,291	\$ 4,967	\$ 5,292
Net Direct Debt & Overlapping Debt to POPULATION	\$ 6,509	\$ 6,405	\$ 5,525	\$ 6,565	\$ 7,446	\$ 7,522
Total Debt Per Capital as a percent fo PER CAPITA	2.86%	2.66%	2.79%	2.63%	3.00%	3.33%
PERSONAL INCOME						
Net Direct Debt Per Capital as a percent fo PER CAPITA	2.81%	2.61%	2.56%	2.39%	2.60%	2.34%
PERSONAL INCOME						
Overlapping Debt Per Capital as a percent fo PER CAPITA	4.24%	4.27%	3.24%	4.50%	5.21%	5.55%
PERSONAL INCOME						
Net Direct & Overlapping Debt Per Capital as a percent fo PER CAPITA	7.05%	6.89%	5.79%	6.89%	7.81%	7.89%
PERSONAL INCOME						

Notes:

(1) Per Capita computations are based on Tennessee certified population

(2) Per Capita Personal Income is based on data from the Bureau of Economic Analysis for Williamson County

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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, 2020 (except for the Fiduciary Pension Fund, which was as of and for the year ended December 31, 2019), and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2020.

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) as a basis for designing 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 financial statements. 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*.

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Purpose of this Report

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

Nashville, Tennessee
December 8, 2020
(with the exception of Note 3 P to the financial statements,
as to which the date is December 14, 2021)

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH 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 Each Major Federal Program

We have audited the City of Franklin, Tennessee's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

A handwritten signature in black ink that reads "Crosslin, PLLC".

Nashville, Tennessee

December 8, 2020

(with the exception of Note 5 to the Schedule of Expenditures of Federal Awards and State Financial Assistance, as to which the date is December 14, 2021)

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COST
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___yes x no

Significant deficiency(ies) identified?

___yes x none reported

Noncompliance material to financial statements noted?

___yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

___yes x no

Significant deficiency(ies) identified?

___yes x none reported

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

Unmodified

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

___yes x no

Identification of major program:

Federal Transit Cluster – CFDA No. 20.507 and 20.526
State Revolving Fund CFDA No. 66.458

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

\$750,000

Auditee qualified as low-risk auditee?

x yes ___ no

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COST - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

None Reported.

SECTION III - FEDERAL AUDIT FINDINGS AND QUESTIONED COSTS

None Reported.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

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