

City of Franklin, Tennessee

Annual Comprehensive Financial Report



Opening of Franklin Road Redesign

For the Fiscal Year Ended June 30, 2023

CITY OF FRANKLIN, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

Prepared by:

City of Franklin
Department of Finance

**CITY OF FRANKLIN
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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INTRODUCTORY 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

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ADMINISTRATION

Dr. Ken Moore
MayorEric S. Stuckey
City Administrator

 HISTORIC
FRANKLIN
 TENNESSEE

December 12, 2023

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. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Crosslin, PLLC, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Franklin's financial statements for the year ended June 30, 2023. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statement. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the government

The City of Franklin (the City), incorporated in 1799, is 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 44 square miles and serves a population of 83,454 according to the 2020 census. The City is one of the fastest growing municipalities in the State of Tennessee, with the population increasing by 18% since the 2017 special census of 70,908. 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 actions, passing ordinances, adopting the budget, setting the property tax levy, and water and sewer utility rates, 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; sanitation pickup and disposal; planning and codes; operation of a city court; implementation of stormwater 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 36-44 as part of the basic financial statements. For the other governmental funds with appropriated annual budgets, the comparisons are presented beginning on page 94.

Local economy

The City 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 2nd 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 180 stores and restaurants. It is anchored by Belk, Dillard's, JCPenney, and Macy's.

Sufficient vacant property, zoned for retail use, is available for further development. According to Commercial Cafe, the area has a commercial office vacancy rate of 25.45% (as of 2022) 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: Acadia Healthcare, Cigna Healthcare, CKE Restaurants, Community Health Systems, eviCore Healthcare, Franklin American Mortgage, Franklin Madison Group, Frensenius Medical Care, Huskey Truss & Building Supply, Iasis Healthcare, Jackson National Life, Landmark Recovery, Lee Company, Mars Petcare, Medhost, Mitsubishi Motors North America, Nissan North America, Parallon Business Solutions, Ramsey Solutions, Schneider Electric, SP Wind Down, and Video Gaming Technologies. In January 2023, In-N-Out Burger announced a corporate hub for Franklin with a \$125 million investment creating 275 jobs.

The City has three (3) city-only tax abatement for Franklin Housing Authority that provides affordable housing to families and individuals. Also, with Williamson County, there are city/county abatements for Nissan offered for its relocation from California and for Ramsey Solutions to expand and add jobs by moving from Cool Springs to Berry Farms in the City.

Long-term financial planning and major initiatives

The governing body periodically reviews its ten-year capital investment plan (CIP). The ultimate intent is to match available funding with needed projects and to highlight any funding shortfalls.

In the FY 2017-2026 CIP, the governing body prioritized nine (9) projects for funding.

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)

In fiscal year 2020, the governing body approved 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 Dam & 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 Park 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

In fiscal year 2021, due to the COVID-19 pandemic, the City did not proactively budget capital investments until later in the fiscal year. The Board of Mayor and Alderman received status updates on all projects in Fall 2021 and reviewed an update to the financial model in Winter 2022.

In fiscal year 2022, the BOMA considered an updated FY 2022-2031 CIP which also contained the following projects:

1. New City Hall
2. 100 Block Battle Avenue Stormwater Improvements
3. Improvements to Century Court Sanitation Facility
4. 96 West Trail (in conjunction with State of Tennessee)
5. Hayes Home Restoration (Harlinsdale – funded entirely through private donations)
6. East McEwen Phase V improvements (Wilson Pike to City Limits)
7. Peytonsville Rd & Pratt Ln Int. Improvements
8. Mack Hatcher Multiuse Trail (Franklin-Hillsboro)
9. Greenway (Pinkerton Park to Franklin Road Bridge)
10. Carlisle Ln (SR96W-Future Mack Hatcher Pkwy)

In fiscal year 2022, the third leg of the loop around Franklin, Mack Hatcher NW, funded primarily by the State of Tennessee was completed. In fiscal year 2023, work continued on the list of approved projects shown herein. As of June 30, 2023, work continued on the list of 41 approved capital projects. As of June 2023, 14 projects were fully complete, 7 were under construction, 14 were under right of way acquisition or conceptual design and 6 were in early preliminary design.

A full revisitation of the CIP for a new 10-year window (FY 2024-2033) began during the first half of FY 2024. FranklinForward, a review of the City's Strategic Plan, is scheduled for the second half of FY 2024.

Relevant financial policies

The City has adopted or updated financial policies in recent years as follows:

- Alternative Payments Policy. Adopted in May 2020.
- Bad Debts Policy. Adopted in July 2012.
- Capital Assets Policy. Adopted in June 2019. Updated in August 2022.
- City Administrator Authority Policy. Adopted in July 2022. Updated in January 2023.
- COLA for Closed Pension Plan Policy. Adopted in January 2023.
- Customer Service Policy. Adopted in November 2022.
- Debt Management Policy. Adopted in December 2017.
- Disbursements Policy. Adopted in June 2018.
- Federal Tax Compliance Policy. Adopted in January 2012.
- Fund Balance Policy - General Fund. Updated in September 2014.
- Grants Policy. Adopted in June 2020. Updated in August 2022.
- HR Manual. Adopted in October 2019. (To be updated in September 2023.)
- Internal Control Documentation. Adopted in June 2020. Updated in August 2022.
- Investment Policy for Non-Pension Assets. Adopted April 2021.
- Lease Accounting and Reporting Policy. Adopted in June 2021. Updated in August 2022 and June 2023.
- OPEB Contributions (retiree option II coverage) Policy. Adopted in May 2023.
- Payroll Procedures. Adopted in June 2019.
- Pension COLA (closed plan) Policy. Adopted in May 2023.
- Pension Funding Policy (closed plan). Adopted in October 2014. Updated in April 2023.
- Pension Policy (closed plan). Adopted in August 2018.
- Purchasing Policy. Updated most recently in July 2022 and June 2023.
- Purchasing-Debarment and Suspension Procedures. Adopted in February 2015.
- Purchasing-Values and Guiding Principles of Public Procurement. Adopted in March 2012.

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 annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the thirty-second (32nd) consecutive year that the government received this prestigious award. To be awarded a Certificate of Achievement, the government is required to publish an easily readable and efficiently organized ACFR. 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 ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectively submitted,



Eric S. Stuckey
City Administrator

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



Government Finance Officers Association

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

Presented to

**City of Franklin
Tennessee**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

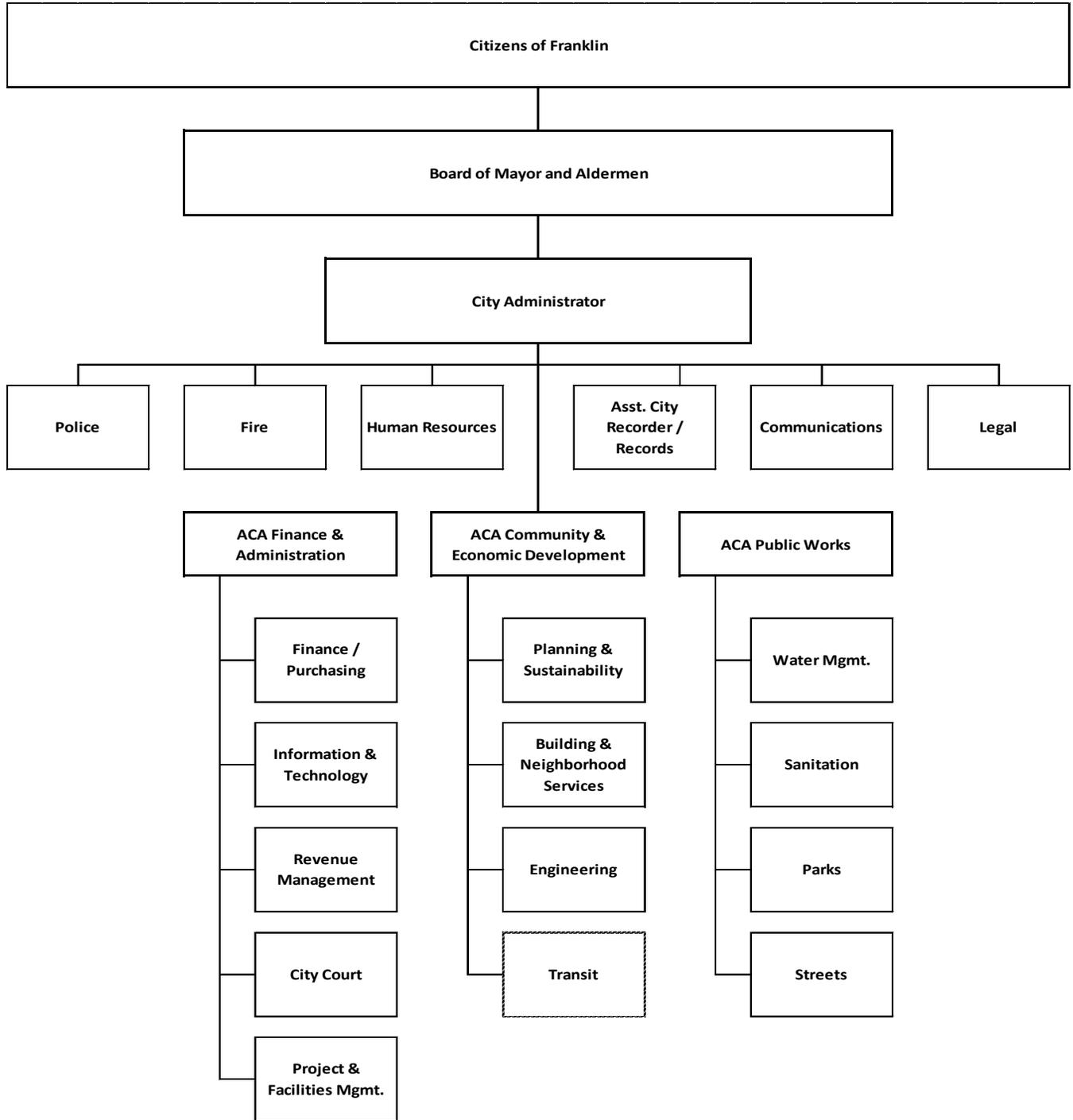
June 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF FRANKLIN, TENNESSEE ORGANIZATIONAL CHART

FOR THE FISCAL YEAR ENDED JUNE 30, 2023



CITY OF FRANKLIN, TENNESSEE
LIST OF ELECTED AND APPOINTED OFFICIALS
 JUNE 30, 2023

Elected Officials

Mayor
 Alderman – 1st Ward
 Alderman – 2nd Ward
 Alderman – 3rd Ward
 Alderman – 4th Ward
 Alderman – At Large (Vice-Mayor)
 Alderman – At Large
 Alderman – At Large
 Alderman – At Large

Dr. Ken Moore
 Beverly Burger
 Matt Brown
 Jason L. Potts
 Patrick Baggett
 Clyde Barnhill
 Brandy Blanton
 Gabrielle Hanson
 Ann Petersen

Appointed Officials

City Administrator
 Assistant City Administrator / Chief Financial Officer
 Assistant City Administrator / Community & Economic Development
 Assistant City Administrator / Public Works
 Building & Neighborhood Services (BNS) Director
 City Attorney
 Engineering Director
 Fire Chief
 Human Resources Director
 Information Technology (IT) Director
 Parks Director
 Planning & Sustainability Director
 Police Chief
 Sanitation & Environmental Services (SES) Director
 Streets Director
 Water Management Director

Eric Stuckey
 Kristine Brock (CPFO)
 Vernon Gerth
 Mark Hilty
 Tom Marsh
 Shauna Billingsley
 Paul Holzen, P.E.
 Glenn Johnson
 Kevin Townsel
 M. Jason Potts
 Lisa Clayton
 Emily Wright
 Deb Faulkner
 Jack Tucker
 Steve Grubb
 Michelle Hatcher, P.E.

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FINANCIAL SECTION



H I S T O R I C
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2023 (except for the Fiduciary Pension Fund, which is as of December 31, 2022 and for the year then ended), and the related notes to the financial statements, which collectively comprise the City of Franklin, Tennessee's basic financial statements as listed in the table of contents.

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, 2023 (except for the Fiduciary Pension Fund which is as of December 31, 2022), 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, 2022), in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial

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likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, 2022, from which the summarized information was derived. We have previously audited the City's 2022 financial statements, and we expressed an unmodified opinion on those statements in our report, dated December 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year end June 30, 2022, 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 19–28, the schedule of changes in the net pension liability and related ratios – pension plan on pages 83 and 86, the schedule of employer contributions - pension plan on pages 84 and 87, the schedule of investment returns - pension plan on page 85, and the schedule of changes in total OPEB liability and related ratios on page 88 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the supplemental schedules on pages 107 - 114, the supplemental schedule on page 146, and schedule of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Tennessee, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor fund financial statements, the supplemental schedules on pages 107 – 114, the supplemental schedule on page 146, and the schedule 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, the schedules on pages 121 - 141, the schedules on pages 144-145, and the schedules on pages 147 – 148, but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, 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’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 City’s internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read 'Cresslin, PLLC'.

Nashville, Tennessee
December 12, 2023

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**CITY OF FRANKLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 through 6 of this report.

Financial Highlights

- **Net Position.** The assets and deferred outflows of resources of the City of Franklin exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$959,225,355, compared to \$983,250,776 (as restated) in the previous fiscal year. Of this amount, \$105,306,439 (unrestricted net position) may be used to meet government's ongoing obligations to citizens and creditors. The decrease in net position of \$24 million is primarily from capital assets. In fiscal year 2023, the City raised the threshold of capital equipment from \$25,000 to \$50,000 and performed a city-wide capital assets inventory to remove items no longer in progress or service.
- **Fund Balances.** At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$184,681,627. In the prior year, this amount was \$170,404,325. There is an increase in fund balances of \$14.3 million due to several reasons, including increases in local taxes, state shared sales taxes, state shared fuel taxes, and COVID related grants. Also, there were fewer capital expenditures due to supply availability.
- **General Fund – Fund Balance.** At the end of the current fiscal year, fund balance in the General Fund is \$84,641,226, or 89% of General Fund expenditures (including transfers to other funds) of \$94,906,278. The fund balance increased \$10.2 million from the prior year. This was the third year in which there was a significant increase in fund balance in the General Fund after essentially breakeven in 2020. In 2021, the fund had a surplus of \$12 million. In 2022, the increase was almost \$9 million. In 2023, the increase of over \$10 million included the first time \$60 million in local sales tax revenue was reached. There was also less capital spending due to supply availability.
- **Budget.** The City's 2023 original and final General Fund budgets had a draw of \$355,000 from accumulated fund balance. As increased revenues were seen during the year, the final budget included no draw.
- **Capital Assets.** Although capital assets declined from the threshold increase and inventory, the City continued working on several infrastructure projects including bridge replacement, adaptive signal technology, trails, parks, water and sewer line improvements, and wastewater plant improvements.
- **Debt.** The City's bonds (excluding bond premiums) and SBITA decreased by \$10,348,672 (from \$262,881,322 to \$252,532,650) during the current fiscal year. There was \$85,618 in new SBITA in the governmental funds and \$7,273,630 in new SRF loans in the proprietary fund. A total of \$17,707,920 (\$10,614,506 governmental and \$7,093,414 business-type) in debt was repaid.

Overview of the Financial Statements

This discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support 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 financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over 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 City'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 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
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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 include:

Governance & management (elected officials, administration, human resources, legal, communications, and emergency management);

Public safety (police and fire);

Finance & administration (finance, purchasing, information technology, revenue management, court, and project and facilities management);

Community & economic development (building and neighborhood services, planning and sustainability, engineering, traffic operations center, economic development, and transit);

Public works (streets, parks, sanitation, and storm water);

Other general government (general expenses and appropriations).

The business-type activity of the City is **water and sewer**.

The government-wide financial statements can be found on pages 30 through 31 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 fund, and fiduciary fund.

Governmental Funds. *Governmental funds* are 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, governmental 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 assessing 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, the Multi-Purpose Capital Project Fund, Road Impact Fee Fund, and Debt Service Fund, which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City 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 36-43, Road Impact Fee Fund on page 44, special revenue funds (excluding Road Impact Fee Fund) on pages 94-103, and the Debt Service Fund on page 104 to demonstrate compliance.

The basic governmental fund financial statements can be found on pages 32-35 of this report.

**CITY OF FRANKLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Proprietary Fund. The City maintains one type of proprietary fund. An *Enterprise* 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 of the City.

The basic proprietary fund financial statements can be found on pages 45-47 of this report.

Fiduciary Fund. 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* reported 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 48-49 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire 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 51-80 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 83-88 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements can be found on pages 91-104.

**CITY OF FRANKLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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 \$959,225,355 at the close of the most recent fiscal year.

City of Franklin's Net Position

	Governmental activities		Business-type activities		Total	
	2023	2022 (restated)	2023	2022	2023	2022
Assets						
Current and other assets	\$ 241,027,171	\$ 226,661,660	\$ 56,146,200	\$ 55,547,286	\$ 297,173,371	\$ 282,208,946
Capital assets	696,620,730	741,575,860	347,555,836	340,353,342	1,044,176,566	1,081,929,202
Total assets	<u>937,647,901</u>	<u>968,237,520</u>	<u>403,702,036</u>	<u>395,900,628</u>	<u>1,341,349,937</u>	<u>1,364,138,148</u>
Total deferred outflows of resources	<u>32,725,570</u>	<u>25,544,896</u>	<u>4,301,337</u>	<u>3,458,190</u>	<u>37,026,907</u>	<u>29,003,086</u>
Liabilities						
Long-term liabilities outstanding	185,120,088	169,264,597	146,248,414	142,980,646	331,368,502	312,245,243
Current and other liabilities	43,564,023	43,251,785	13,917,659	12,321,764	57,481,682	55,573,549
Total liabilities	<u>228,684,111</u>	<u>212,516,382</u>	<u>160,166,073</u>	<u>155,302,410</u>	<u>388,850,184</u>	<u>367,818,792</u>
Total deferred inflows of resources	<u>29,332,427</u>	<u>39,447,972</u>	<u>968,878</u>	<u>2,623,694</u>	<u>30,301,305</u>	<u>42,071,666</u>
Net position:						
Net investment in capital assets	\$598,771,346	623,729,785	\$203,202,697	195,995,094	801,974,043	819,724,879
Restricted	40,424,410	29,185,366	11,520,463	11,288,887	51,944,873	40,474,253
Unrestricted	73,161,177	88,902,911	32,145,262	34,148,733	105,306,439	123,051,644
Total net position	<u>\$712,356,933</u>	<u>\$ 741,818,062</u>	<u>\$ 246,868,422</u>	<u>\$ 241,432,714</u>	<u>\$ 959,225,355</u>	<u>\$ 983,250,776</u>

Governmental Activities

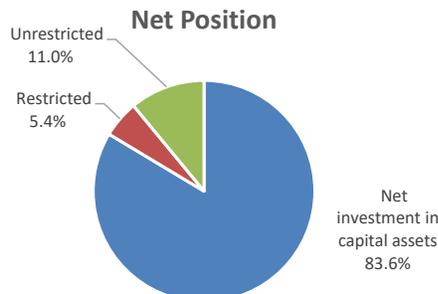
Current and other assets increased in governmental activities by \$14.4 million primarily from additional revenues from local sales tax (from increased sales and prices), state shared taxes, and hotel/motel taxes (due from increased travel). Capital assets decreased by \$45 million due primarily to the city-wide capital asset inventory described on page 27. Long term liabilities decreased as debt was repaid with no new bond issues in 2023.

Business-Type Activities

Current and other assets increased in business-type activities slightly from water and sewer rates that increased on January 1, 2023. Capital assets were impacted by the city-wide capital asset inventory described on page 27 but had a net increase from water and sewer projects. Long term liabilities increased as \$7 million in new SRF loans for the wastewater plant improvements offset by payments on debt.

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, \$801,974,043, or 83.6%, 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, \$51,944,873, or 5.4%, represents resources that are subject to external restriction on how they may be used. The remaining balance of \$105,306,439, or 11.0%, is unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors.



CITY OF FRANKLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Governmental activities decreased the City's net position by \$(29,461,129) and business-type activities increased the City's net position by \$5,435,708, respectively. Key elements of this increase are as follows:

City of Franklin's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2023	2022 (restated)	2023	2022	2023	2022 (restated)
Revenues						
Program revenues:						
Charges for services	\$ 18,190,529	\$ 17,273,148	\$ 41,944,454	\$ 36,950,009	\$ 60,134,983	\$ 54,223,157
Operating grants & contributions	4,539,888	6,237,167	604,455	218,077	5,144,343	6,455,244
Capital grants & contributions	9,673,074	23,282,517	4,614,593	7,135,081	14,287,667	30,417,598
General Revenues:						
Property taxes	23,156,312	21,108,237	-	-	23,156,312	21,108,237
Sales taxes	60,556,943	57,745,532	-	-	60,556,943	57,745,532
Wholesale beer tax	1,819,226	2,046,920	-	-	1,819,226	2,046,920
Wholesale liquor tax	1,858,357	1,953,827	-	-	1,858,357	1,953,827
Hotel/motel tax	5,638,692	4,875,687	-	-	5,638,692	4,875,687
Other taxes	172,464	166,815	-	-	172,464	166,815
Intergovernmental	22,697,877	21,271,769	-	-	22,697,877	21,271,769
Impact fees and taxes	8,424,381	15,826,819	-	-	8,424,381	15,826,819
Franchise fees	2,451,148	2,528,510	-	-	2,451,148	2,528,510
Use of money and property	3,097,397	(3,158,964)	771,679	-	3,869,076	(3,158,964)
Miscellaneous	1,057,395	-	-	(1,089,669)	1,057,395	(1,089,669)
Total revenues	<u>\$ 163,333,683</u>	<u>\$ 171,157,984</u>	<u>\$ 47,935,181</u>	<u>\$ 43,213,498</u>	<u>\$ 211,268,864</u>	<u>\$ 214,371,482</u>
Expenses:						
Governance & management	5,638,534	4,534,452	-	-	5,638,534	4,534,452
Public safety	50,162,660	44,746,791	-	-	50,162,660	44,746,791
Finance & administration	11,823,798	8,474,788	-	-	11,823,798	8,474,788
Community & economic development	11,919,172	7,436,846	-	-	11,919,172	7,436,846
Public works	62,768,154	37,283,610	-	-	62,768,154	37,283,610
Other general government	47,190,052	20,129,412	-	-	47,190,052	20,129,412
Interest expense on long-term debt	3,492,442	4,397,319	-	-	3,492,442	4,397,319
Water & sewer	-	-	42,299,473	32,536,107	42,299,473	32,536,107
Total expenses	<u>192,994,812</u>	<u>127,003,218</u>	<u>42,299,473</u>	<u>32,536,107</u>	<u>235,294,285</u>	<u>159,539,325</u>
Increase (decrease) in net position before transfers	(29,661,129)	44,154,766	5,635,708	10,677,391	(24,025,421)	54,832,157
Transfers	200,000	200,000	(200,000)	(200,000)	-	-
Increase (decrease) in net position	<u>(29,461,129)</u>	<u>44,354,766</u>	<u>5,435,708</u>	<u>10,477,391</u>	<u>(24,025,421)</u>	<u>54,832,157</u>
Net position - beginning of year, as restated	<u>741,818,062</u>	<u>697,463,296</u>	<u>241,432,714</u>	<u>230,955,323</u>	<u>983,250,776</u>	<u>928,418,619</u>
Net position, end of year	<u>\$ 712,356,933</u>	<u>\$ 741,818,062</u>	<u>\$ 246,868,422</u>	<u>\$ 241,432,714</u>	<u>\$ 959,225,355</u>	<u>\$ 983,250,776</u>

Governmental Activities

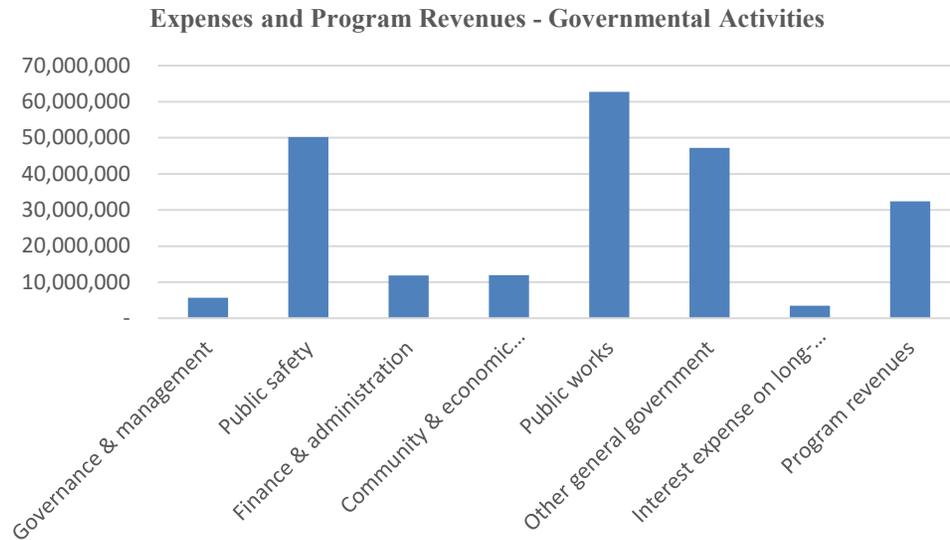
Revenues for governmental activities decreased approximately \$7.8 million, or 4.6%, due primarily to two factors: (1) less impact fees and taxes and (2) less development capital donations. Impact fees and taxes were \$8.4 million in 2023 but \$15.8 million in 2022. These fees and taxes are highly dependent on the type and timing of development. For example, renovations are not charged impact fees and taxes. In 2023, development contributions were \$12.3 million in 2023 but \$20.8 million in 2022. Contributions are highly dependent on when development is completed. The overall increase in current expenses of governmental activities amounted to approximately 6.6% from hiring of new and restored (had been authorized but unbudgeted during Covid) positions and general and performance wage increases.

Business-Type Activities

Revenues for business-type activities increased 11.0%. The primary factor underlying the increase was planned rate increases than began January 1, 2023.

**CITY OF FRANKLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

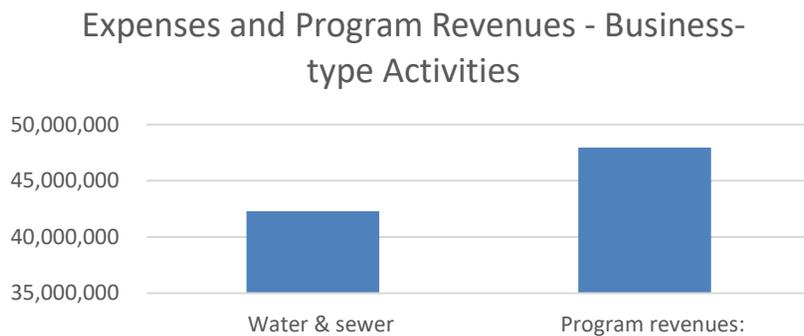
Expenses and Program Revenues – Governmental Activities



Governmental Activities

Expenses for governmental activities were \$192,994,812. Expenses were offset by \$32,403,491 in program revenues. The remainder of \$160,591,321 was covered by \$130,930,192 in general revenues such as property, sales, and other taxes and \$200,000 from the Water and Sewer fund for its portion of the public works facility. The amount of (\$29,461,129) represents a decrease in net position in 2023.

Expenses and Program Revenues – Business-type Activities



Business-Type Activities

Expenses for business-type activities were \$42,299,473. Expenses were offset by \$47,935,181 in program and general revenues. (Program revenues include \$47.2 million in charges for services). There is also the net \$(200,000) transfer mentioned above. The amount of \$5,435,708 represents the improvement in net position in 2023.

Financial Analysis of Governmental Funds

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

**CITY OF FRANKLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

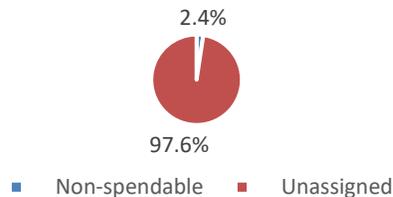
Governmental Funds

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.

On June 30, 2023, the City's governmental funds reported combined ending fund balances of \$184,681,627, an increase of \$14,277,302 in comparison with the prior year of \$170,404,325. The increase is due primarily to increased revenues from taxes, grants, and reductions in capital expenditures due to supply availability.

The General Fund is the chief operating fund of the City. The 2023 ending fund balance of \$84,641,226 has the following composition: An amount of \$2,027,527, or 2.4%, is non-spendable for inventory and prepaid items. The remainder of \$82,613,699, or 97.6%, is unassigned. (Additional information on fund balance can be found in the notes to the financial statements on page 77).

General Fund - Fund Balance Composition - 2023



The most significant continuing revenue sources in the General Fund are derived from taxes. Of total General Fund revenues, \$77,417,005, or 73.7%, was from taxes. Local option sales tax increased by \$2,811,411 (from \$57,745,532 to \$60,556,943). The increase in local option sales tax is a sign of economic strength in the region with increased sales along with inflation's impact on prices. This revenue has been the City's most significant due to the retail success in the Cool Springs area and continued growth of commercial properties, including new corporate and regional headquarters in the area. Property taxes for the General Fund increased by \$2,718,447 (from \$8,073,375 to \$10,791,822) due to a lesser allocation for debt to the debt service fund and the payoff of the loan agreement with the City of Franklin Industrial Development Board.

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 \$806,499. This amount is lower than last year with the City's goal to have a minimal cash and fund balance for paying annual debt service.

The Road Impact Fee Fund saw collections decrease from \$6.8 million in 2022 to \$4.2 million in 2023. Collections are based on the timing and type of development. With \$12.2 million in expenditures including transfers to the debt service fund, the fund balance decreased from \$32.2 million to \$24.7 million. The Facilities Tax Fund saw lower collections from \$2.7 million in 2022 to \$1.3 million in 2023. However, its fund balance increased from \$13,171,571 to \$14,625,012 the fund spent less than \$63,000. Supply chain issues kept the expenditure amount low.

The Multi-Purpose Capital Project Fund had an increase in fund balance from \$19,323,125 to \$28,919,345 due to transfers from other funds toward expenses related to ongoing capital projects.

In the Hotel/Motel Tax Fund, the fund balance increased during the fiscal year due primarily to increased collections from more travel and a net gain at the conference center owned jointly with Williamson County. The fund balance increased from \$8,006,647 to \$9,581,092.

**CITY OF FRANKLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Budgetary Highlights

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

Original budget compared to final budget

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

Fund	Original Budget	Final Budget	Change
General	\$ 94,896,513	\$ 99,187,604	\$ 4,291,091
Street Aid	4,452,400	5,252,400	800,000
Sanitation	12,369,078	12,981,393	612,315
Road Impact	10,703,106	14,007,059	3,303,953
Facilities Tax	4,757,975	4,842,975	85,000
County Facilities Tax	600,000	600,000	-
Stormwater	3,426,540	3,459,744	33,204
Drug	150,100	150,100	-
Hotel/Motel	5,193,405	5,756,875	563,470
Parkland Dedication	4,500,000	4,500,000	-
Transit	4,426,245	4,426,245	-
CDBG	697,000	697,000	-
Debt Service	15,719,619	15,719,619	-
	\$ 161,891,981	\$ 171,581,014	\$ 9,689,033

The original General Fund budget was \$94,896,513. The final budget (including transfers) was increased by \$4,291,091 to \$99,187,604. During the year, the budget was amended to include the creation of the Emergency Management department within governance and management of slightly over \$303,000. Also, amendments added transfers from the General Fund to the Sanitation Fund of \$500,000 to ensure adequate year-end cash balances, to the Street Aid Fund of approximately \$834,000 for additional paving of neighborhood roads and sidewalks, \$1,500,000 to pre-seed the Capital Vehicles Replacement Fund, and approximately \$1,731,000 for various personnel adjustments including mid-year compression adjustments and overtime. About \$577,000 of expenditures were reduced to offset these increases.

Final budget compared to actual results

In the General Fund, the final budget (including transfers) of \$99.2 million anticipated \$98.8 million in current revenues. Actual revenues were over \$105.0 million, which is the first time exceeding \$100 million. This was \$6.2 million more than anticipated current revenues. The revenue was due primarily to the increases in local sales tax collections due to increased sales and inflation's impact on prices and COVID related grants. In conjunction with the increased revenue, the City finished the year with \$94.9 million in expenditures (including transfers). Although higher than 2022 primarily due to increased personnel costs, expenditures for capital equipment remained low due to supply availability. Actual results showed an increase in fund balance of \$10,208,020.

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, 2023, is \$1,044,176,567 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads, highways, and bridges.

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

	Governmental Activities	Business-Type Activities	Total
Land	\$ 67,657,319	\$ 6,051,102	\$ 73,708,421
Construction in progress	19,274,807	160,850,078	180,124,885
Buildings and improvements	59,358,841	17,718,956	77,077,797
Improvements other than buildings	10,779,867	-	10,779,867
Utility plant in service	-	162,584,574	162,584,574
Infrastructure	516,047,387	-	516,047,387
Machinery & equipment	17,667,343	351,126	18,018,469
Intangible assets	5,835,166	-	5,835,166
Total capital assets	\$ 696,620,730	\$ 347,555,836	\$ 1,044,176,566

**CITY OF FRANKLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

During fiscal year 2023, the City completed a city-wide capital assets inventory to achieve 4 goals;

1. Implement a new capital equipment threshold from \$25,000 to \$50,000. (The cost of these assets are no longer depreciated.)
2. Verify each capital asset listed with departments. (Do we still have this asset?)
3. Convert the final results from spreadsheets to a capital assets database to occur shortly after audit.
4. Develop capital asset procedures, including annual, instead of periodic, inventories.

The city-wide inventory had an anticipated decrease of capital asset balances and related accounts as follows:

	Capital assets removed with threshold increase	Accumulated depreciation on capital assets removed with threshold increase	Capital assets removed as no longer in progress or service	Accumulated depreciation removed as no longer in progress or service	Loss on Disposal of Assets
Governmental	\$ 26,783,304	\$ (1,077,191)	\$ 65,380,875	\$ (54,089,210)	\$ 36,997,778
Business-type	9,342,799	(5,810,711)	21,264,225	(18,225,550)	6,570,763
Totals	\$ 36,126,103	\$ (6,887,902)	\$ 86,645,100	\$ (72,314,760)	\$ 43,568,541

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

- The City's governmental activities received \$6,342,657 in developer-contributed assets.
- Implementation of adaptive signal technology occurred.
- Design on Bicentennial Park Improvements continued.
- Design for SR-96 Traffic Signal Improvements continued.
- Design of Bridge Replacement on Pratt Lane over Five Mile Creek continued.
- Preliminary engineering on East McEwen Drive Improvements, Phase 4 continued.
- Design on East McEwen Phase 5 continued.
- Construction on Franklin Road Streetscape Improvements continued.
- Construction on the joint ballfield project with FSSD (Franklin Special School District) continued.
- Construction on Harlinsdale Farm Trail and Bridge project began.
- Design on Intersection Improvements at Mallory Lane continued.
- Design on Lewisburg Pike Sidewalk - Multi-Use Trail continued.
- Design on Liberty Park Master Plan Phase 1 continued.
- Design on Long Lane Bridge and Connector project continued.
- Design on a new City Hall continued.
- Construction on Southeast Park Bridge and Carothers Parkway Widening continued.
- Construction on SR-96 W Multi Use Trail continued.
- Design on West Main Street Bridge Widening continued.
- Design on Forrest Crossing and Riverview Pump Stations.
- Design on Adams Street Water and Sewer Improvements continued.
- Pipe and Fittings for Berry Farms and Reams Fleming Reclaim Line Improvements continued.
- Design on Goose Creek at Redwing Water Pump continued.
- Design on Lewisburg Pike Area Waterline continued.
- Design on Lewisburg Pike Water Main Relocation continued.
- Design on Mack Hatcher Northwest Extension and Sewer Relocation continued.
- Design on Reclaimed Water System Model and Master Plan Update continued.
- Design on Sanitary Sewer Lateral Rehabilitation continued.
- Sewer main lining on sanitary sewer main rehabilitation continued.
- Construction on Southeast and Redwing Water Reclaimed Water Pump Station continued.
- Construction on the Wastewater Reclamation Plant continued.
- Design on South Prong Sewer Basin Improvements continued.
- Evaluation of Southeast wastewater facility continued.
- Construction on Spencer Creek at Franklin Road Sewer continued.

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 62.

CITY OF FRANKLIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Long-term Debt

At the end of the current year, the City of Franklin had bonded debt (excluding premiums) of \$252,532,650. Of this amount, \$111,020,000 comprises general obligation bonds backed by the full faith and credit of the government and \$227,330 of SBITA payable. Of the \$141,285,320 of business-type activities debt, \$2,900,000 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 \$19,795,000 is secured by Water and Sewer fund revenues, \$4,565,000 is bank direct borrowing, and \$114,025,320 in SRF loans.

City of Franklin's Outstanding Debt

<u>Debt</u>	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
General obligation bonds - capital	\$ 109,895,000	\$ -	\$ 109,895,000
Pension related bonds	1,125,000	-	1,125,000
SBITA payable	227,330	-	227,330
Revenue and tax bonds	-	22,695,000	22,695,000
Bank direct borrowing	-	4,565,000	4,565,000
SRF loans	-	114,025,320	114,025,320
Total Outstanding Debt	111,247,330	141,285,320	252,532,650

The City's governmental activities debt of bonds (excluding premiums) and SBITA payable decreased by \$10,528,888 (from \$121,776,218 to \$111,247,330). There was \$85,618 in new SBITA payable. Debt of \$10,614,506 was repaid (\$10,540,000 in bonds and \$74,506 in SBITA).

The business-type activities (Water and Sewer) debt of revenue and tax bonds, bank direct borrowing, and SRF loans increased by \$180,216. There was \$7,273,630 in new SRF loans. A total of \$7,093,414 was repaid (\$2,355,000 in business-type bonds, \$1,450,000 in bank direct borrowing, and \$3,288,414 in SRF loans).

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 Aa2 (its third highest rating) in August 2021. 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 74.

Economic Factors and Next Year's Budget and Rates

The unemployment rate (not seasonally adjusted) for June 2023 for the City of Franklin was 2.8%, compared to the State of Tennessee's rate of 3.8% and a national average of 3.8%. In addition to the unemployment rate, factors considered in preparing the City's budget for fiscal year 2024 included:

- 1 The property tax rate for fiscal year 2024 of 32.61 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.
- 2 The City received \$9.2 million of ARPA funds in 2021 and 2022. Of this amount, \$2.3 million has been spent with \$6.9 million available to budget in 2024.

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, 109 3rd Ave S, Franklin, TN 37064

BASIC FINANCIAL STATEMENTS



HISTORIC
F R A N K L I N
TENNESSEE

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION
 JUNE 30, 2023

With Comparative Totals as of June 30, 2022

	Governmental Activities	Business-type Activities	Total	2022 (restated)
ASSETS				
Cash and cash equivalents	\$ 22,231,153	\$ 2,640,463	\$ 24,871,616	\$ 18,465,855
Cash and cash equivalents-restricted	9,610,479	1,789,267	11,399,746	17,587,154
Investments	123,780,804	30,945,203	154,726,007	159,065,843
Investments-restricted	30,166,703	9,731,196	39,897,899	22,723,690
Receivables (net of allowance for uncollectibles)	47,790,509	9,687,992	57,478,501	56,169,842
Lease receivable	252,178	478,568	730,746	478,015
Inventories	1,371,549	873,511	2,245,060	2,187,553
Prepays	701,045	-	701,045	105,575
Net pension asset (TCRS plan)	-	-	-	258,528
Net investment in joint venture - Conference Center	5,122,751	-	5,122,751	5,166,891
Capital assets, not being depreciated	86,932,126	166,901,180	253,833,306	280,747,381
Capital assets, net of accumulated depreciation	609,688,604	180,654,656	790,343,260	801,181,821
Total assets	937,647,901	403,702,036	1,341,349,937	1,364,138,148
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	29,812,225	3,726,793	33,539,018	22,454,908
OPEB related	2,751,744	375,237	3,126,981	5,995,325
Deferred charge on refunding	161,601	199,307	360,908	552,853
Total deferred outflows of resources	32,725,570	4,301,337	37,026,907	29,003,086
LIABILITIES				
Accounts payable	13,626,974	5,163,289	18,790,263	17,164,845
Accrued liabilities	1,743,489	-	1,743,489	3,319,811
Accrued interest payable	1,098,697	395,420	1,494,117	1,641,809
Unearned revenues	8,357,252	-	8,357,252	8,807,013
Noncurrent liabilities				
Due within one year: bonds, SBITA, compensated absences	18,737,611	8,358,950	27,096,561	24,640,071
Due in more than one year: bonds, SBITA, compensated absences	121,724,741	137,603,589	259,328,330	272,911,948
Net pension liability	46,048,588	6,279,358	52,327,946	16,555,170
OPEB liability	17,346,759	2,365,467	19,712,226	22,778,125
Total liabilities	228,684,111	160,166,073	388,850,184	367,818,792
DEFERRED INFLOWS OF RESOURCES				
January 1 property tax levy	24,645,475	-	24,645,475	22,744,512
Lease related	238,482	362,269	600,751	632,893
Pension related	68,706	9,369	78,075	17,870,886
OPEB related	4,379,764	597,240	4,977,004	823,375
Total deferred inflows of resources	29,332,427	968,878	30,301,305	42,071,666
NET POSITION				
Net investment in capital assets	\$598,771,346	\$203,202,697	801,974,043	819,724,879
Restricted for:				
State street aid use	3,247,409	-	3,247,409	2,870,168
Sanitation use	3,019,834	-	3,019,834	1,957,699
Drug fund use	534,709	-	534,709	538,766
Development use	33,433,096	-	33,433,096	23,700,256
Grant program use	189,362	-	189,362	118,477
Water and sewer use	-	11,520,463	11,520,463	11,288,887
Unrestricted	73,161,177	32,145,262	105,306,439	123,051,644
Total net position	\$ 712,356,933	\$ 246,868,422	\$ 959,225,355	\$ 983,250,776

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total	2022 (restated)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		
Primary government								
Governmental activities:								
Governance & management	\$ 5,638,534	\$ 2,500	\$ -	\$ -	\$ (5,636,034)	\$ -	\$ (5,636,034)	(4,530,493)
Public safety	50,162,660	1,432,432	75,105	-	(48,655,123)	-	(48,655,123)	(43,923,815)
Finance & administration	11,823,798	1,870	-	-	(11,821,928)	-	(11,821,928)	(8,467,366)
Community & economic development	11,919,172	2,605,312	2,287,936	517,524	(6,508,400)	-	(6,508,400)	(5,271,802)
Public works	62,768,154	13,763,755	1,653,663	9,155,550	(38,195,186)	-	(38,195,186)	(13,243,981)
Other general government	47,190,052	384,660	523,184	-	(46,282,208)	-	(46,282,208)	(375,610)
Interest	3,492,442	-	-	-	(3,492,442)	-	(3,492,442)	(4,397,319)
	192,994,812	18,190,529	4,539,888	9,673,074	(160,591,321)	-	(160,591,321)	(80,210,386)
Business-type activities:								
Water and sewer	42,299,473	41,944,454	604,455	4,614,593	-	4,864,029	4,864,029	11,767,060
Total primary government	\$ 235,294,285	\$ 60,134,983	\$ 5,144,343	\$ 14,287,667	\$ (160,591,321)	\$ 4,864,029	\$ (155,727,292)	\$ (68,443,326)
General revenues and transfers								
Property tax					23,156,312	-	23,156,312	21,108,237
Sales tax					60,556,943	-	60,556,943	57,745,532
Wholesale beer tax					1,819,226	-	1,819,226	2,046,920
Wholesale liquor tax					1,858,357	-	1,858,357	1,953,827
Hotel/motel tax					5,638,692	-	5,638,692	4,875,687
Other taxes					172,464	-	172,464	166,815
Intergovernmental					22,697,877	-	22,697,877	21,271,769
Impact fees and taxes					8,424,381	-	8,424,381	15,826,819
Franchise fees					2,451,148	-	2,451,148	2,528,510
Use of money and property					3,097,397	771,679	3,869,076	(4,295,724)
Miscellaneous					1,057,395	-	1,057,395	47,091
Transfers					200,000	(200,000)	-	-
Total general revenues and transfers					131,130,192	571,679	131,701,871	123,275,483
Change in net position					(29,461,129)	5,435,708	(24,025,421)	54,832,157
Net position - beginning, as restated					741,818,062	241,432,714	983,250,776	928,418,619
Net position - ending					\$ 712,356,933	\$ 246,868,422	\$ 959,225,355	\$ 983,250,776

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

CITY OF FRANKLIN, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023
With Comparative Totals as of June 30, 2022

	General	Multi-Purpose Capital Project	Road Impact	Debt Service	Total Nonmajor Funds	Total Governmental Funds	
						2023	2022
ASSETS							
Cash and cash equivalents	\$ 15,788,223	\$ 2,861,334	\$ 578,427	\$ 803,529	\$ 11,810,119	\$ 31,841,632	\$ 33,873,703
Investments	70,940,414	26,274,226	24,619,924	-	32,112,943	153,947,507	139,068,992
Receivables (net of allowance for uncollectibles)	27,987,956	2,460,393	118,888	11,652,226	5,571,046	47,790,509	46,699,274
Lease receivable	252,178	-	-	-	-	252,178	256,631
Inventories	1,326,482	-	-	-	45,067	1,371,549	1,263,088
Prepaid items	701,045	-	-	-	-	701,045	105,575
Total assets	\$ 116,996,298	\$ 31,595,953	\$ 25,317,239	\$ 12,455,755	\$ 49,539,175	\$ 235,904,420	\$ 221,267,263
LIABILITIES							
Accounts payable	\$ 9,411,158	\$ 1,356,632	\$ 663,599	\$ 480	\$ 2,195,105	\$ 13,626,974	\$ 12,988,106
Accrued liabilities	1,743,489	-	-	-	-	1,743,489	3,319,811
Unearned revenue	7,957,725	90,094	-	-	309,433	8,357,252	8,807,013
Total liabilities	19,112,372	1,446,726	663,599	480	2,504,538	23,727,715	25,114,930
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property tax-Jan. 1 levy	11,861,918	-	-	11,648,776	1,134,781	24,645,475	22,744,512
Unavailable revenue-property taxes	146,659	-	-	-	-	146,659	143,729
Unavailable revenue-in-lieu-of tax	32,391	-	-	-	-	32,391	32,391
Unavailable revenue-assessments	43,200	-	-	-	-	43,200	43,200
Unavailable revenue-court fines	253,058	-	-	-	-	253,058	247,564
Unavailable revenue-franchise fees	497,622	-	-	-	-	497,622	488,338
Unavailable revenue-hotel/motel tax	-	-	-	-	77,340	77,340	77,340
Unavailable revenue-grant proceeds	169,370	1,229,882	-	-	161,599	1,560,851	193,293
Unavailable revenue-miscellaneous	-	-	-	-	-	-	1,525,131
Lease related	238,482	-	-	-	-	238,482	252,510
Total deferred inflows of resources	13,242,700	1,229,882	-	11,648,776	1,373,720	27,495,078	25,748,008
FUND BALANCES							
Non-spendable	2,027,527	-	-	-	45,067	2,072,594	1,368,663
Restricted	-	28,919,345	-	-	11,505,065	40,424,410	29,185,366
Committed	-	-	24,653,640	806,499	30,477,767	55,937,906	63,901,621
Assigned	-	-	-	-	3,633,018	3,633,018	2,813,242
Unassigned	82,613,699	-	-	-	-	82,613,699	73,135,433
Total fund balances	84,641,226	28,919,345	24,653,640	806,499	45,660,917	184,681,627	170,404,325
Total liabilities, deferred inflows of resources, and fund balances	\$ 116,996,298	\$ 31,595,953	\$ 25,317,239	\$ 12,455,755	\$ 49,539,175	\$ 235,904,420	\$ 221,267,263

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, 2023
With Comparative Totals as of June 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

	<u>2023</u>		<u>2022 (as restated)</u>	
Total fund balances - governmental funds	\$ 184,681,627		\$ 170,404,325	
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	1,029,236,041		1,077,061,356	
Less related accumulated depreciation	(332,615,311)		(335,485,496)	
Investment in joint venture - conference center	<u>5,122,751</u>	701,743,481	<u>5,166,891</u>	746,742,751
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postemployment benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.				
Deferred outflows of resources - pension related	29,812,225		20,026,990	
Deferred outflows of resources - OPEB related	2,751,744		5,275,886	
Deferred inflows of resources - pension related	(68,706)		(15,726,380)	
Deferred inflows of resources - OPEB related	<u>(4,379,764)</u>	28,115,499	<u>(724,570)</u>	8,851,926
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.				
Property taxes	146,659		143,729	
In lieu of taxes	32,391		32,391	
Assessments	43,200		43,200	
Franchise fees	497,622		488,338	
Court fines	253,058		247,564	
Hotel/motel tax	77,340		77,340	
Stop loss reimbursement	-		1,525,131	
Grant revenues	<u>1,560,851</u>	2,611,121	<u>193,293</u>	2,750,986
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.				
Bonds outstanding	(111,020,000)		(121,560,000)	
SBITA payable	(227,330)		(216,218)	
Accrued interest payable	(1,098,697)		(1,209,750)	
Compensated absences	(13,547,440)		(12,486,550)	
Net Pension asset (TCRS)	-		227,506	
Net pension liability	(46,048,588)		(14,568,548)	
OPEB liability	<u>(17,346,759)</u>	(189,288,814)	<u>(20,044,750)</u>	(169,858,310)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.				
Deferred loss on refunding	161,601		242,020	
Bond premiums	<u>(15,667,582)</u>	(15,505,981)	<u>(17,315,636)</u>	(17,073,616)
Net position of governmental activities	<u>\$ 712,356,933</u>		<u>\$ 741,818,062</u>	

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

With Comparative Totals for the Fiscal Year Ended June 30, 2022

	General Fund	Multi-Purpose Capital Project Fund	Road Impact Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
						2023	2022
Revenues							
Taxes							
Property tax	\$ 11,213,112	\$ -	\$ -	\$ 10,845,720	\$ 1,094,550	\$ 23,153,382	\$ 21,089,663
Sales tax	60,556,943	-	-	-	-	60,556,943	57,745,532
Wholesale beer tax	1,819,226	-	-	-	-	1,819,226	2,046,920
Wholesale liquor tax	1,858,357	-	-	-	-	1,858,357	1,953,827
Mixed drink tax (state shared)	1,796,903	-	-	-	-	1,796,903	1,677,314
Facilities tax (impact tax)	-	-	-	-	1,963,476	1,963,476	3,669,629
Hotel/motel tax	-	-	-	-	5,638,692	5,638,692	4,875,687
Other taxes	172,464	-	-	-	-	172,464	166,815
Licenses and permits							
Franchise fees	2,441,864	-	-	-	-	2,441,864	2,506,169
Building permits	1,435,153	-	-	-	-	1,435,153	1,661,426
Impact fees	-	-	4,235,737	-	2,225,168	6,460,905	12,157,190
Other licenses and permits	1,077,428	-	-	-	119,369	1,196,797	954,269
Intergovernmental							
State shared revenue	17,481,526	-	-	-	3,419,448	20,900,974	18,955,133
Federal and state grants	121,123	56,329	-	-	3,516,858	3,694,310	7,839,110
Charges for services	905,025	-	-	-	13,375,588	14,280,613	13,696,560
Fines and fees	446,667	-	-	-	417,470	864,137	511,375
Use of money and property	1,719,429	536,848	416,000	197,631	895,652	3,765,560	(2,292,805)
Miscellaneous	1,983,460	3,022,099	-	-	383,378	5,388,937	2,618,550
Total revenues	105,028,680	3,615,276	4,651,737	11,043,351	33,049,649	157,388,693	151,832,364
Expenditures:							
Current:							
Governance and Management	5,547,997	-	-	-	-	5,547,997	4,469,418
Public Safety	47,303,389	1,848	-	-	160,285	47,465,522	40,987,942
Finance and Administration	10,481,804	-	-	-	-	10,481,804	7,540,590
Community & Economic Development	8,112,183	-	-	-	-	8,112,183	9,981,238
Public Works	14,393,234	5,369,046	1,243,566	-	5,092,188	26,098,034	32,712,631
Other General Government	(1,141,709)	588,912	-	-	17,954,934	17,402,137	2,413,491
Debt service:							
Principal	-	-	-	10,540,000	-	10,540,000	10,160,000
Interest	-	-	-	5,165,460	-	5,165,460	5,572,934
Debt service fees	-	-	-	3,921	-	3,921	4,514
Capital outlay:							
Governance and Management	-	-	-	-	-	-	50,050
Public Safety	61,448	-	-	-	-	61,448	450,282
Finance and Administration	310,136	-	-	-	-	310,136	662,786
Community & Economic Development	11,990	-	-	-	-	11,990	193,684
Public Works	321,870	10,336,430	-	-	348,550	11,006,850	19,717,130
Other General Government	-	865,700	-	-	323,827	1,189,527	998,916
Total expenditures	85,402,342	17,161,936	1,243,566	15,709,381	23,879,784	143,397,009	135,915,606
Excess (deficiency) of revenues over (under) expenditures	\$ 19,626,338	\$ (13,546,660)	\$ 3,408,171	\$ (4,666,030)	\$ 9,169,865	\$ 13,991,684	\$ 15,916,758
Other financing sources (uses):							
SBITAs	85,618	-	-	-	-	85,618	308,945
Transfers in	-	23,142,880	-	4,310,551	2,271,269	29,724,700	20,250,030
Transfers out	(9,503,936)	-	(10,956,852)	-	(9,063,912)	(29,524,700)	(20,050,031)
Total other financing sources (uses)	(9,418,318)	23,142,880	(10,956,852)	4,310,551	(6,792,643)	285,618	508,944
Net changes in fund balances	10,208,020	9,596,220	(7,548,681)	(355,479)	2,377,222	14,277,302	16,425,702
Fund balances - beginning	74,433,206	19,323,125	32,202,321	1,161,978	43,283,695	170,404,325	153,978,623
Fund balances - ending	\$ 84,641,226	\$ 28,919,345	\$ 24,653,640	\$ 806,499	\$ 45,660,917	\$ 184,681,627	\$ 170,404,325

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

CITY OF FRANKLIN, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

With Comparative Totals for the Fiscal Year Ended June 30, 2022

Amounts reported for the governmental activities in the statement of net activities are different because:

	<u>2023</u>		<u>2022 (as restated)</u>	
Net changes in fund balances - total governmental funds	\$ 14,277,302		\$ 16,425,702	
<p>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. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>				
Acquisition of capital assets	13,304,043		21,858,563	
Depreciation expense	<u>(26,666,299)</u>	(13,362,256)	<u>(23,196,955)</u>	(1,338,392)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds for:</p>				
Property taxes	2,930		(3,255)	
Special assessments	-		(10,562)	
In lieu of taxes	-		32,391	
Franchise fees	9,284		22,341	
Insurance reimbursements	(1,525,131)		1,525,131	
Court fines	5,494		20,859	
Grant revenues	1,367,558		(610,528)	
Contributed capital assets	<u>5,404,904</u>	5,265,039	<u>20,804,102</u>	21,780,479
<p>The net effect of various miscellaneous transactions involving capital and other assets that increase or decrease net position.</p>				
Disposals, adjustments and reclassifications of capital assets	(36,997,778)		(1,721,821)	
Change in park acquisition agreement	-		214,284	
Change in investment in joint venture - Conference Center	<u>(44,140)</u>	(37,041,918)	<u>(76,503)</u>	(1,584,040)
<p>Bond and other debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>				
Leases issued	(85,618)		(308,945)	
Principal paid on bonds	10,540,000		10,160,000	
Principal paid on leases	<u>74,506</u>	10,528,888	<u>92,727</u>	9,943,782
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds and certain expenditures in the governmental funds are capitalized.</p>				
Accrued interest on long-term debt	112,299		202,408	
Accrued interest on SBITA leases	(1,246)		(633)	
Amortization of bond premiums	1,648,053		998,543	
Amortization of deferred amounts of refunding	(80,418)		(20,190)	
Compensated absences	(1,060,890)		(1,221,583)	
Changes in pension liabilities and related deferred outflows and inflows of resources-closed plan	(7,105,227)		1,643,947	
Changes in pension liabilities and related deferred outflows and inflows of resources-TCRS plan	840,590		320,253	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>(3,481,345)</u>	<u>(9,128,184)</u>	<u>(2,795,510)</u>	<u>(872,765)</u>
Change in net position of governmental activities	<u>\$ (29,461,129)</u>		<u>\$ 44,354,766</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, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>2022</u>
Revenues:					
Taxes:					
Property tax	\$ 9,446,787	\$ 10,696,787	\$ 10,791,822	\$ 95,035	\$ 8,073,375
Penalty and interest-property tax	39,220	39,220	44,811	5,591	45,040
In lieu of tax	365,595	365,595	376,479	10,884	282,068
Sales tax	55,752,000	58,352,000	60,556,943	2,204,943	57,745,532
Wholesale beer tax	1,775,248	1,775,248	1,819,226	43,978	2,046,920
Wholesale liquor tax	1,546,562	1,796,562	1,858,357	61,795	1,953,827
Mixed drink tax (state shared)	1,325,969	1,575,969	1,796,903	220,934	1,677,314
Beer privilege tax	24,836	29,836	26,749	(3,087)	27,675
Liquor privilege tax	123,560	168,560	145,715	(22,845)	139,140
	<u>70,399,777</u>	<u>74,799,777</u>	<u>77,417,005</u>	<u>2,617,228</u>	<u>71,990,891</u>
Licenses and permits:					
Franchise fees	2,526,090	2,526,090	2,441,864	(84,226)	2,506,169
Building permits	1,845,207	1,845,207	1,435,153	(410,054)	1,661,426
Mechanical licenses	3,228	3,228	2,975	(253)	3,300
Mechanical permits	125,549	125,549	142,968	17,419	105,740
Technology fee	86,409	86,409	57,685	(28,724)	61,900
Appeal of admin decision	-	-	-	-	1,000
Plumbing permits	76,143	76,143	90,508	14,365	80,303
Electrical permits	280,306	280,306	288,297	7,991	263,042
Inspection fees	225,005	225,005	205,707	(19,298)	186,399
Site review, rezoning and submittal fees	324,025	324,025	211,829	(112,196)	168,578
Beer permits and licenses	15,545	15,545	10,750	(4,795)	9,750
Yard sale permits	4,485	4,485	4,210	(275)	4,620
Business license	14,284	14,284	15,154	870	12,627
Alarm permits	25,989	25,989	26,895	906	26,760
Miscellaneous permits	15,878	15,878	20,450	4,572	30,250
	<u>5,568,143</u>	<u>5,568,143</u>	<u>4,954,445</u>	<u>(613,698)</u>	<u>5,121,864</u>
Intergovernmental:					
State income tax	-	-	34,723	34,723	77,208
State sales tax	8,989,000	9,509,000	9,949,094	440,094	8,683,827
State beer tax	37,292	37,292	38,106	814	38,120
State excise tax	238,345	238,345	396,896	158,551	247,314
State cemetery excise tax	-	-	3,981	3,981	1,285
State sports wagering tax	70,000	70,000	115,626	45,626	83,921
State In lieu of tax - TVA	869,303	869,303	1,003,531	134,228	866,622
Business tax from state	4,833,588	4,833,588	5,390,052	556,464	4,983,975
Business tax recording fee from state	463,936	463,936	549,517	85,581	506,044
Federal and state grants	2,087,000	737,000	121,123	(615,877)	3,006,299
	<u>17,588,464</u>	<u>16,758,464</u>	<u>17,602,649</u>	<u>844,185</u>	<u>18,494,615</u>

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

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

Revenues:	Budgeted Amounts		Actual	Variance with	2022
	Original	Final		Final Budget	
Charges for services:					
Regional fire training	1,591	1,591	750	(841)	3,455
Maps sold	3,001	3,001	1,870	(1,131)	7,422
Plans sold	2,977	2,977	3,700	723	150
Records sold	1,464	1,464	4,350	2,886	2,295
Special event services fee	2,879	2,879	2,500	(379)	3,400
Traffic impact analysis review fee	-	-	-	-	-
Accident reports	712	712	5,510	4,798	1,427
Offender registry	1,733	1,733	2,250	517	1,950
License seizure fees	895	895	1,090	195	810
3rd party billable overtime	40,643	740,643	849,265	108,622	190,056
Compost vouchers	21,073	21,073	33,740	12,667	21,640
	<u>76,968</u>	<u>776,968</u>	<u>905,025</u>	<u>128,057</u>	<u>232,605</u>
Fines and fees:					
Fines - city court	89,809	89,809	163,458	73,649	158,514
Fines - general sessions/circuit court	144,177	144,177	192,979	48,802	184,480
Parking fines	34,101	34,101	89,492	55,391	55,001
Confiscated goods - state	13,985	13,985	238	(13,747)	882
Beer board violations	1,030	1,030	250	(780)	-
Building & street standards appeals fees	1,030	1,030	250	(780)	-
Business tax fees	4,929	4,929	-	(4,929)	-
Tree bank fees	11,603	11,603	-	(11,603)	-
	<u>300,664</u>	<u>300,664</u>	<u>446,667</u>	<u>146,003</u>	<u>398,877</u>
Use of money and property:					
Interest income	100,000	100,000	1,156,425	1,056,425	(1,100,910)
Lease interest revenue	-	-	11,357	11,357	4,787
Settlement proceeds	-	-	62	62	-
Opioid settlement	-	21,091	21,091	-	-
Rebates on purchases	85,860	85,860	128,634	42,774	96,531
Rent - mall and other	12,361	12,361	14,901	2,540	20,615
Park concessions and rentals	88,178	88,178	153,303	65,125	146,186
Christmas tree lighting donations	20,600	20,600	39,150	18,550	10,000
Sale of surplus assets	279,280	279,280	192,229	(87,051)	95,926
Electric charging stations-garages	-	-	2,277	2,277	2,183
	<u>586,279</u>	<u>607,370</u>	<u>1,719,429</u>	<u>1,112,059</u>	<u>(724,682)</u>
Miscellaneous:					
Insurance reimbursement	-	-	1,525,131	1,525,131	21,829
Called performance bonds	-	-	309,991	309,991	-
Miscellaneous income	21,218	21,218	148,338	127,120	51,986
	<u>21,218</u>	<u>21,218</u>	<u>1,983,460</u>	<u>1,962,242</u>	<u>73,815</u>
Total revenues	\$ 94,541,513	\$ 98,832,604	\$ 105,028,680	\$ 6,196,076	\$ 95,587,985

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

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

Expenditures:	Budgeted Amounts		Actual	Variance with Final Budget	2022
	Original	Final			
Governance & Management:					
Elected officials:					
Personnel	272,563	272,563	254,666	(17,897)	204,445
Services	77,300	77,300	40,754	(36,546)	108,085
Supplies	24,700	24,700	10,367	(14,333)	25,545
Business expenses	3,279	3,279	1,896	(1,383)	3,122
	<u>377,842</u>	<u>377,842</u>	<u>307,683</u>	<u>(70,159)</u>	<u>341,197</u>
Administration:					
Personnel	1,766,683	1,724,676	1,796,339	71,663	1,652,995
Services	167,726	156,126	128,255	(27,871)	126,908
Supplies	63,605	63,605	88,314	24,709	70,708
Business expenses	14,815	14,815	23,930	9,115	12,859
Reimbursement of interfund services	(276,867)	(386,853)	(232,112)	154,741	(271,438)
	<u>1,735,962</u>	<u>1,572,369</u>	<u>1,804,726</u>	<u>232,357</u>	<u>1,592,032</u>
Human resources:					
Personnel	1,408,026	1,512,978	1,510,792	(2,186)	1,284,332
Services	552,475	552,475	422,713	(129,762)	409,524
Supplies	80,070	80,070	54,203	(25,867)	33,196
Business expenses	20,931	20,931	22,610	1,679	20,120
Reimbursement of interfund services	(319,964)	(382,719)	(229,631)	153,088	(313,690)
	<u>1,741,538</u>	<u>1,783,735</u>	<u>1,780,687</u>	<u>(3,048)</u>	<u>1,433,482</u>
Legal:					
Personnel	747,537	812,086	794,210	(17,876)	712,229
Services	226,883	226,883	111,125	(115,758)	88,040
Supplies	23,700	23,700	20,260	(3,440)	12,091
Business expenses	12,857	12,857	8,339	(4,518)	7,566
Lease principal	-	-	10,547	10,547	1,387
Lease interest	-	-	549	549	-
Reimbursement of interfund services	(162,604)	(187,576)	(112,546)	75,030	(159,415)
	<u>848,373</u>	<u>887,950</u>	<u>832,484</u>	<u>(55,466)</u>	<u>661,898</u>
Communications:					
Personnel	477,198	517,452	517,866	414	466,582
Services	93,235	93,235	87,822	(5,413)	46,733
Supplies	37,930	37,930	22,291	(15,639)	24,759
Operational units	5,060	5,060	4,904	(156)	1,881
Business expenses	3,678	3,678	7,121	3,443	6,488
Reimbursement of interfund services	(107,747)	(116,830)	(70,098)	46,732	(105,634)
	<u>509,354</u>	<u>540,525</u>	<u>569,906</u>	<u>29,381</u>	<u>440,809</u>

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

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

Expenditures:	Budgeted Amounts		Actual	Variance with	2022
	Original	Final		Final Budget	
Emergency management:					
Personnel	-	219,613	174,024	(45,589)	-
Services	-	61,245	36,272	(24,973)	-
Supplies	-	21,900	42,215	20,315	-
Business expenses	-	75	-	(75)	-
	-	302,833	252,511	(50,322)	-
Total Governance & Management	5,213,069	5,465,254	5,547,997	82,743	4,469,418
Public Safety:					
Police department-administration:					
Personnel	3,166,269	3,458,836	3,306,761	(152,075)	3,050,521
Services	2,132,394	2,165,714	2,041,411	(124,303)	1,949,986
Supplies	1,033,975	1,033,975	1,103,469	69,494	1,143,669
Operational units	22,858	22,858	15,854	(7,004)	22,116
Business expenses	242,170	242,170	190,119	(52,051)	195,825
	6,597,666	6,923,553	6,657,614	(265,939)	6,362,117
Police department-criminal investigations:					
Personnel	1,865,953	2,252,813	2,291,615	38,802	1,890,369
Services	131,919	131,919	101,450	(30,469)	60,415
Supplies	-	-	84,306	84,306	10,555
Operational units	21,243	21,243	18,835	(2,408)	10,631
Business expenses	63,121	63,121	76,214	13,093	60,953
	2,082,236	2,469,096	2,572,420	103,324	2,032,923
Police department-patrol:					
Personnel	10,258,455	12,176,422	12,363,086	186,664	10,166,112
Services	69,809	69,809	126,211	56,402	85,214
Supplies	95,698	95,698	132,065	36,367	145,541
Operational units	56,390	77,481	65,555	(11,926)	90,846
Business expenses	307,324	307,324	326,307	18,983	273,440
	10,787,676	12,726,734	13,013,224	286,490	10,761,153
Fire department:					
Personnel	18,362,232	22,486,529	22,522,487	35,958	19,463,899
Services	1,503,977	1,493,977	1,288,999	(204,978)	1,211,650
Supplies	902,583	902,583	1,047,736	145,153	965,042
Operational units	2,500	2,500	4,670	2,170	778
Business expenses	185,983	185,983	196,239	10,256	124,696
	20,957,275	25,071,572	25,060,131	(11,441)	21,766,065
Total Public Safety	40,424,853	47,190,955	47,303,389	112,434	40,922,258

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

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	2022
Expenditures:					
Finance & Administration:					
Finance:					
Personnel	1,092,111	1,229,275	1,175,385	(53,890)	1,095,518
Services	156,197	156,197	119,242	(36,955)	50,092
Supplies	37,500	37,500	12,852	(24,648)	36,900
Business expenses	106,727	106,727	95,466	(11,261)	96,860
Lease principal	-	-	-	-	91,340
Reimbursement of interfund services	(244,478)	(281,535)	(168,921)	112,614	(239,685)
	<u>1,148,057</u>	<u>1,248,164</u>	<u>1,234,024</u>	<u>(14,140)</u>	<u>1,131,025</u>
Purchasing:					
Personnel	380,761	426,814	432,095	5,281	349,960
Services	64,215	64,215	25,439	(38,776)	22,731
Supplies	11,305	11,305	3,615	(7,690)	4,487
Business expenses	2,828	2,828	3,409	581	2,693
Lease principal	-	-	17,070	17,070	-
Reimbursement of interfund services	(64,429)	(91,812)	(55,087)	36,725	(62,553)
	<u>394,680</u>	<u>413,350</u>	<u>426,541</u>	<u>13,191</u>	<u>317,318</u>
Information technology:					
Personnel	2,767,783	3,042,163	3,053,753	11,590	2,448,545
Services	2,570,812	2,613,312	2,373,065	(240,247)	2,382,929
Supplies	327,900	327,900	253,350	(74,550)	151,903
Business expenses	47,134	47,134	86,895	39,761	41,630
Lease principal	-	-	46,889	46,889	-
Lease interest	-	-	1,200	1,200	-
Reimbursement of interfund services	(995,542)	(1,080,052)	(648,031)	432,021	(976,022)
	<u>4,718,087</u>	<u>4,950,457</u>	<u>5,167,121</u>	<u>216,664</u>	<u>4,048,985</u>
Revenue management:					
Personnel	1,176,995	1,303,422	1,321,114	17,692	1,117,778
Services	35,208	35,208	23,864	(11,344)	54,756
Supplies	34,525	40,725	36,479	(4,246)	21,289
Business expenses	437,176	437,176	392,988	(44,188)	389,661
Reimbursement of interfund services	(1,424,655)	(1,440,663)	(864,398)	576,265	(1,396,721)
	<u>259,249</u>	<u>375,868</u>	<u>910,047</u>	<u>534,179</u>	<u>186,763</u>
Court:					
Personnel	209,326	238,152	236,268	(1,884)	209,999
Services	313,287	26,089	12,152	(13,937)	15,534
Supplies	13,775	16,075	9,574	(6,501)	16,006
Business expenses	8,916	8,916	10,650	1,734	8,224
	<u>545,304</u>	<u>289,232</u>	<u>268,644</u>	<u>(20,588)</u>	<u>249,763</u>

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

(Continued)

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	2022
Expenditures:					
Project & facilities management:					
Personnel	480,103	570,655	531,801	(38,854)	496,048
Services	1,320,396	1,390,396	1,995,565	605,169	1,319,987
Supplies	68,300	68,300	117,419	49,119	104,833
Business expenses	28,814	28,814	39,150	10,336	30,242
Reimbursement of interfund services	(351,262)	(347,513)	(208,508)	139,005	(344,374)
	1,546,351	1,710,652	2,475,427	764,775	1,606,736
Total Finance & Administration	8,611,728	8,987,723	10,481,804	1,494,081	7,540,590
Community & Economic Development:					
Building & neighborhood services:					
Personnel	3,356,681	3,649,508	3,380,463	(269,045)	2,872,815
Services	209,715	209,715	101,355	(108,360)	109,233
Supplies	86,200	86,200	79,834	(6,366)	91,845
Business expenses	37,063	37,063	78,539	41,476	55,344
	3,689,659	3,982,486	3,640,191	(342,295)	3,129,237
Planning & sustainability:					
Personnel	1,580,694	1,747,657	1,652,584	(95,073)	1,504,826
Services	350,100	350,100	241,090	(109,010)	224,023
Supplies	46,200	46,200	44,585	(1,615)	24,225
Operational units	-	-	4,000	4,000	5,000
Business expenses	10,333	10,333	14,459	4,126	12,932
	1,987,327	2,154,290	1,956,718	(197,572)	1,771,006
Engineering:					
Personnel	1,826,551	2,011,103	1,982,203	(28,900)	1,831,581
Services	112,058	112,058	76,670	(35,388)	84,470
Supplies	51,008	51,008	52,829	1,821	49,158
Business expenses	14,423	14,423	15,747	1,324	12,561
Reimbursement of interfund services	(334,511)	(411,972)	(247,183)	164,789	(327,952)
	1,669,529	1,776,620	1,880,266	103,646	1,649,818
Traffic operations center:					
Personnel	483,444	526,986	371,519	(155,467)	426,682
Services	256,605	256,605	107,617	(148,988)	120,437
Supplies	147,340	147,340	46,750	(100,590)	79,607
Business expenses	14,075	14,075	16,913	2,838	22,749
	901,464	945,006	542,799	(402,207)	649,475

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

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with	
	Original	Final		Final Budget	2022
Expenditures:					
Economic Development:					
Appropriations	92,209	92,209	92,209	-	88,855
	92,209	92,209	92,209	-	88,855
Total Community & Economic Development	<u>8,340,188</u>	<u>8,950,611</u>	<u>8,112,183</u>	<u>(838,428)</u>	<u>7,288,391</u>
Public Works:					
Streets-Maintenance:					
Personnel	3,305,925	3,841,004	3,856,193	15,189	3,136,832
Services	870,440	870,440	914,071	43,631	800,965
Supplies	472,175	552,175	252,284	(299,891)	407,307
Business expenses	101,153	101,153	135,802	34,649	91,078
	<u>4,749,693</u>	<u>5,364,772</u>	<u>5,158,350</u>	<u>(206,422)</u>	<u>4,436,182</u>
Streets-Traffic:					
Personnel	1,023,742	1,087,191	1,074,118	(13,073)	952,888
Services	193,720	193,720	220,151	26,431	138,626
Supplies	383,396	383,396	329,346	(54,050)	317,769
Business expenses	88,149	88,149	78,586	(9,563)	80,371
	<u>1,689,007</u>	<u>1,752,456</u>	<u>1,702,201</u>	<u>(50,255)</u>	<u>1,489,654</u>
Streets-Fleet:					
Personnel	898,603	999,366	1,025,023	25,657	871,442
Services	353,370	353,370	447,811	94,441	476,769
Supplies	(231,330)	(231,330)	(269,708)	(38,378)	(509,561)
Business expenses	11,097	11,097	12,135	1,038	9,370
	<u>1,031,740</u>	<u>1,132,503</u>	<u>1,215,261</u>	<u>82,758</u>	<u>848,020</u>
Parks:					
Personnel	3,743,677	4,084,097	3,935,976	(148,121)	2,970,754
Services	1,381,430	1,381,430	1,246,006	(135,424)	1,007,365
Supplies	791,315	791,315	992,834	201,519	739,224
Operational units	110,000	110,000	13,134	(96,866)	24,500
Business expenses	136,156	136,156	129,472	(6,684)	60,684
	<u>6,162,578</u>	<u>6,502,998</u>	<u>6,317,422</u>	<u>(185,576)</u>	<u>4,802,527</u>
Total Public Works	<u>13,633,018</u>	<u>14,752,729</u>	<u>14,393,234</u>	<u>(359,495)</u>	<u>11,576,383</u>
Other General Government:					
General expenses:					
Personnel	7,865,895	1,145,709	(1,945,638)	(3,091,347)	689,350
Services	293,503	293,503	152,722	(140,781)	169,707
Supplies	2,000	2,000	(22,325)	(24,325)	(446,762)
Business expenses	4,450	4,450	12,500	8,050	2,508
	<u>8,165,848</u>	<u>1,445,662</u>	<u>(1,802,741)</u>	<u>(3,248,403)</u>	<u>414,803</u>

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

CITY OF FRANKLIN, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

Expenditures:	Budgeted Amounts		Actual	Variance with	2022
	Original	Final		Final Budget	
Contributions:					
Appropriations	661,028	661,028	661,032	4	509,339
Total Contributions	661,028	661,028	661,032	4	509,339
Total Other General Government	8,826,876	2,106,690	(1,141,709)	(3,248,399)	924,142
Capital Outlay:					
Governance & Management:					
Legal	-	-	-	-	50,050
Public Safety:					
Police - administration	75,000	75,000	61,448	(13,552)	-
Fire	-	-	-	-	264,987
Finance & Administration:					
Finance	-	-	-	-	258,895
Purchasing	-	-	85,618	85,618	-
Information technology	210,000	210,000	224,518	14,518	403,891
Project & facilities management:	-	239,000	-	(239,000)	-
Community & Economic Development:					
Traffic operations center	2,072,500	722,500	11,990	(710,510)	193,684
Public Works:					
Streets-maintenance	406,000	569,940	321,870	(248,070)	95,423
Streets-traffic	40,000	40,000	-	(40,000)	-
Streets-fleet	200,000	200,000	-	(200,000)	-
Parks	45,250	45,250	-	(45,250)	46,530
Total Capital Outlay	3,048,750	2,101,690	705,444	(1,396,246)	1,313,460
Total expenditures	88,098,482	89,555,652	85,402,342	(4,153,310)	74,034,642
Excess of revenues over expenditures	6,443,031	9,276,952	19,626,338	10,349,386	21,553,343
Other financing sources (uses):					
SBITAs	-	-	85,618	-	308,945
Transfers out	(6,798,031)	(9,631,952)	(9,503,936)	128,016	(12,910,592)
Total other financing sources (uses)	(6,798,031)	(9,631,952)	(9,418,318)	128,016	(12,601,647)
Net changes in fund balances*	\$ (355,000)	\$ (355,000)	\$ 10,208,020	\$ 10,477,402	\$ 8,951,696
Fund balance - beginning			74,433,206		65,481,510
Fund balance - ending			\$ 84,641,226		\$ 74,433,206

* The net change in fund balances was included in the budget as an allocation from fund balance.

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, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Licenses and permits:					
Road impact fee					
Use of money and property:					
Interest earned					
Total revenues	38,625	38,625	416,000	377,375	(894,243)
	<u>6,834,314</u>	<u>6,834,314</u>	<u>4,651,737</u>	<u>(2,182,577)</u>	<u>9,746,863</u>
Expenditures:					
Public works:					
Services					
Total expenditures	3,050,000	3,050,000	1,243,566	(1,806,434)	-
	<u>3,050,000</u>	<u>3,050,000</u>	<u>1,243,566</u>	<u>(1,806,434)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,784,314</u>	<u>3,784,314</u>	<u>3,408,171</u>	<u>(376,143)</u>	<u>9,746,863</u>
Other financing sources (uses):					
Transfers out					
Total other financing sources (uses)	(7,653,106)	(10,957,059)	(10,956,852)	207	(3,285,816)
	<u>(7,653,106)</u>	<u>(10,957,059)</u>	<u>(10,956,852)</u>	<u>207</u>	<u>(3,285,816)</u>
Net changes in fund balances	<u>\$ (3,868,792)</u>	<u>\$ (7,172,745)</u>	<u>(7,548,681)</u>	<u>\$ (375,936)</u>	<u>6,461,047</u>
Fund balance - beginning			<u>32,202,321</u>		<u>25,741,274</u>
Fund balance - ending			<u>\$ 24,653,640</u>		<u>\$ 32,202,321</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND (WATER AND SEWER FUND)
 JUNE 30, 2023

With Comparative Totals as of June 30, 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,640,463	\$ 434,369
Cash and cash equivalents-restricted	1,789,267	1,744,937
Investments	30,945,203	33,176,591
Investments-restricted	9,731,196	9,543,950
Receivables (net of allowance for uncollectibles)	9,687,992	9,206,968
Lease receivables (current)	12,743	6,969
Net pension asset	-	31,022
Inventory	873,511	924,465
Total current assets	<u>55,680,375</u>	<u>55,069,271</u>
Noncurrent assets:		
Lease receivables (long-term)	465,825	478,015
Capital assets (net of accumulated depreciation):		
Land	6,051,103	6,037,251
Construction in progress	160,850,077	162,760,419
Buildings and improvements	17,718,955	14,221,860
Utility plant in service	162,584,574	156,817,046
Machinery and equipment	351,127	516,766
Total capital assets (net of accumulated depreciation):	<u>347,555,836</u>	<u>340,353,342</u>
Total non-current assets	<u>348,021,661</u>	<u>340,831,357</u>
Total assets	<u>403,702,036</u>	<u>395,900,628</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	3,726,793	2,427,918
OPEB related	375,237	719,439
Deferred charge on refunding	199,307	310,833
Total deferred outflows of resources	<u>4,301,337</u>	<u>3,458,190</u>
LIABILITIES		
Current liabilities:		
Accounts payable	5,163,289	4,176,739
Accrued interest payable	395,420	432,059
Compensated absences - current	674,926	590,168
Bank direct borrowing - current	1,485,000	1,450,000
SRF loans - current	3,957,172	3,020,946
Bonds payable - current	2,241,852	2,651,852
Total current liabilities	<u>13,917,659</u>	<u>12,321,764</u>
Long-term liabilities:		
Compensated absences - long-term	735,167	714,366
Bank direct borrowing - long-term	3,080,000	4,565,000
SRF loans - long-term	110,068,148	107,019,158
Bonds payable - long-term	23,720,274	25,962,125
OPEB liability	2,365,467	2,733,375
Net pension liability	6,279,358	1,986,622
Total long-term liabilities	<u>146,248,414</u>	<u>142,980,646</u>
Total liabilities	<u>160,166,073</u>	<u>155,302,410</u>
DEFERRED INFLOWS OF RESOURCES		
Leases	362,269	380,383
Pension related	9,369	2,144,506
OPEB related	597,240	98,805
Total deferred inflows of resources	<u>968,878</u>	<u>2,623,694</u>
NET POSITION		
Net investment in capital assets	203,202,697	195,995,094
Restricted-system improvements	11,520,463	11,288,887
Unrestricted	32,145,262	34,148,733
Total net position	<u>\$ 246,868,422</u>	<u>\$ 241,432,714</u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND (WATER AND SEWER FUND)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Metered water sales	\$ 14,707,819	\$ 13,043,130
Sewer service charges	24,185,294	22,617,694
Reclaimed water sales	183,393	151,669
Other revenues from operations	949,000	1,137,516
Impact fees	1,918,948	3,991,231
Total operating revenues	<u>41,944,454</u>	<u>40,941,240</u>
Operating expenses:		
Water and sewer billing expenses	244,731	185,400
Water distribution expenses	3,030,730	2,000,350
Water plant expenses	6,361,333	6,630,592
Water administration	1,959,369	1,851,331
Sewer administration	3,072,890	2,846,919
General administration	1,822,842	1,572,844
Sewer collection expenses	3,134,772	2,894,257
Sewer plant expenses	4,961,287	4,168,738
Reclaimed water expenses	108,831	84,061
Depreciation	8,363,734	7,671,008
Total operating expenses	<u>33,060,519</u>	<u>29,905,500</u>
Operating income	<u>8,883,935</u>	<u>11,035,740</u>
Nonoperating revenues (expenses):		
Interest income	771,679	(1,136,760)
Net (loss)/gain on disposal of assets	(6,550,319)	47,091
Interest expense	(2,688,635)	(2,630,607)
Total nonoperating revenues (expenses)	<u>(8,467,275)</u>	<u>(3,720,276)</u>
Income before contributions and transfers	<u>416,660</u>	<u>7,315,464</u>
Contributions and transfers:		
Grants	604,455	218,077
Capital contributions	4,560	1,581,224
Developer contributions	4,610,033	1,562,626
Transfer to debt service fund	(200,000)	(200,000)
Total contributions and transfers	<u>5,019,048</u>	<u>3,161,927</u>
Change in net position	5,435,708	10,477,391
Net position, beginning	<u>241,432,714</u>	<u>230,955,323</u>
Net position, ending	<u>\$ 246,868,422</u>	<u>\$ 241,432,714</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, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Cash received from customers	\$ 36,556,885	\$ 42,013,617
Cash paid to employees for services	(5,103,153)	(4,715,805)
Cash paid to suppliers of goods and services	(17,104,208)	(24,987,106)
Cash from impact fees	1,918,948	3,991,231
Net cash provided by operating activities	<u>16,268,472</u>	<u>16,301,937</u>
Cash flows from noncapital financing activities		
Grants	604,455	218,077
Transfer to debt service fund	(200,000)	(200,000)
Net cash provided by noncapital financing activities	<u>404,455</u>	<u>18,077</u>
Cash flows from capital and related financing activities		
Purchases of property, plant and equipment	(17,526,958)	(31,565,118)
Capital contributions	4,560	1,581,224
Sales of property, plant and equipment	20,444	47,091
Cash received from lease activity	25,224	24,000
Interest paid on long-term debt	(2,910,599)	(1,144,734)
Premiums on bonds payable	-	2,493,116
Payments on SRF loan eligible projects not reimbursed	2,994,013	2,545,946
Proceeds from issuance of long-term debt	7,273,630	20,429,764
Payments on long-term debt	(7,093,414)	(6,988,147)
Net cash used in capital and related financing activities	<u>(17,213,100)</u>	<u>(12,576,858)</u>
Cash flows from investing activities		
Purchases of investments, net	2,044,142	(5,236,515)
Interest received from investments	746,455	(1,171,904)
Net cash provided by (used in) investing activities	<u>2,790,597</u>	<u>(6,408,419)</u>
Net increase (decrease) in cash and cash equivalents	2,250,424	(2,665,263)
Cash and cash equivalents, beginning	<u>2,179,306</u>	<u>4,844,569</u>
Cash and cash equivalents, ending	<u>\$ 4,429,730</u>	<u>\$ 2,179,306</u>
Reconciliation of operating income to net cash provided by (used for) operations:		
Operating income (loss)	\$ 8,883,935	\$ 9,547,115
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	8,363,734	7,671,008
Increase (decrease) in net pension liability and related amounts	889,746	(166,682)
Increase (decrease) in OPEB liability and related amounts	474,729	381,206
(Increase) decrease in accounts receivable	(3,486,735)	5,063,608
(Increase) decrease in inventory	50,954	(272,409)
Increase (decrease) in compensated absences	105,559	147,867
Increase (decrease) in accounts payable	986,550	(6,069,776)
Net cash provided by operating activities	<u>\$ 16,268,472</u>	<u>\$ 16,301,937</u>
Schedule of non-cash capital and related financing activities:		
Capital assets added as developer contributions	<u>\$ 4,610,033</u>	<u>\$ 1,562,626</u>

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

CITY OF FRANKLIN, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2022
With Comparative Totals as of June 30, 2021

	Franklin Employees' Pension Plan	2021
ASSETS		
Cash and equivalents	\$ 3,569,211	\$ 2,578,781
Domestic fixed income	40,228,362	46,577,513
Domestic equity	60,807,380	69,931,410
International equity	20,727,928	23,994,476
Timber	5,462,324	14,898,531
Real estate	12,860,801	2,803,113
Total assets	143,656,006	160,783,824
 NET POSITION RESTRICTED FOR PENSIONS	 \$ 143,656,006	 \$ 160,783,824

Franklin Employees' Pension Plan as of December 31, 2022.
This pension plan 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, 2022
With Comparative Totals for the Fiscal Year Ended December 31, 2021

	Franklin Employees' Pension Plan	2021
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 6,660,363	\$ 6,160,363
Plan members	700,782	896,492
Total contributions	<u>7,361,145</u>	<u>7,056,855</u>
Investment earnings:		
Net (depreciation) appreciation in fair value of investments	(16,722,101)	25,175,371
Total investment earnings	(16,722,101)	25,175,371
Less: investment expense	218,060	212,913
Net investment earnings	<u>(16,940,161)</u>	<u>24,962,458</u>
Total additions	<u>(9,579,016)</u>	<u>32,019,313</u>
Deductions:		
Benefits	7,473,103	7,937,323
Administrative expense	75,699	102,925
Total deductions	<u>7,548,802</u>	<u>8,040,248</u>
Net (decrease) increase in fiduciary net position	(17,127,818)	23,979,065
Net position restricted for pension - beginning	<u>160,783,824</u>	<u>136,804,759</u>
Net position restricted for pension - ending	<u>\$ 143,656,006</u>	<u>\$ 160,783,824</u>

Franklin Employees' Pension Plan as of December 31, 2022.

This pension plan was closed to new hires after December 16, 2016.

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CITY OF FRANKLIN
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023

I. Summary of significant accounting policies

The financial statements of the City of Franklin, Tennessee (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City of Franklin's significant accounting policies are described below:

A. 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.

B. Reporting entity

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.

The accompanying financial statements present the government and any component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government. Based on the City's analysis as of June 30, 2023, 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 \$5,122,751 on June 30, 2023 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 does not require the substantive approval of the City.

CITY OF FRANKLIN
NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023

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.

As a 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 City'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 funds and the enterprise fund, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds and the 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 City'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* accounts for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

The *Road Impact Fee Fund* accounts 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* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal, interest, and related fees on long-term obligations of governmental funds.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fiduciary fund type:

The *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 City 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 are eliminated so that only the net amount is included in the governmental activities column.

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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 recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 when they are earned and 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 to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on long-term debt, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, and postemployment benefits are recorded generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt financing through leases are reported as other financing sources.

Property taxes, sales taxes, 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 City.

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 approve and appropriate the budgets for these funds annually. All annual appropriations lapse at fiscal-year end. The appropriated budget is prepared by fund, function, and department. During the fiscal year, 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 include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the City's proprietary fund considers its demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

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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.

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 are tangible and intangible asset, which include 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 \$50,000 if non-infrastructure and \$100,000 or more if infrastructure and an estimated useful life of three years or more.

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right to use leased equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following useful lives:

Governmental capital assets of the City are depreciated over the following useful lives:

Infrastructure	50 years
Buildings and building improvements	25 - 50 years
Parks and park improvements	25 - 50 years
Equipment	3 - 10 years
Furniture and fixtures	3 - 10 years
Intangible assets	Term per agreement

Proprietary (business-type) capital assets of the City are depreciated over the following useful lives adopted by the Tennessee Board of Utility Regulation (TBOUR):

Building (office and plant)	30 - 50 years
Furniture and fixtures	5 - 10 years
Machinery, equipment, and vehicles	5 - 20 years
Water and wastewater lines and storage	40 - 50 years

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5. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net assets 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 three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets 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 three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes levied on January 1, 2023 that will not be available for collection until fiscal year 2024, beginning October 2023; uncollected property taxes; assessments; grants; in lieu of taxes; court fines; franchise fees; hotel/motel taxes; and miscellaneous. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The amount for leases relate to leases for which the City is the lessor and will be recognized as revenue as lease receivable payments are received from the lessees. The City also reports deferred inflows of resources related to pensions and OPEB.

6. *Net position*

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *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, or improvement of those assets. Deferred outflows or resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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 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.

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7. Fund balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance". The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- *Nonspendable* fund balance represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Nonspendable* fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- *Committed* fund balance represents amounts that can be used only for the specific purposes determined by of the adoption of an ordinance committing fund balance for a specified purpose by the City's Board prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.
- *Assigned* fund balance represents amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the finance director to assign fund balance. The Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally 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* fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, 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.

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8. Leases

Lessee: The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for a noncancellable lease of a building. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

CITY OF FRANKLIN
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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 2023, taxes were levied at a rate of .3261 per \$100 of assessed valuation.

3. Compensated absences

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

All annual leave is accrued when incurred in the government-wide and proprietary fund (Water and Sewer) financial statements. A liability for these amounts is reported in the governmental funds (specifically General, Sanitation, and Stormwater) only if amounts are due to employees because 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.

I. Estimates

The preparation of the City's Annual Comprehensive Financial Report (ACFR) 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. Summarized Financial Information

The summarized financial information shown for fiscal year 2022 in the accompanying Basic Financial Statements and Combining and Individual Fund Statements and Schedules is included to provide a basis for comparison with fiscal year 2023.

K. Reclassifications

Certain reclassifications to the summary 2022 information have been made to conform to the 2023 format.

CITY OF FRANKLIN
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II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash and investments

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital), liquidity, and yield.

B. Cash deposits with financial institutions

The City's policies limit deposits to those instruments allowed by applicable state laws. 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.

C. Investments

State statutes authorize the City to invest in direct obligations of the U.S., certificates of deposit, money market accounts, and government sponsored agency securities.

Interest rate risk. Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maximum maturity length of investments to four years.

As of June 30, 2023, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1 year	1 - 4 years
Certificates of deposit	\$ 2,000,000	\$ -	\$ 2,000,000
Money market accounts	85,669	85,669	-
U.S. Treasury obligations	89,942,573	28,141,303	61,801,270
U.S. Agency obligations	102,595,664	37,049,530	65,546,134
Total investments	\$ 194,623,906	\$ 65,276,502	\$ 129,347,404

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Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City's investment policy requires that fixed income securities and equities have a weighted average of no less than investment grade, as rated by Moody's and Standard & Poor's. Unrated securities are limited to no more than 20% of the total investments. The certificates of deposit and money market accounts are in banks covered by the State collateral pool or under FDIC. All U.S. securities, guaranteed by or linked to the U.S. government, were rated Aaa by Moody's and Fitch and AA+ by Standard & Poor's on 6/30/2023.

Concentration of credit risk. The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. The City's investment policy limits the amount of the portfolio that can be invested in any one investment vehicle to no more than 40% of the portfolio, except for U.S. Treasury obligations. As of June 30, 2023, the investments that constituted a concentration risk due to investments exceeding 5% of the portfolio balance were the U.S. Treasury securities and within U.S. Agency securities (Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank).

Fair value of investments. The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Certificates of deposit classified in level 2 are valued using broker quotes that utilize observable market inputs. Securities classified as Level 3 have limited trade information, these securities are priced or using the last trade price or estimated using recent trade prices.

At June 30, 2023, the City had the following recurring fair value measurements:

Investment by Fair Value Level	June 30, 2023	Level 1	Level 2	Level 3
Certificates of deposit	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -
Money market accounts	85,669	85,669	-	-
U.S. Treasury obligations	89,942,573	89,942,573	-	-
U.S. Agency obligations	102,595,664	-	102,595,664	-
Total investments at Fair Value	\$ 194,623,906	\$ 92,028,242	\$ 102,595,664	\$ -

Pension plan investments 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. The pension policy does not include reference to credit risk, interest rate risk concentration risk, or foreign currency risk.

As of December 31, 2022, the City of Franklin Employees' Pension Plan (closed plan) had the following fair value measurements:

		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	12/31/2022			
Cash and equivalents	\$ 3,569,211	\$ 3,569,211	\$ -	\$ -
Domestic equity	60,807,380	60,807,380	-	-
Domestic fixed income	40,228,362	-	40,228,362	-
International equity	20,727,928	-	20,727,928	-
Total investments by fair value level	<u>125,332,881</u>	<u>64,376,591</u>	<u>60,956,290</u>	<u>-</u>
Investments measured at the net asset value (NAV)				
Real estate funds	12,860,801			
Timber funds	5,462,324			
Total investments at the NAV	<u>18,323,125</u>			
Total investments measured at fair value	<u>\$ 143,656,006</u>			

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Debt and equity securities classified in Level 1 of the fair value hierarchies are value 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 time 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.

D. Receivables

Amounts other than leases receivable are aggregated into a single accounts receivable (net of allowance for doubtful accounts) line for certain funds and aggregated columns. Property tax receivables are shown net of an allowance for uncollectibles. The allowance is based on the history of collections. Court fines receivable are also shown net of an allowance for uncollectibles. The allowance is based on management's estimate of what portion of the outstanding receivable will be collected in the future.

Below is the detail of receivables for the general and debt service funds and the nonmajor governmental funds in the aggregate, including the applicable allowances for doubtful accounts:

	<u>General Fund</u>	<u>Multi-Purpose Capital Project Fund</u>	<u>Road Impact Fee Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:						
Accounts	\$ 1,197,113	\$ 1,039,740	\$ -	\$ -	\$ 2,992,188	\$ 5,229,041
Property taxes	12,200,269	-	-	11,648,776	1,134,781	24,983,826
In lieu of tax	101,778	-	-	-	-	101,778
Local option sales tax	10,682,291	-	-	-	-	10,682,291
Special assessments	43,200	-	-	-	-	43,200
Due from county	82,772	-	-	-	-	82,772
State shared revenue	2,876,536	-	-	-	613,194	3,489,730
Grants	169,370	1,284,331	-	-	631,219	2,084,920
Fines	894,405	-	-	-	-	894,405
Events	84,273	-	-	-	-	84,273
Insurance reimbursement	69,175	-	-	-	-	69,175
Interest	<u>374,156</u>	<u>136,322</u>	<u>118,888</u>	<u>3,450</u>	<u>199,664</u>	<u>832,480</u>
Gross receivables	28,775,338	2,460,393	118,888	11,652,226	5,571,046	48,577,891
Less: allowance for doubtful accounts	<u>(787,382)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(787,382)</u>
Net receivables	<u>\$ 27,987,956</u>	<u>\$ 2,460,393</u>	<u>\$ 118,888</u>	<u>\$ 11,652,226</u>	<u>\$ 5,571,046</u>	<u>\$ 47,790,509</u>

Amounts are aggregated into a single accounts receivable (net of allowance for doubtful accounts) line. Receivables in the Water and Sewer Fund at June 30, 2023 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 \$1,237,657. The allowance for uncollectible customer accounts is based on the 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.

	<u>Proprietary Fund</u>
Receivables:	
Customers	\$ 7,474,329
Special assessments	57,475
Due from State (SRF Loans)	2,994,013
Due from ACSI	41
Grants	165,114
Miscellaneous	23,595
Interest	<u>211,082</u>
Gross receivables	10,925,649
Less: allowance for doubtful accounts	<u>(1,237,657)</u>
Net receivables	<u>\$ 9,687,992</u>

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E. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 62,951,818	\$ 4,705,501	\$ -	\$ 67,657,319
Construction in process-non-infrastructure	16,184,635	3,452,782	14,118,197	5,519,220
Construction in process-infrastructure	32,813,258	4,208,007	23,265,678	13,755,587
Total capital assets, not being depreciated	<u>111,949,711</u>	<u>12,366,290</u>	<u>37,383,875</u>	<u>86,932,126</u>
Capital assets, being depreciated:				
Buildings and improvements	85,526,399	-	1,246,268	84,280,131
Improvements other than buildings	28,337,721	2,256,683	1,853	30,592,551
Machinery and equipment	74,218,955	3,854,177	21,569,666	56,503,466
Infrastructure	777,028,569	19,378,197	31,962,517	764,444,249
Joint use agreements	-	6,483,518	-	6,483,518
Total capital assets, being depreciated	<u>965,111,644</u>	<u>31,972,575</u>	<u>54,780,304</u>	<u>942,303,915</u>
Accumulated depreciation				
Buildings and improvements	23,917,671	1,535,712	532,093	24,921,290
Improvements other than buildings	17,881,834	1,431,768	(499,082)	19,812,684
Machinery and equipment	56,118,953	4,160,489	21,443,319	38,836,123
Infrastructure	237,567,037	18,889,978	8,060,153	248,396,862
Joint use agreements	-	648,352	-	648,352
Total accumulated depreciation	<u>335,485,495</u>	<u>26,666,299</u>	<u>29,536,483</u>	<u>332,615,311</u>
Total capital assets being depreciated, net	<u>629,626,149</u>	<u>5,306,276</u>	<u>25,243,821</u>	<u>609,688,604</u>
Total governmental activities capital assets, net	<u>741,575,860</u>	<u>17,672,566</u>	<u>62,627,696</u>	<u>696,620,730</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	6,037,251	32,623	18,772	\$ 6,051,102
Construction in process	162,760,419	17,417,832	19,328,174	160,850,078
Total capital assets, not being depreciated	<u>168,797,670</u>	<u>17,450,455</u>	<u>19,346,946</u>	<u>166,901,180</u>
Capital assets, being depreciated:				
Buildings and improvements	28,175,099	4,552,444	627,597	32,099,946
Utility plant in service	262,962,061	16,325,388	8,243,452	271,043,997
Machinery and equipment	6,379,880	109,125	2,389,029	4,099,976
Total capital assets, being depreciated	<u>297,517,040</u>	<u>20,986,957</u>	<u>11,260,078</u>	<u>307,243,919</u>
Accumulated depreciation				
Buildings and improvements	13,953,238	1,044,424	616,672	14,380,990
Utility plant in service	106,145,016	6,745,637	4,431,230	108,459,423
Machinery and equipment	5,863,114	573,673	2,687,937	3,748,850
Total accumulated depreciation	<u>125,961,368</u>	<u>8,363,734</u>	<u>7,735,839</u>	<u>126,589,263</u>
Total capital assets being depreciated, net	<u>171,555,672</u>	<u>12,623,223</u>	<u>3,524,239</u>	<u>180,654,654</u>
Business-type activities capital assets, net	<u>340,353,342</u>	<u>30,073,678</u>	<u>22,871,185</u>	<u>347,555,834</u>
Total capital assets, net	<u>\$ 1,081,929,202</u>	<u>\$ 47,746,244</u>	<u>\$ 85,498,881</u>	<u>\$ 1,044,176,564</u>

Depreciation expense was charged to functions/programs of the governmental activities of the primary government as follows:

Governance and management	\$ 11,380
Public safety	2,203,987
Finance and administration	1,299,643
Community and economic development	186,448
Public works	21,253,531
Other general government	1,711,310
Total depreciation expense – governmental activities	<u>\$ 26,666,299</u>

Depreciation expense was charged to functions/programs of the business-type activities of the primary government as follows:

Water and sewer	<u>\$ 8,363,734</u>
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CITY OF FRANKLIN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

F. Accrued liabilities

Accrued liabilities reported by governmental funds at June 30, 2023, were as follows:

Accrued employee insurance claims	<u>\$ 1,743,489</u>
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G. Unearned revenue

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	\$ 108,647
Tree bank reserve	404,128
Sidewalk reserve	558,354
Affordable housing reserves	309,433
Capital project grant	90,094
American Rescue Plan Act proceeds	6,886,596
Total unearned revenue for fund financial statements	\$ 8,357,252

H. Pension plans

The City of Franklin participates in two (2) defined benefit pension plans: The City of Franklin Employees' Pension Plan and Trust (the closed plan) and the Tennessee Consolidated Retirement Plan (TCRS plan). The single employer closed 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.

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 fiscal year ends on December 31. It was deemed impractical to report the financial activity of the Plan as of and for the year ended June 30, 2023. Accordingly, all financial statement information regarding the Plan is as of December 31, 2022 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 Annual Comprehensive 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 49.

Plan membership

At the measurement date of December 31, 2022, membership consisted of:

Inactive plan participants:

Retirees and beneficiaries receiving benefits	289
Terminated employees entitled to deferred benefits	183
Disabled employees	3
Inactive plan participants total	475

Active plan participants:

Vested	396
Nonvested	1
Active plan participants total	397
Total participants	872

CITY OF FRANKLIN
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

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. □

Contributions and funding policy

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

Plan members hired February 15, 2010 through December 15, 2016 are required to contribute 5% of their compensation to participate in the would be matched by the City). The Plan changes for employees hired on or after February 15, 2010 were due to a freeze on admittance to the prior non-contributory Pension Plan approved in January 2010. This approval was due to actuarial reports that showed that the Plan was underfunded and would require substantial increase in annual contributions for many year 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. □

Net pension liability (asset)

At June 30, 2023, The City reported a net pension liability for the closed plan of \$51,922,813. The closed plan net pension liability was measured as of January 1, 2023, and the total pension liability used to calculate the closed plan's net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The closed plan net pension liability was determined by an actuarial valuation performed as of December 31, 2022, using the following actuarial methods and assumptions:

Inflation	2.25%
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	Beginning December 31, 2022, 6.9%. (Prior year, 7.0%).
Cost-of-living adjustment	2.0%

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

Actuarial assumptions used in the January 1, 2023 valuation were based on an actuarial experience study for the 10-year period ending December 31, 2018.

CITY OF FRANKLIN
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Long-term expected rate of return

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 for short term securities held for pension payments and fees is:

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

For closed plan 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, 2022, the annual money-weighted rate of return based on monthly cash flows on pension investments, net of pension plan investment expense, was -10.62%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested. Further information can be found on page 85.

Discount rate

The discount rate used to measure the total pension liability was 6.9%. 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 Closed Plan net pension liability

	(A) Total Pension Liability	(B) Plan Fiduciary Net Position	(A - B) Net Pension Liability
Balances at January 1, 2022	\$ 177,338,994	\$ 160,783,824	\$ 16,555,170
Changes for the year:			
Service cost	\$ 2,257,541	\$ -	\$ 2,257,541
Interest	12,145,206	-	12,145,206
Differences between expected and actual experience	8,801,410	-	8,801,410
Changes of assumptions	2,177,793	-	2,177,793
Contributions - employer	-	6,660,363	(6,660,363)
Contributions - employee	330,978	700,782	(369,804)
Net investment income	-	(16,940,161)	16,940,161
Benefit payments, including refunds of employee contributions	(7,473,103)	(7,473,103)	-
Administrative expense	-	(75,699)	75,699
Net changes	18,239,825	(17,127,818)	35,367,643
Balances at December 31, 2022	\$ 195,578,819	\$ 143,656,006	\$ 51,922,813

The components of the net pension liability at December 31, 2022 were as follows:

Total pension liability	\$ 195,578,819
Plan fiduciary net position	143,656,006
	<u>\$ 51,922,813</u>

Plan fiduciary net position as a percent of total pension liability 73.5%

CITY OF FRANKLIN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Tennessee Consolidated Retirement System (TCRS)

Plan description

Employees of the 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>.

Plan membership

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive plan participants:

Retirees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	103
Active employees	<u>273</u>
Total participants	<u>376</u>

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.

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.

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, the employer contributions for City of Franklin were \$765,476 based on a rate of 6.03 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept City's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net pension liability (asset)

The City's net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of date.

Actuarial assumptions

The total pension liability as of the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation.
Discount rate	6.75%
Cost-of-Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Long-term expected rate of return

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, 2020 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. 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 2.25 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	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	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 6.75 percent based on a blending of the factors described above.

Discount rate

The discount rate used to measure the total pension liability was 6.75 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 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 TCRS Plan net pension liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a - b)
Balances at 6/30/2021	\$ 3,343,452	\$ 3,601,980	\$ (258,528)
Changes for the year:			
Service cost	1,153,748	-	1,153,748
Interest	301,268	-	301,268
Differences between expected and actual experience	433,770	-	433,770
Contributions-employer	-	765,476	(765,476)
Contributions-employees	-	646,517	(646,517)
Net investment income	-	(163,051)	163,051
Benefit payments, including refunds of employee contributions	(67,940)	(67,940)	-
Administrative expense	-	(23,817)	23,817
Net changes	<u>1,820,846</u>	<u>1,157,185</u>	<u>663,661</u>
Balance at 6/30/2022	<u>\$ 5,164,298</u>	<u>\$ 4,759,165</u>	<u>\$ 405,133</u>

CITY OF FRANKLIN
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Net pension liability (asset) - Closed and TCRS

The City reports for the closed plan the following net pension liability (asset) as of June 30, 2023 in the Statement of Net Position:

Net pension liability (asset)	Governmental activities	Business-type activities	Total
Closed Plan	\$ 45,692,074	\$ 6,230,739	\$ 51,922,813
TCRS Plan	356,514	48,619	405,133
	<u>\$ 46,048,588</u>	<u>\$ 6,279,358</u>	<u>\$ 52,327,946</u>

Discount rate sensitivity analysis

The following presents the net pension liability of the City, calculated using the current discount rate of (6.9% for the closed plan, 6.75% 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 (5.9% closed plan, 5.75% TCRS) or 1-percentage-point higher (7.9% closed plan, 7.75% TCRS) than the current rate:

Sensitivity to discount rate	1% Decrease	Current Rate	1% Increase
Closed Plan	\$ 76,047,271	\$ 51,922,813	\$ 31,798,423
TCRS Plan	1,707,675	405,133	(94,279)
	<u>\$ 77,754,946</u>	<u>\$ 52,327,946</u>	<u>\$ 31,704,144</u>

Closed and TCRS pensions expense and deferred items summary

For the year ended June 30, 2023, the City recognized pension (negative pension) expense of \$7,154,384 as follows:

Pension (negative pension) expense	Governmental activities	Business-type activities	Total
Closed Plan	\$ 7,105,227	\$ 900,713	\$ 8,005,940
TCRS Plan	(840,590)	(10,967)	(851,557)
	<u>\$ 6,264,637</u>	<u>\$ 889,746</u>	<u>\$ 7,154,383</u>

On June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the closed plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:		
Closed Plan	\$ 17,150,918	\$ -
TCRS Plan	826,795	78,075
Changes of assumptions:		
Closed Plan	3,612,601	-
TCRS Plan	243,449	-
Net difference between projected and actual earnings of pension plan investments:		
Closed Plan	9,123,143	-
TCRS Plan	99,707	-
Contributions made subsequent to the measurement date:		
Closed Plan	1,000,000	-
TCRS Plan	1,482,405	-
Total	<u>\$ 33,539,018</u>	<u>\$ 78,075</u>

The amount shown above for "Contributions 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 pensions are recognized as follows in the Statement of Net Position:

Deferred Outflows of Resources	Governmental activities	Business-type activities	Total
Closed Plan	\$ 27,300,264	\$ 3,586,399	\$ 30,886,663
TCRS Plan	2,511,961	140,394	2,652,355
	<u>\$ 29,812,225</u>	<u>\$ 3,726,793</u>	<u>\$ 33,539,018</u>
Deferred Inflows of Resources	Governmental activities	Business-type activities	Total
Closed Plan	\$ -	\$ -	\$ -
TCRS Plan	68,706	9,369	78,075
	<u>\$ 68,706</u>	<u>\$ 9,369</u>	<u>\$ 78,075</u>

CITY OF FRANKLIN
NOTES TO THE FINANCIAL STATEMENTS
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For the plans, amounts reported as deferred outflows of resources or deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	<u>Closed Plan</u>	<u>TCRS Plan</u>
2024	\$ 7,130,668	\$ 129,835
2025	5,983,043	130,090
2026	3,846,776	123,481
2027	6,903,627	214,766
2028	1,265,930	124,617
Thereafter	4,756,618	369,086
	<u>\$ 29,886,662</u>	<u>\$ 1,091,875</u>

Payable to the Pension Plans

As of June 30, 2023, the City of Franklin had a payable of \$1,000,000 relating to an approved additional contribution to the closed plan and \$1,482,405 for an outstanding amount of contributions to the TCRS plan required at the year ended June 30, 2023.

I. Other postemployment benefits (OPEB) obligations

Plan Description

The City of Franklin self-insures its retired employees for healthcare benefits (the "OPEB Plan"). Benefits are established and amended by an insurance committee. The City provides health insurance from the date the employee retires up until the age of 65. No health insurance is available to retirees with less than 20 years of service. For the closed plan, retirees after 20 years of service and at least age 62 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/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

Plan Membership

Employees covered by the benefit terms. At the measurement date of June 30, 2023, the following employees were covered by the

Retirees (receiving benefits)	34
Actives	680
Covered spouses of retirees (receiving benefits)	15
Total	<u>729</u>

Benefits Provided

Retirees and their covered spouses/family are eligible to remain on the City's self-insured group health plan until reaching Medicare eligibility. Eligibility is defined by normal or alternative retirement.

Normal retirement eligibility is age 62 with 20 years of service. Retirees pay 15% of the total monthly premium rate for single coverage and 20% for family coverage. For those retiring under normal retirement with medical plan option I, vision benefits are also available. Of the 34 actives, 3 have option I coverage at \$298/month (medical and vision).

Alternative retirement, hired prior to July 1, 2006 eligibility is 25 years of service. Alternative retirement, hired on or after July 1, 2006 and before January 1, 2017 eligibility is age 55 with 25 years of service. Alternative retirement, hired on or after January 1, 2017 eligibility is age 60 or 30 years of service. As of May 2023, retirees pay 50% (previously 60%) of the total monthly premium rate. Of the 34 actives, 31 have option II coverage at \$359/month for single, \$763 for retiree plus spouse, and \$1,084 for family based on 50%

The benefits provided are identical to the medical and prescription drug benefits provided to actual employees under the City's medical plan. Benefits are provided to Medicare eligibility. For spouses, coverage ends at the earlier of the spouse's and member's Medicare

The plan does not have vested inactive 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.

Total OPEB Liability

The City of Franklin's total OPEB liability of \$19,712,226 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date. (This was the first year of the 2-year valuation from 2023.)

CITY OF FRANKLIN
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Actuarial assumptions

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Amortization period	For contribution calculations: 20 years (closed) beginning July 1, 2018.
Remaining amortization period	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.
Asset valuation method	Not applicable
Inflation	4.13% per annum based on the S&P 500 High Grade 20 Year Rate Index as of June 30, 2023
Salary increases	2% per annum
Investment rate of return	Not applicable
Retirement rates	Pattern of retirement determined by experience for administrative, general government, and fire and police employees.
Mortality rates	Active and retired: 105% RP-2014 Blue Collar Mortality Tables for Males and Females adjusted back to 2006. Disabled 105% RP--2014 Disabled Retiree Mortality Tables for Males and Females adjusted back to 2006.
Funding policy	Funded on a pay-as-you-go-basis. Funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide for post-employment benefits.
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

The valuation reflects the May 2023 change for the cost of Option II coverage to 50% City / 50% retiree. Previously, the City the cost was 40% City / 60% retiree.

Changes in the Total OPEB liability

	(A) Total OPEB Liability	(B) Plan Net Position	(A) - (B) OPEB Liability
Balance at June 30, 2022	\$ 22,778,125.00	\$ -	\$ 22,778,125.0
Changes for the year:			
Service cost	659,120	-	659,120
Interest	499,967	-	499,967
Change of benefit terms	1,701,196	-	1,701,196
Differences between expected and actual experience	(608,842)	-	(608,842)
Changes in assumptions or other inputs	(4,814,361)	-	(4,814,361)
Contributions - employer	-	502,979	(502,979)
Benefit payments	(502,979)	(502,979)	-
Net changes	(3,065,899)	-	(3,065,899)
Balance at June 30, 2023	\$ 19,712,226	\$ -	\$ 19,712,226

CITY OF FRANKLIN
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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 (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current discount rate.

	1% Decrease (3.13%)	Current Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	\$21,756,790	\$19,712,226	\$17,899,784

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 (4.75 percent to 4.20 percent) or 1-percentage-point higher (6.75 percent to 6.20 percent) than the current healthcare cost trend rates:

	1% Decrease (4.75% to 4.20%) over 2 years and following the Getzen model	Current Rate (5.75% to 5.20%) over 2 years and following the Getzen model	1% Increase (6.75% to 6.20%) over 2 years and following the Getzen model
Total OPEB Liability	\$17,644,825	\$19,712,226	\$22,099,927

OPEB expense and deferred items summary

For the year ended June 30, 2023, the City of Franklin recognized OPEB expense of \$3,956,074.

	Governmental activities	Business-type activities	Total
OPEB (negative OPEB) expense	\$ 3,481,345	\$ 474,729	\$ 3,956,074

The City reports the following net pension liability (asset) as of June 30, 2023 in the Statement of Net Position:

	Governmental activities	Business-type activities	Total
OPEB liability	\$ 17,346,759	\$ 2,365,467	\$ 19,712,226

At June 30, 2023, 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:	\$ -	\$ 965,037
Changes of assumptions:	3,126,981	4,011,967
Total	\$ 3,126,981	\$ 4,977,004

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

	Governmental activities	Business-type activities	Total
Deferred Outflows of Resources	\$ 2,751,744	\$ 375,237	\$ 3,126,981
	Governmental activities	Business-type activities	Total
Deferred Inflows of Resources	\$ 4,379,764	\$ 597,240	\$ 4,977,004

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

Year ended		
June 30:		
2024	\$	1,598,773
2025		(820,535)
2026		(820,530)
2027		(903,868)
Thereafter		(903,863)
	\$	(1,850,023)

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

CITY OF FRANKLIN
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J. Construction and Other Significant Commitments

1. Construction Contracts

During 2023, various street, public works and park improvements projects were in process. On June 30, 2023, there were approximately \$11,072,358 in uncompleted contracts for these projects. The projects are funded by the General, Sanitation, Road Impact, Facilities Tax, Stormwater, Hotel/Motel Tax, Parkland, and the Multi-Purpose Capital Project funds. There were \$9,422,927 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, 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, 2023. Renewals of the contracts are expected in the normal course of operations. On June 30, 2023, 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:

Year Ending June 30,	Amount
2024	\$46,325
2025	46,325
2026	46,325
2027	46,325
2028	46,325
2029	<u>46,325</u>
Total	<u>\$277,950</u>

4. Defined Contribution Plans

Employees hired after July 1, 1995 through February 14, 2010 are required to contribute between 3% and 10% of their annual covered salary to a 401(a) cash balance plan. Any plan member may also voluntarily contribute between 1% and 10% of their annual covered salary. The City makes employer and employee contributions for the cash balance plan to a pension account at US Bank. US Bank disburses eligible participant withdrawals from requests by the City. For these employees, there is also an optional 457 plan available. Mission Square (formerly ICMA-RC) administers the optional 457 plan for the City. 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, 2023, totaled \$247,778. Mission Square administers the defined contribution plan for the City.

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, 2023, totaled \$66,227. The City administers this defined contribution plan, which is an additional benefit for employees who are members of TCRS. Mission Square is the administrator of the investment of these funds.

5. Retiree Health Savings (RHS) Program

In 2016, a retiree health savings (RHS) program was adopted to provide reasonable security regarding health needs during retirement. A portion of terminal leave of \$24,000 or more is required as contribution to the plan at separation of service (with minimum of ten years of service). The contribution reduces tax liability in the year of separation and increases the security of the pension plans by decreasing unplanned demands on Plan assets. The Plan applies to the City Administrator, Assistant City Administrators, and Department Directors. There is no City match to the Plan. Mission Square administers the retiree health savings (RHS) program for the City.

CITY OF FRANKLIN
NOTES TO THE FINANCIAL STATEMENTS
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K. 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; natural disasters; and cybersecurity risks. 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-per employee. The City has obtained stop/loss commercial insurance policy to cover claims beyond this liability. All full-time employees of the City are eligible to participate. Claim payments are made by the respective fund of the employee/claimant. Liabilities are reported when it is probable that a claim/loss has occurred and the amount of the claim/loss can be reasonably estimated.

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

<u>Fiscal Year Ending</u>	<u>Claims Liability, July 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Liability, June 30</u>
6/30/2023	\$ 1,268,485	\$ 10,188,811	\$ (9,713,807)	\$ 1,743,489
6/30/2022	\$ 1,665,646	\$ 11,487,131	\$ (11,884,292)	\$ 1,268,485

L. Leases

1. Lease receivables

In fiscal year 2022, the City's General Fund began leasing the Harlinsdale Arena to Friends of Franklin Parks. In the current fiscal year, the fund received payments of \$15,809. The fund recognized \$14,028 in lease revenue and \$11,357 in interest revenue during the current fiscal year related to the lease. As of June 30, 2023, the receivable for lease payments was \$252,178. Also, the fund has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow or resources is \$238,482.

In fiscal year 2014, the City's proprietary fund began leasing the 5 Points Building to FirstBank. In the current fiscal year, the fund received payments of \$25,224. The fund recognized \$18,113 in lease revenue and \$16,777 in interest revenue during the current fiscal year related to the lease. As of June 30, 2023, the receivable for lease payments was \$478,568. Also, the fund has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow or resources is \$362,269.

<u>Year Ending June 30,</u>	<u>Governmental Activities Future Lease Receipts</u>		<u>Business Type Activities Future Lease Receipts</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 5,316	\$ 11,139	\$ 12,743	\$ 16,405	\$ 18,059	\$ 27,544
2025	6,146	10,885	13,192	15,956	19,338	26,841
2026	7,034	10,593	13,658	15,490	20,692	26,083
2027	7,984	10,260	14,139	15,009	22,123	25,269
2028	8,999	9,884	14,638	14,510	23,637	24,394
2029-2033	62,783	42,020	97,526	63,094	160,309	105,114
2034-2038	100,358	24,115	133,833	43,167	234,191	67,282
2039-2043	53,558	2,546	178,839	16,221	232,397	18,767
Totals	<u>\$ 252,178</u>	<u>\$ 121,442</u>	<u>\$ 478,568</u>	<u>\$ 199,852</u>	<u>\$ 730,746</u>	<u>\$ 321,294</u>

CITY OF FRANKLIN
NOTES TO THE FINANCIAL STATEMENTS
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2. Subscription-based information technology arrangements (SBITA) payables

In fiscal year 2022, the City's General Fund entered into a five-year technology arrangement for budget software (OpenGov). An initial lease liability was recorded in the amount of \$167,555 at the end of fiscal year 2022. As of June 30, 2023, the value of the lease liability was \$126,030. The City is required to make annual payments of \$42,500. The lease has an interest rate of .582%. The value of the right-to-use asset as of the end of the current fiscal year was \$258,895 and had accumulated amortization of \$51,779, and is reported in machinery and equipment of governmental activities in Note III, E.

In fiscal year 2022, the City's General Fund entered into a three-year technology arrangement for contract software (HighQ). An initial lease liability was recorded in the amount of \$48,663 at the end of fiscal year 2022. As of June 30, 2023, the value of the lease liability was \$32,752. The City is required to make annual payments of \$16,685. The lease has an interest rate of 1.868%. The value of the right-to-use asset as of the end of the current fiscal year was \$50,050 and had accumulated amortization of \$18,074, and is reported in machinery and equipment of governmental activities in Note III, E.

In fiscal year 2023, the City's General Fund entered into a five-year technology arrangement for bid software (IonWave). An initial lease liability was recorded in the amount of \$85,618 during fiscal year 2023. As of June 30, 2023, the value of the lease liability was \$68,548. The City is required to make annual payments of \$17,070. The lease has an interest rate of 2.186%. The value of the right-to-use asset as of the end of the current fiscal year was \$85,618 and had accumulated amortization of \$17,124, and is reported in machinery and equipment of governmental activities in Note III, E.

<u>Year Ending</u> <u>June 30,</u>	<u>Governmental Activities</u> <u>Future Lease Payments</u>	
	<u>Principal</u>	<u>Interest</u>
	2024	\$74,454
2025	74,777	1,789
2026	59,770	1,030
2027	\$18,329	401
Totals	<u>\$ 227,330</u>	<u>\$ 5,922</u>

M. Long-term liabilities

The City issues most general obligation bonds to provide funds for the acquisition and construction of major capital facilities. One bond issue relates to pension plan funding. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds outstanding at June 30, 2023 are as follows:

	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-End
Governmental Activities:				
General Obligation Bonds				
Refunding Bonds 2010	\$ 16,590,000	2.00% - 4.00%	3/1/2024	\$ 1,530,000
Refunding Bonds 2012	22,500,000	2.13%	5/1/2027	6,870,000
Public Improvement Bonds 2013A	7,405,000	2.00% - 4.00%	3/1/2034	4,565,000
Pension Plan Funding (Taxable) 2013B	10,000,000	1.00% - 3.50%	3/1/2024	1,125,000
Public Improvement Bonds 2015	15,000,000	3.00% - 5.00%	4/1/2035	10,405,000
Public Improvement Bonds 2017	23,120,000	2.00% - 5.00%	4/1/2037	18,005,000
Public Improvement Bonds 2019A	29,585,000	4.00% - 5.00%	3/1/2039	23,660,000
Refunding Bonds 2019B	22,940,000	5.00%	3/1/2029	14,900,000
Refunding Bonds 2019C	29,245,000	4.00% - 5.00%	6/1/2032	28,395,000
Refunding Bonds (Taxable) 2019D	2,305,000	1.00% - 3.50%	6/1/2027	1,565,000
Total governmental activities				<u>\$ 111,020,000</u>

During 2023, 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.

CITY OF FRANKLIN
NOTES TO THE FINANCIAL STATEMENTS
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The City's Water and Sewer fund has issued revenue tax bonds and entered into bank and SRF loans to provide funds for the acquisition and construction of major capital facilities. The 2005 bonds are secured by the full faith and credit of the City and backed by the revenues of the Water and Sewer Fund. The 2017 and 2021 bonds are backed by the revenues of the Water and Sewer Fund. The notes payable are backed by the revenues of the Water and Sewer Fund and are subject to the State of Tennessee using City's portion of state shared revenues toward repayment. During 2023, debt service for the debt was provided solely by the Water and Sewer Fund.

	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-End
Business - Type Activities:				
Revenue and tax bonds				
Revenue and Tax Refunding Bonds 2005	\$ 24,670,000	3.00% - 5.00%	4/1/2025	\$ 2,900,000
Revenue Bonds 2017	12,000,000	3.00% - 5.00%	2/1/2037	9,465,000
Revenue Bonds 2021	10,660,000	3.00% - 5.00%	2/1/2042	10,330,000
Bank direct borrowing				
Truist Loan Program	19,430,000	2.48%	5/25/2026	4,565,000
SRF loans				
Drinking Water SRF through ARRA	1,500,000	2.82%	12/20/2030	663,214
Clean Water SRF through ARRA	1,888,200	2.69%	10/20/2032	1,007,436
SRF CG2 2016-367	1,822,741	0.89%	6/20/2033	1,241,989
SRF 2016-374	1,677,259	0.89%	6/20/2033	219,727
SRF CG5 2017-375	1,275,000	1.47%	8/20/2049	1,141,628
SRF 2017-376	78,500,000	1.47%	4/20/2051	73,915,848
SRF 2017-398	20,000,000	1.47%	9/20/2051	19,059,553
SRF 2017-398-01	17,043,394	1.47%	9/20/2053	16,775,925
Total Business-Type Activities Long-Term Debt				141,285,320

The annual requirements, by type of issue, to amortize outstanding bonds and notes payable at June 30, 2023, are as follows:

Year Ending June 30,	General Obligation Bonds		Revenue and Tax Bonds and Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2024	\$ 11,555,000	\$ 4,739,015	\$ 7,387,173	\$ 2,772,195	\$ 18,942,173
2025	10,780,000	4,305,602	7,515,982	2,566,736	18,295,982	6,872,338
2026	11,240,000	3,843,001	6,205,651	2,368,413	17,445,651	6,211,414
2027	11,740,000	3,358,486	4,746,191	2,230,909	16,486,191	5,589,395
2028	10,430,000	2,855,990	4,852,584	2,125,766	15,282,584	4,981,756
2029-2033	37,330,000	7,600,600	25,578,909	8,981,448	62,908,909	16,582,048
2034-2038	16,350,000	1,966,725	25,882,668	6,228,072	42,232,668	8,194,797
2039-2043	1,595,000	63,800	23,915,992	3,775,348	25,510,992	3,839,148
2044-2048	-	-	22,578,288	1,911,852	22,578,288	1,911,852
2049-2052	-	-	12,621,882	307,212	12,621,882	307,212
Totals	\$ 111,020,000	\$ 28,733,219	\$ 141,285,320	\$ 33,267,951	\$ 252,305,320	\$ 62,001,170

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 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.

CITY OF FRANKLIN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Changes in long-term liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions/ Amortization</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable					
General obligation bonds-capital	\$ 119,345,000	\$ -	\$ 9,450,000	\$ 109,895,000	\$ 10,430,000
Premium-capital	17,315,636	-	1,648,054	15,667,582	1,626,526
Pension related bonds	2,215,000	-	1,090,000	1,125,000	1,125,000
Total bonds payable	<u>138,875,636</u>	<u>-</u>	<u>12,188,054</u>	<u>126,687,582</u>	<u>13,181,526</u>
SBITA payable	216,218	85,618	74,506	227,330	74,454
Compensated absences	12,486,550	6,542,521	5,481,631	13,547,440	5,481,631
Net pension liability-closed	14,568,548	31,123,526	-	45,692,074	-
Net pension liability-TCRS		356,514		356,514	
Total OPEB liability	<u>20,044,750</u>	<u>-</u>	<u>2,697,991</u>	<u>17,346,759</u>	<u>-</u>
Total governmental activities	<u>\$ 186,191,702</u>	<u>\$ 38,108,179</u>	<u>\$ 20,442,182</u>	<u>\$ 203,857,699</u>	<u>\$ 18,737,611</u>
Business-type activities:					
Bonds payable					
Revenue and tax bonds	\$ 25,050,000	\$ -	\$ 2,355,000	\$ 22,695,000	\$ 1,945,000
Premium	3,563,977	-	296,851	3,267,126	296,852
Total bonds payable	<u>28,613,977</u>	<u>-</u>	<u>2,651,851</u>	<u>25,962,126</u>	<u>2,241,852</u>
Bank direct borrowing	6,015,000		1,450,000	4,565,000	1,485,000
SRF loans	110,040,104	7,273,630	3,288,414	114,025,320	3,957,172
Compensated absences	1,304,534	780,485	674,926	1,410,093	674,926
Net pension liability-closed	1,986,622	4,244,117	-	6,230,739	-
Net pension liability-TCRS	-	48,619	-	48,619	-
Total OPEB liability	<u>2,733,375</u>	<u>-</u>	<u>367,908</u>	<u>2,365,467</u>	<u>-</u>
Total business-type activities	<u>\$ 150,693,612</u>	<u>\$ 12,346,851</u>	<u>\$ 8,433,099</u>	<u>\$ 154,607,364</u>	<u>\$ 8,358,950</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 \$7,273,630 of state revolving loan funds in FY 2023. There was no new debt in governmental activities.

Contingent Liability Paid Off

As of June 30, 2023, the standby loan agreement with the City of Franklin Industrial Development Board (IDB) from December 2005 is paid off. The remaining amount of \$1,201,119 from June 30, 2022 was paid through property taxes on the development in fiscal year 2023. The City entered the standby loan agreement with the Industrial Development Board, after the IDB issued bonds 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 City did not guarantee or have any obligation for the repayment of the bonds.

CITY OF FRANKLIN, TENNESSEE
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023

N. Fund Balances

	General Fund	Multi-Purpose Capital Project Fund	Debt Service Fund	State Street Aid Fund	Sanitation Fund	Road Impact Fee Fund	Facilities Tax Fund	County Facilities Tax Fund	Storm Water Fund	Drug Fund	Hotel / Motel Tax Fund	Parkland Dedication Fund	Transit Authority Fund	CDBG Fund	Other Governmental Funds Totals
Fund balances:															
Non-Spendable	\$ 2,027,527	\$ -	\$ -	\$ -	\$ 45,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,072,594
Restricted	-	28,919,345	-	3,247,409	3,019,834	-	-	4,513,751	-	534,709	-	-	-	189,362	40,424,410
Committed	-	-	806,499	-	-	24,653,640	14,625,012	-	2,815,697	-	5,948,074	6,281,730	807,254	-	55,937,906
Assigned	-	-	-	-	-	-	-	-	-	-	3,633,018	-	-	-	3,633,018
Unassigned	82,613,699	-	-	-	-	-	-	-	-	-	-	-	-	-	82,613,699
Total fund balances	\$ 84,641,226	\$ 28,919,345	\$ 806,499	\$ 3,247,409	\$ 3,064,901	\$ 24,653,640	\$ 14,625,012	\$ 4,513,751	\$ 2,815,697	\$ 534,709	\$ 9,581,092	\$ 6,281,730	\$ 807,254	\$ 189,362	\$ 184,681,627

Reason for Restriction/Commitment:

Non-spendable inventory/prepays	\$ 2,027,527	\$ -	\$ -	\$ -	\$ 45,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,072,594
Restricted by state law	-	28,919,345	-	3,247,409	3,019,834	-	-	4,513,751	-	534,709	-	-	-	-	40,235,048
Restricted by federal regulations for fund purpose	-	-	-	-	-	-	-	-	-	-	-	-	-	189,362	189,362
Committed by Board ordinance for fund purpose	-	-	806,499	-	-	24,653,640	14,625,012	-	2,815,697	-	5,948,074	6,281,730	807,254	-	55,937,906
Assigned by Board resolution	-	-	-	-	-	-	-	-	-	-	3,633,018	-	-	-	3,633,018
Unassigned *	82,613,699	-	-	-	-	-	-	-	-	-	-	-	-	-	82,613,699
Total fund balances	\$ 84,641,226	\$ 28,919,345	\$ 806,499	\$ 3,247,409	\$ 3,064,901	\$ 24,653,640	\$ 14,625,012	\$ 4,513,751	\$ 2,815,697	\$ 534,709	\$ 9,581,092	\$ 6,281,730	\$ 807,254	\$ 189,362	\$ 184,681,627

Fund Balance Policy – General Fund

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

	Amount
Contingency Commitment	\$ 4,959,380
Emergency Commitment	4,959,380
Cash Flow Commitment	13,886,265
Debt Service Commitment	2,975,628
Property/Casualty/Health Insurance Commitment	3,967,504
Retiree Health Benefits Commitment	1,983,752
Supplemental Reserve	11,902,513
Capital Outlay Reserve	37,979,277
Total Reserves	\$ 82,613,699

CITY OF FRANKLIN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

O. Interfund Receivables, Payables, and Transfers

There are no interfund receivables or payables for fiscal year 2023. The composition of interfund transfers for the year ended June 30, 2023, is as follows:

Transfers out:	Transfers in:			Total
	Multi-purpose Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	
General Fund	\$ 7,232,667	\$ -	\$ 2,271,269	\$ 9,503,936
Road Impact Fund	8,072,713	2,884,139	-	10,956,852
Nonmajor Governmental Funds				
Sanitation Fund	-	209,206	-	209,206
County Facilities Tax Fund	600,000	-	-	600,000
Hotel/Motel Tax Fund	2,737,500	1,017,206	-	3,754,706
Parkland Fund	4,500,000	-	-	4,500,000
Water and Sewer Fund	-	200,000	-	200,000
Totals	<u>\$ 23,142,880</u>	<u>\$ 4,310,551</u>	<u>\$ 2,271,269</u>	<u>\$ 29,724,700</u>

During the year, transfers were made as follows:

- 1) The transfers out from the General Fund to the Multi-Purpose Capital Projects Fund were to provide \$4,326,000 toward approved CIP projects and \$2,906,667 for vehicle replacement.
- 2) The transfers out from the General Fund to the Nonmajor Governmental Funds were to provide the Street Aid Fund \$250,000 for the sidewalk gap project and \$833,921 for paving, to provide the Sanitation Fund \$500,000 toward the fund's ending cash balance, and to provide the Transit Fund \$687,348 as the annual operating subsidy.
- 3) The transfers out from the Road Impact Fund to the Multi-Purpose Capital Projects Fund was to provide \$3,000,000 for East McEwen Phase 4, \$1,375,000 for Jordan Road, \$392,500 for Church Street, and \$3,305,213 for the Long Lane Overpass.
- 4) The transfers out from the Road Impact Fund to the Debt Service Fund was to provide \$2,884,139 to cover annual debt service requirements.
- 5) The transfers out from Nonmajor governmental funds to the Multi-Purpose Capital Projects Fund was for the County Facilities Fund to provide \$600,000 for the FSSD ballfields project; for the Hotel/Motel Tax Fund to provide \$537,500 for the FSSD ballfields project and \$2,200,000 for the Harlinsdale Park Main Barn; and for the Parkland Fund to provide \$3,500,000 for Liberty Park, \$200,000 for Thompson Alley Park, and \$800,000 for Bicentennial Park.
- 6) The transfers out from the Nonmajor Governmental Funds to the Debt Service Fund was for the Sanitation Fund to provide \$209,206 and the Hotel/Motel Tax Fund to provide \$1,017,206 to cover annual debt service requirements.
- 7) The transfer from Water/Sewer to the Debt Service fund is to provide \$200,000 for a portion of costs in the consolidated

P. 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 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
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Q. Tax abatements

City property tax revenues were reduced by \$29,897 in fiscal year 2023 under five (5) in lieu of property tax agreements and a prior year refund. The first three agreements are with the City only. The Nissan and Ramsey Solution agreements are with the City, County, and the Industrial Development Board.

The amount is comprised of:

	Estimated Property Tax		In Lieu of Tax Payment		Difference
1) Franklin Housing Authority (1967)	\$ 7,494	A	-		\$ 7,494
2) Franklin Housing Authority (2018)	114,135	B	84,129		\$ 30,006
3) Franklin Housing Authority (2019)	26,740	C	-		\$ 26,740
4) Nissan	191,527	D	201,767		\$ (10,240)
5) Ramsey Solutions	152,080	E	90,583		\$ 61,497
Totals	\$ 491,976		\$ 376,479		\$ 115,497

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 have been renovated and are now included in FHA-2018. FHA paid \$11,956 on 9/6/2023.

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 specified end date. FHA - Chickasaw balance owed \$2,400 as of 10/18/2023.

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. FHA - Spring Street balance of \$3,200 owed as of 10/18/2023.

D The estimated property tax amount is based on the estimated value from Nissan to the State Board of Equalization for PILOT reporting on 9/23/2022. 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 12/21/2005 and continues as part of the City's Tax Increment Financing (TIF) District provisions until 12/21/2035.

E The estimated property tax amount is based on the estimated value from Ramsey Solutions to the State Board of Equalization for PILOT reporting on 9/29/2022. The Industrial Development Board owns the facility and leases to Ramsey Solutions. The City passed the tax abatement on October 13, 2015. The agreement began 10/31/2017 and ends 12/31/2033.

R. Prior period adjustment

In fiscal year 2023, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA).

	Statement of Activities Governmental Activities
Net position - June 30, 2022 as previously reported	\$ 741,779,137
Adjustment to record SBITA	38,925
Net position - June 30, 2022 as restated	\$ 741,818,062

CITY OF FRANKLIN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

S. Subsequent events

On July 11, 2023, the City of Franklin approved the construction contract for the Bicentennial Park project to Sain Construction for \$10,281,197.

On August 1, 2023, Fitch rating lowered the U.S. credit rating from AAA to AA+. The City has investments in federal securities

On August 3, 2023, the City of Franklin approved an interlocal agreement with Franklin Special School District for joint use of the Freedom Ballfields.

On September 12, 2023, the Tennessee Department of Environment & Conservation (TDEC) announced the award of an American Rescue Plan Act (ARPA) grant in the amount of \$4,679,357 to the City for Water and Sewer infrastructure improvements. The grant requires a 35% local match. Funds must be fully spent by 9/30/2026.

On September 26, 2023, the City of Franklin approved a contract amendment with the Tennessee Department of Transportation to add \$1,226,817 in federal transportation alternatives program funds for the Harlinsdale Farm Multi-Use Path and Bridge project.

On October 10, 2023, the City of Franklin approved an update of the customer service policy.

On October 24, 2023, the City held an election for mayor and its four (4) at-large aldermen. Dr. Ken Moore was re-elected as mayor. Aldermen Clyde Barnhill, Ann Petersen, and Brandy Blanton were also re-elected by the voters. Greg Caesar will join the Board as a newly elected at-large alderman.

REQUIRED SUPPLEMENTARY INFORMATION

HISTORIC
F R A N K L I N
TENNESSEE

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability									
Service cost	\$ 2,257,541	\$ 2,303,771	\$ 2,344,647	\$ 2,438,659	\$ 2,017,416	\$ 1,894,635	\$ 1,911,994	\$ 2,093,993	\$ 1,977,349
Interest	12,145,206	11,448,477	10,650,805	10,165,977	9,572,072	8,725,546	7,983,916	7,209,696	6,583,224
Cash balance increase	330,978	267,298	293,738	291,703	289,162	270,241	273,366	-	-
Changes of benefit items	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	8,801,410	3,987,815	5,262,761	622,830	2,887,307	5,623,929	3,597,048	3,542,156	3,336,925
Changes of assumptions	2,177,793	1,990,837	1,853,652	1,706,426	1,191,865	1,530,808	771,750	1,852,274	-
Benefit payments, including refunds of employee contributions	(7,473,103)	(7,937,323)	(6,289,974)	(6,812,691)	(5,310,361)	(4,668,158)	(4,238,026)	(3,699,996)	(3,234,121)
Net change in total pension liability	18,239,825	12,060,875	14,115,629	8,412,904	10,647,461	13,377,001	10,300,048	10,998,123	8,663,377
Total pension liability-beginning	177,338,994	165,278,119	151,162,490	142,749,586	132,102,125	118,725,124	108,425,076	97,426,953	88,763,576
Total pension liability-ending (a)	\$ 195,578,819	\$ 177,338,994	\$ 165,278,119	\$ 151,162,490	\$ 142,749,586	\$ 132,102,125	\$ 118,725,124	\$ 108,425,076	\$ 97,426,953
Plan fiduciary net position									
Contributions-employer	\$ 6,660,363	\$ 6,160,363	\$ 5,061,105	\$ 5,988,709	\$ 4,254,456	\$ 4,471,922	\$ 3,888,628	\$ 2,846,724	\$ 2,354,417
Contributions-employee	700,782	896,492	688,835	702,598	831,941	593,845	548,163	525,364	419,334
Net investment income (loss)	(16,940,161)	24,962,458	14,134,655	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	(7,473,103)	(7,937,323)	(6,289,974)	(6,812,691)	(5,310,361)	(4,668,158)	(4,238,026)	(3,699,996)	(3,234,121)
Administrative expenses	(75,699)	(102,925)	(115,649)	(142,565)	(114,344)	(112,112)	(171,371)	(584,138)	(561,992)
Net change in plan fiduciary net position	(17,127,818)	23,979,065	13,478,972	18,480,030	(3,575,612)	15,108,926	6,480,032	(2,590,735)	4,951,457
Plan fiduciary net position-beginning	160,783,824	136,804,759	123,325,787	104,845,757	108,421,369	93,312,443	86,832,411	89,423,146	84,471,689
Plan fiduciary net position-ending (b)	\$ 143,656,006	\$ 160,783,824	\$ 136,804,759	\$ 123,325,787	\$ 104,845,757	\$ 108,421,369	\$ 93,312,443	\$ 86,832,411	\$ 89,423,146
Net pension liability-ending (a) - (b)	\$ 51,922,813	\$ 16,555,170	\$ 28,473,360	\$ 27,836,703	\$ 37,903,829	\$ 23,680,756	\$ 25,412,681	\$ 21,592,665	\$ 8,003,807
Plan fiduciary net position as a percentage of the total pension liability	73.5%	90.7%	82.8%	81.6%	73.4%	82.1%	78.6%	80.1%	91.8%
Covered payroll	\$ 30,238,979	\$ 29,370,570	\$ 29,868,272	\$ 30,013,785	\$ 31,795,391	\$ 31,118,096	\$ 30,832,419	\$ 30,362,659	\$ 27,440,025
Pension liability as a percentage of covered payroll	171.7%	56.4%	95.3%	92.7%	119.2%	76.1%	82.4%	71.1%	29.2%

Notes to Schedule:*Changes of assumptions*

- In 2016, amounts reported as changes of assumptions resulted from changes to using entry age normal for costs.
- In 2017, amounts reported as changes of assumptions resulted from changes to salary increases from 3.5% to 4.0%.
- In 2018, amounts reported as changes of assumptions resulted from changes to the discount rate from 7.5% to 7.4%.
- In 2019, amounts reported as changes of assumptions resulted from change to the inflation rate and investment rate of return from 7.4% to 7.3%, salary increases, mortality rates, and withdrawal rates.
- In 2020, amounts reported as changes of assumptions resulted from changes to the inflation rate and investment rate of return from 7.3% to 7.2%.
- In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate and investment rate of return from 7.2% to 7.1%.
- In 2022, amounts reported as changes of assumptions resulted from changes to the inflation rate and investment rate of return from 7.1% to 7.0%.
- In 2023, amounts reported as changes of assumptions resulted from changes to the inflation rate and investment rate of return from 7.0% to 6.9%.

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.

In 2023, a five-year smoothed value for determining the annual contribution began. This is called the Actuarial Value of Assets to differentiate from the Market Value of Assets.

All GASB information continues to be based on Market Value of Assets

Market Value of Assets as of December 31, 2022	\$ 143,656,006.00
-80% of 2022 Variance	22,238,874.00
-60% of 2021 Variance	(9,222,600.00)
-40% of 2020 Variance	(2,387,712.00)
-20% of 2019 Variance	(2,210,656.00)
Actuarial Valuation Assets Before Limits	\$ 152,073,912.00

Total Pension Liability \$ 195,578,819

Funded Ratio 77.8%

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
CITY OF FRANKLIN EMPLOYEES' PENSION PLAN
LAST TEN FISCAL YEARS
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 4,117,465	\$ 6,160,363	\$ 5,061,105	\$ 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>6,660,363</u>	<u>6,160,363</u>	<u>5,061,105</u>	<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 Excess (Deficiency)	\$ 2,542,898	\$ -	\$ -	\$ -	\$ -	\$ 266,006	\$ -	\$ -	\$ (63,503)
Covered payroll	\$ 30,919,356	\$ 29,804,775	\$ 29,619,421	\$ 29,941,029	\$ 30,904,588	\$ 31,456,744	\$ 30,975,258	\$ 30,597,539	\$ 29,283,919
Contributions as a percentage of covered payroll	21.5%	20.7%	17.1%	20.0%	13.8%	14.2%	12.6%	9.3%	8.0%

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 closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	Fair market value
Inflation rate	2.25%
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	Beginning December 31, 2022, 6.9%. Prior year, 7.0% percent.
Retirement age	Pattern of retirement determined by experience study. For administrative employees, 2003 SOA Pension Plan Turnover Study - Based Age Table used. For police and fire employees, 115% of 2003 of 2003 SOA Pension Plan Turnover Study - Basic Age Table used.
Mortality	105% of the RP-2014 Healthy Annuitants and Non-Annuitants, Blue Collar Mortality Tables, adjusted back to 2006, separate for males and females.

Covered payroll for June 30

Covered payroll for this schedule is based on the fiscal year end date. Covered payroll on page 81 is based on the December 31 measurement date. December 31 covered payrolls were averaged to calculate June 30 amounts. A December 31, 2023 amount was estimated to use with the December 31, 2022 amount. (All covered payrolls in this schedule were updated to be on a fiscal year end basis instead of a measurement date.)

**CITY OF FRANKLIN, TENNESSEE
 SCHEDULE OF INVESTMENT RETURNS
 CITY OF FRANKLIN EMPLOYEES' PENSION PLAN
 LAST TEN FISCAL YEARS
 (Unaudited)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<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	-10.6%	18.4%	11.3%	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.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability						
Service cost	\$ 1,153,748	\$ 926,140	\$ 653,668	\$ 372,276	\$ 124,730	\$ -
Interest	301,268	213,489	119,330	51,291	12,799	-
Changes of benefit items	-	-	-	-	-	52,267
Differences between expected and actual experience	433,770	(95,425)	282,980	246,960	146,886	-
Changes of assumptions	-	297,549	-	-	-	-
Benefit payments, including refunds of employee contributions	<u>(67,940)</u>	<u>(33,675)</u>	<u>(25,724)</u>	<u>(1,183)</u>	<u>(906)</u>	<u>-</u>
Net change in total pension liability	1,820,846	1,308,078	1,030,254	669,344	283,509	52,267
Total pension liability-beginning	<u>3,343,452</u>	<u>2,035,374</u>	<u>1,005,120</u>	<u>335,776</u>	<u>52,267</u>	<u>-</u>
Total pension liability-ending (a)	<u>\$ 5,164,298</u>	<u>\$ 3,343,452</u>	<u>\$ 2,035,374</u>	<u>\$ 1,005,120</u>	<u>\$ 335,776</u>	<u>\$ 52,267</u>
Plan fiduciary net position						
Contributions-employer	\$ 765,476	\$ 581,981	\$ 498,785	\$ 344,345	\$ 166,897	\$ 23,007
Contributions-employee	646,517	480,976	422,700	278,151	128,382	17,698
Net investment income (loss)	(163,051)	634,842	71,587	48,394	15,395	2,220
Benefit payments, including refunds of employee contributions	(67,940)	(33,675)	(25,724)	(1,183)	(906)	-
Administrative expenses	<u>(23,817)</u>	<u>(16,862)</u>	<u>(15,947)</u>	<u>(11,344)</u>	<u>(6,220)</u>	<u>(1,519)</u>
Net change in plan fiduciary net position	1,157,185	1,647,262	951,401	658,363	303,548	41,406
Plan fiduciary net position-beginning	<u>3,601,980</u>	<u>1,954,718</u>	<u>1,003,317</u>	<u>344,954</u>	<u>41,406</u>	<u>-</u>
Plan fiduciary net position-ending (b)	<u>\$ 4,759,165</u>	<u>\$ 3,601,980</u>	<u>\$ 1,954,718</u>	<u>\$ 1,003,317</u>	<u>\$ 344,954</u>	<u>\$ 41,406</u>
Net pension liability-ending (a) - (b)	<u>\$ 405,133</u>	<u>\$ (258,528)</u>	<u>\$ 80,656</u>	<u>\$ 1,803</u>	<u>\$ (9,178)</u>	<u>\$ 10,861</u>
Plan fiduciary net position as a percentage of the total pension liability	92.16%	107.73%	96.04%	99.82%	102.73%	79.22%
Covered payroll	\$ 12,690,108	\$ 9,619,509	\$ 8,453,990	\$ 5,563,006	\$ 2,567,642	\$ 353,953
Pension liability as a percentage of covered payroll	3.19%	-2.69%	0.95%	0.03%	-0.36%	3.07%

Notes to Schedule:

Changes of assumptions - In 2021, amounts reported as changes of assumptions results from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

*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.

(Continued)

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TENNESSEE CONSOLIDATED RETIREMENT PLAN
LAST TEN FISCAL YEARS
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 1,482,405	\$ 765,476	\$ 581,981	\$ 498,785	\$ 344,345	\$ 166,897	\$ 23,007
Contributions in Relation to the Actuarially Determined Contribution	<u>1,482,405</u>	<u>765,476</u>	<u>581,981</u>	<u>498,785</u>	<u>344,345</u>	<u>166,897</u>	<u>23,007</u>
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 20,531,922	\$ 12,690,108	\$ 9,619,509	\$ 8,453,990	\$ 5,563,006	\$ 2,567,642	\$ 353,953
Contributions as a Percentage of Covered Payroll	7.2%	6.0%	6.1%	5.9%	6.2%	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 2023 were calculated based on the June 30, 2022 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	2.5%
Active member payroll growth	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
Retirement age	Pattern of retirement determined by experience study
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 CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS

June 30, 2023
(Unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service Cost	\$ 659,120	\$ 645,058	\$ 574,635	\$ 559,038	\$ 532,417	\$ 142,900
Interest	499,967	485,969	586,392	566,552	155,371	158,282
Benefit Terms Changes	1,701,196	-	-	-	(6,939)	-
Differences Between Expected and Actual Experience	(608,842)	-	(275,901)	-	(1,918,330)	-
Assumption Changes	(4,814,361)	-	775,904	-	16,434,163	-
Benefit Payments	(502,979)	(456,949)	(430,070)	(485,623)	(451,742)	(645,902)
Net Change in Total OPEB Liability	(3,065,899)	674,078	1,230,960	639,967	14,744,940	(344,720)
Total OPEB Liability - Beginning	22,778,125	22,104,047	20,873,087	20,233,120	5,488,180	5,832,900
Total OPEB Liability - Ending	\$ 19,712,226	\$ 22,778,125	\$ 22,104,047	\$ 20,873,087	\$ 20,233,120	\$ 5,488,180
Plan net position						
Contributions - Employer	502,979	456,949	430,070	485,623	451,742	645,902
Benefit Payments	(502,979)	(456,949)	(430,070)	(485,623)	(451,742)	(645,902)
Net Change in Net Position	-	-	-	-	-	-
Net OPEB Liability - Beginning	22,778,125	22,104,047	20,873,087	20,233,120	5,488,180	5,832,900
Net OPEB Liability - Ending	\$ 19,712,226	\$ 22,778,125	\$ 22,104,047	\$ 20,873,087	\$ 20,233,120	\$ 5,488,180
Plan Net Position as a Percentage of Total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-Employee Payroll	\$ 53,770,538	\$ 42,888,447	\$ 42,047,497	\$ 40,104,752	\$ 39,318,384	n/a
Total OPEB Liability as a Percentage of Covered-Employee Payroll	36.7%	53.1%	52.6%	52.0%	51.5%	n/a

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.

Changes of assumptions and methods.

In FY 2019, the discount rate was 2.79% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2019 under Statement No. 75, compared to the prior discount rate of 3.00%. The assumed trend rate for the medical claims was changed to 7.25% grading uniformly to 6.75% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.9% in the year 2076. The medical claims aging table was updated to be based on the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013. The mortality, retirement, termination, and disability rates were updated to be based on the 2019 experience study for the City.

In FY 2021, the discount rate was 2.18% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2021 under Statement No. 75, compared to the prior discount rate of 2.79%. The assumed trend rate for the medical claims was changed to 6.25% grading uniformly to 5.75% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.9% in the year 2076.

In FY 2023, the discount rate was 4.13% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2023 under Statement No. 75, compared to the prior discount rate of 2.18%. The assumed trend rate for the medical claims was changed to 6.25% grading uniformly to 5.20% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075. Effective May 23, 2023, the Retiree Health Care Cost to 50% City / 50% retiree for current and future option II retirees. The impact was included in FY 2023 results.

The amounts reported for each fiscal year 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.

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



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

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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 tax 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 decennia 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, 2023

With Comparative Totals as of June 30, 2022

	Special Revenue Funds										2023	2022
	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		
ASSETS												
Cash and cash equivalents	\$ 3,462,776	\$ 1,659,375	\$ 449,409	\$ 600,279	\$ 499,781	\$ 531,900	\$ 2,755,650	\$ 413,678	\$ 942,456	\$ 494,815	\$ 11,810,119	\$ 7,688,916
Investments	-	-	14,110,234	3,892,477	1,946,239	-	6,325,276	5,838,717	-	-	32,112,943	34,085,537
Receivables (net of uncollectible accounts)	1,703,781	1,846,885	68,573	20,995	493,365	3,809	759,570	29,335	640,753	3,980	5,571,046	5,101,702
Inventory	-	45,067	-	-	-	-	-	-	-	-	45,067	70,890
Total assets	\$ 5,166,557	\$ 3,551,327	\$ 14,628,216	\$ 4,513,751	\$ 2,939,385	\$ 535,709	\$ 9,840,496	\$ 6,281,730	\$ 1,583,209	\$ 498,795	\$ 49,539,175	\$ 46,947,045
LIABILITIES												
Accounts payable	784,367	486,426	3,204	-	123,688	1,000	182,064	-	614,356	-	2,195,105	\$ 2,193,980
Unearned revenue	-	-	-	-	-	-	-	-	-	309,433	309,433	297,013
Total liabilities	784,367	486,426	3,204	-	123,688	1,000	182,064	-	614,356	309,433	2,504,538	2,490,993
DEFERRED INFLOWS OF RESOURCES												
Unavailable revenue-property tax-Jan 1 levy	1,134,781	-	-	-	-	-	-	-	-	-	1,134,781	1,094,550
Unavailable revenue-hotel/motel tax	-	-	-	-	-	-	77,340	-	-	-	77,340	77,340
Unavailable revenue-grant proceeds	-	-	-	-	-	-	-	-	161,599	-	161,599	467
Total deferred inflows of resources	1,134,781	-	-	-	-	-	77,340	-	161,599	-	1,373,720	1,172,357
FUND BALANCES												
Non-spendable	-	45,067	-	-	-	-	-	-	-	-	45,067	70,890
Restricted	3,247,409	3,019,834	-	4,513,751	-	534,709	-	-	-	189,362	11,505,065	9,862,241
Committed	-	-	14,625,012	-	2,815,697	-	5,948,074	6,281,730	807,254	-	30,477,767	30,537,322
Assigned	-	-	-	-	-	-	3,633,018	-	-	-	3,633,018	2,813,242
Total fund balances	3,247,409	3,064,901	14,625,012	4,513,751	2,815,697	534,709	9,581,092	6,281,730	807,254	189,362	45,660,917	43,283,695
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,166,557	\$ 3,551,327	\$ 14,628,216	\$ 4,513,751	\$ 2,939,385	\$ 535,709	\$ 9,840,496	\$ 6,281,730	\$ 1,583,209	\$ 498,795	\$ 49,539,175	\$ 46,947,045

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	Special Revenue Funds										Funds Totals	
	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	2023	2022
	Revenues:											
Taxes												
Property tax	\$ 1,094,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,094,550	\$ 1,059,197
Facilities tax (impact tax)	-	-	1,301,950	661,526	-	-	-	-	-	-	1,963,476	3,669,629
Hotel / motel tax	-	-	-	-	-	-	5,638,692	-	-	-	5,638,692	4,875,687
Licenses and permits												
Impact fees	-	-	-	-	-	-	-	2,225,168	-	-	2,225,168	1,516,084
Other licenses and permits	-	-	-	-	119,369	-	-	-	-	-	119,369	97,496
Intergovernmental												
State shared revenue	3,085,193	-	-	-	-	-	334,255	-	-	-	3,419,448	3,361,988
Federal and state grants	-	-	-	-	-	-	366,137	-	2,627,537	523,184	3,516,858	3,313,087
Charges for services	-	10,695,503	-	-	2,595,654	-	-	-	84,431	-	13,375,588	13,119,975
Fines and fees	-	218,908	-	-	75,906	122,656	-	-	-	-	417,470	348,994
Use of money and property	135,806	93,742	212,857	75,094	41,307	23,365	147,474	105,491	44,033	16,483	895,652	(458,345)
Miscellaneous	-	-	1,245	-	-	-	382,133	-	-	-	383,378	644,857
Total revenues	4,315,549	11,008,153	1,516,052	736,620	2,832,236	146,021	6,868,691	2,330,659	2,756,001	539,667	33,049,649	31,548,649
Expenditures:												
Current:												
Public safety	-	-	10,207	-	-	150,078	-	-	-	-	160,285	65,684
Public works	5,022,229	-	-	-	-	-	69,959	-	-	-	5,092,188	3,269,780
Other general government	-	10,137,226	32	-	2,930,561	-	974,985	-	3,443,348	468,782	17,954,934	16,929,859
Capital outlay	-	125,409	52,372	-	-	-	494,596	-	-	-	672,377	2,654,350
Total expenditures	5,022,229	10,262,635	62,611	-	2,930,561	150,078	1,539,540	-	3,443,348	468,782	23,879,784	22,919,673
Excess (deficiency) of revenues over (under) expenditures	(706,680)	745,518	1,453,441	736,620	(98,325)	(4,057)	5,329,151	2,330,659	(687,347)	70,885	9,169,865	8,628,976
Other financing sources (uses):												
Transfers in	1,083,921	500,000	-	-	-	-	-	-	687,348	-	2,271,269	2,210,592
Transfers out	-	(209,206)	-	(600,000)	-	-	(3,754,706)	(4,500,000)	-	-	(9,063,912)	(3,853,623)
Total other financing sources (uses)	1,083,921	290,794	-	(600,000)	-	-	(3,754,706)	(4,500,000)	687,348	-	(6,792,643)	(1,643,031)
Net changes in fund balances	377,241	1,036,312	1,453,441	136,620	(98,325)	(4,057)	1,574,445	(2,169,341)	1	70,885	2,377,222	6,985,945
Fund balances - beginning	2,870,168	2,028,589	13,171,571	4,377,131	2,914,022	538,766	8,006,647	8,451,071	807,253	118,477	43,283,695	36,297,750
Fund balances - ending	\$ 3,247,409	\$ 3,064,901	\$ 14,625,012	\$ 4,513,751	\$ 2,815,697	\$ 534,709	\$ 9,581,092	\$ 6,281,730	\$ 807,254	\$ 189,362	\$ 45,660,917	\$ 43,283,695

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Taxes:					
Property tax	\$ 1,094,550	\$ 1,094,550	\$ 1,094,550	\$ -	\$ 1,059,197
Intergovernmental:					
State shared revenue					
Gas & motor fuel	1,453,851	1,453,851	1,487,069	33,218	1,481,172
Petroleum special	142,535	142,535	152,888	10,353	151,965
Gas 1989	228,055	228,055	232,725	4,670	230,294
Gas 3 cent	427,604	427,604	429,724	2,120	426,593
Gas 2018	598,645	598,645	749,627	150,982	745,460
Sports wagering tax	-	-	33,160	33,160	-
Use of money and property	2,500	2,500	135,806	133,306	15,243
Total revenues	<u>3,947,740</u>	<u>3,947,740</u>	<u>4,315,549</u>	<u>367,809</u>	<u>4,109,924</u>
Expenditures:					
Current:					
Public works					
Services	4,452,400	5,252,400	5,022,229	(230,171)	3,261,158
Total expenditures	<u>4,452,400</u>	<u>5,252,400</u>	<u>5,022,229</u>	<u>(230,171)</u>	<u>3,261,158</u>
Excess (deficiency) of revenues over (under) expenditures					
	<u>(504,660)</u>	<u>(1,304,660)</u>	<u>(706,680)</u>	<u>597,980</u>	<u>848,766</u>
Other financing sources (uses):					
Transfers in	250,000	1,083,921	1,083,921	-	1,250,000
Total other financing sources (uses)	<u>250,000</u>	<u>1,083,921</u>	<u>1,083,921</u>	<u>-</u>	<u>1,250,000</u>
Net changes in fund balances	<u>\$ (254,660)</u>	<u>\$ (220,739)</u>	377,241	<u>\$ 597,980</u>	2,098,766
Fund balance - beginning			<u>2,870,168</u>		<u>771,402</u>
Fund balance - ending			<u>\$ 3,247,409</u>		<u>\$ 2,870,168</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, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2022</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Fines and fees	\$ 153,000	\$ 153,000	\$ 218,908	\$ 65,908	\$ 163,724
Charges for services:	11,576,463	11,576,463	10,695,503	(880,960)	10,491,417
Intergovernmental:					
Grants	-	417,843	-	(417,843)	64,093
Use of money and property:	365,336	365,336	93,742	(271,594)	375,613
Total revenues	<u>12,094,799</u>	<u>12,512,642</u>	<u>11,008,153</u>	<u>(1,504,489)</u>	<u>11,094,847</u>
Expenditures:					
Current:					
Personnel	4,472,252	4,472,252	4,357,618	(114,634)	3,570,257
Services	5,040,142	5,040,142	4,376,784	(663,358)	4,842,129
Supplies	635,379	635,379	689,864	54,485	671,018
Operational units	850,000	945,505	567,300	(378,205)	839,497
Business expenses	92,672	92,672	145,660	52,988	90,506
Capital outlay	1,047,000	1,586,256	125,409	(1,460,847)	1,410,107
Total expenditures	<u>12,137,445</u>	<u>12,772,206</u>	<u>10,262,635</u>	<u>(2,509,571)</u>	<u>11,423,514</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,646)</u>	<u>(259,564)</u>	<u>745,518</u>	<u>1,005,082</u>	<u>(328,667)</u>
Other financing sources (uses):					
Transfers in	-	500,000	500,000	-	515,680
Transfers out	(231,633)	(209,187)	(209,206)	19	(209,552)
Total other financing sources (uses)	<u>(231,633)</u>	<u>290,813</u>	<u>290,794</u>	<u>19</u>	<u>306,128</u>
Net changes in fund balances	<u>\$ (274,279)</u>	<u>\$ 31,249</u>	1,036,312	<u>\$ 1,005,101</u>	(22,539)
Fund balance - beginning			<u>2,028,589</u>		<u>2,051,128</u>
Fund balance - ending			<u>\$ 3,064,901</u>		<u>\$ 2,028,589</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, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2022</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Taxes:					
Facilities tax	\$ 3,399,262	\$ 3,399,262	\$ 1,301,950	\$ (2,097,312)	\$ 2,666,214
Use of money and property:	50,000	50,000	212,857	162,857	(340,740)
Miscellaneous	-	-	1,245	1,245	226,444
Total revenues	<u>3,449,262</u>	<u>3,449,262</u>	<u>1,516,052</u>	<u>(1,933,210)</u>	<u>2,551,918</u>
Expenditures:					
Current:					
Public safety:					
Services	-	-	10,207	10,207	6,500
Business expenses	-	-	-	-	10,195
	<u>-</u>	<u>-</u>	<u>10,207</u>	<u>10,207</u>	<u>16,695</u>
Public works:					
Services	1,000	1,000	-	(1,000)	-
	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>
Other general government:					
Services	60	60	32	(28)	-
Supplies	7,500	7,500	-	(7,500)	-
	<u>7,560</u>	<u>7,560</u>	<u>32</u>	<u>(7,528)</u>	<u>-</u>
Capital outlay:					
Public works	4,051,415	4,136,415	52,372	(4,084,043)	36,680
Other government services	698,000	698,000	-	(698,000)	349,925
	<u>4,749,415</u>	<u>4,834,415</u>	<u>52,372</u>	<u>(4,782,043)</u>	<u>386,605</u>
Total expenditures	<u>4,757,975</u>	<u>4,842,975</u>	<u>62,611</u>	<u>(4,780,364)</u>	<u>403,300</u>
Net changes in fund balances	<u>\$ (1,308,713)</u>	<u>\$ (1,393,713)</u>	1,453,441	<u>\$ 2,847,154</u>	2,148,618
Fund balance - beginning			<u>13,171,571</u>		<u>11,022,953</u>
Fund balance - ending			<u>\$ 14,625,012</u>		<u>\$ 13,171,571</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, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2022</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Licenses and permits:					
Facilities tax	\$ 898,002	\$ 898,002	\$ 661,526	\$ (236,476)	\$ 1,003,415
Use of money and property	<u>15,000</u>	<u>15,000</u>	<u>75,094</u>	<u>60,094</u>	<u>(125,115)</u>
Total revenues	<u>913,002</u>	<u>913,002</u>	<u>736,620</u>	<u>(176,382)</u>	<u>878,300</u>
Other financing sources (uses):					
Transfers out	<u>(600,000)</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>	<u>(1,000,000)</u>
Net changes in fund balances	<u>\$ 313,002</u>	<u>\$ 313,002</u>	<u>136,620</u>	<u>\$ (176,382)</u>	<u>(121,700)</u>
Fund balance - beginning			<u>4,377,131</u>		<u>4,498,831</u>
Fund balance - ending			<u>\$ 4,513,751</u>		<u>\$ 4,377,131</u>

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, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Licenses and permits	\$ 138,250	\$ 138,250	\$ 119,369	\$ (18,881)	\$ 97,496
Fines and fees	36,000	36,000	75,906	39,906	72,772
Federal and state grants	-	-	-	-	7,452
Charges for services:	2,554,462	2,554,462	2,595,654	41,192	2,560,385
Use of money and property:	83,739	83,739	41,307	(42,432)	(37,433)
Total revenues	<u>2,812,451</u>	<u>2,812,451</u>	<u>2,832,236</u>	<u>19,785</u>	<u>2,700,672</u>
Expenditures:					
Current:					
Other general government:					
Personnel	2,240,513	2,240,513	2,068,699	(171,814)	1,915,288
Services	334,820	334,820	258,607	(76,213)	214,857
Supplies	301,677	301,677	330,285	28,608	222,926
Operational units	345,000	378,204	226,922	(151,282)	335,799
Business expenses	59,478	59,478	46,048	(13,430)	48,783
Capital outlay	145,052	145,052	-	(145,052)	-
Total expenditures	<u>3,426,540</u>	<u>3,459,744</u>	<u>2,930,561</u>	<u>(529,183)</u>	<u>2,737,653</u>
 Net changes in fund balances	 <u>\$ (614,089)</u>	 <u>\$ (647,293)</u>	 (98,325)	 <u>\$ 548,968</u>	 (36,981)
Fund balance - beginning			<u>2,914,022</u>		<u>2,951,003</u>
Fund balance - ending			<u>\$ 2,815,697</u>		<u>\$ 2,914,022</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, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2022</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Fines and fees	\$ 147,805	\$ 147,805	\$ 122,656	\$ (25,149)	\$ 112,498
Use of money and property	9,000	9,000	23,365	14,365	58,150
Total revenues	<u>156,805</u>	<u>156,805</u>	<u>146,021</u>	<u>(10,784)</u>	<u>170,648</u>
Expenditures:					
Current:					
Public safety:					
Services	-	-	-	-	27,924
Supplies	107,600	107,600	123,359	15,759	-
Operational units	40,000	40,000	25,270	(14,730)	17,660
Business expenses	2,500	2,500	1,449	(1,051)	3,405
Capital outlay	-	-	-	-	185,295
Total expenditures	<u>150,100</u>	<u>150,100</u>	<u>150,078</u>	<u>(22)</u>	<u>234,284</u>
Net changes in fund balances	<u>\$ 6,705</u>	<u>\$ 6,705</u>	(4,057)	<u>\$ (10,762)</u>	(63,636)
Fund balance - beginning			<u>538,766</u>		<u>602,402</u>
Fund balance - ending			<u>\$ 534,709</u>		<u>\$ 538,766</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, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Taxes:					
Hotel / motel tax	\$ 3,613,406	\$ 3,613,406	\$ 5,638,692	\$ 2,025,286	\$ 4,875,687
Intergovernmental:					
State shared revenue	-	-	334,255	334,255	326,504
Federal and state grants	403,945	932,445	366,137	(566,308)	680,966
Use of money and property:	5,000	5,000	147,474	142,474	(182,309)
Miscellaneous:					
Distributions from conference center	-	-	382,133	382,133	414,857
Other miscellaneous	-	-	-	-	3,400
Total revenues	<u>4,022,351</u>	<u>4,550,851</u>	<u>6,868,691</u>	<u>2,317,840</u>	<u>6,119,105</u>
Expenditures:					
Current:					
Public works:					
Services	-	-	69,959	69,959	8,622
	<u>-</u>	<u>-</u>	<u>69,959</u>	<u>69,959</u>	<u>8,622</u>
Other general government:					
Services	-	140,000	33,165	(106,835)	9,550
Supplies	100,000	100,000	7,211	(92,789)	-
Appropriations	934,609	934,609	934,609	-	1,080,243
	<u>1,034,609</u>	<u>1,174,609</u>	<u>974,985</u>	<u>(199,624)</u>	<u>1,089,793</u>
Capital outlay					
Public works	-	-	296,178	296,178	163,820
Other general government	403,845	827,345	198,418	(628,927)	508,523
	<u>403,845</u>	<u>827,345</u>	<u>494,596</u>	<u>(332,749)</u>	<u>672,343</u>
Total expenditures	<u>1,438,454</u>	<u>2,001,954</u>	<u>1,539,540</u>	<u>(462,414)</u>	<u>1,770,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,583,897</u>	<u>2,548,897</u>	<u>5,329,151</u>	<u>2,780,254</u>	<u>4,348,347</u>
Other financing sources (uses):					
Transfers out	<u>(3,754,951)</u>	<u>(3,754,921)</u>	<u>(3,754,706)</u>	<u>(215)</u>	<u>(2,269,071)</u>
Total other financing sources (uses)	<u>(3,754,951)</u>	<u>(3,754,921)</u>	<u>(3,754,706)</u>	<u>(215)</u>	<u>(2,269,071)</u>
Net changes in fund balances	<u>\$ (1,171,054)</u>	<u>\$ (1,206,024)</u>	1,574,445	<u>\$ 2,780,039</u>	2,079,276
Fund balance - beginning			<u>8,006,647</u>		<u>5,927,371</u>
Fund balance - ending			<u>\$ 9,581,092</u>		<u>\$ 8,006,647</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, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2022</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Licenses and permits:					
Parkland dedication fees	\$ 1,134,574	\$ 1,134,574	\$ 2,225,168	\$ 1,090,594	\$ 1,516,084
Use of money and property	<u>5,000</u>	<u>5,000</u>	<u>105,491</u>	<u>100,491</u>	<u>(240,674)</u>
Total revenues	<u>1,139,574</u>	<u>1,139,574</u>	<u>2,330,659</u>	<u>1,191,085</u>	<u>1,275,410</u>
Other financing sources (uses):					
Transfers out	<u>(4,500,000)</u>	<u>(4,500,000)</u>	<u>(4,500,000)</u>	<u>-</u>	<u>(375,000)</u>
Total other financing sources (uses)	<u>(4,500,000)</u>	<u>(4,500,000)</u>	<u>(4,500,000)</u>	<u>-</u>	<u>(375,000)</u>
Net changes in fund balances	<u>\$ (3,360,426)</u>	<u>\$ (3,360,426)</u>	(2,169,341)	<u>\$ 1,191,085</u>	900,410
Fund balance - beginning			<u>8,451,071</u>		<u>7,550,661</u>
Fund balance - ending			<u>\$ 6,281,730</u>		<u>\$ 8,451,071</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, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2022</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Intergovernmental:					
Federal and state grants	\$ 3,478,181	\$ 3,478,181	\$ 2,627,537	\$ (850,644)	\$ 2,253,270
Charges for services:					
Transit fares	123,000	123,000	84,431	(38,569)	68,173
Use of money and property:	9,700	9,700	44,033	34,333	15,346
Total revenues	<u>3,610,881</u>	<u>3,610,881</u>	<u>2,756,001</u>	<u>(854,880)</u>	<u>2,336,789</u>
Expenditures:					
Current:					
Other governmental services					
Personnel	-	-	9,271	9,271	-
Services	200	200	-	(200)	-
Supplies	200,000	200,000	-	(200,000)	-
Operational units	3,856,045	3,856,045	3,434,077	(421,968)	2,781,702
Capital outlay	370,000	370,000	-	(370,000)	-
Total expenditures	<u>4,426,245</u>	<u>4,426,245</u>	<u>3,443,348</u>	<u>(982,897)</u>	<u>2,781,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(815,364)</u>	<u>(815,364)</u>	<u>(687,347)</u>	<u>128,017</u>	<u>(444,913)</u>
Other financing sources (uses):					
Transfer in	<u>815,364</u>	<u>815,364</u>	<u>687,348</u>	<u>(128,016)</u>	<u>444,912</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1</u>	<u>\$ 1</u>	<u>(1)</u>
Fund balance - beginning			<u>807,253</u>		<u>807,254</u>
Fund balance - ending			<u>\$ 807,254</u>		<u>\$ 807,253</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, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>	<u>2022</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
Intergovernmental:					
Federal grants	\$ 697,000	\$ 697,000	\$ 523,184	\$ (173,816)	\$ 307,306
Use of money and property:	-	-	16,483	16,483	3,730
Total revenues	<u>697,000</u>	<u>697,000</u>	<u>539,667</u>	<u>(157,333)</u>	<u>311,036</u>
Expenditures:					
Current:					
Other general government:					
Services	375,000	375,000	318,202	(56,798)	67,014
Operational units	<u>322,000</u>	<u>322,000</u>	<u>150,580</u>	<u>(171,420)</u>	<u>240,290</u>
Total expenditures	<u>697,000</u>	<u>697,000</u>	<u>468,782</u>	<u>(228,218)</u>	<u>307,304</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	70,885	<u>\$ 70,885</u>	3,732
Fund balance - beginning			<u>118,477</u>		<u>114,745</u>
Fund balance - ending			<u>\$ 189,362</u>		<u>\$ 118,477</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
With Comparative Totals for the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>2022</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	
Revenues:					
Taxes:					
Property tax	\$ 11,408,665	\$ 10,658,665	\$ 10,845,720	\$ 187,055	\$ 11,629,983
Use of money and property:	100,000	100,000	197,631	97,631	10,336
Total revenues	<u>11,508,665</u>	<u>10,758,665</u>	<u>11,043,351</u>	<u>284,686</u>	<u>11,640,319</u>
Expenditures:					
Debt service:					
Principal	10,540,000	10,540,000	10,540,000	-	10,160,000
Interest	5,165,612	5,165,612	5,165,460	(152)	5,572,934
Debt service fees	14,007	14,007	3,921	(10,086)	4,514
Total expenditures	<u>15,719,619</u>	<u>15,719,619</u>	<u>15,709,381</u>	<u>(10,238)</u>	<u>15,737,448</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,210,954)</u>	<u>(4,960,954)</u>	<u>(4,666,030)</u>	<u>294,924</u>	<u>(4,097,129)</u>
Other financing sources (uses):					
Transfers in:					
From Sanitation	209,187	209,187	209,206	19	209,551
From Road Impact	2,884,346	2,884,346	2,884,139	(207)	2,893,316
From Hotel/Motel	1,017,421	1,017,421	1,017,206	(215)	1,019,071
From Water & Sewer	200,000	200,000	200,000	-	200,000
Total other financing sources (uses)	<u>4,310,954</u>	<u>4,310,954</u>	<u>4,310,551</u>	<u>(403)</u>	<u>4,321,938</u>
Net changes in fund balances	<u>\$ 100,000</u>	<u>\$ (650,000)</u>	<u>(355,479)</u>	<u>\$ 294,521</u>	<u>224,809</u>
Fund balance - beginning			<u>1,161,978</u>		<u>937,169</u>
Fund balance - ending			<u>\$ 806,499</u>		<u>\$ 1,161,978</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor Program	Assistance Listing Number	Grant Number	Pass-through Entity Number	Amount Pass- through to Subrecipients	Expenditures
U.S. DEPARTMENT OF JUSTICE					
Bulletproof Vest Partnership	16.607	2022BUBX09046522		-	6,588
TOTAL U.S. DEPARTMENT OF JUSTICE				<u>-</u>	<u>6,588</u>
U.S. DEPARTMENT OF THE INTERIOR					
Lewisburg Avenue Historical District	15.904	32701-04358		-	2,400
TOTAL U.S. DEPARTMENT OF THE INTERIOR				<u>-</u>	<u>2,400</u>
U.S. DEPARTMENT OF TRANSPORTATION					
<i>Federal Transit Cluster:</i>					
Transit Capital Grant-FY12 5307 Allocation	20.507	TN-90-X352-00		-	46,800
Transit Capital Grant-FY14 5307 Allocation	20.507	TN-90-X384-00		-	17,105
5307 Capital and Operating Assistance	20.507	TN-2019-021-00		-	4,810
5307 Operating and Capital	20.507	TN-2020-008-00		-	48,862
CARES Act 5307 Funding	20.507	TN-2020-018-00		-	1,446,689
CARES Act 5307 Funding (Vanpool)(a)	20.507	TN-2020-018-00	DPCXM6A1QBQ7	142,480	142,480
FY16 5307 Allocation	20.507	TN-2017-020-00		-	38,855
FY22 5307 Operating Assistance	20.507	TN-2022-031-00		-	465,591
FY23 5307 Operating Assistance	20.507	TN-2022-027-00		-	124,990
FY23 5307 Operating Assistance (Vanpool)(a)	20.507	TN-2022-027-00	DPCXM6A1QBQ7	38,752	38,752
Total Federal Transit Cluster				<u>181,232</u>	<u>2,374,934</u>
<i>Highway Planning and Construction Cluster:</i>					
SR-96 (Murfreesboro Rd) Traffic Signal Improvements (b)	20.205	127913.00 / CM-NH-96(59)		-	16,391
Columbia Ave to Downs Blvd (c)	20.205	121454.00 / STP-M-6(110)		-	3,610
Harlinsdale Farm Multi-Use Path	20.205	126630.00 / TAP-9305(32)		-	1,277,366
Total Highway Planning and Construction Cluster				<u>-</u>	<u>1,297,367</u>
<i>Highway Safety Cluster:</i>					
Community Based Traffic Safety Enforcement and Education - FY 22 (c)	20.600	Z22THS106		-	8,275
Community Based Traffic Safety Enforcement and Education - FY 23 (c)	20.600	Z22THS100		-	35,676
Total Highway Safety Cluster				<u>-</u>	<u>43,951</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				<u>181,232</u>	<u>3,716,252</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
<i>CDBG - Entitlement Grants Cluster:</i>					
CBDG	14.218	B-15-MC-47-0014		-	338
CBDG	14.218	B-16-MC-47-0014		-	6,389
CBDG	14.218	B-19-MC-47-0014		-	10,342
CBDG	14.218	B-20-MC-47-0014		-	155,776
CBDG	14.218	B-21-MC-47-0014		-	199,759
CBDG - CARES Act	14.218	B-20-MW-47-0014		-	150,580
Total CDBG - Entitlement Grants Cluster				<u>-</u>	<u>523,184</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>-</u>	<u>523,184</u>
U.S. DEPARTMENT OF THE TREASURY					
American Rescue Plan Act	21.027	N/A		-	828,232
American Rescue Plan Act - TDEC	21.027	32701-05134		-	141,344
TOTAL U.S. DEPARTMENT OF THE TREASURY				<u>-</u>	<u>969,576</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY					
Flood - March 2021 (WATER PLANT) - Major Disaster Declaration (d)	97.036	FEMA-4601-DR-TN		-	5,349
Flood - March 2021 - Major Disaster Declaration (d)	97.036	FEMA-4601-DR-TN		-	7,875
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY				<u>-</u>	<u>13,224</u>
LOANS					
ENVIRONMENTAL PROTECTION AGENCY					
State Revolving Fund SR 2017-398-01 (e)	66.458	SRF 2017-398-01		-	7,273,628
Total Environmental Protection Agency				<u>-</u>	<u>7,273,628</u>
Total Federal Assistance				<u>\$ 181,232</u>	<u>\$ 12,504,852</u>

(a) Passed through to Williamson County
 (b) Passed through the TN Department of Transportation
 (c) Passed through the TN Department of Safety and Homeland Security
 (d) Passed through the TN Emergency Management Agency
 (e) Passed through the TN Department of Environment and Conservation

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (cont.)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor Program	Assistance Listing Number	Grant Number	Pass-through Entity Number	Amount Pass-through to Subrecipients	Expenditures
TENNESSEE DEPARTMENT OF TRANSPORTATION					
Transit Capital Grant-FY12 5307 Allocation		TN-90-X352-00		\$ -	5,850
Transit Capital Grant-FY14 5307 Allocation		TN-90-X384-00		-	2,138
5307 Capital and Operating Assistance		TN-2019-021-00		-	601
5307 Operating and Capital		TN-2020-008-00		-	6,110
FY16 5307 Allocation		TN-2017-020-00		-	4,856
2022 IMPROVE Act Capital Assistance		GG-22-74150		-	105,041
Columbia Ave to Downs Blvd		121454.00 / 94LPLM-F0-076		-	376
FY 2023 Urban Operating Assistance Program (b)		94UROP-S3-019		-	289,139
Total Tennessee Department of Transportation				<u>-</u>	<u>414,111</u>
TENNESSEE DEPARTMENT OF FINANCE & ADMINISTRATION					
Harlinsdale Barn Restoration		2019 TN Approp. Act, Section 62, Item 56		-	-
2022 Local Gov Direct Appropriation Grant		2021 TN Approp Act, Public Ch 454		-	-
Columbia Ave to Downs Blvd (c)		121454.00 / STP-M-6(110)		-	902
Total Tennessee Department of Finance & Administration				<u>-</u>	<u>902</u>
Total State Financial Assistance				<u>\$ -</u>	<u>\$ 415,013</u>

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity, respectively, of the City of Franklin, Tennessee 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, 2023, there was an outstanding balance of \$114,025,320 on loans obtained through the State Revolving Loan Fund. Payments during the year totaled \$3,288,414.

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS BY INDIVIDUAL ISSUE AND FISCAL YEAR
GENERAL OBLIGATION DEBT
 JUNE 30, 2023

	General Improvement Refunding Bonds Series 2010		General Improvement Refunding Bonds Series 2012		Public Improvement Bonds Series 2013A		Pension Obligation Bonds Series 2013B		Public Improvement Bonds Series 2015	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	-	-	-	-	-	-	-	-
	<u>\$ 1,530,000</u>	<u>\$ 45,900</u>	<u>\$ 6,870,000</u>	<u>\$ 369,555</u>	<u>\$ 4,565,000</u>	<u>\$ 996,053</u>	<u>\$ 1,125,000</u>	<u>\$ 39,375</u>	<u>\$ 10,405,000</u>	<u>\$ 2,388,975</u>

(Continued)

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS BY INDIVIDUAL ISSUE AND FISCAL YEAR (continued)
GENERAL OBLIGATION DEBT
 JUNE 30, 2023

	Public Improvement Bonds Series 2017		Public Improvement Bonds Series 2019A		General Improvement Refunding Bonds Series 2019B		General Improvement Refunding Bonds Series 2019C		Federally Taxable Refunding Bonds Series 2019D		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	960,000	767,650	1,220,000	1,074,850	2,195,000	745,000	1,425,000	1,369,900	380,000	31,902	11,555,000	4,739,015
2025	980,000	748,450	1,275,000	1,013,850	2,305,000	635,250	3,040,000	1,298,650	385,000	24,302	10,780,000	4,305,602
2026	1,030,000	699,450	1,340,000	950,100	2,420,000	520,000	3,185,000	1,146,650	395,000	16,602	11,240,000	3,843,001
2027	1,080,000	647,950	1,405,000	883,100	2,535,000	399,000	3,370,000	987,400	405,000	8,505	11,740,000	3,358,486
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
	<u>\$ 18,005,000</u>	<u>\$ 6,198,550</u>	<u>\$ 23,660,000</u>	<u>\$ 8,942,900</u>	<u>\$ 14,900,000</u>	<u>\$ 2,711,000</u>	<u>\$ 28,395,000</u>	<u>\$ 6,959,600</u>	<u>\$ 1,565,000</u>	<u>\$ 81,311</u>	<u>\$ 111,020,000</u>	<u>\$ 28,733,219</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS BY INDIVIDUAL ISSUE AND FISCAL YEAR
 PROPRIETARY FUND DEBT
 JUNE 30, 2023

	Sewer & Water Revenue & Tax refunding Bonds-Series 2005		Sewer & Water Refunding Trust Loan 2011		Drinking Water SRF & ARRA Loan		Clean Water SRF & ARRA Loan		Clean Water SRF 2016-367 (Scada-Revere)		Clean Water SRF 2016-374 (Scada-CDM)		Sewer & Water Water Plant Bonds-Series 2017	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	1,450,000	134,125	1,485,000	110,143	80,548	17,666	96,257	25,919	119,280	10,572	21,108	1,872	495,000	412,200
2025	1,450,000	61,625	1,520,000	73,243	82,848	15,366	98,878	23,298	120,348	9,504	21,300	1,680	520,000	387,450
2026	-	-	1,560,000	35,464	85,217	12,998	101,570	20,605	121,428	8,424	21,492	1,488	545,000	361,450
2027	-	-	-	-	87,649	10,565	104,338	17,838	122,508	7,344	21,684	1,296	570,000	334,200
2028	-	-	-	-	90,154	8,060	107,178	14,998	123,612	6,240	21,876	1,104	600,000	305,700
2029	-	-	-	-	92,729	5,485	110,098	12,078	124,704	5,148	22,068	912	630,000	275,700
2030	-	-	-	-	95,378	2,837	113,096	9,079	125,820	4,032	22,272	708	665,000	244,200
2031	-	-	-	-	48,691	403	116,176	6,000	126,948	2,904	22,464	516	690,000	217,600
2032	-	-	-	-	-	-	119,340	2,836	128,088	1,764	22,668	312	715,000	190,000
2033	-	-	-	-	-	-	40,505	225	129,253	624	22,795	111	745,000	161,400
2034	-	-	-	-	-	-	-	-	-	-	-	-	775,000	131,600
2035	-	-	-	-	-	-	-	-	-	-	-	-	805,000	100,600
2036	-	-	-	-	-	-	-	-	-	-	-	-	840,000	68,400
2037	-	-	-	-	-	-	-	-	-	-	-	-	870,000	34,800
2038	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2052	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 2,900,000</u>	<u>\$ 195,750</u>	<u>\$ 4,565,000</u>	<u>\$ 218,850</u>	<u>\$ 663,214</u>	<u>\$ 73,380</u>	<u>\$ 1,007,436</u>	<u>\$ 132,876</u>	<u>\$ 1,241,989</u>	<u>\$ 56,556</u>	<u>\$ 219,727</u>	<u>\$ 9,999</u>	<u>\$ 9,465,000</u>	<u>\$ 3,225,300</u>

See independent auditor's report.

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS BY INDIVIDUAL ISSUE AND FISCAL YEAR (continued)
PROPRIETARY FUND DEBT
 JUNE 30, 2023

	SRF Loan CG5 17-375 (Wastewater Plant)		SRF Loan CG5 17-376 (Wastewater Plant)		SRF Loan SRR 17-398 (Wastewater Plant)		Sewer & Water Water Plant Bonds-Series 2021		SRF Loan CG5 17-398-01 (Wastewater Plant)		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	36,048	16,536	2,165,484	1,072,008	548,352	276,492	350,000	451,650	540,096	243,012	7,387,173	2,772,195
2025	36,576	16,008	2,197,524	1,039,968	556,464	268,380	365,000	434,150	547,044	236,064	7,515,982	2,566,736
2026	37,116	15,468	2,230,044	1,007,448	564,696	260,148	385,000	415,900	554,088	229,020	6,205,651	2,368,413
2027	37,668	14,916	2,263,056	974,436	573,060	251,784	405,000	396,650	561,228	221,880	4,746,191	2,230,909
2028	38,220	14,364	2,296,548	940,944	581,544	243,300	425,000	376,400	568,452	214,656	4,852,584	2,125,766
2029	38,796	13,788	2,330,532	906,960	590,148	234,696	445,000	355,150	575,772	207,336	4,959,847	2,017,253
2030	39,360	13,224	2,365,020	872,472	598,884	225,960	465,000	332,900	583,188	199,920	5,073,018	1,905,332
2031	39,948	12,636	2,400,024	837,468	607,740	217,104	490,000	309,650	590,688	192,420	5,132,679	1,796,701
2032	40,536	12,048	2,435,544	801,948	616,740	208,104	515,000	285,150	598,296	184,812	5,191,212	1,686,974
2033	41,136	11,448	2,471,592	765,900	625,872	198,972	540,000	259,400	606,000	177,108	5,222,153	1,575,188
2034	41,748	10,836	2,508,168	729,324	635,124	189,720	560,000	237,800	613,800	169,308	5,133,840	1,468,588
2035	42,360	10,224	2,545,284	692,208	644,532	180,312	585,000	215,400	621,708	161,400	5,243,884	1,360,144
2036	42,996	9,588	2,582,952	654,540	654,072	170,772	610,000	192,000	629,712	153,396	5,359,732	1,248,696
2037	43,632	8,952	2,621,184	616,308	663,744	161,100	630,000	167,600	637,812	145,296	5,466,372	1,134,056
2038	44,268	8,316	2,659,968	577,524	673,572	151,272	655,000	142,400	646,032	137,076	4,678,840	1,016,588
2039	44,928	7,656	2,699,340	538,152	683,544	141,300	685,000	116,200	654,348	128,760	4,767,160	932,068
2040	45,600	6,984	2,739,288	498,204	693,660	131,184	710,000	88,800	662,772	120,336	4,851,320	845,508
2041	46,272	6,312	2,779,824	457,668	703,920	120,924	740,000	60,400	671,304	111,804	4,941,320	757,108
2042	46,956	5,628	2,820,972	416,520	714,336	110,508	770,000	30,800	679,944	103,164	5,032,208	666,620
2043	47,652	4,932	2,862,720	374,772	724,908	99,936	-	-	688,704	94,404	4,323,984	574,044
2044	48,348	4,236	2,905,080	332,412	735,636	89,208	-	-	697,572	85,536	4,386,636	511,392
2045	49,068	3,516	2,948,076	289,416	746,520	78,324	-	-	706,548	76,560	4,450,212	447,816
2046	49,800	2,784	2,991,708	245,784	757,572	67,272	-	-	715,644	67,464	4,514,724	383,304
2047	50,532	2,052	3,035,988	201,504	768,780	56,064	-	-	724,860	58,248	4,580,160	317,868
2048	51,276	1,308	3,080,916	156,576	780,168	44,676	-	-	734,196	48,912	4,646,556	251,472
2049	52,044	540	3,126,504	110,988	791,712	33,132	-	-	743,652	39,456	4,713,912	184,116
2050	8,744	16	3,172,776	64,716	803,424	21,420	-	-	222,465	8,825	4,207,409	94,977
2051	-	-	2,679,732	18,087	815,316	9,528	-	-	-	-	3,495,048	27,615
2052	-	-	-	-	205,513	504	-	-	-	-	205,513	504
	<u>\$ 1,141,628</u>	<u>\$ 234,316</u>	<u>\$ 73,915,848</u>	<u>\$ 16,194,255</u>	<u>\$ 19,059,553</u>	<u>\$ 4,242,096</u>	<u>\$ 10,330,000</u>	<u>\$ 4,868,400</u>	<u>\$ 16,775,925</u>	<u>\$ 3,816,173</u>	<u>\$ 141,285,320</u>	<u>\$ 33,267,951</u>

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2023
Government Activities:									
<u>BONDS PAYABLE</u>									
<u>Payable through Debt Service Fund</u>									
2010 General Obligation Refunding Bonds	16,590,000	2.000% to 4.000%	10/19/2010	3/1/2024	3,000,000	-	1,470,000	-	1,530,000
2012 Refunding Bond Agreement	22,500,000	2.130%	2/11/2012	5/1/2027	8,500,000	-	1,630,000	-	6,870,000
2013A General Obligation Public Improvement Bonds	7,405,000	2.000% to 4.000%	12/20/2013	3/1/2034	4,915,000	-	350,000	-	4,565,000
2013B General Obligation Pension Bonds (taxable)	10,000,000	1.000% to 3.500%	12/20/2013	3/1/2024	2,215,000	-	1,090,000	-	1,125,000
2015 General Obligation Public Improvement Bonds	15,000,000	3.000% to 5.000%	4/16/2015	4/1/2035	11,070,000	-	665,000	-	10,405,000
2017 General Obligation Public Improvement Bonds	23,120,000	2.000% to 5.000%	6/27/2017	4/1/2037	18,920,000	-	915,000	-	18,005,000
2019A General Obligation Public Improvement Bonds	29,585,000	4.000% to 5.000%	5/15/2019	3/1/2039	25,185,000	-	1,525,000	-	23,660,000
2019B General Obligation Public Improvement Bonds	22,940,000	5.000%	5/15/2019	3/1/2029	16,995,000	-	2,095,000	-	14,900,000
2019C General Obligation Refunding Bonds	29,245,000	4.000% to 5.000%	11/20/2019	6/1/2032	28,820,000	-	425,000	-	28,395,000
2019D General Obligation Refunding Bonds (taxable)	2,305,000	1.000% to 3.500%	11/20/2019	6/1/2027	1,940,000	-	375,000	-	1,565,000
Total Bonds Payable through Debt Service Fund					\$ 121,560,000	\$ -	\$ 10,540,000	\$ -	\$ 111,020,000
Business-type Activities:									
<u>BANK DIRECT BORROWING</u>									
<u>Payable through Water and Sewer Fund</u>									
2011 Truist Loan Program	19,430,000	2.48%	9/29/2011	5/25/2026	6,015,000	-	1,450,000	-	4,565,000
Total Bank Direct Borrowing					\$ 6,015,000	\$ -	\$ 1,450,000	\$ -	\$ 4,565,000
<u>SRF PAYABLE</u>									
<u>Payable through Capital Projects Fund</u>									
Drinking Water SRF Loan through ARRA	\$ 1,500,000	2.820%	2/21/2018	12/20/2030	\$ 741,523	\$ -	\$ 78,310	\$ -	\$ 663,213
Clean Water SRF Loan through ARRA	1,888,200	2.690%	1/1/2011	10/20/2032	1,101,140	-	93,704	-	1,007,436
State Revolving Fund Loan (CG2 2016-367)	1,822,741	.890%	6/1/2016	6/20/2033	1,360,213	-	118,224	-	1,241,989
State Revolving Fund Loan (SRF 2016-374)	1,677,259	.890%	6/1/2016	6/20/2033	240,655	-	20,928	-	219,727
State Revolving Fund Loan (CG5 2017-375)	1,275,000	1.470%	9/28/2017	8/20/2049	1,177,148	-	35,520	-	1,141,628
State Revolving Fund Loan (SRF 2017-376)	78,500,000	1.470%	9/28/2017	4/20/2051	76,049,748	-	2,133,900	-	73,915,848
State Revolving Fund Loan (SRF 2017-398)	20,000,000	1.470%	9/28/2017	9/20/2051	19,599,913	-	540,360	-	19,059,553
State Revolving Fund Loan (SRF 2017-398-01)	17,043,394	1.470%	9/28/2017	9/20/2053	9,769,764	7,273,630	267,468	-	16,775,926
Total SRF Payable through Water and Sewer Fund					\$ 110,040,104	\$ 7,273,630	\$ 3,288,414	\$ -	\$ 114,025,320
<u>BONDS PAYABLE</u>									
<u>Payable through Water and Sewer Fund</u>									
2005 Water and Sewer Refunding Bonds	\$ 24,670,000	3.000% to 5.000%	3/30/2005	4/1/2025	\$ 4,455,000	\$ -	\$ 1,555,000	\$ -	\$ 2,900,000
2017A Water and Sewer Revenue Bonds	12,000,000	3.000% to 5.000%	2/16/2017	2/1/2037	9,935,000	-	470,000	-	9,465,000
2021 Water and Sewer Revenue Bonds	10,660,000	3.000% to 5.000%	2/1/2021	2/1/2042	10,660,000	-	330,000	-	10,330,000
Total Bonds Payable through Water and Sewer Fund					\$ 25,050,000	\$ -	\$ 2,355,000	\$ -	\$ 22,695,000
Total Bonds and Notes Payable through Water and Sewer Fund					\$ 141,105,104	\$ 7,273,630	\$ 7,093,414	\$ -	\$ 141,285,320

CITY OF FRANKLN, TENNESSEE
SCHEDULE OF CHANGES IN LEASE OBLIGATIONS
JUNE 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Restated Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Remeasurements	Outstanding 6/30/2023
GOVERNMENTAL ACTIVITES									
<u>SBITA PAYABLE</u>									
<u>Payable through General Fund</u>									
Budget software (COF Contract # 2021-0268)	\$ 258,895	0.582%	12/1/2021	12/1/2025	\$ 167,555	\$ -	\$ 41,525	\$ -	\$ 126,030
Contract software (COF Contract # 2022-0019)	50,050	1.868%	6/1/2022	5/1/2025	48,663	-	15,911	-	32,752
Bid software (COF Contract # 2021-0354)	85,618	2.186%	7/21/2022	7/21/2026	-	85,618	17,070	-	68,548
Total SBITA Payable through General Fund					<u>\$ 216,218</u>	<u>\$85,618</u>	<u>\$ 74,506</u>	<u>\$ -</u>	<u>\$ 227,330</u>

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL AND INTEREST REQUIREMENTS BY FISCAL YEAR
SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)
 JUNE 30, 2023

	SBITA		SBITA		SBITA		Total	
	Budget Software (OpenGov)		Contract Software (HighQ)		Bid Software (IonWave)			
	Contract # 2021-0268		Contract # 2022-0019		Contract # 2021-0354			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 41,766	\$ 734	\$ 16,716	\$ 470	\$ 15,972	\$ 1,498	\$ 74,454	\$ 2,702
2025	42,010	490	16,036	150	16,731	1,149	74,777	1,789
2026	42,254	246	-	-	17,516	784	59,770	1,030
2027	-	-	-	-	18,329	401	18,329	401
	<u>\$ 126,030</u>	<u>\$ 1,470</u>	<u>\$ 32,752</u>	<u>\$ 620</u>	<u>\$ 68,548</u>	<u>\$ 3,832</u>	<u>\$ 227,330</u>	<u>\$ 5,922</u>

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE - BY LEVY YEAR
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Tax Year	Property Tax Receivable Balance June 30, 2022	Taxes Levied	Adjustments and Collections	Net Receivable Balance June 30, 2023
2022	\$ -	\$ 23,744,832	\$ (23,536,380)	\$ 208,452
2021	208,754		(179,989)	28,765
2020	25,355		(9,055)	16,300
2019	17,986	-	(1,733)	16,253
2018	14,578	-	(199)	14,379
2017	8,704	-	(173)	8,531
2016	6,016	-	(31)	5,985
2015	5,409	-	(40)	5,369
2014	4,301	-	(229)	4,072
2013	6,563	-	(1)	6,562
	<u>\$ 297,666</u>	<u>\$ 23,744,832</u>	<u>\$ (23,727,830)</u>	<u>\$ 314,668</u>

The balance June 30, 2023 is comprised of:

Considered current revenue	\$ 45,657
Allowance for uncollectible accounts: 2013-2022 levies	146,659
Unavailable revenue	<u>122,352</u>
	<u>314,668</u>

Balances not included in the schedule above are from the 2023 tax levy due October 1, 2023 (after the fiscal year). The levy is comprised of:

Unavailable revenue	24,645,475
Allowance for uncollectible accounts	<u>23,683</u>
	<u>24,669,158</u>

Total property tax receivable (as shown on page 61) \$ 24,983,826

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, 2023
UNAUDITED**

Utility Customers

Water/Irrigation	Sewer	Reclaimed	Sanitation	Stormwater
18,379	27,303	112	24,997	26,197

Water and Sewer Rates

The following rates were effective January 1, 2023. A minimum bill of 1,000 gallons per customer is levied.

Gallons	Water Residential Rates		Water Commercial Rates	
	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 18.04	\$ 20.48	\$ 24.67	\$ 28.39
Next 9,000 Gallons	5.29	8.01	5.27	7.93
Next 15,000 Gallons	6.22	8.59	6.20	8.51
All Additional Gallons	7.15	9.17	7.13	9.09

Gallons	Irrigation Residential Water Rates	
	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 24.67	\$ 28.39
Next 9,000 Gallons	5.27	7.93
Next 15,000 Gallons	6.20	8.51
All Additional Gallons	7.13	9.09

Gallons	Sewer Residential Rates		Sewer Commercial Rates	
	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 23.84	\$ 28.92	\$ 49.27	\$ 48.94
Next 14,000 Gallons	6.41	9.80	6.96	10.63
All Additional Gallons	5.62	8.65	5.97	8.74

Gallons	Reclaimed Water Rate	
	Inside City Limits	Outside City Limits
For each 1,000 Gallons	\$ 1.17	\$ 1.17

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

Water and Sewer Rates Upcoming

The Water and Sewer rates are effective January 1, 2024. A minimum bill of 1,000 gallons per customer is levied. The Reclaimed rate is effective January 1, 2023.

Gallons	Water Residential Rates		Water Commercial Rates	
	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 19.76	\$ 22.20	\$ 26.39	\$ 30.11
Next 9,000 Gallons	5.29	8.01	5.27	7.93
Next 15,000 Gallons	6.22	8.59	6.20	8.51
All Additional Gallons	7.15	9.17	7.13	9.09

Gallons	Irrigation Residential Water Rates	
	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 26.39	\$ 30.11
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	Sewer Residential Rates		Sewer Commercial Rates	
	Inside City Limits	Outside City Limits	Inside City Limits	Outside City Limits
First 1,000 Gallons	\$ 25.60	\$ 30.68	\$ 51.03	\$ 48.94
Next 14,000 Gallons	6.41	9.80	6.96	10.63
All Additional Gallons	5.62	8.65	5.97	8.74

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE (continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023
 UNAUDITED

Water and Sewer Impact Fees

The following rates are effective until December 31, 2023, except Reclaimed that remains in effect after this date.

Meter Size	Water Impact Fee	Sewer Impact Fee	Reclaimed Access Fee (Effluent Disposal Fee)	Reclaimed Tap Fee (SDF Fee)
3/4"	\$ 2,089	\$ 3,544	\$ 450	\$ 500
1"	8,358	14,175	1,800	500
1-1/2"	20,009	34,020	4,320	500
2"	26,745	45,360	5,760	500
3"	58,506	99,225	12,600	500
4"	83,580	141,750	18,000	500
6"	200,592	340,200	43,200	500
8"	250,740	425,250	54,000	500

Water and Sewer Impact Fees Upcoming

The following rates are effective January 1, 2024.

Unit of Measure	Water Impact Fee	Sewer Impact Fee
Single Family Unit Equivalent (SFUE) = 350 gallons per day	\$3,624 per SFUE	\$5,964 per SFUE

Water and Sewer Installation Fees

The following rates are effective until December 31, 2023.

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

Meter Size	Sewer		Reclaimed	
	Installation-Meter Only	Installation-Complete	Installation-Meter Only	Installation-Complete
3/4"	\$ 263	\$ 1,240	\$ 500	\$ 720
1"	263	1,240	500	854
1-1/2"	263	1,240	500	1,375
2"	263	1,240	500	2,117
3"	263	1,240	500	3,480
4"	263	1,240	500	5,230
6"	263	1,240	500	7,035
8"	263	1,240	500	13,438

Water and Sewer Installation Fees Upcoming

The following rates are effective January 1, 2024. * The fee for meter size 3"-8" covers inspection cost. Developer will install meter.

Meter Size	Water		Irrigation	
	Installation-Meter Only	Installation-Complete	Installation-Meter Only	Installation-Complete
3/4"	\$ 500	\$ 3,550	\$ 500	\$ 3,550
1"	550	3,600	550	3,600
1-1/2"	1,600	4,650	1,600	4,650
2"	1,800	4,900	1,800	4,900
3" - 8" *	1,000	1,000	1,000	1,000

Meter Size	Sewer	
	Installation-Meter Only	Installation-Complete
Up to 2"	\$ 550	\$ 3,600
2" - 6"	550	4,500

Meter Size	Reclaimed	
	Installation-Meter Only	Installation-Complete
5/8" x 3/4"	\$ 500	\$ 3,550
1"	500	3,600
1-1/2"	500	4,650
2"	500	4,900
3" - 8" *	500	1,000

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY RATE STRUCTURE (continued)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023
 UNAUDITED

Sanitation Rates

The following rates were effective July 1, 2022.

Service	Rate
First residential rollout container	\$22.00 per month (one pick-up per week)
Second and subsequent rollout container	\$7.50 per month per container
First non-residential rollout container	\$30.00 per month (one pickup per week)
Additional non-residential pickup service	\$30.00 per pickup

Sanitation Rate Upcoming

The following rate is effective July 1, 2023.

Service	Rate
First residential rollout container	\$23.00 per month (one pick-up per week)

Stormwater Rates

The following rates were effective July 1, 2021.

Service	Rate
Equivalent residential unit (ERU) rate-Non-residential	\$3.83 per month
ERU rate for smaller residential units (less than or equal to 3,350 sq. ft.)	\$2.87 per month (75% of ERU)
ERU rate for larger residential units (greater than 3,350 sq. ft.)	\$4.60 per month (120% of ERU)
ERU rate for non-residential properties	ERU rate time actual sq. ft. of impervious surface divided by ERU rate

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF UTILITY MAJOR CUSTOMERS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

The following table presents information on the ten largest customers of the System during the fiscal year ended June 30, 2023, ranked according to consumption and billings.

TOP TEN WATER CUSTOMERS

Customer	Gallons of Water Purchased (1,000)	% of Total Water Consumed	Revenue	% of Total Water Revenues
Franklin Estates (Residential)	38,829	2.41%	\$264,871	2.00%
Carrington Hills (Residential)	17,260	1.07%	\$141,748	1.08%
Prescott Place HOA (Residential)	13,866	0.86%	\$102,082	0.78%
Viera Holdings (Residential)	13,351	0.84%	\$136,965	1.04%
Ramsey Solutions (Business)	10,672	0.66%	\$76,089	0.58%
Franklin Housing Authority (Residential)	9,465	0.58%	\$59,245	0.45%
IMI Tennessee, Inc (Mfg)	8,879	0.55%	\$63,134	0.48%
River Oaks Apartments (Residential)	7,446	0.46%	\$67,409	0.51%
Williamson County Jail (Governmental)	6,598	0.41%	\$46,873	0.36%
Heritage Place Apartments (Residential)	<u>6,287</u>	<u>0.39%</u>	<u>\$47,995</u>	<u>0.36%</u>
TOTAL	<u>132,653</u>	<u>8.23%</u>	<u>\$1,006,411</u>	<u>7.64%</u>

TOP TEN WASTEWATER CUSTOMERS

Customer	Gallons Billed (1,000)	% of Total Gallons Billed	Revenue	% of Total Sewer Revenues
Franklin Estates (Residential)	38,829	1.36%	\$317,627	1.27%
Star Brentwood, LLC (Residential)	33,527	1.17%	\$188,762	0.76%
100 Gillespie Drive LLC (Residential)	32,268	1.13%	\$193,315	0.77%
PB One Aspen Grove LLC (Residential)	24,071	0.84%	\$144,377	0.58%
Gateway Village (Residential)	20,055	0.70%	\$121,077	0.48%
IMT Capital Reit IV Cool Springs (Residential)	17,300	0.61%	\$103,955	0.42%
Carrington Hills (Residential)	17,260	0.60%	\$181,188	0.73%
IMT Capital Reit IV LLC (Residential)	16,986	0.60%	\$102,081	0.41%
Mid America Apartments LP (Residential)	15,137	0.53%	\$91,039	0.36%
Prescott Place HOA (Residential)	<u>13,866</u>	<u>0.49%</u>	<u>\$129,116</u>	<u>0.52%</u>
TOTAL	<u>229,299</u>	<u>8.03%</u>	<u>\$1,572,537</u>	<u>6.30%</u>

TOP TEN RECLAIMED WATER CUSTOMERS

Customer	Gallons of Water Purchased (1,000)	% of Total Water Consumed	Revenue	% of Total Water Revenues
Rural Plains Partnership (Business)	29,367	23.79%	\$34,511	18.77%
City of Franklin Parks	14,640	11.87%	\$16,041	8.72%
Boyle Investment (Business/Res)	8,367	6.78%	\$9,521	5.18%
Southern Land Co (Business)	7,610	6.17%	\$8,183	4.45%
Ramsey Solutions (Business)	5,682	4.61%	\$20,119	10.94%
Battleground Academy (School)	5,200	4.22%	\$6,252	3.40%
RFA Building LLC (Business)	4,368	3.54%	\$4,915	2.67%
Carlisle HOA (Residential)	3,198	2.59%	\$3,433	1.87%
Solomon Builders (Business)	3,122	2.53%	\$4,971	2.71%
Rizer Point HOA (Residential)	<u>2,756</u>	<u>2.24%</u>	<u>\$4,655</u>	<u>2.53%</u>
TOTAL	<u>84,310</u>	<u>68.34%</u>	<u>\$112,601</u>	<u>61.24%</u>

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

STATISTICAL SECTION

HISTORIC
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TENNESSEE

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**CITY OF FRANKLIN
STATISTICAL SECTION SUMMARY PAGE**

This part of the City of Franklin, Tennessee's comprehensive annual financial report presents detailed information as a 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	Pages
Financial Trends	
These schedules contain trend information to help readers understand how the City's financial performance and financial position have changed over time.	121-126
 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.	127-131
 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.	132-136
 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.	137-138
 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.	139-141

Except where noted, the information in these schedules is derived from the City's Annual Comprehensive Financial Reports for the relevant years. The information has been restated, where applicable and feasible, for the adoption of new GASB requirements.

CITY OF FRANKLIN, TENNESSEE
Net Position By Component
Last Ten Years
 (Prepared using the accrual basis of accounting)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities:										
Net investment in capital assets	\$598,771,346	623,690,227	\$600,239,617	\$581,817,963	\$ 553,517,545	\$ 528,661,334	\$ 528,657,327	\$ 531,232,432	\$ 526,598,701	\$ 473,270,481
Restricted for:										
State street aid	3,247,409	2,870,168	771,402	601,819	496,410	645,435	502,481	373,415	287,224	295,259
Sanitation use	3,019,834	1,957,699	1,992,796	1,000,240	1,922,723	1,160,474	610,969	767,350	-	-
Drug fund use	534,709	538,766	602,402	520,472	438,184	508,522	541,205	515,642	295,296	165,436
Development use	33,433,096	23,700,256	30,019,751	38,165,088	39,890,216	4,804,517	3,488,072	-	-	-
Grant program use	189,362	118,477	114,745	113,066	100,451	89,691	86,263	85,185	20,212	23,717
Pensions	-	-	-	-	7,999	-	-	-	-	-
Unrestricted	73,161,177	88,942,469	63,722,583	42,976,500	39,950,296	74,003,922	46,098,515	35,391,194	25,106,842	14,450,363
Total net position	<u>\$ 712,356,933</u>	<u>\$ 741,818,062</u>	<u>\$ 697,463,296</u>	<u>\$ 665,195,148</u>	<u>\$ 636,323,824</u>	<u>\$ 609,873,895</u>	<u>\$ 579,984,832</u>	<u>\$ 568,365,218</u>	<u>\$ 552,308,275</u>	<u>\$ 488,205,256</u>
Business-type activities:										
Net investment in capital assets	\$203,202,697	\$195,995,094	\$186,313,737	\$176,897,094	\$ 166,254,831	\$ 160,464,694	\$ 144,008,929	\$ 139,229,139	\$ 128,272,969	\$ 119,141,240
Restricted for:										
Water & Sewer	11,520,463	11,288,887	10,784,987	10,882,442	10,180,317	10,665,267	9,757,361	8,916,035	13,452,592	13,391,806
Pensions	-	-	-	-	1,179	-	-	-	-	-
Unrestricted	32,145,262	34,148,733	33,856,599	34,170,434	32,220,082	25,591,650	30,877,222	25,339,325	15,771,418	13,545,686
Total net position	<u>\$ 246,868,422</u>	<u>\$ 241,432,714</u>	<u>\$ 230,955,323</u>	<u>\$ 221,949,970</u>	<u>\$ 208,656,409</u>	<u>\$ 196,721,611</u>	<u>\$ 184,643,512</u>	<u>\$ 173,484,499</u>	<u>\$ 157,496,979</u>	<u>\$ 146,078,732</u>
Primary government:										
Net investment in capital assets	\$ 801,974,043	\$ 819,685,321	\$ 786,553,354	\$ 758,715,057	\$ 719,772,376	\$ 689,126,028	\$ 672,666,256	\$ 670,461,571	\$ 654,871,670	\$ 592,411,721
Restricted for:										
State street aid use	3,247,409	2,870,168	771,402	601,819	496,410	645,435	502,481	373,415	287,224	295,259
Sanitation use	3,019,834	1,957,699	1,992,796	1,000,240	1,922,723	1,160,474	610,969	767,350	-	-
Drug fund use	534,709	538,766	602,402	520,472	438,184	508,522	541,205	515,642	295,296	165,436
Development use	33,433,096	23,700,256	30,019,751	38,165,088	39,890,216	4,804,517	3,488,072	-	-	-
Grant program use	189,362	118,477	114,745	113,066	100,451	89,691	86,263	85,185	20,212	23,717
Water & Sewer use	11,520,463	11,288,887	10,784,987	10,882,442	10,180,317	10,665,267	9,757,361	8,916,035	13,452,592	13,391,806
Pensions	-	-	-	-	9,178	-	-	-	-	-
Unrestricted	105,306,439	123,091,202	97,579,182	77,146,934	72,170,378	99,595,572	76,975,737	60,730,519	40,878,260	27,996,049
Total net position	<u>\$ 959,225,355</u>	<u>\$ 983,250,776</u>	<u>\$ 928,418,619</u>	<u>\$ 887,145,118</u>	<u>\$ 844,980,233</u>	<u>\$ 806,595,506</u>	<u>\$ 764,628,344</u>	<u>\$ 741,849,717</u>	<u>\$ 709,805,254</u>	<u>\$ 634,283,988</u>

CITY OF FRANKLIN, TENNESSEE
Changes in Net Position
(Prepared using the accrual basis of accounting)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses:										
Governmental activities:										
Governance & management	\$ 5,638,534	\$ 4,534,452	\$ 3,838,257	\$ 3,978,636	\$ 3,832,394	\$ 3,488,326	\$ 2,980,546	\$ 2,740,612	\$ 2,573,848	\$ 2,675,292
Public safety	50,162,660	44,746,791	39,473,372	38,983,557	36,876,843	35,899,745	33,146,980	30,882,484	29,283,373	28,477,749
Finance & administration	11,823,798	8,474,788	7,245,426	7,430,302	7,768,504	7,584,348	7,308,604	6,729,110	7,089,041	6,418,754
Community & economic development	11,919,172	10,370,880	9,492,101	9,743,950	9,260,316	8,849,272	8,483,737	7,483,304	7,684,155	6,932,708
Public works	62,768,154	51,815,561	50,166,264	49,814,813	46,900,551	49,187,544	46,173,011	38,690,214	34,690,487	32,869,878
Other general government	47,190,052	2,663,427	4,644,218	6,392,927	6,353,001	(700,908)	3,728,463	12,305,479	4,370,952	1,949,294
Interest	3,492,442	4,397,319	4,914,713	4,484,444	5,281,715	4,587,179	4,074,621	3,988,622	4,087,064	3,742,163
Total governmental activities	<u>192,994,812</u>	<u>127,003,218</u>	<u>119,774,351</u>	<u>120,828,629</u>	<u>116,273,324</u>	<u>108,895,506</u>	<u>105,895,962</u>	<u>102,819,825</u>	<u>89,778,920</u>	<u>83,065,838</u>
Business-Type activities:										
Water & sewer	42,299,473	32,536,107	33,754,490	29,702,843	29,846,225	28,476,942	26,189,612	24,245,697	23,353,227	22,694,995
Total business-type activities	<u>42,299,473</u>	<u>32,536,107</u>	<u>33,754,490</u>	<u>29,702,843</u>	<u>29,846,225</u>	<u>28,476,942</u>	<u>26,189,612</u>	<u>24,245,697</u>	<u>23,353,227</u>	<u>22,694,995</u>
Program revenues:										
Governmental activities:										
Charges for services										
Governance & management	\$ 2,500	\$ 3,958	\$ 2,715	\$ 2,696	\$ 2,000	\$ 2,906	\$ 2,549	\$ 3,600	\$ -	\$ -
Public safety	1,432,432	726,477	470,956	583,248	498,781	374,937	703,245	814,774	782,681	784,561
Finance & administration	1,870	7,422	1,620	3,560	4,020	1,234	3,682	2,752	-	-
Community & economic development	2,605,312	2,685,754	2,824,742	2,740,784	2,653,845	3,510,782	3,266,688	3,182,015	2,099,544	2,426,986
Public works	13,763,755	13,432,497	12,912,409	12,070,604	11,949,193	11,193,112	10,295,841	10,826,167	10,054,484	8,419,868
Other General Government	384,660	417,040	(296,265)	134,014	326,081	256,860	158,340	121,946	487,716	608,111
Operating grants & contributions										
Public safety	75,105	96,499	(121,045)	256,833	108,981	136,685	47,103	22,308	47,607	87,230
Finance & administration	-	-	-	-	-	-	-	15,071	-	-
Community & economic development	2,287,936	2,113,225	2,732,457	1,877,358	1,279,702	1,084,498	1,326,698	1,059,230	1,568,418	1,145,365
Public works	1,653,663	2,156,665	844,640	1,406,832	1,431,263	2,854,914	1,124,865	2,015,653	2,193,912	2,854,138
Other General Government	523,184	1,870,778	3,277,235	269,780	373,845	257,808	230,374	1,751,180	320,853	230,938
Capital grants & contributions										
Community & economic development	517,524	300,099	326,266	310,616	326,622	292,985	168,701	113,535	145,439	106,721
Public works	9,155,550	22,982,418	27,063,854	26,208,813	25,423,245	15,911,374	10,902,402	13,432,150	65,382,484	32,014,576
Total governmental activities	<u>32,403,491</u>	<u>46,792,832</u>	<u>50,039,584</u>	<u>45,865,138</u>	<u>44,377,578</u>	<u>35,878,095</u>	<u>28,230,488</u>	<u>33,360,381</u>	<u>83,083,138</u>	<u>48,678,494</u>
Business-Type activities:										
Charges for services	\$ 41,944,454	\$ 36,950,009	\$ 35,209,857	\$ 32,254,195	\$ 31,626,191	\$ 30,650,210	\$ 28,803,497	\$ 27,749,661	\$ 25,283,748	\$ 23,099,351
Operating grants & contributions	604,455	-	-	-	-	-	-	-	-	-
Capital grants & contributions	4,614,593	7,353,158	7,527,829	9,027,798	9,269,803	11,005,568	9,382,488	12,429,719	9,517,652	11,263,738
Total business-type activities	<u>47,163,502</u>	<u>44,303,167</u>	<u>42,737,686</u>	<u>41,281,993</u>	<u>40,895,994</u>	<u>41,655,778</u>	<u>38,185,985</u>	<u>40,179,380</u>	<u>34,801,400</u>	<u>34,363,089</u>
Total program revenues	<u>\$ 79,566,993</u>	<u>\$ 91,095,999</u>	<u>\$ 92,777,270</u>	<u>\$ 87,147,131</u>	<u>\$ 85,273,572</u>	<u>\$ 77,533,873</u>	<u>\$ 66,416,473</u>	<u>\$ 73,539,761</u>	<u>\$ 117,884,538</u>	<u>\$ 83,041,583</u>
Net (expense) revenue										
Governmental activities	(160,591,321)	(80,210,386)	(69,734,767)	(74,963,491)	(71,895,746)	(73,017,411)	(77,665,474)	(69,459,444)	(6,695,782)	(34,387,344)
Business-Type activities	4,864,029	11,767,060	8,983,196	11,579,150	11,049,769	13,178,836	11,996,373	15,933,683	11,448,173	11,668,094
Total net (expense) revenue	<u>\$ (155,727,292)</u>	<u>\$ (68,443,326)</u>	<u>\$ (60,751,571)</u>	<u>\$ (63,384,341)</u>	<u>\$ (60,845,977)</u>	<u>\$ (59,838,575)</u>	<u>\$ (65,669,101)</u>	<u>\$ (53,525,761)</u>	<u>\$ 4,752,391</u>	<u>\$ (22,719,250)</u>

CITY OF FRANKLIN, TENNESSEE
Changes in Net Position (continued)
(Prepared using the accrual basis of accounting)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General revenues:										
Governmental activities:										
Property taxes	23,156,312	21,108,237	20,586,971	20,084,308	19,031,452	18,621,275	18,023,515	13,679,737	13,278,605	11,878,892
Sales taxes	60,556,943	57,745,532	41,999,727	35,453,379	36,168,178	34,151,972	32,694,269	31,309,367	28,943,994	27,254,742
Wholesale beer tax	1,819,226	2,046,920	1,956,503	1,905,377	1,556,121	1,691,204	1,655,448	1,612,550	1,544,139	1,507,185
Wholesale liquor tax	1,858,357	1,953,827	1,868,263	1,761,915	1,487,062	1,400,552	1,343,791	1,349,136	1,190,758	1,095,467
Hotel/Motel tax	5,638,692	4,875,687	2,600,807	3,103,649	4,086,455	4,225,990	3,710,589	3,557,971	3,162,382	2,893,439
Other taxes	172,464	166,815	105,501	106,111	199,041	115,590	127,106	118,311	112,460	116,808
Intergovernmental	22,697,877	21,271,769	18,654,225	16,968,677	18,408,753	17,460,926	15,842,220	17,777,101	13,223,732	11,018,994
Impact fees and taxes	8,424,381	15,826,819	11,393,647	17,655,889	12,424,812	19,355,412	12,250,087	15,579,078	7,360,679	11,177,587
Franchise fees	2,451,148	2,528,510	2,479,203	2,477,946	2,566,246	2,600,634	2,239,414	2,289,483	2,450,568	2,476,572
Use of money and property	3,097,397	(3,158,964)	140,802	4,682,564	2,217,555	1,757,971	2,059,244	(1,956,347)	(668,516)	(618,266)
Miscellaneous	1,057,395	-	-	-	-	-	-	-	-	(172,000)
Transfers	200,000	200,000	200,000	(365,000)	200,000	825,000	1,125,000	200,000	200,000	-
Total general revenues and transfers	<u>131,130,192</u>	<u>124,565,152</u>	<u>101,985,649</u>	<u>103,834,815</u>	<u>98,345,675</u>	<u>102,206,526</u>	<u>91,070,683</u>	<u>85,516,387</u>	<u>70,798,801</u>	<u>68,629,420</u>
Business-Type activities:										
Use of money and property	771,679	(1,136,760)	156,217	1,346,001	1,273,512	-	-	-	-	80,314
Miscellaneous	-	47,091	(12,282)	3,410	(188,483)	424,211	287,640	253,837	170,074	33,277
Transfers	(200,000)	(200,000)	(200,000)	365,000	(200,000)	(825,000)	(1,125,000)	(200,000)	(200,000)	-
Total business-type activities	<u>571,679</u>	<u>(1,289,669)</u>	<u>(56,065)</u>	<u>1,714,411</u>	<u>885,029</u>	<u>(400,789)</u>	<u>(837,360)</u>	<u>53,837</u>	<u>(29,926)</u>	<u>113,591</u>
Total primary government	<u>\$ 131,701,871</u>	<u>\$ 123,275,483</u>	<u>\$ 101,929,584</u>	<u>\$ 105,549,226</u>	<u>\$ 99,230,704</u>	<u>\$ 101,805,737</u>	<u>\$ 90,233,323</u>	<u>\$ 85,570,224</u>	<u>\$ 70,768,875</u>	<u>\$ 68,743,011</u>
Change in net position										
Governmental activities:	(29,461,129)	44,354,766	32,250,882	28,871,324	26,449,929	29,189,115	13,405,209	16,056,943	64,103,019	34,242,076
Business-Type activities:	5,435,708	10,477,391	8,927,131	13,293,561	11,934,798	12,778,047	11,159,013	15,987,520	11,418,247	11,781,685
Total change in net position	<u>\$ (24,025,421)</u>	<u>\$ 54,832,157</u>	<u>\$ 41,178,013</u>	<u>\$ 42,164,885</u>	<u>\$ 38,384,727</u>	<u>\$ 41,967,162</u>	<u>\$ 24,564,222</u>	<u>\$ 32,044,463</u>	<u>\$ 75,521,266</u>	<u>\$ 46,023,761</u>

CITY OF FRANKLIN, TENNESSEE
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Prepared using the modified accrual basis of accounting)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Non-Spendable	\$ 2,027,527	\$ 1,297,773	\$ 1,484,303	\$ 1,624,813	\$ 1,719,567	\$ 2,061,344	\$ 2,223,101	\$ 1,879,610	\$ 1,712,291	\$ 1,141,340
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	82,613,699	73,135,433	63,997,207	51,591,473	51,482,407	47,398,627	41,060,041	37,369,976	33,757,157	31,573,111
Total General Fund	\$ 84,641,226	\$ 74,433,206	\$ 65,481,510	\$ 53,216,286	\$ 53,201,974	\$ 49,459,971	\$ 43,283,142	\$ 39,249,586	\$ 35,469,448	\$ 32,714,451
All Other Governmental Funds										
Non-Spendable	45,067	70,890	64,332	65,841	34,840	65,380	76,130	57,121	32,553	46,013
Restricted	40,424,410	29,185,366	33,501,096	40,400,685	42,847,984	13,355,873	20,737,909	1,685,971	602,732	484,412
Committed	55,937,906	63,901,621	44,167,253	41,255,928	39,173,328	33,902,797	24,541,530	17,248,117	12,675,025	12,719,595
Assigned	3,633,018	2,813,242	10,764,432	11,940,200	13,175,194	8,806,157	5,353,767	7,060,075	5,243,672	1,971,048
Unassigned	-	-	-	-	-	-	-	(7,887,886)	(10,104,657)	(18,878,175)
Total all other governmental funds	\$ 100,040,401	\$ 95,971,119	\$ 88,497,113	\$ 93,662,654	\$ 95,231,346	\$ 56,130,207	\$ 50,709,336	\$ 18,163,398	\$ 8,449,325	\$ (3,657,107)
Total Governmental Funds	\$ 184,681,627	\$ 170,404,325	\$ 153,978,623	\$ 146,878,940	\$ 148,433,320	\$ 105,590,178	\$ 93,992,478	\$ 57,412,984	\$ 43,918,773	\$ 29,057,344

In fiscal years 2014 and 2015, the deficit unassigned fund balance reported is due to the City's Multi-Purpose Capital Projects Fund being in a deficit fund balance position.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:										
Taxes										
Property tax	\$ 23,153,382	\$ 21,089,663	\$ 20,215,870	\$ 19,626,189	\$ 18,728,545	\$ 18,304,565	\$ 18,713,592	\$ 13,363,982	\$ 12,904,549	\$ 11,617,164
Sales tax	60,556,943	57,745,532	41,999,727	35,453,379	36,168,178	34,151,972	32,694,269	31,309,367	28,943,994	27,254,742
Wholesale beer tax	1,819,226	2,046,920	1,956,503	1,905,377	1,556,121	1,691,204	1,655,448	1,612,550	1,544,139	1,507,185
Wholesale liquor tax	1,858,357	1,953,827	1,868,263	1,761,915	1,487,062	1,400,552	1,343,791	1,349,136	1,190,758	1,095,467
Mixed drink tax	1,796,903	1,677,314	1,331,902	826,109	1,148,352	992,939	894,745	846,714	782,681	662,684
Facilities tax	1,963,476	3,669,629	3,617,950	3,940,537	3,370,185	5,759,856	3,864,453	4,827,968	2,468,473	3,848,783
Hotel/motel tax	5,638,692	4,875,687	2,575,830	3,138,814	4,103,235	4,097,695	3,710,589	3,557,971	3,291,019	2,764,802
Other taxes	172,464	166,815	514,348	563,626	502,773	415,968	462,124	478,775	469,876	477,646
Licenses and permits										
Franchise fees	2,441,864	2,506,169	2,497,407	2,489,287	2,566,246	2,586,092	2,230,782	2,255,565	2,462,903	2,449,724
Impact fees	6,460,905	12,157,190	7,775,697	13,715,352	9,054,627	13,595,556	7,317,604	9,509,869	3,570,279	6,301,871
Building permits	1,435,153	1,661,426	1,796,670	1,714,700	1,548,109	2,339,364	2,153,262	2,136,322	1,426,188	1,343,978
Other licenses and permits	1,196,797	954,269	988,541	958,044	1,018,543	1,053,393	1,002,763	953,698	1,255,146	1,302,014
Intergovernmental										
State shared revenue	20,900,974	18,955,133	17,305,852	16,142,568	17,318,322	16,467,987	14,947,475	16,930,387	14,668,056	12,110,500
Federal and state grants	3,694,310	7,839,110	6,996,488	5,143,660	4,528,220	5,256,506	4,679,158	6,122,270	5,121,694	4,180,303
Charges for services	14,280,613	13,696,560	12,971,447	12,166,255	12,099,847	11,109,359	10,518,112	10,952,510	10,194,368	8,557,376
Fines and fees	864,137	511,375	442,069	560,779	511,864	583,048	753,497	845,422	758,369	829,485
Use of money and property	3,765,560	(2,292,805)	435,541	4,087,802	4,101,263	874,412	686,672	979,599	792,690	622,019
Miscellaneous	5,388,937	2,618,550	1,099,418	2,809,455	797,299	262,053	1,155,394	2,489,638	3,301	648,436
Total revenues	157,388,693	151,832,364	126,389,523	127,003,848	120,608,791	120,942,521	108,783,730	110,521,743	91,848,483	87,574,179
Expenditures:										
Current:										
Governance and Management	5,547,997	4,469,418	3,598,339	3,817,218	3,638,266	3,200,436	2,970,433	2,895,391	2,713,052	2,618,754
Public Safety	47,465,522	40,987,942	36,093,445	35,976,343	34,636,278	34,668,055	32,487,786	30,454,419	27,876,815	27,246,759
Finance and Administration	10,481,804	7,540,590	6,371,421	6,594,412	7,064,014	7,039,117	7,094,684	6,350,676	6,541,545	5,884,758
Community & Economic Development	8,112,183	9,981,238	6,302,368	6,927,265	6,616,452	6,308,160	6,134,076	5,429,147	5,040,160	4,876,943
Public Works	26,098,034	32,712,631	20,048,195	20,372,246	19,571,417	22,693,327	20,954,256	14,065,839	12,011,714	11,187,919
Other General Government	17,402,137	2,413,491	15,569,321	14,026,288	15,187,811	11,698,838	13,676,830	16,150,402	13,200,407	21,532,024
Debt service:										
Principal	10,540,000	10,160,000	9,385,000	9,520,000	7,945,000	8,118,000	7,992,000	7,783,000	7,449,000	6,670,000
Interest	5,165,460	5,572,934	5,932,143	5,720,563	5,544,524	5,514,705	4,886,022	4,973,106	4,644,723	4,298,262
Debt service fees	3,921	4,514	2,665	2,804,902	142,027	7,976	18,726	16,838	151,263	28,317
Capital outlay:										
Governance and Management	-	50,050	-	-	-	-	-	-	168,398	322,367
Public Safety	61,448	450,282	4,751,238	5,828,280	6,580,659	1,794,219	716,878	4,597,830	1,858,164	158,983
Finance and Administration	310,136	662,786	181,070	584,235	2,214,222	3,106,759	316,479	211,859	338,397	1,105,700
Community & Economic Development	11,990	193,684	1,191,035	92,864	261,166	432,054	95,251	60,361	186,326	139,730
Public Works	11,006,850	19,717,130	8,278,381	9,904,865	1,105,381	5,393,666	2,930,527	5,166,768	10,878,037	24,093,076
Other General Government	1,189,527	998,916	1,785,220	6,337,153	1,775,589	1,000,578	1,604,294	2,308,084	2,652,553	6,748,119
Total expenditures	143,397,009	135,915,606	119,489,841	128,506,634	112,282,806	110,975,890	101,878,242	100,463,720	95,710,554	116,911,711
Excess (deficiency) of revenues over (under) expenditures	\$ 13,991,684	\$ 15,916,758	\$ 6,899,682	\$ (1,502,786)	\$ 8,325,985	\$ 9,966,631	\$ 6,905,488	\$ 10,058,023	\$ (3,862,071)	\$ (29,337,532)
Other financing sources (uses):										
Bonds issued	\$ -	\$ -	\$ -	\$ 31,550,000	\$ 52,525,000	\$ 806,069	\$ 25,008,840	\$ 3,236,188	\$ 17,196,020	\$ 19,859,681
Bond premiums	-	-	-	7,080,224	8,462,517	-	-	-	-	-
Transfer to bond escrow agent	-	-	-	(35,725,000)	(26,670,360)	-	3,540,166	-	1,327,480	-
Leases (as lessee)	85,618	308,945	-	-	-	-	-	-	-	-
Transfers in	29,724,700	20,250,030	11,051,877	14,168,841	10,265,312	10,496,177	15,285,099	9,303,969	9,242,452	7,767,550
Transfers out	(29,524,700)	(20,050,031)	(10,851,876)	(17,125,659)	(10,065,312)	(9,671,177)	(14,160,099)	(9,103,969)	(9,042,452)	(7,767,550)
Total other financing sources (uses)	285,618	508,944	200,001	(51,594)	34,517,157	1,631,069	29,674,006	3,436,188	18,723,500	19,859,681
Net changes in fund balances	14,277,302	16,425,702	7,099,683	(1,554,380)	42,843,142	11,597,700	36,579,494	13,494,211	14,861,429	(9,477,851)
Debt service as a % of noncapital expenditures	12.07%	13.79%	14.80%	14.37%	13.41%	13.74%	13.36%	14.54%	15.19%	13.00%

CITY OF FRANKLIN, TENNESSEE
Local Sales Tax Collections
Last Ten Fiscal Years

FISCAL YEAR	Estimate of Taxable Sales to Local Sales Tax (1)	Local Sales Tax Rate (City & Williamson County)	Total Local Sales Tax Collected	Less: County Portion (1/2 of tax) (2)	Less: County Admin Fee (1% of City's 1/2 of tax) (3)	Less: County School Debt (4)	Local Sales Tax Received by City	Percent of General Fund Revenue
2023	\$ 4,448,627,564	2.75%	\$ 122,337,258	\$ (61,168,629)	\$ (611,686)	\$ -	\$ 60,556,943	57.7%
2022	4,242,096,003	2.75%	116,657,640	(58,328,820)	(583,288)	-	57,745,532	60.4%
2021	3,771,019,289	2.75%	84,847,934	(42,423,967)	(424,240)	(6,298,283)	41,999,727	52.1%
2020	3,183,243,914	2.75%	71,622,988	(35,811,494)	(358,115)	(7,430,205)	35,453,379	50.7%
2019	3,247,423,397	2.75%	73,067,026	(36,533,513)	(365,335)	(7,052,013)	36,168,178	49.7%
2018	3,066,394,800	2.75%	68,993,883	(34,496,941)	(344,969)	(1,692,308)	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%

- (1) 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.
- (2) These taxes are split between the County and City. The Tennessee Department of Revenue sends a monthly report to Williamson County totaling the collections for the month.
- (3) The County charges the City 1% of the City's 1/2 share as an administrative fee.
- (4) 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 in state law. The new rate became effective, April 1, 2018. For a three year period, from April 2018 through March 2021, the City's portion of additional revenues, generated under the new tax rate (.05%) remained with the County for the purposes of funding County School debt service. Beginning April 2021, the City began receiving its portion of the additional revenue.

CITY OF FRANKLIN, TENNESSEE
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

FISCAL YEAR	Real Property Assessment		Personal Property Assessment		Public Utility Assessment		Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated Actual Taxable Value	Total Direct Rate
	Residential & Farm Property	Industrial & Commercial Property	Industrial & Commercial Property	Intangible Property	State Assessment	Local Assessment				
2023	\$ 3,351,765,235	\$ 3,641,981,575	\$ 280,460,946	\$ 7,134,432	\$ 89,352,901	\$ -	\$ 7,370,695,089	31.14%	\$ 23,669,423,873	0.3261
2022	3,268,413,100	3,508,052,500	282,058,611	2,760,000	84,915,601	-	7,146,199,812	31.09%	22,985,416,480	0.3261
2021	2,457,984,895	2,721,802,980	212,141,723	2,400,000	64,423,153	-	5,458,752,751	25.76%	21,190,144,675	0.4176
2020	2,383,570,565	2,611,168,485	195,053,443	106,128	64,804,129	-	5,254,702,750	27.77%	18,920,390,435	0.4176
2019	2,307,323,295	2,485,463,471	190,862,365	110,259	64,399,468	-	5,048,158,858	27.72%	18,208,229,470	0.4176
2018	2,225,948,965	2,394,850,296	196,029,038	127,836	66,131,091	-	4,883,087,226	31.11%	15,696,174,389	0.4176
2017	2,124,725,620	2,290,475,081	164,777,885	115,036	68,350,538	-	4,648,444,160	31.13%	14,931,225,106	0.4176
2016	1,686,264,015	1,675,073,222	157,978,412	84,526	57,576,973	-	3,576,977,148	30.86%	11,591,451,146	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	30.14%	11,413,859,405	0.4065
2014	1,572,195,410	1,549,098,572	156,642,888	69,209	55,553,796	-	3,333,559,875	30.13%	11,065,624,425	0.3765

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
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City of Franklin					Overlapping Rate	Total Direct and Overlapping
	General Fund	Debt Service Fund	Street Aid Fund	Capital Projects Fund	Total Direct Rate	Williamson County (a)	
2023	\$ -	\$ -	\$ -	\$ -	\$ 0.3261	\$ 2.3951	\$ 3.2266
2022	0.1464	0.1647	0.0150	-	0.3261	2.3951	2.7212
2021	0.2002	0.2024	0.0150	-	0.4176	2.8090	3.2266
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

For fiscal years 2014, the direct rate was separated between the General Fund and the Debt Service Fund. From fiscal years 2015-2017, the direct rate was separated between the General Fund, the Debt Service Fund, the Street Aid Fund, and the Capital Projects Fund. For fiscal years 2019-2022, the direct rate was separated between the General Fund, the Debt Service Fund, and the Street Aid Fund. Beginning fiscal year 2023, the direct rate is not separated. Property tax allocations by fund are determined in the approved budget.

(a) Levied on County property within the City. Rate is applicable to City property located in the special school district. County rates for City of Franklin property not in the special school district are as follows:

Fiscal Year	Rate
2023	1.8300
2022	1.8300
2021	2.1600
2020	2.1600
2019	2.0900
2018	2.0700
2017	1.8500
2016	2.0000
2015	2.2000
2014	2.2000

CITY OF FRANKLIN, TENNESSEE
Principal Property Taxpayers
Current Year and Ten Years Ago

<u>Taxpayer</u>	<u>2023</u>			<u>2014</u>		
	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
<u>Real and Personal Property Tax</u>						
Northwood Investors	\$ 156,067,800	1	2.12%			
Highwoods Properties	146,158,800	2	1.98%	\$48,816,040	4	1.46%
Boyle Investments	143,300,840	3	1.94%	44,240,480	5	1.33%
IMT	128,743,000	4	1.75%			
Galleria Associates (CBL Assoc.)	98,775,680	5	1.34%	66,135,120	2	1.98%
Stock Bridge Capital	69,263,000	6	0.94%			
Chartwell Hospitality	56,979,000	7	0.77%			
PBONE Aspen Grove LLC	50,317,000	8	0.68%			
STAR Brentwood LLC	48,959,320	9	0.66%			
LCFRE Nashville Carothers	46,830,920	10	0.64%			
Spectrum Partners				71,191,160	1	2.14%
NWI/Duke Weeks				55,169,200	3	1.65%
Bell Partners				40,833,400	6	1.22%
Venterra Realty				40,006,000	7	1.20%
Lionstone Investments				29,792,480	8	0.89%
Amstar				25,526,800	9	0.77%
Berkshire Communities				24,208,600	10	0.73%
Totals	<u>\$ 945,395,360</u>		<u>12.82%</u>	<u>\$445,919,280</u>		<u>13.37%</u>

Sources: For 2023, assessor's office. For 2014, City's 2014 ACFR.

**CITY OF FRANKLIN, TENNESSEE
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Total Collections	Percentage of Levy
2023	\$ 23,744,832	\$ 23,536,380	99.1%	\$ -	\$ 23,536,380	99.1%
2022	23,026,943	22,818,189	99.1%	179,989	22,998,178	99.9%
2021	22,527,506	22,328,725	99.1%	182,481	22,511,206	99.9%
2020	21,688,376	21,436,320	98.8%	235,803	21,672,123	99.9%
2019	20,834,771	20,584,843	98.8%	235,549	20,820,392	99.9%
2018	20,126,690	19,895,443	98.9%	222,716	20,118,159	100.0%
2017	19,203,126	19,013,067	99.0%	184,074	19,197,141	100.0%
2016	14,306,693	14,114,206	98.7%	187,118	14,301,324	100.0%
2015	13,742,347	13,551,648	98.6%	186,627	13,738,275	100.0%
2014	12,342,702	12,146,687	98.4%	189,453	12,336,140	99.9%

Source: City of Franklin Finance Department

CITY OF FRANKLIN, TENNESSEE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities		Total Outstanding Debt	Percentage of Personal Income (2)	Population (3)	Debt Per Capita
	General Obligation Bonds (1)	Leases	Water & Sewer Revenue & Tax Bonds (1)	Leases				
2023	\$ 126,687,582	\$ 227,330	\$ 144,552,446	\$ -	271,467,358	3.0%	83,454	3,253
2022	138,875,636	216,218	144,669,081	-	283,760,935	3.6%	83,454	3,400
2021	150,034,179	-	129,005,230	-	279,039,409	3.5%	83,454	3,344
2020	160,358,676	-	85,275,963	-	245,634,639	3.7%	70,908	3,464
2019	167,912,949	-	49,621,380	-	217,534,329	3.2%	70,908	3,068
2018	141,697,493	884,974	42,926,581	17,187	185,526,235	2.8%	70,908	2,616
2017	150,159,179	2,170,299	45,705,483	30,737	198,065,698	3.0%	70,908	2,793
2016	131,675,830	3,428,930	35,463,236	-	170,567,996	2.6%	66,370	2,570
2015	139,649,696	3,188,492	38,987,696	-	181,825,884	2.8%	66,370	2,740
2014	130,913,402	3,284,692	42,458,312	-	176,656,406	3.1%	66,370	2,662

- (1) This amount includes unamortized premiums
- (2) Personal income is disclosed on page 137. (Values are updated to match income table updates.)
- (3) Tennessee Certified Populations reports

CITY OF FRANKLIN, TENNESSEE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Obligation Bonds (1)	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita
2023	\$ 126,687,582	0.5%	\$1,518
2022	138,875,636	0.6%	1,664
2021	150,034,179	0.7%	1,798
2020	160,358,676	0.8%	2,262
2019	167,912,949	0.9%	2,368
2018	141,697,493	0.9%	1,998
2017	150,159,179	1.0%	2,118
2016	131,675,830	1.1%	1,984
2015	139,649,696	1.2%	2,104
2014	130,913,402	1.2%	1,972

(1) This amount includes unamortized premiums

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

CITY OF FRANKLIN, TENNESSEE
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to City of Franklin</u>
Williamson County	\$ 1,060,150,000	40.14%	\$ 425,544,210
Franklin Special School District	138,639,831	100.00%	138,639,831 (1)
Subtotal, overlapping debt			564,184,041
City of Franklin direct debt of governmental activities			126,687,582 (2)
Total direct and overlapping debt			\$ 690,871,623
Based upon Assessed Value of Property in:			
County	\$ 18,361,374,460		
City	\$ 7,370,695,089		

(1) All of the Special School District is located within the City of Franklin. Amount shown includes a bond total of \$138,396,405 and a Note Payable of \$243,426.

(2) This amount includes unamortized premiums. This amount includes total governmental debt of \$111,020,000 and governmental unamortized premiums of \$15,667,582.

CITY OF FRANKLIN, TENNESSEE
Legal Debt Margin Information
June 30, 2023

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Taxable Assessed Value	\$ 7,370,695,089	\$ 7,146,199,812	\$ 5,458,752,751	\$ 5,254,702,750	\$ 5,048,158,858	\$ 4,883,087,226	\$ 4,648,444,160	\$ 3,576,977,148	\$ 3,440,062,708	\$ 3,333,559,875
General Obligation Debt (1)	\$ 126,687,582	\$ 138,875,636	\$ 150,034,179	\$ 160,358,676	\$ 167,912,949	\$ 141,697,493	\$ 150,159,179	\$ 131,675,830	\$ 139,649,696	\$ 130,913,402
Taxable Assessed Value as a Percentage of Estimated Actual Value	1.7%	1.9%	2.7%	3.1%	3.3%	2.9%	3.2%	3.7%	4.1%	3.9%

Note - The City has no legal debt limit.

(1) This amount includes unamortized premiums.

CITY OF FRANKLIN, TENNESSEE
Pledged-Revenue Coverage
Water & Sewer Fund

Fiscal Year	Gross Revenues (1)(2)	Direct Operating Expense (3)	Net Revenue Available for Debt Service	Debt Service Requirements (4)			Coverage
				Principal	Interest	Total	
2023	\$ 40,797,185	\$ 24,896,785	\$ 15,900,400	\$ 7,093,414	\$ 2,910,599	10,004,013	1.59
2022	35,860,340	23,923,117	11,937,223	6,988,147	1,144,734	8,132,881	1.47
2021	35,366,077	22,620,728	12,745,349	4,746,471	1,132,600	5,879,071	2.17
2020	42,631,404	21,979,783	20,651,621	4,357,931	1,295,795	5,653,726	3.65
2019	42,169,506	21,337,078	20,832,428	4,303,193	1,472,058	5,775,251	3.61
2018	42,079,989	21,519,614	20,560,375	3,949,947	1,597,882	5,547,829	3.71
2017	38,473,625	20,123,220	18,350,405	3,510,885	1,224,102	4,734,987	3.88
2016	40,433,217	17,477,139	22,956,078	3,411,934	1,354,570	4,766,504	4.82
2015	34,971,474	16,467,456	18,504,018	3,358,090	1,484,732	4,842,822	3.82
2014	34,476,680	15,635,777	18,840,903	3,304,351	1,613,256	4,917,607	3.83

- (1) Includes interest income and gain on sale of assets.
(2) Impact fees are not included beginning in 2021 to match pledged revenue on bonds and State Revolving Fund (SRF) loans.
(3) Excludes depreciation, interest expense, and loss on sale/disposal of assets. Includes transfers out.
(4) Includes bonds and loans. Principal and interest is from Proprietary Fund Statement of Cash Flows.

CITY OF FRANKLIN, TENNESSEE
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (1)	Per Capita Income (2)	Personal Income (3)	Education Level in Years of Formal Schooling (4)	Public School Enrollment (5)	Unemployment Rate (6)
2023	83,454	\$ 107,698	8,987,828,892	15.2	13,487	2.8%
2022	83,454	107,698	7,907,099,592	15.5	13,821	2.8%
2021	83,454	107,698	7,907,099,592	15.3	14,245	3.2%
2020	70,908	99,408	6,718,391,184	15.3	15,652	7.1%
2019	70,908	85,806	6,773,132,160	15.4	16,345	2.7%
2018	70,908	92,569	6,683,149,908	15.3	16,754	2.8%
2017	70,908	91,608	6,591,820,404	15.0	17,428	2.9%
2016	66,370	92,784	6,649,184,976	15.2	14,876	3.7%
2015	66,370	92,247	6,599,620,284	15.2	14,249	4.3%
2014	66,370	85,053	5,685,984,270	15.3	14,952	4.8%

- (1) Tennessee Certified Population reports
- (2) U.S. Bureau of Economic Analysis (BEA) for Williamson County: Local Area Personal Income. (Values are updated to match updates to table CAINC1 updates.)
- (3) Personal Income is calculation of Population times Per Capita Personal Income
- (4) U.S. Census/American Community Survey. Educational Attainment for Adults Age 25 or Older for Franklin.
- (5) 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 table updates.)
- (6) U.S. Bureau of Labor Statistics, rate for June of each year, not seasonally adjusted.

CITY OF FRANKLIN, TENNESSEE
Principal Employers
Current Year and Nine Years Ago

Employer	2023 (a)			2014		
	Employees **	Rank	Percentage of Total City Employment	Employees *	Rank	Percentage of Total City Employment
Williamson Medical Center	1,900	1	3.75%	1,449	3	4.24%
Community Health Systems	1,621	2	3.20%	4,300	1	12.59%
Lee Company	1,616	3	3.19%	750	8	2.20%
Nissan North America	1,550	4	3.06%	1,600	2	4.69%
Cigna Healthcare	1,500	5	2.96%			
Schneider Electric	1,080	6	2.13%			
Ramsey Solutions	1,054	7	2.08%			
Mars Petcare	1,000	8	1.97%			
eviCore Healthcare	653	9	1.29%			
Jackson National Life Insurance	634	10	1.25%			
MEDHOST, Inc.	375	11	0.74%			
Frensenius Medical Care	315	12	0.62%			
Franklin American Mortgage	306	13	0.60%			
APCOM, Inc.	299	14	0.59%			
United Health				1,166	4	3.41%
Healthways				1,160	5	3.40%
Verizon Wireless				1,000	6	2.93%
Ford Motor Credit				750	7	2.20%
MedSolutions				700	9	2.05%
Optum				700	10	2.05%
Total	13,903		27.42%	13,575		39.76%

(a) Number of employees (job counts) were provided by Williamson, Inc. and were based on information available.

<https://williamsonchamber.com/economic-development/>

CITY OF FRANKLIN, TENNESSEE
Authorized Full Time Employees by Function
Last Ten Fiscal Years

Function	Authorized Full-Time Employees as of June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governance and Management (1)										
Administration	12	13	11	11	10	9	6	6	6	6
Capital Investment Planning	0	0	0	0	0	0	0	2	2	2
Communications	4	4	4	4	4	4	4	4	3	3
Emergency Management	2	0	0	0	0	0	0	0	0	0
HR	14	12	12	12	12	12	11	11	11	11
Law	6	5	5	5	5	5	5	4	4	5
Public Safety										
Fire	173	172	172	172	172	172	171	171	171	161
Police	150	146	145	145	142	143	142	157	156	176
Finance and Administration										
Court	2	2	3	3	3	2	3	3	2	2
Finance	9	9	9	9	9	9	10	10	10	10
IT	26	25	25	24	23	22	21	20	20	18
Purchasing	4	4	4	4	3	3	3	3	3	3
Projects and Facilities Management	6	6	6	6	6	6	5	7	7	7
Revenue Management	14	14	14	14	14	14	13	13	13	14
Community and Economic Development										
Building and Neighborhood Services	37	37	36	36	36	36	35	33	32	31
Engineering	17	16	16	15	14	13	13	12	12	11
Traffic Operations Center	4	4	4	4	4	4	3	3	4	3
Planning and Sustainability	16	15	15	15	15	15	16	16	16	17
Public Works										
Parks	53	51	46	46	44	41	39	37	31	34
Streets	61	61	60	60	59	58	54	53	53	52
Sanitation	48	46	45	45	45	45	45	49	49	48
Storm water	22	22	22	22	22	21	20	19	18	17
Water & wastewater	98	100	96	96	96	94	92	86	85	84
TOTAL	<u>778</u>	<u>764</u>	<u>750</u>	<u>748</u>	<u>738</u>	<u>728</u>	<u>711</u>	<u>719</u>	<u>708</u>	<u>715</u>

(1) The City's 9 elected officials (Mayor and 8 Aldermen) and City Judge are not included in the numbers above.

CITY OF FRANKLIN, TENNESSEE
Operating Indicators by Function
Last Ten Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety										
Fire										
Fire - Number of alarms	11,197	10,297	8,537	8,695	8,879	9,058	7,856	7,039	6,790	6,501
Police										
Calls for service	68,666	71,086	53,075	59,138	60,201	68,966 (b)	57,154 (a)	67,533	77,818	80,205
Community and Economic Development										
Building and Neighborhood Services										
Single family permits	196	292	348	348	358	495	636	691	480	519
Public Works										
Sanitation										
Landfill usage	85,865	100,333	101,496	94,043	86,120	87,536	81,137	95,393	81,651	65,116
Recycling (tons)	2,775	2,787	2472 (d)	4862 (d)	6,623	7,875	8,726	7,904	7,897	8,605
Water										
Average daily usage	6,327,000	6,327,000	6,994,000	6,994,000	6,314,000	5,770,000 (c)	5,737,000	5,755,000	5,636,146	5,690,082
Water storage capacity (gallons)	11,500,000	11,500,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	13,000,000	11,500,000

Source: City of Franklin departments

- (a) 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.
- (b) 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.
- (c) The calculation of this figure includes Water plant staff estimates of the lowest usage months as a result of a plant shut down.
- (d) As a result of COVID-19, recycling service was stopped from 3/17/20 - 6/24/2020 causing a reduction. In FY21, the switch to Blue Bins caused an initial drop of recycling. Recent trends show recycling increasing. In part due to Covid-19 and the recycling changes, landfill usage increased year over year.

CITY OF FRANKLIN, TENNESSEE
Capital Asset Statistics by Function
Last Ten Fiscal Years

		Fiscal Year									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety											
Fire											
	Fire stations	8	8	8 (d)	8	8	8	8	7	7	6
	Fire response vehicles	26	26	26	26	23	22	22	22	22	22
	Fire hydrants	4,579	4,501	3,983	3,930	3,921 (a)	3,810 (a)	3,675 (a)	3,576 (a)	3,416 (a)	3,326 (a)
Police											
	Police stations	1	1	1	1	1	1	1	1	1	1
	Police vehicles (radio equipped)	158	138	142	136	128 (c)	140	150	136	139	136
Public Works											
Parks	Number of parks	17	17	17 (e)	17	17	16	16	16	16	16
Street											
	Streets (miles)	368	367	357	351	344	339 (b)	347	325	317	304
Water											
	Water lines (miles)	311	308	308	306	303	302	301	296	293	288
	Sewer lines (miles)	431	426	421	419	415	408	393	387	371	360
	Reclaimed lines (miles)	32	30	29	28	28	28	---	---	---	---

Source: City of Franklin departments

- (a) Provided by City of Franklin Fire Department (for hydrants within City limits)
- (b) FY18: Improvements in the GIS street layer process removed centerline segments, which caused a street mileage reduction
- (c) FY19: Switch to 700mhz radios. Pool cars and special use vehicles were not assigned the new radios (portables are being used in those vehicles).
- (d) FY21: The City added 3 to 4 satellite fire stations for a period of 9 months due to the COVID-19 response.
- (e) FY21 & FY22: Southeast Municipal Complex and Robinson Lake are in the construction process and are not included in this total.

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INTERNAL CONTROL AND COMPLIANCE SECTION



HISTORIC
F R A N K L I N
TENNESSEE

CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF HISTORICAL UTILITY SYSTEM GROWTH
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023
 UNAUDITED

WATER PRODUCTION

<u>Year</u>	Average Daily Production (MGD)	Maximum Daily Production (MGD)
2016	1.21	2.35
2017	0.68	1.90
2018	2.04	3.41
2019	2.40	3.00
2020	2.69	3.69
2021	2.64	5.56
2022	2.54	3.68

WATER SYSTEM USAGE

<u>Year</u>	Gallons <u>Sold (000)</u>	Total <u>Revenues</u>
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
2020	1,578,277	\$11,360,773
2021	1,630,799	\$12,086,608
2022	1,596,813	\$12,406,282

WASTEWATER SYSTEM USAGE

<u>Year</u>	Gallons <u>Sold (000)</u>	Total <u>Revenues</u>
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
2020	2,528,764	\$20,204,854
2021	2,610,451	\$21,550,196
2022		

RECLAIMED WATER USAGE

<u>Year</u>	Gallons <u>Sold (000)</u>	Total <u>Revenues</u>
2016	124,230	\$123,806
2017	133,039	\$133,598
2018	133,708	\$135,473
2019	111,427	\$128,937
2020	95,765	\$119,023
2021	124,196	\$155,186
2022	103,657	\$146,946

**CITY OF FRANKLN, TENNESSEE
SCHEDULE OF DEBT
JUNE 30, 2023**

General Obligation Bonded Debt		
Total Bonded Debt ⁽¹⁾		118,485,000
Less: Self Supporting Debt		(7,465,000)
Net Bonded Debt		111,020,000
Overlapping Bonded Debt ⁽²⁾		\$ 564,184,041
Less Self-Supporting Bonded Debt		(79,651,809)
Net Overlapping Bonded Debt		484,532,232
Total Bonded Debt Including Overlapping Bonded Debt		\$ 682,669,041
Net Bonded Debt Including Net Overlapping Bonded Debt		595,552,232

	<u>City of Franklin</u>	<u>City and Net Overlapping</u>
Bonded Debt Per Capita	\$1,420	\$8,180
Net Direct Bonded Debt Per Capita	\$1,330	\$7,136
Bonded Debt / Assessed Value	1.61%	9.26%
Net Bonded Debt / Assessed Value	1.51%	8.08%
Bonded Debt / Actual Value	0.50%	2.88%
Net Bonded Debt / Actual Value	0.47%	2.52%

		<u>Franklin</u>	<u>Williamson County</u>
FY 2023 Assessed Value	\$	7,370,695,089	\$18,361,374,460
FY 2023 Appraised Value	\$	23,669,423,873	\$64,803,589,597
2023 Population ⁽³⁾		83,454	247,726

Williamson County's Bonded Debt as of June 30, 2023 ⁽⁴⁾

Bonded Debt		\$ 1,060,150,000	\$425,544,210
Self Supporting Bonded Debt		(198,435,000)	(\$79,651,809)
Net Bonded Debt		\$ 861,715,000	\$345,892,401

Franklin's Assessed Value as a Percentage of Williamson County's Assessed Value: 40.14%

Franklin Special School District Bonded Debt as of June 30, 2023 ⁽⁵⁾

Bonded Debt		\$ 138,639,831	\$ 138,639,831
-------------	--	----------------	----------------

Franklin's Assessed Value as a Percentage of Franklin Special School District's Assessed Value: 100.00%

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: Tennessee Certified Population, 2023.
- (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, 2023

Amount Issued	Purpose	Due Date	Interest Rate	Outstanding as of 6/30/2023
\$ 24,670,000	Revenue & Tax Bonds: Series 2005- Sewer and Water Revenue and Tax Refunding ⁽¹⁾⁽²⁾	April 2025	Fixed	\$ 2,900,000
19,430,000	Revenue & Tax Bonds: Series 2011- Truist Loan Program ⁽¹⁾⁽²⁾	May 2026	Fixed	4,565,000
12,000,000	Revenue Bonds: Series 2017- Water and Sewer Revenue	February 2037	Fixed	9,465,000
10,660,000	Revenue Bonds: Series 2021 - Water and Sewer Revenue	February 2042	Fixed	10,330,000
1,500,000	Notes Payable: 2009- Drinking Water SRF Loan through ARRA ⁽¹⁾⁽³⁾	December 2030	Fixed	663,214
1,888,200	Notes Payable: 2009- Clean Water SRF Loan through ARRA ⁽¹⁾⁽³⁾	October 2032	Fixed	1,007,436
1,822,741	Notes Payable: 2016- SCADA SRF Loan through ARRA ⁽¹⁾	2031	Fixed	1,241,989
1,677,259	Notes Payable: 2016- SCADA SRF Loan through ARRA ⁽¹⁾	2031	Fixed	219,727
1,275,000	Notes Payable: 2017- Wastewater Plant SRF Loan	August 2049	Fixed	1,141,628
78,500,000	Notes Payable: 2017- Wastewater Plant SRF Loan	April 2051	Fixed	73,915,848
20,000,000	Notes Payable: 2017- Wastewater Plant SRF Loan	September 2051	Fixed	19,059,553
17,043,393	Notes Payable: 2017- Wastewater Plant SRF Loan	September 2053	Fixed	16,775,925
<u>\$ 190,466,593</u>	Total Bonded Debt			<u>\$ 141,285,320</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 FRANKLN, TENNESSEE
SCHEDULE OF GENERAL OBLIGATION DEBT
JUNE 30, 2023

	<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	\$118,485,000	\$1,420	1.61%	0.50%
Net Direct Indebtedness	\$111,020,000	\$1,330	1.51%	0.47%
Gross Direct and Gross Overlapping Indebtedness ⁽⁴⁾⁽⁵⁾	\$682,669,041	\$8,180	9.26%	2.88%
Net Direct and Net Overlapping Indebtedness ⁽⁴⁾⁽⁵⁾	\$595,552,232	\$7,136	8.08%	2.52%

Notes:

- (1) The City's certified population as of June 30, 2023 is 83,454.
- (2) The City's assessed valuation of taxable property as of June 30, 2023 is \$7,370,695,089.
- (3) The City's estimated full valuation of taxable property as of June 30, 2023 is \$23,669,423,873.
- (4) The County's debt outstanding is \$1,060,150,000 as of June 30, 2023. The City's share is \$425,544,210. (40.14%).
Of the County's debt outstanding, \$198,435,000 is self-supporting. The City's share is \$79,651,809. (40.14%).
- (5) The Franklin Special School District's debt outstanding is \$138,639,831 as of June 30, 2023. The City's share is \$138,639,831 (100%).

CITY OF FRANKLN, TENNESSEE
SCHEDULE OF INDEBTEDNESS AND DEBT RATIOS
JUNE 30, 2023

INDEBTEDNESS	For Fiscal Year Ending June 30					
	2023	2022	2021	2020	2019	2018
TAX SUPPORTED						
General Obligation Bonds ⁽¹⁾	\$111,020,000	\$ 121,560,000	\$ 131,720,000	\$ 141,105,000	\$154,800,000	\$136,500,000
TOTAL TAX SUPPORTED	<u>\$111,020,000</u>	<u>\$121,560,000</u>	<u>\$131,720,000</u>	<u>\$141,105,000</u>	<u>\$154,800,000</u>	<u>\$136,500,000</u>
REVENUE SUPPORTED						
Water & Sewer Bonds with General Obligation backing	\$ 7,465,000	\$ 10,470,000	\$ 14,165,000	\$ 17,800,000	\$21,385,000	\$24,915,000
Water & Sewer Bonds without General Obligation backing	\$ 19,795,000	\$ 20,595,000	\$ 10,385,000	\$ 10,815,000	\$11,230,000	\$11,630,000
Water & Sewer Loans without General Obligation backing	\$ 114,025,320	\$ 110,040,104	\$ 103,113,487	\$ 55,147,025	\$15,320,246	\$4,523,251
TOTAL REVENUE SUPPORTED	<u>\$141,285,320</u>	<u>\$141,105,104</u>	<u>\$127,663,487</u>	<u>\$83,762,025</u>	<u>\$47,935,246</u>	<u>\$41,068,251</u>
TOTAL DEBT	\$252,305,320	\$262,665,104	\$259,383,487	\$224,867,025	\$202,735,246	\$177,568,251
Less: Revenue Supported Debt	(\$133,820,320)	(\$130,635,104)	(\$113,498,487)	(\$65,962,025)	(\$26,550,246)	(\$16,153,251)
Less: Debt Service Fund Balance	(806,499)	(1,161,978)	(937,169)	(806,499)	(372,887)	(106,587)
NET DIRECT DEBT	\$117,678,501	\$130,868,022	\$144,947,831	\$158,098,501	\$175,812,113	\$161,308,413
OVERLAPPING DEBT ⁽²⁾	<u>\$682,669,041</u>	<u>437,443,384</u>	<u>400,488,727</u>	<u>375,250,215</u>	<u>\$352,174,546</u>	<u>\$304,236,383</u>
NET DIRECT & OVERLAPPING DEBT	\$800,347,542	\$568,311,406	\$545,436,558	\$533,348,716	\$527,986,659	\$465,544,796
PROPERTY TAX BASE ⁽³⁾						
Actual Value	23,669,423,873	22,985,416,480	21,190,144,675	18,920,390,435	18,208,229,470	15,696,174,389
Assessed Value	7,370,695,089	7,146,199,812	5,458,752,751	7,370,695,089	5,008,158,858	4,883,087,226

Notes:

⁽¹⁾ Does not include 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 FRANKLN, TENNESSEE
SCHEDULE OF INDEBTEDNESS AND DEBT RATIOS (continued)
JUNE 30, 2023

<u>DEBT RATIOS</u>	For Fiscal Year Ending June 30				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL DEBT to Actual Value	1.07%	1.14%	1.22%	1.19%	1.11%
TOTAL DEBT to Assessed Value	3.42%	3.68%	4.75%	3.05%	4.05%
NET DIRECT DEBT to Actual Value	0.50%	0.57%	0.68%	0.84%	0.97%
NET DIRECT DEBT to Assessed Value	1.60%	1.83%	2.66%	2.14%	3.51%
OVERLAPPING DEBT to Actual Value	2.88%	1.90%	1.89%	1.98%	1.93%
OVERLAPPING DEBT to Assessed Value	9.26%	6.12%	7.34%	5.09%	7.03%
NET DIRECT & OVERLAPPING DEBT to Actual Value	3.38%	2.47%	2.57%	2.82%	2.90%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	10.86%	7.95%	9.99%	7.24%	10.54%
<u>PER CAPITA RATIOS</u>					
POPULATION ⁽¹⁾	83,454	83,454	83,454	70,908	70,908
PER CAPITA PERSONAL INCOME ⁽²⁾	107,698	107,698	107,698	99,408	85,806
Actual Value to POPULATION	\$283,622	\$275,426	\$253,914	\$266,830	\$256,787
Assessed Value to POPULATION	\$88,320	\$85,630	\$65,410	\$103,947	\$70,629
Total Debt to POPULATION	\$3,023	\$3,147	\$3,108	\$3,171	\$2,859
Net Direct Debt to POPULATION	\$1,410	\$1,568	\$1,737	\$2,230	\$2,479
Overlapping Debt to POPULATION	\$8,180	\$5,242	\$4,799	\$5,292	\$4,967
Net Direct Debt & Overlapping Debt to POPULATION	\$9,590	\$6,810	\$6,536	\$7,522	\$7,446
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	2.81%	2.92%	2.89%	3.19%	3.33%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	1.31%	1.66%	1.61%	2.24%	2.89%
Overlapping Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	7.60%	4.87%	4.46%	5.32%	5.79%
Net Direct & Overlapping Debt as a percent of PER CAPITA PERSONAL INCOME	8.90%	6.32%	6.07%	7.57%	8.68%

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 Aldermen
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 City of Franklin, Tennessee (the "City"), as of and for the year ended June 30, 2023 (except for the Fiduciary Pension Fund, which was as of and for the year ended December 31, 2022), and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

Report on 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Nashville, Tennessee
December 12, 2023

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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 Aldermen
City of Franklin, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Franklin, Tennessee's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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 the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



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, appearing to read "Crosslin, PLLC".

Nashville, Tennessee
December 12, 2023

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CITY OF FRANKLIN, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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:

Capitalization Grants for Clean Water State Revolving Funds – ALN 66.458
Coronavirus State and Local Fiscal Recovery Funds – ALN 21.027

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 COSTS - Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

None Reported.

SECTION III - FEDERAL AUDIT FINDINGS AND QUESTIONS COSTS

None Reported.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

Prior Year Finding Number	Finding Title	Status / Current Year Finding Number
2022-001	Franklin Transit Authority Program Review	Corrected