B40274

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, 2011 to December 31, 2011

FILED
04/02/2012

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SCHEDULE OF OFFICIALS

Office	Official	Term
Clerk-Treasurer	Janet J. Alexander	01-01-08 to 12-31-15
Mayor	Fred L. Paris	01-01-08 to 12-31-11
	Joe McGuinness	01-01-12 to 12-31-15
President of the Board of Public Works	Fred L. Paris	01-01-11 to 12-31-11
	Joe McGuinness	01-01-12 to 12-31-12
President of the Common Council	Dr. William T. Murphy	01-01-11 to 12-31-11
	Stephen Barnett	01-01-12 to 12-31-12
Superintendent of Wastewater Utility	Charles Littleton, Jr.	01-01-11 to 12-31-12
Utility Billing Manager	Sherry Phillips	01-01-11 to 12-31-12

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the City of Franklin (City), for the year ended December 31, 2011. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated March 5, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis is presented for additional analysis and is not a required part of the financial statement. It has not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

March 5, 2012

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statement of the City of Franklin (City), for the year ended December 31, 2011, and have issued our report thereon dated March 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

March 5, 2012

FINANCIAL STATEMENT

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, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	$ 7,503,439	$ 13,169,508	$ 13,076,083	$ 7,596,864
Motor Vehicle Highway	1,749,733	1,486,675	1,427,794	1,808,614
Local Road and Street	546,862	384,632	435,587	495,907
Athletic and Recreation	42,925	670,127	649,333	63,719
Fire Medic	272,583	2,671	54,842	220,412
Local Law Enforcement Continuing Education	115,803	19,031	96,950	37,884
Record Perpetuation	63,824	14,062	10,314	67,572
Unsafe Building	37,176	-	22,382	14,794
PSAP Enhanced 911	27,443	-	3,654	23,789
Park and Recreation	874,483	1,544,708	1,233,355	1,185,836
User Fees Control (Court)	81,022	256,429	261,508	75,943
Rainy Day	2,295,215	2,560,556	877,625	3,978,146
Levy Excess	26,555	-	-	26,555
Cumulative Capital Improvement - Cigarette Tax	179,993	55,893	50,558	185,328
Cumulative Capital Development	759,034	318,599	688,703	388,930
Tax Increment Financing Control	5,878,137	2,936,271	3,848,663	4,965,745
Park and Recreation Infrastructure Improvement	253,761	94,463	123,498	224,726
Group Insurance	2,209,916	2,217,921	2,257,947	2,169,890
Old Police Pension	786,532	374,002	262,116	898,418
Old Fire Pension	421,519	423,719	455,483	389,755
Court Agency	-	96,940	96,940	-
Riverboat Wagering Tax Revenue	121,800	-	-	121,800
Donation	16,907	1,501	5,934	12,474
Grants Police	2,770	20,862	10,317	13,315
CDBG-Flood Buy-Out Grant	364,519	474,246	777,912	60,853
US EPA Brownfield Grant-ASAP	151	-	-	151
Disaster Relief	1,822,779	1,438,160	2,406,266	854,673
Donation Park and Recreation	25,692	16,708	15,093	27,307
Developer's Share Municipal Improvement	10,150	-	-	10,150
Fire Public Education	1,001	-	-	1,001
Municipal Bond - General	76,788	206,599	248,355	35,032
Park District Bond	-	277,162	277,162	-
Sidewalk Repair Replacement	1,312	5,966	5,664	1,614
Grants Park	7,672	3,856	5,297	6,231
Police Forfeiture	213	1	-	214
Payroll Net Salaries	-	347,795	347,795	-
Payroll Withholding Federal	-	973,121	973,121	-
Payroll Wthholding Social Security	-	393,618	393,618	-
Payroll Withholding Medicare	-	227,552	227,552	-
Payroll Withholding State	38,968	306,436	306,796	38,608
Payroll Withholding County	11,488	87,755	87,839	11,404
Payroll Direct Deposit	-	6,346,904	6,346,904	-
Payroll Garnishment 1092	-	101	101	-
Payroll Garnishment 60	-	1,144	1,144	-
Payroll Employee Medical Pre-Tax	-	8,278	8,278	-

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,
(Continued)

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Payroll Dependent Medical Pre-Tax	-	102,996	102,996	-
Payroll Flex Spending Pre-Tax	-	70,160	70,160	-
Payroll Cafeteria Dependent Care 125	-	16,919	16,919	-
Payroll Garnishment 831	-	1,476	1,476	-
Payroll Met Life 457 Deduction Pre-Tax	-	54,590	54,590	-
Payroll Met Life 457 Deduction Pre Tax	-	14,081	14,081	-
Payroll Garnishment 759 (2)	-	583	583	-
Payroll HM Insurance	-	20,339	20,339	-
Payroll United Way Deduction	-	1,690	1,690	-
Payroll Fire Union Dues	-	19,633	19,633	-
Payroll Steel Toe Shoes	-	123	123	-
Payroll Sewer Bill	-	8,014	8,014	-
Payroll Child Support 543	-	42,218	42,218	-
Payroll Garnishment 759	-	3,600	3,600	-
Payroll Garnishment 812	-	3,458	3,458	-
Payroll Garnishment 220	-	2,418	2,418	-
Payroll Garnishment 701	-	901	901	-
Payroll Garnishment 446	-	2,172	2,172	-
Payroll PERF (1366-Civilian)	30,666	114,632	114,735	30,563
Payroll Indiana Firefighter Pension	37,332	150,526	150,683	37,175
Payroll Indiana Police Pension	29,808	122,507	121,616	30,699
Payroll Garnishment 1099	-	687	687	-
Payroll Garnishment 113	-	1,950	1,950	-
Old PERF 1366 (Civilian)	3,286	-	-	3,286
Insurance Trust	548,588	-	-	548,588
New Police Pension 7742-100	254	-	70	184
Cemetery Trust	32,055	65	-	32,120
City Court	17,100	2,549,329	2,549,329	17,100
Storm Water Utility	305,126	544,462	259,201	590,387
Sewer Utility	5,094,767	3,127,100	3,836,583	4,385,284
Sewer Bond and Interest	1,172,031	1,033,091	1,212,462	992,660
Sewer Improvement	1,606,720	1,030,552	1,869,441	767,831
Sewer Debt Service Reserve	1,268,955	-	-	1,268,955
Totals	$ 36,774,853	$ 46,804,244	$ 48,860,611	$ 34,718,486

The notes to the financial statement are an integral part of this 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, and wastewater services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

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

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

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

Plan Description

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

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

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

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

Funding Policy

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

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual 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 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 supplementary 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, 2011

	General	Motor Vehicle Highway	Local Road and Street	Athletic and Recreation	Fire Medic	Local Law Enforcement Continuing Education	Record Perpetuation	Unsafe Building
Cash and investments - beginning	$ 7,503,439	$ 1,749,733	$ 546,862	$ 42,925	$ 272,583	$ 115,803	$ 63,824	$ 37,176
Receipts:								
Taxes	6,650,564	891,219	-	-	-	-	-	-
Licenses and permits	62,014	-	-	-	-	10,160	-	-
Intergovernmental	5,516,002	571,080	384,632	-	-	-	-	-
Charges for services	191,935	20,329	-	670,127	2,671	2,018	-	-
Fines and forfeits	317,947	-	-	-	-	2,191	14,062	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	431,046	4,047	-	-	-	4,662	-	-
Total receipts	13,169,508	1,486,675	384,632	670,127	2,671	19,031	14,062	-
Disbursements:								
Personal services	9,007,910	813,147	-	-	-	-	-	-
Supplies	799,177	156,186	77,319	649,333	-	-	-	-
Other services and charges	3,173,915	213,038	-	-	119	-	10,314	22,382
Capital outlay	94,668	245,423	358,268	-	54,235	96,905	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	413	-	-	-	488	45	-	-
Total disbursements	13,076,083	1,427,794	435,587	649,333	54,842	96,950	10,314	22,382
Excess (deficiency) of receipts over disbursements	93,425	58,881	(50,955)	20,794	(52,171)	(77,919)	3,748	(22,382)
Cash and investments - ending	$ 7,596,864	$ 1,808,614	$ 495,907	$ 63,719	$ 220,412	$ 37,884	$ 67,572	$ 14,794

CITY OF FRANKLIN
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	PSAP Enhanced 911	Park and Recreation	User Fees Control (Court)	Rainy Day	Levy Excess	Cumulative Capital Improvement - Cigarette Tax	Cumulative Capital Development	Tax Increment Financing Control
Cash and investments - beginning	$ 27,443	$ 874,483	$ 81,022	$ 2,295,215	$ 26,555	$ 179,993	$ 759,034	$ 5,878,137
Receipts:								
Taxes	-	1,283,595	-	-	-	-	289,300	2,906,014
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	100,700	-	211,800	-	55,893	22,054	-
Charges for services	-	153,357	-	-	-	-	-	-
Fines and forfeits	-	-	256,429	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-	-
Other receipts	-	7,056	-	2,348,756	-	-	7,245	30,257
Total receipts	-	1,544,708	256,429	2,560,556	-	55,893	318,599	2,936,271
Disbursements:								
Personal services	-	801,681	-	49,903	-	-	-	-
Supplies	1,906	84,137	-	-	-	-	-	-
Other services and charges	1,748	327,428	261,508	-	-	-	-	3,810,630
Capital outlay	-	20,087	-	-	-	50,558	688,703	38,033
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	22	-	827,722	-	-	-	-
Total disbursements	3,654	1,233,355	261,508	877,625	-	50,558	688,703	3,848,663
Excess (deficiency) of receipts over disbursements	(3,654)	311,353	(5,079)	1,682,931	-	5,335	(370,104)	(912,392)
Cash and investments - ending	$ 23,789	$ 1,185,836	$ 75,943	$ 3,978,146	$ 26,555	$ 185,328	$ 388,930	$ 4,965,745

CITY OF FRANKLIN
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Park and Recreation Infrastructure Improvement	Group Insurance	Old Police Pension	Old Fire Pension	Court Agency	Riverboat Wagering Tax Revenue	Donation
Cash and investments - beginning	$ 253,761	$ 2,209,916	$ 786,532	$ 421,519	$ -	$ 121,800	$ 16,907
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	5,711	-	-	-	-	-	-
Intergovernmental	88,339	-	374,002	423,719	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	96,940	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	413	2,217,921	-	-	-	-	1,501
Total receipts	94,463	2,217,921	374,002	423,719	96,940	-	1,501
Disbursements:							
Personal services	-	-	249,956	442,727	-	-	-
Supplies	-	-	-	600	-	-	3,444
Other services and charges	-	2,257,947	12,160	12,156	-	-	2,490
Capital outlay	123,498	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	96,940	-	-
Total disbursements	123,498	2,257,947	262,116	455,483	96,940	-	5,934
Excess (deficiency) of receipts over disbursements	(29,035)	(40,026)	111,886	(31,764)	-	-	(4,433)
Cash and investments - ending	$ 224,726	$ 2,169,890	$ 898,418	$ 389,755	$ -	$ 121,800	$ 12,474

CITY OF FRANKLIN
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Grants Police	CDBG-Flood Buy-Out Grant	US EPA Brownfield Grant-ASAP	Disaster Relief	Donation Park and Recreation	Developer's Share Municipal Improvement	Fire Public Education
Cash and investments - beginning	$ 2,770	$ 364,519	$ 151	$ 1,822,779	$ 25,692	$ 10,150	$ 1,001
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	20,862	273,837	-	836,932	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	200,409	-	601,228	16,708	-	-
Total receipts	20,862	474,246	-	1,438,160	16,708	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	4,885	-	-	1,819	11,434	-	-
Other services and charges	5,432	200,528	-	665,905	3,659	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	577,384	-	1,738,542	-	-	-
Total disbursements	10,317	777,912	-	2,406,266	15,093	-	-
Excess (deficiency) of receipts over disbursements	10,545	(303,666)	-	(968,106)	1,615	-	-
Cash and investments - ending	$ 13,315	$ 60,853	$ 151	$ 854,673	$ 27,307	$ 10,150	$ 1,001

CITY OF FRANKLIN
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Municipal Bond - General	Park District Bond	Sidewalk Repair Replacement	Grants Park	Police Forfeiture	Payroll Net Salaries	Payroll Withholding Federal
Cash and investments - beginning	$ 76,788	$ -	$ 1,312	$ 7,672	$ 213	$ -	$ -
Receipts:							
Taxes	191,965	257,530	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	14,634	19,632	-	3,856	-	-	-
Charges for services	-	-	5,966	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	-	-	-	-	1	347,795	973,121
Total receipts	206,599	277,162	5,966	3,856	1	347,795	973,121
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	5,664	5,297	-	-	-
Other services and charges	248,355	277,162	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	347,795	973,121
Total disbursements	248,355	277,162	5,664	5,297	-	347,795	973,121
Excess (deficiency) of receipts over disbursements	(41,756)	-	302	(1,441)	1	-	-
Cash and investments - ending	$ 35,032	$ -	$ 1,614	$ 6,231	$ 214	$ -	$ -

CITY OF FRANKLIN
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Payroll Wthholding Social Security	Payroll Withholding Medicare	Payroll Withholding State	Payroll Withholding County	Payroll Direct Deposit	Payroll Garnishment 1092	Payroll Garnishment 60
Cash and investments - beginning	$ -	$ -	$ 38,968	$ 11,488	$ -	$ -	$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	393,618	227,552	306,436	87,755	6,346,904	101	1,144
Total receipts	393,618	227,552	306,436	87,755	6,346,904	101	1,144
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	393,618	227,552	306,796	87,839	6,346,904	101	1,144
Total disbursements	393,618	227,552	306,796	87,839	6,346,904	101	1,144
Excess (deficiency) of receipts over disbursements	-	-	(360)	(84)	-	-	-
Cash and investments - ending	$ -	$ -	$ 38,608	$ 11,404	$ -	$ -	$ -

CITY OF FRANKLIN
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Payroll Employee Medical Pre-Tax	Payroll Dependent Medical Pre-Tax	Payroll Flex Spending Pre-Tax	Payroll Cafeteria Dependent Care 125	Payroll Garnishment 831	Payroll Met Life 457 Deduction Pre-Tax	Payroll Met Life 457 Deduction Pre Tax
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	8,278	102,996	70,160	16,919	1,476	54,590	14,081
Total receipts	8,278	102,996	70,160	16,919	1,476	54,590	14,081
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	8,278	102,996	70,160	16,919	1,476	54,590	14,081
Total disbursements	8,278	102,996	70,160	16,919	1,476	54,590	14,081
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, 2011
(Continued)

	Payroll Garnishment 759 (2)	Payroll HM Insurance	Payroll United Way Deduction	Payroll Fire Union Dues	Payroll Steel Toe Shoes	Payroll Sewer Bill	Payroll Child Support 543
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	583	20,339	1,690	19,633	123	8,014	42,218
Total receipts	583	20,339	1,690	19,633	123	8,014	42,218
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	583	20,339	1,690	19,633	123	8,014	42,218
Total disbursements	583	20,339	1,690	19,633	123	8,014	42,218
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, 2011
(Continued)

	Payroll Garnishment 759	Payroll Garnishment 812	Payroll Garnishment 220	Payroll Garnishment 701	Payroll Garnishment 446	Payroll PERF (1366-Civilian)	Payroll Indiana Firefighter Pension
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ -	$ 30,666	$ 37,332
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	3,600	3,458	2,418	901	2,172	114,632	150,526
Total receipts	3,600	3,458	2,418	901	2,172	114,632	150,526
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	3,600	3,458	2,418	901	2,172	114,735	150,683
Total disbursements	3,600	3,458	2,418	901	2,172	114,735	150,683
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(103)	(157)
Cash and investments - ending	$ -	$ -	$ -	$ -	$ -	$ 30,563	$ 37,175

CITY OF FRANKLIN
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	Payroll Indiana Police Pension	Payroll Garnishment 1099	Payroll Garnishment 113	Old PERF 1366 (Civilian)	Insurance Trust	New Police Pension 7742-100	Cemetery Trust
Cash and investments - beginning	$ 29,808	$ -	$ -	$ 3,286	$ 548,588	$ 254	$ 32,055
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	122,507	687	1,950	-	-	-	65
Total receipts	122,507	687	1,950	-	-	-	65
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	121,616	687	1,950	-	-	70	-
Total disbursements	121,616	687	1,950	-	-	70	-
Excess (deficiency) of receipts over disbursements	891	-	-	-	-	(70)	65
Cash and investments - ending	$ 30,699	$ -	$ -	$ 3,286	$ 548,588	$ 184	$ 32,120

CITY OF FRANKLIN
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2011
(Continued)

	City Court	Storm Water Utility	Sewer Utility	Sewer Bond and Interest	Sewer Improvement	Sewer Debt Service Reserve	Totals
Cash and investments - beginning	$ 17,100	$ 305,126	$ 5,094,767	$ 1,172,031	$ 1,606,720	$ 1,268,955	$ 36,774,853
Receipts:							
Taxes	-	-	-	-	-	-	12,470,187
Licenses and permits	-	-	-	-	-	-	77,885
Intergovernmental	-	-	26,085	-	-	-	8,944,059
Charges for services	-	-	-	-	-	-	1,046,403
Fines and forfeits	-	-	-	-	-	-	687,569
Utility fees	-	530,590	2,926,605	-	71,000	-	3,528,195
Penalties	-	13,872	110,151	-	-	-	124,023
Other receipts	2,549,329	-	64,259	1,033,091	959,552	-	19,925,923
Total receipts	2,549,329	544,462	3,127,100	1,033,091	1,030,552	-	46,804,244
Disbursements:							
Personal services	-	-	-	-	-	-	11,365,324
Supplies	-	-	-	-	-	-	1,801,201
Other services and charges	-	-	-	-	-	-	11,506,876
Capital outlay	-	24,952	21,100	-	1,869,441	-	3,685,871
Utility operating expenses	-	233,609	1,810,633	300	-	-	2,044,542
Other disbursements	2,549,329	640	2,004,850	1,212,162	-	-	18,456,797
Total disbursements	2,549,329	259,201	3,836,583	1,212,462	1,869,441	-	48,860,611
Excess (deficiency) of receipts over disbursements	-	285,261	(709,483)	(179,371)	(838,889)	-	(2,056,367)
Cash and investments - ending	$ 17,100	$ 590,387	$ 4,385,284	$ 992,660	$ 767,831	$ 1,268,955	$ 34,718,486

SUPPLEMENTAL AUDIT OF

FEDERAL AWARDS

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Franklin (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

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

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

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

STATE BOARD OF ACCOUNTS

March 5, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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, 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-Through Indiana Office of Community and Rural Affairs			
CDBG - State-Administered Small Cities Program Cluster			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		
OCRA Disaster Recovery Grant		B11DC180001DR1A-09-121	$ 211,800
Downtown Revitalization Plan		B11DC180001PL-10-016	46,750
Total for cluster			258,550
U.S. DEPARTMENT OF JUSTICE			
Pass-Though City of Greenwood			
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2596	1,515
Total for cluster			1,515
Pass-Though Indiana Department of Natural Resources			
Highway Planning and Construction Cluster			
Recreational Trails Program	20.219		
Recreational Trails Program		RT-07-007	105,165
Total for cluster			105,165
Pass-Though Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
State and Community Highway Safety		PT-11-04-04-36	7,688
Child Safety Seat Inspection		JID3-11-5490	600
Total for program			8,288
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		
DUI Task Force Indiana Enforcement Program		K8-2011-03-03-14	14,205
Dangerous Driving Enforcement Program		CA-2011-08-01-08	3,472
Total for program			17,677
Total for cluster			25,965
Total for federal grantor agency			131,130
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass-Through Indiana Department of Homeland Security			
Hazard Mitigation Grant	97.039		
Hazard Mitigation Grant		EDS #C44P-0-094A	665,905
Total federal awards expended			$ 1,057,100

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF FRANKLIN
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Franklin (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial 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.

CITY OF FRANKLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
97.039	Hazard Mitigation Grant

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF FRANKLIN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF FRANKLIN
EXIT CONFERENCE

The contents of this report were discussed on March 5, 2012, with Joe McGuinness, Mayor, and Janet J. Alexander, Clerk-Treasurer. Our audit disclosed no material items that warrant comment at this time.