

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, 2017 to December 31, 2017



FILED
09/27/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jayne Rhoades	01-01-16 to 12-31-19
Mayor	Joe McGuinness Stephen Barnett	01-01-16 to 01-29-17 01-30-17 to 12-31-19
President of the Board of Public Works	Joe McGuinness Stephen Barnett	01-01-17 to 01-29-17 01-30-17 to 12-31-18
President of the Common Council	Stephen Barnett Kenneth Austin	01-01-17 to 12-31-17 01-01-18 to 12-31-18
Utility Office Manager	Sherry Phillips	01-01-17 to 12-31-18



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, 2017, 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 from 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 to 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, 2017.

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, 2017, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 September 10, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

September 10, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF 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, 2017, and the related notes to the financial statement, and have issued our report thereon dated September 10, 2018, 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 City'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. 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

September 10, 2018

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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, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
GENERAL FUND	\$ 10,123,562	\$ 16,299,897	\$ 15,261,140	\$ 11,162,319
MOTOR VEHICLE HIGHWAY	1,932,782	2,154,573	2,379,991	1,707,364
LOCAL ROAD AND STREET	496,268	326,810	344,122	478,956
ATHLETIC AND RECREATION	195,774	750,282	683,058	262,998
FIRE MEDIC	41,577	371	21,029	20,919
LOCAL LAW ENFORCEMENT CONTINUING EDUCATION	68,859	27,283	10,803	85,339
RECORD PERPETUATION	299,038	63,666	2,227	360,477
UNSAFE BUILDING FUND	57,884	-	7,367	50,517
PARK AND RECREATION	1,375,451	1,782,248	1,859,132	1,298,567
USER FEES CONTROL (COURT)	61,276	166,913	162,424	65,765
RAINY DAY	4,534,443	673,224	756,811	4,450,856
TIF LOAN PROCEEDS SHELL BUILDING	-	2,366,170	60	2,366,110
CUMULATIVE CAPITAL IMPROVEMENT	264,924	57,665	35,198	287,391
CUMULATIVE CAPITAL DEVELOPMENT	1,249,669	333,283	219,459	1,363,493
RDC CAPITAL	405,045	-	200,000	205,045
TIF REVENUE BOND PROCEEDS	6,642,824	30,940	3,215,204	3,458,560
T.I.F. CONTROL	6,913,151	4,037,111	3,573,798	7,376,464
PARK/RECREATION INFRASTRUCTURE IMPROVEMENTS	20,889	53,082	64,187	9,784
GROUP INSURANCE	2,682,660	1,576,363	2,237,555	2,021,468
OLD POLICE PENSION	892,309	225,364	229,307	888,366
OLD FIRE PENSION	390,490	475,611	479,066	387,035
COURT AGENCY FUND	4,595	72,553	71,761	5,387
RIVERBOAT WAGERING TAX REVENUE	142,882	-	23,445	119,437
ROARING RUN GRANT RETAINAGE	20,348	44,362	64,710	-
FRANKLIN CITY COURT	73,465	978,245	969,540	82,170
DONATION	81,160	51,002	75,886	56,276
GRANTS/POLICE	-	232,773	232,773	-
CDBG FACADE GRANT	67,822	-	67,822	-
IHCDA HOUSING GRANT	461	-	461	-
ROARING RUN GRANT	-	593,020	593,020	-
US EPA BROWNSFIELD GRANT	151	-	151	-
LOIT SPECIAL DISTRIBUTION	236,902	-	47,796	189,106
LOCAL ROAD & BRIDGE MATCHING GRANT FUND	(154,092)	1,602,895	1,634,350	(185,547)
DONATION PARK AND RECREATION	30,147	6,015	6,030	30,132
DEVELOPER'S SHARE MUNICIPAL IMPROVEMENT	10,150	-	-	10,150
FIRE PUBLIC EDUCATION	1,051	-	1,046	5
MUNICIPAL BOND GENERAL	143,605	259,882	248,743	154,744
PARK AND RECREATION 2012 BOND	50,017	297,037	303,975	43,079
TIF BOND DEBT SERVICE RESERVE	1,000,747	1,506	-	1,002,253
SIDEWALK REPAIR REPLACEMENT	1,651	14,450	13,488	2,613
B DICKUS MEMORIAL TIP LINE	26,500	-	-	26,500
GRANTS/PARK	9,330	2,554	7,260	4,624
POLICE FORFEITURE	7,677	550	165	8,062

CITY OF FRANKLIN
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
PAYROLL NET SALARIES	-	154,373	154,373	-
PAYROLL W/H-FEDERAL	48	1,225,696	1,225,744	-
PAYROLL W/H-SOCIAL SECURITY	44	545,550	545,594	-
PAYROLL W/H-MEDICARE	11	283,593	283,604	-
PAYROLL W/H-STATE	31,616	344,097	344,351	31,362
PAYROLL W/H-COUNTY	9,881	109,896	109,622	10,155
PAYROLL DIRECT DEPOSIT	-	7,658,429	7,658,429	-
PAYROLL EMPLOYEE MEDICAL PRE-TAX	-	19,002	19,002	-
PAYROLL DEPENDENT MEDICAL PRE-TAX	-	84,427	84,427	-
PAYROLL FLEX SPENDING PRE-TAX	-	53,119	53,119	-
PAYROLL CAFE DEPENDNT CARE 125	-	9,429	9,429	-
MET LIFE 457-\$ DEDUCTION PRE-TAX	-	62,781	62,781	-
MET LIFE 457-% DEDUCTION PRE-TAX	-	1,341	1,341	-
ONE AMERICA	-	18,650	18,650	-
PAYROLLR GUARDIAN INSURANCE	759	9,240	9,206	793
PAYROLL UNITED WAY DEDUCTION	-	2,482	2,482	-
PAYROLL FIRE UNION DUES	-	19,540	19,540	-
PAYROLL SEWER BILL	-	7,613	7,613	-
KY CHILD SUPPORT	-	5,200	5,200	-
PROPERTY TAX DEDUCTION	-	1,381	1,381	-
GARNISHMENT 1553	-	1,088	1,088	-
PAYROLL CHILD SUPPORT 543	-	30,236	30,236	-
PAYROLL CHILD SUPPORT ANNUAL FEE	-	220	220	-
PAYROLL PERF (1366-CIVILIAN)	2,065	167,353	167,358	2,060
PAYROLL INDIANA FIREFIGHTER PENSION	129	173,079	173,079	129
PAYROLL INDIANA POLICE PENSION	377	164,453	164,453	377
PAYROLL GARNISHMENT 113	-	5,440	5,440	-
PAYROLL OVERPAYMENT	-	510	510	-
OLD PERF 1366 (CIVILIAN)	3,286	-	-	3,286
INSURANCE TRUST	548,588	-	-	548,588
NEW FIRE PENSION 7742-200	13	-	-	13
NEW POLICE PENSION 7742-100	184	-	-	184
CEMETERY TRUST	1,195	45	1,195	45
STORM WATER UTILITY FUND	942,751	571,636	654,231	860,156
SEWER UTILITY	3,833,732	3,122,917	2,468,891	4,487,758
SEWER BOND AND INTEREST	175,263	230,074	223,137	182,200
SEWER IMPROVEMENT	810,914	357,000	-	1,167,914
SEWER DEBT SERVICE RESRVE	337,840	2,495	-	340,335
Totals	<u>\$ 47,102,140</u>	<u>\$ 51,000,085</u>	<u>\$ 50,610,086</u>	<u>\$ 47,492,139</u>

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, storm water, trash, 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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), wheel tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits. Amounts received from businesses, occupations, or non-businesses 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 the following: peddler licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENT
(Continued)

received from the state, local road and street distributions 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

Other receipts. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENT
(Continued)

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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
(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, the following: 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.

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

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENT
(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 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.

Note 7. Cash Balance Deficit

The financial statement contains a fund (Local Road & Bridge Matching Grant Fund) with a deficit in cash. This is a result of the fund being set up for reimbursement. The reimbursement for expenditures made by the City were not received by December 31, 2017.

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OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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 City's Annual Financial Report 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, 2017

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD AND STREET	ATHLETIC AND RECREATION	FIRE MEDIC
Cash and investments - beginning	\$ 10,123,562	\$ 1,932,782	\$ 496,268	\$ 195,774	\$ 41,577
Receipts:					
Taxes	13,749,458	1,167,105	-	-	-
Licenses and permits	235,427	-	-	-	-
Intergovernmental receipts	1,359,722	949,804	326,744	-	-
Charges for services	239,167	22,979	-	750,282	371
Fines and forfeits	340,922	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	375,201	14,685	66	-	-
Total receipts	<u>16,299,897</u>	<u>2,154,573</u>	<u>326,810</u>	<u>750,282</u>	<u>371</u>
Disbursements:					
Personal services	9,847,287	987,732	-	-	-
Supplies	550,752	209,863	52,579	683,058	21,029
Other services and charges	3,389,803	234,353	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	800,159	463,556	173,135	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	673,139	484,487	118,408	-	-
Total disbursements	<u>15,261,140</u>	<u>2,379,991</u>	<u>344,122</u>	<u>683,058</u>	<u>21,029</u>
Excess (deficiency) of receipts over disbursements	<u>1,038,757</u>	<u>(225,418)</u>	<u>(17,312)</u>	<u>67,224</u>	<u>(20,658)</u>
Cash and investments - ending	<u>\$ 11,162,319</u>	<u>\$ 1,707,364</u>	<u>\$ 478,956</u>	<u>\$ 262,998</u>	<u>\$ 20,919</u>

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	LOCAL LAW ENFORCEMENT CONTINUING EDUCATION	RECORD PERPETUATION	UNSAFE BUILDING FUND	PARK AND RECREATION	USER FEES CONTROL (COURT)
Cash and investments - beginning	\$ 68,859	\$ 299,038	\$ 57,884	\$ 1,375,451	\$ 61,276
Receipts:					
Taxes	-	-	-	1,446,004	-
Licenses and permits	13,310	-	-	-	-
Intergovernmental receipts	-	-	-	122,209	-
Charges for services	1,872	-	-	174,290	-
Fines and forfeits	8,896	63,666	-	-	166,913
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	3,205	-	-	39,745	-
Total receipts	27,283	63,666	-	1,782,248	166,913
Disbursements:					
Personal services	-	1,827	-	1,040,759	-
Supplies	10,723	-	-	165,279	-
Other services and charges	-	400	7,367	603,094	162,424
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	50,000	-
Utility operating expenses	-	-	-	-	-
Other disbursements	80	-	-	-	-
Total disbursements	10,803	2,227	7,367	1,859,132	162,424
Excess (deficiency) of receipts over disbursements	16,480	61,439	(7,367)	(76,884)	4,489
Cash and investments - ending	\$ 85,339	\$ 360,477	\$ 50,517	\$ 1,298,567	\$ 65,765

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	RAINY DAY	TIF LOAN PROCEEDS SHELL BUILDING	CUMULATIVE CAPITAL IMPROVEMENT	CUMULATIVE CAPITAL DEVELOPMENT	RDC CAPITAL
Cash and investments - beginning	\$ 4,534,443	\$ -	\$ 264,924	\$ 1,249,669	\$ 405,045
Receipts:					
Taxes	-	-	-	307,309	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	57,665	25,974	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	673,224	2,366,170	-	-	-
Total receipts	673,224	2,366,170	57,665	333,283	-
Disbursements:					
Personal services	-	-	-	-	-
Supplies	6,825	-	-	-	-
Other services and charges	61,120	60	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	688,866	-	35,198	219,459	200,000
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	756,811	60	35,198	219,459	200,000
Excess (deficiency) of receipts over disbursements	(83,587)	2,366,110	22,467	113,824	(200,000)
Cash and investments - ending	\$ 4,450,856	\$ 2,366,110	\$ 287,391	\$ 1,363,493	\$ 205,045

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	TIF REVENUE BOND PROCEEDS	T.I.F. CONTROL	PARK/RECREATION INFRASTRUCTURE IMPROVEMENTS	GROUP INSURANCE	OLD POLICE PENSION
Cash and investments - beginning	\$ 6,642,824	\$ 6,913,151	\$ 20,889	\$ 2,682,660	\$ 892,309
Receipts:					
Taxes	-	3,970,798	-	-	-
Licenses and permits	-	-	53,016	-	-
Intergovernmental receipts	30,940	-	-	-	225,364
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	-	66,313	66	1,576,363	-
Total receipts	30,940	4,037,111	53,082	1,576,363	225,364
Disbursements:					
Personal services	-	-	-	-	229,147
Supplies	-	-	-	-	-
Other services and charges	3,215,204	2,219,596	-	2,237,555	160
Debt service - principal and interest	-	1,354,202	-	-	-
Capital outlay	-	-	64,187	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	3,215,204	3,573,798	64,187	2,237,555	229,307
Excess (deficiency) of receipts over disbursements	(3,184,264)	463,313	(11,105)	(661,192)	(3,943)
Cash and investments - ending	\$ 3,458,560	\$ 7,376,464	\$ 9,784	\$ 2,021,468	\$ 888,366

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	OLD FIRE PENSION	COURT AGENCY FUND	RIVERBOAT WAGERING TAX REVENUE	ROARING RUN GRANT RETAINAGE	FRANKLIN CITY COURT
Cash and investments - beginning	\$ 390,490	\$ 4,595	\$ 142,882	\$ 20,348	\$ 73,465
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	475,611	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	72,553	-	-	978,245
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	-	-	-	44,362	-
Total receipts	<u>475,611</u>	<u>72,553</u>	<u>-</u>	<u>44,362</u>	<u>978,245</u>
Disbursements:					
Personal services	478,012	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	1,054	-	23,445	64,710	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	71,761	-	-	969,540
Total disbursements	<u>479,066</u>	<u>71,761</u>	<u>23,445</u>	<u>64,710</u>	<u>969,540</u>
Excess (deficiency) of receipts over disbursements	<u>(3,455)</u>	<u>792</u>	<u>(23,445)</u>	<u>(20,348)</u>	<u>8,705</u>
Cash and investments - ending	<u>\$ 387,035</u>	<u>\$ 5,387</u>	<u>\$ 119,437</u>	<u>\$ -</u>	<u>\$ 82,170</u>

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	<u>DONATION</u>	<u>GRANTS/ POLICE</u>	<u>CDBG FACADE GRANT</u>	<u>IHCDA HOUSING GRANT</u>	<u>ROARING RUN GRANT</u>
Cash and investments - beginning	\$ 81,160	\$ -	\$ 67,822	\$ 461	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	216,146	-	-	593,020
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	51,002	16,627	-	-	-
Total receipts	<u>51,002</u>	<u>232,773</u>	<u>-</u>	<u>-</u>	<u>593,020</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	44,056	232,773	-	-	-
Other services and charges	31,830	-	67,822	461	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	593,020
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>75,886</u>	<u>232,773</u>	<u>67,822</u>	<u>461</u>	<u>593,020</u>
Excess (deficiency) of receipts over disbursements	<u>(24,884)</u>	<u>-</u>	<u>(67,822)</u>	<u>(461)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 56,276</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, 2017

	US EPA BROWNSFIELD GRANT	LOIT SPECIAL DISTRIBUTION	LOCAL ROAD & BRIDGE MATCHING GRANT FUND	DONATION PARK AND RECREATION	DEVELOPER'S SHARE MUNICIPAL IMPROVEMENT
Cash and investments - beginning	\$ 151	\$ 236,902	\$ (154,092)	\$ 30,147	\$ 10,150
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	1,000,000	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	-	-	602,895	6,015	-
Total receipts	-	-	1,602,895	6,015	-
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	3,330	-
Other services and charges	-	-	-	2,700	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	47,796	1,634,350	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	151	-	-	-	-
Total disbursements	151	47,796	1,634,350	6,030	-
Excess (deficiency) of receipts over disbursements	(151)	(47,796)	(31,455)	(15)	-
Cash and investments - ending	\$ -	\$ 189,106	\$ (185,547)	\$ 30,132	\$ 10,150

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	FIRE PUBLIC EDUCATION	MUNICIPAL BOND GENERAL	PARK AND RECREATION 2012 BOND	TIF BOND DEBT SERVICE RESERVE	SIDEWALK REPAIR REPLACEMENT
Cash and investments - beginning	\$ 1,051	\$ 143,605	\$ 50,017	\$ 1,000,747	\$ 1,651
Receipts:					
Taxes	-	226,061	296,056	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	33,821	981	-	-
Charges for services	-	-	-	-	14,450
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	-	-	-	1,506	-
Total receipts	<u>-</u>	<u>259,882</u>	<u>297,037</u>	<u>1,506</u>	<u>14,450</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	1,046	-	-	-	13,488
Other services and charges	-	750	250	-	-
Debt service - principal and interest	-	247,993	303,725	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	<u>1,046</u>	<u>248,743</u>	<u>303,975</u>	<u>-</u>	<u>13,488</u>
Excess (deficiency) of receipts over disbursements	<u>(1,046)</u>	<u>11,139</u>	<u>(6,938)</u>	<u>1,506</u>	<u>962</u>
Cash and investments - ending	<u>\$ 5</u>	<u>\$ 154,744</u>	<u>\$ 43,079</u>	<u>\$ 1,002,253</u>	<u>\$ 2,613</u>

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	B DICKUS MEMORIAL TIP LINE	GRANTS/ PARK	POLICE FORFEITURE	PAYROLL NET SALARIES	PAYROLL W/H-FEDERAL
Cash and investments - beginning	\$ 26,500	\$ 9,330	\$ 7,677	\$ -	\$ 48
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	550	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	-	2,554	-	154,373	1,225,696
Total receipts	-	2,554	550	154,373	1,225,696
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	3,189	-	-	-
Other services and charges	-	4,071	165	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	-	-	-	154,373	1,225,744
Total disbursements	-	7,260	165	154,373	1,225,744
Excess (deficiency) of receipts over disbursements	-	(4,706)	385	-	(48)
Cash and investments - ending	\$ 26,500	\$ 4,624	\$ 8,062	\$ -	\$ -

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	PAYROLL W/H-SOCIAL SECURITY	PAYROLL W/H-MEDICARE	PAYROLL W/H-STATE	PAYROLL W/H-COUNTY	PAYROLL DIRECT DEPOSIT
Cash and investments - beginning	\$ 44	\$ 11	\$ 31,616	\$ 9,881	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	545,550	283,593	344,097	109,896	7,658,429
Total receipts	545,550	283,593	344,097	109,896	7,658,429
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	545,594	283,604	344,351	109,622	7,658,429
Total disbursements	545,594	283,604	344,351	109,622	7,658,429
Excess (deficiency) of receipts over disbursements	(44)	(11)	(254)	274	-
Cash and investments - ending	\$ -	\$ -	\$ 31,362	\$ 10,155	\$ -

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	PAYROLL EMPLOYEE MEDICAL PRE-TAX	PAYROLL DEPENDENT MEDICAL PRE-TAX	PAYROLL FLEX SPENDING PRE-TAX	PAYROLL CAFE DEPENDNT CARE 125	MET LIFE 457-\$ DEDUCTION PRE-TAX
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	19,002	84,427	53,119	9,429	62,781
Total receipts	<u>19,002</u>	<u>84,427</u>	<u>53,119</u>	<u>9,429</u>	<u>62,781</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	19,002	84,427	53,119	9,429	62,781
Total disbursements	<u>19,002</u>	<u>84,427</u>	<u>53,119</u>	<u>9,429</u>	<u>62,781</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-
Cash and investments - ending	<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, 2017

	MET LIFE 457-% DEDUCTION PRE-TAX	ONE AMERICA	PAYROLLR GUARDIAN INSURANCE	PAYROLL UNITED WAY DEDUCTION	PAYROLL FIRE UNION DUES
Cash and investments - beginning	\$ -	\$ -	\$ 759	\$ -	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	1,341	18,650	9,240	2,482	19,540
Total receipts	<u>1,341</u>	<u>18,650</u>	<u>9,240</u>	<u>2,482</u>	<u>19,540</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	1,341	18,650	9,206	2,482	19,540
Total disbursements	<u>1,341</u>	<u>18,650</u>	<u>9,206</u>	<u>2,482</u>	<u>19,540</u>
Excess (deficiency) of receipts over disbursements	-	-	34	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 793</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, 2017

	PAYROLL SEWER BILL	KY CHILD SUPPORT	PROPERTY TAX DEDUCTION	GARNISHMENT 1553	PAYROLL CHILD SUPPORT 543
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	7,613	5,200	1,381	1,088	30,236
Total receipts	<u>7,613</u>	<u>5,200</u>	<u>1,381</u>	<u>1,088</u>	<u>30,236</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	7,613	5,200	1,381	1,088	30,236
Total disbursements	<u>7,613</u>	<u>5,200</u>	<u>1,381</u>	<u>1,088</u>	<u>30,236</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-
Cash and investments - ending	<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, 2017

	PAYROLL CHILD SUPPORT ANNUAL FEE	PAYROLL PERF (1366-CIVILIAN)	PAYROLL INDIANA FIREFIGHTER PENSION	PAYROLL INDIANA POLICE PENSION	PAYROLL GARNISHMENT 113
Cash and investments - beginning	\$ -	\$ 2,065	\$ 129	\$ 377	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	-	-
Penalties	-	-	-	-	-
Other receipts	220	167,353	173,079	164,453	5,440
Total receipts	220	167,353	173,079	164,453	5,440
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Utility operating expenses	-	-	-	-	-
Other disbursements	220	167,358	173,079	164,453	5,440
Total disbursements	220	167,358	173,079	164,453	5,440
Excess (deficiency) of receipts over disbursements	-	(5)	-	-	-
Cash and investments - ending	\$ -	\$ 2,060	\$ 129	\$ 377	\$ -

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	PAYROLL OVERPAYMENT	OLD PERF 1366 (CIVILIAN)	INSURANCE TRUST	NEW FIRE PENSION 7742-200
Cash and investments - beginning	\$ -	\$ 3,286	\$ 548,588	\$ 13
Receipts:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental receipts	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Utility fees	-	-	-	-
Penalties	-	-	-	-
Other receipts	510	-	-	-
Total receipts	510	-	-	-
Disbursements:				
Personal services	-	-	-	-
Supplies	-	-	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	-	-
Utility operating expenses	-	-	-	-
Other disbursements	510	-	-	-
Total disbursements	510	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-
Cash and investments - ending	\$ -	\$ 3,286	\$ 548,588	\$ 13

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	NEW POLICE PENSION 7742-100	CEMETERY TRUST	STORM WATER UTILITY FUND	SEWER UTILITY
Cash and investments - beginning	\$ 184	\$ 1,195	\$ 942,751	\$ 3,833,732
Receipts:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental receipts	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Utility fees	-	-	559,111	3,020,019
Penalties	-	-	-	71,677
Other receipts	-	45	12,525	31,221
Total receipts	-	45	571,636	3,122,917
Disbursements:				
Personal services	-	-	162,808	789,015
Supplies	-	1,195	-	-
Other services and charges	-	-	-	-
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	326,372	26,413
Utility operating expenses	-	-	108,243	1,319,162
Other disbursements	-	-	56,808	334,301
Total disbursements	-	1,195	654,231	2,468,891
Excess (deficiency) of receipts over disbursements	-	(1,150)	(82,595)	654,026
Cash and investments - ending	\$ 184	\$ 45	\$ 860,156	\$ 4,487,758

CITY OF FRANKLIN
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	SEWER BOND AND INTEREST	SEWER IMPROVEMENT	SEWER DEBT SERVICE RESERVE	Totals
Cash and investments - beginning	\$ 175,263	\$ 810,914	\$ 337,840	\$ 47,102,140
Receipts:				
Taxes	-	-	-	21,162,791
Licenses and permits	-	-	-	301,753
Intergovernmental receipts	-	-	-	5,418,001
Charges for services	-	-	-	1,203,411
Fines and forfeits	-	-	-	1,631,745
Utility fees	-	357,000	-	3,936,130
Penalties	-	-	-	71,677
Other receipts	230,074	-	2,495	17,274,577
Total receipts	<u>230,074</u>	<u>357,000</u>	<u>2,495</u>	<u>51,000,085</u>
Disbursements:				
Personal services	-	-	-	13,536,587
Supplies	-	-	-	1,999,185
Other services and charges	-	-	-	12,328,394
Debt service - principal and interest	223,137	-	-	2,129,057
Capital outlay	-	-	-	5,322,511
Utility operating expenses	-	-	-	1,427,405
Other disbursements	-	-	-	13,866,947
Total disbursements	<u>223,137</u>	<u>-</u>	<u>-</u>	<u>50,610,086</u>
Excess (deficiency) of receipts over disbursements	<u>6,937</u>	<u>357,000</u>	<u>2,495</u>	<u>389,999</u>
Cash and investments - ending	<u>\$ 182,200</u>	<u>\$ 1,167,914</u>	<u>\$ 340,335</u>	<u>\$ 47,492,139</u>

CITY OF FRANKLIN
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Storm Water	\$ 13,796	\$ 71,803
Wastewater	104,847	314,836
Governmental activities	<u>1,869,885</u>	<u>616,252</u>
Totals	<u>\$ 1,988,528</u>	<u>\$ 1,002,891</u>

CITY OF FRANKLIN
SCHEDULE OF LEASES AND DEBT
December 31, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Catgerpillar Financial Svcs Corp	Kubota Tractor	\$ 5,764	01/28/2015	12/31/2019
John Deere Financial	Loader	8,540	12/02/2014	12/02/2019
TCF Equipment Finance	Street Sweeper	26,978	10/14/2014	02/01/2021
US Bankcorp	Vehicles and equipment for parks	<u>51,325</u>	05/20/2016	07/15/2021
Total of annual lease payments		<u>\$ 92,607</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2012 Park Construction Bond	\$ 2,485,000	\$ 303,825
General obligation bonds	Purchase land and building for Police & Street Departments	2,340,000	248,605
Revenue bonds	RDC Tax Increment Revenue Bonds	14,245,000	1,353,737
Notes and loans payable	RDC Shell Building Loan	<u>2,392,000</u>	<u>82,481</u>
Total governmental activities		<u>21,462,000</u>	<u>1,988,648</u>
Wastewater:			
Revenue bonds	2013 Sewage Works Refunding Bonds	<u>1,080,000</u>	<u>229,208</u>
Totals		<u>\$ 22,542,000</u>	<u>\$ 2,217,856</u>

CITY OF FRANKLIN
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2017

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	\$ 2,988,562
Infrastructure	43,796,528
Buildings	13,978,379
Improvements other than buildings	5,696,957
Machinery, equipment, and vehicles	<u>10,317,411</u>
Total governmental activities	<u>76,777,837</u>
Storm Water:	
Infrastructure	3,462,633
Machinery, equipment, and vehicles	<u>62,782</u>
Total Storm Water	<u>3,525,415</u>
Wastewater:	
Infrastructure	30,613,777
Buildings	3,221,513
Improvements other than buildings	3,271,177
Machinery, equipment, and vehicles	<u>987,659</u>
Total Wastewater	<u>38,094,126</u>
Total capital assets	<u>\$ 118,397,378</u>

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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 *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2017. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major 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, 2017.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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


Paul D. Joyce, CPA
State Examiner

September 10, 2018

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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, 2017

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	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
Community Development Block Grant/State's program and Non-Entitlement Grants in Hawaii Roaring Run Grant	Indiana Office of Community and Rural Affairs	14.228	DR2-09-282	\$ -	\$ 593,020
Total - Department of Housing and Urban Development				-	593,020
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Bike/Pedestrian Facilities along Eastview Arvin Commerce Pkwy			138225	-	66,896
State Road 44-Crowell to Eastview			1400567	-	431,677
Westview Dr & Jefferson St Intersection Improvements			150068/5	-	30,940
Pedestrian Safety Enhancements US 31 & Mallory Pkwy			DES 1500692	-	39,856
Total - Highway Planning and Construction				-	569,369
Total - Highway Planning and Construction Cluster				-	569,369
Highway Safety Cluster					
National Priority Safety Programs	Indiana Criminal Justice Institute	20.616			
Operation Pullover			D3-17-11075	-	15,175
DUI Grant			D3-17-11167	-	3,968
Total - National Priority Safety Programs				-	19,143
Total - Highway Safety Cluster				-	19,143
Total - Department of Transportation				-	588,512
<u>Department of Homeland Security</u>					
Assistance to Firefighters Grant	Direct Grant	97.044			
SCBA Gear Grant			EMW-2015-FO-05294	-	216,146
Total - Department of Homeland Security				-	216,146
Total federal awards expended				\$ -	\$ 1,397,678

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 (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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 weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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.

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.