

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2010

CITY OF FRANKLIN

JOHNSON COUNTY, INDIANA



FILED
07/05/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janet P. Alexander	01-01-10 to 12-31-11
Mayor	Fred L. Paris	01-01-10 to 12-31-11
President of the Board of Public Works and Safety	Fred L. Paris	01-01-10 to 12-31-11
President of the Common Council	Dr. William T. Murphy	01-01-10 to 12-31-11
Superintendent of Wastewater Utility	Charles Littleton, Jr.	01-01-10 to 12-31-11
Utility Billing Manager	Brenda Poe Sherry Phillips	01-01-10 to 12-31-10 01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF FRANKLIN, JOHNSON COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Franklin (City), for the year ended December 31, 2010. The financial statement is the responsibility of the City's management. Our responsibility is to express opinions on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 20, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, the Common Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 20, 2011



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AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDIANAPOLIS, INDIANA 46204-2769

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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 OFFICIALS OF THE CITY OF FRANKLIN, JOHNSON COUNTY, INDIANA

We have audited the financial statement of the City of Franklin (City), for the year ended December 31, 2010, and have issued our report thereon dated June 20, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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
(Continued)

Compliance and Other Matters

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

This report is intended solely for the information and use of the City's management, the Common Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 20, 2011

FINANCIAL STATEMENT(S)

CITY OF FRANKLIN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 8,552,336	\$ 13,366,838	\$ 14,415,735	\$ 7,503,439
Motor Vehicle Highway	1,803,278	1,468,188	1,521,733	1,749,733
Local Road and Street	516,396	218,611	188,145	546,862
Park and Recreation	601,980	1,562,612	1,290,109	874,483
Developer's Share Municipal Improvements	10,150	-	-	10,150
Athletic and Recreation	41,700	647,913	646,688	42,925
Fire Medic	373,695	40,811	141,923	272,583
Donation	18,573	36	1,702	16,907
Unsafe Building	40,000	-	2,824	37,176
Grants/Police	80,616	1	77,847	2,770
Local Law Enforcement Continuing Education	97,569	19,376	1,142	115,803
Record Perpetuation	50,747	15,272	2,195	63,824
User Fees Control (Court)	123,964	250,740	293,682	81,022
Riverboat Wagering Tax Revenue	121,800	-	-	121,800
PSAP Enhanced 911	27,443	-	-	27,443
US EPA Brownfield Grant-ASAP	151	-	-	151
Fire-Public Education	751	250	-	1,001
Donation/Park & Recreation	18,650	15,398	8,356	25,692
Disaster Relief	1,315,424	4,551,310	4,043,955	1,822,779
CDBG-Flood Buy-Out Grant	-	1,371,972	1,007,453	364,519
Rainy Day	852,432	4,326,855	2,884,072	2,295,215
Grants/Park	3,895	10,686	6,909	7,672
D.A.R.E.	1,116	-	1,116	-
Police Forfeiture	66,370	79	66,236	213
Levy Excess	-	26,555	-	26,555
Municipal Bond-General	1,406	2,901,308	2,825,926	76,788
Park District Bond	-	260,873	260,873	-
Cumulative Capital Improvement-Cigarette Tax	157,406	56,987	34,400	179,993
Cumulative Capital Development	1,848,506	310,114	1,399,586	759,034
Tax Increment Financing Control	8,027,360	2,512,499	4,661,722	5,878,137
Sidewalk/Repair Replacement	-	4,700	3,388	1,312
Park/Recreation Infrastructure Improvement	246,750	17,524	10,513	253,761
Old Police Pension	900,793	222,976	337,237	786,532
Old Fire Pension	637,105	278,389	493,975	421,519
New Police Pension	254	-	-	254
Court Agency	19,490	106,978	126,468	-
City Court	16,110	1,314,463	1,313,473	17,100
Payroll-Net Salaries	-	378,674	378,674	-
PERF (1366-Civilian)	30,468	118,279	118,081	30,666
Payroll Withholding Federal	-	888,187	888,187	-
Payroll Withholding State	35,013	310,771	306,816	38,968
Payroll Withholding Social Security	-	482,786	482,786	-
Payroll Withholding County	10,296	90,000	88,808	11,488
Payroll Withholding Credit Union	-	3,110	3,110	-

The notes to the financial statement(s) are an integral part of this statement.

CITY OF FRANKLIN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Employee Medical Pre-Tax	-	23,270	23,270	-
Group Insurance	2,195,915	1,757,465	1,743,464	2,209,916
Garnishment-1099	-	1,795	1,795	-
Insurance Trust	548,588	-	-	548,588
HM Insurance	-	20,335	20,335	-
Fire Union Dues	-	19,458	19,458	-
United Way Deduction	-	1,300	1,300	-
Cemetery Trust	31,936	119	-	32,055
Payroll Withholding Medicare	-	229,299	229,299	-
Payroll Dependent Medical Pre-Tax	-	104,049	104,049	-
Payroll Direct Deposit	-	6,404,178	6,404,178	-
Sewer Bill	-	7,847	7,847	-
Met Life 457-Dollar Deduction Pre-Tax	-	58,785	58,785	-
Met Life 457-Percentage Deduction Pre-Tax	-	14,238	14,238	-
Child Support 543	-	53,242	53,242	-
Payroll Flex Spending Pre-Tax	-	69,397	69,397	-
Payroll Cafe Dependent Care 125	-	16,704	16,704	-
Garnishment-60	-	1,144	1,144	-
Advance Repayment	-	1,870	1,870	-
Capital Plus Credit Union	-	10,473	10,473	-
Advance Repayment	-	220	220	-
Child Support Annual Fees	-	110	110	-
Garnishment-759	-	3,738	3,738	-
Garnishment-812	-	3,458	3,458	-
Garnishment-113	-	1,125	1,125	-
Steel Toe Shoes	-	38	38	-
Garnishment-220	-	1,740	1,740	-
Payroll-Drop Payment	-	105,385	105,385	-
Garnishment-701	-	1,378	1,378	-
Garnishment-317-2	-	1,023	1,023	-
Garnishment-446	-	1,757	1,757	-
Payroll Tobacco Free Credit	-	(15,230)	(15,230)	-
Indiana Firefighter Pension	31,914	151,020	145,602	37,332
Indiana Police Pension	26,258	122,680	119,130	29,808
Garnishment-1092	-	3,014	3,014	-
Old PERF 1366 (Civilian)	3,286	-	-	3,286
Storm Water Utility	-	445,416	140,290	305,126
Sewer Utility	5,745,676	3,277,952	3,928,861	5,094,767
Sewer Bond and Interest	1,098,047	2,402,546	2,328,562	1,172,031
Sewer Improvement	1,118,744	929,634	441,658	1,606,720
Sewer Debt Service Reserve	1,268,955	-	-	1,268,955
Totals	<u>\$ 38,719,312</u>	<u>\$ 54,384,093</u>	<u>\$ 56,328,552</u>	<u>\$ 36,774,853</u>

The notes to the financial statement(s) are an integral part of this statement.

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENT(S)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

CITY OF FRANKLIN
 NOTES TO FINANCIAL STATEMENT(S)
 (Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
 Harrison Building, Room 800
 143 West Market Street
 Indianapolis, IN 46204
 Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF.

Note 7. Restatements and Reclassifications

For the year ended December 31, 2010, a change has been made to the financial statements to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balance by fund.

Fund	Balance as Reported December 31, 2009	Prior Period Adjustments	Balance as Restated January 1, 2010
Sewer Bond and Interest	\$ 1,097,445	\$ 602	\$ 1,098,047

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Franklin's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General Fund	Motor Vehicle Highway	Local Road and Street	Park and Recreation	Developer's Share Municipal Improvements	Athletic and Recreation	Fire Medic
Cash and investments - beginning	\$ 8,552,336	\$ 1,803,278	\$ 516,396	\$ 601,980	\$ 10,150	\$ 41,700	\$ 373,695
Receipts:							
Taxes	6,654,586	399,429	-	1,280,893	-	-	-
Licenses and permits	84,423	-	-	-	-	-	-
Intergovernmental	5,842,231	1,027,233	218,611	114,149	-	3,131	-
Charges for services	234,941	24,819	-	156,378	-	644,782	40,811
Fines and forfeits	205,101	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	345,556	16,707	-	11,192	-	-	-
Total receipts	13,366,838	1,468,188	218,611	1,562,612	-	647,913	40,811
Disbursements:							
Personal services	8,627,712	845,405	-	828,896	-	-	22,937
Supplies	683,080	123,064	78,533	89,937	-	-	-
Other services and charges	3,331,019	193,320	-	347,911	-	646,688	8,347
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	200,044	86,964	109,612	14,521	-	-	110,639
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,573,880	272,980	-	8,844	-	-	-
Total disbursements	14,415,735	1,521,733	188,145	1,290,109	-	646,688	141,923
Excess (deficiency) of receipts over disbursements	(1,048,897)	(53,545)	30,466	272,503	-	1,225	(101,112)
Cash and investments - ending	<u>\$ 7,503,439</u>	<u>\$ 1,749,733</u>	<u>\$ 546,862</u>	<u>\$ 874,483</u>	<u>\$ 10,150</u>	<u>\$ 42,925</u>	<u>\$ 272,583</u>

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Donation	Unsafe Building	Grants/Police	Local Law Enforcement Continuing Education	Record Perpetuation	User Fees Control (Court)	Riverboat Wagering Tax Revenue
Cash and investments - beginning	\$ 18,573	\$ 40,000	\$ 80,616	\$ 97,569	\$ 50,747	\$ 123,964	\$ 121,800
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	11,780	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	4,895	-	-	-
Fines and forfeits	-	-	-	-	15,272	250,740	-
Utility fees	-	-	-	-	-	-	-
Other receipts	36	-	1	2,701	-	-	-
Total receipts	<u>36</u>	<u>-</u>	<u>1</u>	<u>19,376</u>	<u>15,272</u>	<u>250,740</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	202	-	55,856	1,142	-	-	-
Other services and charges	1,500	2,824	9,312	-	2,195	293,682	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	12,679	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>1,702</u>	<u>2,824</u>	<u>77,847</u>	<u>1,142</u>	<u>2,195</u>	<u>293,682</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,666)</u>	<u>(2,824)</u>	<u>(77,846)</u>	<u>18,234</u>	<u>13,077</u>	<u>(42,942)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 16,907</u>	<u>\$ 37,176</u>	<u>\$ 2,770</u>	<u>\$ 115,803</u>	<u>\$ 63,824</u>	<u>\$ 81,022</u>	<u>\$ 121,800</u>

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	PSAP Enhanced 911	US EPA Brownfield Grant-ASAP	Fire-Public Education	Donation/Park and Recreation	Disaster Relief	CDBG-Flood Buy-Out Grant	Rainy Day
Cash and investments - beginning	\$ 27,443	\$ 151	\$ 751	\$ 18,650	\$ 1,315,424	\$ -	\$ 852,432
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	2,472,232	670,778	590,242
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	250	15,398	2,079,078	701,194	3,736,613
Total receipts	-	-	250	15,398	4,551,310	1,371,972	4,326,855
Disbursements:							
Personal services	-	-	-	-	-	-	50,066
Supplies	-	-	-	6,877	8,835	-	-
Other services and charges	-	-	-	1,479	2,375,404	700,813	48,750
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	42,014	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	1,617,702	306,640	2,785,256
Total disbursements	-	-	-	8,356	4,043,955	1,007,453	2,884,072
Excess (deficiency) of receipts over disbursements	-	-	250	7,042	507,355	364,519	1,442,783
Cash and investments - ending	<u>\$ 27,443</u>	<u>\$ 151</u>	<u>\$ 1,001</u>	<u>\$ 25,692</u>	<u>\$ 1,822,779</u>	<u>\$ 364,519</u>	<u>\$ 2,295,215</u>

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Grants/Park	D.A.R.E.	Police Forfeiture	Levy Excess	Municipal Bond-General	Park District Bond	Cumulative Capital Improvement- Cigarette Tax
Cash and investments - beginning	\$ 3,895	\$ 1,116	\$ 66,370	\$ -	\$ 1,406	\$ -	\$ 157,406
Receipts:							
Taxes	-	-	-	26,555	187,547	243,062	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	3,000	-	-	-	16,964	17,811	56,987
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	7,686	-	79	-	2,696,797	-	-
Total receipts	<u>10,686</u>	<u>-</u>	<u>79</u>	<u>26,555</u>	<u>2,901,308</u>	<u>260,873</u>	<u>56,987</u>
Disbursements:							
Personal services	3,120	-	-	-	-	-	-
Supplies	3,789	1,116	66,236	-	-	-	-
Other services and charges	-	-	-	-	177,218	260,873	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,648,708	-	34,400
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>6,909</u>	<u>1,116</u>	<u>66,236</u>	<u>-</u>	<u>2,825,926</u>	<u>260,873</u>	<u>34,400</u>
Excess (deficiency) of receipts over disbursements	<u>3,777</u>	<u>(1,116)</u>	<u>(66,157)</u>	<u>26,555</u>	<u>75,382</u>	<u>-</u>	<u>22,587</u>
Cash and investments - ending	<u>\$ 7,672</u>	<u>\$ -</u>	<u>\$ 213</u>	<u>\$ 26,555</u>	<u>\$ 76,788</u>	<u>\$ -</u>	<u>\$ 179,993</u>

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cumulative Capital Development	Tax Increment Financing Control	Sidewalk/Repair Replacement	Park/Recreation Infrastructure Improvement	Old Police Pension	Old Fire Pension	New Police Pension
Cash and investments - beginning	\$ 1,848,506	\$ 8,027,360	\$ -	\$ 246,750	\$ 900,793	\$ 637,105	\$ 254
Receipts:							
Taxes	283,583	2,457,562	-	-	-	-	-
Licenses and permits	-	-	-	17,023	-	-	-
Intergovernmental	25,657	-	-	-	222,976	278,240	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	874	54,937	4,700	501	-	149	-
Total receipts	310,114	2,512,499	4,700	17,524	222,976	278,389	-
Disbursements:							
Personal services	-	-	-	-	337,237	493,975	-
Supplies	4,210	-	3,388	-	-	-	-
Other services and charges	-	2,952,041	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,395,376	1,709,681	-	10,513	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	1,399,586	4,661,722	3,388	10,513	337,237	493,975	-
Excess (deficiency) of receipts over disbursements	(1,089,472)	(2,149,223)	1,312	7,011	(114,261)	(215,586)	-
Cash and investments - ending	\$ 759,034	\$ 5,878,137	\$ 1,312	\$ 253,761	\$ 786,532	\$ 421,519	\$ 254

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Court Agency	Payroll-Net Salaries	PERF (1366-Civilian)	Payroll Withholding Federal	Payroll Withholding State	Payroll Withholding Social Security	Payroll Withholding County
Cash and investments - beginning	\$ 19,490	\$ -	\$ 30,468	\$ -	\$ 35,013	\$ -	\$ 10,296
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	106,978	378,674	118,279	888,187	310,771	482,786	90,000
Total receipts	<u>106,978</u>	<u>378,674</u>	<u>118,279</u>	<u>888,187</u>	<u>310,771</u>	<u>482,786</u>	<u>90,000</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	126,468	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	378,674	118,081	888,187	306,816	482,786	88,808
Total disbursements	<u>126,468</u>	<u>378,674</u>	<u>118,081</u>	<u>888,187</u>	<u>306,816</u>	<u>482,786</u>	<u>88,808</u>
Excess (deficiency) of receipts over disbursements	<u>(19,490)</u>	<u>-</u>	<u>198</u>	<u>-</u>	<u>3,955</u>	<u>-</u>	<u>1,192</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,666</u>	<u>\$ -</u>	<u>\$ 38,968</u>	<u>\$ -</u>	<u>\$ 11,488</u>

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll Withholding Credit Union	Employee Medical Pre-Tax	Group Insurance	Garnishment 1099	Insurance Trust	HM Insurance	Fire Union Dues
Cash and investments - beginning	\$ -	\$ -	\$ 2,195,915	\$ -	\$ 548,588	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	3,110	23,270	1,757,465	1,795	-	20,335	19,458
Total receipts	3,110	23,270	1,757,465	1,795	-	20,335	19,458
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	3,110	23,270	1,743,464	1,795	-	20,335	19,458
Total disbursements	3,110	23,270	1,743,464	1,795	-	20,335	19,458
Excess (deficiency) of receipts over disbursements	-	-	14,001	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ 2,209,916	\$ -	\$ 548,588	\$ -	\$ -

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	United Way Deduction	Cemetery Trust	Payroll Withholding Medicare	Payroll Dependent Medical Pre-Tax	Payroll Direct Deposit	Sewer Bill	Met Life 457-Dollar Deduction Pre-Tax
Cash and investments - beginning	\$ -	\$ 31,936	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,300	119	229,299	104,049	6,404,178	7,847	58,785
Total receipts	1,300	119	229,299	104,049	6,404,178	7,847	58,785
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,300	-	229,299	104,049	6,404,178	7,847	58,785
Total disbursements	1,300	-	229,299	104,049	6,404,178	7,847	58,785
Excess (deficiency) of receipts over disbursements	-	119	-	-	-	-	-
Cash and investments - ending	\$ -	\$ 32,055	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Met Life 457-Percentage Deduction Pre-Tax	Child Support 543	Payroll Flex Spending Pre-Tax	Payroll Cafe Dependent Care 125	Garnishment-60	Advance Repayment
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	14,238	53,242	69,397	16,704	1,144	1,870
Total receipts	14,238	53,242	69,397	16,704	1,144	1,870
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	14,238	53,242	69,397	16,704	1,144	1,870
Total disbursements	14,238	53,242	69,397	16,704	1,144	1,870
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Capital Plus Credit Union	Advance Repayment	Child Support Annual Fees	Garnishment-759	Garnishment-812	Garnishment-113
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	10,473	220	110	3,738	3,458	1,125
Total receipts	<u>10,473</u>	<u>220</u>	<u>110</u>	<u>3,738</u>	<u>3,458</u>	<u>1,125</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	10,473	220	110	3,738	3,458	1,125
Total disbursements	<u>10,473</u>	<u>220</u>	<u>110</u>	<u>3,738</u>	<u>3,458</u>	<u>1,125</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Steel Toe Shoes	Garnishment-220	Payroll-Drop Payment	Garnishment-701	Garnishment-317-2	Garnishment-446
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	38	1,740	105,385	1,378	1,023	1,757
Total receipts	38	1,740	105,385	1,378	1,023	1,757
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	38	1,740	105,385	1,378	1,023	1,757
Total disbursements	38	1,740	105,385	1,378	1,023	1,757
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll Tobacco Free Credit	Indiana Firefighter Pension	Indiana Police Pension	Garnishment-1092	Old PERF 1366 (Civilian)	City Court
Cash and investments - beginning	\$ -	\$ 31,914	\$ 26,258	\$ -	\$ 3,286	\$ 16,110
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	(15,230)	151,020	122,680	3,014	-	1,314,463
Total receipts	(15,230)	151,020	122,680	3,014	-	1,314,463
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	(15,230)	145,602	119,130	3,014	-	1,313,473
Total disbursements	(15,230)	145,602	119,130	3,014	-	1,313,473
Excess (deficiency) of receipts over disbursements	-	5,418	3,550	-	-	990
Cash and investments - ending	\$ -	\$ 37,332	\$ 29,808	\$ -	\$ 3,286	\$ 17,100

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Storm Water Utility	Sewer Utility	Sewer Bond and Interest	Sewer Improvement	Sewer Debt Service Reserve	Totals
Cash and investments - beginning	\$ -	\$ 5,745,676	\$ 1,098,047	\$ 1,118,744	\$ 1,268,955	\$ 38,719,312
Receipts:						
Taxes	-	-	-	-	-	11,533,217
Licenses and permits	-	-	-	-	-	113,226
Intergovernmental	-	-	-	-	-	11,560,242
Charges for services	-	-	-	-	-	1,106,626
Fines and forfeits	-	-	-	-	-	471,113
Utility fees	445,416	2,948,457	-	-	-	3,393,873
Other receipts	-	329,495	2,402,546	929,634	-	26,205,796
Total receipts	<u>445,416</u>	<u>3,277,952</u>	<u>2,402,546</u>	<u>929,634</u>	<u>-</u>	<u>54,384,093</u>
Disbursements:						
Personal services	-	-	-	-	-	11,209,348
Supplies	-	-	-	-	-	1,126,265
Other services and charges	-	-	-	-	-	11,479,844
Debt service - principal and interest	-	-	1,211,662	-	-	1,211,662
Capital outlay	11,497	6,254	-	441,658	-	6,834,560
Utility operating expenses	128,788	1,774,292	-	-	-	1,903,080
Other disbursements	5	2,148,315	1,116,900	-	-	22,563,793
Total disbursements	<u>140,290</u>	<u>3,928,861</u>	<u>2,328,562</u>	<u>441,658</u>	<u>-</u>	<u>56,328,552</u>
Excess (deficiency) of receipts over disbursements	<u>305,126</u>	<u>(650,909)</u>	<u>73,984</u>	<u>487,976</u>	<u>-</u>	<u>(1,944,459)</u>
Cash and investments - ending	<u>\$ 305,126</u>	<u>\$ 5,094,767</u>	<u>\$ 1,172,031</u>	<u>\$ 1,606,720</u>	<u>\$ 1,268,955</u>	<u>\$ 36,774,853</u>

CITY OF FRANKLIN
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 744,722
Infrastructure	27,927,623
Buildings and improvements	12,285,568
Improvements other than buildings	34,945,489
Machinery and equipment	6,875,387
Construction in progress	4,825,824
Total governmental activities, capital assets not being depreciated	\$ 87,604,613

	Ending Balance
Primary Government	
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Infrastructure	\$ 30,392,581
Buildings and improvements	717,000
Improvements other than buildings	2,091,338
Machinery and equipment	822,300
Construction in progress	369,124
Total business-type activities, capital assets not being depreciated	\$ 34,392,343

CITY OF FRANKLIN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Purchase Aerial Fire Truck	\$ 53,150	\$ 54,235
Bonds payable:		
General obligation bonds:		
Retire 1997 bond & purchase police dept. existing building	3,330,000	247,855
Construction of cultural arts & recreation center	<u>590,000</u>	<u>314,190</u>
Total governmental activities debt	<u>\$ 3,973,150</u>	<u>\$ 616,280</u>
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
1993 Treatment plant expansion	1,173,000	277,220
1994A Treatment plant expansion	485,123	31,717
1994B Treatment plant expansion	2,735,000	547,675
2000 Treatment plant expansion	2,920,000	112,025
2005 Treatment plant expansion	<u>670,000</u>	<u>243,525</u>
Total business-type activities debt	<u>\$ 7,983,123</u>	<u>\$ 1,212,162</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF FRANKLIN, JOHNSON COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Franklin (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the City's management, the Common Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 20, 2011

CITY OF FRANKLIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs CDBG-State Administered Small Cities Program Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (State-Administered Small Cities Program) Flooded Homes Buyout Program	14.228	DR1HB-009-005	\$ 670,784
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Bulletproof Vest Partnership Program	16.607	None	12,760
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Natural Resources Highway Planning and Construction Cluster Recreational Trails Program 2007 Franklin Trails Extension	20.219	RT-07-007	23,937
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Disaster Grants-Public Assistance (Presidentially Declared Disasters) June 2008 Flood	97.036	DR1766	450,332
Hazard Mitigation Grant (HMGP) 2010 FEMA Buy-out	97.039	C44P-0-094A	2,024,125
Total for federal grantor agency			2,474,457
Total federal awards expended			\$ 3,181,938

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF FRANKLIN
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Franklin (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF FRANKLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
97.036	CDBG-State Administered Small Cities Program Cluster
97.039	Disaster Grants-Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant (HMGP)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF FRANKLIN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF FRANKLIN
EXIT CONFERENCE

The contents of this report were discussed on June 20, 2011, with Dr. William T. Murphy, President of the Common Council; Fred L. Paris, Mayor; Janet P. Alexander, Clerk-Treasurer; Sue E. Midkiff, Chief Deputy Clerk-Treasurer. Our audit disclosed no material items that warrant comment at this time.