

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF FRANKLIN
JOHNSON COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
04/14/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janet P. Alexander Jayne Rhoades	01-01-12 to 12-31-15 01-01-16 to 12-31-19
Mayor	Joe McGuinness	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Joe McGuinness	01-01-14 to 12-31-16
President Pro Tempore of the Common Council	Stephen Barnett	01-01-14 to 12-31-16
Utility Office Manager	Sherry Phillips	01-01-14 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Franklin (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2014.

Opinion on Regulatory Basis of Accounting

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, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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. 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

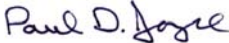
Other Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 2, 2016, 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* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

February 2, 2016



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

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

We have audited, 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, the financial statement of the City of Franklin (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated February 2, 2016, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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. A significant deficiency is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT 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*.

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

February 2, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF FRANKLIN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
GENERAL FUND	\$ 8,022,629	\$ 14,054,892	\$ 13,602,433	\$ 8,475,088
MOTOR VEHICLE HIGHWAY	2,068,494	1,911,109	2,617,331	1,362,272
LOCAL ROAD & STREET	440,377	242,802	108,142	575,037
ATHLETIC & RECREATION	66,061	711,688	668,371	109,378
FIRE MEDIC	169,872	14,421	58,664	125,629
LOCAL LAW ENF CONT ED	64,377	28,665	27,507	65,535
RECORD PERPETUATION	142,273	52,133	400	194,006
UNSAFE BLDG FUND	74,597	-	4,585	70,012
PSAP ENHANCED 911	5,717	-	5,717	-
PARK & RECREATION	1,329,176	1,535,671	1,494,965	1,369,882
USER FEES CONTROL (COURT)	66,516	165,558	164,307	67,767
RAINY DAY	3,849,202	710,354	279,571	4,279,985
CUM CAP IMP - CIG TAX	275,541	62,722	61,032	277,231
CUM CAP DEVELOPMENT	673,817	309,998	82,571	901,244
RDC CAPITAL	1,258,839	480,385	985,151	754,073
T.I.F. CONTROL	5,439,687	3,881,220	3,969,507	5,351,400
PRK/REC INFSTRCTURE IMP	84,890	29,108	52,140	61,858
GROUP INSURANCE	2,612,376	2,040,563	1,906,089	2,746,850
OLD POLICE PENSION	882,465	249,266	256,180	875,551
OLD FIRE PENSION	389,141	454,042	464,645	378,538
COURT AGENCY FUND	11,952	75,283	87,235	-
RIVERBOAT WAGRNG TAX REV	262,268	140,468	-	402,736
FACADE GNT RETAINAGE	-	21,364	-	21,364
CITY COURT	227,506	959,906	1,051,330	136,082
DONATION	17,964	364,626	357,475	25,115
GRANTS/POLICE	-	1,400	797	603
CDBG FACADE GRANT	12,304	598,390	515,785	94,909
IHCDA HOUSING GRANT	-	369,499	326,538	42,961
CDBG-FLOOD BUY-OUT GRANT	-	83,243	83,243	-
US EPA BRWNFLD GRANT-ASAP	151	-	-	151
DISASTER RELIEF FUND	1,400,578	25,809	25,810	1,400,577
DONATION/PARK & REC	27,962	13,325	11,727	29,560
DEVLPR'S SHARE MUN IMPRV	10,150	-	-	10,150
FIRE-PUBLIC EDUCATION	1,051	-	-	1,051
MUNICIPAL BOND-GENERAL	20,547	287,224	250,205	57,566
PARK CONSTRUCTION	138,567	-	138,567	-
PARK & REC 2012 BOND	-	285,887	285,887	-
SIDEWALK/REPAIR REPLACMNT	1,739	3,959	4,627	1,071
B DICKUS MEM TIP LINE	25,000	-	-	25,000
GRANTS/PARK	3,565	6,854	7,026	3,393
POLICE FORFEITURE	-	39,739	39,710	29

The notes to the financial statement 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, 2014
(Continued)

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
PAYROLL-NET SALARIES	-	286,950	286,950	-
PAYROLL W/H-FEDERAL	59	980,603	980,662	-
PAYROLL-W/H SOC SECURITY	-	456,408	456,408	-
PAYROLL-W/H MEDICARE	19	239,253	239,272	-
PAYROLL-W/H STATE	27,072	312,609	311,986	27,695
PAYROLL-W/H COUNTY	8,611	92,910	92,629	8,892
PAYROLL DIRECT DEPOSIT	-	6,683,326	6,683,326	-
PR-EMPLOYEE MED PRE-TAX	-	20,594	20,594	-
PR-DEPENDENT MED PRE-TAX	-	102,703	102,703	-
PR-FLEX SPENDING PRE-TAX	-	57,836	57,836	-
PR-CAFE DEPENDNT CARE 125	-	18,812	18,812	-
PR GARNISHMENT 831	-	2,794	2,794	-
MET LIFE 457-\$ DED PRE-TX	-	43,794	43,794	-
MET LIFE 457-% DED PRE TX	-	7,756	7,756	-
ONE AMERICA	-	15,626	15,626	-
PR HM INSURANCE	-	17,316	17,316	-
PR UNITED WAY DEDUCTION	-	1,529	1,529	-
PR FIRE UNION DUES	-	19,575	19,575	-
PR SEWER BILL	-	6,465	6,465	-
KY CHILD SUPPORT	-	2,800	2,800	-
PR CHILD SUPPORT 543	-	41,842	41,842	-
PR CHILD SUPRT ANUL FEE	-	275	275	-
PR GARNISHMENT-759	-	398	398	-
PR GARNISHMENT-446	-	1,908	1,908	-
PR PERF (1366-CIVILIAN)	1,987	122,809	122,722	2,074
PR IN FIREFIGHTER PENSION	130	152,009	152,010	129
PR IN POLICE PENSION	377	143,737	143,737	377
PR GARNISHMENT-113	-	1,305	1,305	-
OLD PERF 1366 (CIVILIAN)	3,286	-	-	3,286
INSURANCE TRUST	548,588	-	-	548,588
NEW FIRE PENSION 7742-200	13	-	-	13
NEW POLICE PENS 7742-100	184	-	-	184
CEMETERY TRUST	8,280	34	-	8,314
CITY COURT-TAX INTERCEPT	-	1,464	1,464	-
STORM WATER UTILITY FUND	697,523	563,339	330,127	930,735
SEWER UTILITY	2,933,739	3,139,411	3,873,324	2,199,826
SEWER BOND & INTEREST	-	1,781,438	960,245	821,193
SEWER IMPROVEMENT	460,377	170,600	-	630,977
SEWER DEBT SERVICE RESRVE	1,269,494	6,348	5,287	1,270,555
Totals	\$ 36,037,090	\$ 45,708,149	\$ 44,998,747	\$ 36,746,492

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

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENT

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 presents the financial information for the City.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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 statement. The aggregate receipts include 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
(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.

Penalties which include fees received for late payments.

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 statement. The aggregate disbursements include 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.

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing 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 Indiana Public Retirement System (INPRS) 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.

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENT
(Continued)

INPRS 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:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

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 Indiana Public Retirement System 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.

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENT
(Continued)

On Behalf Payments

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

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 Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

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OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Financial Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the City. It is presented as intended by the City.

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	ATHLETIC & RECREATION	FIRE MEDIC	LOCAL LAW ENF CONT ED	RECORD PERPETUATION
Cash and investments - beginning	\$ 8,022,629	\$ 2,068,494	\$ 440,377	\$ 66,061	\$ 169,872	\$ 64,377	\$ 142,273
Receipts:							
Taxes	6,478,961	896,070	-	-	-	-	-
Licenses and permits	147,569	-	-	-	-	15,890	-
Intergovernmental	6,839,002	979,595	242,802	-	13,849	-	-
Charges for services	192,353	19,159	-	711,688	572	1,772	-
Fines and forfeits	277,630	-	-	-	-	8,382	52,133
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	119,377	16,285	-	-	-	2,621	-
Total receipts	<u>14,054,892</u>	<u>1,911,109</u>	<u>242,802</u>	<u>711,688</u>	<u>14,421</u>	<u>28,665</u>	<u>52,133</u>
Disbursements:							
Personal services	9,098,222	939,070	-	-	-	-	-
Supplies	654,703	158,694	81,690	668,371	58,664	-	-
Other services and charges	2,992,653	263,886	-	-	-	-	400
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	220,962	1,255,681	26,452	-	-	27,297	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	635,893	-	-	-	-	210	-
Total disbursements	<u>13,602,433</u>	<u>2,617,331</u>	<u>108,142</u>	<u>668,371</u>	<u>58,664</u>	<u>27,507</u>	<u>400</u>
Excess (deficiency) of receipts over disbursements	<u>452,459</u>	<u>(706,222)</u>	<u>134,660</u>	<u>43,317</u>	<u>(44,243)</u>	<u>1,158</u>	<u>51,733</u>
Cash and investments - ending	<u>\$ 8,475,088</u>	<u>\$ 1,362,272</u>	<u>\$ 575,037</u>	<u>\$ 109,378</u>	<u>\$ 125,629</u>	<u>\$ 65,535</u>	<u>\$ 194,006</u>

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	UNSAFE BLDG FUND	PSAP ENHANCED 911	PARK & RECREATION	USER FEES CONTROL (COURT)	RAINY DAY	CUM CAP IMP CIG TAX	CUM CAP DEVELOPMENT
Cash and investments - beginning	\$ 74,597	\$ 5,717	\$ 1,329,176	\$ 66,516	\$ 3,849,202	\$ 275,541	\$ 673,817
Receipts:							
Taxes	-	-	1,249,119	-	-	-	284,319
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	112,701	-	-	62,722	25,679
Charges for services	-	-	169,621	-	-	-	-
Fines and forfeits	-	-	-	165,558	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	4,230	-	710,354	-	-
Total receipts	-	-	1,535,671	165,558	710,354	62,722	309,998
Disbursements:							
Personal services	-	-	940,155	-	-	-	-
Supplies	-	3,853	119,932	-	16,132	-	-
Other services and charges	4,585	1,864	434,819	164,307	148,501	-	-
Debt service - principal and interest	-	-	-	-	7,438	-	-
Capital outlay	-	-	-	-	45,000	61,032	82,571
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	59	-	62,500	-	-
Total disbursements	4,585	5,717	1,494,965	164,307	279,571	61,032	82,571
Excess (deficiency) of receipts over disbursements	(4,585)	(5,717)	40,706	1,251	430,783	1,690	227,427
Cash and investments - ending	\$ 70,012	\$ -	\$ 1,369,882	\$ 67,767	\$ 4,279,985	\$ 277,231	\$ 901,244

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	RDC CAPITAL	T.I.F. CONTROL	PRK/REC INFRASTRUCTURE IMP	GROUP INSURANCE	OLD POLICE PENSION	OLD FIRE PENSION	COURT AGENCY FUND
Cash and investments - beginning	\$ 1,258,839	\$ 5,439,687	\$ 84,890	\$ 2,612,376	\$ 882,465	\$ 389,141	\$ 11,952
Receipts:							
Taxes	-	3,855,966	-	-	-	-	-
Licenses and permits	-	-	24,883	-	-	-	-
Intergovernmental	-	-	-	-	249,266	454,042	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	75,283
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	480,385	25,254	4,225	2,040,563	-	-	-
Total receipts	480,385	3,881,220	29,108	2,040,563	249,266	454,042	75,283
Disbursements:							
Personal services	-	-	-	-	256,020	464,109	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	3,969,507	-	1,906,089	160	536	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	985,151	-	52,140	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	87,235
Total disbursements	985,151	3,969,507	52,140	1,906,089	256,180	464,645	87,235
Excess (deficiency) of receipts over disbursements	(504,766)	(88,287)	(23,032)	134,474	(6,914)	(10,603)	(11,952)
Cash and investments - ending	\$ 754,073	\$ 5,351,400	\$ 61,858	\$ 2,746,850	\$ 875,551	\$ 378,538	\$ -

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	RIVERBOAT WAGRNG TAX REV	FACADE GNT RETAINAGE	CITY COURT	DONATION	GRANTS/POLICE	CDBG FACADE GRANT
Cash and investments - beginning	\$ 262,268	\$ -	\$ 227,506	\$ 17,964	\$ -	\$ 12,304
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	140,468	-	-	-	-	198,282
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	959,906	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	21,364	-	364,626	1,400	400,108
Total receipts	<u>140,468</u>	<u>21,364</u>	<u>959,906</u>	<u>364,626</u>	<u>1,400</u>	<u>598,390</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	3,137	320	-
Other services and charges	-	-	-	354,338	477	515,785
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	1,051,330	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>1,051,330</u>	<u>357,475</u>	<u>797</u>	<u>515,785</u>
Excess (deficiency) of receipts over disbursements	<u>140,468</u>	<u>21,364</u>	<u>(91,424)</u>	<u>7,151</u>	<u>603</u>	<u>82,605</u>
Cash and investments - ending	<u>\$ 402,736</u>	<u>\$ 21,364</u>	<u>\$ 136,082</u>	<u>\$ 25,115</u>	<u>\$ 603</u>	<u>\$ 94,909</u>

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	IHCDA HOUSING GRANT	CDBG-FLOOD BUY-OUT GRANT	US EPA BRWNFLD GRANT-ASAP	DISASTER RELIEF FUND	DONATION/ PARK & REC	DEVLPR'S SHARE MUN IMPRV
Cash and investments - beginning	\$ -	\$ -	\$ 151	\$ 1,400,578	\$ 27,962	\$ 10,150
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	251,499	20,743	-	25,809	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	118,000	62,500	-	-	13,325	-
Total receipts	<u>369,499</u>	<u>83,243</u>	<u>-</u>	<u>25,809</u>	<u>13,325</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	10,740	-
Other services and charges	326,538	-	-	-	987	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	83,243	-	25,810	-	-
Total disbursements	<u>326,538</u>	<u>83,243</u>	<u>-</u>	<u>25,810</u>	<u>11,727</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>42,961</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>1,598</u>	<u>-</u>
Cash and investments - ending	<u>\$ 42,961</u>	<u>\$ -</u>	<u>\$ 151</u>	<u>\$ 1,400,577</u>	<u>\$ 29,560</u>	<u>\$ 10,150</u>

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	FIRE-PUBLIC EDUCATION	MUNICIPAL BOND-GENERAL	PARK CONSTRUCTION	PARK & REC 2012 BOND	SIDEWALK/ REPAIR REPLACMNT	B DICKUS MEM TIP LINE
Cash and investments - beginning	\$ 1,051	\$ 20,547	\$ 138,567	\$ -	\$ 1,739	\$ 25,000
Receipts:						
Taxes	-	267,879	-	284,293	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	19,345	-	1,594	-	-
Charges for services	-	-	-	-	3,959	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	287,224	-	285,887	3,959	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	4,627	-
Other services and charges	-	250,205	-	250	-	-
Debt service - principal and interest	-	-	-	285,637	-	-
Capital outlay	-	-	138,567	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	250,205	138,567	285,887	4,627	-
Excess (deficiency) of receipts over disbursements	-	37,019	(138,567)	-	(668)	-
Cash and investments - ending	\$ 1,051	\$ 57,566	\$ -	\$ -	\$ 1,071	\$ 25,000

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	GRANTS/PARK	POLICE FORFEITURE	PAYROLL-NET SALARIES	PAYROLL W/H-FEDERAL	PAYROLL-W/H SOC SECURITY	PAYROLL-W/H MEDICARE
Cash and investments - beginning	\$ 3,565	\$ -	\$ -	\$ 59	\$ -	\$ 19
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	4,045	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	39,739	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	2,809	-	286,950	980,603	456,408	239,253
Total receipts	6,854	39,739	286,950	980,603	456,408	239,253
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	7,026	39,710	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	286,950	980,662	456,408	239,272
Total disbursements	7,026	39,710	286,950	980,662	456,408	239,272
Excess (deficiency) of receipts over disbursements	(172)	29	-	(59)	-	(19)
Cash and investments - ending	\$ 3,393	\$ 29	\$ -	\$ -	\$ -	\$ -

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	PAYROLL-W/H STATE	PAYROLL-W/H COUNTY	PAYROLL DIRECT DEPOSIT	PR-EMPLOYEE MED PRE-TAX	PR-DEPENDENT MED PRE-TAX	PR-FLEX SPENDING PRE-TAX
Cash and investments - beginning	\$ 27,072	\$ 8,611	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	<u>312,609</u>	<u>92,910</u>	<u>6,683,326</u>	<u>20,594</u>	<u>102,703</u>	<u>57,836</u>
Total receipts	<u>312,609</u>	<u>92,910</u>	<u>6,683,326</u>	<u>20,594</u>	<u>102,703</u>	<u>57,836</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>311,986</u>	<u>92,629</u>	<u>6,683,326</u>	<u>20,594</u>	<u>102,703</u>	<u>57,836</u>
Total disbursements	<u>311,986</u>	<u>92,629</u>	<u>6,683,326</u>	<u>20,594</u>	<u>102,703</u>	<u>57,836</u>
Excess (deficiency) of receipts over disbursements	<u>623</u>	<u>281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 27,695</u>	<u>\$ 8,892</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, 2014
 (Continued)

	PR-CAFE DEPENDNT CARE 125	PR GARNISHMENT 831	MET LIFE 457-\$ DED PRE-TX	MET LIFE 457-% DED PRE TX	ONE AMERICA	PR HM INSURANCE
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	18,812	2,794	43,794	7,756	15,626	17,316
Total receipts	18,812	2,794	43,794	7,756	15,626	17,316
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	18,812	2,794	43,794	7,756	15,626	17,316
Total disbursements	18,812	2,794	43,794	7,756	15,626	17,316
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, 2014
 (Continued)

	PR UNITED WAY DEDUCTION	PR FIRE UNION DUES	PR SEWER BILL	KY CHILD SUPPORT	PR CHILD SUPPORT 543	PR CHILD SUPRT ANUL FEE
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	<u>1,529</u>	<u>19,575</u>	<u>6,465</u>	<u>2,800</u>	<u>41,842</u>	<u>275</u>
Total receipts	<u>1,529</u>	<u>19,575</u>	<u>6,465</u>	<u>2,800</u>	<u>41,842</u>	<u>275</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>1,529</u>	<u>19,575</u>	<u>6,465</u>	<u>2,800</u>	<u>41,842</u>	<u>275</u>
Total disbursements	<u>1,529</u>	<u>19,575</u>	<u>6,465</u>	<u>2,800</u>	<u>41,842</u>	<u>275</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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, 2014
 (Continued)

	PR GARNISHMENT- 759	PR GARNISHMENT- 446	PR PERF (1366-CIVILIAN)	PR IN FIREFIGHTER PENSION	PR IN POLICE PENSION	PR GARNISHMENT- 113
Cash and investments - beginning	\$ -	\$ -	\$ 1,987	\$ 130	\$ 377	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	<u>398</u>	<u>1,908</u>	<u>122,809</u>	<u>152,009</u>	<u>143,737</u>	<u>1,305</u>
Total receipts	<u>398</u>	<u>1,908</u>	<u>122,809</u>	<u>152,009</u>	<u>143,737</u>	<u>1,305</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>398</u>	<u>1,908</u>	<u>122,722</u>	<u>152,010</u>	<u>143,737</u>	<u>1,305</u>
Total disbursements	<u>398</u>	<u>1,908</u>	<u>122,722</u>	<u>152,010</u>	<u>143,737</u>	<u>1,305</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>87</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,074</u>	<u>\$ 129</u>	<u>\$ 377</u>	<u>\$ -</u>

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	OLD PERF 1366 (CIVILIAN)	INSURANCE TRUST	NEW FIRE PENSION 7742-200	NEW POLICE PENS 7742-100	CEMETERY TRUST	CITY COURT-TAX INTERCEPT
Cash and investments - beginning	\$ 3,286	\$ 548,588	\$ 13	\$ 184	\$ 8,280	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	34	1,464
Total receipts	-	-	-	-	34	1,464
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	1,464
Total disbursements	-	-	-	-	-	1,464
Excess (deficiency) of receipts over disbursements	-	-	-	-	34	-
Cash and investments - ending	\$ 3,286	\$ 548,588	\$ 13	\$ 184	\$ 8,314	\$ -

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	STORM WATER UTILITY FUND	SEWER UTILITY	SEWER BOND & INTEREST	SEWER IMPROVEMENT	SEWER DEBT SERVICE RESRVE	Totals
Cash and investments - beginning	\$ 697,523	\$ 2,933,739	\$ -	\$ 460,377	\$ 1,269,494	\$ 36,037,090
Receipts:						
Taxes	-	-	-	-	-	13,316,607
Licenses and permits	-	-	-	-	-	188,342
Intergovernmental	-	-	-	-	-	9,641,443
Charges for services	-	-	-	-	-	1,099,124
Fines and forfeits	-	-	-	-	-	1,578,631
Utility fees	545,044	3,008,377	-	170,600	-	3,724,021
Penalties	-	93,970	-	-	-	93,970
Other receipts	18,295	37,064	1,781,438	-	6,348	16,066,011
Total receipts	<u>563,339</u>	<u>3,139,411</u>	<u>1,781,438</u>	<u>170,600</u>	<u>6,348</u>	<u>45,708,149</u>
Disbursements:						
Personal services	132,691	704,540	-	-	-	12,534,807
Supplies	-	-	-	-	-	1,827,599
Other services and charges	-	-	-	-	-	11,335,887
Debt service - principal and interest	-	-	959,745	-	-	1,252,820
Capital outlay	14,928	11,554	-	-	-	2,921,335
Utility operating expenses	182,298	1,322,262	500	-	-	1,505,060
Other disbursements	210	1,834,968	-	-	5,287	13,621,239
Total disbursements	<u>330,127</u>	<u>3,873,324</u>	<u>960,245</u>	<u>-</u>	<u>5,287</u>	<u>44,998,747</u>
Excess (deficiency) of receipts over disbursements	<u>233,212</u>	<u>(733,913)</u>	<u>821,193</u>	<u>170,600</u>	<u>1,061</u>	<u>709,402</u>
Cash and investments - ending	<u>\$ 930,735</u>	<u>\$ 2,199,826</u>	<u>\$ 821,193</u>	<u>\$ 630,977</u>	<u>\$ 1,270,555</u>	<u>\$ 36,746,492</u>

CITY OF FRANKLIN
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2014

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 965,214	\$ 738,193
Storm Water	1,856	73,366
Wastewater	<u>89,178</u>	<u>343,454</u>
Totals	<u>\$ 1,056,248</u>	<u>\$ 1,155,013</u>

CITY OF FRANKLIN
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
John Deere Financial	Loader	\$ 8,540	12/2/2014	12/2/2019
TCF Equipment Finance	Street Sweeper	<u>26,978</u>	10/14/2014	2/1/2021
Total governmental activities		<u>35,518</u>		
Total of annual lease payments		<u>\$ 35,518</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Purchase land and building for Police & Street Departments	\$ 2,785,000	\$ 251,118
General obligation bonds	2012 Park Construction Bond	<u>3,200,000</u>	<u>295,826</u>
Total governmental activities		<u>5,985,000</u>	<u>546,944</u>
Wastewater:			
Revenue bonds	2013 Sewage Works Refunding Bonds	<u>2,435,000</u>	<u>998,514</u>
Totals		<u>\$ 8,420,000</u>	<u>\$ 1,545,458</u>

CITY OF FRANKLIN
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

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.

	Ending Balance
Governmental activities:	
Land	\$ 2,437,878
Infrastructure	31,863,952
Buildings	15,700,746
Improvements other than buildings	5,506,766
Machinery, equipment, and vehicles	7,901,456
Total governmental activities	63,410,798
Storm Water:	
Infrastructure	650,003
Machinery, equipment, and vehicles	62,782
Total Storm Water	712,785
Wastewater:	
Infrastructure	30,394,783
Buildings	3,221,513
Improvements other than buildings	2,597,737
Machinery, equipment, and vehicles	958,182
Total Wastewater	37,172,215
Total capital assets	\$ 101,295,798

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for the Major Federal Program

We have audited the City of Franklin's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2014. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)


Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

February 2, 2016

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF FRANKLIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Agriculture</u>				
Urban and Community Forestry Program		10.675		
Urban Forestry Grant	Indiana Department of Natural Resources		12-DG-11420004-090	\$ 4,045
<u>Department of Housing and Urban Development</u>				
State-Administered CDBG Cluster				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs	14.228	B-13-DC180001MS-11-101	198,282
CDBG_MSRP Façade Grant	Indiana Office of Community and Rural Affairs		DR1A-09-121	20,743
OCRA Disaster Recovery Grant	Indiana Housing and Community Development Authority		HD-013-003	251,499
IHCDA Housing Grant				<u>470,524</u>
Total - Department of Housing and Urban Development				
<u>Department of Justice</u>				
Bulletproof Vest Partnership Program		16.607		
Bulletproof Vest Partnership	Direct Grant		2012BUBX12061181	<u>13,849</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205		
St Rd 44 Relinquishment			1382592	80,000
Safe Routes to School			1383128	18,512
HSIP Sign Grant			A249-11-320	<u>31,819</u>
Total - Highway Planning and Construction Cluster				
<u>Highway Safety Cluster</u>				
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600	PT-12-11-04-33	14,018
Alcohol Impaired Driving Countermeasures Incentive Grants 1	Indiana Criminal Justice Institute	20.601	K8-2012-03-03-15	<u>2,285</u>
Total - Highway Safety Cluster				
<u>Total - Department of Transportation</u>				
<u>Department of Homeland Security</u>				
Hazard Mitigation Grant		97.039		
FEMA Flood Buy-out Project	Indiana Department of Homeland Security		HMGP DR1766 C44P-0-0	<u>25,809</u>
Total Federal Awards expended				
				<u>\$ 660,861</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF FRANKLIN
NOTES 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 and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2014:

Program Title	Federal CFDA Number	2014
Urban and Community Forestry Program	10.675	\$ 4,045

CITY OF FRANKLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	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 section 510(a) of OMB Circular A-133?	no

Identification of Major Program:

_____ Name of Federal Program or Cluster _____

State-Administered CDBG Cluster

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.